SAUDI INDUSTRIAL SERVICES COMPANY

EARNINGS PRESENTATION| Q4 & 12M 2022

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HIGHLIGHTS Q4 & 12M 2022

Financial highlights

Revenue *

SAR 230.8 m ↑ **12.5 %**

Q4 - 2021: SAR 205.1 m

Gross Profit

SAR 120.4 m ↑ **32.3 %**

Q4 - 2021: SAR 91.0 m

Net Income - Adjusted

SAR 20.4 m ↑ **262%**

Q4 - 2021: SAR 5.6 m

"Excluding accounting construction revenue

Operating highlights

Ports and Terminals segment performance showed recovery with improved gateway volumes and GP margin

Logistics Parks and Services Q4'22 revenues improved with strong GP margin of 40.2% in Q4'22, due to a better sales mix and effective cost optimisation.

Water Solutions Q4'22 GP margin improved significantly to reach 52.2% on lower depreciation and improved sales mix

Acquisition opportunities materialize for execution in Q1'23, in particular for the Logistics services space.

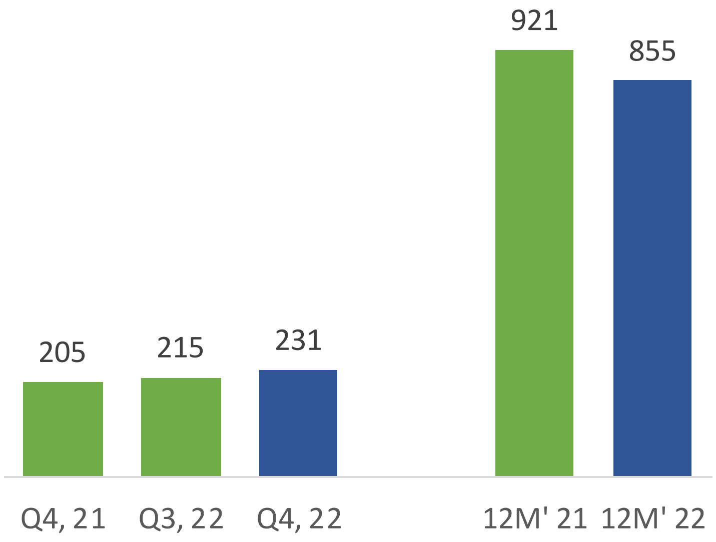
Strengthening the SISCO **Centre of Excellence (COE)** to offer a broader set of strategic advisory services to support the growth of our portfolio companies

2. FINANCIAL PERFORMANCE

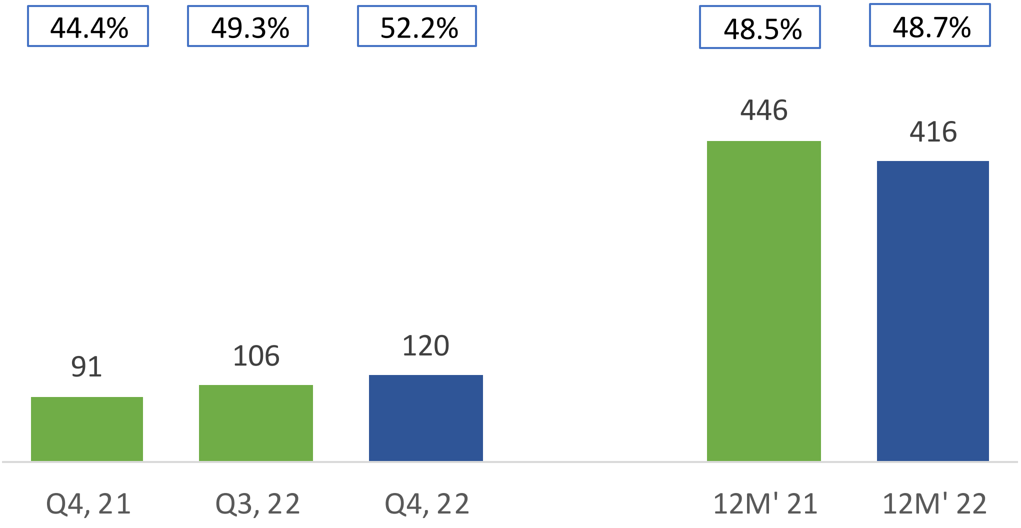
INCOME STATEMENT HIGHLIGHTS

SAR millions (adjusted: revenue excludes accounting construction revenue)

GROUP REVENUE



GROSS PROFIT & MARGIN

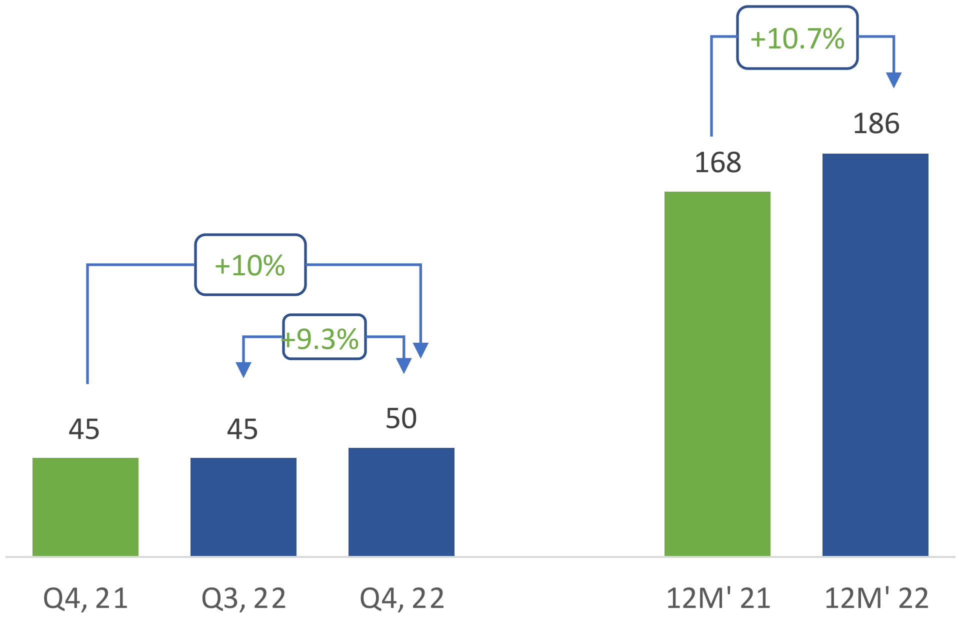


- **Q4’22 Group revenue** improved compared to last year (+12.6% YoY) driven by steady improvements of the Ports and Water segments’ performance.
- **12M’22 Group revenues declined** 7.2% YoY, mainly attributable to a decline in ports segment revenue following a decline in gateway volumes in the first half of the year.
- **Q4’22 gross profit improved** 32.4% YoY, mainly due to enhanced margins of Ports, Logistics and Water segment attributed to optimized sales mix and lower depreciation. YE 22 gross profit declined by 6.8% Vs last year mainly driven by the decline in revenue

