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الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

SAUDI INDUSTRIAL SERVICES COMPANY GENERAL ASSEMBLY MEETING PRESENTATION

Your Partner in

Ports & Terminals | Logistics Parks & Services | Water Solutions

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Strong Financial Performance

- ❖ 20% growth revenue - highest reported revenue since 2016
- ❖ Reported income growth of 9% despite impact of one-off provisions. Adjusted net income growth of 95% excluding various provisions.

Growth in Dividend proposed

- ❖ Dividend of SAR 0.6 per share represents a 50% increase from 2018.
- ❖ Highest Dividend distribution in SISCO's history

Strong compliance and Governance

- ❖ Strengthened Group and subsidiary internal audit functions
- ❖ Risk Management function was set up in 2019 to monitor group risks
- ❖ Strong governance and independence across the Group and subsidiaries

Business Development

- ❖ New 30 year Concession Agreement signed by Ports in December 2019 covering the existing and new terminal and completed takeover of the adjacent terminal on 1 April 2020
- ❖ LogiPoint signed an agreement with Aramco to provide export logistic services and signed long term agreements with Aramex and Naqel
- ❖ Water sector signed a 25 year concession to operate water treatment facility in Taif



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BUSINESS HIGHLIGHTS





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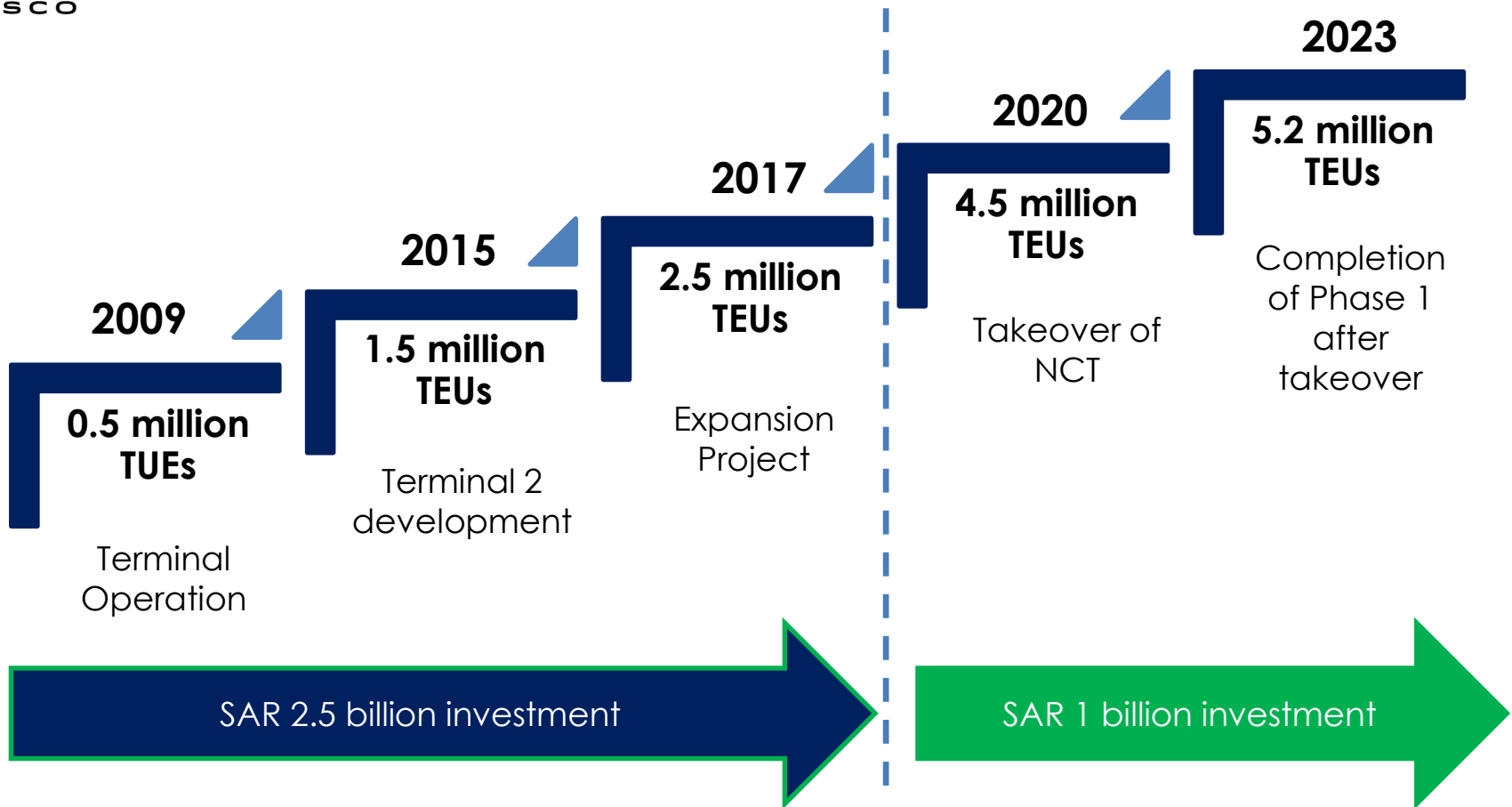


