



SISCO Q2FY23 adjusted net income increases by 616.4% to SAR 22.4 million

- Ports and Logistics segments revenue improved by 26.7% and 30.5% respectively as compared to Q2FY22
- Significant expansion of gross profit margins in Logistics and Water segments as compared to Q2FY22
- Q2FY23 gross profit margin of 52%, up from 46.8% in Q2FY22

Jeddah, Saudi Arabia, 09 August 2023: Saudi Industrial Services Company ("SISCO", "TADAWUL: 2190"), Saudi Arabia's leading strategic investor in Ports & Logistics and Water Solutions, has announced its financial results for the quarter ended 30 June 2023.

Revenues for the second quarter of 2023, excluding accounting construction revenue, grew by 22.6% compared to Q2FY22 to reach SAR 261.4 million on the back of strong performance by the Ports & Logistics segment. On a quarter-on-quarter basis, Q2FY23 revenues improved by 9.4% as compared to Q1FY23, mainly driven by the Ports and Logistics segments. The first-half revenue for 2023, excluding accounting construction revenue, grew by 22.2% from H1 2022 on the back of overall improvement across all segments.

The second quarter gross profit of SAR 135.8 million grew by 5.2% from the last quarter and by 36.3% compared to Q2FY22 due to strong revenue growth. The gross profit margin for Q2FY23 stood at 52.0%, up from 46.8% in Q2FY22 driven by improvement across all segments. Gross profit for H1 2023 was SAR 264.9 million, which grew by 39.5% from H1 2022 due to more conducive market conditions and improved global supply chains as compared to H1 2022.

In light of the significantly improved margins, the adjusted net income for the second quarter improved by 15.3% from the previous quarter and by 616.4% year-on-year to SAR 22.4 million. For the H1 2023 period, adjusted net income was SAR 41.9 million, increased by 524.6%, due to a stronger first half as compared to previous year.

Q2FY23 Quarterly Performance Highlights:

Revenues improved by 9.4% on a quarterly basis and 22.6% as compared to Q2FY22, primarily due to healthy growth in the Ports' segment's gateway volumes, coupled with a promising improvement in the Logistics segment.

Gross profit increased by 36.3% as compared to Q2FY22 mainly due to margin improvements.

Adjusted EBITDA improved to SAR 152.0 m and a healthy margin of 58.2%.

Adjusted Net income of SAR 22.4 million grew by 616.4% compared to the same quarter last year, due to performance improvements across all the segments as well as in equity accounted associate companies.

Revenue *

SAR 261.4 m **↑ 22.6%**
Q2-2022: SAR 213.2 m

Gross Profit


SAR 135.8 m **↑ 36.3%**
Q2-2022: SAR 99.7m

EBITDA-Adjusted

SAR 152.0 m **↑ 36.0%**
Q2- 2022: SAR 111.8 m




Net Income – Adjusted

SAR 22.4 m  616.4%
Q2- 2022: SAR 3.1 m

GP Margin

52.0%  520bps
Q2-2022: 46.8%

NP Margin - Adjusted

8.6%  710bps
Q2-2022: 1.5%

Commenting on the results, Mr. Khalid Suleimani, Group CEO, SISCO, said:

"I am happy to share that SISCO's performance for this quarter has strengthened across all the performance and operational metrics vis-à-vis the same quarter last year as also Q1FY23. The progress has been achieved, owing to an enhanced and robust performance, especially in our Logistics segment.

For the second quarter, the biggest growth contribution has been from our Ports segment. The volumes during the second quarter improved compared to the same quarter last year, mainly driven by the growth in gateway volumes. As a result of an improved revenue mix, we have seen an upward growth trajectory in revenue and margins in this segment, which also reflects the healthy growth in gross profit for the quarter and a sharp jump in the segment's net profit.

The Logistics segment posted strong results compared to last year. One of our state-of-the-art warehouse facilities became operational in the second quarter, and has positively contributed to the segment's growth in Q2FY23 compared to the previous quarter and last year. The Water segment reported a strong improvement in gross profit margins, rising significantly from 34.3% in Q2FY22 to 47.3% for Q2FY23. This has been accomplished as a result of a decrease in depreciation costs and improved sales mix and pricing. Nonetheless, revenues for the Water segment have dipped marginally as compared to the same quarter last year due to decline in volumes. Our other associate companies, namely SA Talke and Tawzea, have also witnessed a strong quarter."

