

SAL Earnings Call

For Q3 (Nine Months) 2024



DISCLAIMER

This document has been prepared by SAL Saudi Logistics Services Co. solely for presentation purposes and the information included therein shall not be construed as legal, tax, investment, financial or other advice, and it has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on the information contained herein. None of SAL or any of its respective affiliates, advisors or representatives shall have any liability whatsoever for any direct or indirect loss whatsoever arising from any use of this document, contents, or otherwise arising in connection with it nor shall be obligated to update the material of the presentation if changes occur after its creation.

This document does not constitute a solicitation, an offer, recommendation, endorsement, or invitation to purchase any share or other security in SAL and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

Before making any investment decision, an investor should consider whether such an investment is suitable for their particular purposes and should seek the relevant appropriate professional advice.

Any decision to purchase shares or other securities in SAL is the sole responsibility of the investors.

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events. They are subject to certain risks, uncertainties and based on certain assumptions. Many factors could make the expected results, performance or achievements be expressed or implied by such forward looking statements (but not limited to, worldwide economic trends, economic, the Middle East and changes in business strategy and various other factors) to be materially different from the actual historical results, performance achieved by SAL. Should one or more of the risks or uncertainties materialize or should the underlying assumptions prove different stock movements or performance achievements may vary materially from those described in such forward-looking statements. Recipients of this document are cautioned not to place any reliance on these forward-looking statements, SAL undertakes no obligation to republish revised forward looking statements to reflect changed events or circumstances.

The presentation and its contents are confidential and are not for release, reproduction, publication or distribution, directly or indirectly to any other person.

This document is being used in connection with proposed meetings of the Company and no copy of this document will be left behind after such meetings to the investors and analysts. This presentation, if handed out at a physical meeting, should be promptly returned at the end of such meeting. By attending such meetings, you will be deemed to have represented, warranted and undertaken that you: (i) agree to be bound by the foregoing limitations and to maintain absolute confidentiality regarding the Information; (ii) are a person to whom the information may lawfully be communicated; and (iii) you have read, understood and agree to comply with the contents of this disclaimer.

The trademarks and company logos that appear in this presentation are the intellectual property of third parties as designated.

Information in this document was presented on **14 November 2024**.

TODAY'S AGENDA

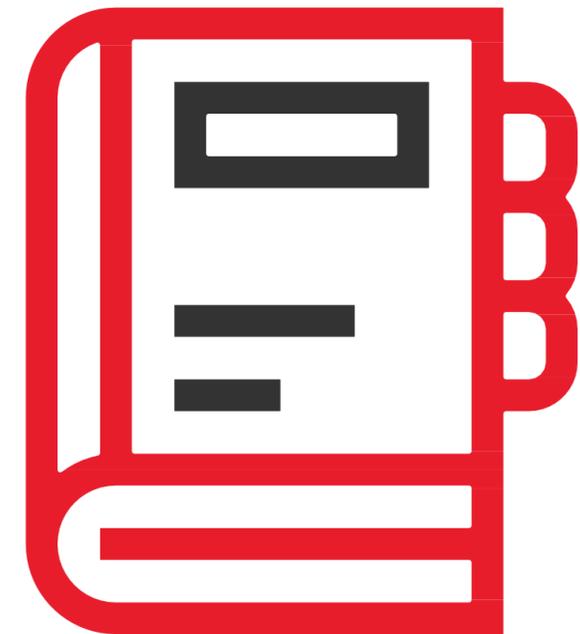
 **Business Overview**

 **Financial Overview**

 **Closing Remarks and Q&A**

Section **1**

Section **2**



Speakers



Omar Hariri
Chief Executive Officer

- CEO at SAL since November 2024
- Former President of the Saudi Ports Authority (Mawani)
- Former CEO of SAL
- Former CEO of Saudia Cargo Company and played a main role in establishing SAL



