

سيسكو
SISCO

SAUDI INDUSTRIAL SERVICES COMPANY

Q1FY23 EARNING PRESENTATION

MAY 2023

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Table of Content



HIGHLIGHTS Q1FY2023 04

FINANCIAL PERFORMANCE 06

SEGMENT ANALYSIS 11

A. SUBSIDIARIES 12

B. ASSOCIATE COMPANIES 16

SUMMARY 19

APPENDIX 20

Highlights Q1FY2023

Financial highlights

Revenue*

SAR 239 m ↑ 22 %

Q1 - 2022: SAR 196 m

Gross Profit

SAR 129 m ↑ 43%

Q1 - 2022: SAR 90 m

Net Income - Adjusted

SAR 19.4 m ↑ 444%

Q1 - 2022: SAR 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 Q1'23 Net Profit Margin improved to 18.4% due to improved revenue mix and effective cost control.



Water Solutions Q1'23 Gross Profit margin improved significantly to reach 50.7% on lower costs and improved volumes



RSGT expanded its gateway capacity to 6.2 m TEUs. On the international front, it is now in sole negotiations for the new port concession in Bangladesh.



LogiPoint completed construction of its first 21K sq. meter warehouse, which became operational on April 1.

Building Group Capabilities



M&A

Christophe Durand

21 years experience in investment and M&A

Driving M&A strategy and SISCO's growth through strategic acquisitions



Investor Relations

Yaman AlJundi

19 years experience in IR, FP&A, and strategy

Building IR function to enhance stakeholder engagement and access to capital



Corp. Communications

Noura Rehbin

8 years experience in digital marketing and agency

Developing corporate brand and messaging to bolster SISCO profile and positioning



Digital Transformation

Ahmed Aireza

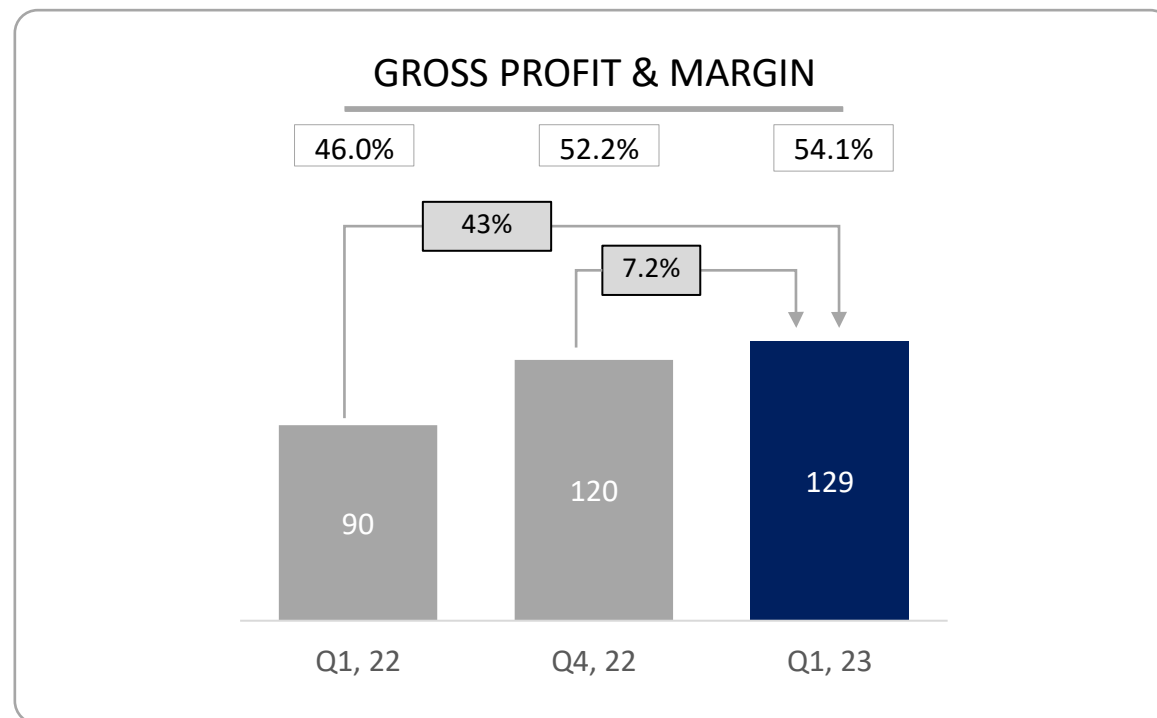
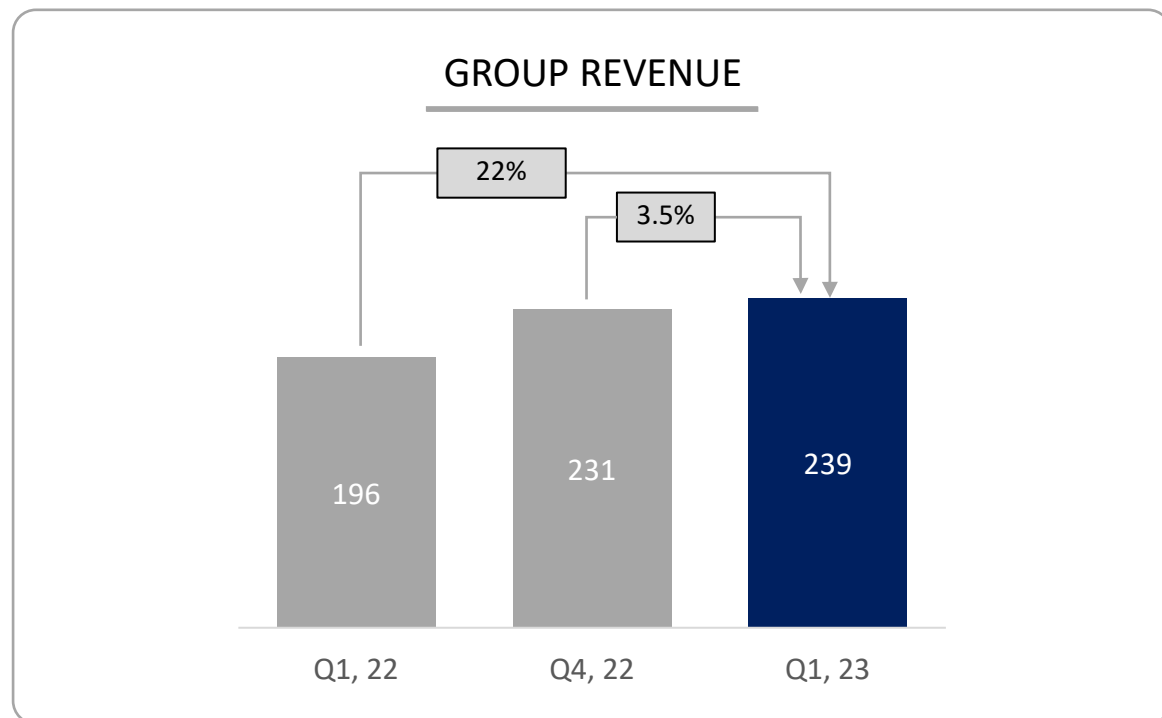
6 years experience in Silicon Valley

Leading our digital transformation efforts and driving growth through technology and innovation

