

SAUDI INDUSTRIAL SERVICES COMPANY

FY21 Earnings Presentation | March 2022



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Highlights FY21

Financial highlights

Strong year-on-year revenue growth of 6.9% to SAR 921.2 million excluding accounting construction revenue. Revenue for Q4 2021 decreased by 14.5% year-on-year to SAR 205.1 million.

Gross profit for FY 2021 increased by 5.4% to SAR 446.5 million. Q4 2021 gross profit decreased by 25.7% from Q4 2020.

Adjusted net income was SAR 64.9 million, broadly in line with 2020 adjusted net income of SAR 66.5 million. Q4 2021 adjusted net income stood at SAR 5.6 million.

FY 2021 adjusted EBITDA at SAR 497.9m, increasing 11.3% vs FY 2020.

FY 2021 adjusted earnings per share stood at SAR 0.80, compared to SAR 0.81 for FY 2020.

Operating highlights



Strong operating performance across all segments



Healthy growth in transshipment volumes, logistics and warehousing services



Ramp-up in logistics capacity expansion by subsidiary LogiPoint



Gateway volumes remain under pressure across the Kingdom

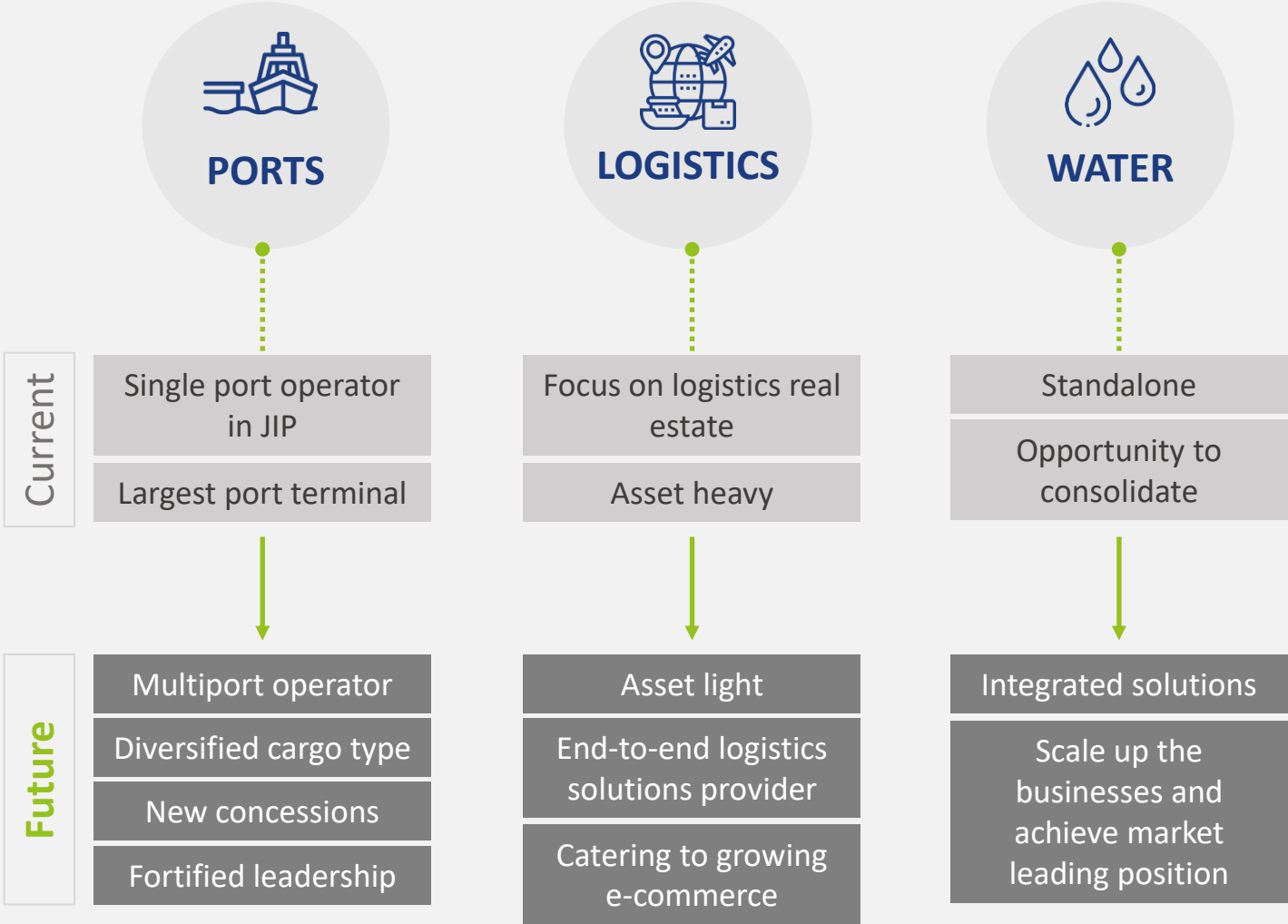


Important independent sewage water treatment plant award for Tawzea



New 5-year strategy capitalizes on current portfolio to drive growth

Strategy recap



STRATEGIC DIRECTION FOR SISCO

- Maintain focus on Saudi Arabia, except selectively for ports sector
- Maintain focus on existing sectors and increase participation in portfolio companies
- Enter new adjacencies related to infrastructure development and logistics services
- Prioritize asset light, brownfield and M&A opportunities to accelerate returns



1.

