



SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the nine months ended 30<sup>th</sup> of September 2021

**SODIC releases 9M21 results, gross sales up 32% to a record EGP 5.4 billion; SODIC launches long awaited North Coast project “June” in October 2021 adding some EGP 2.74 billion in gross contracted sales; 10 months sales record EGP 8.75 billion, a growth of 74% YoY**

### Third Quarter 2021 Operational & Financial Highlights

- Gross contracted sales of EGP 1.63 billion;
- Cancellations of 33% of gross contracted sales;
- Cash collections reached EGP 1.17 billion;
- Timely delivery of 304 units across our projects;
- Revenues amounted to EGP 1.44 billion;
- Gross profit reached EGP 400 million, reflecting a gross profit margin of 28%;
- Operating profit amounted to EGP 177 million, implying an operating profit margin of 12%;
- Net profit after tax and non-controlling interests recorded EGP 120 million, delivering a net profit margin of 8%.

### Nine Months Ended 30<sup>th</sup> of September 2021 Operational & Financial Highlights

- Gross contracted sales of EGP 5.39 billion, up 32% YoY;
- Cancellations of 16% of gross contracted sales;
- Cash collections reached EGP 3.64 billion;
- Timely delivery of 570 units across our projects;
- Revenues amounted to EGP 3.31 billion;
- Gross profit reached EGP 1.05 billion, reflecting a gross profit margin of 32%;
- Operating profit amounted to EGP 469 million, implying an operating profit margin of 14%;
- Net profit after tax and non-controlling interests recorded EGP 342 million, delivering a net profit margin of 10%.

### Company Developments

- July 15<sup>th</sup> 2021, SODIC received a letter from the Ministry of Housing, Utilities & Urban Communities informing the company of some changes to the New Zayed area plans at large including the development of a new project adjacent to SODIC’s 500 acre land plot which would result in the adjustment of the location of SODIC’s land plot;
- July 27<sup>th</sup> 2021, SODIC successfully closed its first securitization bond issuance for a gross receivables portfolio of some EGP 384 million;
- August 26<sup>th</sup> 2021, SODIC received a letter from the Sheikh Zayed City Development Authority informing the company that the proposal for a new land plot for the 500 acre project has been presented to NUCA’s Board of Directors;
- September 2<sup>nd</sup> 2021, SODIC acquired a 123 acre land plot directly adjacent to West Cairo project “The Estates” that will serve as an extension to the existing project;
- September 13<sup>th</sup> 2021, SODIC signed a partnership agreement for a 280 acre plot on the North Coast and launched “June” project on the plot, generating some EGP 2.74 billion in gross contracted sales during October 2021;
- October 14<sup>th</sup> 2021, SODIC signed EGP 1.57 billion Long-Term Syndicated Facility to finance flagship development SODIC West.



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### Third Quarter 2021 Operational Review

#### Gross Contracted Sales

Gross contracted sales for the quarter recorded EGP 1.63 billion, representing 196 units sold. This compares to gross contracted sales of some EGP 2.21 billion representing 393 units recorded during the third quarter of 2020.

The YoY decline in gross contracted sales is mainly attributable to the suspension of sales on our 500 acre project in West Cairo, which accounted for 38% of SODIC’s gross contracted sales in 2020. The project, which houses VYE and Karmell, was launched in December 2019 and was met with strong demand from customers, having recorded gross contracted sales of EGP 4.75 billion since its launch until May 2021, when new sales on the project were suspended after the company was notified that the location of the project will be adjusted.

During the third quarter of 2021, West Cairo projects contributed 36% of our gross contracted sales driven by the strong performance of signature project The Estates, which represented 30% of the quarter’s gross contracted sales. On the other hand, 67% of our gross contracted sales came from our projects in East Cairo, mainly from SODIC East and Villette, which generated 30% and 20%, respectively, of the quarter’s gross contracted sales.

#### Cancellations

Cancellations of EGP 537 million were recorded during Q3 2021, representing 33% of the quarter’s gross contracted sales. The increase in cancellations is mainly attributable to cancellations on our 500 acre project due to the temporary suspension of the project, with the project accounting for EGP 394 million of cancellations during the quarter. Excluding cancellations on the 500 acre project, cancellations during the quarter would stand at 8% of gross contracted sales, in line with our historical average.

#### Collections

Net cash collections reached EGP 1.17 billion for the quarter compared to net cash collections of EGP 1.25 million recorded for the same quarter in 2020.

#### Deliveries

SODIC delivered some 304 units during the third quarter of the year, compared to 530 units delivered across our projects during Q3 2020. East Cairo projects accounted for 215 of the delivered units, led by Eastown with 130 units delivered. On the other hand, our West Cairo and North Coast projects accounted for 82 and 7 of the delivered units, respectively. During the quarter, the company started delivery on Sky Condos, the first multi-family offering in our East Cairo project Villette, delivering 62 units.

#### CAPEX

CAPEX spent on construction during the third quarter amounted to EGP 649 million, compared to EGP 828 million spent during the same quarter last year.