**Largest Container Terminal
in KSA**

**Largest Gateway Terminal
in the Red Sea Region**

-  **36%** Total volume growth
-  **31%** Import Growth
-  **37%** Export Growth
-  **44%** Transhipment Growth





Investment financed via debt of SAR 750 million and existing cash flows of the ports business. No investment required from shareholders

1

Increased capacity & market share

- Immediate increase in capacity to 4.5 million TEUs following takeover
- Total land size increases to 1.5 million sq m, making it the largest terminal in Saudi Arabia
- Greater scope to increase market share

2

Improved competitiveness

- Significant improvement in competitive position due to increased capacity
- Potential for synergies and cost savings through consolidation

3

Profitability and financial position

- Greater scope for significant revenue and net income growth
- Lower financing costs and payment terms following renegotiation of existing facilities and new facilities

4

Enhanced investment case

- Potential increase in market value
- Growing dividend expectation
- Investment will be funded through debt and existing operating cash flows. No shareholder funding required.

Providing a **One-Stop integrated solutions** for storage, transport and distribution

Strategic Locations

منطقة الإيداع وإعادة التصدير
Bonded Re-export Zone
ميناء جدة الإسلامي Jeddah Islamic port

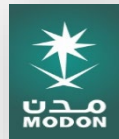
LogiPoint Bonded Re-Export zone
Located in Jeddah Islamic port that is the largest port in the region

المناطق اللوجستية
Logistics Parks
مدن الأولى جدة Modon 1 Jeddah


LogiPoint Logistics Parks – Modon 1
Jeddah located in the heart of industrial area Modon 1


المناطق اللوجستية
Logistics Parks
جنوب جدة South Jeddah


LogiPoint Logistics Parks – South Jeddah
located in AL Khumra - the 2nd largest logistics hub in the Kingdom



NEW PROJECTS

- 

10 year agreement signed by Aramex in 2019 for built to suit facility.
- 

NAQEL Express signed an agreement to Lease 31,500 m2 for a period of 18 years.
- 

Aramco signed a 3 year agreement to establish an export hub for its products from Petro Rabigh.

2019 AWARDS



**SEATRADE MARITIME SUPPLY
CHAIN & LOGISTICS AWARD
2019**



**INTEGRATED LOGISTICS
ZONES COMPANY OF 2019**

Expansion of facilities

- In 2019, Kindasa commissioned and commenced operations at its plant in Rabigh to further expand its service offering in the Western Province.
- The construction of the plant commenced in 2016 and was completed in Q1 of 2019 with full operations commencing during Q2 2019

Future Growth plans

- Kindasa is currently considering opportunities in Egypt and Jordan as part of its strategy to expand internationally
- The company is also reviewing potential acquisition of local companies to continue its local expansion strategy.

