

# SODIC Investor Relations

Q1 2013 Earnings Release

Consolidated Financial Statements for the 3 months ending 31<sup>st</sup> of March, 2013

## **SODIC: EGP 6 mln of Net Profits & EGP 551 mln of Net Contracted Sales in Q1 2013**

Cairo, Egypt

May 22<sup>nd</sup> 2013, SODIC ("Sixth of October Development & Investment Company") has released its consolidated financial results for the first quarter ending 31<sup>st</sup> of March 2013.

- **Revenues:** EGP 130 million
- **Gross Profit:** EGP 42.6 million
- **Net Income:** EGP 6 million
- **Accounts Receivables:** EGP 2,660 mln
- **Work in Process:** EGP 3,013 mln
- **Cash Balance:** EGP 347 mln

SODIC reported a net consolidated profit of **EGP 6 mln** (Q1 2012 net profit of EGP 35 mln) on consolidated revenues of **EGP 130 mln** (Q1 2012 revenues of EGP 312 million). The drop in revenues y-o-y is attributable to the reduced deliveries during the quarter. The relatively low deliveries during the quarter are as planned, with a significant ramp up in deliveries expected in the second half of the year on the back of multiple projects coming on-stream (Kattameya Plaza, Forty West, The Polygon, The Strip & Casa). SODIC's Management remains confident of achieving the full year delivery targets of more than 600 units in FY 2013.

Q1 2013 gross profit stood at **EGP 42.6 mln** implying a gross profit margin of **33%** compared to 27% reported during the correspondent period last year, with margins boosted by delivering high profitability units in Allegria and The Strip. SODIC's net margins were lowered due to the **end of a tax-holiday period** as at 31 December 2012.

Following a record FY 2012 gross sales of EGP 1.8 bln, SODIC's robust sales momentum continues strongly into 2013, achieving YTD gross sales of **EGP 862 mln**. In addition, by the end of May SODIC plans to launch the first phase of **Eastown**, its long-awaited project in New Cairo.

### **Q1 2013 Legal Summary:**

On the legal front, SODIC continues to make positive progress:

#### **a) Eastown**

- Firstly, in Feb 2013 the company was granted a 3 year development time frame by the Conflict Resolution Committee (CRC) after the cancellation of the decision issued by NUCA to revoke SODIC's Eastown land contract. The 3 year time frame starts from date of issuance of Detailed Master Plan approvals.
- Secondly, in April 2013 the State Council ruled in SODIC's favour on the expedited portion of the case to return the land to SODIC until a final

### Market Data

#### Index Inclusion:

EGX 30  
EGX 100  
MSCI IMI

#### Symbol:

EGX: OCDI.CA  
Reuters: OCDI CA  
Bloomberg: OCDI EY

**Current Shares Outstanding (mln): 90.68**

**Share Price at 21 May 2013 (EGP): 21.09**

**Market Cap (EGP mln): 1,905**

**Market Cap (USD mln): 274**

*\*Market Cap figures as at 21 May 2013*

*\*FX Rate: 1.00 USD = 6.95 EGP*

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ruling is granted. NUCA has issued SODIC some of its Detailed Master Plan approvals showing their compliance with both rulings.

- SODIC now has full legal and physical possession of the land and NUCA has proceeded to issue Detailed Master Plans in compliance with these rulings, thus paving the road for the imminent launch of Easttown.

- b) SODIC is currently negotiating an additional approximate one year **Development Time Plan Extension for SODIC West**; it is Management's view that SODIC has a solid position in receiving such extension.

### Q1 2013 Operational Summary:

First quarter in 2013 witnessed total deliveries of **48 units** worth **EGP 122 mln**. SODIC commenced deliveries in Kattameya Plaza (East Cairo) with **10 units** delivered in Q1 worth **EGP 11.5 mln**. Allegria deliveries this quarter reached at **37 units** worth **EGP 110 mln**, taking Allegria total deliveries at end of Q1 2013 to **838 units** (67% of project units) worth **EGP 2.32 bln**. One unit worth EGP 2.5 mln was delivered in The Strip (Q1 2013) compared to Ghabbour's land delivery in the same correspondent period last year (worth EGP 28.5 mln).

During Q1 2013, SODIC achieved gross sales of **EGP 684 mln** with cancellations of **EGP 133 mln** bringing net sales to **EGP 551 mln**. More than 20% of Q1 sales are derived from Kattameya Plaza (**100% sold out**) on the back of commencing deliveries in 2013. SODIC's **WTR** continues last year's unparalleled success by launching **phase 7** in Q1 2013 (**92% sold** as at 31 March 2013) achieving **EGP 116 mln** of net sales and another **EGP 115 mln** from WTR's unsold existing inventory. Juhayna (Egypt's leading juice and dairy producer) has acquired a full building in The Polygon (SODIC's first office park in Westtown) for **EGP 80 mln**, which will act as its future headquarters.

**Construction progress update as at end of Q1 2013** (percentage completion per project: represents the earned value as at end of March 2013):

- **Allegria:** 82%
- **Kattameya Plaza:** 96%
- **Forty West:** 67%
- **The Polygon:** 66%
- **WTR Phase I:** 52%
- **WTR Phase II:** 33%
- **WTR Phase III:** 30%
- **The Strip:** 75%
- **WT Hub:** 52%

SODIC's prudent cash management led to collecting more than 90% of Q1 2013 project receivables. The tightly managed cash collection process secured **EGP 230 mln** of total company receivables for the quarter.

**Q1 2013 Results Executive Summary:**

Consolidated Financials for the 3 months ending 31st of March. 2013		Q1 2013	Q1 2012	FY 2012
<b>Sales (Unrecognized on IS)</b>				
Gross Sales	EGP mln	684	753	1,819
Total Cancellations	EGP mln	(133)	(38)	(200)
Net Sales	EGP mln	551	715	1,619
<b>INCOME STATEMENT</b>				
Total Revenues	EGP mln	130	312	1,426
Net Income	EGP mln	6	35	257
<b>BALANCE SHEET</b>				
		<b>@ 31 Mar 2013</b>	<b>@ 31 Mar 2012</b>	<b>@ 31 Dec 2012</b>
Total Accounts Receivables	EGP mln	2,660	2,061	2,561
Works in Process	EGP mln	3,013	2,873	2,845
Cash	EGP mln	347	373	320
Total Assets	EGP mln	7,197	6,653	6,916
Shareholders' Equity	EGP mln	2,163	1,931	2,165

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