

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

SODIC reports nine months results with net profit of EGP 613 million up 21%, net contracted sales up 23%

Third Quarter 2018 Highlights

- Revenues amounted to EGP 909 million up 56%
- Gross profit reached EGP 345 million up 49% and recording a gross profit margin of 38%
- Operating profit amounted to EGP 216 million up 79% with operating profit margin recorded at 24%
- Net profit of EGP 238 million up 44% delivering a net profit margin of 26%
- Net contracted sales were EGP 1.3 billion up 20%
- Timely delivery of 289 units across our projects versus 297 units delivered in the same period last year
- Cash collections up 8% to reach EGP 1 billion

Nine Months 2018 Highlights

- Revenues amounted to EGP 1,960 million up 12%
- Gross profit reached EGP 859 million up 29% and recording a gross profit margin of 44%
- Operating profit amounted to EGP 532 million up 19% with operating profit margin recorded at 27%
- Net profit of EGP 613 million up 21% delivering a net profit margin of 31%
- Net contracted sales were EGP 3.8 billion up 23%
- Timely delivery of 647 units across our projects versus 911 units delivered in the same period last year
- Cash collections up 17% to reach EGP 3.8 billion

Company Developments

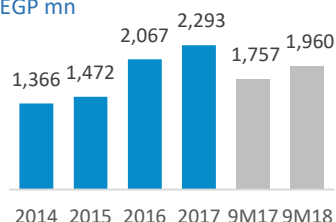
- SODIC received the official award letter for a 500 acre plot allocated by the New Urban Communities Authority (NUCA). The plot, which was offered on a partnership basis, is located in the Sheikh Zayed Extension area and is expected to comprise over 5,000 units generating an estimated total sales of circa EGP 43 billion over a period of eight years
- SODIC’s announces its preliminary intention to launch a mandatory tender offer on the shares of Madinet Nasr for Housing & Development “MNHD” through a direct share swap (a securities swap only). The swap ratio is preliminarily set at 2 shares of MNHD for one share of SODIC, provided that SODIC acquires a percentage not less than 51% of MNHD’s shares.
- Al Yosr for Projects and Agricultural Development (“Al Yosr”), SODIC’s fully owned subsidiary, has received a letter from the NUCA with respect to its 300 acre plot located in the Sheikh Zayed city extension area informing of NUCA’s decision regarding the in kind payment of 50% of the land required to be made by land owners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built up area. This development will enable us to progress with the planning and launch of the project with the aim of bringing the inventory into our sales pipeline in 2019.
- Revised sales guidance for 2018 was announced at EGP 6.5 billion reflecting a 14% increase over 2017 sales figures. The revision comes mainly on the back of the delayed launch of Al Yosr land in West Cairo which is now expected to come on stream in 2019.
- SODIC signs settlement in relation to 1,400 acre plot in Sheikh Zayed, SODIC West

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Financial Review

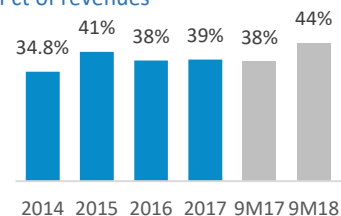
Revenues

EGP mn



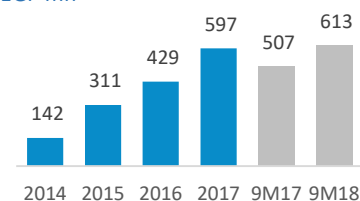
Gross Profit Margin

Pct of revenues



Net Profit

EGP mn



Income Statement

Third Quarter 2018

Revenues of EGP 909 million were recorded during the period representing a 56% increase versus the same period last year led by deliveries in Caesar and Villette that contributed to 42% of the delivered value during the quarter.

Gross profit margin for the quarter was recorded at 38% versus 40% for the same period last year with debut deliveries in Villette’s first phase slightly weighing in on the profitability of the quarter.

Operating profits for the quarter increased by 79% versus the same period last year reflecting an improvement in the operating profit margin to reach 24% compared to 21% in 3Q17.

Net profit amounted to EGP 238 million an increase of 44% over the same quarter last year and recording a margin of 26%.

Nine Months Period 2018

Revenues of EGP 1,960 million were recorded during the nine months period compared to EGP 1,757 million recorded during the same period last year, reflecting a growth of 12% mainly driven by deliveries in new projects, namely in Caesar and Villette that together amounted to EGP 504 million of delivered value during the period.

Gross profit grew 29% to record EGP 859 million during the period, reflecting a gross profit margin of 44% an expansion of 700 basis point over the same period last year and driven by solid profitability in Eastown and Westown Courtyards as we deliver more mature phases of the projects and achieving gross margins of approximately 50%.

Operating profitability improved to 27% versus 25% recorded during the same period last year and with EGP 532 million of operating profits realized during the nine months period ended September 2018.

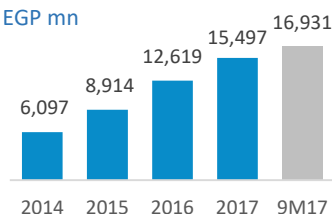
Net profits also grew 21%, with EGP 613 million realized during the period representing a net profit margin of 31% compared to 29% realized in the same period last year.