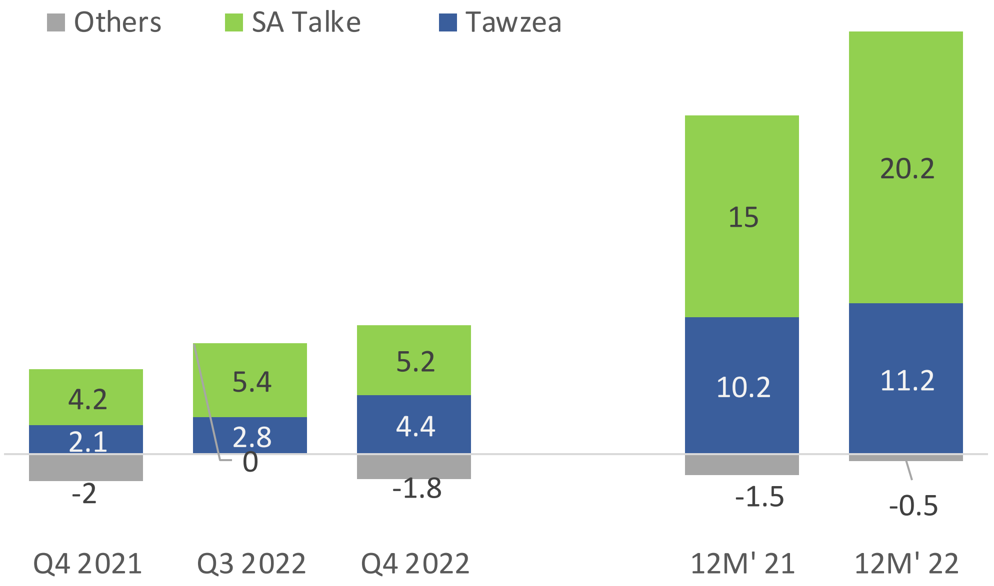
OPEX AND INVESTMENT INCOME

SAR millions

OPERATING EXPENSES



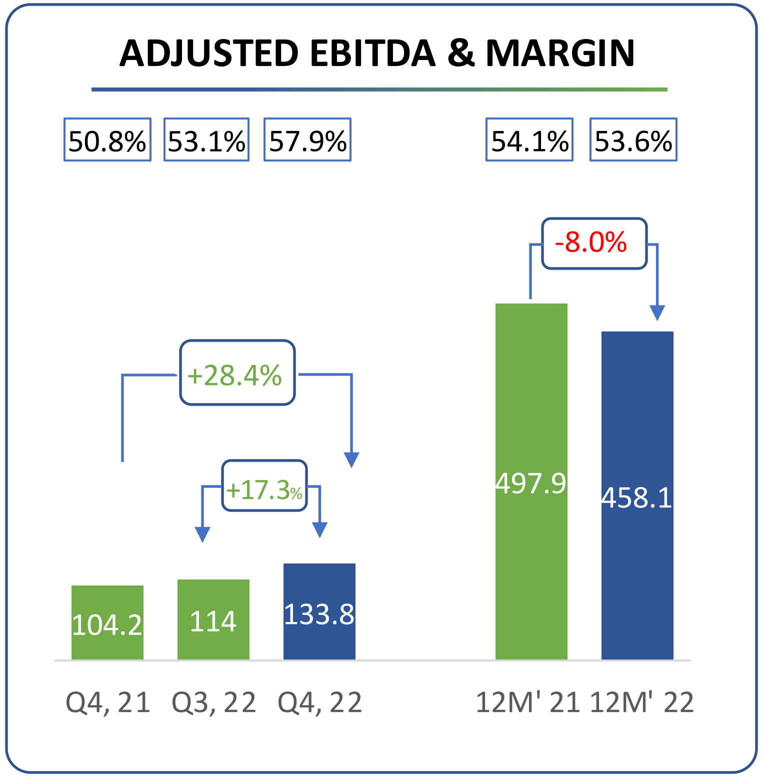
INVESTMENT INCOME

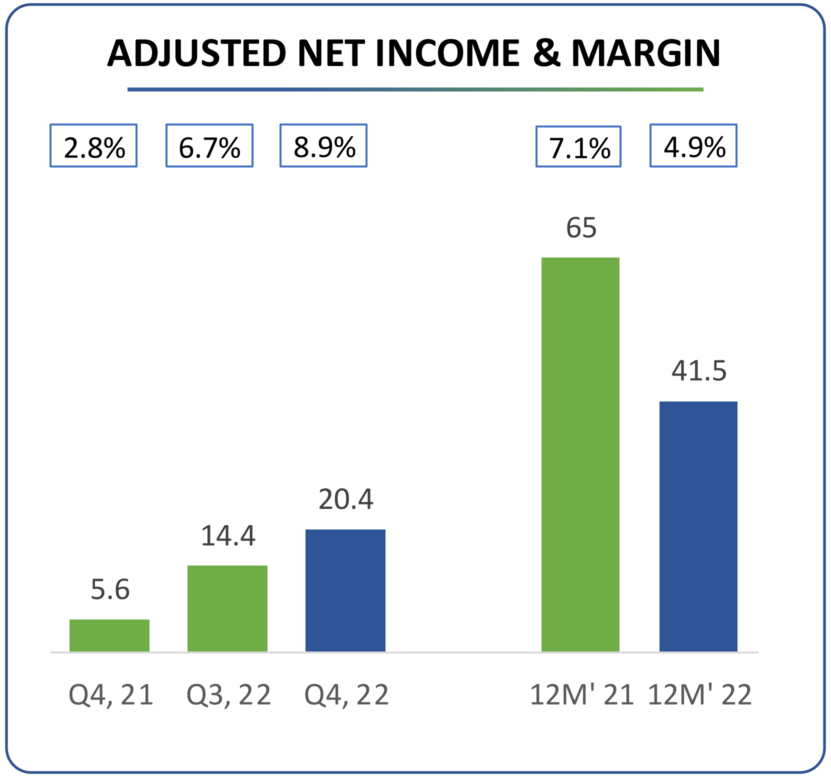


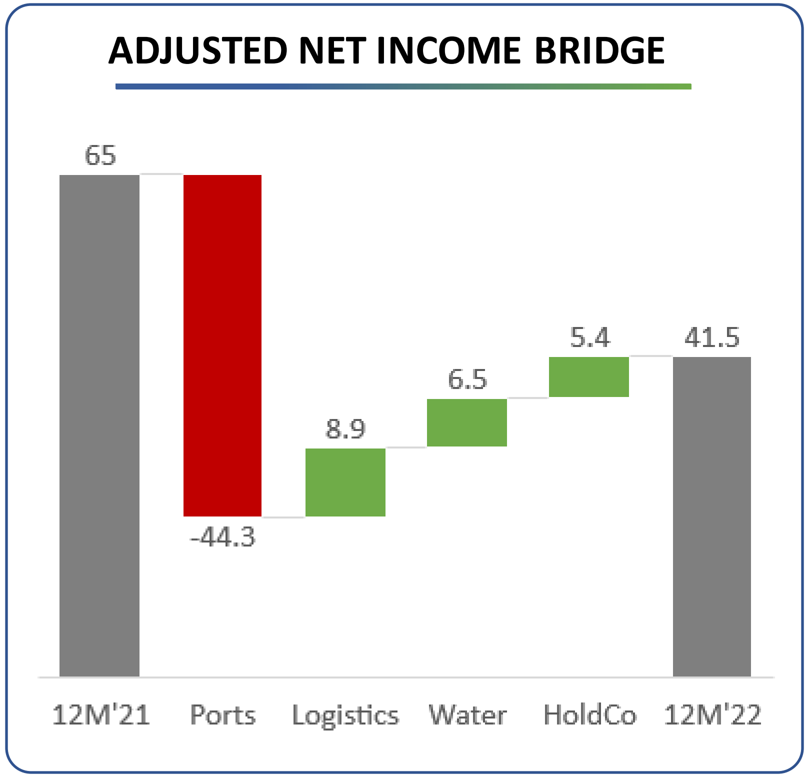
- **Q4'22 operating expenses** rose 10.0% QoQ and 12M'22 operating expenses increased 10.7% YoY due to higher insurance and business development and employee costs. OPEX is expected to stabilize going forward.
- **Q4'22 investment** income rose 84% QoQ due to improved profitability of Tawzea and SA Talke. 12M'22 investment income growth at 10%.