Outlook and Strategy

We continue to implement SISCO's five-year strategy (6x26) that we announced at the end of 2021, and we have been able to achieve positive progress in this regard in terms of organic growth or growth through mergers and acquisitions.

Throughout H1 2023, we have observed a noteworthy resurgence across all segments, significantly eclipsing the performance of H1 2022. As we forge ahead, we are determined to maintain this strong momentum in the upcoming quarter, bolstered by a promising outlook for the local economy and substantial government investments planned for our core sectors. Our Ports and Logistics segment is primed to capitalise on the encouraging trend in local imports, thanks to our strategic capacity expansion initiatives.

Additionally, our portfolio companies have showcased robust resilience and a stellar capacity for generating growth, as evident from their spectacular performance in the first half of the year.

During the quarter, LogiPoint's 21,000 sq m warehouse became fully operational on 1 April 2023. Furthermore, we are excited to announce that an additional 25,000 sq m warehouse is scheduled to be completed during the second half of 2023. These developments are part of our ongoing strategy to expand our capacity to an impressive 130,000 sq m by Q1FY24. Our strategic vision is to establish LogiPoint as a leading logistics real estate developer and operator, providing state-of-the-art warehousing services to attract long-term customers and cater to the thriving e-commerce sector across the Kingdom.

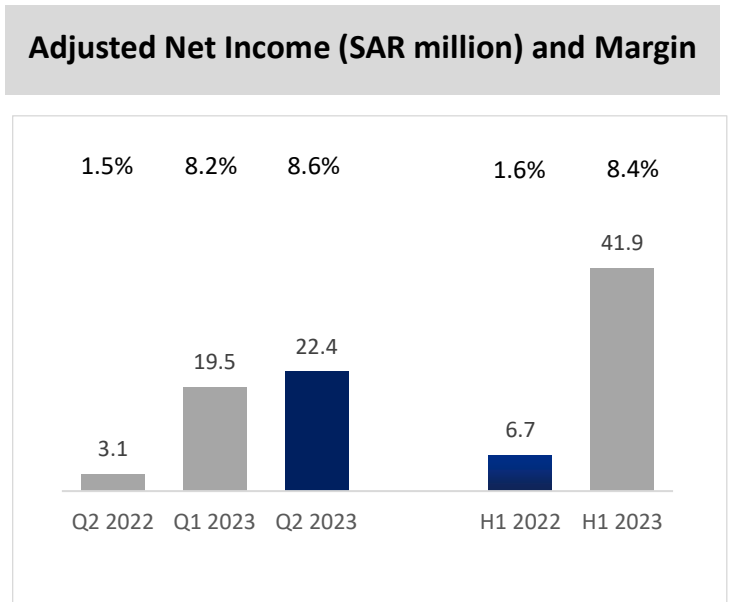
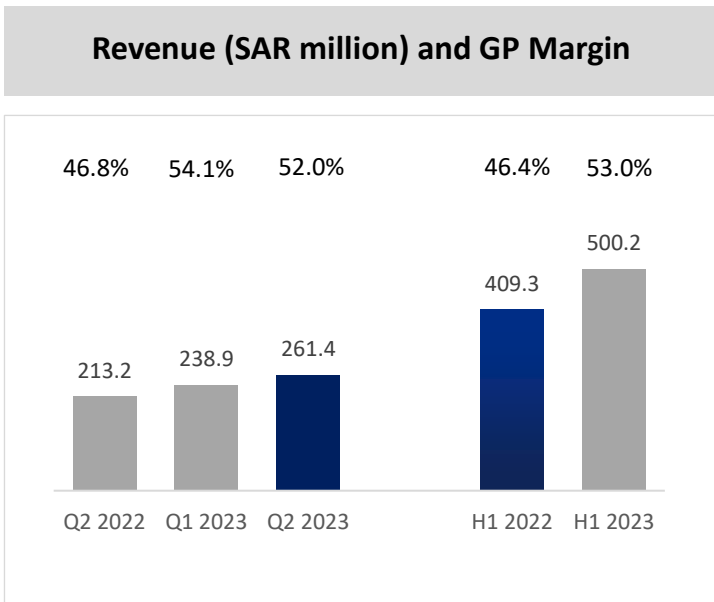


In addition, during the quarter, our subsidiary Kindasa extended its lease contract with Mawani at the Jeddah Islamic Port for a further 5 years until March 2032.

