

سيسكو  
SISCO

# SAUDI INDUSTRIAL SERVICES COMPANY

## Q3FY23 EARNING PRESENTATION

November 2023

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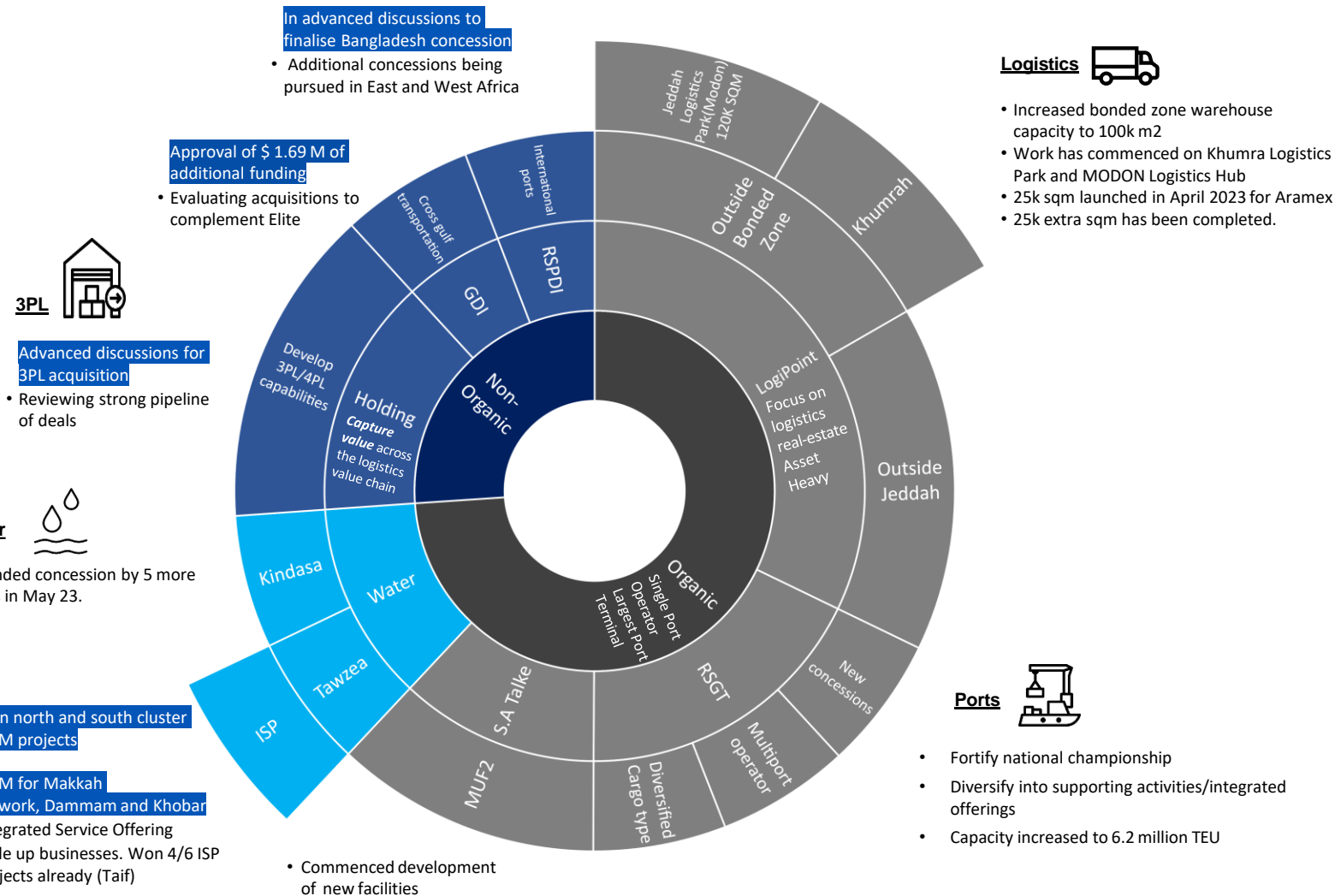
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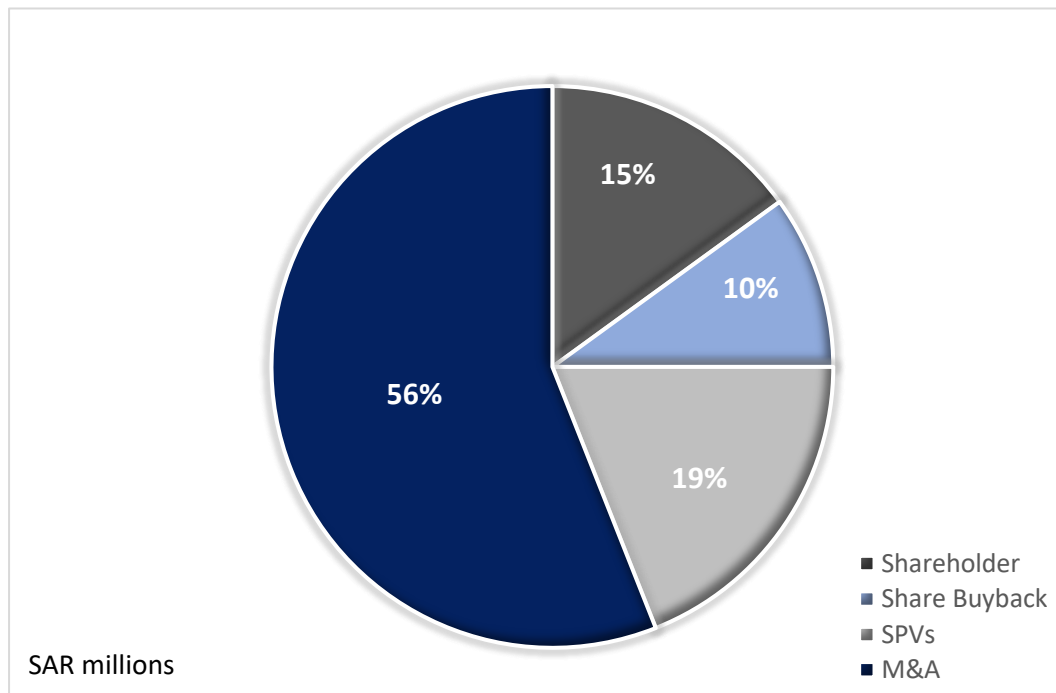
# Strategy Implementation Progress

# 6X26

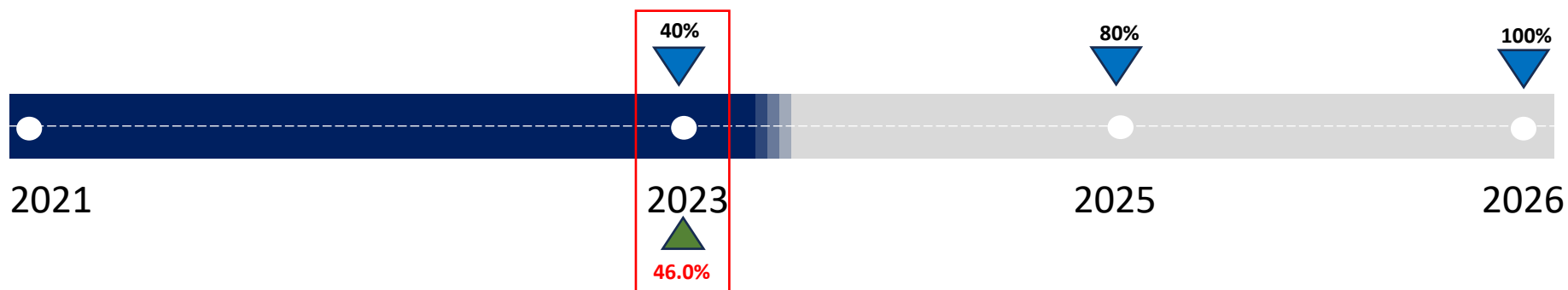
## Strategy Implementation Key Updates



# Capital Allocation of SAR 542 Millions



Allocation	Commitment
Dividends	85.0
Share Buyback	6.2
RSPDI	105.0
GDI Acquisition	53.8
<b>Total committed</b>	<b>250.0</b>
Not yet committed	292.0
<b>Total</b>	<b>542.0</b>
<b>% committed</b>	<b>46.0%</b>



• Percentages are indicative only and may change from time to time at the SISCOs discussion and as business needs progress.

# FINANCIAL HIGHLIGHTS



# Highlights Q3FY2023

## Financial highlights

### Revenue\*

SAR 276.1 m ↑ 28.6%

Q3 - 2022: SAR 214.7 m

### Gross Profit

SAR 147.7 m ↑ 39.6%

Q3 - 2022: SAR 105.8 m

### Net Income - Adjusted

SAR 23.7 m ↑ 64.9%

Q3 - 2022: SAR 14.4 m

\*Excluding accounting construction revenue

## Operating highlights



**Ports and Terminals** segment performed well with improved gateway volumes and GP margin



**Logistics Parks and Services** Q3'23 revenues improved with strong GP margin of 53.5% in Q3'23, We are also under process to expand our capacity to an impressive 130,000 sq m by Q1FY24.



Revenues of the **Water segment** saw an increase in revenue when compared to last year whilst net income almost doubled over the same period.



We are making positive progress towards securing the **concession** to operate the container terminal in Bangladesh.