Performance Review



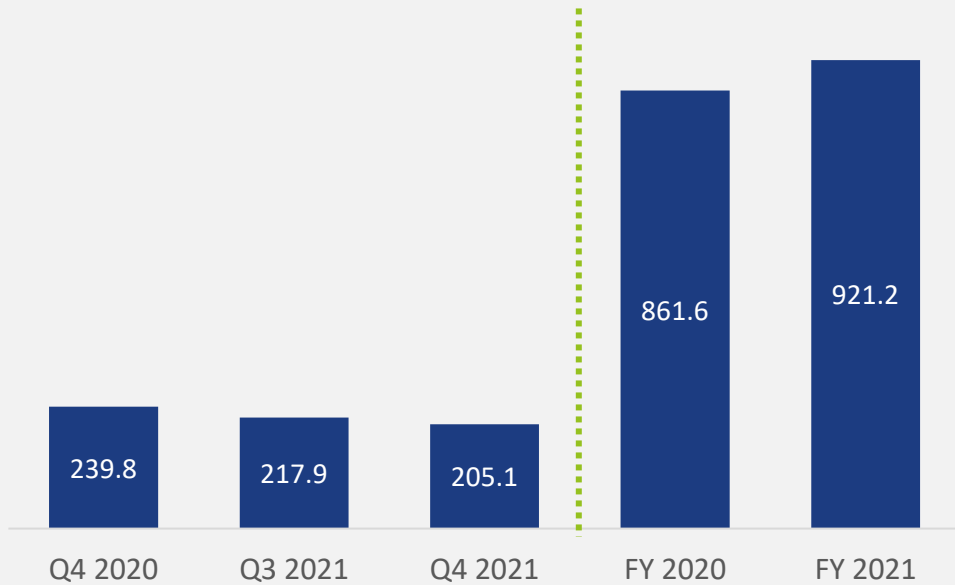
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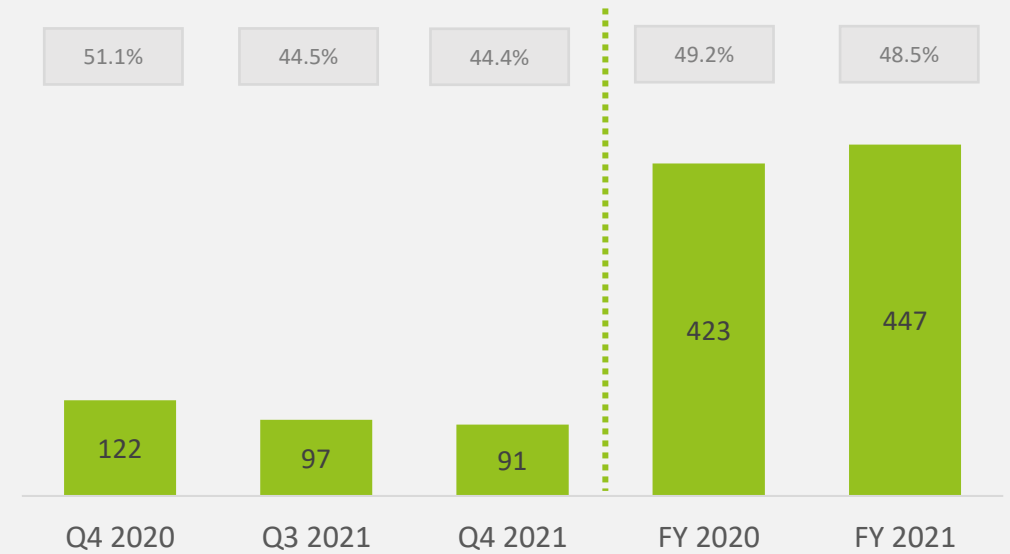
Income statement highlights

SAR millions (adjusted: excludes accounting construction revenue)

Revenue



Gross Profit

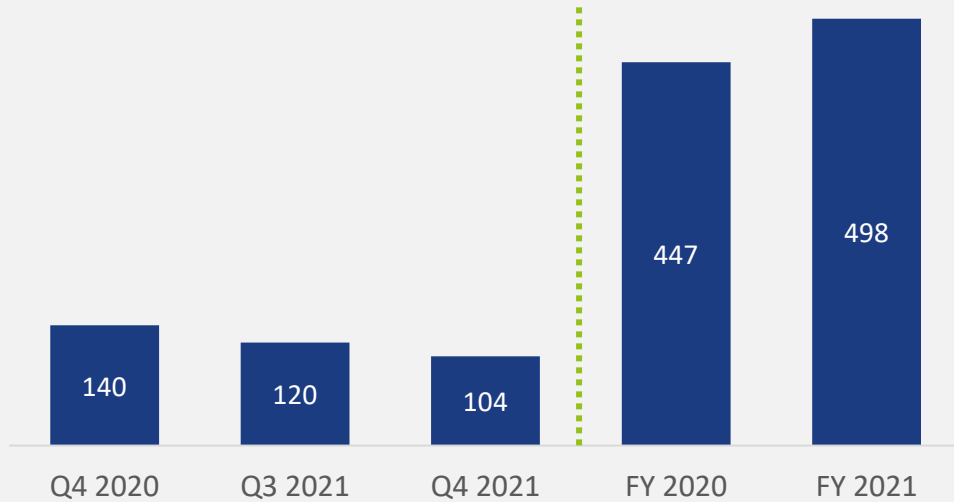


- **Full year revenue** growth was driven by strong performance in the ports and logistics segments.
- **Q4 revenue** decreased year-on-year due to pressure on gateway volumes across the Kingdom resulting from global logistics headwinds.
- **Full year gross profit** increase was predominantly driven by revenue growth in the ports and logistics segments.