FINANCIAL PERFORMANCE

Income Statement Highlights

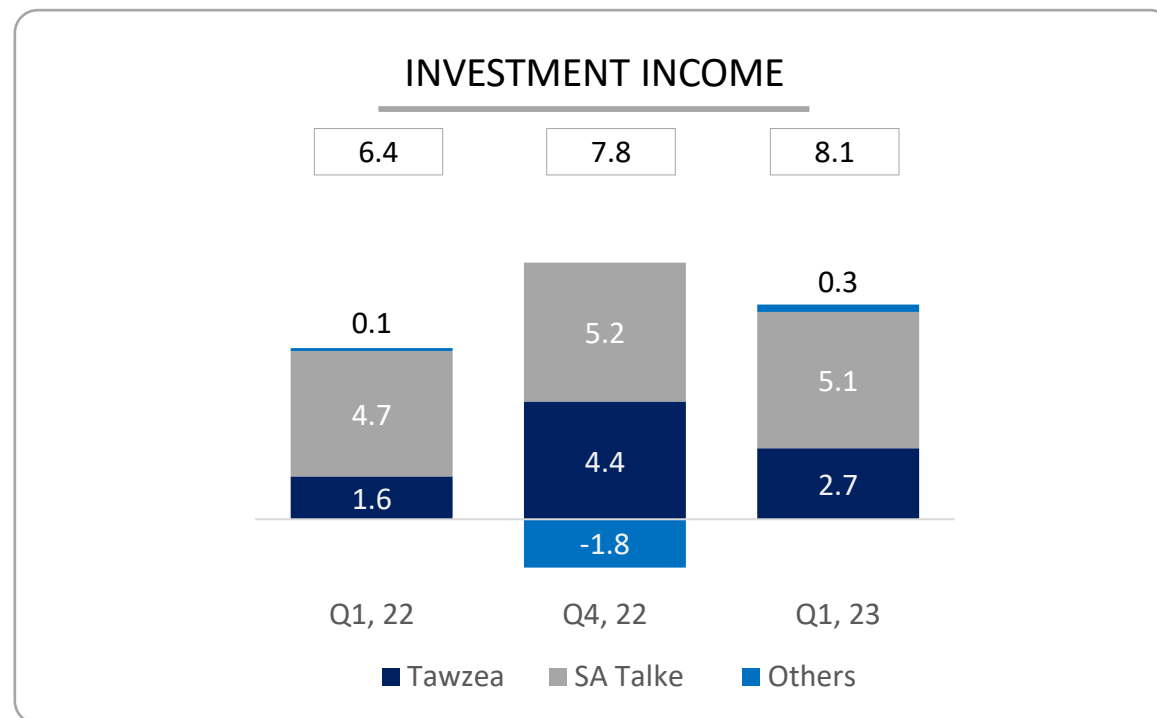
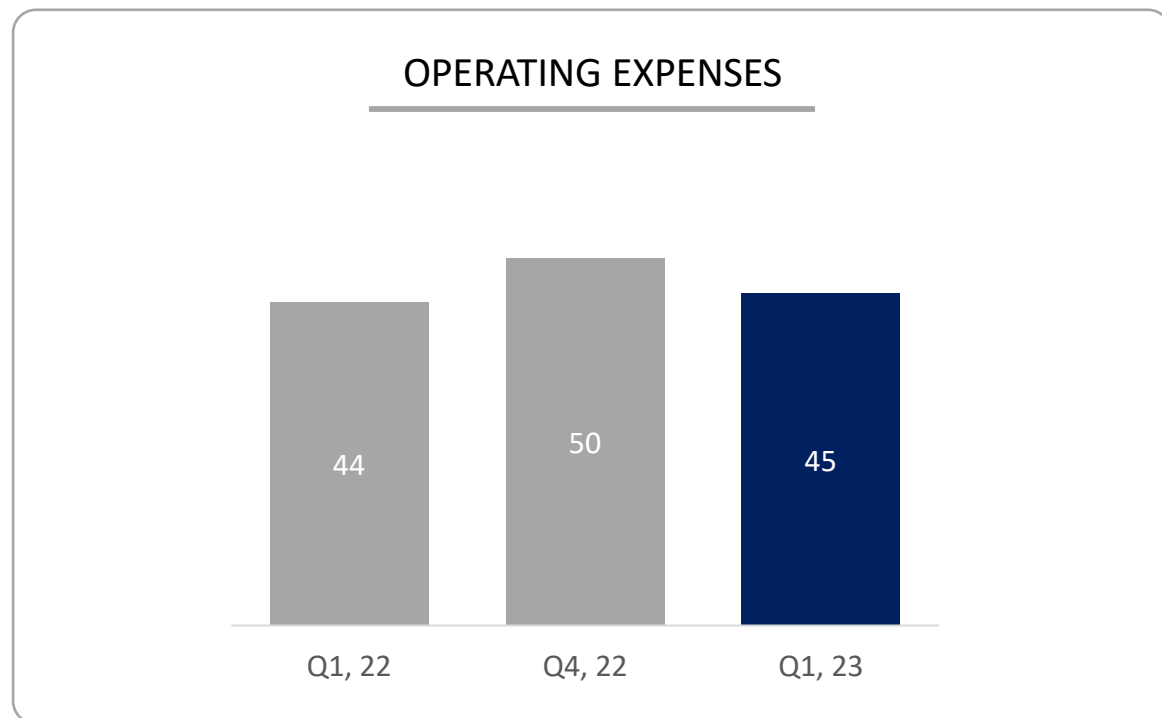
SAR millions (adjusted: excludes accounting construction revenue)



- **Q1'23 Group revenue** improved compared to last year (21.8%) driven by strong performance by the Ports and Water segments.
- **Q1'23 gross profit** improved by 43.1% as compared to same quarter previous year mainly driven by improved revenue mix in the Ports segment.
- As a result, **gross margin** improved significantly by 8.1% to reach 54.1%

OPEX And Investment Income

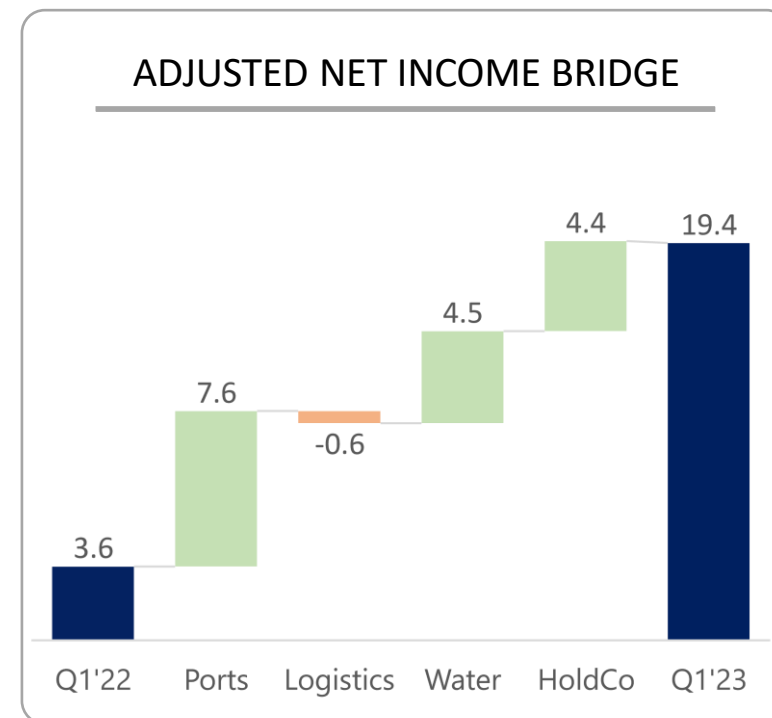
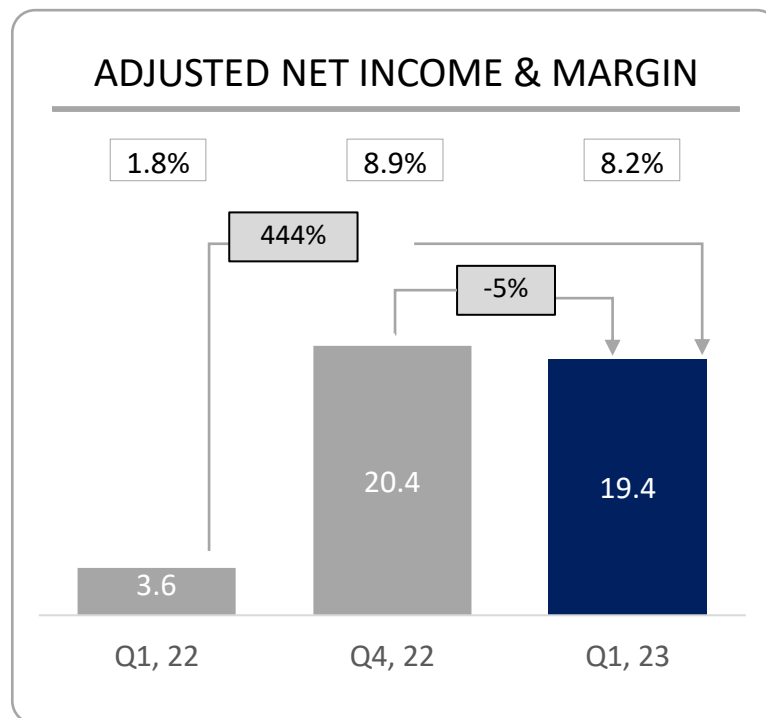
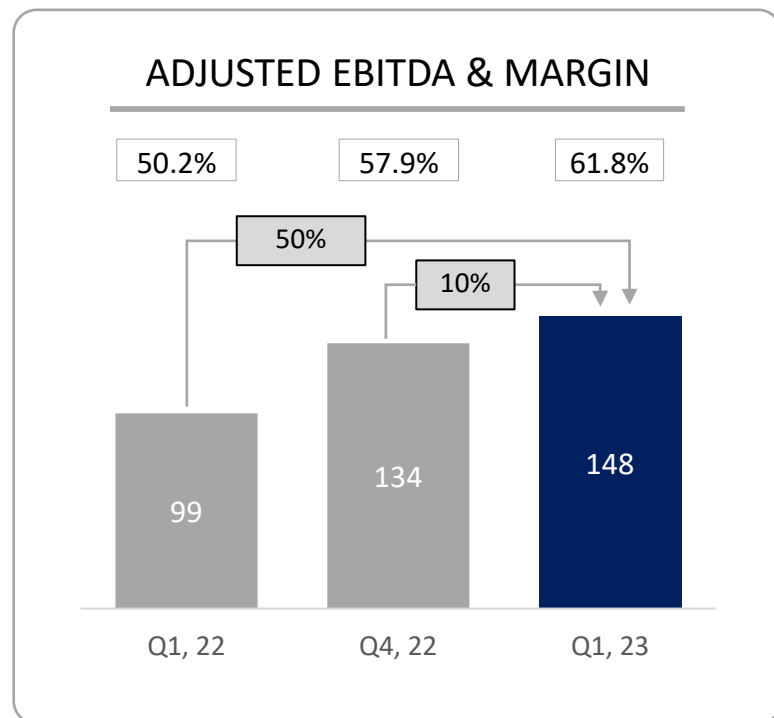
SAR millions