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Financial Review

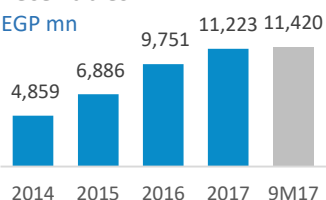
Client Deposits

EGP mn



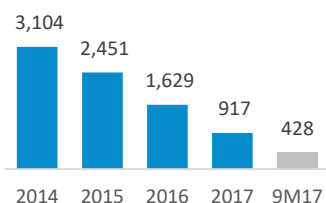
Receivables

EGP mn



Land Installments to NUCA

EGP mn



Balance Sheet

Total cash and cash equivalents amounted to EGP 4.4 billion reflecting a very liquid balance sheet supporting the execution of our projects as well as growth.

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

Land installments to NUCA stood at EGP 428 million having fully repaid the installments due on Vilette land. Remaining installments represent payments due on Eastown land as well as the last installment due on October Plaza to be paid in 2019.

Receivables of EGP 11.4 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

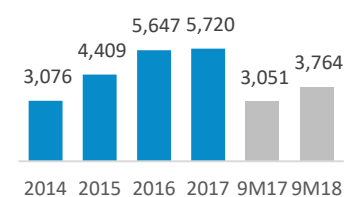
Net cash flows from operations for the nine months ended 30 September 2018 amounted to EGP 620 million and expanded by 49% versus the same period last year.

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Operational Review

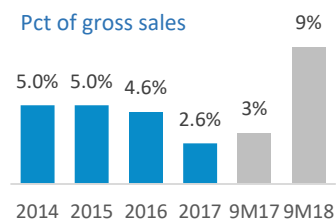
Net Contracted Sales

EGP mn



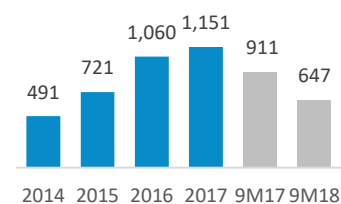
Cancellations

Pct of gross sales



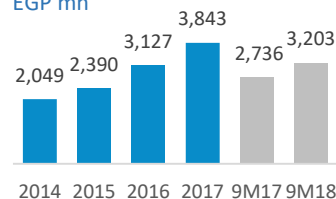
Deliveries

of units



Cash Collected

EGP mn



Third Quarter 2018

Net contracted sales for the quarter were EGP 1.3 billion, up 20% versus the same period last year and mainly driven by sales in Villette and Malaaz contributing to 40% and 26% of the sales for the quarter respectively.

Cancellations of EGP 49 million were recorded representing 4% of our gross contracted sales.

Net cash collections increased by 8% to reach EGP 1.1 billion during the third quarter 2018, while delinquencies remained low at 4%.

SODIC delivered some 289 units during the quarter of which 42% were in Eastown, Residences while the Courtyards and Caesar accounted for 26% and 21% of the units delivered respectively. The quarter also marked the delivery of the first homes in Villette with some 27 units delivered during the period.

Nine Months 2018

Net contracted sales for the period were EGP 3.8 billion, up 23% versus the same period last year

Cancellations of EGP 359 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 3% of our gross sales well below our historical averages.

Net cash collections increased by 17% to reach EGP 3.2 billion during the nine months period ended September 2018, while delinquencies remained low at 4%.

SODIC delivered 647 units during the period with Eastown Residences and the Courtyards together constituting 77% of the delivered units. This compares to 911 units delivered during the same period last year

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Summary Consolidated Income Statement

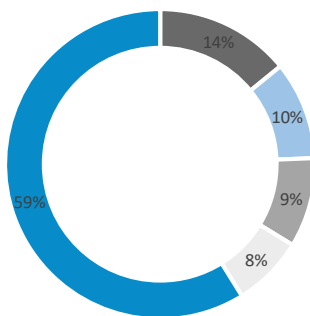
EGP in mn	9M18	9M17
Total Revenue	1,960	1,757
Cost of Goods Sold	(1,101)	(1,091)
Gross Profit	859	666
Gross Profit Margin	44%	37%
Operating Profit	532	446
Operating Profit Margin	27%	25%
Net Profit Before Tax	819	675
Taxes	(206)	(168)
Minority Interest	1	1
Net Profit After Tax and Minority Interest	614	508
Net Profit Margin	31%	30%

Selected Consolidated Balance Sheet Items

EGP in mn	Sep-18	Dec-17
Assets		
Total Assets	26,642	24,671
Work In Process	8,802	8,011
Long Term & Short Term Net Trade and Notes Receivable	11,420	11,223
Cash and cash equivalent	4,396	3,596
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	1,514	1,497
Advances from Customers	16,931	15,497
Total Equity	5,055	4,443

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Shareholding Structure as at 30/09/2018



- Olayan Saudi Investment Company
- Abanumay Family
- Ripplewood Advisors L.L.C
- RIMCO
- Others

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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