Haydar Ucar
Chief Financial Officer

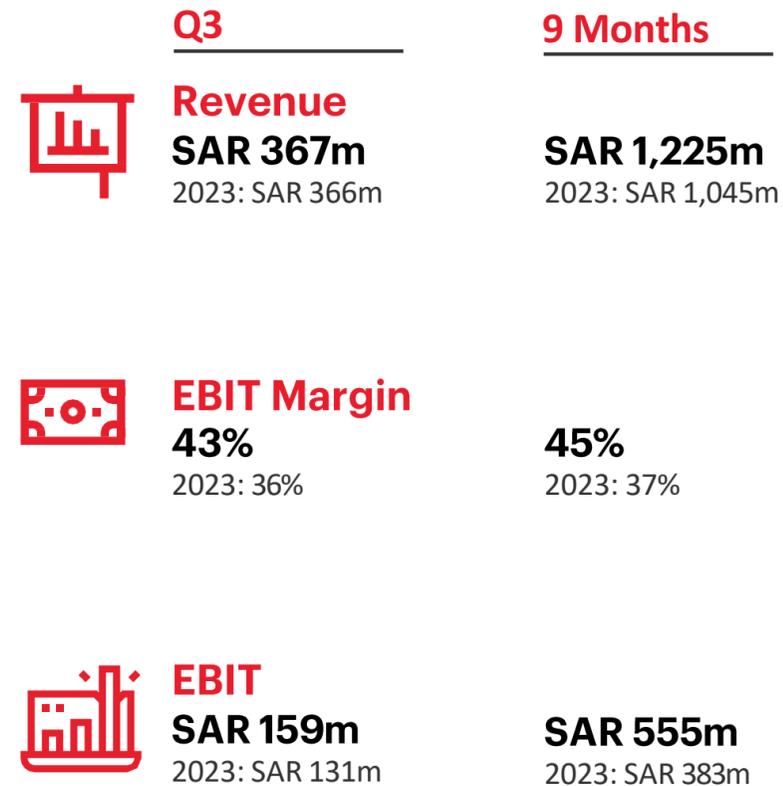
- CFO at SAL since May 2024
- Previously served as CFO in DSV Turkey and Head of Corporate Accounting at DSV head office along a long tenure from DHL
- Originally Danish/Turkish and worked many years in international settings
- Holds an MBA from IE Business School in Spain