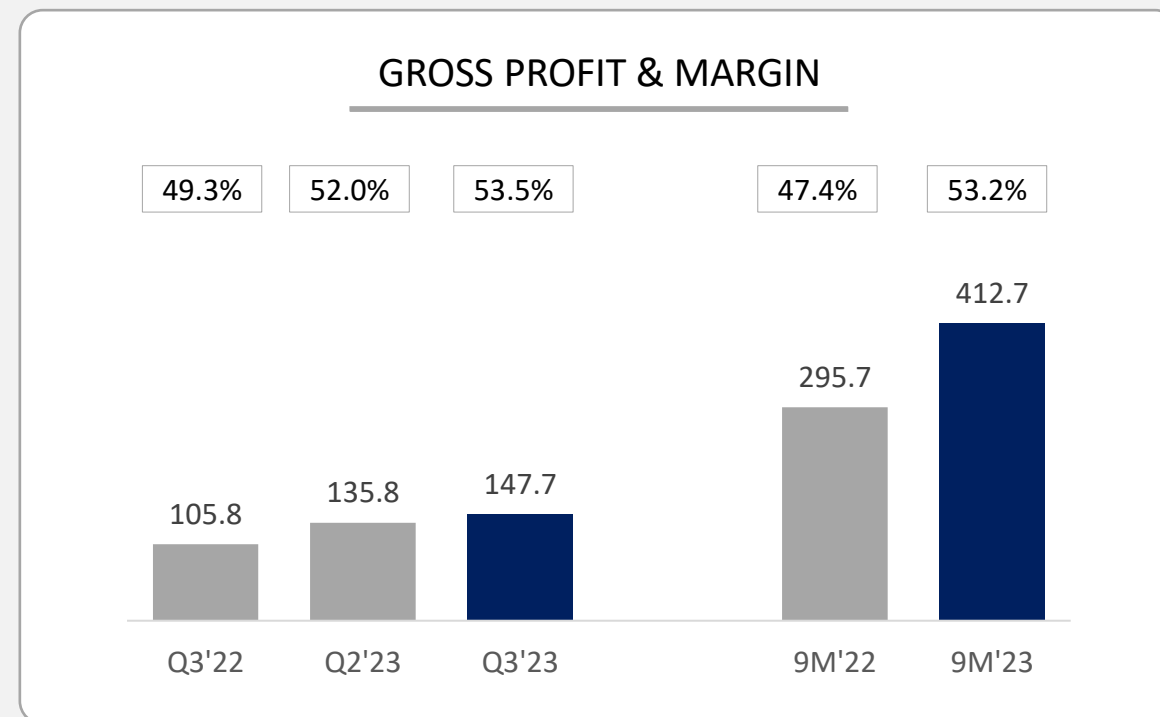
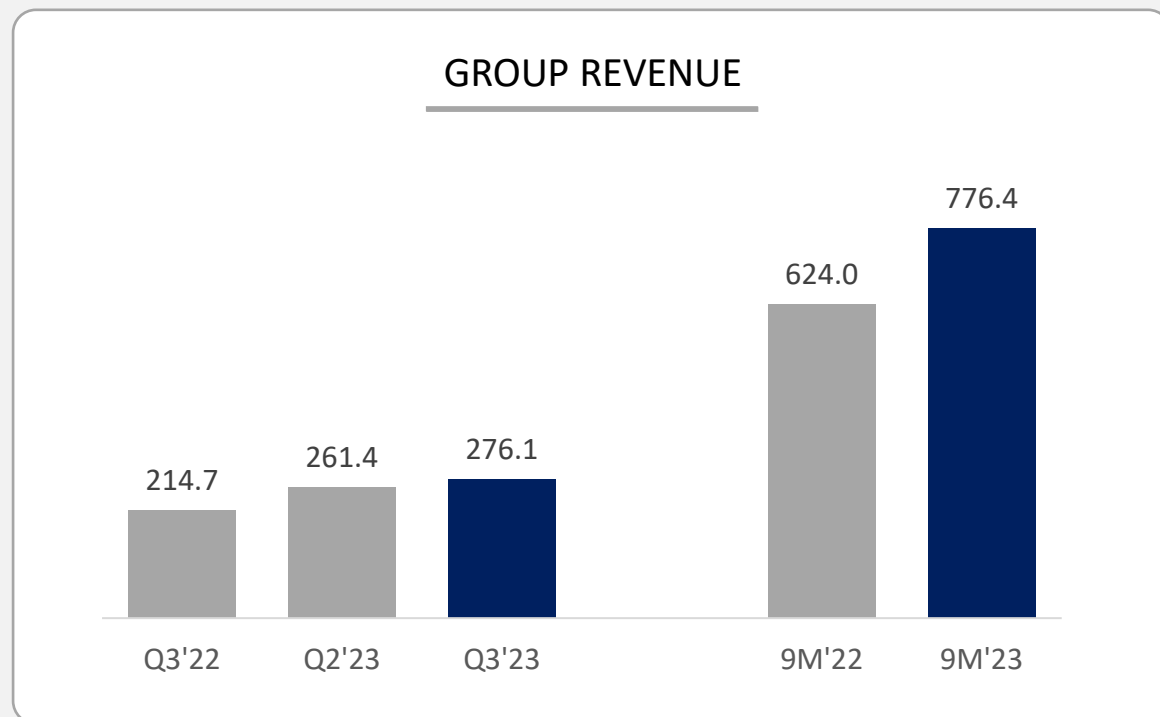
Strengthening the **SISCO Centre of Excellence (COE)** to offer a broader set of strategic advisory services to support the growth of our portfolio companies



# FINANCIAL PERFORMANCE

# Income Statement Highlights

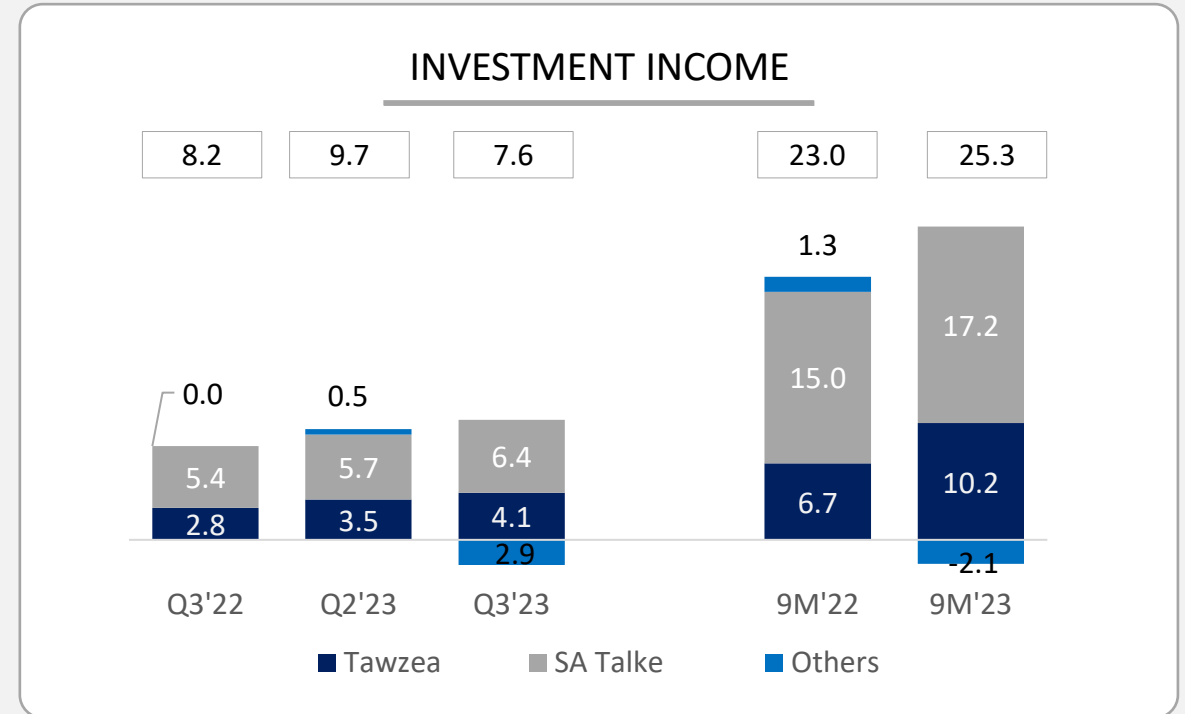
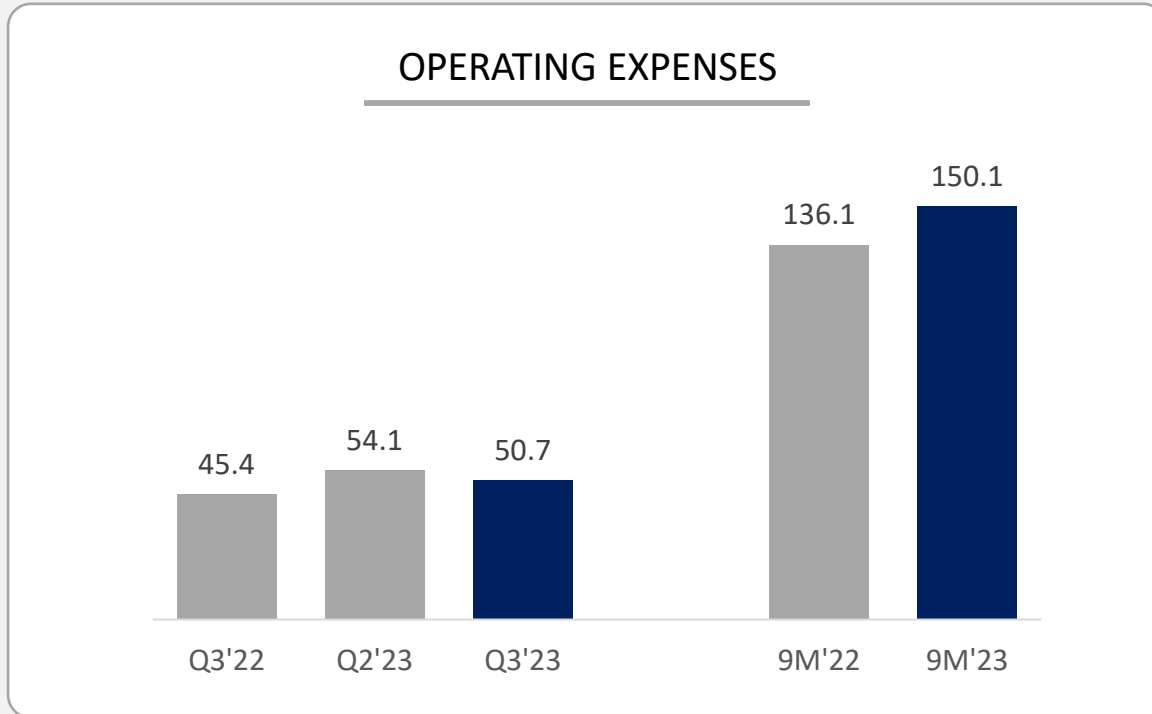
SAR millions (adjusted: excludes accounting construction revenue)