EBITDA AND NET INCOME

SAR millions



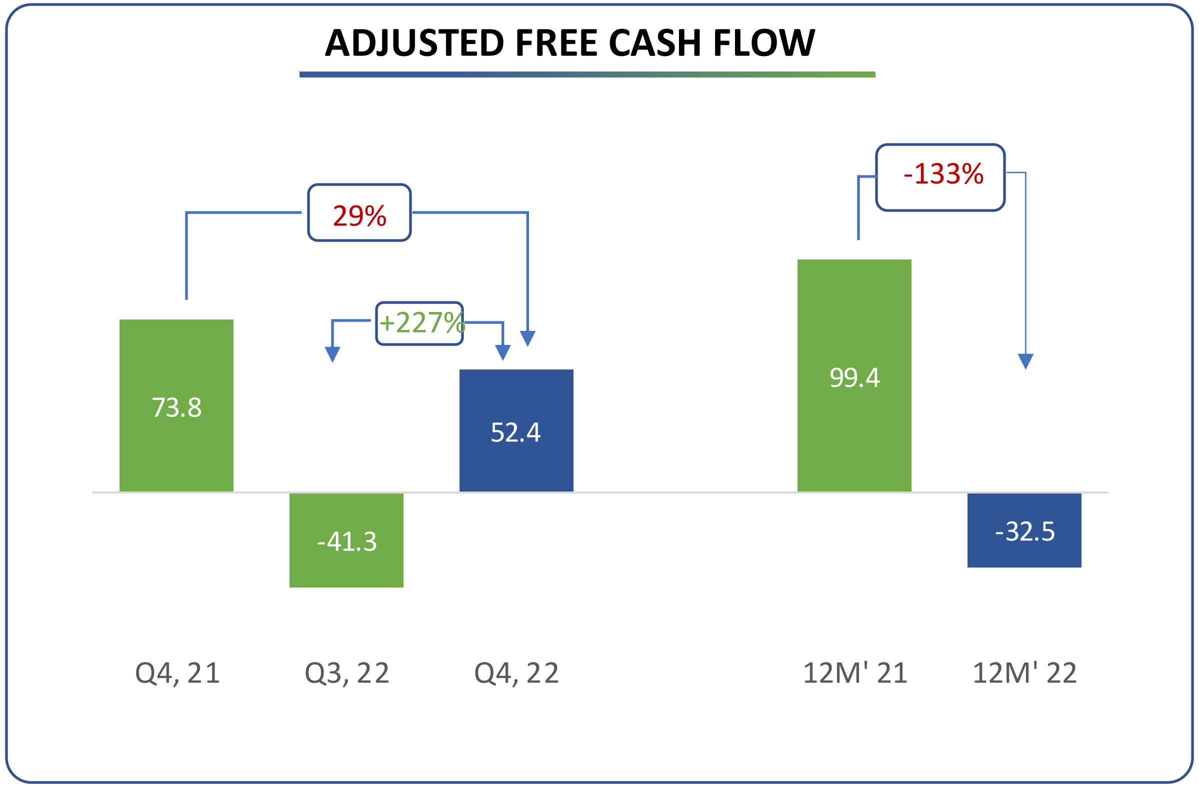


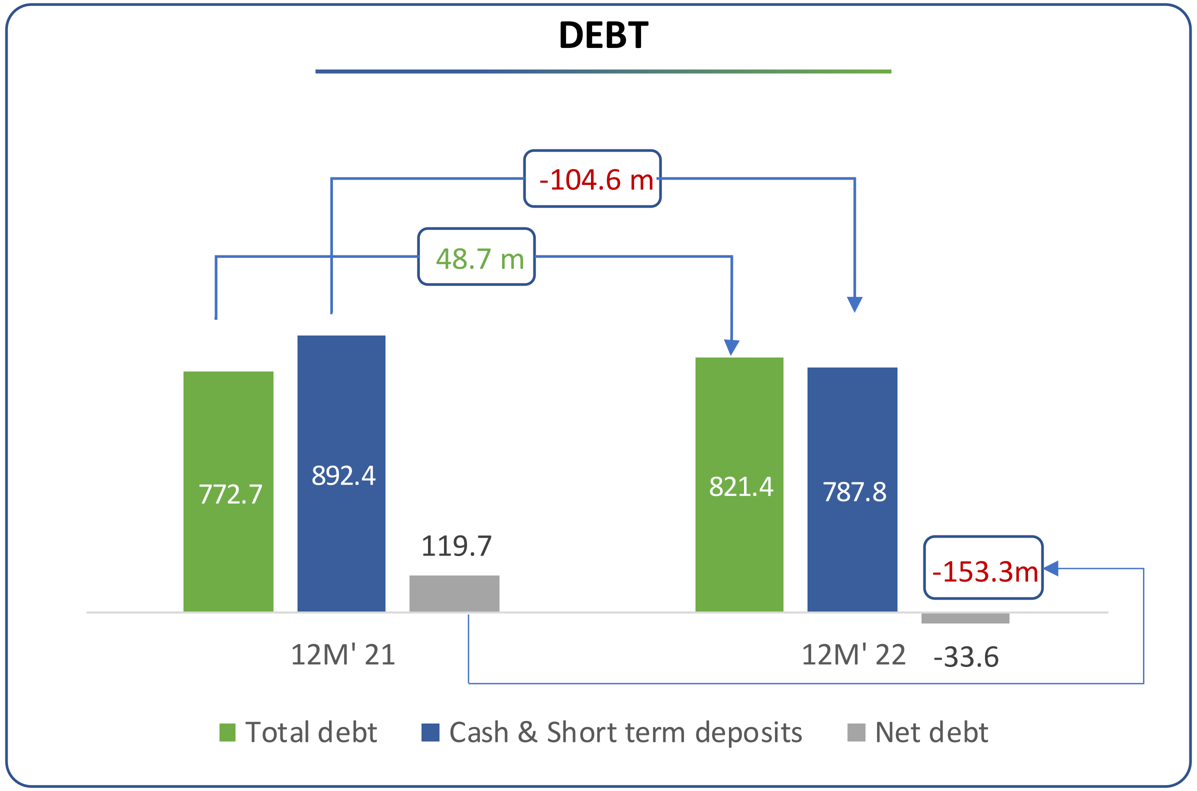


- Adjusted **Q4'22 Adjusted EBITDA** improved to SAR 133.8 m YoY driven by improved performance of Logistics and Water segments, recovery in Port segment. This contained 12M'22 decline in EBITDA to 8.0% YoY.
- **Adjusted Net income** of SAR 20.4 m grew by 262% compared to same quarter last year due to performance improvements across all segments as well as equity accounted associate companies.

ADJUSTED FREE CASH FLOW AND NET DEBT

SAR millions





- **Free cash flow** for 12M'22 is SAR -32.5 million (outflow) compared to 12M'21 cashflow of SAR 99.4 million (excluding one offs) due to increase in CAPEX
- During **12M'22 total debt** increase by SAR 44 million and cash fell by SAR 104.5 million. As a result, 12M'22 net debt rose by SAR 153.2 million due to drawdown of debt in RSGT and LogiPoint.

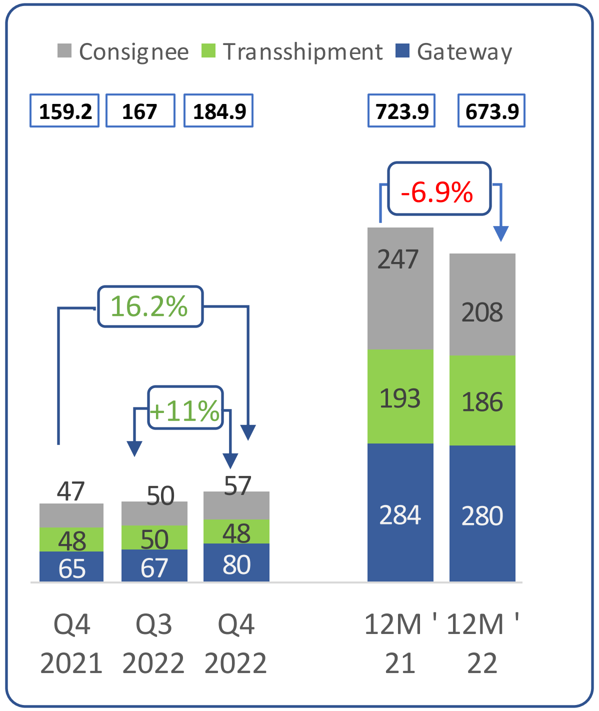
SEGMENT ANALYSIS

3. SUBSIDIARIES

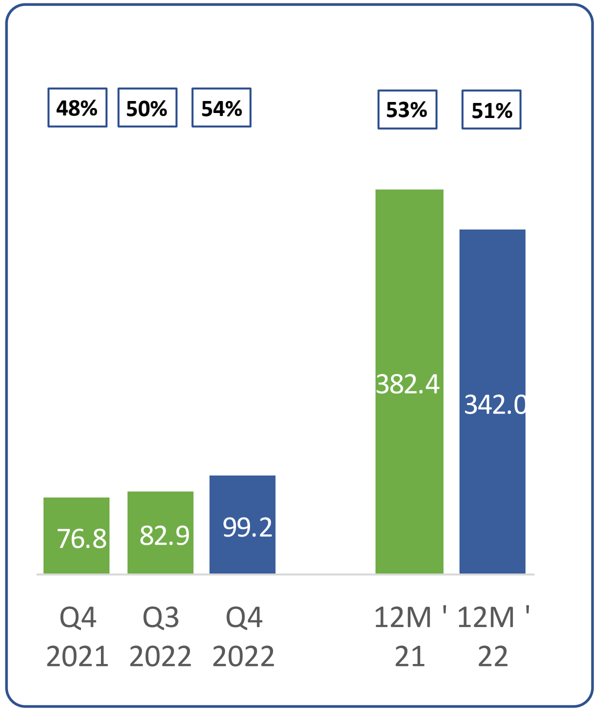
PORTS & TERMINAL SNAPSHOT | Q4 & 12M 2022