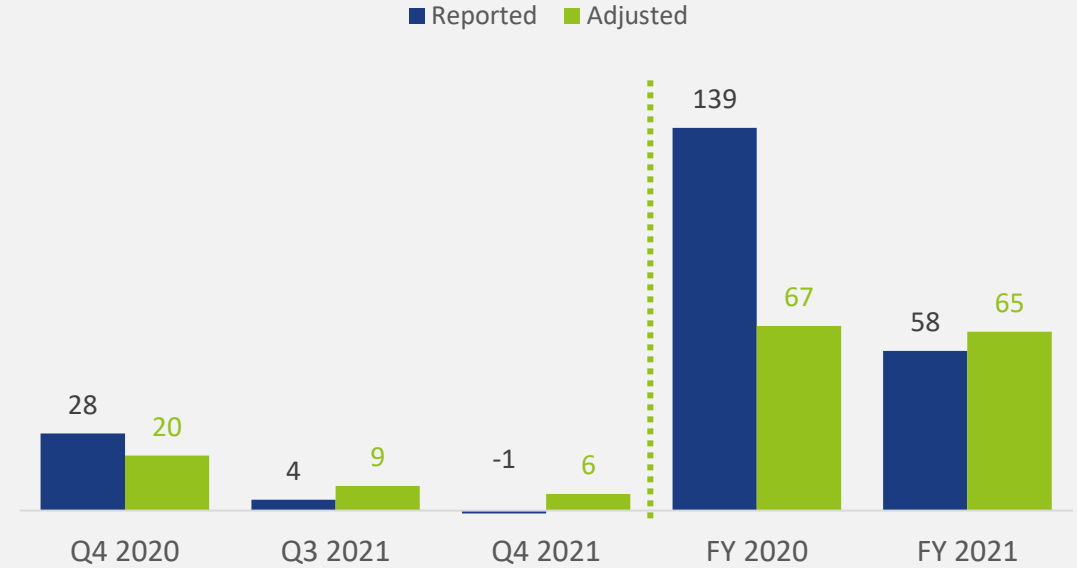
Income statement highlights

SAR millions (adjusted: excludes accounting construction revenue)

Adjusted EBITDA*



Adjusted Net Income*



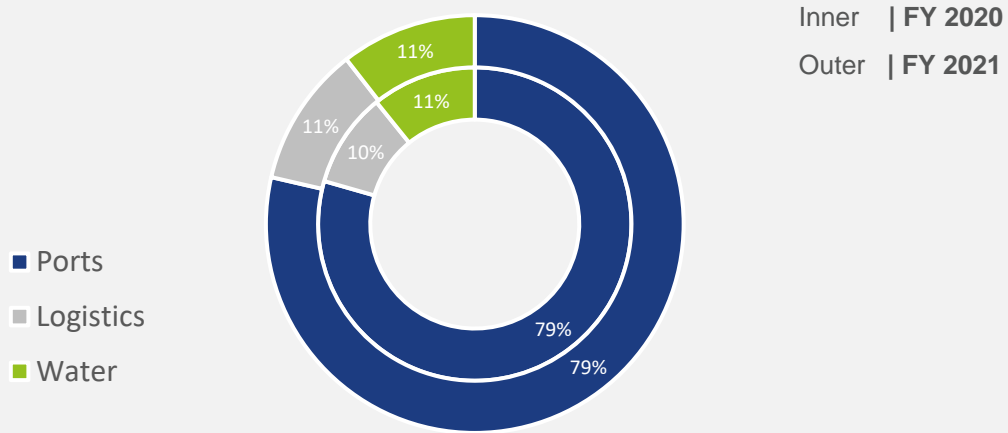
- **Full year adjusted net income** was broadly in line with 2020 despite a reduction in SISCO's share of RSGT net income from 60.6% to 36.36%.
- **Adjusted Q4 2021 net income declined** mainly due to the reduction in margins as a result of lower gateway volumes in the ports segment.

*Adjusted EBITDA and adjusted net income exclude one-offs amounting to SAR 7.1 million.

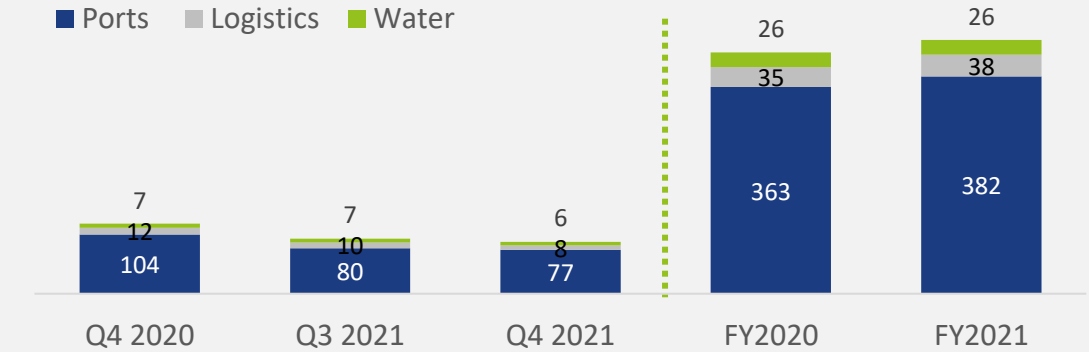
Revenue and gross profit composition

SAR millions (adjusted: excludes accounting construction revenue)