- **Q1'23 operating expenses** were in-line with Q1 2022 and declined 10% QoQ primarily due to one-off consulting and business development costs.
- **Operating expenses** are expected to stabilize going forward in 2023.
- **Q1'23 investment income** rose 24.9% as compared to same quarter last year due to improved profitability of Tawzea and SA Talke.

EBITDA and Net Income

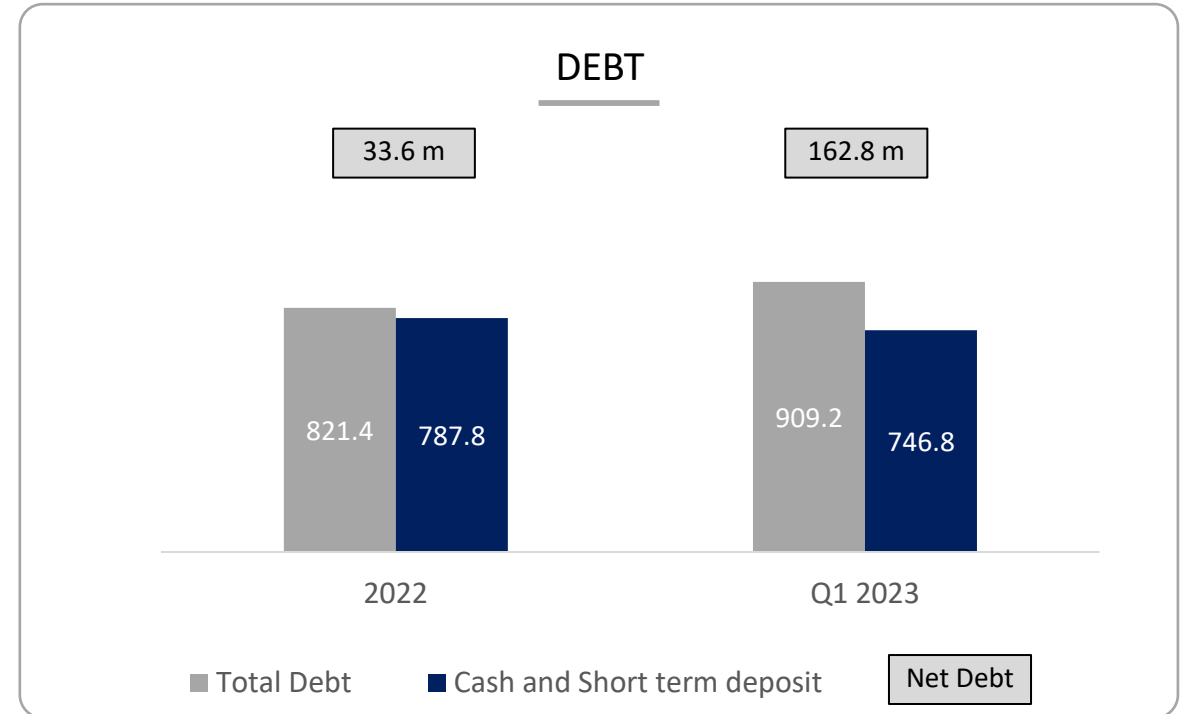
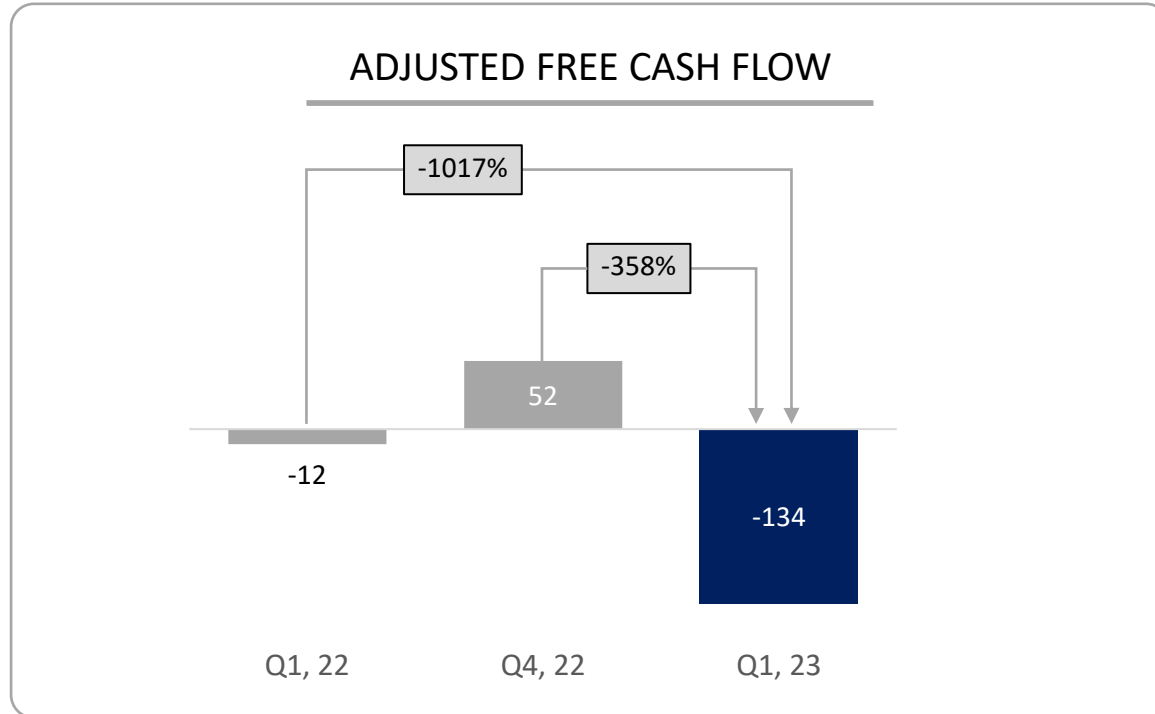
SAR millions



- Adjusted **Q1'23 Adjusted EBITDA** improved to SAR 148 m compared to last year driven by improved performance in ports and water segments
- **Adjusted Net income** of SAR 19.4 m grew by 444% compared to same quarter last year due to performance improvements in Ports and Water segments as well as equity-accounted associate companies.