On the M&A front, we continue to make positive progress towards the ambition plan that we have set. The company's team is working diligently in building the necessary capabilities and opportunities that are aligned with our strategic direction.

Following the establishment of Green Dome Investments (GDI) (which operates as an investment company focusing on the logistics sector), we established another special purpose vehicle last year, Red Sea Ports Development Company International (RSPDI) to implement the international expansion strategy of the ports segment. Both companies continue to evaluate several investment opportunities through their dedicated investment teams working alongside the investment team at the corporate level. In this regard, following the successful acquisition of Elite by GDI, RSPDI has made positive progress towards negotiating the concession to operate the Patenga Container Terminal in Bangladesh.

Income Statement Summary SAR million





EARNINGS RELEASE: Q2 & H1 2023

09 August 2023

Q2FY23 Financials Summary

<i>SAR million</i>	Q1' 23	Q2' 23	Var. %	Q2' 22	Q2' 23	Var. %
Revenue*	238.9	261.4	9.4%	213.2	261.4	22.6%
Direct costs*	(109.7)	(125.6)	14.5%	(113.5)	(125.6)	10.7%
Gross profit	129.1	135.8	5.2%	99.7	135.8	36.2%
Operating expenses	(45.2)	(54.1)	19.7%	(47.0)	(54.1)	15.1%
Operating profit	83.9	81.7	-2.6%	52.7	81.7	55.0%
Investment income	8.0	9.7	21.3%	8.4	9.7	15.5%
Finance charges	(58.1)	(60.8)	4.6%	(53.4)	(60.8)	13.9%
Other income / expenses & Zakat	3.0	4.6	53.3%	(3.1)	4.6	248.4%
Group net income	36.8	36.1	-1.9%	4.7	36.1	668.1%
Minority interest	(17.3)	(14.9)	-13.9%	(1.5)	(14.9)	893.3%
Net income – reported	19.4	21.2	9.3%	3.1	21.2	583.9%
Net income – adjusted	19.4	22.4	15.5%	3.1	22.4	622.6%

*Excludes construction revenue and cost

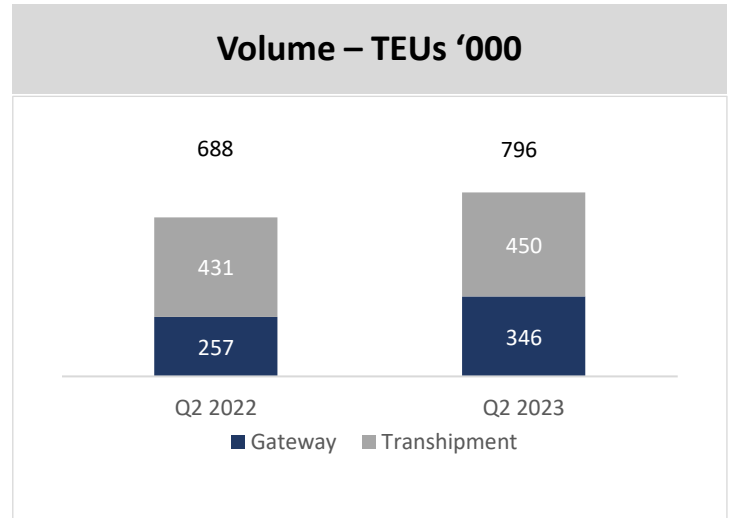
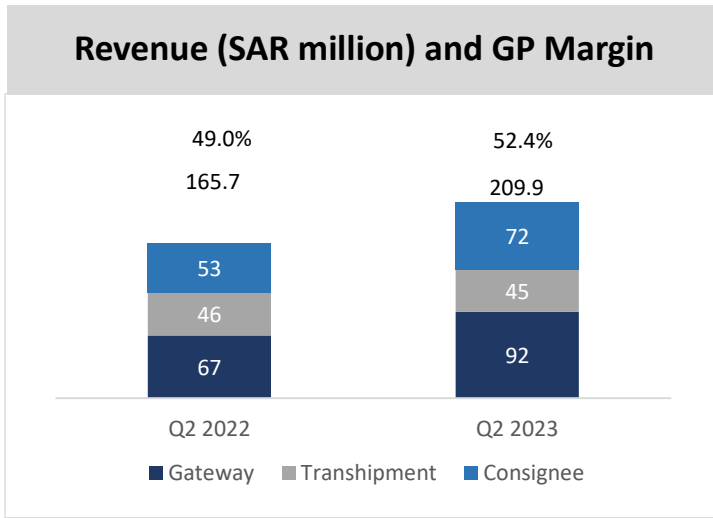
H1'23 Financials Summary