SAR in millions

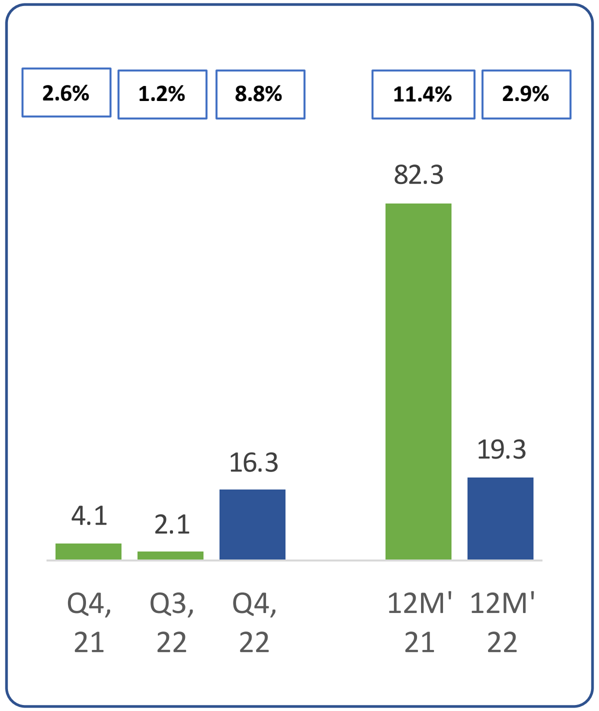
REVENUE



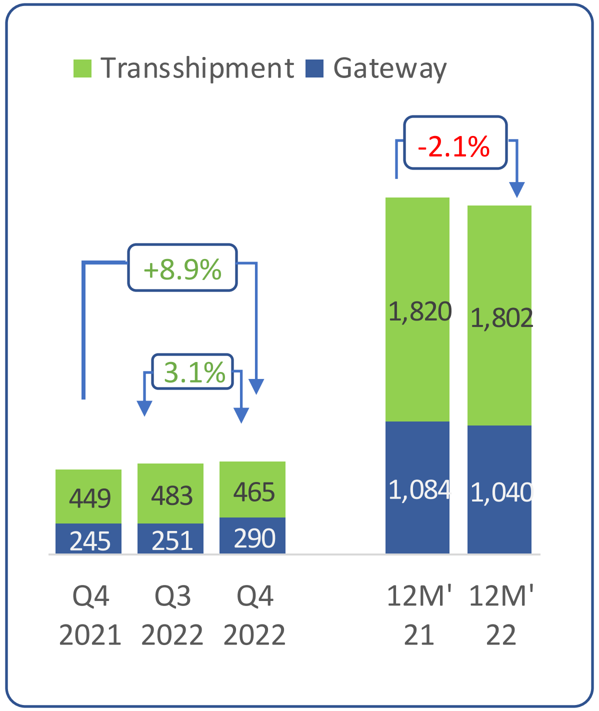
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



VOLUME (TEUS '000)

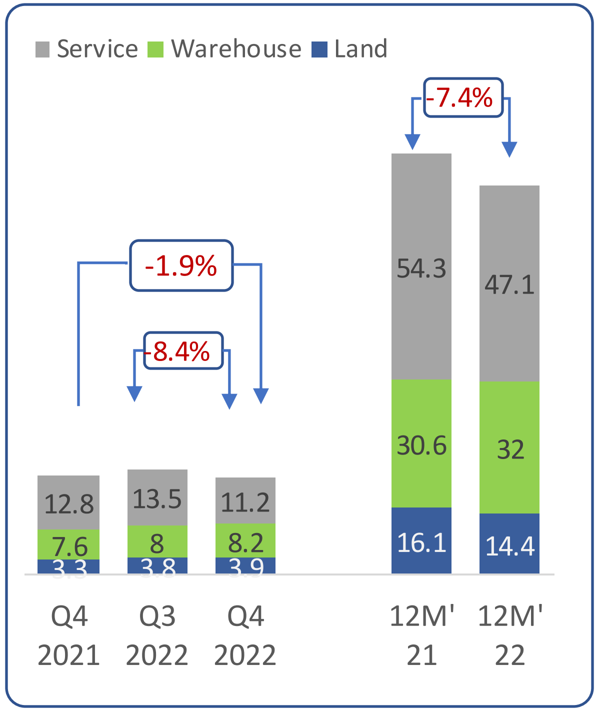


- **Q4'22 revenue rose** 16.2% YoY driven by improving gateway volumes.
- **12M'22 revenue fell** 7.4% YoY due to a decline in gateway volumes during 1H'22 compared to 1H'21.
- **Q4'22 net income recovered** to SAR 16.3 million, higher than Q3'22 and Q4'21. (see comment at the bottom of slide)
- **12M'22 net income fell** primarily due to weak performance in 1H'22 as a result of lower gateway volumes.

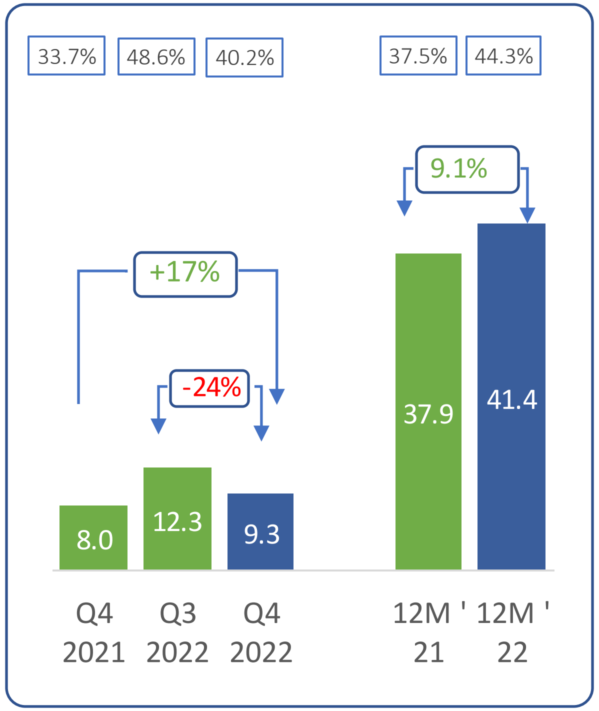
LOGISTICS, PARKS & SERVICES SNAPSHOT | Q4 & 12M 2022

SAR in millions

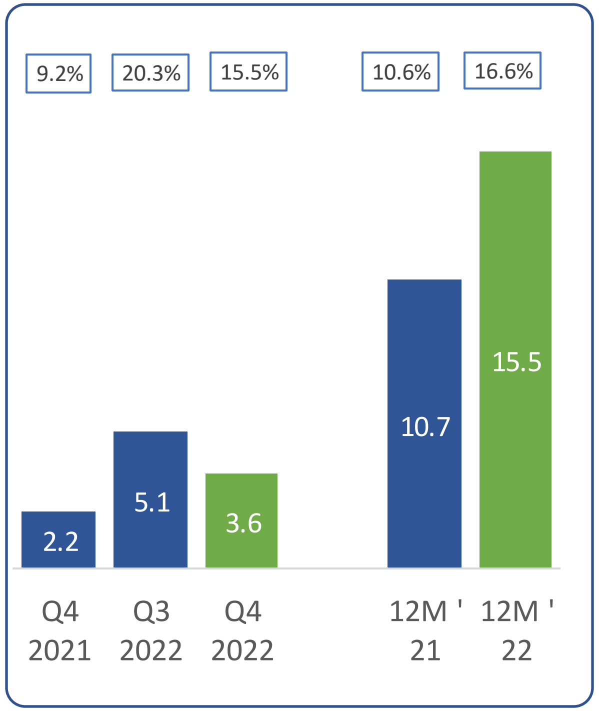
REVENUE



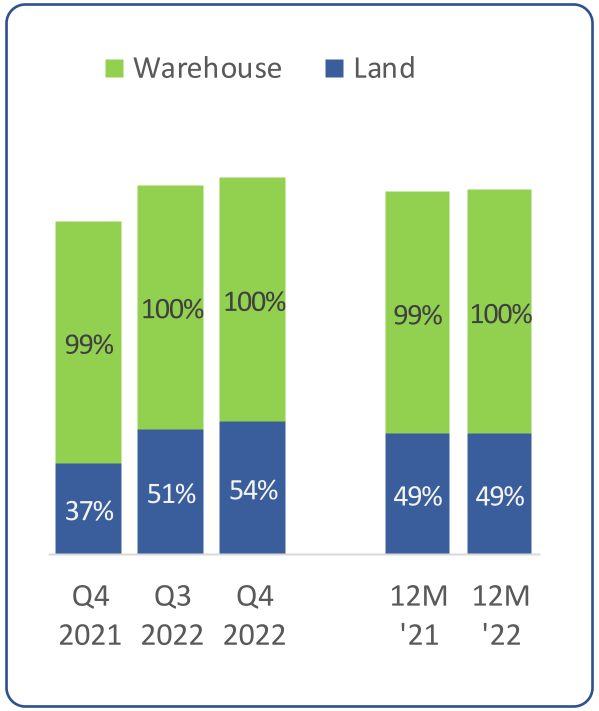
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



OCCUPANCY (%)

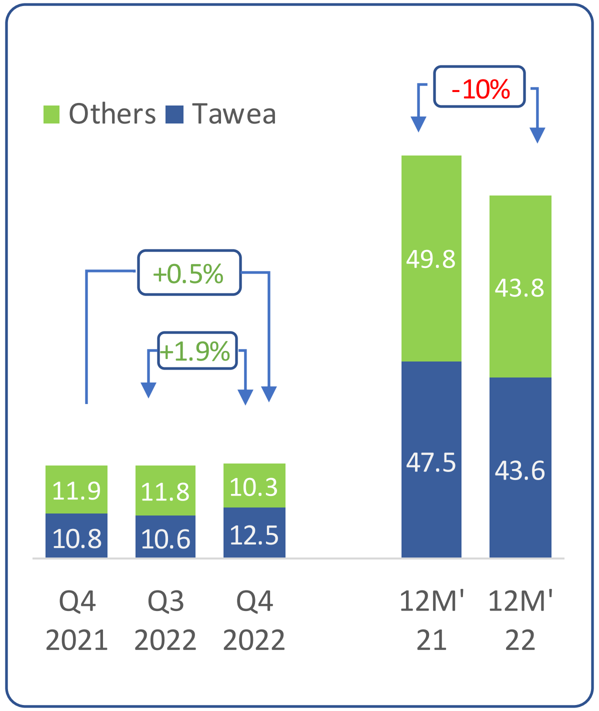


- **Q4'22 revenue fell** 1.9% YoY due to decline in service revenue. **12M'22 revenue** fell 7.4% YoY due to drop in 1H'22 performance.
- **4Q'22 gross margins improved** significantly to 40.2% Vs last year due to better revenue mix and implementation of cost optimization plan. **12M'22 gross margins** were also higher (44.3% vs 37.5%) YoY.
- **Q4'22 net income improved on YoY basis** to SAR 3.6 million. 12M'22 earnings rose 45% YoY.