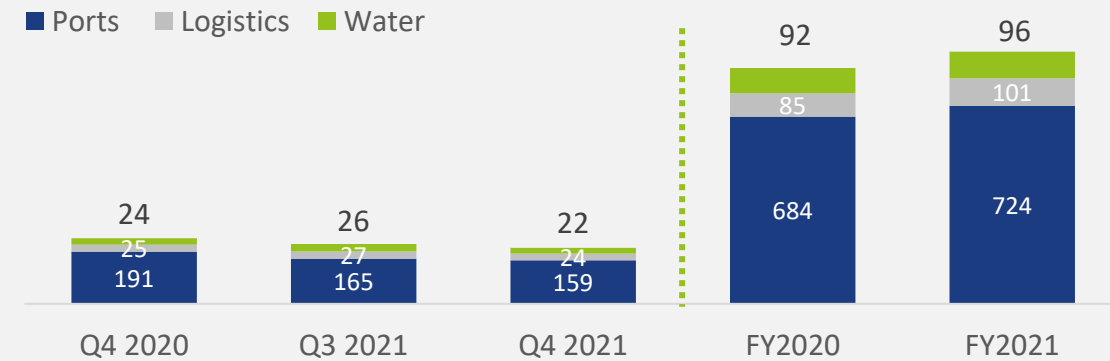
Revenue Composition



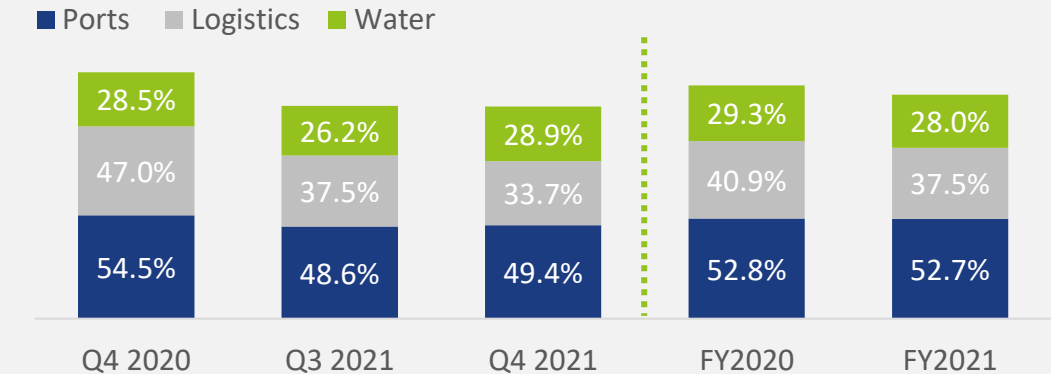
Gross Profit



Group Revenue



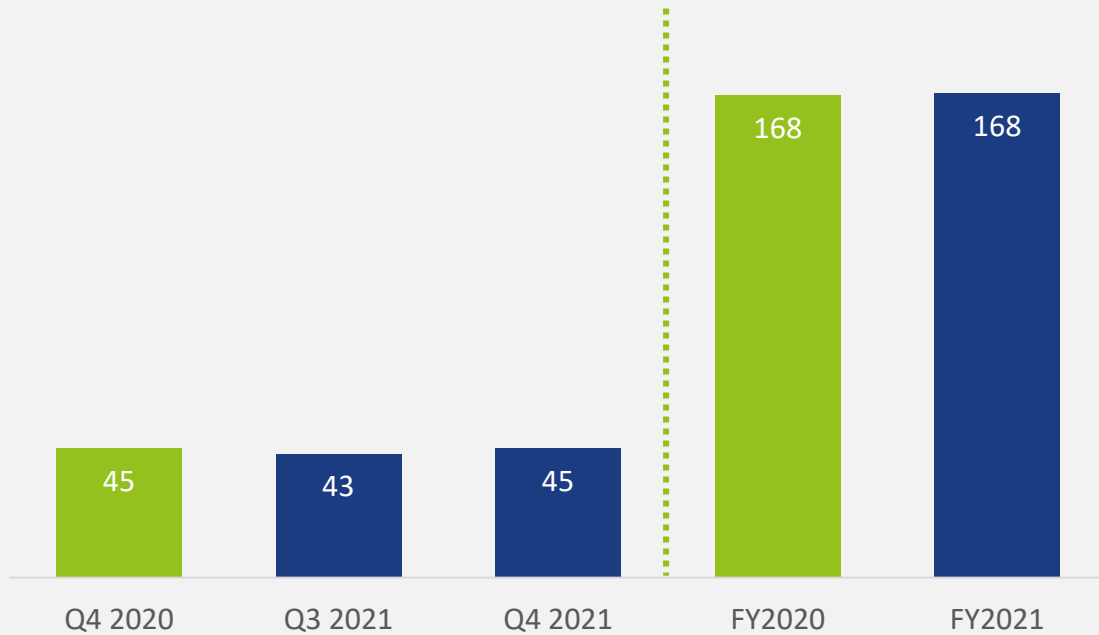
Gross Margin



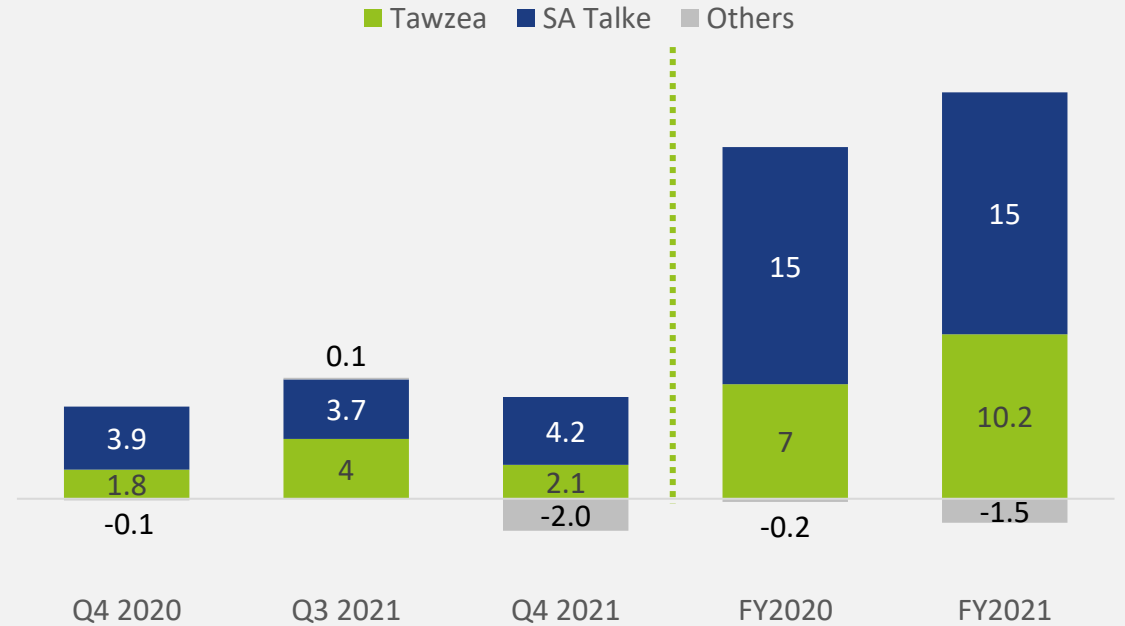
Opex and investment income

SAR millions

OPEX



Investment Income



- Cost optimization initiatives continue to deliver results, however subsidiary RSGT's entire planned recruitment in 2020 was delayed to Q2 2021, due to a hiring freeze, leading to higher than anticipated staff costs in the second half of the year.
- Stable investment income; updated five-year strategy for growth aims to invest in assets with a significant opportunity to be scaled-up and accelerate the returns timeline.

