



سيسكو
SISCO
الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

SAUDI INDUSTRIAL SERVICES COMPANY

9M21 Earnings Presentation

Tuesday 9 November 2021

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Ports & Terminals | Logistics Parks & Services | Water Solutions

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- Strategy overview
- Performance review
- Q&A
- Appendix

Highlights 9M 21

Financial highlights



Strong year-on-year **revenue growth of 15.2%** for **9M** (excluding accounting construction revenue). **Q3** revenue **decreased by 8.8%** due to gateway volumes pressure across the Kingdom.



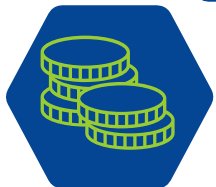
9M **gross profit up by 18.0%**. **Q3 2021** gross profit decreased by **26.6%** from Q3 2020.



9M adjusted net income of SAR 60.5 in 2021, up by **30.7%**. **Adjusted Q3 net income** of SAR 10.4 million compared to SAR 28 million in Q3 2020.



Adjusted **EBITDA** at SAR 391 m, **increasing 24.8%** vs 9M 2020



Adjusted **proforma earnings per share** stood at **SAR 0.74** for 9M 2021, compared to SAR 0.57 in 2020

Operating highlights

Strong **operating performance** across **all** segments

Healthy **growth in transshipment volumes** and **logistics** and **warehousing** services

Positive growth in **Jeddah Islamic Port**, **12% throughput** increase y-o-y

Gateway volumes under pressure across the Kingdom

Gradual improvement for **water solutions**

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

Our strategic objectives

Double Group revenue in the next 5 years



- **Double revenues** through organic and inorganic growth while maintaining consistently strong margins

Rebalance the portfolio



- Increase the **revenue contribution from the logistics and water segment**

Create long-term shareholder value



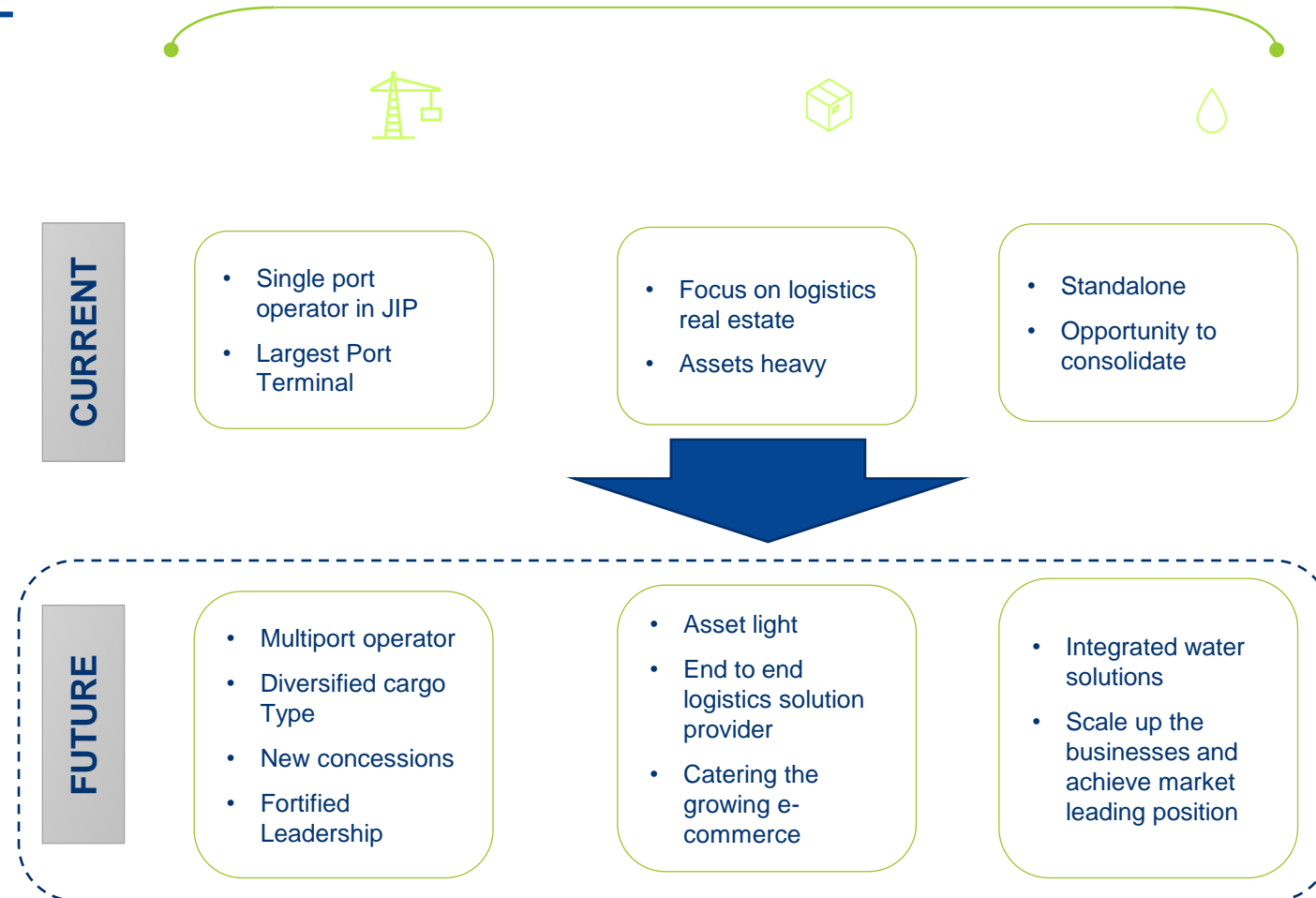
- **Build value** by investing in value accretive assets
- **Return capital** to shareholders via **sustainable dividend** distribution

To be the leading and preferred solution providers in ports, logistics and water & environmental utilities in Saudi Arabia

Evolution of SISCO

Strategic direction for SISCO

- 1 Maintain focus on KSA, except selectively for port sector
- 2 Maintain focus on existing sectors and increase participation in portfolio companies
- 3 Enter new adjacencies related to infrastructure development and logistics services
- 4 Prioritize asset light, brownfield and M&A to accelerate returns

