

SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the six months ended 30th of June 2018

SODIC delivers solid quarter with net profit up 23%, net contracted sales for the quarter up 48%

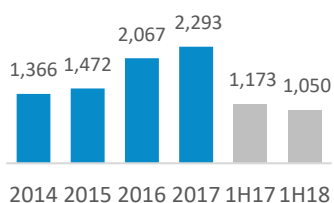
Second Quarter 2018 Highlights

- Revenues amounted to EGP 538 million up 15%
- Gross profit reached EGP 247 million up 41% and recording a gross profit margin of 46%
- Operating profit amounted to EGP 123 million up 12% with operating profit margin recorded at 23%
- Net profit of EGP 161 million up 23% delivering a net profit margin of 30%
- Net contracted sales were EGP 1.2 billion up 48%
- Timely delivery of 191 units across our projects
- Cash collections up 23% to reach EGP 1.1 billion

Financial Review

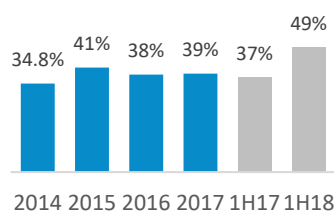
Revenues

EGP mn



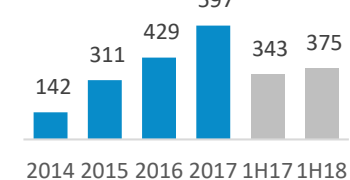
Gross Profit Margin

Pct of revenues



Net Profit

EGP mn



Income Statement

Second Quarter 2018

Revenues of EGP 538 million were recorded during the period representing a 15% increase versus the same period last year

Gross profit margins for the quarter were recorded at 46%. Our two largest projects in terms of revenue contribution, Eastown and Courtyards, recorded gross margins in excess of 50%. Our first deliveries in Caesar returned healthy gross margins of 32%.

Operating profits for the quarter increased by 12% versus the same period last year maintaining an operating profit margin of 23%.

Net profit amounted to EGP 163 million during the quarter recording a margin of 30%, as we continue to benefit by the current high interest rate environment.

First Half 2018

Revenues of EGP 1.05 billion were recorded during the first half compared to EGP 1.17 billion recorded during the same period last year.

Gross profit grew 18% to record EGP 514 million during the period, reflecting a gross profit margin of 49%

Operating profitability improved to 30% versus 28% recorded during the same period last year and with EGP 317 million of operating profits realized during the six months period.

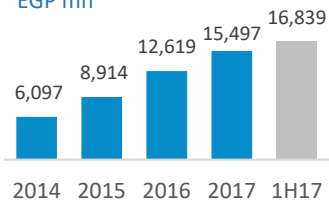
Net profits also grew 10%, with EGP 375 million realized during the period representing a net profit margin of 36%.

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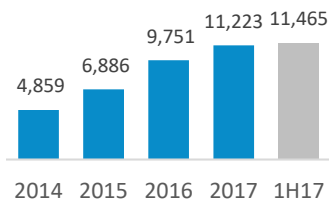
Client Deposits

EGP mn



Receivables

EGP mn



Balance Sheet

Total cash and cash equivalents amounted to EGP 4.1 billion.

Bank leverage remains low with bank debt to equity at 0.3x with bank debts outstanding at EGP 1.5 billion.

Land liabilities to NUCA stood at EGP 700 million as we remain committed to the timely repayment of our installments.

Receivables of EGP 11.5 billion provide strong cash flow visibility, with delinquency rates remaining low at 4%.

Client deposits represents the backlog of unrecognized revenues from contracted sales of units that are to be delivered over the coming three to four years. Our client deposits as of the end of the quarter were EGP 17 billion providing strong revenue visibility for the company.

Cash Flow

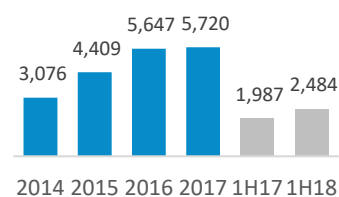
Net cash flows from operations for the six months ended 30 June 2018 remained positive at EGP 481 million and expanded by 56% versus the same period last year.

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Operational Review

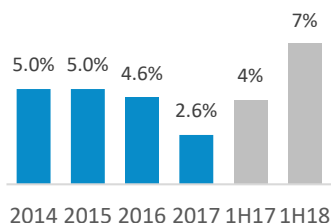
Net Contracted Sales

EGP mn



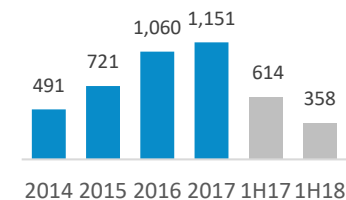
Cancellations

Pct of gross sales



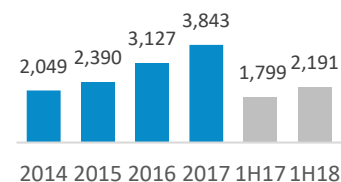
Deliveries

of units



Cash Collected

EGP mn



Second Quarter 2018

Net contracted sales for the quarter were EGP 1.2 billion, up 48% versus the same period last year and mainly driven by Eastown Residences, Sky Condos and SODIC East.

Cancellations of EGP 253 million were recorded of which EGP 223 million represent the cancellation of a large sale in the Polygon, excluding the effect of which cancellations were at 2% of our gross sales.

Net cash collections increased by 23% to reach EGP 1.1 billion during the second quarter 2018, while delinquencies remained low at 4%.

SODIC delivered 191 units during the quarter of which 46% were in Eastown, Residences while the Courtyards and Caesar accounted for 32% and 16% of the units delivered respectively.

First Half 2018

Net contracted sales for the period were EGP 2.5 billion, up 25% versus the same period last year

Cancellations for the first half of the year came in at 7% inching up due to the aforementioned cancellation in the polygon, excluding the effect of which cancellations for the period stood at 3% below our historical average

Net cash collections increased by 22% to reach EGP 2.2 billion during the first half of 2018, while delinquencies remained low at 4%.

SODIC delivered 358 units during the period with Eastown Residences and the Courtyards together constituting 84% of the delivered units.

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Summary Consolidated Income Statement

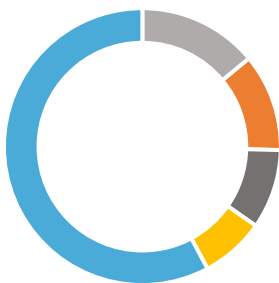
EGP in mn	1H18	1H17
Total Revenue	1,050	1,173
Cost of Goods Sold	(536)	(739)
Gross Profit	514	434
Gross Profit Margin	49%	37%
Operating Profit	317	325
Operating Profit Margin	30%	28%
Net Profit Before Tax	498	458
Taxes	(124)	(116)
Minority Interest	1	1
Net Profit After Tax and Minority Interest	375	343
Net Profit Margin	36%	30%

Selected Consolidated Balance Sheet Items

EGP in mn	Jun-18	Dec-17
Assets		
Total Assets	26,264	24,671
Work In Process	8,683	8,011
Long Term & Short Term Net Trade and Notes Receivable	11,465	11,223
Cash and cash equivalent	4,127	3,596
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	1,461	1,497
Advances from Customers	16,839	15,497
Total Equity	4,816	4,443

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Shareholding Structure as at 30/06/2018



- Olayan 14%
- Abanumay 11%
- Ripplewood 9%
- RIMCO 7%
- Others 58%

About SODIC

Building on a history of almost two decades 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

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