TAIF ISTP Project

- In 2019, Tawzea in conjunction with Cobra Instalaciones y Servicios, signed a 25 year concession for the development of an independent Sewage Treatment Plant ("Taif ISTP") on a Build, Own, Operate and Transfer ("BOOT") basis.
- The proposed investment of SAR 315 million is to be funded predominantly by debt finance.
- Currently pursuing the ISTP projects in Tabuk, Buraida, Madina and Network management for city clusters



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CORPORATE GOVERNANCE AND COMPLIANCE

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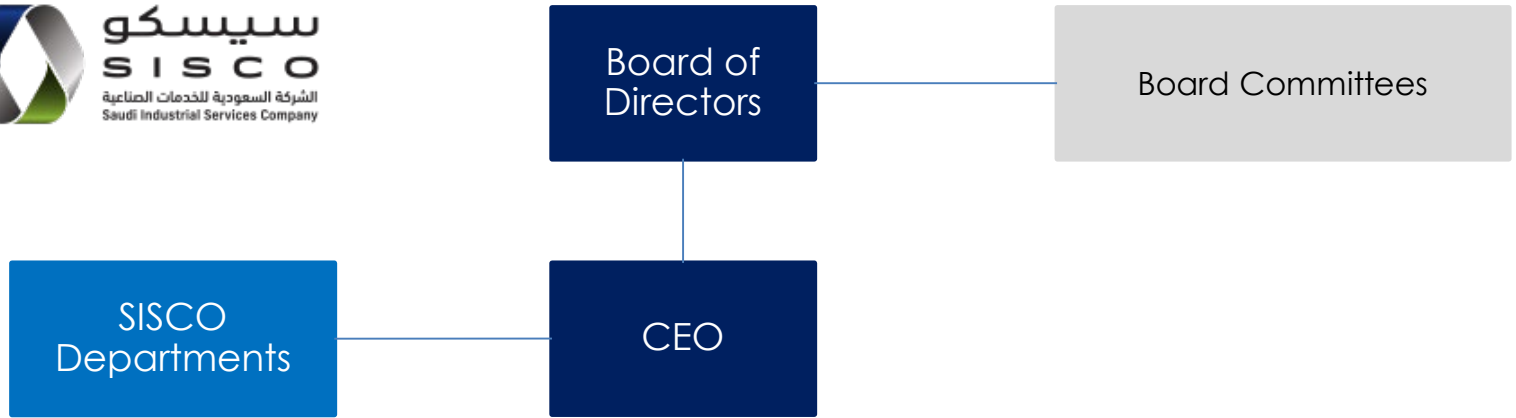
CORPORATE GOVERNANCE OVERVIEW

- SISCO prides itself on maintaining strong corporate governance and ethics and has continued to comply with the Corporate Governance requirements for listed companies.
- Key highlights of SISCO's Corporate Governance are:
 - Non-Executive Board Members with 3 Independent Board Members
 - At least 2 Independent Members at each SISCO sub committee (see slide 13)
 - SISCO representation at subsidiary Board and Audit Committee
- All of SISCO's subsidiaries' corporate governance practices and are fully aligned with SISCO with independent representations at the respective company Board levels.
- During 2019, SISCO further strengthened and its corporate governance and compliance framework. Key highlights are as follows:
 - Strengthened the Internal Audit Function at the corporate level and at each subsidiary
 - Appointed a dedicated Compliance Officer and a Risk Management Officer
 - Carried out 40 independent internal audit engagements across the SISCO Group

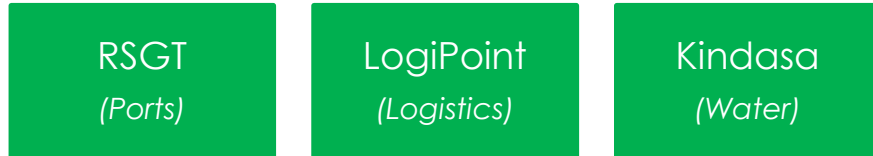


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GROUP ORGANISATION STRUCTURE