Net income adjustments

SAR millions

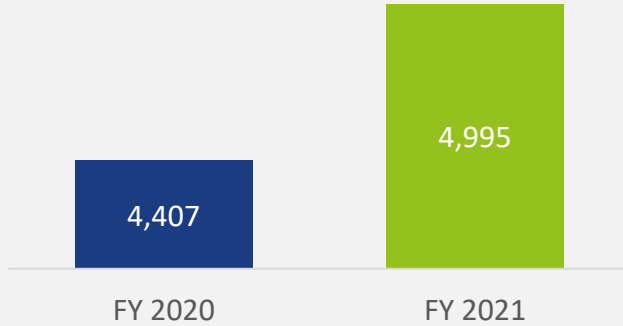
	FY 2020	FY 2021
Reported Net Income	139.4	57.8
IFRS 9 gain on modification of loan (RSGT)	(31.9)	-
Reversals for provisions from prior years	(8.0)	(5.6)
Reversal of Asset Replacement Provision	(75.2)	-
One-off costs	-	12.7
Total adjustments	(115.1)	7.1
Impact on SISCO net income	(72.9)	7.1
Adjusted Net Income	66.5	64.9

- Net SAR 6.5 million of the total SAR 7.1 million was recorded in Q4 2021.
- SISCO's share of RSGT net income reduced from 60.60% to 36.36% during the period following the divestment of its direct equity stake.