- **Q3'23 Group revenue** improved compared to last year by 28.6% on the back of strong performance by the Ports & Logistics segment.
- **9M'23 Group revenue** improved by 24.4% from 9M 2022 on the back of overall improvement across all segments.
- **Q3'23 gross profit improved** 39.6% as compared to same quarter previous year due to strong revenue growth.
- **9M'23 gross profit** grew by 39.6% from 9M'22 due to more conducive market conditions and improved global supply chains as compared to 9M 2022

# OPEX And Investment Income

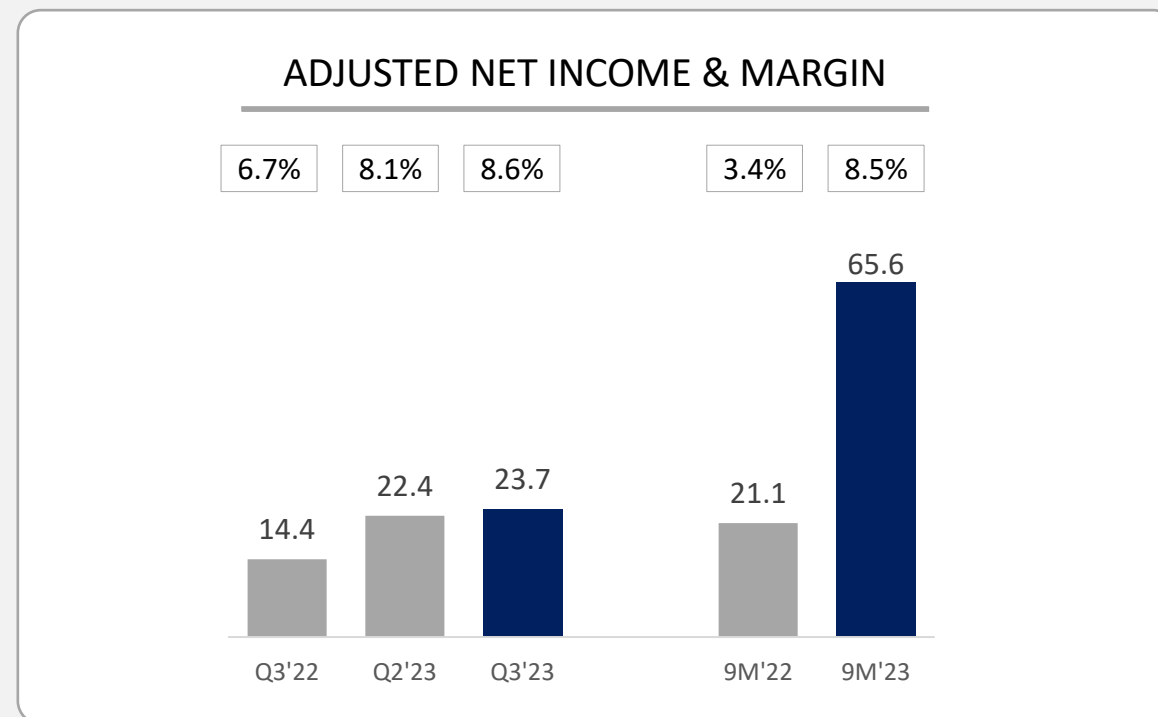
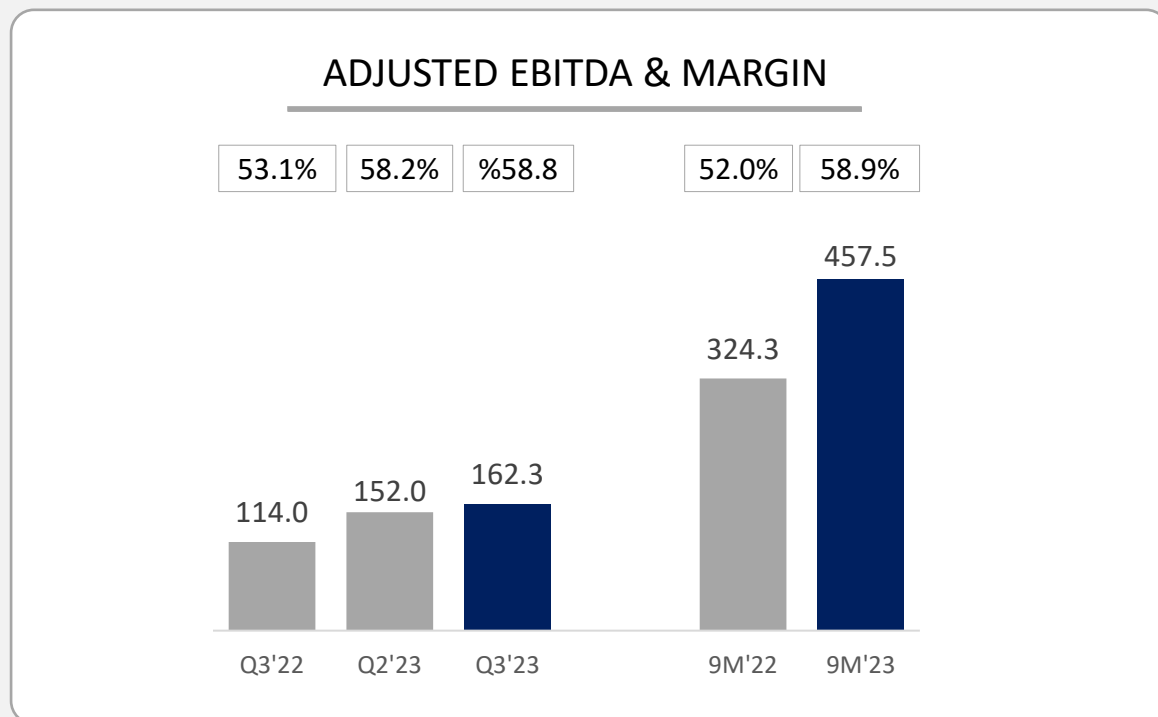
SAR millions



- **Q3'23 and 9M2023 operating expenses increased** due to employee related expenses, consulting and business development costs. OPEX is expected to stabilize going forward.
- **Q3'23 investment income** decreased by 6.7% year on year but 9M'23 increased by 10% due to improved profitability of Tawzea and SA Talke.

# EBITDA and Net Income

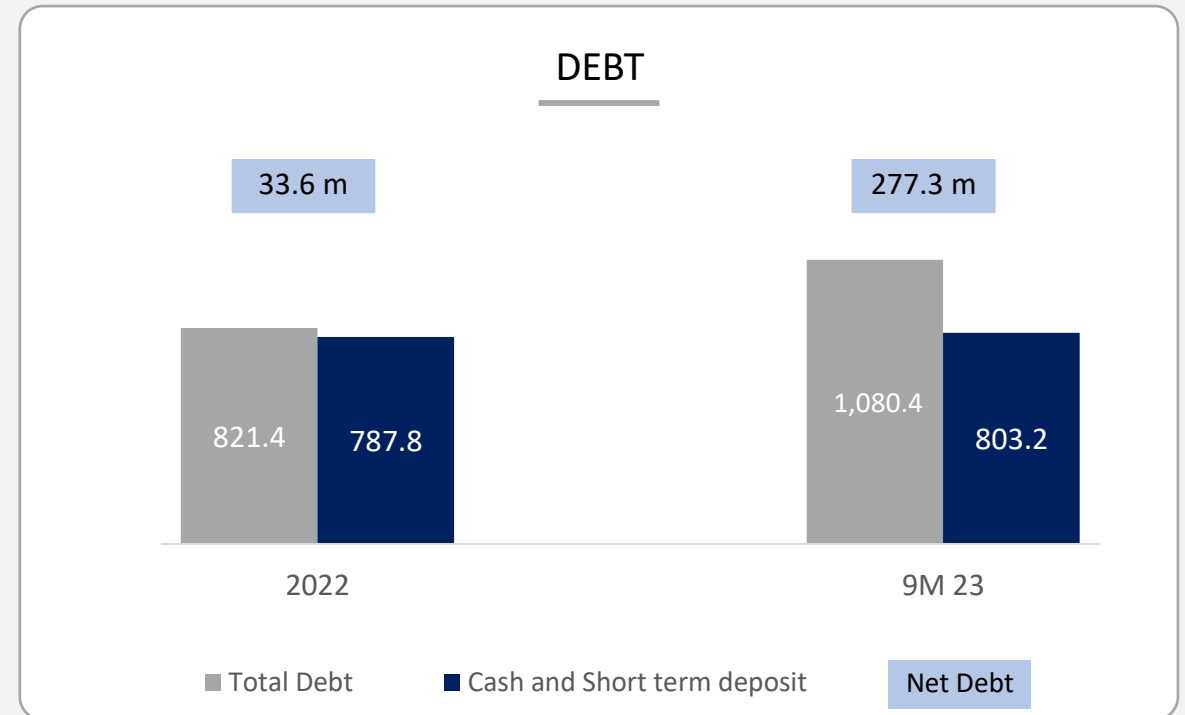
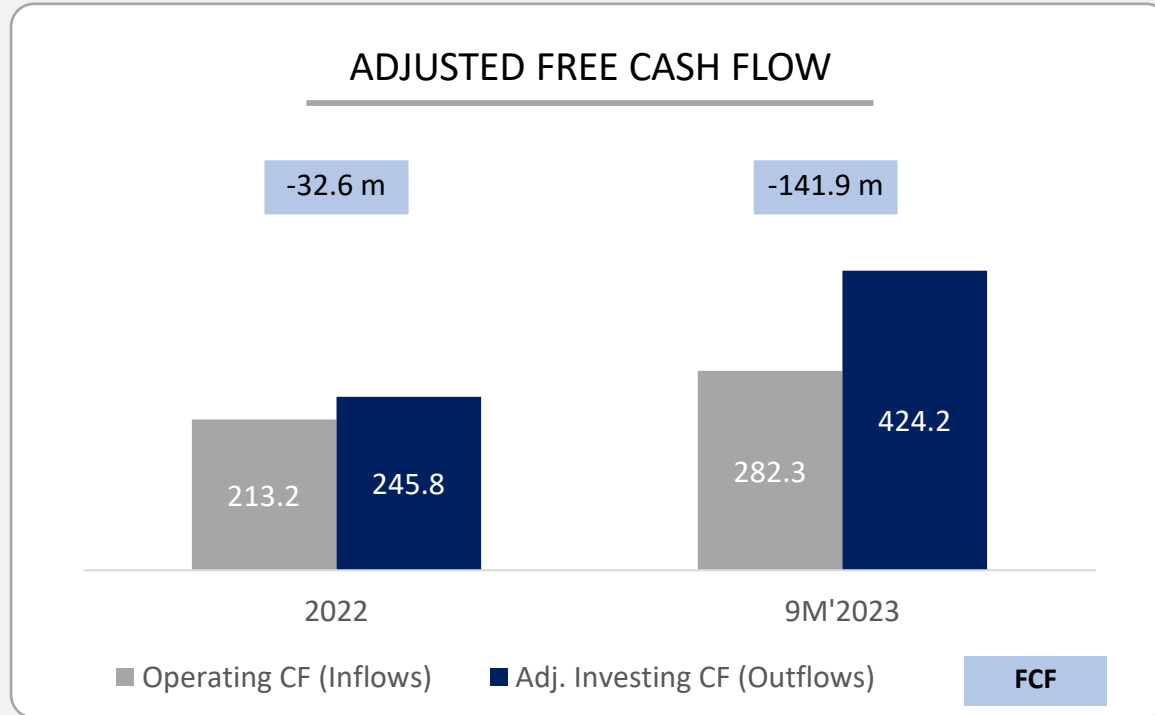
SAR millions