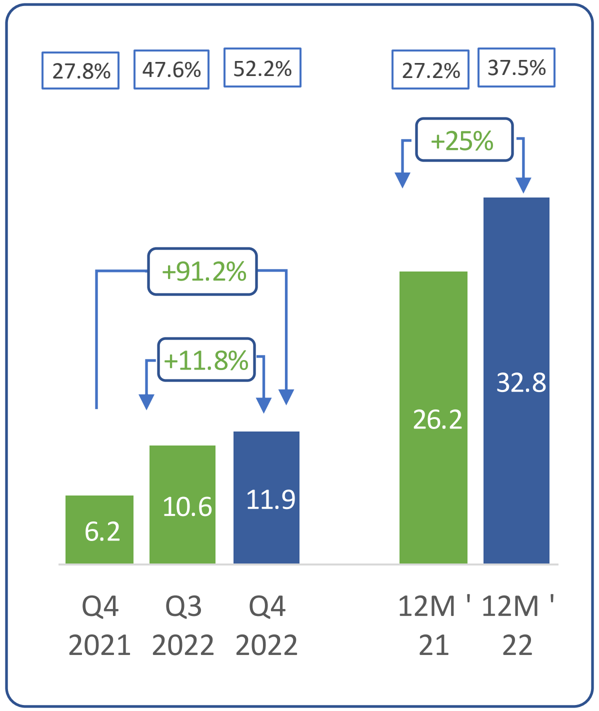
WATER SOLUTION SNAPSHOT | Q4 & 12M 2022

SAR in millions

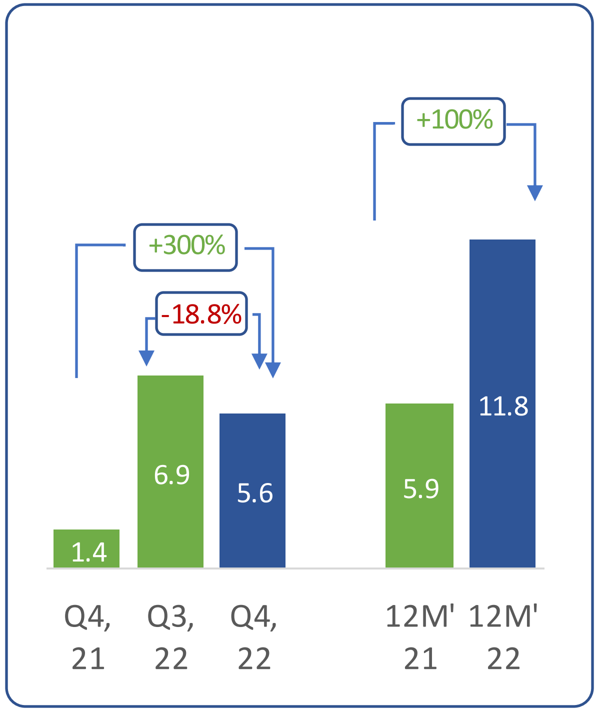
REVENUE



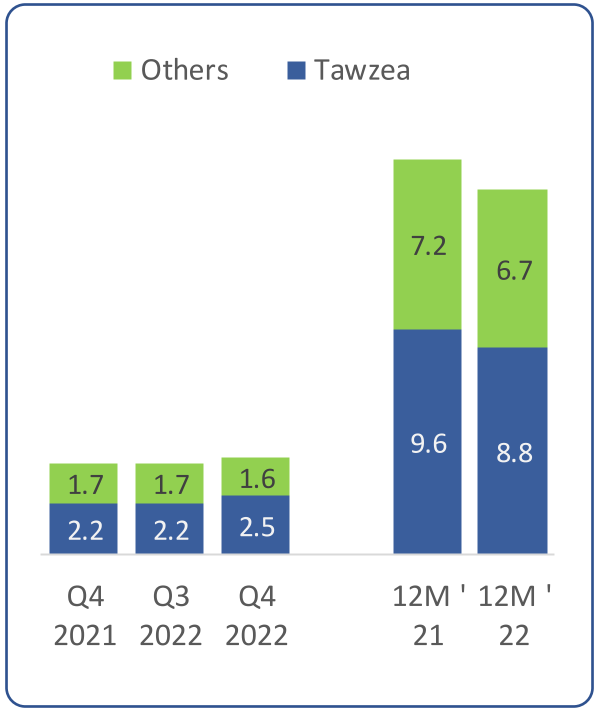
GROSS PROFIT & MARGIN



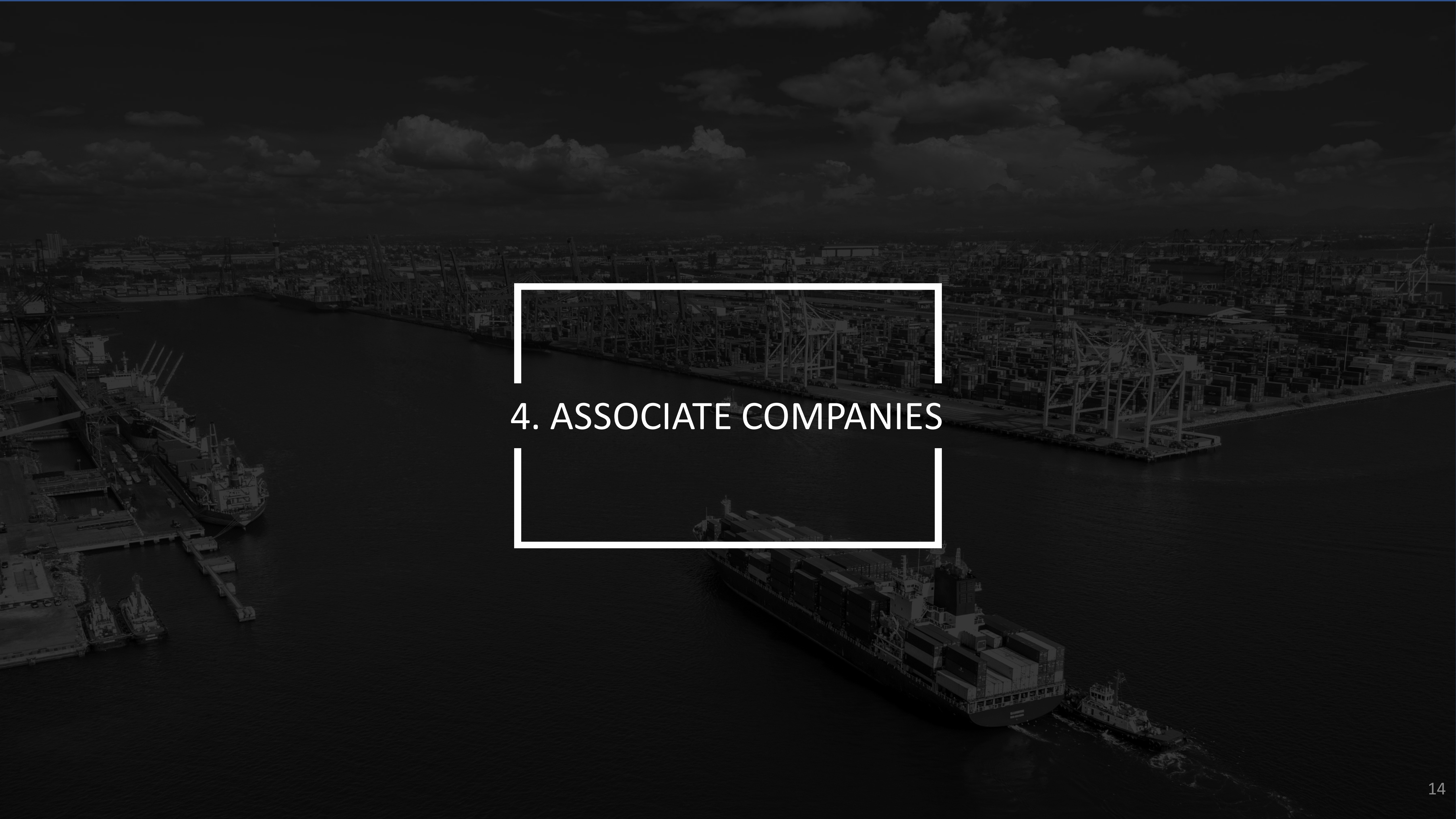
NET INCOME AND MARGIN



VOLUME, WATER SOLD (MILLION M3)



- **Q4'22 revenues remained flat** YoY. However, 12M revenue declined by 10% due to lower volume in 1H 2022.
- **Gross profit margin** improved significantly to 52.2% during Q4'22 due to lower depreciation resulting from an increase in useful lives of key assets after an extension in lease at JIP. Improved profitability is expected to continue in Q1'23 and beyond.
- **Q4'22 Net margins** also followed suit and improved to 24.7% (6.1% during Q4'21).