Adjusted Free Cash Flow And Net Debt

SAR millions



- **Free cash flow** for Q1'23 was SAR 134 million (outflow) compared to SAR 12 million (excluding one offs) in Q1'2022 due to increase in CAPEX to fund operational expansion projects
- During **Q1'23 net debt** increased to 162.8 million due to increase in loan drawdowns



SEGMENT ANALYSIS

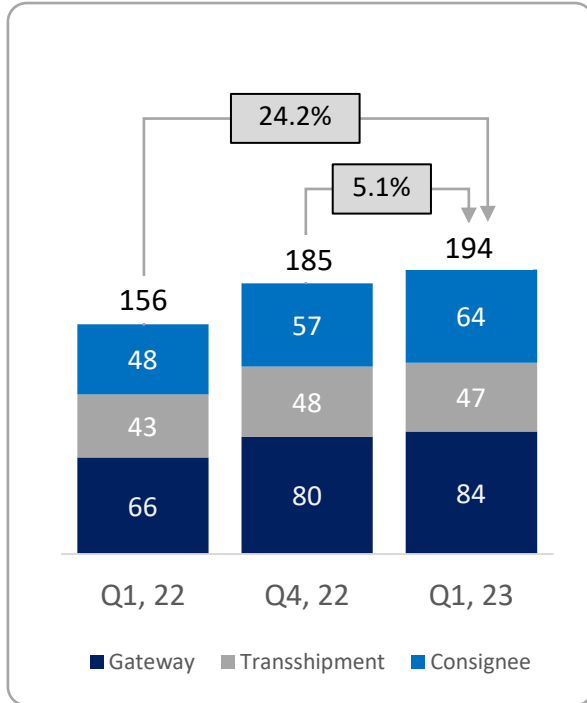
A grayscale photograph of a person's hands typing on a laptop keyboard. The image is overlaid with a semi-transparent grid and a financial candlestick chart pattern. The text 'A. SUBSIDIARIES' is prominently displayed in white on the left side of the image.

A. SUBSIDIARIES

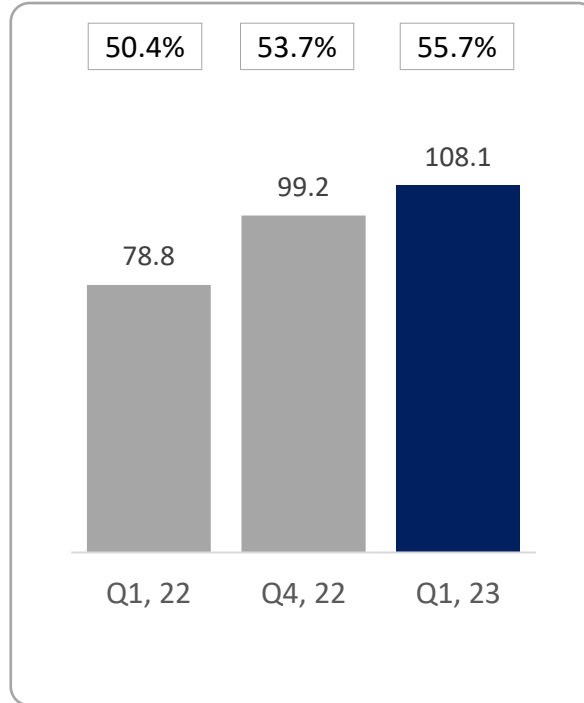
Ports & Terminal Snapshot | Q1'FY23

SAR millions

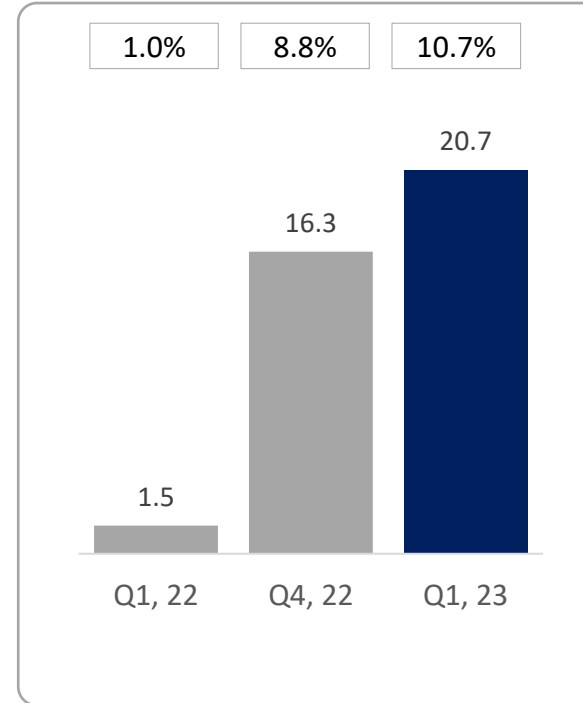
REVENUE *



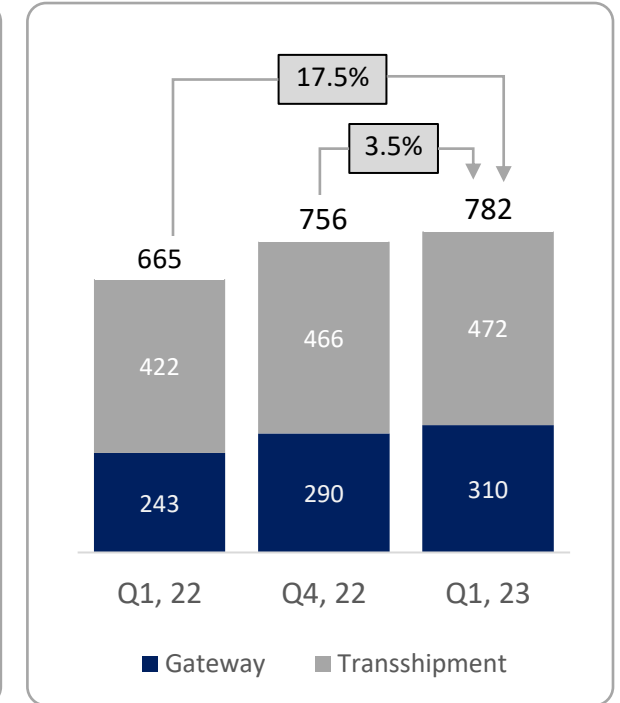
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