- Adjusted **Q3'23 Adjusted EBITDA** improved to SAR 162.3 m and a healthy margin of 58.8%.
- **Adjusted Net income** of SAR 23.7 million grew by 64.6% compared to the same quarter last year, due to performance improvements across all the segments.
- 9M 2023 period, **adjusted net income was SAR 65.6 million**, increased by 211%, due to a stronger first half as compared to previous year.

# Adjusted Free Cash Flow And Net Debt

SAR millions



- **Free cash flow** for 9M'23 is SAR 141.9 million (outflow) compared excluding one offs, is due to additions in PPE.
- During **9M'23 total debt** increased, and cash remain steady. As a result, net debt rose to SAR 277.3 million.



# PORTFOLIO PERFORMANCE

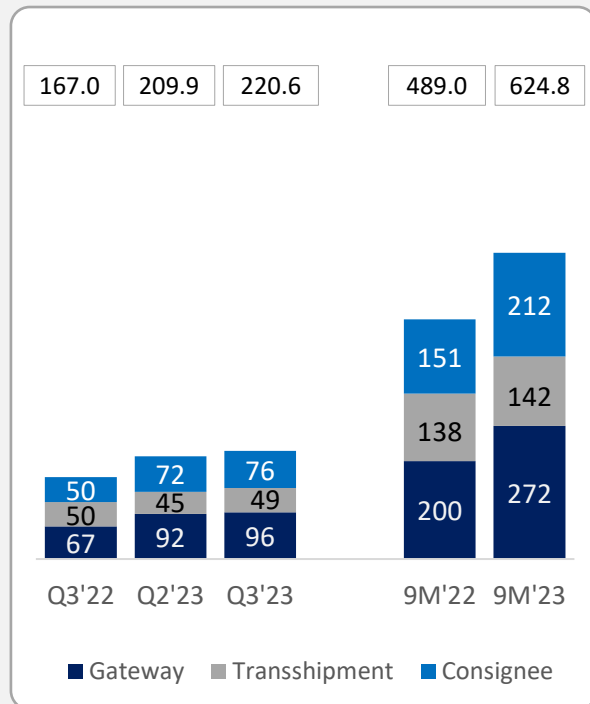


## A. Portfolio – Consolidated Assets

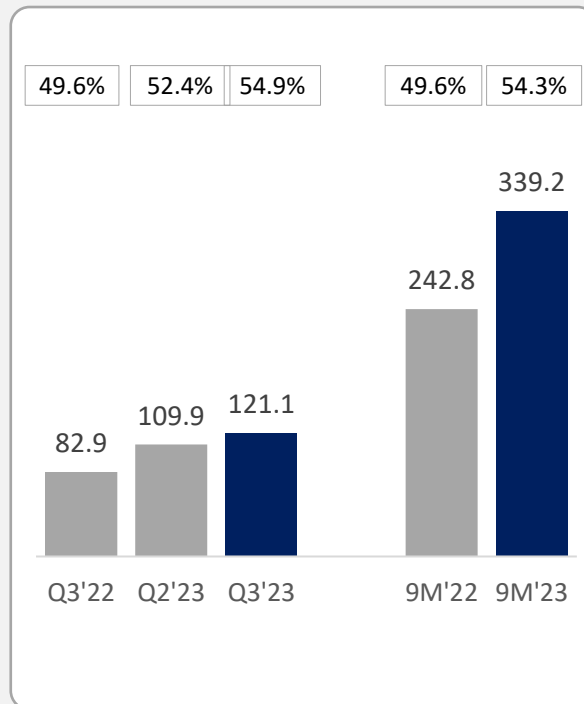
# Ports & Terminal Snapshot | Q3'FY23

SAR millions

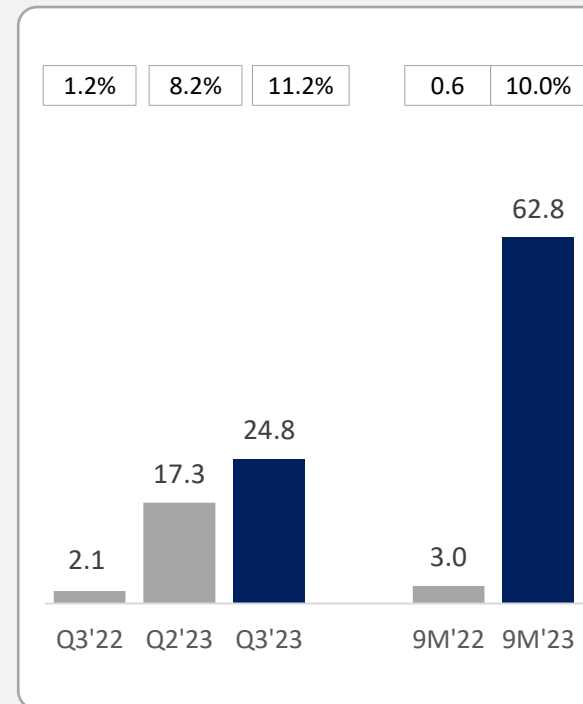
### REVENUE \*



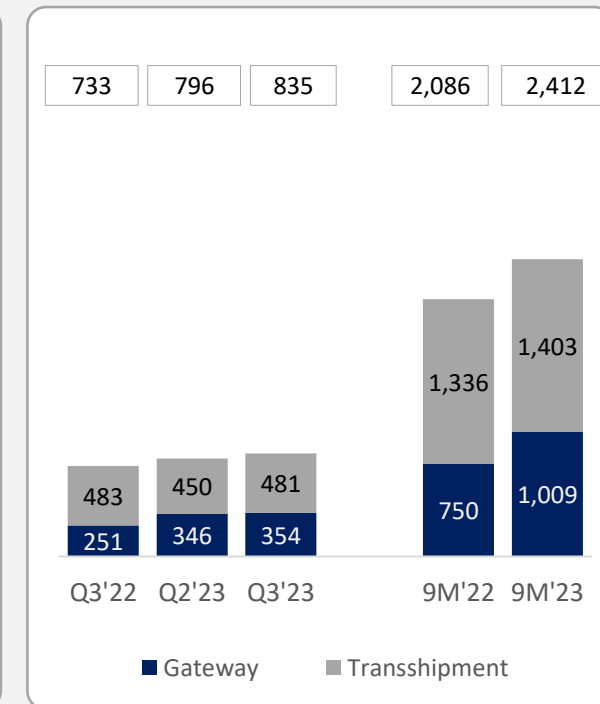
### GROSS PROFIT & MARGIN



### NET INCOME & MARGIN



### VOLUME (TEUS '000)



- **The revenues for Q3FY23 demonstrated a notable improvement**, reaching SAR 220.6 million compared to the same quarter of the previous year. **9M'22 revenue** increased by 27.7% YoY due to a improvement in gateway volumes during 9M'23 compared to 9M'22.
- **Gateway volumes in Q3FY23** exhibited a remarkable increase of 41.2% when compared to Q3FY22, while trans-shipment volumes were stable
- **Q3'23 Net Income** improved to SAR 24.8 m compared to SAR 2.1 m same quarter of the previous year. **9M'2023 net income** improved to SAR 62.8 m compared to 9M'2022 SAR 3 m.