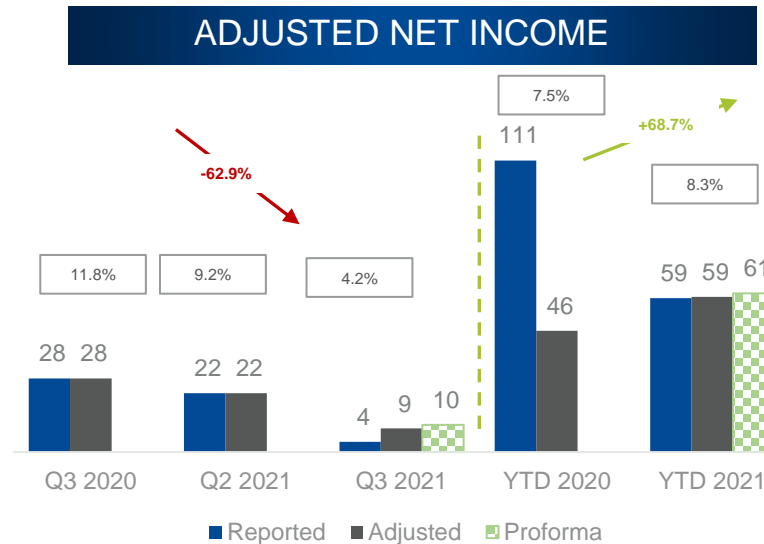
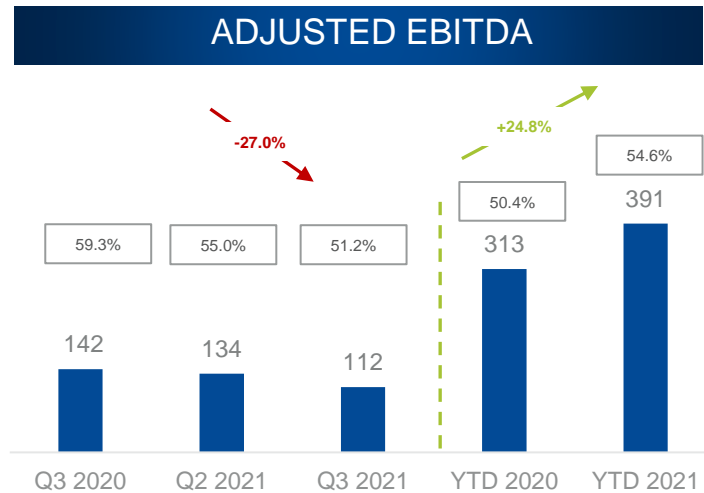
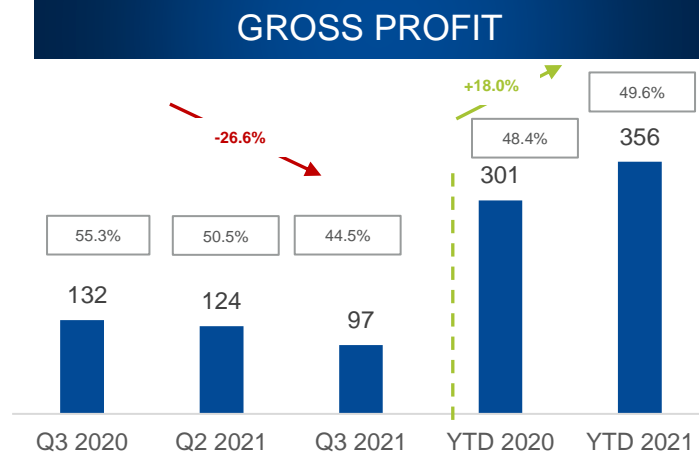
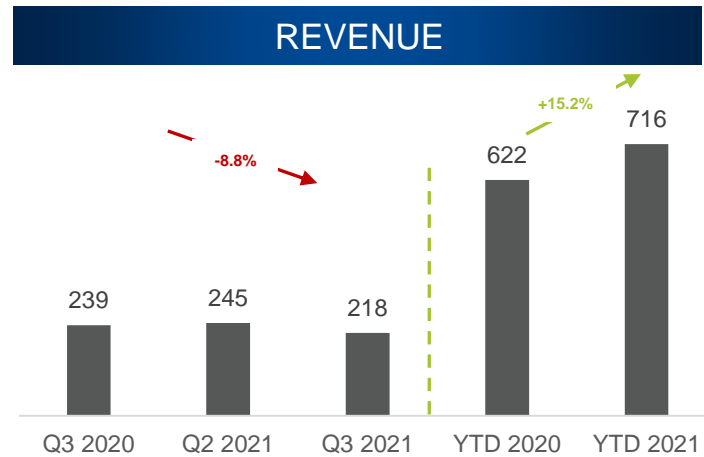




PERFORMANCE REVIEW

Income statement highlights

SAR millions (adjusted: excludes accounting construction revenue)



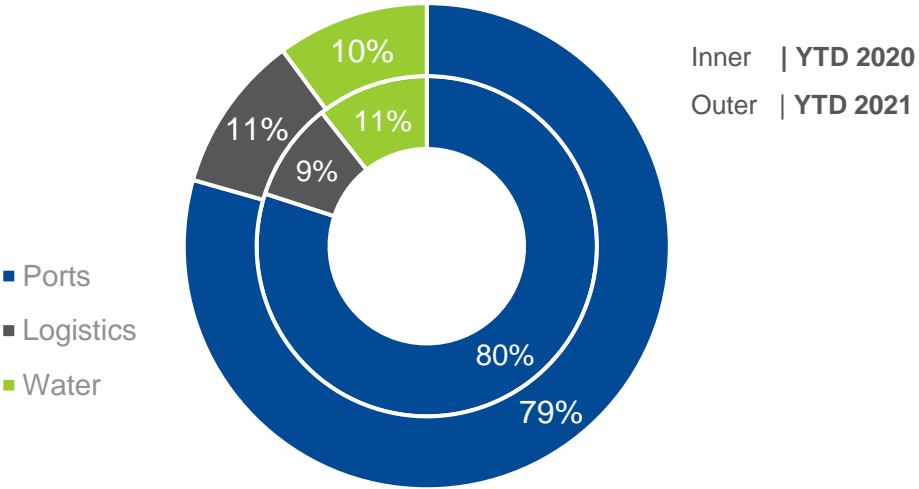
* 2021 Revenue excludes the construction revenue (notional revenue)