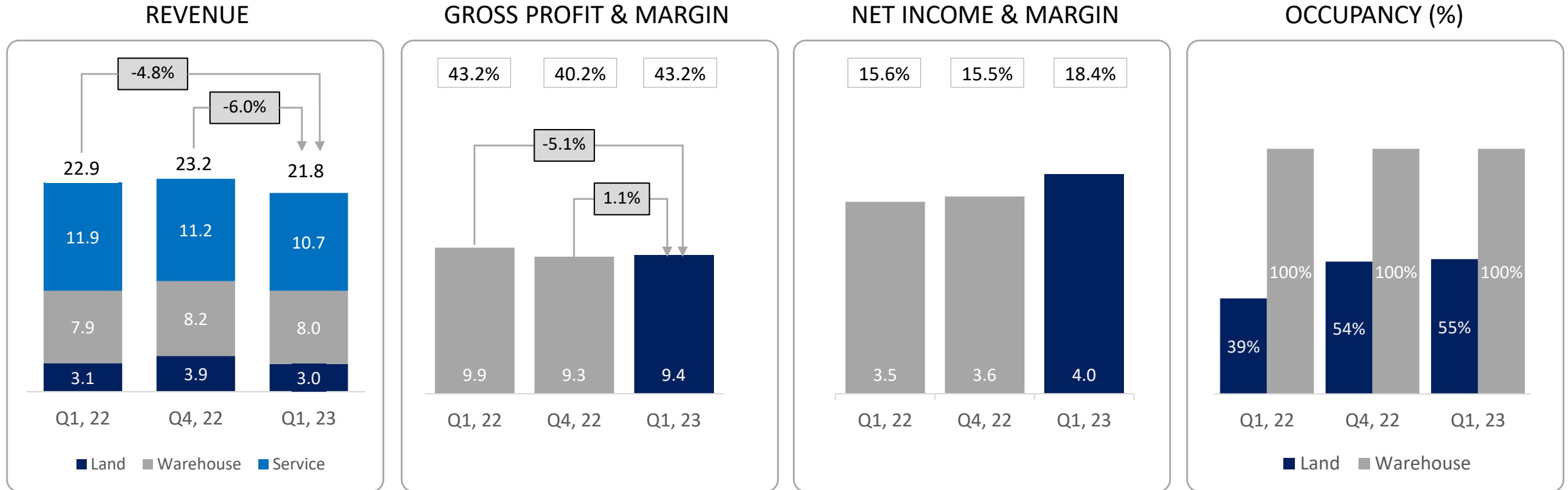
VOLUME (TEUs '000)



- **Q1'23 revenue** rose 24% as compared to same quarter last year, driven by improving gateway volumes on the back of stronger economic conditions.
- **Gateway volume** increased by 28% as a result of growing local import demand, which we expect to have a positive impact for the remainder of the year.
- **Q1'23 net income** improved to SAR 20.7 million, higher than Q4'22 and Q1'22 as Q1'23 overall volumes 17.5% compared to the same quarter last year.

Logistics, Parks & Services Snapshot | Q1'FY23

SAR millions

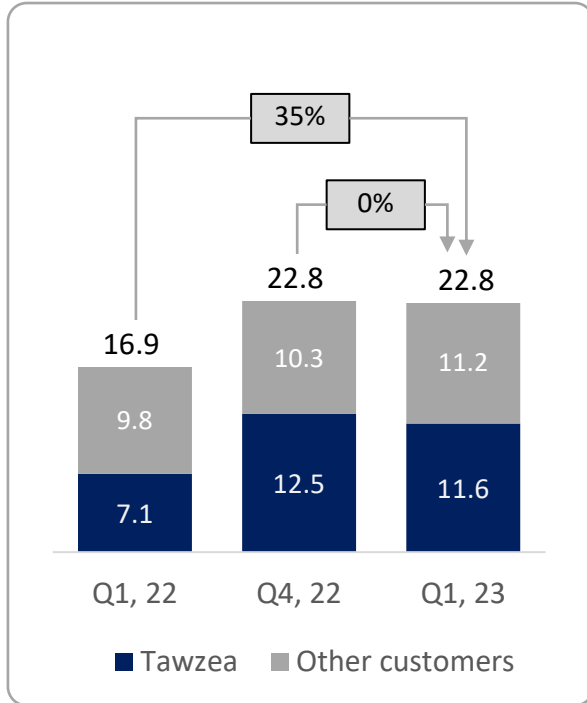


- **Q1'23 revenue** declined by 4.8% vs. Q1 last year and 6% QoQ due to slight drop in land and service revenues, respectively.
- **Q1'23 gross margins** improved to 43.2% versus same quarter last year but improved QoQ due to improved revenue mix and effective cost control.
- **Q1'23 net income** improved marginally to SAR 4.0 million and a healthy margin of 18.4%

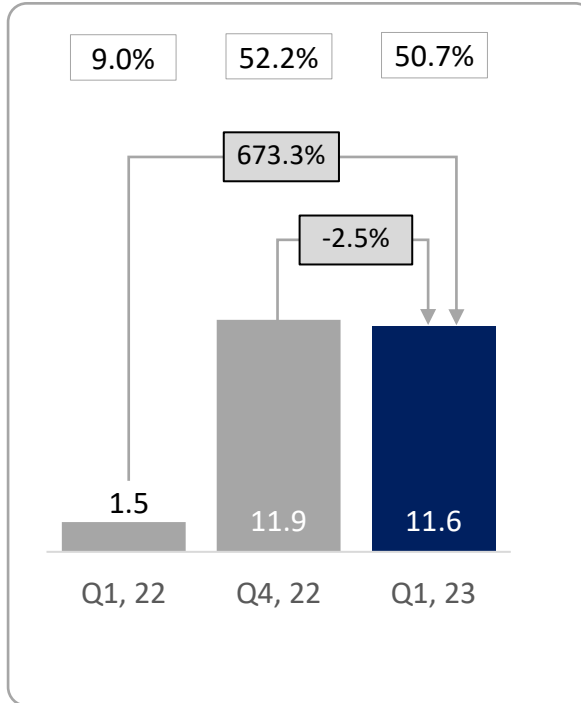
Water Solution Snapshot | Q1'FY23

SAR millions

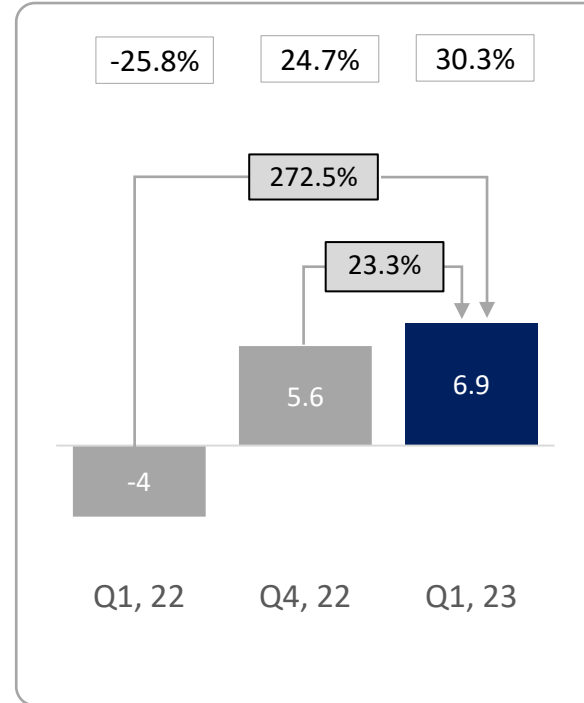
REVENUE



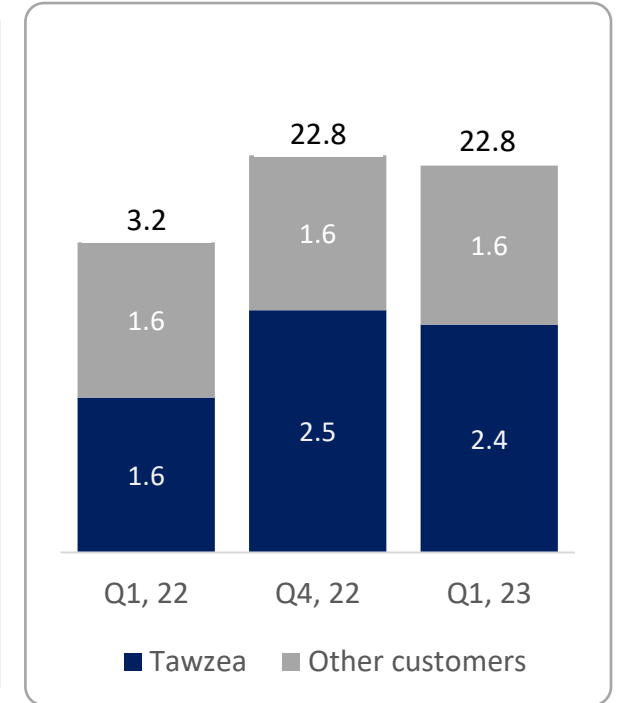
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



VOLUME, WATER SOLD (MILLION M³)



- **Q1'23 revenues** improved by 35% as compared to same quarter last year but remained flat QoQ.
- **Gross profit margin** improved significantly to 50.7% during Q1'23 as compared to same quarter last year. The margin expansion is attributed to a reduction in direct costs and an increase in volumes.
- **Q1'23 Net margins** followed suit and improved to 30.3% compared to -25.8% during Q1'22.