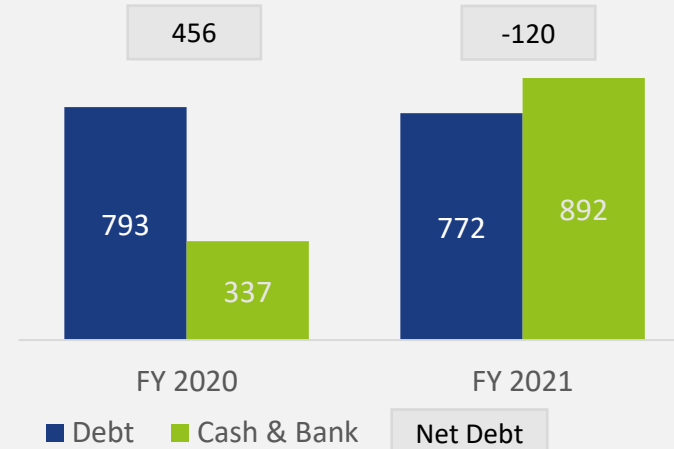
Balance sheet highlights

SAR millions

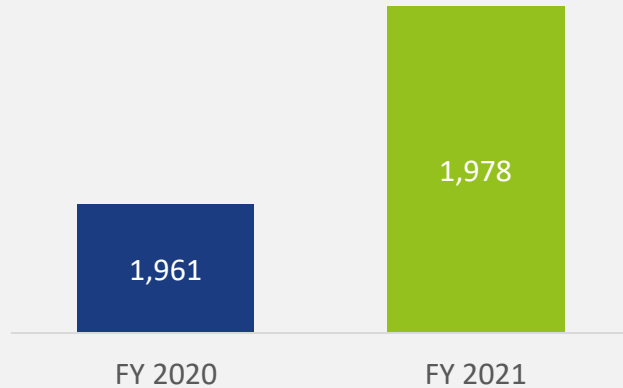
Total Assets



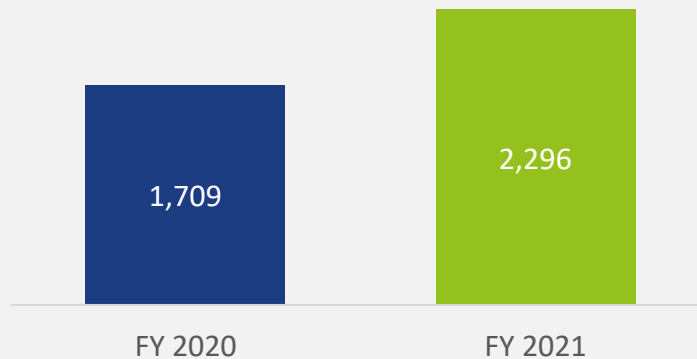
Net Debt



Total Liabilities (excl. borrowings)



Total Equity



Strong balance sheet, with a positive cash position, following partial divestment of RSGT.

Ample capital to drive our updated five-year growth strategy by investing in assets with a significant opportunity to be scaled-up.

Healthy cash position, enabling attractive dividend, whilst delivering long-term shareholder value creation.

2.

Summary



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Robust performance in a challenging sector



Healthy revenue growth driven by strong performance in the ports and logistics segments despite headwinds in the global logistics sector



Significant operational progress with ramp-up in logistics capacity expansion by LogiPoint and an important independent sewage water treatment plant contract awarded to Tawzea



Updated growth strategy on track; partial divestment of RSGT unlocks significant capital to pursue value accretive opportunities



Delivering healthy shareholder returns; Board recommends final dividend of SAR 0.40 per share for FY 2021

3.

Q&A



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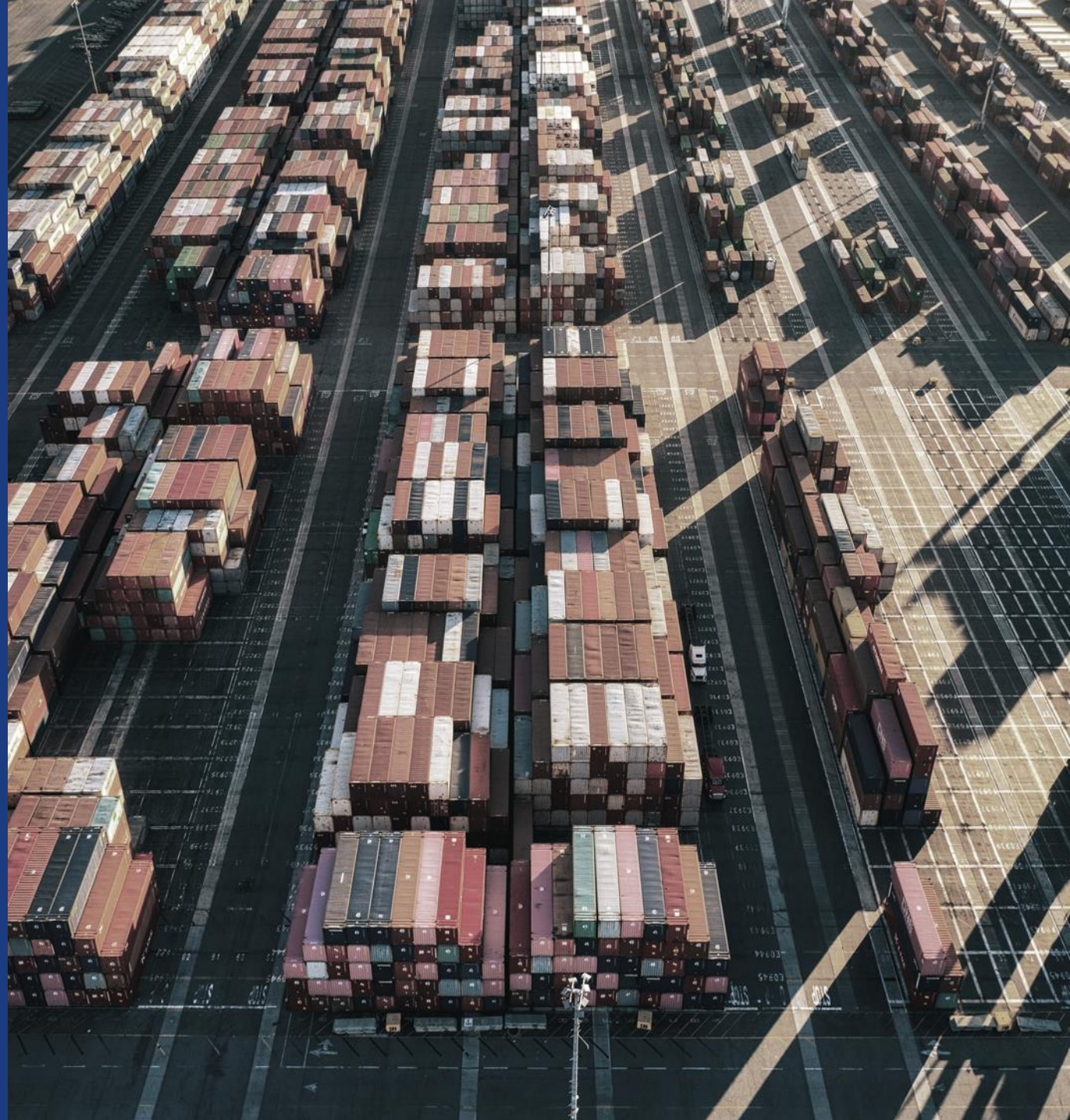