**Adjusted EBITDA and adjusted net income exclude one offs amounting to SAR 106.9 million, of which SISCO's share was SAR 64.7 million

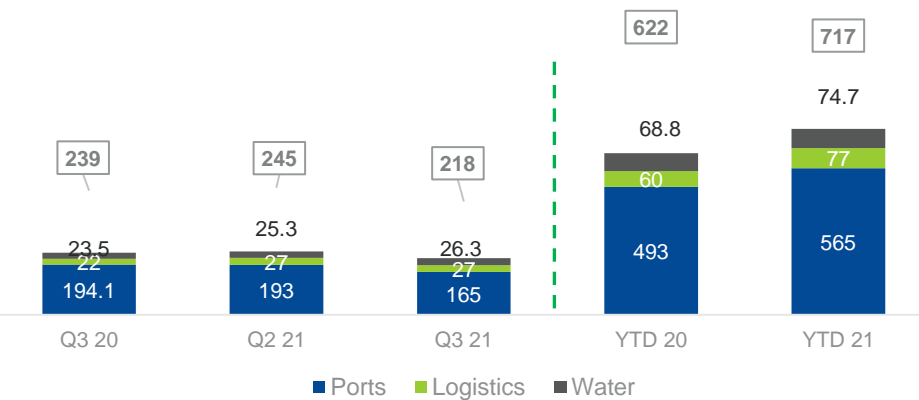
Proforma Net Income has been adjusted to also exclude impact of RSGT divestment to present a like for like comparison.