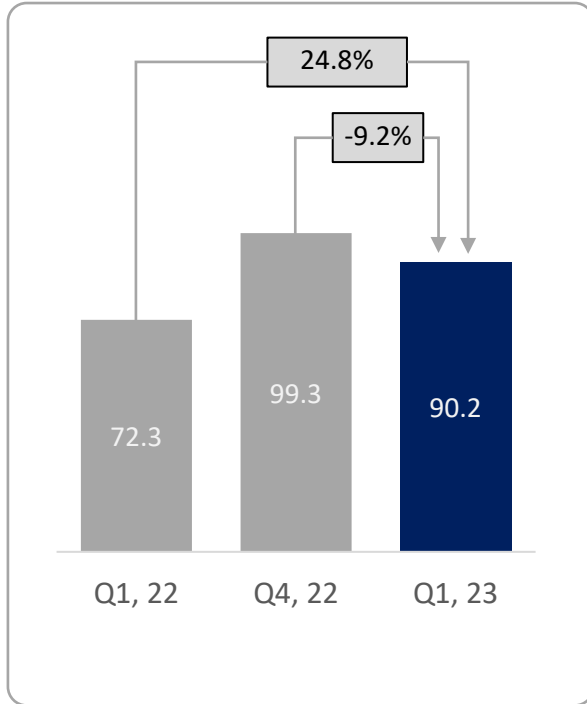


B. EQUITY ACCOUNTED PORTFOLIO COMPANIES

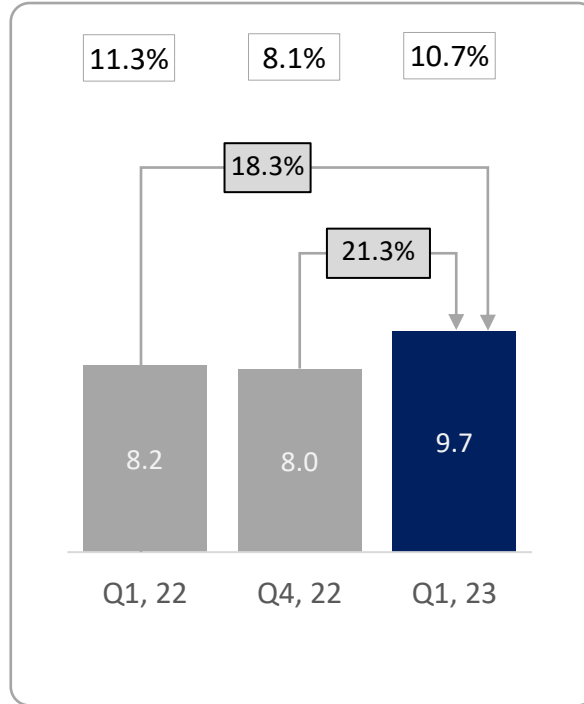
TAWZEA Snapshot | Q1'FY23

SAR millions

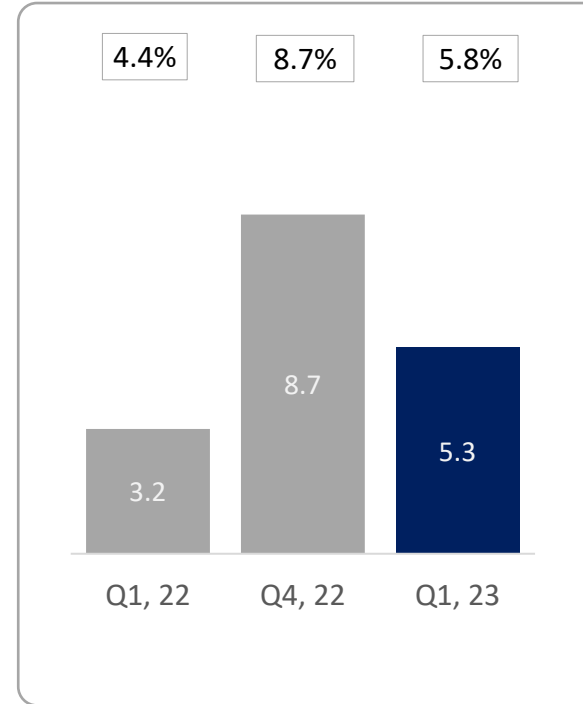
REVENUE



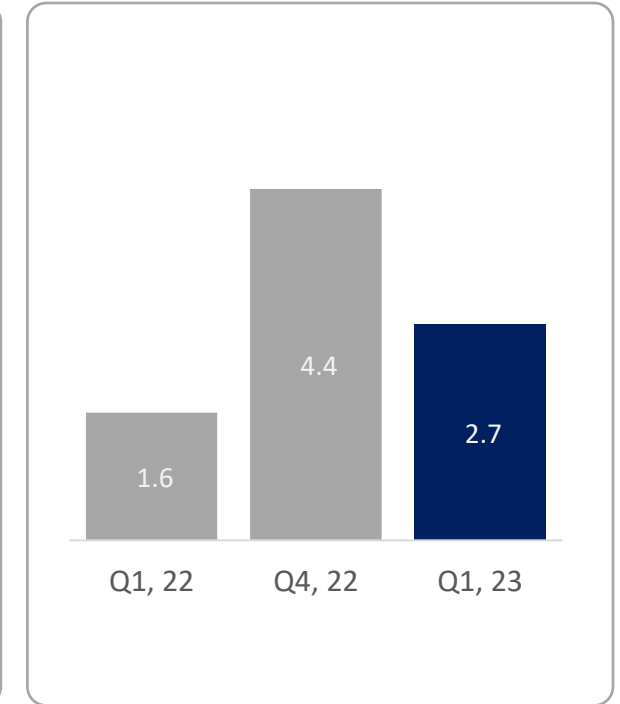
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



SISCO SHARE OF NET INCOME

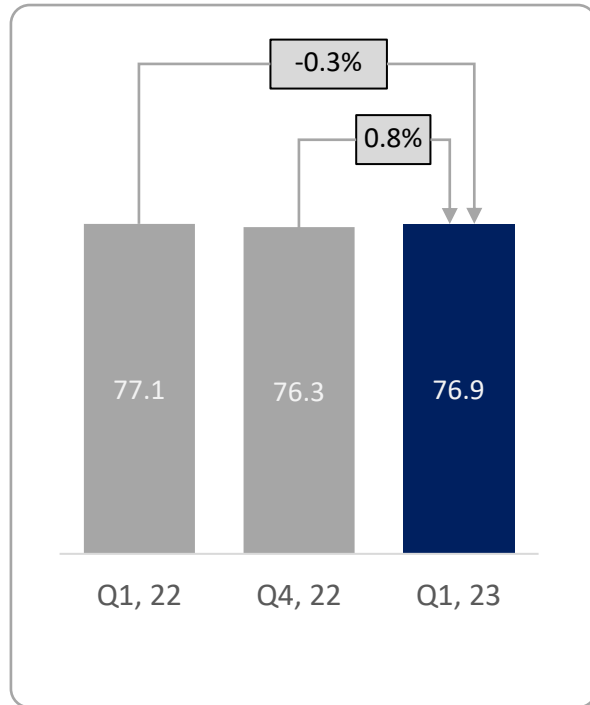


- **Q1'23 revenue** improved by 24.8% as compared to same quarter last year due to improvement in volumes. These figures exclude construction revenue in Q4'22 and Q1'23.
- **Q1'23 gross margins** showed an improving trend QoQ due to a stabilizing cost base.
- **Q1'23 net income** improved on an annual basis to SAR 5.3 million and an improved margin of 5.8%.