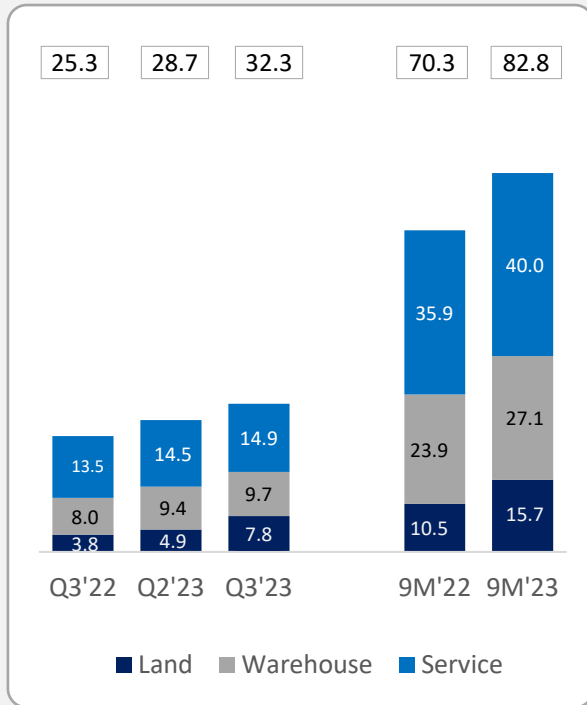
\* Excluding accounting construction revenue



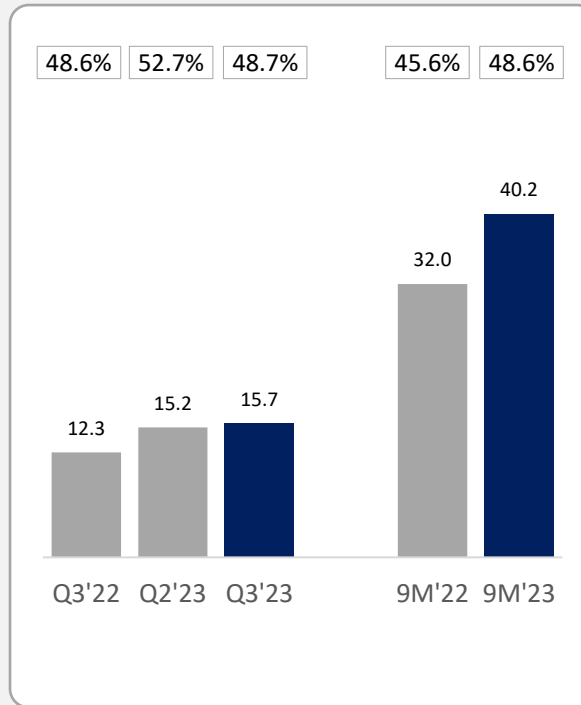
# Logistics, Parks & Services Snapshot | Q3'FY23

SAR millions

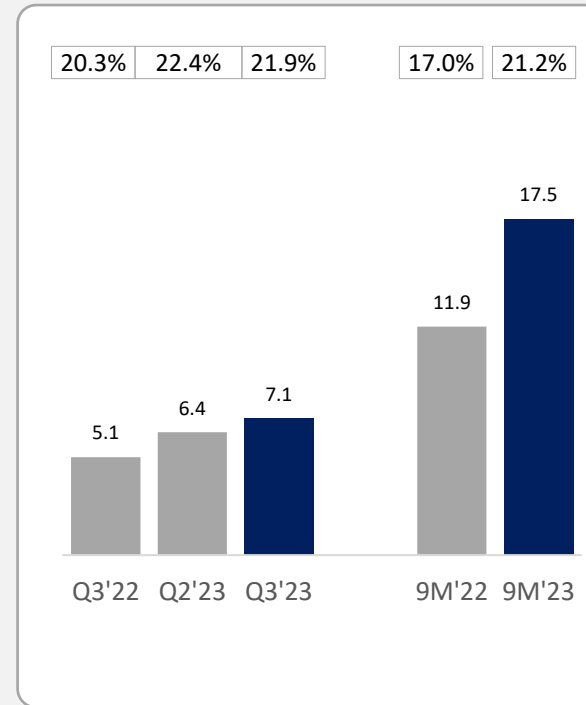
## REVENUE



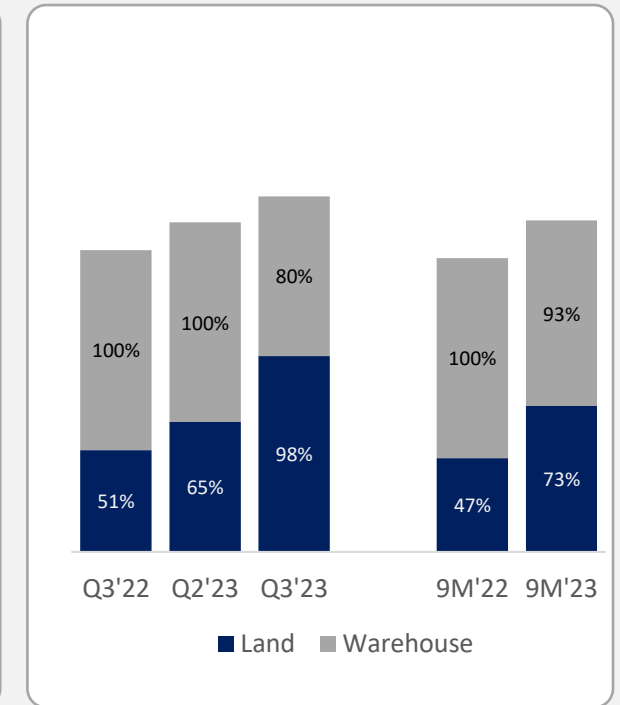
## GROSS PROFIT & MARGIN



## ADJUSTED NET INCOME & MARGIN \*



## OCCUPANCY (%)



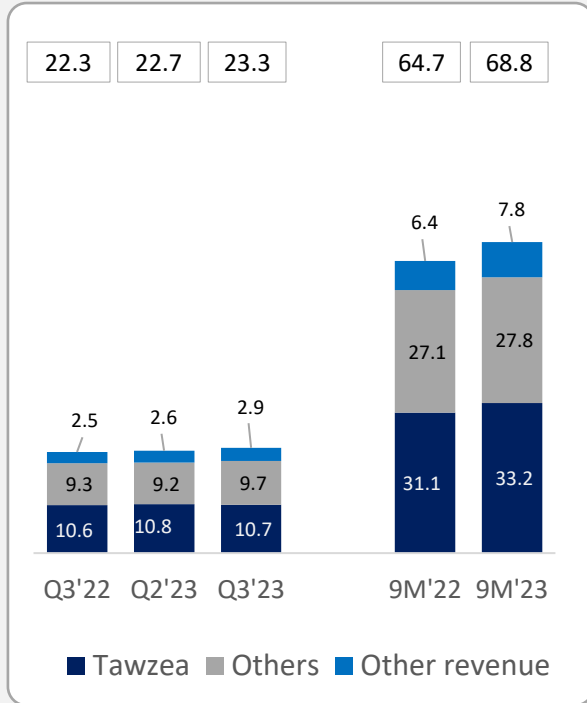
- **Q3'23 revenue rose 27.3%** from the same quarter last year due to improvement in open yard occupancy. **9M'2023 revenues** improved across all segments, lease rentals and service revenues.
- **Q3'23 Adjusted Net Income improved** significantly by 38.2% from Q3'22. **9M'23 income** increased by 47.0% due to improvement in revenues and higher margins as compared to same quarter last year
- Occupancy % in Q3'23 in land increased from 51% in Q3'22 to 98%