Revenue and gross profit composition

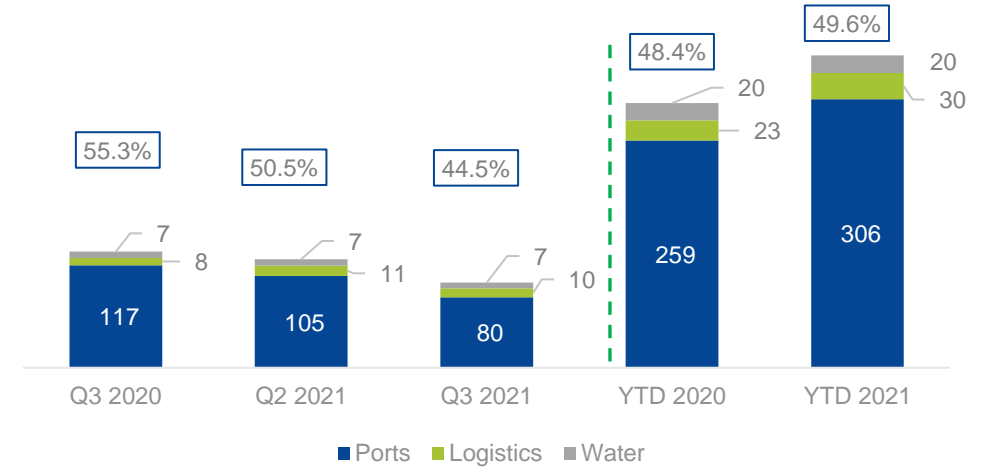
SAR millions



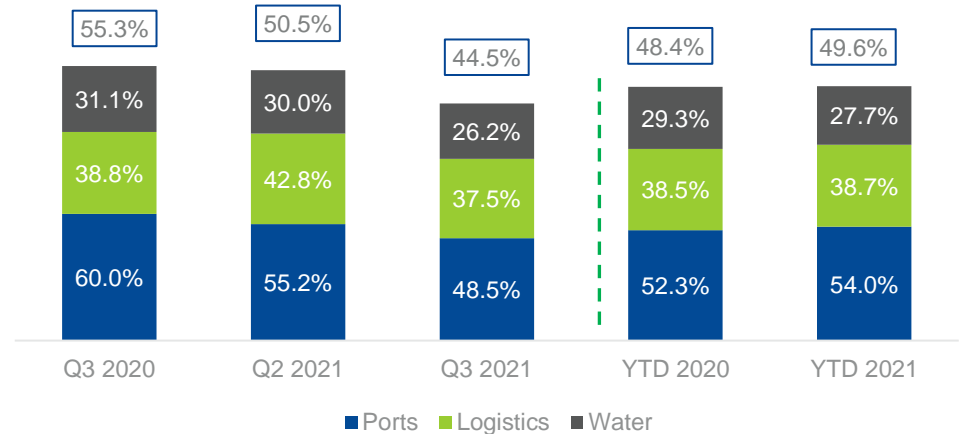
GROUP REVENUES



GROSS PROFIT



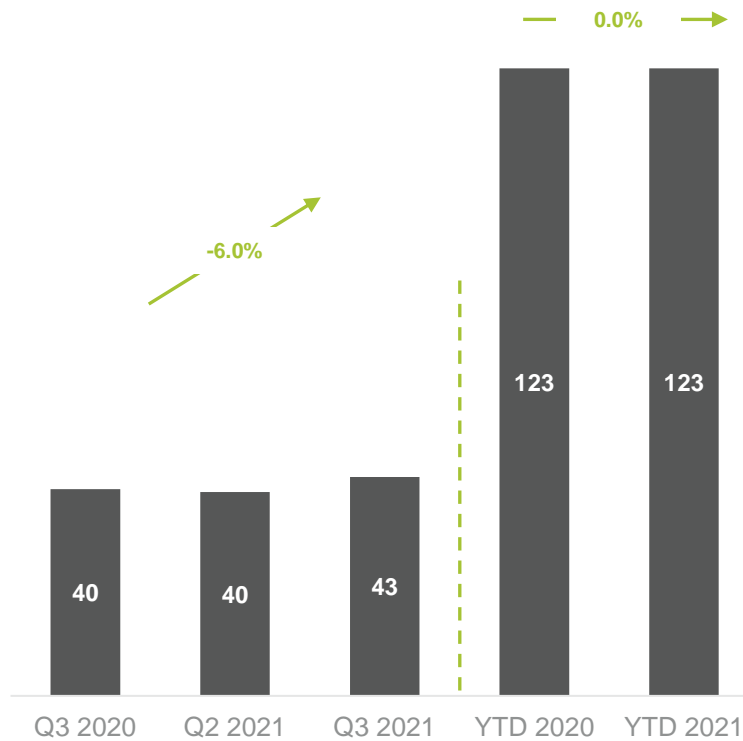
GROSS MARGIN



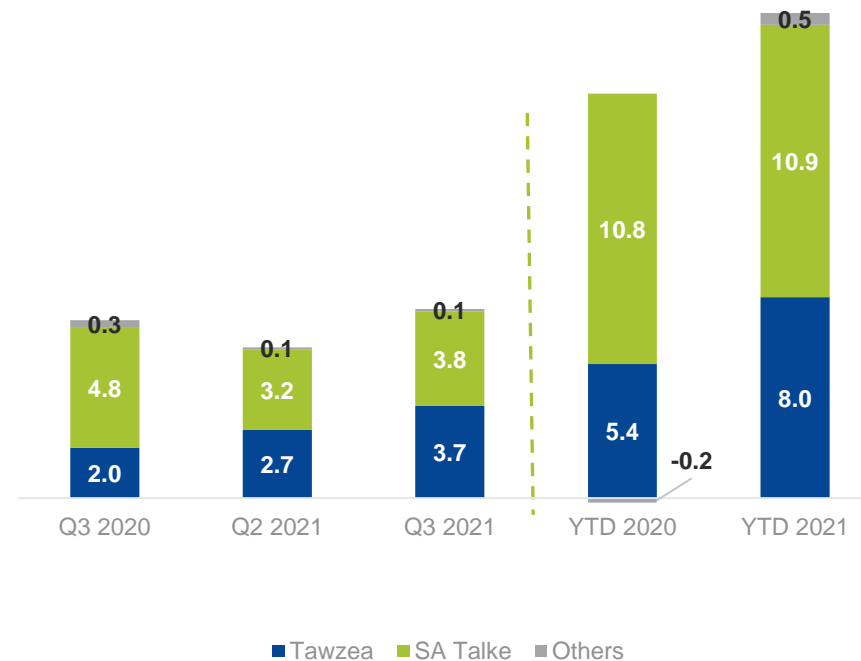
Opex and investment income

SAR millions

OPEX

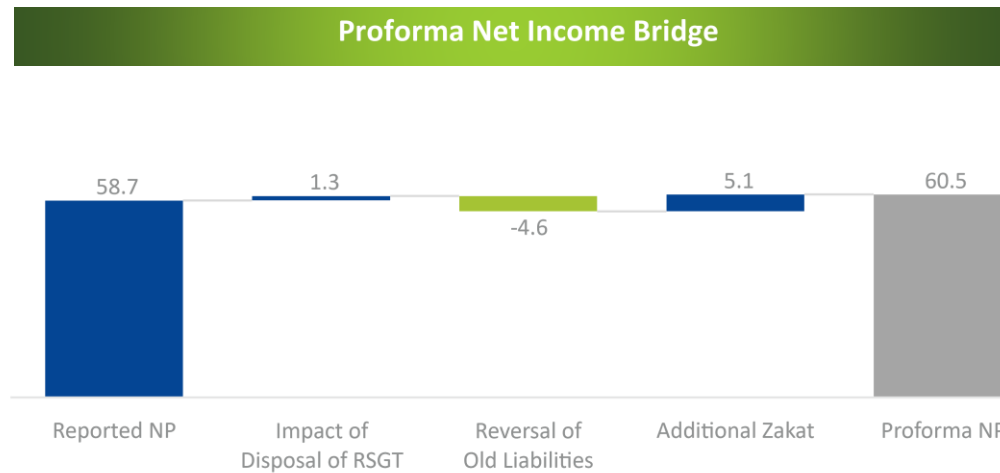


INVESTMENT INCOME



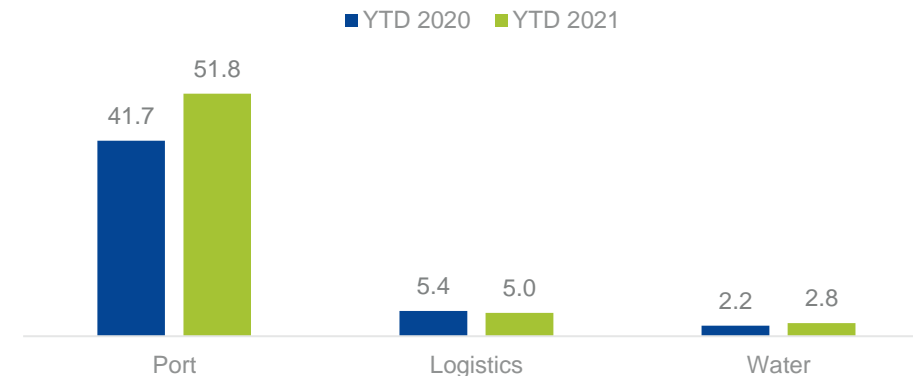
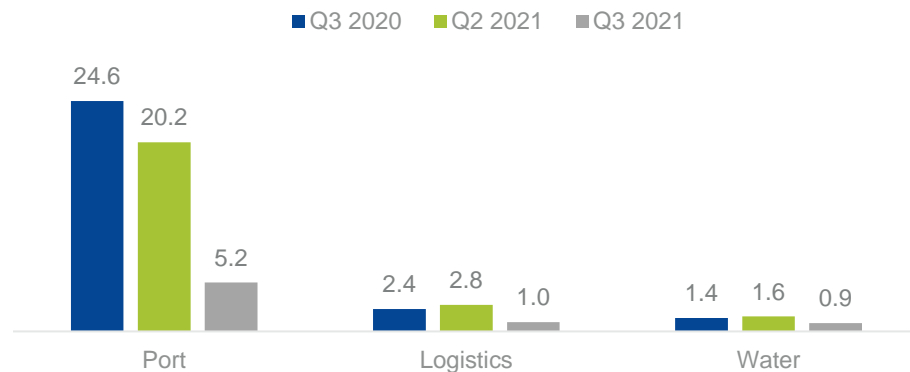
Net income and proforma net income bridge