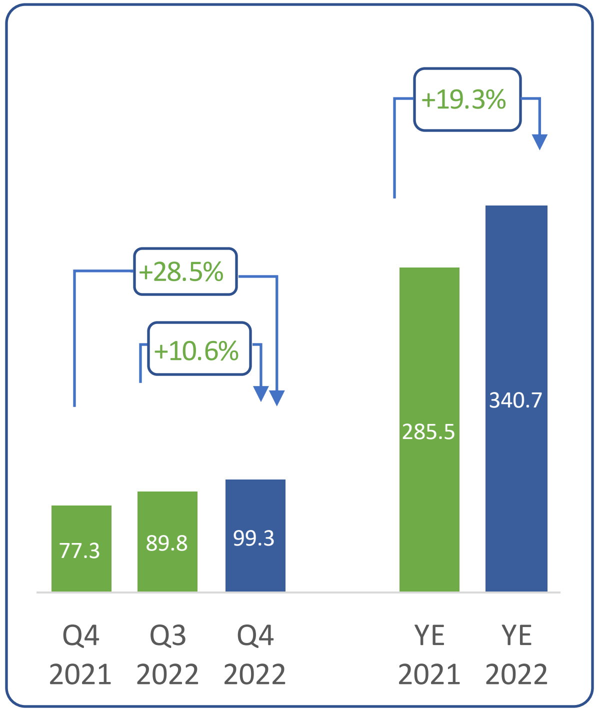


4. ASSOCIATE COMPANIES

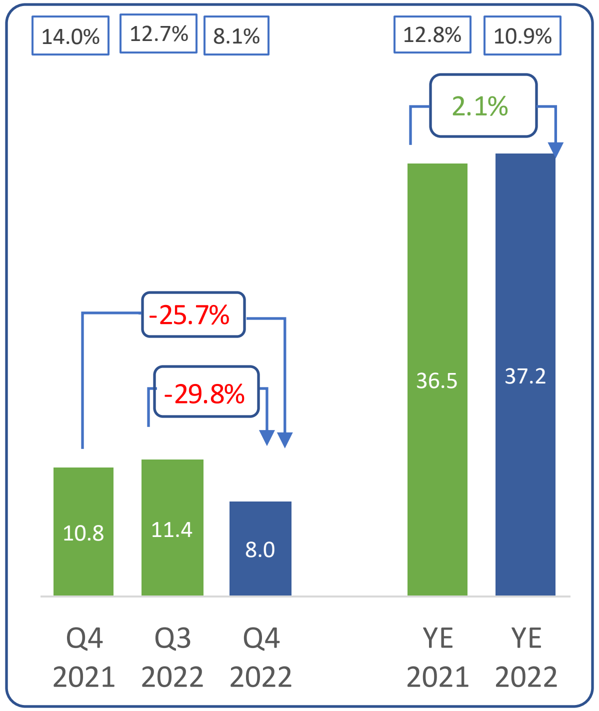
TAWZEA SNAPSHOT | Q4 & 12M 2022

SAR in millions

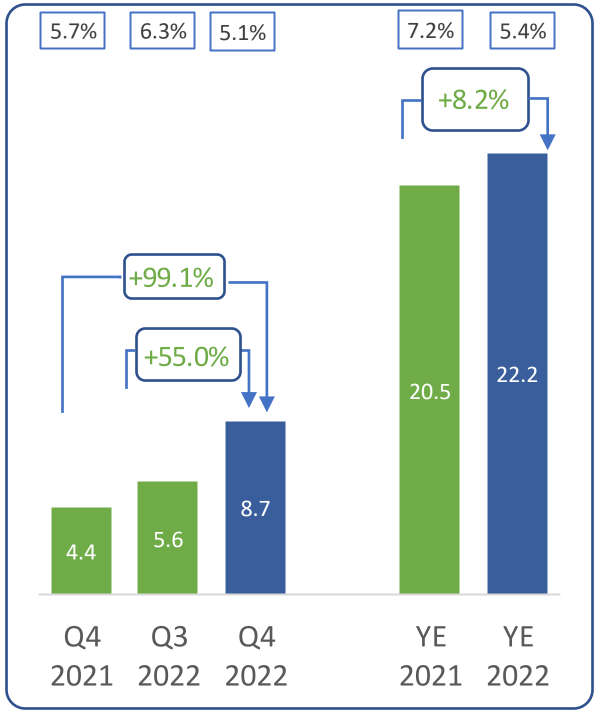
REVENUE



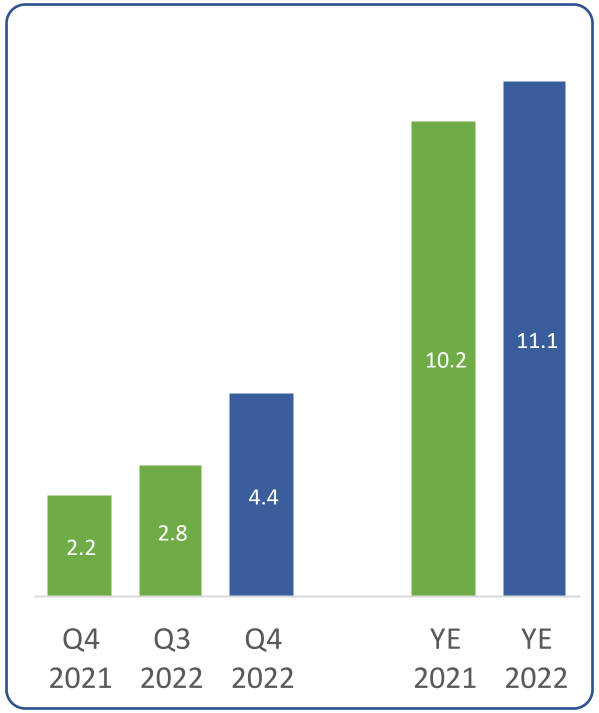
GROSS PROFIT & MARGIN



NET INCOME AND MARGIN



SISCO SHARE OF NET INCOME

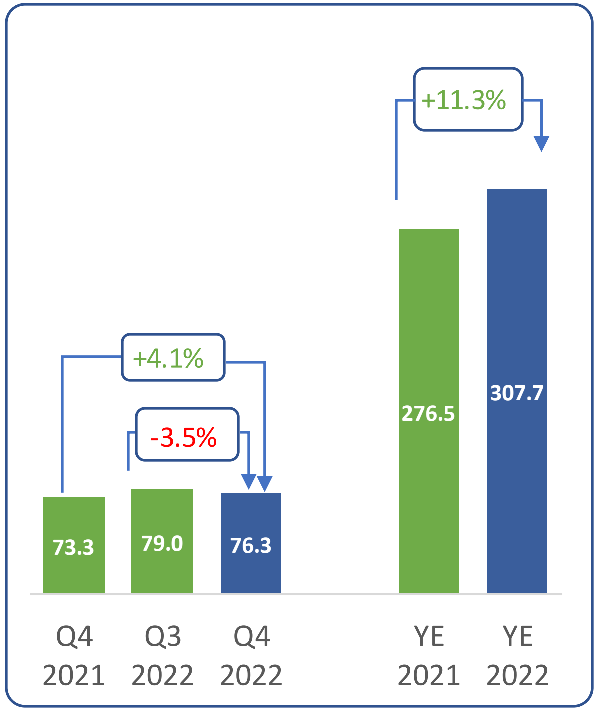


- **Q4'22 revenue improved by** 28.5% YoY due to additional revenues from AquaPur Neom JV, North/South Cluster JVs. **12M'22 revenue** increased by 19.3% YoY due to the same reason.
- **4Q'22 and YE 2022 gross margins declined** significantly to 8.1% and 10.9% respectively Vs last year due to low margin Neom and North/South Cluster project.
- **Q4'22 net income improved on YoY basis** to SAR 22 million. 12M'22 earnings rose 8.2% YoY.