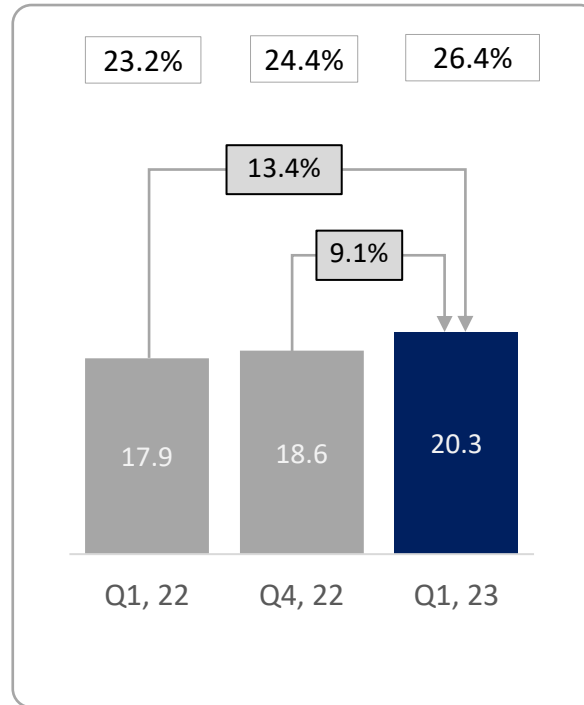
SA TALKE Snapshot | Q1'FY23

SAR millions

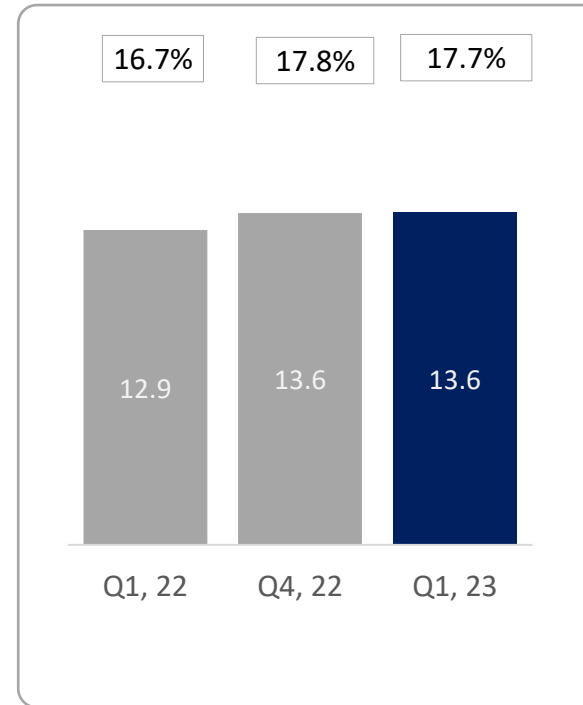
REVENUE



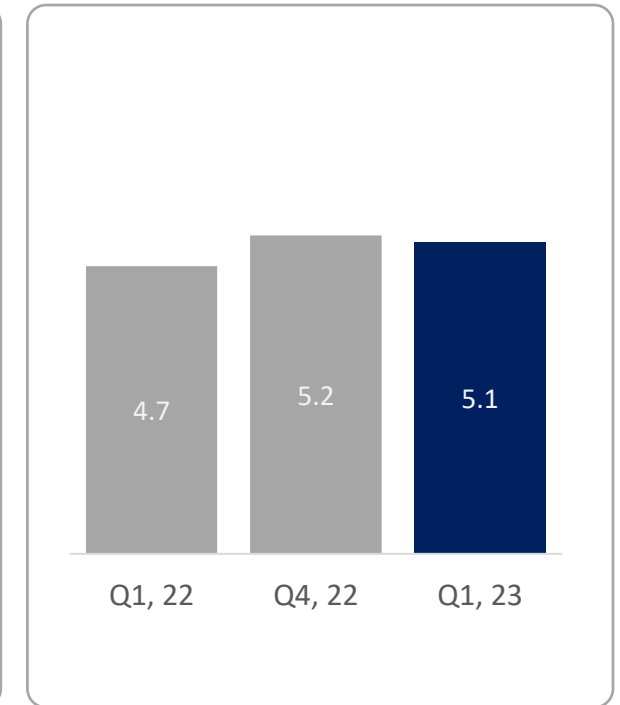
GROSS PROFIT & MARGIN



NET INCOME & MARGIN



SISCO SHARE OF NET INCOME



- **Q1'23 revenue remained** stable vs. same quarter last year and the previous quarter.
- **Q1'23 gross margins** showed an improving trend, climbing to 26.4% continuing the impact of the improving sales mix and cost control.
- **Q1'23 net income** increased by 5% vs Q1'22 to reach SAR 13.6 million with a net profit margin of 17.7%, matching its highest ever net income recorded.

SUMMARY

Q1 2023: Improving Momentum

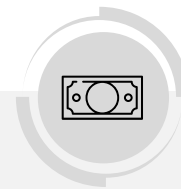


Q1'23 witnessed a strong recovery in business fundamentals as revenues were higher than Q4 2022 as well as Q1 2023 driven by improved performance of Ports and Water segment.

This strong momentum will likely continue in the coming quarters.



Q1'23 gross profit rose 43.1% as compared to same quarter last year due to substantial improvement in overall margins and performance of Ports and Water business segments.



As a result, Q1'23 adjusted net profit increased 444% as compared to Q1'22 with additional boost from associate companies' share in investment income



Ports and Logistics businesses are primed to capitalize on positive trend in local imports thanks to progress on capacity expansion.

Progressing on implementation of strategy with emphasis on value accretive M&A and operational expansion.

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.