\* Excluding investment income which are eliminated at consolidated level

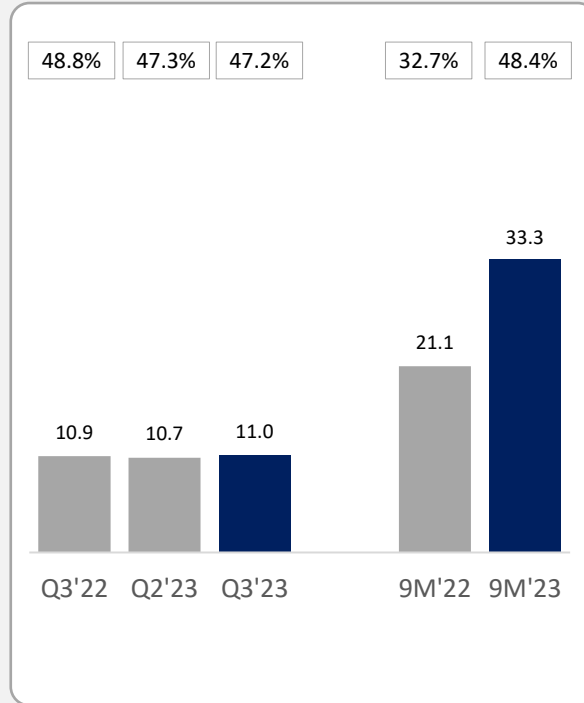
# Water Solution Snapshot | Q3'FY23

SAR millions

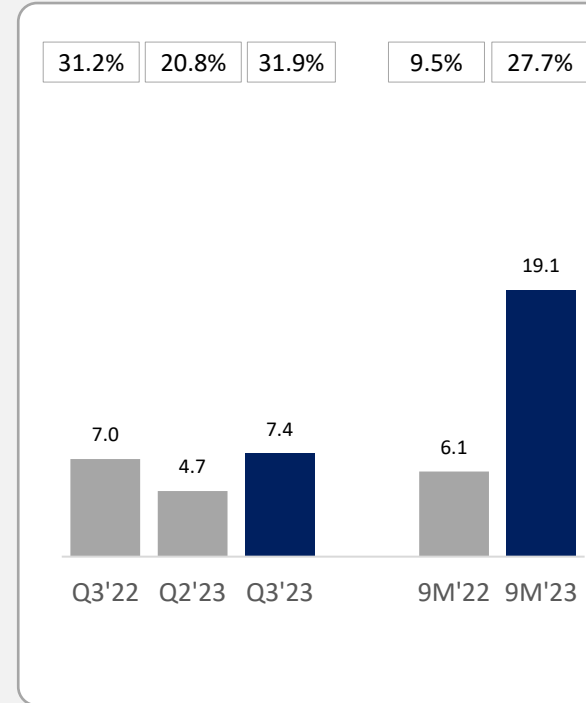
## REVENUE



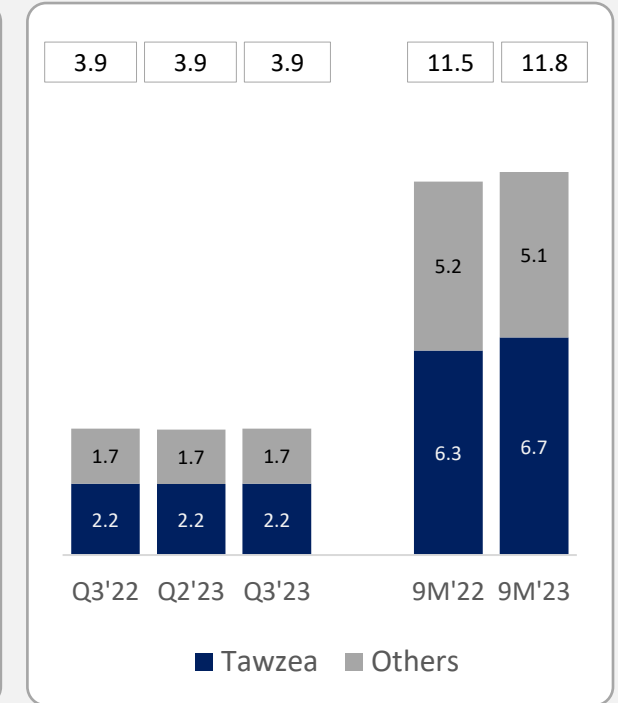
## GROSS PROFIT & MARGIN



## NET INCOME & MARGIN



## VOLUME, WATER SOLD (MILLION M3)



- **Revenues** of the Water segment increased marginally compared to Q3 of last year due to improvement in volumes.
- **Gross profit** margins marginally decline to 47.2% for Q3FY23 from 47.6% in Q3FY22. The margin decline is attributed to a sales mix and pricing

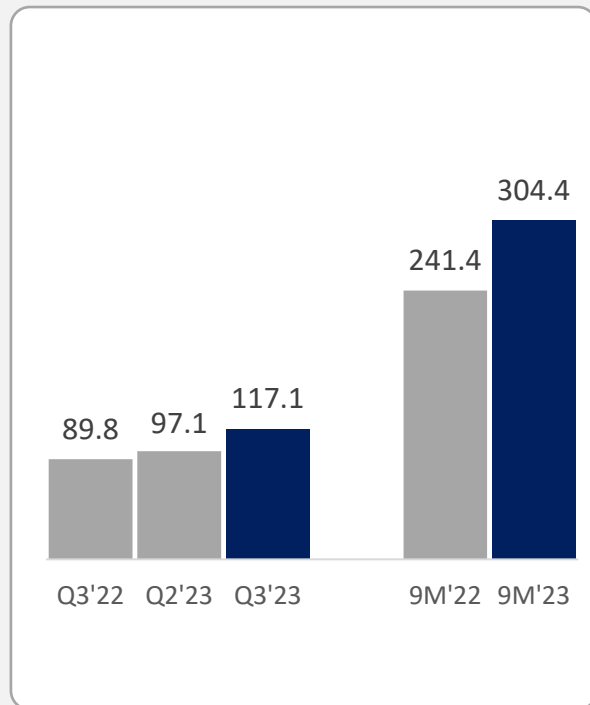


## **B. Portfolio –Other Assets**

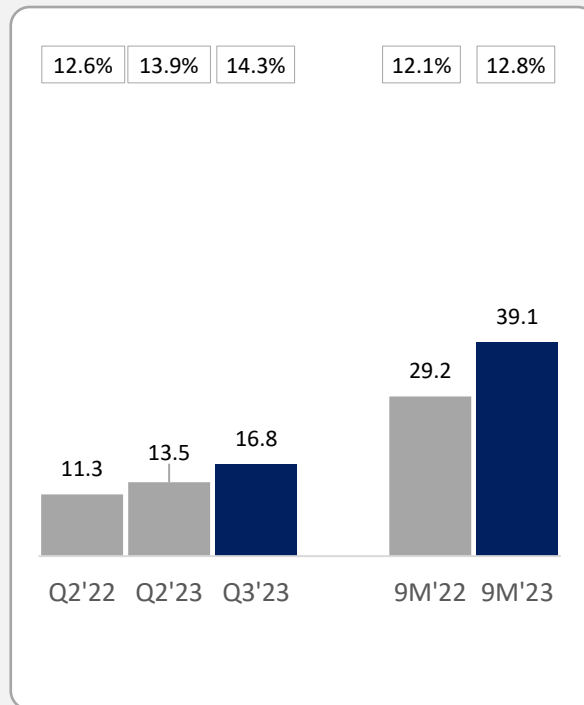
# TAWZEA Snapshot | Q3'FY23

SAR millions

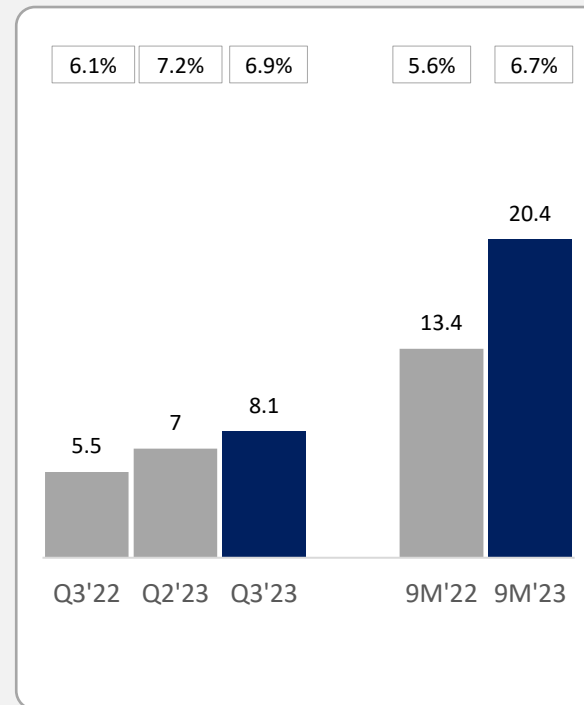
### REVENUE



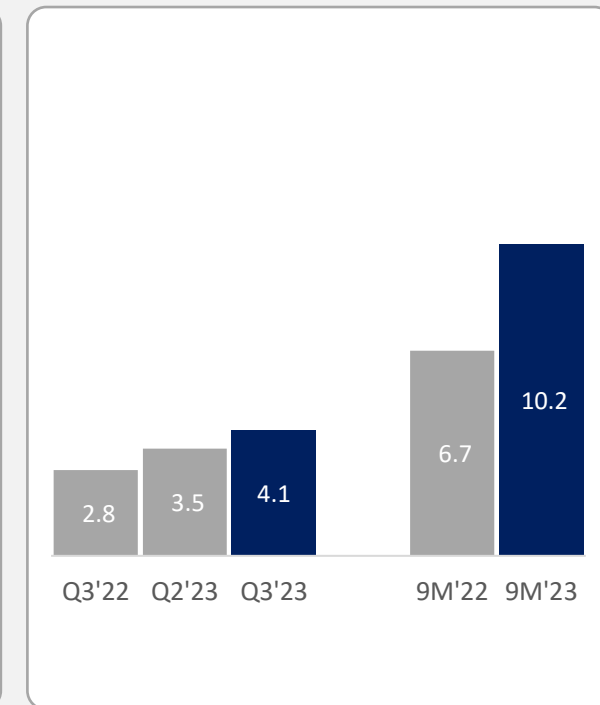
### GROSS PROFIT & MARGIN



### NET INCOME & MARGIN



### SISCO SHARE OF NET INCOME

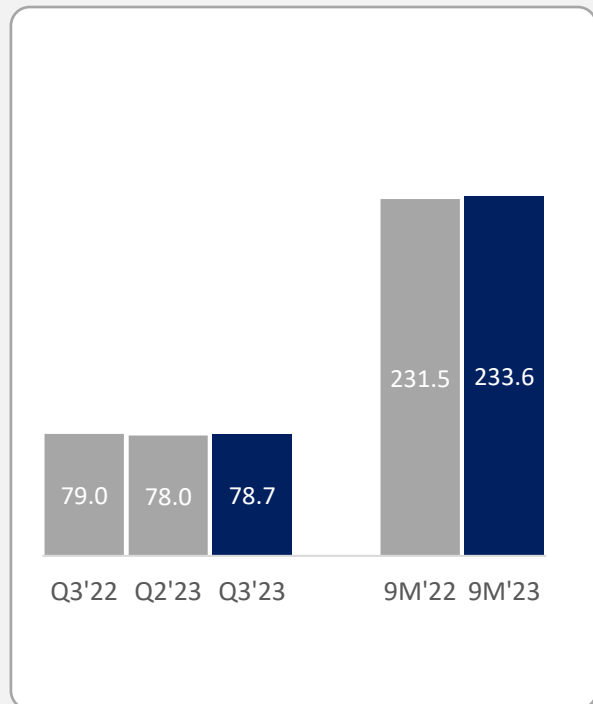


- Reported **adjusted revenue** (excluding accounting construction revenues) increased by 30.4% compared to Q3FY2022 whereas, 9M'2023 revenues are increased by 26% compared to same quarter last year. The increase is attributed to Neom (an AquaPur project), North and South Cluster revenues which started operations in Q4 2022.
- SISCO's share **in net income** was SAR 4.1 m for TAWZEA, 44% higher than same quarter last year, whilst 9M'2023 share of net income increased by 52.5% compared to same period last year.