SAR millions



Proforma Net Income - Quarterly

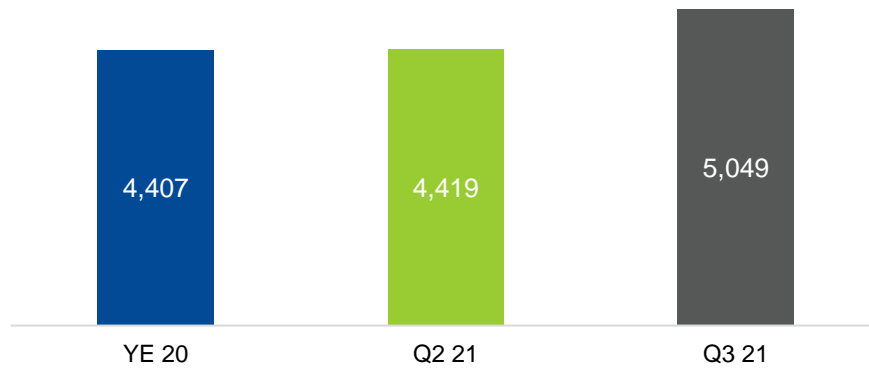
Proforma Net Income - YTD



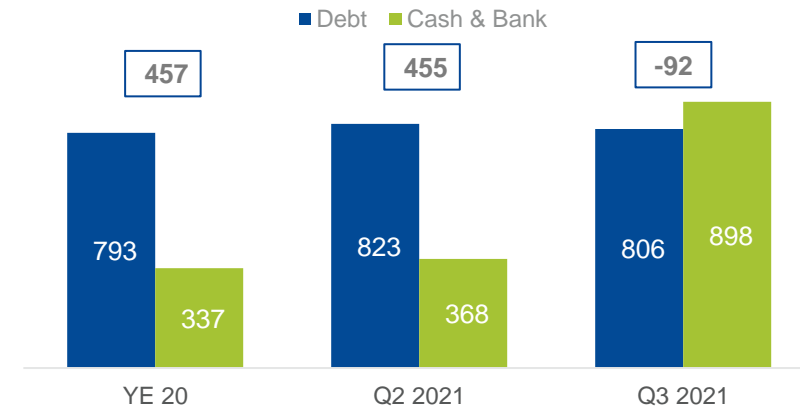
Balance sheet highlights

SAR millions

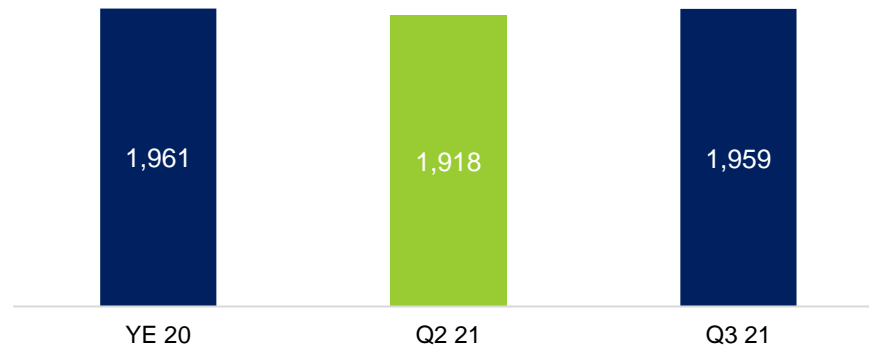
TOTAL ASSETS



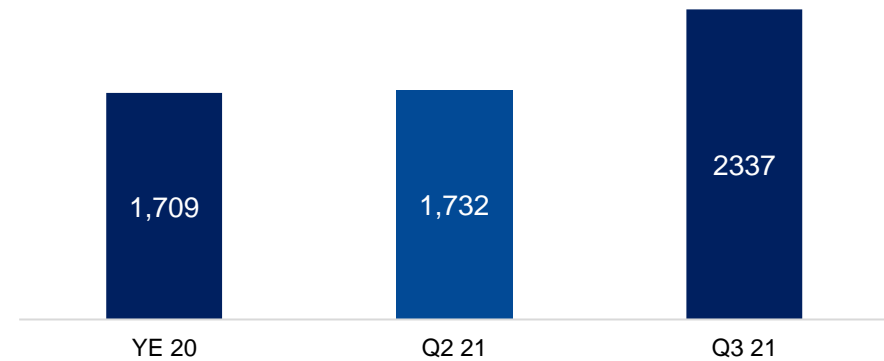
Net Debt



TOTAL LIABILITIES (excl. borrowings)