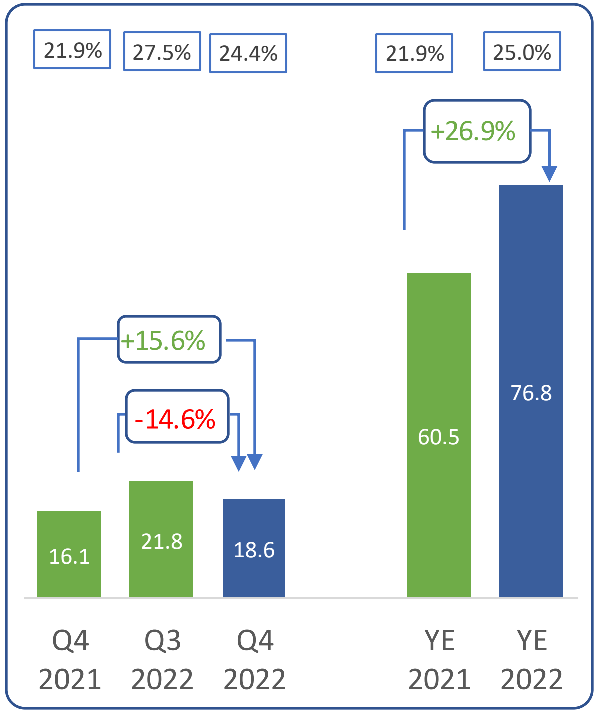
SA TALKE SNAPSHOT | Q4 & 12M 2022

SAR in millions

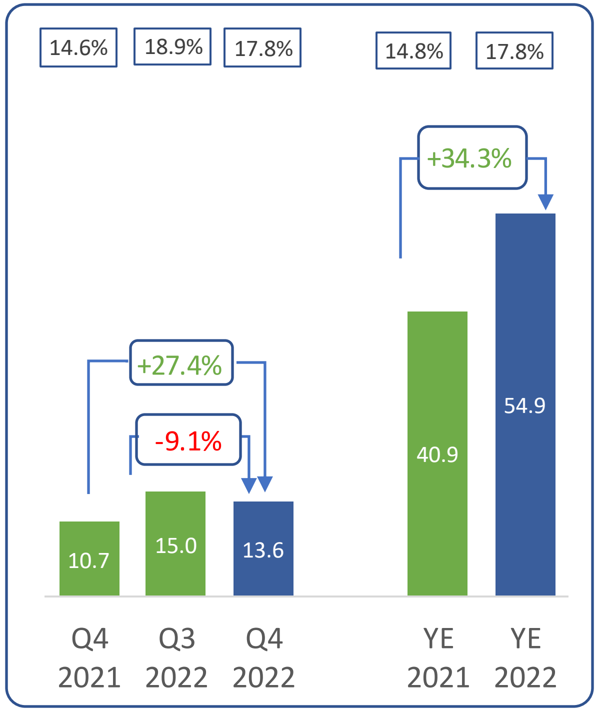
REVENUE



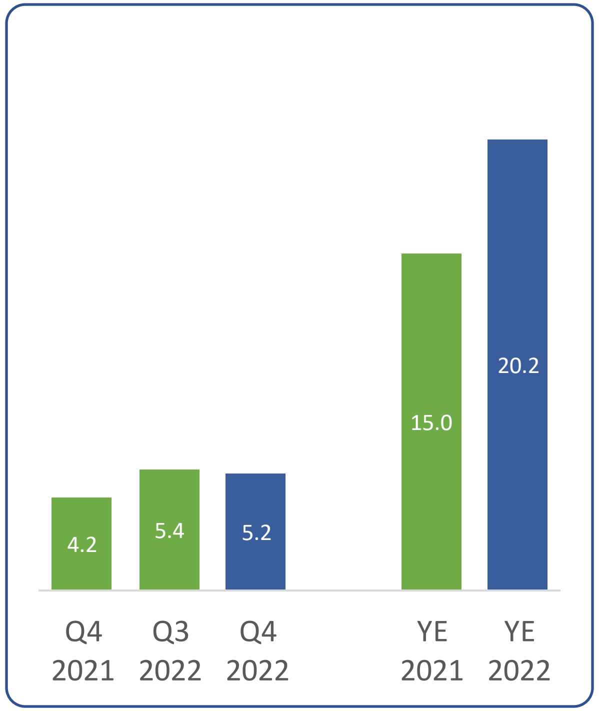
GROSS PROFIT & MARGIN



NET INCOME AND MARGIN



SISCO SHARE OF NET INCOME



- **Q4’22 revenue improved** by 4.1% YoY due to new projects added (SABIC Warehouse). **12M’22 revenue** improved by 7.4% YoY due to new projects of SABIC Warehouse and PLF added in 2022
- **4Q’22 gross margins improved** to 24.4% Vs last year due to better revenue mix and improved cost control. **12M’22 gross margins** were also higher (25.0% vs 21.9%) YoY.
- **Q4’22 net income improved on YoY basis** to SAR 13.6 million. 12M’22 earnings rose 34.3% YoY.

5. SUMMARY

Q4 2022: IMPROVING MOMENTUM

Q4‘22 **witnessed a strong recovery in business fundamentals** as revenue was higher than Q3 2022 as well as Q4 2021 driven by improved performance of Ports and Logistics segment. This **strong momentum is expected to continue** in the coming quarters.

Q4’22 **gross profit rose** 52.2% YoY, due to substantial improvement in margins in all business segments.

Q4’22 **adjusted net profit increased** 262% YoY driven by improved performance of Ports, Logistics and Water segments as well as associate companies

Progressing on implementation of strategy with emphasis on value accretive M&A and brownfield investments in Ports and Logistics.

MANAGEMENT OUTLOOK

PORTS

On the back of a **promising Q3 and a strong Q4 of 2022**, we expect a strong recovery in volumes in particular gateway cargo

New Product Offerings introduced in 2022 are expected to boost the **revenue and profitability**

LOGISTICS

Plan for expansion of warehousing capacity due to growing demand in this sector which will lead to **expansion of margins**.

It is expected that the state-of-the-art logistics park in Khumra will boost the **logistics revenue and margins** from 2023 and beyond.

WATER

Significant **expansion** of gross profit margins in Water segment, expected to sustain in 2023.

Pursuing **expansion** opportunities in the Middle East and looking at **growth** through targeted **acquisition** of local desalinated water companies

M&A

Material progress on acquisition pipeline with specific opportunities identified for execution during 2023, in particular for the Logistics services space.

6. APPENDIX

STRATEGIC OBJECTIVES

1

Double group revenue in the next 5 years through organic and inorganic growth while maintaining **consistently strong margins**.

Revenue of SAR 2 billion by 2025

Target ROIC of more than 12%

2

Achieve a diversified portfolio by investing in multiple logistics assets across the value chain.

Future revenue and net income growth to be driven from Logistics segments

3

Create long term shareholder value by investing in value accretive assets and returning capital to shareholders.

Strong total returns for shareholders

Consistent dividend distribution

SEGMENTAL TRANSFORMATION

Creating an integrated logistics platform

- Maximizing synergies across SISCO's portfolio companies
- Capture value across the logistics value chain

PORTS

Single port operator in JIP

Largest port terminal

LOGISTICS

Focus on logistics real estate

Asset heavy

WATER

Standalone

Opportunity to consolidate

Future

PORTS

Multiport operator

Diversified cargo type

New concessions

Fortified leadership

LOGISTICS

Asset light

End-to-end logistics solutions provider

Catering to growing e-commerce

WATER

Integrated solutions

Scale-up businesses and achieve market leadership

CAPITAL ALLOCATION POLICY

Investment Criteria

1 **Investment opportunity identified**

2 **Opportunity analysis**

- Alignment with strategic priorities
- Macroeconomic and sector analysis
- Fundamental analysis

3 **Target IRR 13-15%**

Deploy capital to value accretive opportunities → Capital generated by portfolio companies and asset disposals → Redistributed to shareholders through progressive and sustainable dividend

Updated Dividend Policy 2022-2023

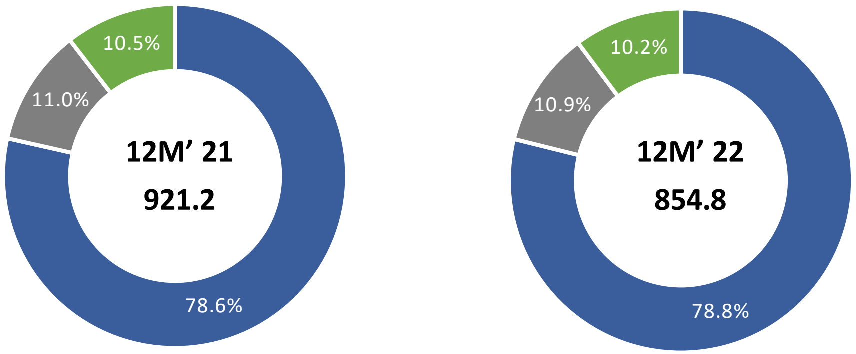
- The policy enables an appropriate balance between reinvestment for **growth and distributions to shareholders.**
- Provides flexibility to **implement five-year strategy to deliver long-term shareholder value.**
- Leverages the significant opportunities in SISCO's core sectors of ports, logistics and water.
- Endeavour to pay a **total annual dividend of SAR 0.80 per share** for each of the financial **years 2022 and 2023**.
- **Semi-annual dividend payment** of SAR 0.40 per share for these years.