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### Nine Months Ended 30<sup>th</sup> of September 2021 Operational Review

#### Gross Contracted Sales

SODIC sold 817 units during the nine month period, generating gross contracted sales of EGP 5.39 billion, an increase of 32% over EGP 4.1 billion of gross contracted sales during the same period in 2020.

West Cairo accounted for 51% of our gross contracted sales during the first nine months of 2021, driven by the continued strong performance of our signature project The Estates, which contributed 23% of the period's gross contracted sales. On the other hand, East Cairo projects contributed 49% of the period's gross contracted sales, on the back of the sharp increase in sales on SODIC East which accounted for 25% of our gross contracted sales during the period.

#### Cancellations

Cancellations of EGP 869 million were recorded during the first nine months of 2021, representing 16% of the period's gross contracted sales. This compares to a cancellation rate of 20% during the same period in 2020.

It is worth noting that while cancellations on the 500 acre project negatively impacted our cancellation rate for the period, the 9M total project cancellation of EGP 478 million, amount to 8% of the project's gross contracted sales since its launch. We attribute this to SODIC's strong credibility and solid reputation as well as the company's diligent management of these new developments and timely transparent communication with the project's clients. Excluding cancellations on the 500 acres, our cancellation rate during the period would represent 7% of gross contracted sales.

#### Collections

Net cash collections reached EGP 3.64 billion for the period, with delinquencies at 9%. This compares to collections of EGP 3.1 billion and a delinquency rate of 9% recorded during the same period in 2020.

#### Deliveries

SODIC delivered some 570 units during the period, of which 225 were in our West Cairo projects, while our East Cairo and North Coast projects accounted for 328 and 17 of the delivered units, respectively. This compares to 786 units delivered during the first nine months of the previous year. It is worth noting that the company's 2021 deliveries plan is heavily skewed towards the fourth quarter of the year compared to previous years, with the company delivering an additional 161 units in October 2021.

Throughout the period, the company started delivery on a number of projects, notably residential project Six West and commercial project Polygon X in our flagship destination SODIC West in West Cairo, as well as Sky Condos, the first multi-family offering in East Cairo project Villette, and EDNC, the commercial component of East Cairo project Eastown and the company's flagship commercial project on the east side. While the number of delivered units declined slightly in 2021 compared to 2020, the average value of delivered units increased some 31% YoY to reach EGP 5 million.

#### CAPEX

CAPEX spent on construction during the period amounted to EGP 2.1 billion, compared to EGP 2.4 billion spent during the same period last year, with the YoY decline in CAPEX spent mainly attributable to the rollover of planned CAPEX on the 500 acre project.

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### Financial Review

#### Income Statement

##### Third Quarter 2021

Revenues came in at EGP 1.44 billion during the quarter compared to EGP 2.32 billion recorded during the third quarter of 2020, a decline of 38% YoY, reflecting the lower deliveries. Revenues during the third quarter of 2021 were mainly driven by deliveries in Eastown and the first deliveries on Villette’s Sky Condos, with East Cairo contributing 72% of the quarter’s delivered value. On the other hand, our West Cairo projects accounted for a further 26% of the quarter’s delivered value.

Gross profit reached EGP 399 million, down 47% YoY due to lower revenues, delivering a gross profit margin of 28% compared to 33% for the third quarter of 2020, with the first deliveries on Sky Condos slightly weighing in on the quarter’s profitability.

Operating profit amounted to EGP 177 million, reflecting an operating profit margin of 12%. This compares to an operating profit of EGP 589 million and an operating profit margin of 25% during the third quarter last year, with the decline mainly attributable the decline in revenues.

Net profit after tax and non-controlling interests recorded EGP 120 million, implying a net profit margin of 8% for the quarter. This compares to EGP 473 million and a net profit margin of 20% recorded during Q3 2020.

##### Nine Months Ended 30<sup>th</sup> of September 2021

Revenues of EGP 3.31 billion were recorded during the first nine months of 2021, an 8% decline compared to EGP 3.58 billion recorded during the same period last year as a result of lower deliveries with the majority of 2021 unit handovers being scheduled for the 4th quarter of the year. Revenues during the period were mainly driven by deliveries in our East Cairo projects which contributed 65% of the period’s delivered value, led by Eastown Residences and Villette, which contributed 23% and 22% of the delivered value, respectively. Furthermore, our West Cairo and North Coast projects contributed 33% and 2% of the delivered value during the period, respectively.

Gross profit reached EGP 1.05 billion, implying a gross profit margin of 32%. This compares to a gross profit of EGP 1.16 billion and a gross profit margin of 32% recorded during the same period in 2020.

Operating profit for the nine month period amounted to EGP 469 million, reflecting an operating profit margin of 14%, compared to EGP 697 million of operating profit and an operating profit margin of 19% recorded during the same period last year.

Net profit after tax and non-controlling interests came in at EGP 342 million, delivering a net profit margin of 10%, which compares to EGP 545 million and a net profit margin of 15% recorded during the first nine months of 2020.