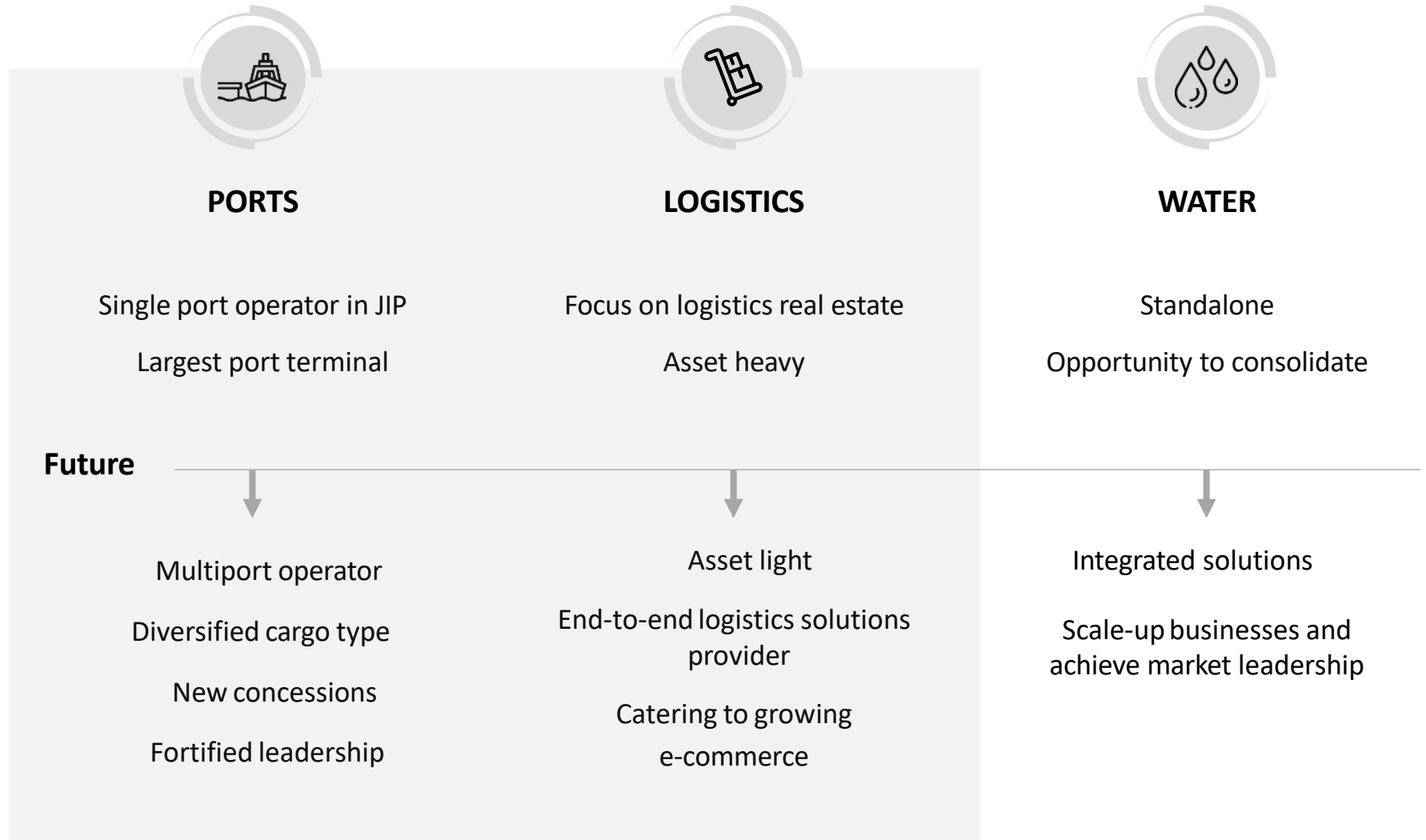
Strong total returns for
shareholders

Consistent dividend
distribution

Segmental Transformation

Creating an integrated logistics platform

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

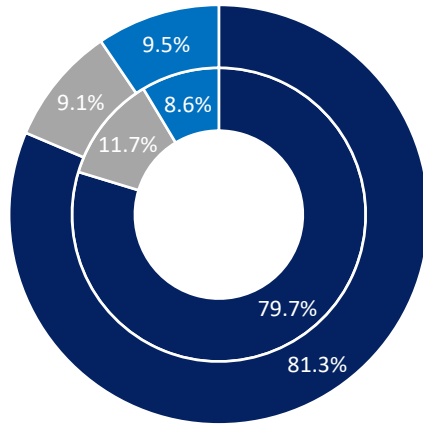


Revenue And Gross Profit Composition

SAR millions

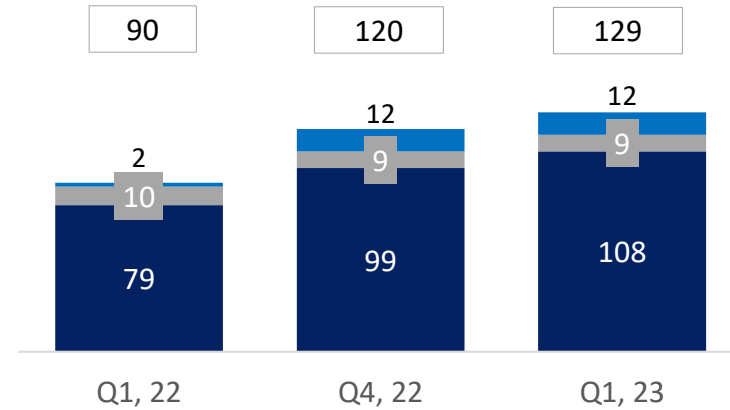
Ports Logistics Water

Revenue Composition

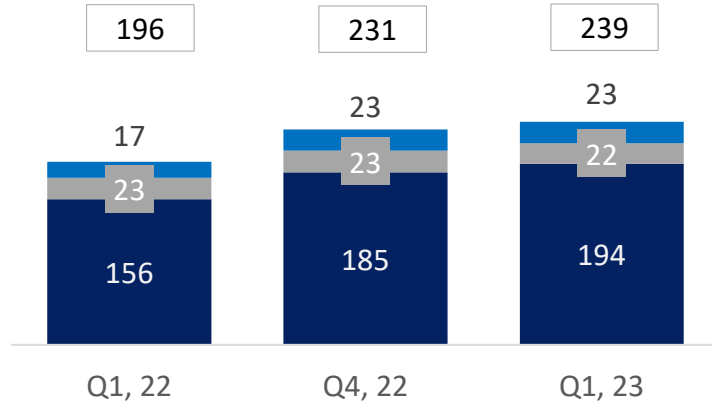


Inner | Q1 2022
Outer | Q1 2023

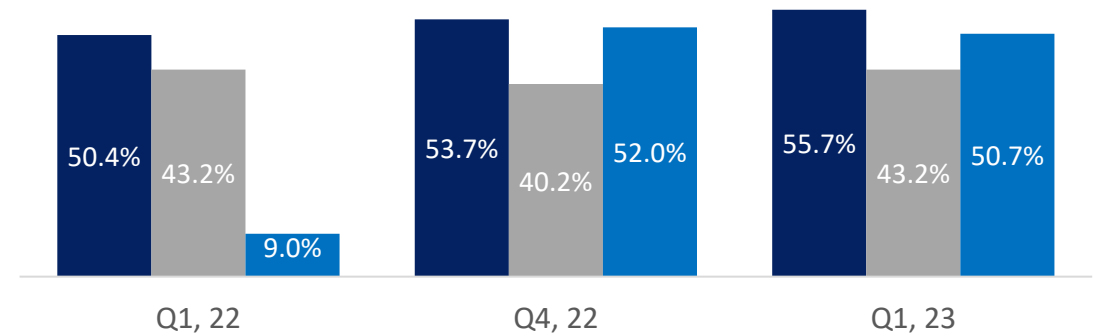
Gross Profit Composition



Group Revenue Composition



Gross Margin By Segment



* Revenue excludes accounting construction revenues

Net Income Adjustments

SAR millions

	Q1 2022	Q1 2023
Reported Net Income	0.7	19.4
Reversal of provision for Zakat Contingencies (H.O)	-	-
Impact of the one-off loss incurred by the water segment	2.9	-
Total adjustments	2.9	-
Impact on SISCO net income	2.9	-
Adjusted Net Income	3.6	19.4

Income Statement

SAR millions

	Q1' 22	Q1' 23	Var. %
Revenue*	196.1	238.9	21.8%
Direct costs*	(106.0)	(109.7)	3.5%
Gross profit	90.2	128.8	42.8%
Operating expenses	(43.8)	(45.2)	-3.2%
Operating profit	46.4	83.9	80.8%
Investment income	6.4	8.0	25.0%
Finance charges	(50.6)	(58.1)	-14.8%
Other income / expenses & Zakat	(1.0)	3.0	-373%
Group net income	3.6	19.5	441.7%
Minority interest	(0.4)	(17.3)	4225%
Net income - reported	0.8	19.4	2337.5%
Net income – adjusted	3.6	19.4	444%

Balance Sheet

SAR millions

	Q1' 22	Q1' 23
Fixed Assets	3,695.5	4157.7
Investments	218.1	160.9
Deferred Tax	4.5	5.7
Current Assets	1,031.1	938.8
Total Assets	4,949.3	5,263.1
Borrowings	704.6	314.1
Long Term Liabilities	1,521.3	2304.4
Current Liabilities (excl. borrowings)	456.8	299.8
Total Liabilities	2,682.8	2,918.3
Equity	2,266.7	2,344.8
Total Equity & Liabilities	4,949.2	5,263.1

Cash Flow Statement

SAR millions

	Q1 2022	YE 2022	Q1 2023
Operating cash flow before working capital	96.2	450.4	143.9
Net working capital movement	(49.8)	(163.0)	(13.2)
Cash generated from operating activities	46.4	286.4	130.7
Finance charges, Zakat & income tax, EOSB	(7.1)	(70.1)	(16.9)
Net cash flow from operating activities	39.3	216.3	113.8
Investment in short term deposits	-	(279.9)	-
Other Investing activities	(50.9)	(248.9)	(247.7)
Net cash used in financing activities	(55.0)	(71.9)	92.8
Net decrease in cash and bank balances	(66.7)	(384.4)	(41.0)
Cash at the beginning of the period	892.4	892.3	507.9
Cash at the end of the period	825.7	507.9	466.9



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THANK YOU!

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