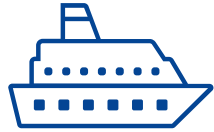
TOTAL EQUITY



Q&A

APPENDIX

Ports & terminals| Snapshot



242 thousand TEUs
Gateway volume

↓ -29.3% vs Q3 20
↓ -15.2% vs Q2 21

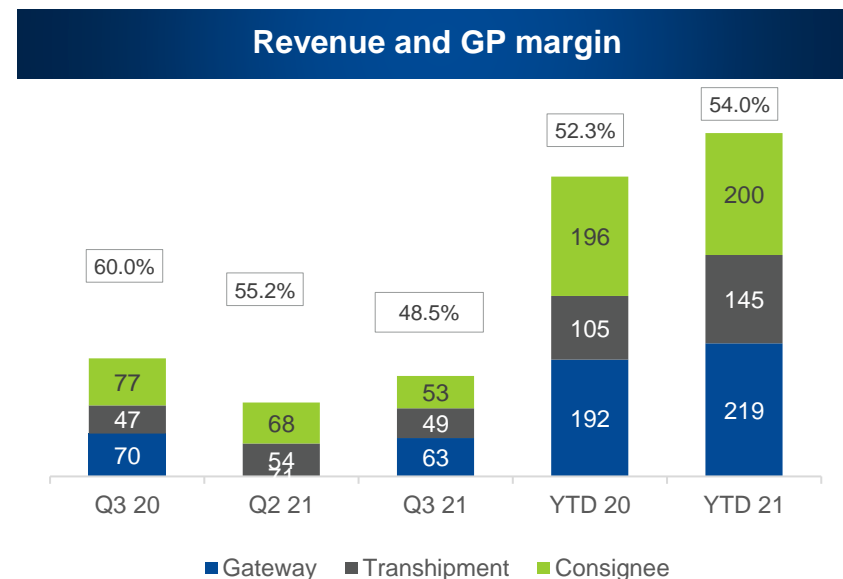
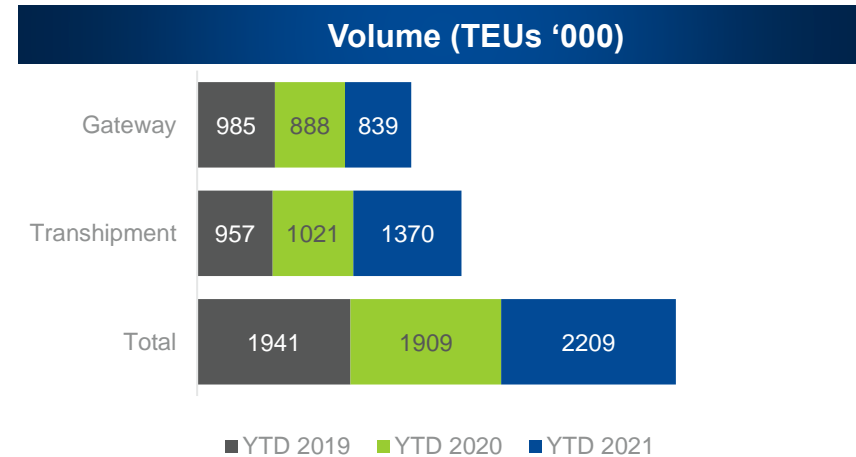
458 thousand TEUs
Transshipment volume

↑ +8.1% vs Q3 20
↓ -1.7% vs Q2 21

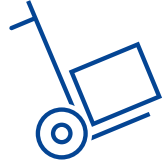
700 thousand TEUs
Total volume

↓ -8.6% vs Q3 20
↓ -6.8% vs Q2 21

- YTD volume increased, with strong transshipment volume
- Gateway volume under pressure



Logistics, Parks & Services | Snapshot



51%
Open yard
occupancy

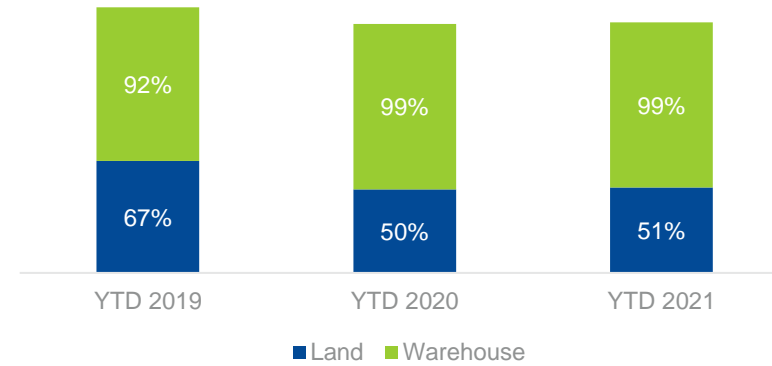
↑ +8.5% vs Q3 20
↓ -3.8% vs Q2 21

99%
Warehousing
occupancy

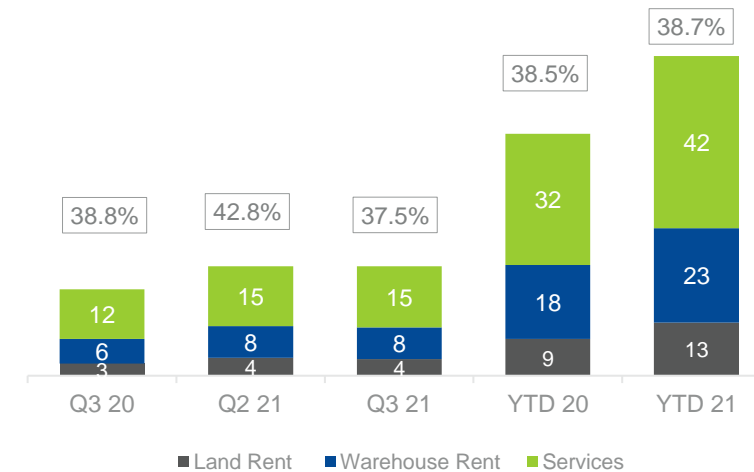
↑ +4.2% vs Q3 20
- vs Q2 21

- Top line growth continued despite challenging market conditions
- Warehouse occupancy at 99%, demand continues to increase
- Additional warehouses under construction

Occupancy



Revenue and GP margin



Water Solutions | Snapshot



432 thousand m³
Rabigh volume

↑ +62.7% vs Q3 20
+22.1% vs Q2 21

4.0 m m³
Kindasa volume

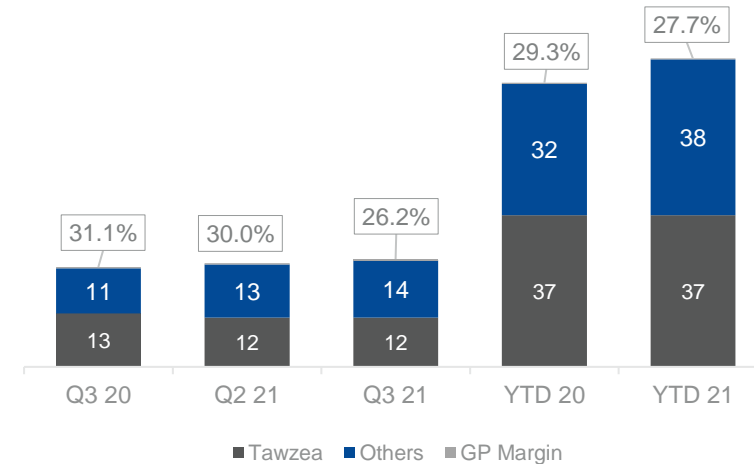
↓ -1.1% vs Q3 20
↑ +2.1% vs Q2 21

4.5 m m³
Total volume

↑ +2.8% vs Q3 20
↑ +3.7% vs Q2 21

- New customers secured in 9M 2021
- Tawzea awarded the ISTP contracts in Taif, Madinah, Buraydah and Tabuk, strong base to further scale business