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### Balance Sheet

Total cash and cash equivalents amounted to EGP 2.4 billion. This amount excludes some EGP 1.3 billion related to customer maintenance deposits, following the reclassification of some of the accounts on the balance sheet implemented as of year-end 2020.

Bank leverage remains low, with bank debt to equity standing at 0.4x. Bank debt outstanding amounted to EGP 2.48 billion as of 30 September 2021. SODIC has been gradually increasing leverage mainly to finance investment in recurring income assets. Debt to equity amounted to 0.37x at year-end 2020, with EGP 2.3 billion outstanding.

We continue to invest in our assets portfolio in line with the company’s strategy to build a sizeable portfolio of prime leasable assets. Investment Property & Investment Property under Development balance amounted to some EGP 3 billion on 30 September 2021.

Total receivables stood at EGP 15.7 billion, of which EGP 4.4 billion are short term receivables providing strong cash flow visibility for the company. The new presentation of our receivables reports a total of EGP 1.9 billion of on-balance sheet receivables, reflecting only those relating to delivered units already recognized as revenue. On the other hand, some EGP 13.8 billion of receivables related to undelivered units are disclosed in the footnotes.

Our total backlog of unrecognized revenue stood at EGP 21.6 billion as of 30 September 2021, providing strong revenue visibility for the company. Following the reclassification implemented as of year-end 2020, our backlog can be calculated as the sum of the advances from customers account and the off-balance sheet post-dated checks related to undelivered units.

### 2021 Outlook

With the strong performance of the company’s long awaited North Coast project “June” launched in October 2021, SODIC is on track to surpass sales guidance. Deliveries remain as scheduled to close the year with the forecasted growth in deliveries and consequently revenues, meeting disclosed guidance despite some delays on planned CAPEX on some of our projects.

“We expect to close a new record year despite the developments on our 500 acre project which has led us to halt sales on one of our key projects in West Cairo. We expect to resume sales next year once the new adjusted master-plan of the project is approved. The unprecedented success of June has put us in a good position to close another successful year with solid growth.” Commented Magued Sherif SODIC’s Managing Director.

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### Selected Consolidated Income Statement Items

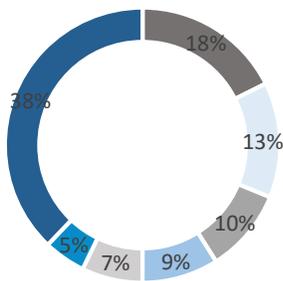
EGP in million	9M21	9M20
Total Revenue	3,314	3,585
Cost of Revenue	(2,262)	(2,427)
<b>Gross Profit</b>	<b>1,052</b>	<b>1,158</b>
Gross Profit Margin	32%	32%
<b>Operating Profit</b>	<b>469</b>	<b>697</b>
Operating Profit Margin	14%	19%
<b>Net Profit Before Tax</b>	<b>476</b>	<b>759</b>
Taxes	(129)	(210)
Non-Controlling Interests	(5)	(5)
<b>Net Profit After Tax and Non-Controlling Interests</b>	<b>342</b>	<b>545</b>
Net Profit Margin	10%	15%

### Selected Consolidated Balance Sheet Items

EGP in million	Sept-21	Dec-20
<b>Assets</b>		
Investment Properties	158	138
Investment Properties Under Development	2,794	2,103
Work In Process	17,186	14,375
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	1,886	2,013
Cash and Cash equivalent	2,412	2,210
<b>Total Assets</b>	<b>28,812</b>	<b>24,748</b>
<b>Liabilities &amp; Shareholder Equity</b>		
Bank Credit Facilities & Long Term Loans	2,480	2,256
Advances from Customers	8,492	7,619
<b>Total Liabilities</b>	<b>22,566</b>	<b>18,675</b>
<b>Total Equity</b>	<b>6,246</b>	<b>6,072</b>
<b>Total Liabilities &amp; Equity</b>	<b>28,812</b>	<b>24,748</b>

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### Shareholding Structure as at 30/09/2021



- ACT Financial Consortium
- Olayan Saudi Investment Company
- Abanumay Family
- Ripplewood Advisors L.L.C.
- RIMCO
- Ekuity Holding
- Others

### About SODIC

Building on a history of 25 years of successful operations in Egypt, SODIC is one of the country’s leading real estate development companies, bringing to the market award-winning large scale developments to meet Egypt’s ever-growing need for high quality housing, commercial and retail spaces.

Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family owned companies traded on the EGX, with a strong corporate governance framework.

### Forward Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of SODIC. Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of SODIC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of SODIC is subject to risks and uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, the economic and political climate of Egypt, the Middle East and changes in business strategy and various other factors.

### SODIC Investor Relations

Contact Information  
 Omar Nashaat  
[onashaat@sodic.com](mailto:onashaat@sodic.com)  
 (+202) 3827 0300

IR website  
[ir.sodic.com](http://ir.sodic.com)