SUBSIDIARIES



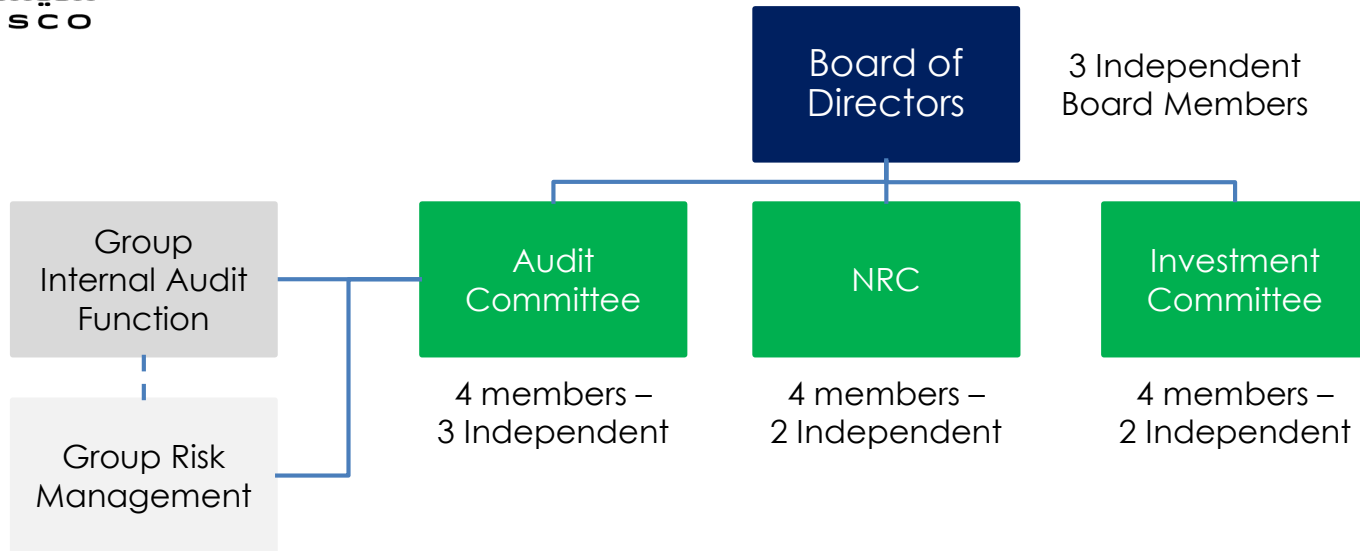
ASSOCIATES



All subsidiaries and associates operate autonomously.

SISCO exerts influence on the subsidiaries through representation on the respective Boards of the subsidiaries and associates.