<i>SAR million</i>	H1' 22	H2' 23	Var. %
Revenue*	409.3	500.2	22.2%
Direct costs*	(219.4)	(235.3)	7.2%
Gross profit	189.9	264.9	39.5%
Operating expenses	(90.7)	(99.4)	9.6%
Operating profit	99.2	165.6	66.9%
Investment income	14.8	17.7	19.6%
Finance charges	(104.0)	(118.9)	14.3%
Other income / expenses & Zakat	(4.1)	4.6	212.2%
Group net income	5.9	72.9	1135.6%
Minority interest	(2.0)	(32.3)	1515.0%
Net income – reported	3.9	40.6	941.0%
Net income – adjusted	6.7	41.9	525.4%

Operational Highlights

Ports & Terminals

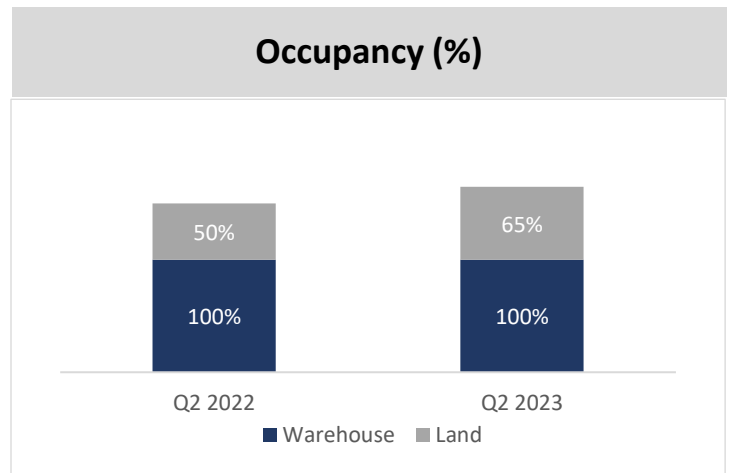
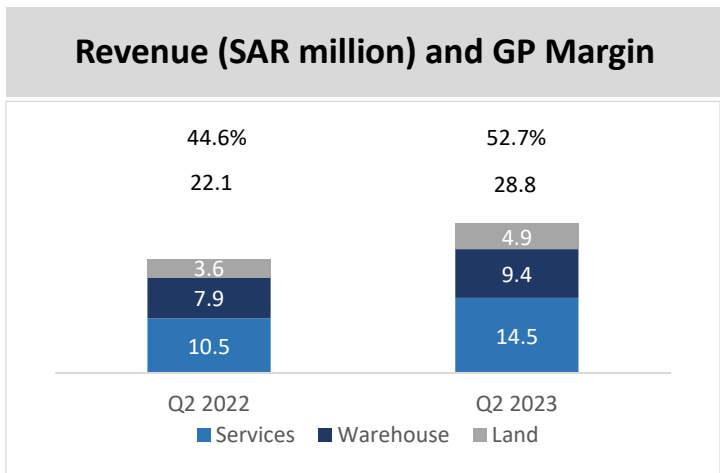
The revenues for Q2FY23 demonstrated a notable improvement, increased by 26.7% compared to the same quarter of the previous year. Additionally, gateway volumes in Q2FY23 exhibited a remarkable increase of 34.6% when compared to Q2FY22, while trans-shipment volumes also experienced growth, improving by 4.4%.



Logistics Parks & Services

The Logistics segment revenues for Q2FY23 increased by 30.5% from the same quarter last year, while gross profit also improved to 52.7% from 44.6% in Q2FY22. This growth can be attributed, in part, to the successful operation of LogiPoint’s new 21,000 sq m warehouse, which commenced on April 1, 2023, providing a significant boost to the revenue and margins of the Logistics segment.