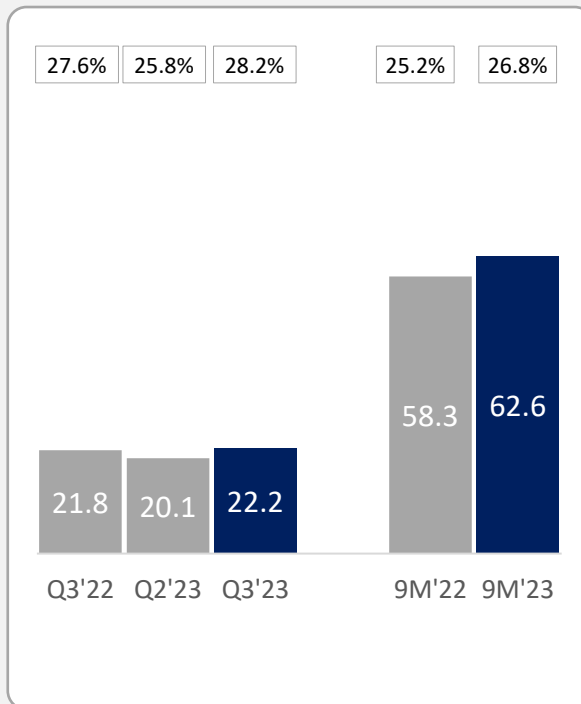
# SA TALKE Snapshot | Q3'FY23

SAR millions

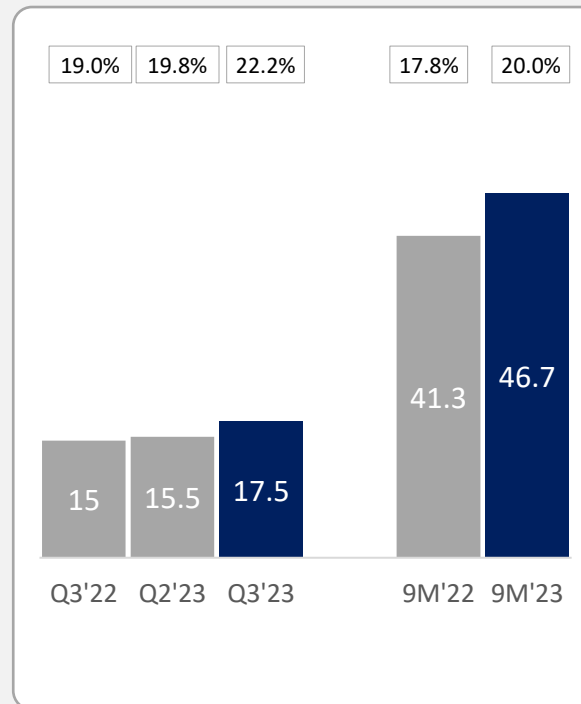
### REVENUE



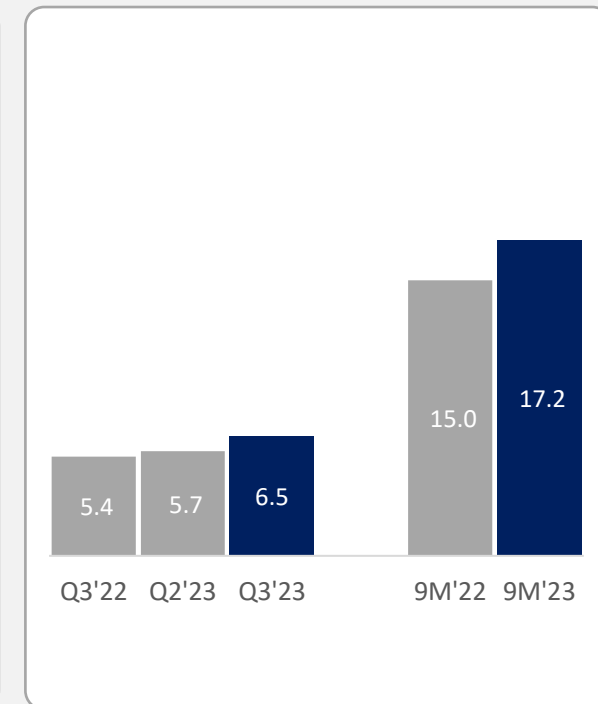
### GROSS PROFIT & MARGIN



### NET INCOME & MARGIN



### SISCO SHARE OF NET INCOME



- SA Talke **revenues** remained flat Q-on-Q and Y-on-Y.
- SISCO's share of SA Talke's **net income** was SAR 6.5 million, 19.4% higher than the same quarter last year and 9M'2023 share was 15% higher than same period last year

# SUMMARY

# Q3 2023: Improving Momentum



Q3'23 witnessed a strong recovery in business fundamentals as revenues was higher than Q3'22 as well as Q2'23 driven by improved performance of Ports and Logistics segment. This strong momentum will likely continue in the coming quarters



Q3'23 gross profit rose 39.6% as compared to same quarter last year due to strong revenue growth and an improvement in gross margins



Q3'23 adjusted net profit increased 211% as compared to Q3'22 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