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Appendix



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PORTS & TERMINALS SNAPSHOT

245,000 TEUs
Gateway volume



-23.1% vs Q4 20
+1.2% vs Q3 21

449,000 TEUs
Transshipment volume



+9.2% vs Q4 20
-1.9% vs Q3 21

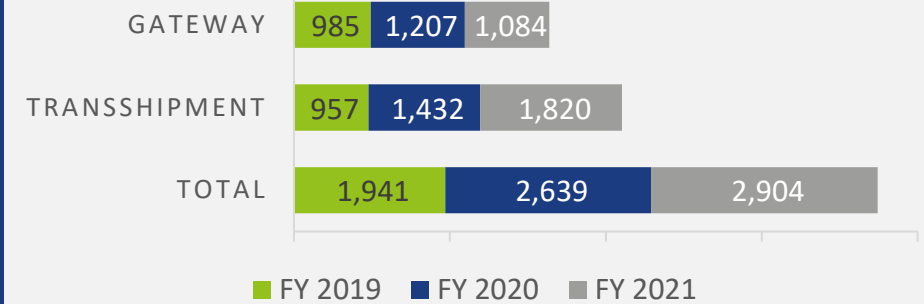
694,000 TEUs
Total volume



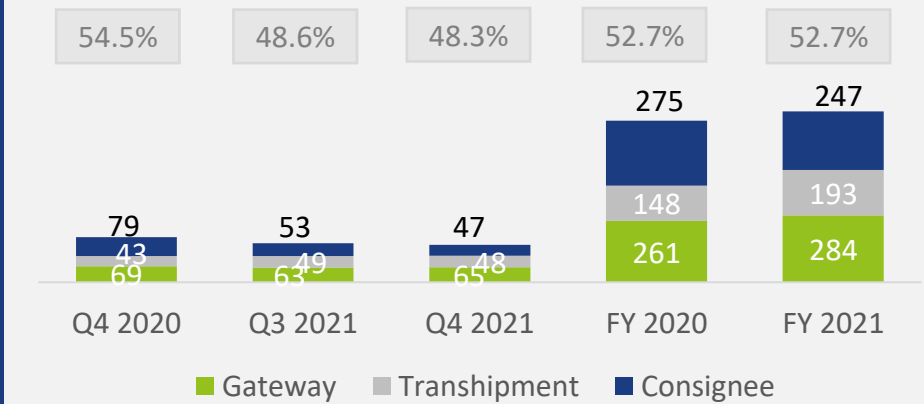
-4.9% vs Q4 20
-0.8% vs Q3 21

Robust full year performance driven by strong volume growth and an increase in tariffs. Despite increases in transshipment volumes, fourth quarter revenue was impacted by the global container shortage and supply chain constraints.

Volume (TEUs '000)



Revenue and GP margin



LOGISTICS, PARKS & SERVICES SNAPSHOT

47% Open Yard
occupancy



+1.0% vs Q4 20
-14.0% vs Q3 21

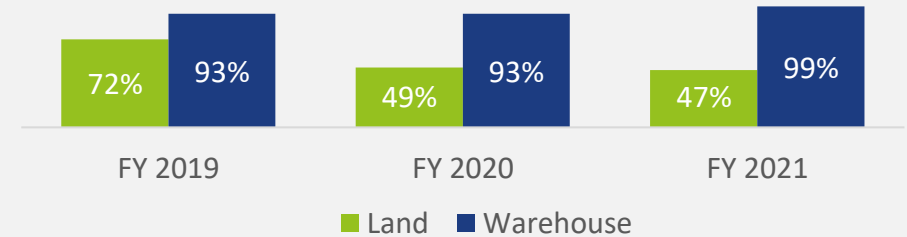
99%
Warehousing
occupancy



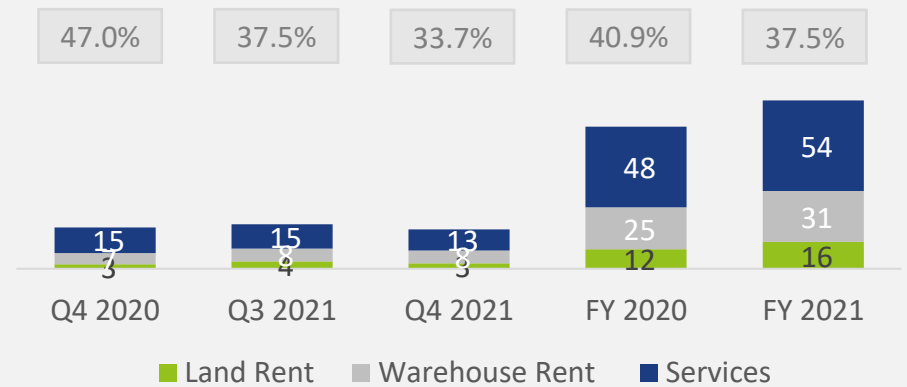
+4.0% vs Q4 20
- vs Q3 21

Strong full year growth as warehouse capacity was fully utilized in the first half. In Q4 open yard occupancy was impacted by the global container shortage, pressuring margins for the period.