SISCO associate SA Talke revenues increased to SAR 154.9 million during 1HFY23. SISCO’s share of SA Talke’s net income in Q2FY2023 was SAR 5.6 million, i.e. 16% higher than the same quarter last year.

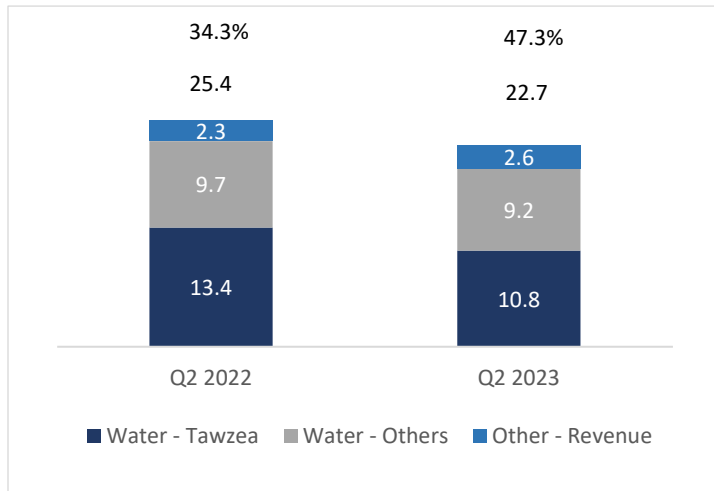


Water Solutions

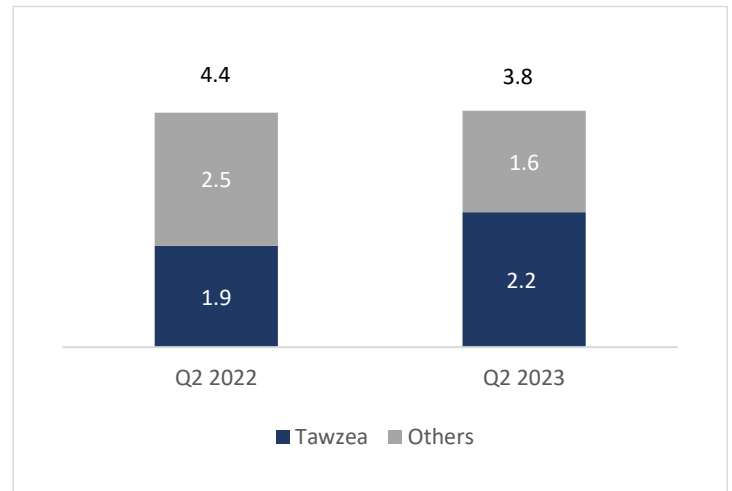
Revenues of the Water segment decreased marginally compared to Q2 of last year due to decline in volumes. Gross profit margins showed a strong improvement to reach 47.3% for Q2FY23 from 34.3% in Q2FY22. The margin expansion is attributed to a decrease in depreciation cost and improved sales mix and pricing.

TAWEZA reported adjusted revenue (excluding construction revenues) to SAR 187.4 million in 1H2023. SISCO's share in net income in Q2FY2023 was SAR 3.5 m for TAWEZA i.e. 54% higher than same quarter last year.

Revenue (SAR million) and GP Margin



Volume in Million (Cubic Meter)





Investor relations

Email: ir@sisco.com.sa

About SISCO

Saudi Industrial Services Company ("SISCO") is an investment holding company with a diversified portfolio of unique assets spanning ports, industrial parks and services, and water solutions. The Company was established in 1988 and is the first private sector developer of a bonded re-export zone in Saudi Arabia. SISCO's portfolio includes 7 subsidiaries/ associates, supported by a team of more than 3,000 employees. SISCO provides strategic support to portfolio companies with a clear and long-term investment philosophy to unlock growth opportunities.

Analyst Call and Earnings Presentation

SISCO will be hosting an analyst call on the Company's second quarter 2023 results.

For conference call details, please email ir@sisco.com.sa

The earnings presentation will be hosted on the company website in due course:

<http://www.sisco.com.sa/poverview.php>