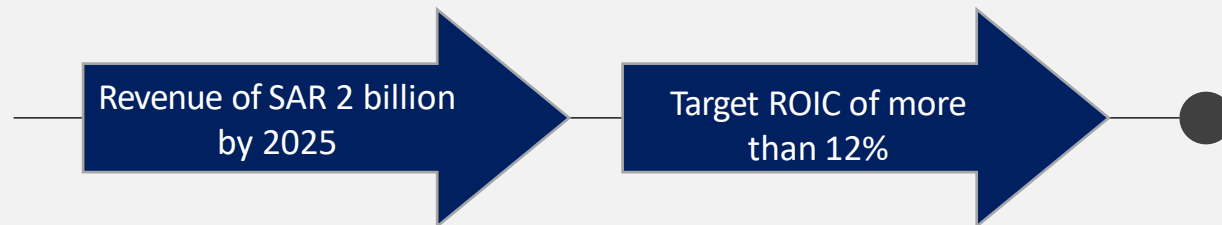
# APPENDIX



# Strategic Objectives

1

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



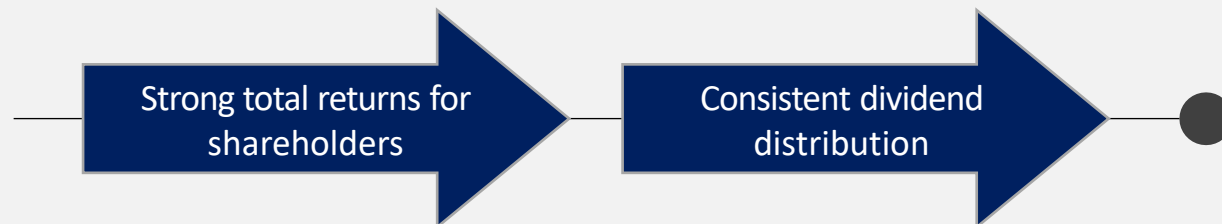
2

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



3

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

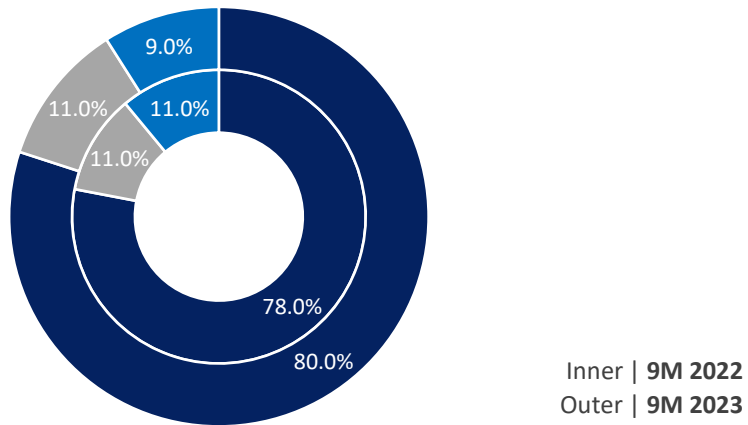


# Revenue And Gross Profit Composition

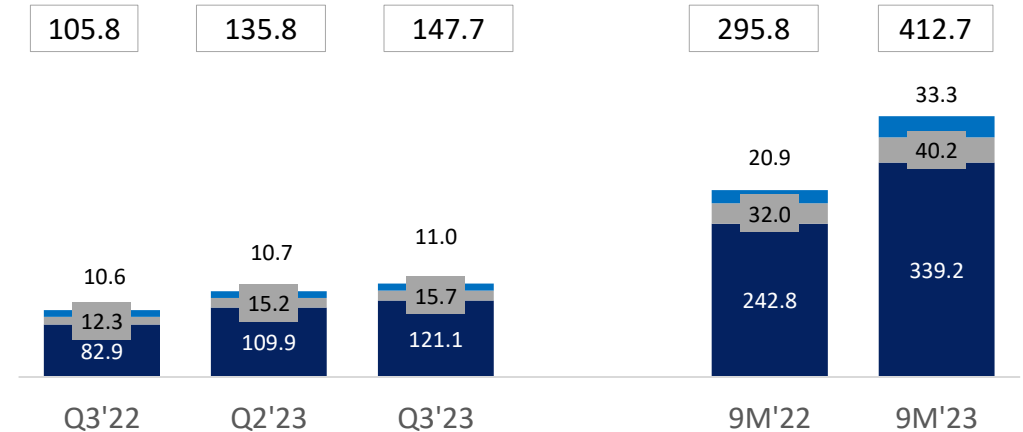
SAR millions

Ports Logistics Water

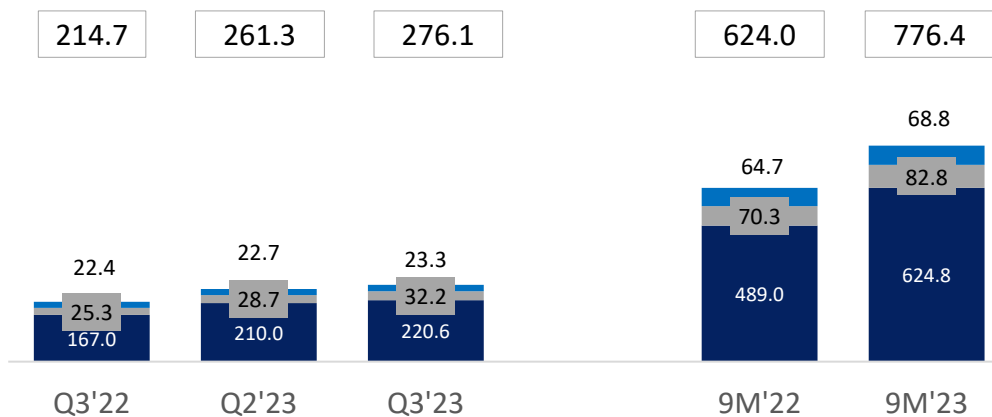
### Revenue Composition



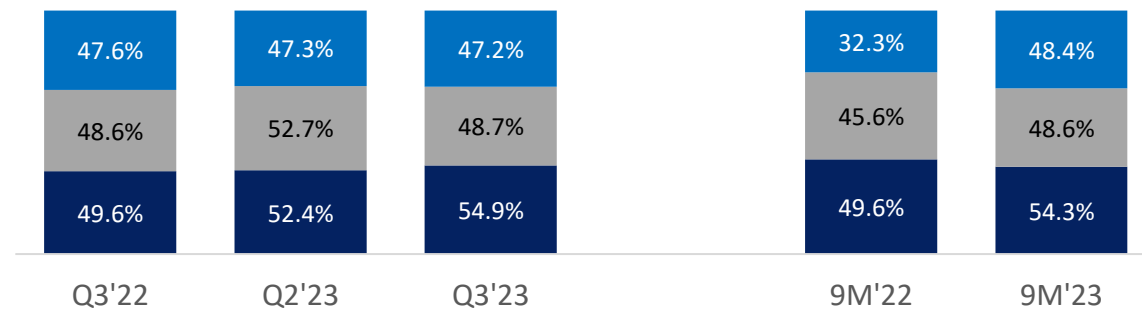
### Gross Profit Composition



### Group Revenue Composition



### Gross Margin By Segment



\* Revenue excludes accounting construction revenues

# Income Statement - Quarter

SAR millions

	Q2' 23	Q3' 23	Var.	Var. %	Q3' 22	Q3' 23	Var.	Var. %
Revenue*	261.3	276.1	14.8	5.7%	214.7	276.1	61.4	28.6%
Direct costs*	(125.5)	(128.6)	(3.1)	2.5%	(108.9)	(128.6)	(19.7)	18.1%
Gross profit	135.8	147.5	11.7	8.8%	105.8	147.5	41.7	39.4%
Operating expenses	(54.1)	(50.7)	3.4	-6.3%	(45.4)	(50.7)	(5.3)	11.7%
Operating profit	81.7	97.0	15.3	18.7%	60.4	97.0	36.6	60.6%
Investment income	9.7	7.6	(2.1)	-21.6%	8.2	7.6	(0.6)	(7.3)%
Finance charges	(60.9)	(64.2)	(3.3)	5.4%	(53.4)	(64.2)	(10.8)	20.2%
Other income / expenses & Zakat	5.6	4.7	-0.9	-16.1%	2.8	4.7	1.9	67.9%
Group net income	36.1	45.1	9.0	24.9%	18.0	45.1	27.1	150.6%
Minority interest	(14.9)	(21.4)	(6.5)	43.6%	(3.6)	(21.4)	(17.8)	494.4%
Net income - reported	21.2	23.7	2.5	11.8%	14.4	23.7	9.3	64.6%
Net income - adjusted	22.4	23.7	1.3	5.8%	14.4	23.7	9.3	64.6%

\* Revenue and direct costs exclude accounting construction revenue / costs

# Income Statement – 9M 2023

SAR millions

	9M'22	9M'23	Var	Var. %
Revenue*	624.0	776.4	152.4	24.4%
Direct costs*	(328.3)	(363.7)	(35.4)	10.8%
Gross profit	295.7	412.7	117.0	39.6%
Operating expenses	(136.1)	(150.1)	(14.0)	10.3%
Operating profit	159.6	262.6	103.0	64.5%
Investment income	22.9	25.3	2.4	10.5%
Finance charges	(157.4)	(183.1)	(25.7)	16.3%
Other income / expenses & Zakat	(1.3)	13.2	14.5	1115.4%
Group net income	23.9	118.0	94.1	393.7%
Minority interest	(5.6)	(53.6)	(48.0)	857.1%
Net income - reported	18.3	64.4	46.1	251.9%
Net income - adjusted	21.1	65.6	44.5	210.9%

\* Revenue and direct costs exclude accounting construction revenue / costs

# Balance Sheet

SAR millions

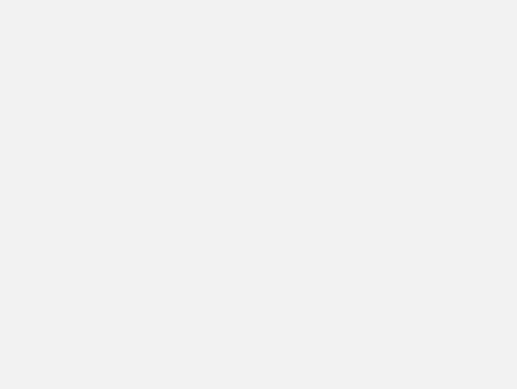
	9M' 22	9M'23
Fixed Assets	3,745.6	4,092.1
Investments	230.2	303.4
Deferred Tax	5.0	5.7
Current Assets	884.7	1,077.0
<b>Total Assets</b>	<b>4,865.5</b>	<b>5,478.2</b>
Borrowings	670.4	1,039.6
Long Term Liabilities	1,536.3	1,548.9
Current Liabilities (excl. borrowings)	429.1	539.1
<b>Total Liabilities</b>	<b>2,635.8</b>	<b>3,127.6</b>
Equity	2,229.7	2,350.6
<b>Total Equity &amp; Liabilities</b>	<b>4,865.5</b>	<b>5,478.2</b>

# Cash Flow Statement

SAR millions

	Q3 2022	Q3 2023
Operating cash flow before working capital	306.4	452.3
Net working capital movement	(167.5)	(103.3)
Cash generated from operating activities	138.9	349.0
Finance charges, Zakat & income tax, EOSB	(56.6)	(66.7)
Net cash flow from operating activities	82.3	282.3
Investment in short term deposits	(470)	280.0
Other Investing activities	(167.2)	(424.2)
Net cash used in financing activities	(158.3)	157.2
Net decrease in cash and bank balances	(713.2)	295.3
Cash at the beginning of the period	892.4	507.9
Cash at the end of the period	179.2	803.2

SAR million	Q3' 22	Q3' 23
Cash At Center	12.8	428.7
Cash At Affiliates	166.2	374.5
Cash at the end of period	179.0	803.2



# Management Outlook



## PORTS

Q3FY23 gateway volumes improved by 41.2% as compared to Q3FY22 and trans-shipment volumes were stable.

Our Ports segment is well positioned to maintain strong volume growth



## LOGISTICS

LogiPoint is expected to complete an additional 25,000 sq m warehouse during the second half of 2023

We are also under process to expand our capacity to an impressive 130,000 sq m by Q1FY24.



## WATER

Improvement 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.

# Digital Media Sentiments Dashboard

Website

Total New Users	Q2 - 2023	9.8K	Q3 - 2023	9.9K	↑ 1K increase in new users
Total Returning Users	Q2 - 2023	1.5K	Q3 - 2023	1.6K	↑ 1K increase in returning users

New website launch October 10, 2023

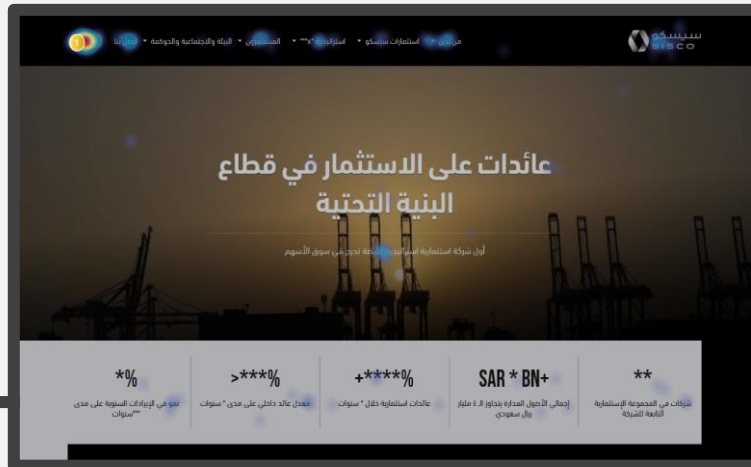
## October 2023 Analysis

After applying the new analytics tool on the new website



	Desktop	Mobile
Number of Sessions	583	221
Average Scroll Depth	60.8%	⬆️
Rage Clicks	6	☹️

Reference view from October 2023







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**THANK YOU!**

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