Occupancy



Revenue and GP margin



WATER SOLUTIONS SNAPSHOT

432,000 m3
Rabigh volume



+14.6% vs Q4 20
-21.3% vs Q3 21

4.0 million m3
Kindasa volume



-10.9% vs Q4 20
-11.6% vs Q3 21

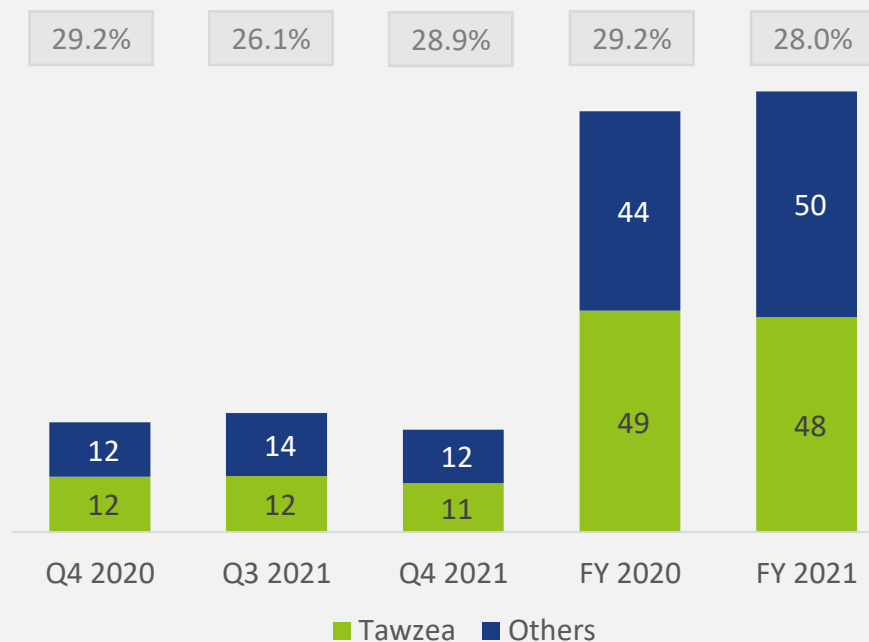
4.5 million m3
Total volume



-9.2% vs Q4 20
-12.5% vs Q3 21

Performance was broadly stable during the year. Important independent sewage water treatment plant contract awarded to Tawzea.

Revenue and GP margin



Income statement

SAR millions

	FY 2020	FY 2021	Variance
Operational Revenue	861.6	921.2	6.9%
Direct Costs	(437.9)	(474.7)	8.4%
Gross Profit	423.7	446.5	5.4%
Operating expenses	(167.4)	(168.1)	0.4%
Operating Profit	256.3	278.4	8.6%
Investment Income	21.6	23.7	9.7%
Finance Charges	(177.8)	(219.1)	23.2%
Other Income / Expenses & Zakat	116.6	12.1	-89.6%
Group Net Income	216.7	95.1	-56.1%
Non-controlling Interests	77.3	37.2	-51.9%
SISCO Share of Net Income – Reported	139.4	57.9	-58.5%
SISCO Share of Net Income – Adjusted	66.5	64.9	-2.3%
Gross Profit Margin	49.2%	48.5%	-0.7%
Adjusted Operating Profit Margin	29.7%	31.1%	0.4%
Adjusted Net Income Margin	7.7%	7.1%	-0.6%

*Excludes construction revenue and cost



Balance sheet

SAR thousands

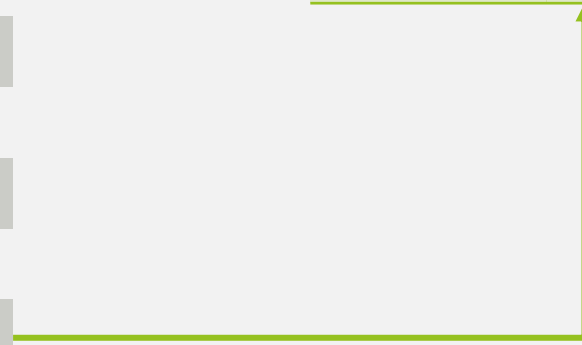
	FY 2020	FY 2021
Fixed Assets	3,742,928	3,688,092
Investments	160,672	211,707
Deferred Tax	2,402	4,527
Current Assets	501,152	1,090,725
Total Assets	4,407,154	4,995,051
Borrowings	736,333	721,358
Long Term Liabilities	1,504,194	1,518,547
Current Liabilities (excl. borrowings)	457,050	458,760
Total Liabilities	2,697,576	2,698,665
Equity	1,709,577	2,296,387
Total Equity & Liabilities	4,407,154	4,995,051

Cash flow statement

SAR millions

	FY 2020	FY 2021
Operating cash flow before working capital	458.0	480.9
Net working capital movement	(59.0)	(197.0)
Cash generated from operating activities	399.0	283.9
Finance charges, Zakat & income tax, EOSB	(39.1)	(47.6)
Net cash flow from operating activities	355.9	236.3
Net proceeds from sale of investments	-	648.4
Net cash used in other investing activities	(194.7)	(136.9)
Net cash used in financing activities	(119.8)	(194.0)
Net decrease in cash and bank balances	41.4	555.8
Cash at the beginning of the period	295.1	336.5
Cash at the end of the period	336.5	892.3

	2020	2021
Cash at centre	48.9	547.9
Cash at affiliates	287.6	344.4
Total cash	336.5	892.3



Thank you
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