CORPORATE GOVERNANCE OVERVIEW



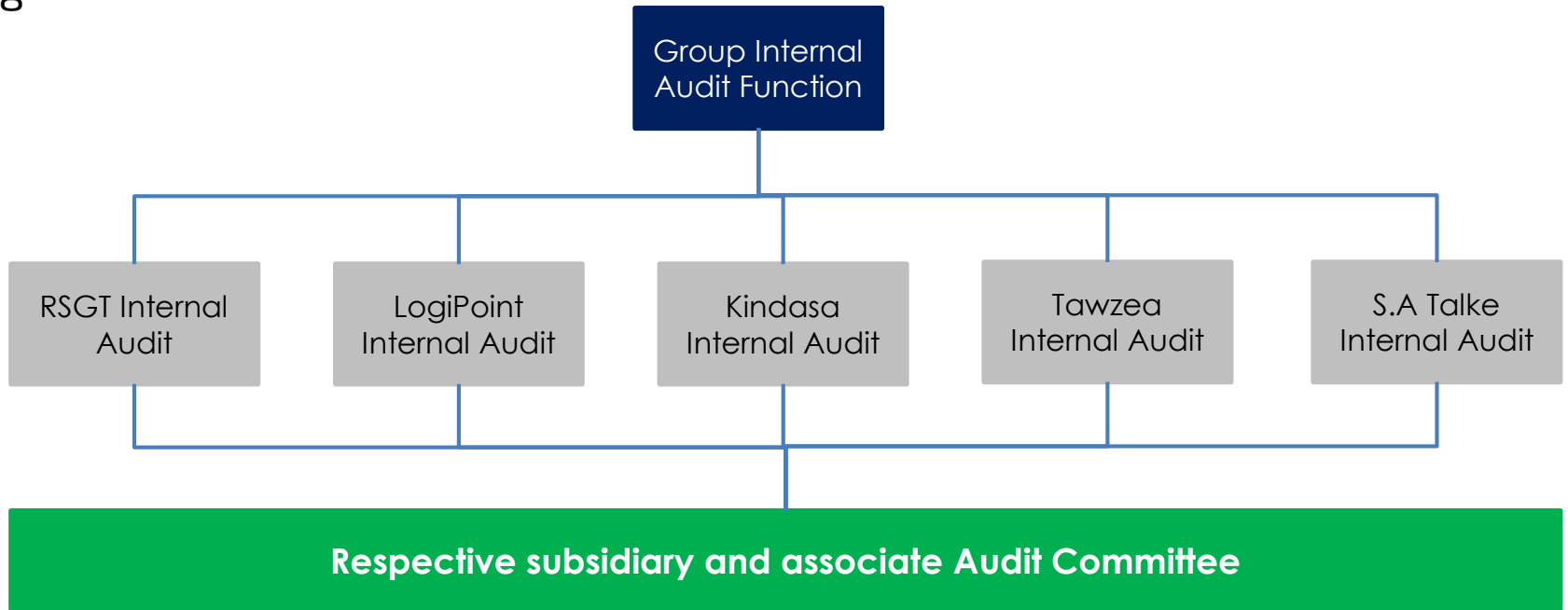
SISCO subsidiaries and associates



All SISCO subsidiaries have robust corporate governance practices that are fully aligned with SISCO corporate governance practices to ensure effective risk management and oversight.

Each subsidiary has an internal audit function which reports to the respective Audit Committees and the Group Chief Audit Executive

GROUP WIDE INTERNAL AUDIT STRUCTURE



40 audit engagements undertaken during 2019 across the SISCO Group

EVOLUTION OF INTERNAL AUDIT FUNCTION





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FINANCIAL SUMMARY

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Revenue

SAR 675.9 m ↑ 19.7%

FY18: SAR 564.7 m

EBITDA

SAR 280.5 m ↑ 3.5%

FY18: SAR 270.9 m

Reported Net Income

SAR 50.9 m ↑ 9.0%

FY18: SAR 46.7 m

Adjusted Net Income⁽¹⁾

SAR 69.7 m ↑ 95%

FY18: SAR 35.7 m

Dividend per share

SAR 0.60 ↑ 50%

FY18: SAR 0.40

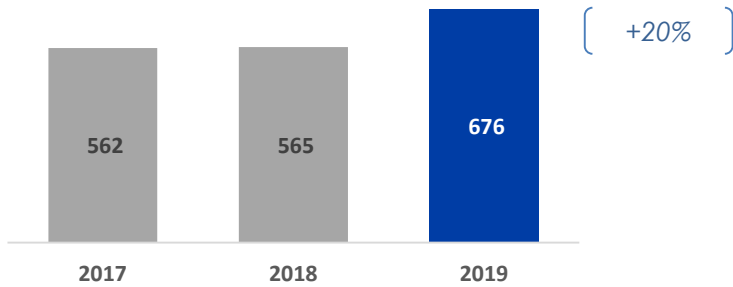
Adjusted Earnings Per Share

SAR 0.85 ↑ 95%

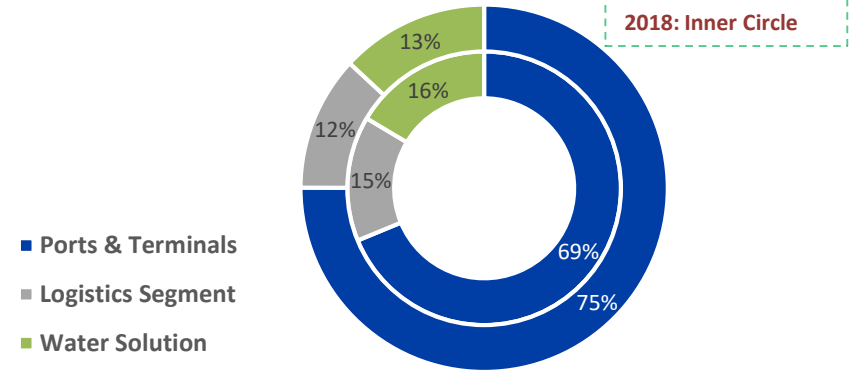
FY18: SAR 0.44

- 1) Net Income has been adjusted to exclude the impact of the one-off bad debt provision and the asset replacement provision.