REVENUE AND GROSS PROFIT COMPOSITION

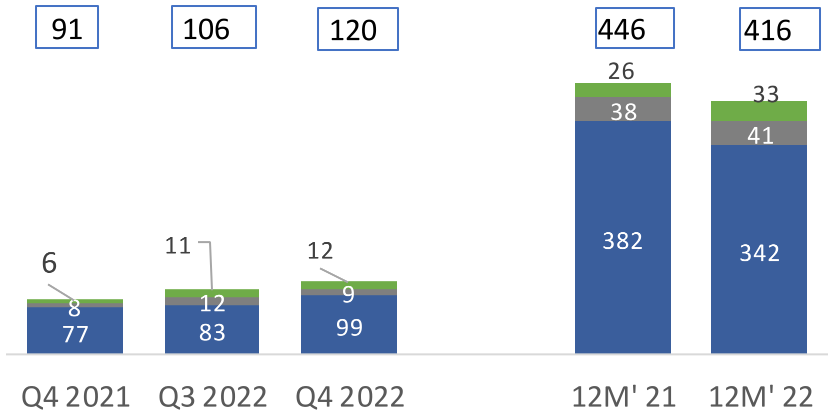
SAR in millions

Ports Logistics Water

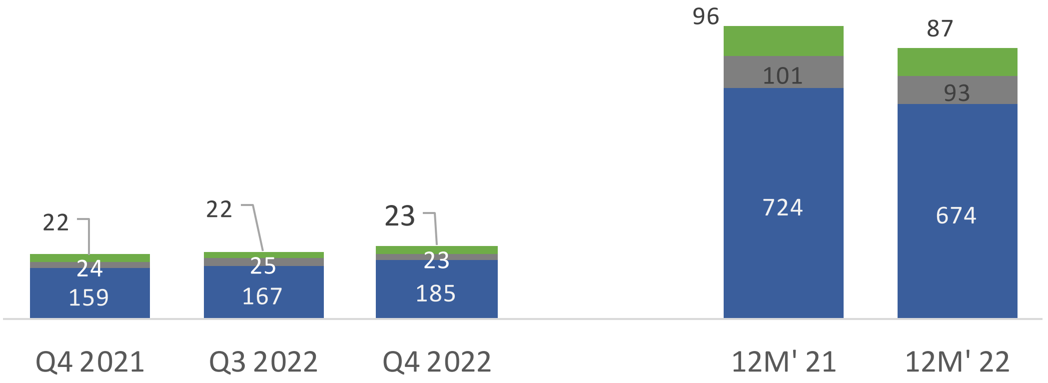
Revenue Composition



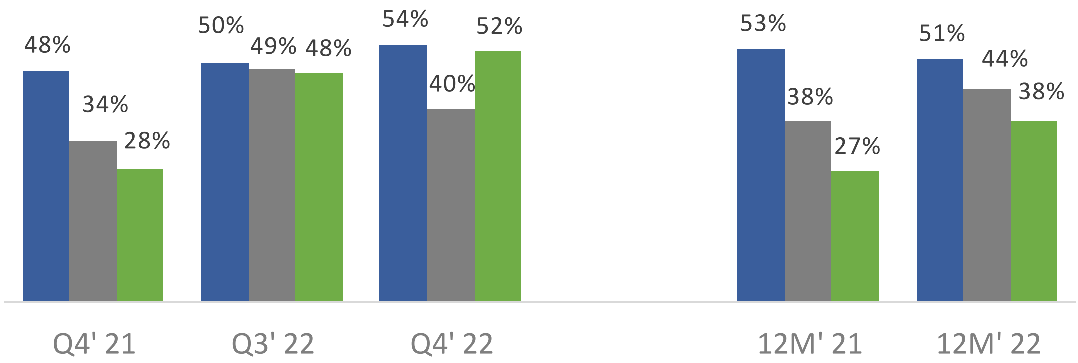
Gross Profit Composition



Group Revenue Composition



Gross Margin By Segment



** Revenue excludes accounting construction revenues*

NET INCOME ADJUSTMENTS

SAR millions

SAR 000	Q4 2021	Q4 2022	YE 2021	YE 2022
Reported Net Income / (Loss)	(853)	18,440	57,878	36,729
Reversal of provision for Zakat Contingencies (ZATCA Assessment)	(3,600)	-	(5,600)	-
One-Off provision for Zakat	1,900	2,000	4,500	2,000
Kindasa Exceptional Loss	-	-	-	2,800
One off costs	8,200	-	8,200	-
Total Impact	**6,500**	**2,000**	**7,100**	**4,800**
Adjusted Net Income	**5,647**	**20,440**	**64,978**	**41,529**

INCOME STATEMENT – QUARTERLY

SAR millions

SAR million	Q3' 22	Q4' 22	Var. %	Q4' 21	Q4' 22	Var. %
Revenue*	214.7	230.9	7.5%	205.1	230.9	12.6%
Direct costs*	-108.9	-110.4	1.4%	(114.1)	(110.4)	-3.2%
Gross profit	105.8	120.5	13.9%	91.0	120.5	32.4%
Operating expenses	-45.4	-50	10.1%	(45.2)	(50.0)	10.6%
Operating profit	60.4	70.5	16.7%	45.8	70.5	53.9%
Investment income	8.2	7.9	-3.7%	4.3	7.9	83.7%
Finance charges	-53.4	-56.1	5.1%	(50.6)	(56.1)	10.9%
Other income / expenses & Zakat	2.8	9.3	232.1%	1.5	9.3	520.0%
Group net income	18	31.6	75.6%	1.0	31.6	3060.0%
Minority interest	-3.6	-13.2	266.7%	(1.9)	(13.2)	594.7%
Net income - reported	14.4	18.4	27.8%	(0.9)	18.4	-2144.4%

INCOME STATEMENT – INTERIM

SAR millions

	12M' 21	12M' 22	Var.	Var %
Revenue*	716.1	624.0	-92.1	-12.9%
Direct costs*	-360.6	-328.3	32.3	-9.0%
Gross profit	**355.5**	**295.7**	**-59.8**	**-16.8%**
Operating expenses	-123.0	-136.1	-13.1	10.6%
Operating profit	**232.4**	**159.6**	**-72.8**	**-31.3%**
Investment income	19.4	23.0	3.6	18.3%
Finance charges	-152.9	-157.4	-4.5	2.9%
Other income / expenses & Zakat	-4.9	-1.3	3.6	-73.8%
Group net income	**94.1**	**23.9**	**-70.2**	**-74.6%**
Minority interest	-35.3	-5.6	29.8	-84.2%
Net income - reported	**58.7**	**18.3**	**-40.4**	**-68.9%**

BALANCE SHEET

SAR millions

	YE 2022	YE 2021
Fixed Assets	3,795.0	3,688.1
Investments	274.8	211.7
Other Long Term Assets	6.7	4.5
Current Assets	982.3	1,090.7
Total Assets	**5,058.8**	**4,995.1**
Borrowings	772.7	721.4
Long Term Liabilities	1,530.3	1,518.5
Current Liabilities (excl. borrowings)	437.5	458.8
Total Liabilities	2,742.6	2,698.7
Equity	2,316.2	2,296.4
Total Equity & Liabilities	**5,058.8**	**4,995.1**

CASH FLOW STATEMENT

SAR millions

	YE 2021	YE 2022
Operating cash flow before working capital	**484.1**	**450.4**
Net working capital movement	(200.1)	(163.0)
Cash generated from operating activities	**283.9**	**286.4**
Finance charges, Zakat & income tax, EOSB	(47.6)	(70.1)
Net cash flow from operating activities	**236.3**	**216.3**
Net Proceeds from Sale of investments	648.4	-
Investment in short term deposits	-	(279.9)
Other Investing activities	(136.9)	(248.9)
Net cash used in financing activities	(191.8)	(71.9)
Net decrease in cash and bank balances	**555.8**	**(384.4)**
Cash at the beginning of the period	336.5	892.3
Cash at the end of the period	**892.3**	**507.9**

SAR million	YE 2021	YE 2022
SISCO	547.7	496.5
RSPD	247.1	221.9
LogiPoint	79.2	57.7
Kindasa	18.3	11.7

THANK YOU

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