

SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated operational and financial results for the year ended 31st of December 2023.

SODIC records EGP 30 billion in gross contracted sales, up by 42% YoY and records 164% growth in net income

Strong results with growth across key metrics and a focus on profitable sales and sustainable growth

Full Year 2023 Operational Highlights

- Gross contracted sales of EGP 30.26 billion, up 42% YoY;
- Cancellations of 4% of gross contracted sales, down from 6% in 2022;
- Net Cash collections reached EGP 10.5 billion;
- Timely delivery of 1,427 units across SODIC’s projects;

Full Year 2023 Financial Highlights

- Revenues amounted to EGP 10.33 billion, up 32% YoY;
- Gross profit reached EGP 3.57 billion, up 63% YoY, and reflecting a gross profit margin of 35%;
- Operating profit amounted to EGP 1.86 billion, up 187% YoY, and implying an operating profit margin of 18%;
- Net profit after tax and non-controlling interests recorded EGP 1.37 billion, up 164%YoY from EGP 520 million in 2022 and delivering a net profit margin of 13%
- Delinquencies recorded 2.2%, down from 5.1% in 2022.

Key Corporate Highlights

- May 15th: SODIC acquires 180 acres directly south of North Coast project Caesar, launching the project in record three months.
- July 11th: SODIC signs a revenue share deal to develop 440 acres on the North Coast
- August 30th: SODIC signed a partnership agreement with Nobu Hospitality in August 2023 for their expansion into Egypt for the first time, bringing their renowned brand of restaurants, hotels and branded residences to two of SODIC’s sites
- November 1st: SODIC begins deliveries in signature project - The Estates, marking it the first developer in Egypt to start delivery in New Zayed.

Commenting on the results Ayman Amer SODIC’s General Manager said “We are very happy to report a strong set of results with growth across all operational and financial metrics. The focus this year was on achieving growth while ensuring healthy and profitable sales. We have also expanded our landbank adding two new plots on the north coast, complementing our portfolio of successful projects in this key market. The signing of the partnership with world renowned Nobu Hospitality in the summer is something we are exceptionally proud of as we continue to bring our clients world-class experiences. We look forward to another year of strong results as we push forward with our diligent management approach that continues to set SODIC apart. The Robust demand for SODIC’s projects continues to be a testament to the strength of our brand as well as the underlying fundamentals driving the real estate market.”



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Operational Review

Full Year Ended 31st of December 2023

Gross Contracted Sales

SODIC sold 1,984 units during 2023, generating gross contracted sales of EGP 30.26 billion, an increase of 42% over EGP 21.29 billion of gross contracted sales recorded during 2022.

Gross contracted sales during the period were diversified between SODIC’s main markets, with West Cairo accounting for 51% of sales supported by the strong demand for the 464 Acres project and the Estates project which contributed to about c. EGP 12.9 bn in contracted sales, 43% of SODIC’s contracted sales in 2023. East Cairo contributed 32% of the company’s gross contracted sales on the back of robust sales on SODIC East, which contributed 16% of the year’s sales. North Coast accounted for 17% of contracted sales during 2023.

Cancellations

Cancellations of EGP 1.1 billion were recorded during 2023, representing 4% of the year’s gross contracted sales. This compares to a cancellation rate of 6% during 2022.

Collections

Net cash collections reached EGP 10.5 billion for the period, with delinquencies at 2.2%. This compares to collections of EGP 7 billion and a delinquency rate of 5.1% recorded during 2022.

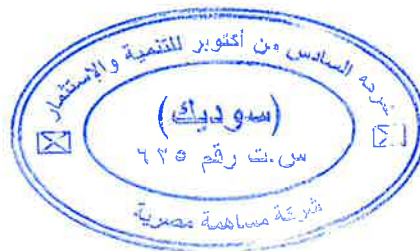
Deliveries

SODIC delivered some 1,427 units during the year, of which 911 were in East Cairo projects, while West Cairo and North Coast projects accounted for 511 and 5 of the delivered units respectively. This compares to 1,279 units delivered during the previous year.

Deliveries on the 655-acre flagship East Cairo project SODIC East started in 2022, with the company delivering 431 within the year 2023.

CAPEX

CAPEX spent on construction during 2023 amounted to EGP 6 billion, compared to EGP 3 billion spent last year.



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Financial Review

Income Statement

Full Year Ended 31st of December 2023

Revenues of EGP 10.33 billion were recorded during 2023, representing a 32% increase compared to EGP 7.81 billion of revenues recorded during 2022. Revenues were mainly driven by deliveries in East Cairo projects which accounted for 56% of SODIC's deliveries by value during the year. East Cairo projects V Residence, SODIC East and EDNC, accounted for 20%, 15% and 12% of the value delivered during the year respectively, together representing 47% of the total value of deliveries. West Cairo and North Coast projects contributed 43% and 1% of the delivered value respectively during 2023.

Gross profit came in at EGP 3.57 billion, implying a gross profit margin of 35%, gross profits recorded a 32% growth over 2022, compared to a gross profit margin of 28% in 2022, expanding 650 bps YoY.

Operating profit of EGP 1.86 billion was recorded during 2023, reflecting an operating profit margin of 18% growing 187% YoY.

Net profit after tax and non-controlling interests came in at EGP 1.37 billion and implying a net profit margin of 13% and EPS of EGP 3.85.

Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents¹ amounting to EGP 2.66 billion.

Bank leverage remains low, with bank debt to equity standing at 0.37x. Bank debt outstanding amounted to EGP 3.22 billion as of 31 December 2023. Debt to equity amounted to 0.43x at year-end 2022, with EGP 3.16 billion of outstanding debt.

Total receivables stood at EGP 48.1 billion, of which EGP 10.29 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 6.7 billion of receivables are reported on the balance sheet, reflecting only the receivables related to delivered units already recognized as revenue. On the other hand, some EGP 41.4 billion of receivables related to undelivered units are disclosed in the footnotes.

SODIC's total backlog of unrecognized revenue stood at EGP 51.4 billion as at 31 December 2023, providing strong revenue visibility for the company.



¹ Including Treasury Bills

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Selected Consolidated Income Statement Items

EGP in million	FY 2023	FY 2022
Total Revenue	10,330	7,811
Cost of Revenue	(6,762)	(5,619)
Gross Profit	3,568	2,192
Gross Profit Margin	35%	28%
Operating Profit	1,863	650
Operating Profit Margin	18%	8%
Net Profit Before Tax	1,819	710
Taxes	(440)	(185)
Non-Controlling Interests	(6)	(5)
Net Profit After Tax and Non-Controlling Interests	1,373	520
Net Profit Margin	13%	7%

Selected Consolidated Balance Sheet Items

EGP in million	Dec-23	Dec-22
Assets		
Work In Process	17,571	15,171
Long Term & Short-Term Net Trade and Notes Receivable (on-balance sheet)	6,715	4,046
Cash & Cash equivalent & Treasury Bills	2,660	2,902
Total Assets	38,715	30,385
Liabilities & Shareholder Equity		
Bank Facilities & Loans	3,224	3,164
Advances from Customers	12,429	8,700
Total Liabilities	30,032	23,074
Total Equity	8,684	7,311
Total Liabilities & Equity	38,715	30,385



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Shareholding Structure as at 31/12/2023



- Aldar-ADQ Consortium
- 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.

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.

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