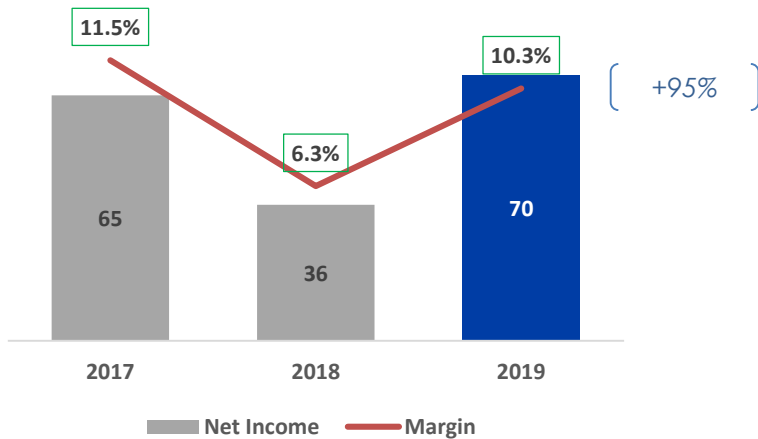
Group Revenue



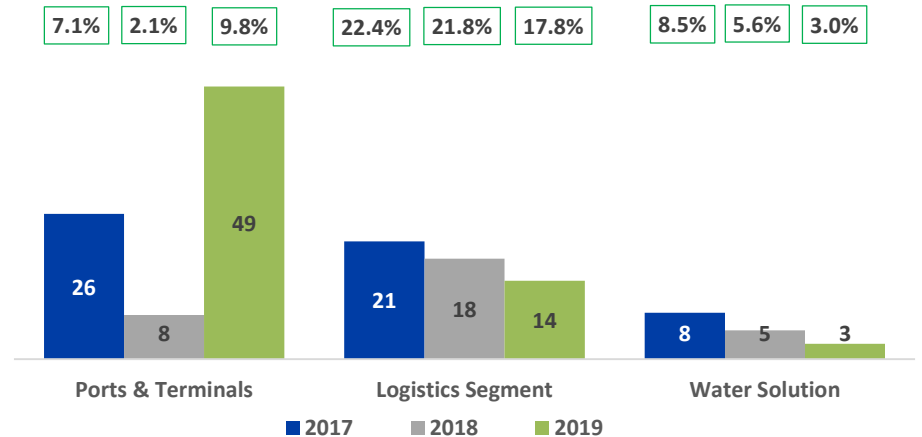
Composition



Net Profit (Adjusted) & Margin



Segment Net Income (Adjusted) & Margin





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STRATEGY & OUTLOOK

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We intend to stay focused on our strategic sectors



PORTS

- Successfully complete consolidation of NCT terminal
- Continue to focus on expanding presence in KSA, our core market.
- Diversification via international investments with a strong focus on **emerging markets in Africa and Asia.**



LOGISTICS

- Development of **Jeddah Logistics Park.**
- Development of dedicated warehouse facilities for **e-commerce clients in KSA**
- Develop and operate **new bonded zones in KSA**
- Growth through acquisition of local companies



WATER

- Restructure and improve the desalinated water business.
- Pursuing expansion opportunities in the Middle East.
- Growth through acquisition of local desalinated water companies.
- Continue to grow the water distribution and treatment business.

CURRENT SITUATION

- Steps and measures taken by every business unit to ensure business continuity. Priority has been to safeguard employee health & safety.
- All our business segments are operating effectively under remote working conditions
- Government lockdown and suspension of Umrah and tourism is expected to impact all sectors with a more pronounced impact expected in the ports and logistics
- Q1 performance, mainly in the ports and logistics segment, expected to be impacted by COVID-19 and the resulting slowdown

Challenges

- Cancellation of Umrah in Ramadan and Hajj will significantly impact local consumption and import activity which in turn will impact the ports and logistics segment.
- True extent of COVID 19 impact unclear - guidance for 2020 may need to be revised
- Maintaining liquidity and tight cost control will be critical

MITIGATION

- Measures in place to manage cash flow and profitability including reduction and deferral in non critical costs and capital expenditure
- Additional cost measures such as revision of budgets in administrative areas, hiring freeze and potential deferral of recruiting operational employees
- Tight controls on working capital
- Postponement of non-critical projects.



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