Revenue and GP margin



Income statement

All amounts are in SAR Millions

	Q3 '20	Q3' 21	YTD 20	YTD 21	Variance YTD 21 Vs YTD 20	
Revenue*	259.7	223.3	642.5	733.7	91.2	14.2%
Direct Costs*	(127.5)	(126.3)	(320.6)	(360.6)	(40.0)	12.5%
Gross Profit	132.2	97.0	301.2	355.5	54.3	18.0%
Operating expenses	(40.5)	(42.9)	(122.9)	-123.0	(0.1)	0.1%
Operating Profit	91.7	54.1	178.3	232.5	54.2	30.4%
Investment Income	7.1	7.6	16.0	19.4	3.4	21.3%
Finance Cost on Bank Debt	(8.7)	(8.0)	(25.2)	(24.7)	0.5	-2.0%
Finance Cost on F/V fee	(42.1)	(42.0)	(84.4)	(126.1)	(41.7)	49.4%
Finance / Other Income	0.4	3.3	107.3	9.8	(97.5)	-90.9%
Zakat	(4.2)	-7.6	(12.9)	(16.8)	(3.9)	30.2%
Group Net Income	44.2	7.4	179.1	94.0	(85.1)	-47.5%
Minority Interest	(16.0)	(3.4)	(67.8)	-35.3	32.5	-47.9%
Net Income	28.2	4.0	111.3	58.7	(52.6)	-47.3%

*Excludes construction revenue and cost

Net Income Adjustments

All amounts are in SAR Millions

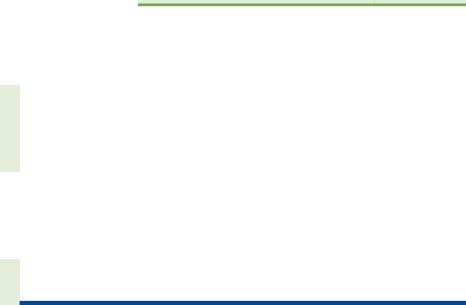
SAR 000	Adjustments			
	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Reported Net Income	3,984	28,157	58,731	111,280
Adjustments:				
<i>Reversal of provision for asset replacement costs</i>	-	-	-	(45,550)
<i>IFRS 9 gain on modification of loans</i>	-	-	-	(19,367)
<i>Reversal of provision for Zakat Contingencies</i>	-	-	(4,600)	-
<i>Additional provision for Zakat Contingencies (2019/20)</i>	2,600	-	2,600	-
<i>Additional Zakat due to disposal of Investment</i>	2,500	-	2,500	-
Total Adjustments	5,100		500	(64,917)
Adjusted Net Income	9,084	28,157	59,231	46,363
Impact of change in shareholding in RSGT (<i>i.e. Loss of 24.24%</i>)	1,357	-	1,357	-
Proforma Adjusted Net Income	10,441	28,157	60,588	46,363

Cash flow statement

All amounts are in SAR Millions

SAR 000	YTD 2020	YE 2020	YTD 2021
Operating cash flow before working capital	261.4	458.0	377.4
Net working capital movement	(38.2)	(59.0)	(211.4)
Cash generated from operating activities	223.2	399.0	166.0
Finance charges, Zakat & income tax, EOSB	(35.4)	(39.1)	(34.7)
Net cash flow from operating activities	187.8	355.9	131.3
Net Proceeds from Sale of investments	-	-	648.3
Net cash used in Other Investing activities	(95.8)	(194.7)	(105.8)
Net cash used in financing activities	(93.4)	(119.8)	(112.4)
Net decrease in cash and bank balances	(1.4)	41.4	561.5
Cash at the beginning of the period	295.1	295.1	336.5
Cash at the end of the period	293.7	336.5	898.0

SAR million	YTD 2020	YE 2020	YTD 2021
Cash at Centre	26.2	48.9	565.5
Cash at affiliates	267.5	287.6	332.5
Total Cash	293.7	336.5	898.0



Balance sheet

SAR 000	YE 2020	YTD 2021
Fixed Assets	3,742,928	3,668,135
Investments	160,672	218,494
Deferred Tax	2,402	2,402
Current Assets	501,152	1,139,857
Total Assets	4,407,154	5,048,887
Borrowings	736,333	752,815
Long Term Liabilities	1,504,194	1,513,832
Current Liabilities (excl. borrowings)	457,050	445,391
Total Liabilities	2,697,576	2,712,038
Equity	1,709,577	2,336,849
Total Equity & Liabilities	4,407,154	5,048,887

RSGT Transaction impact

All amounts are in SAR Millions

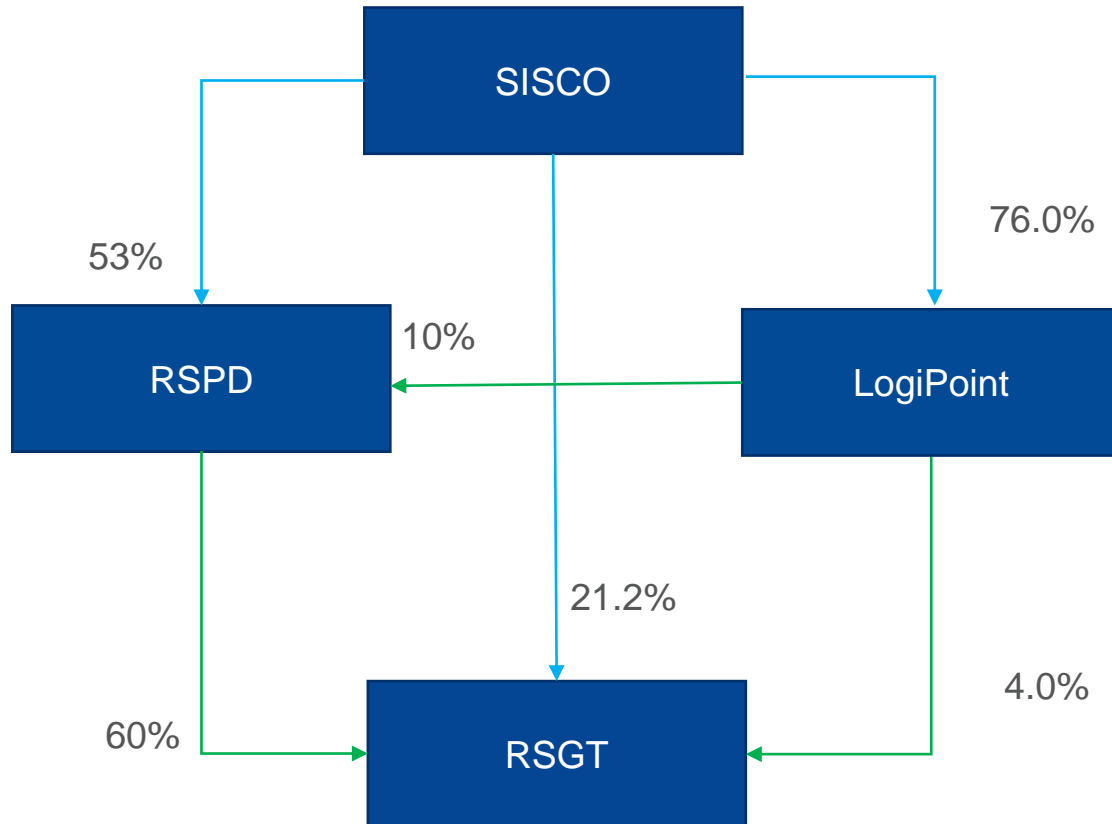
Impact of transaction is reflected in Q3 2021 audited financial statements:

- There is no impact recognized in the income statement
- Transaction is recorded in equity in the consolidated financial statements
- SISCO will continue to consolidate RSGT through RSPD.

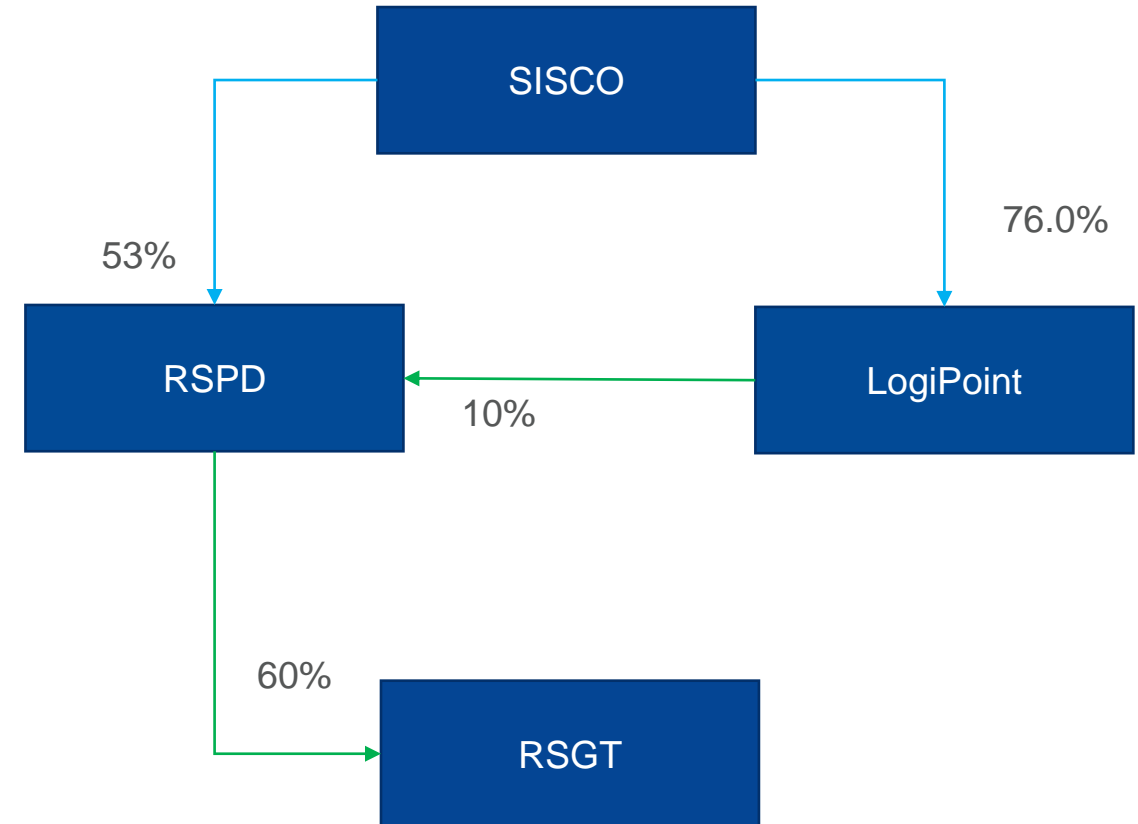
	Pre - Transaction	Post - Transaction	Impact
SISCO Share of Group Net Income	SAR 60.0	SAR 58.7	↓ SAR 1.3
Non Controlling Interest	SAR 34.0	SAR 35.3	↑ SAR 1.3
Group Net Income	SAR 94.0	SAR 94.0	-
<i>SISCO Effective Share of RSGT Net Income (from 1st July 2021)</i>	60.6%	36.36%	↓ 24.24%
<i>RSGT Effective NCI</i>	39.4%	63.64%	↑ 24.24%

RSGT Transaction impact

PRE - TRANSACTION



POST - TRANSACTION



THANK YOU



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