Section 1

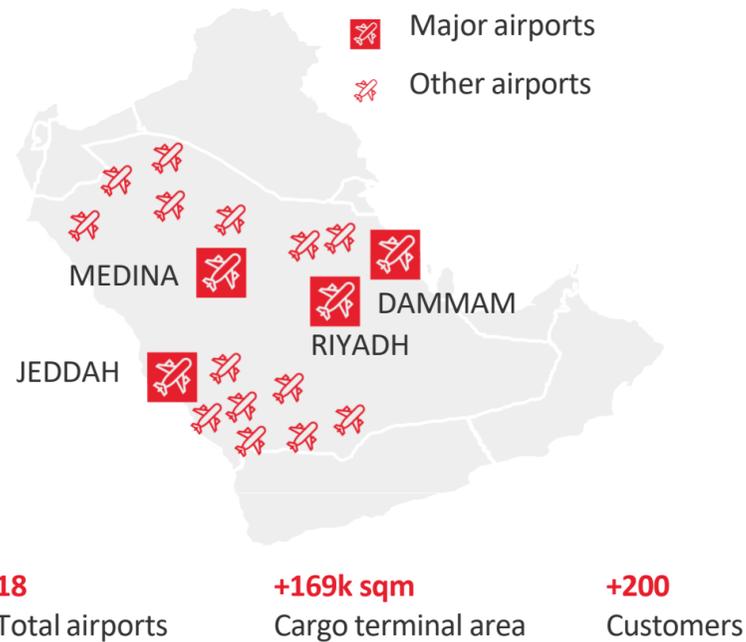
Business
Overview

SAL: A leading cargo handling player with a global logistics solutions network

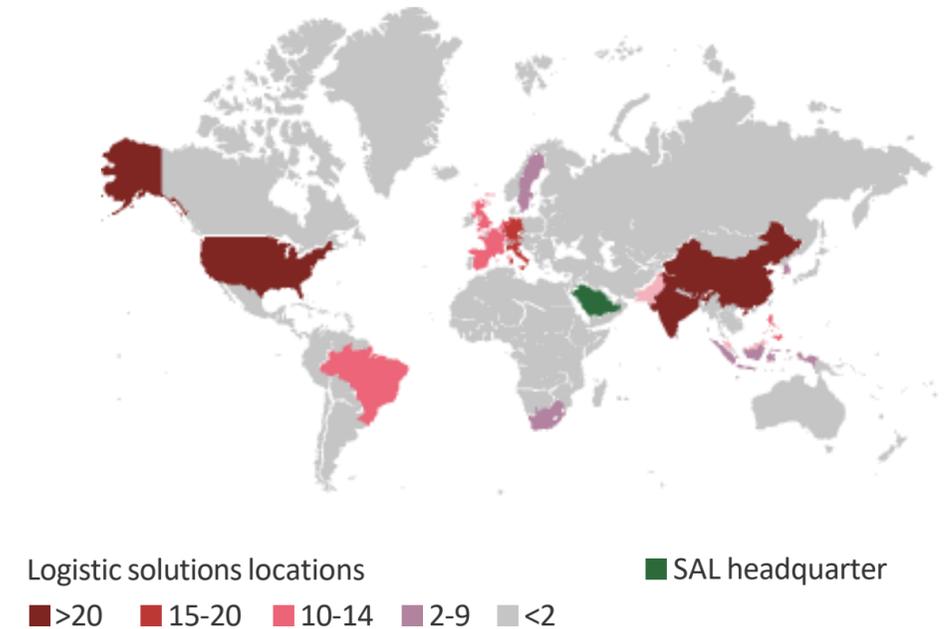
Key performance metrics 2024



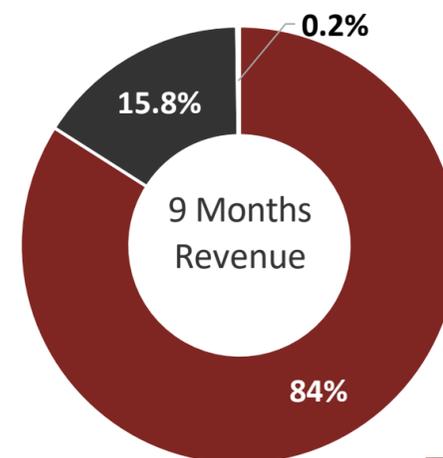
Presence at KSA airports



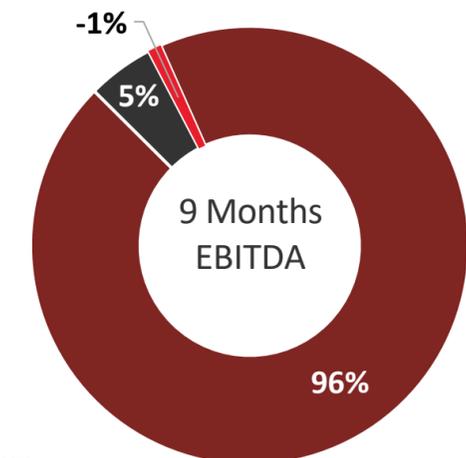
Global logistics solutions presence



YTD Revenue mix



YTD EBIT mix



Section 2

Financial
Overview

Financial Snapshot of SAL – Statement of Comprehensive Income

(SAR '000)	YTD 2024	YTD 2023	Variance
Revenue	1,225,267	1,045,089	17%
EBITDA	638,124	484,299	32%
Operating Profit (EBIT)	554,628	382,766	45%
Net Income	519,402	329,134	58%

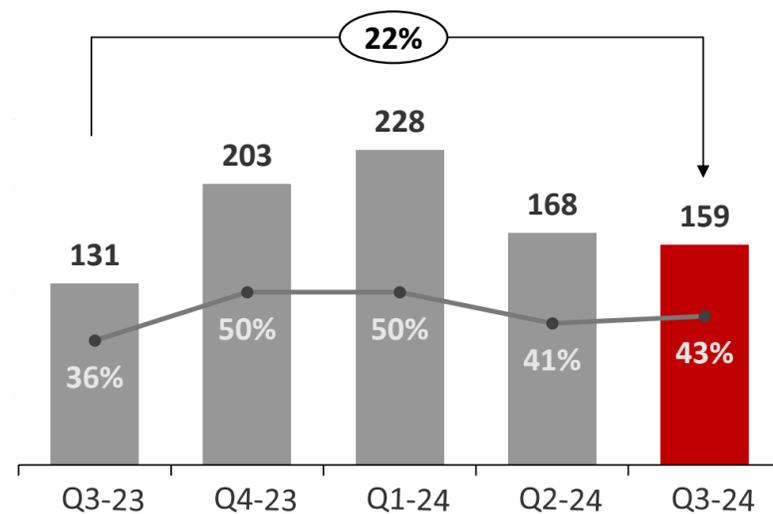
KPIs

EBITDA margin (%)	52%	46%
EBIT Margin (%)	45%	37%
Net Income Margin (%)	42%	31%
Earnings per share (EPS)	6.49	4.11

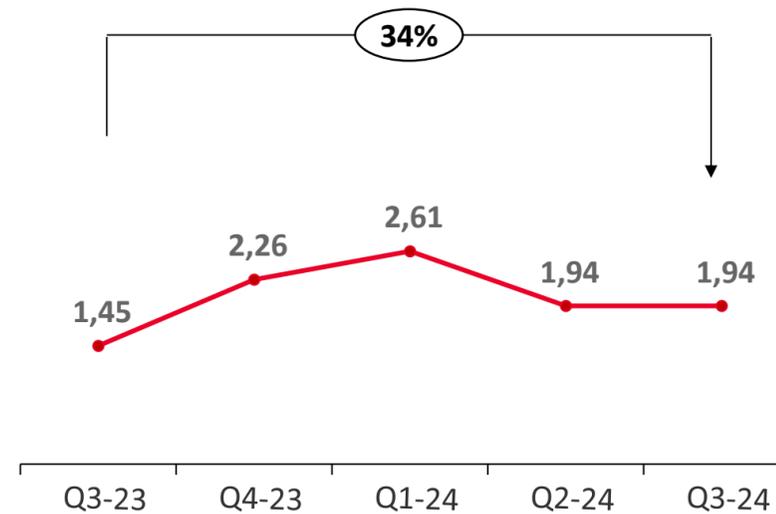
Management Commentary

- Strong YTD revenue performance with very good EBIT throughput – mainly stemmed from Q1 demand increased imports in Cargo Handling division as well as growing Logistics division.
- Increased EBIT margins, although lower Q2 and Q3 seasonality through focused cost control.
- EPS remains at a high quarter on quarter on account of exceptional YTD 2024 performance

EBIT Margin Trend
(Million SAR)

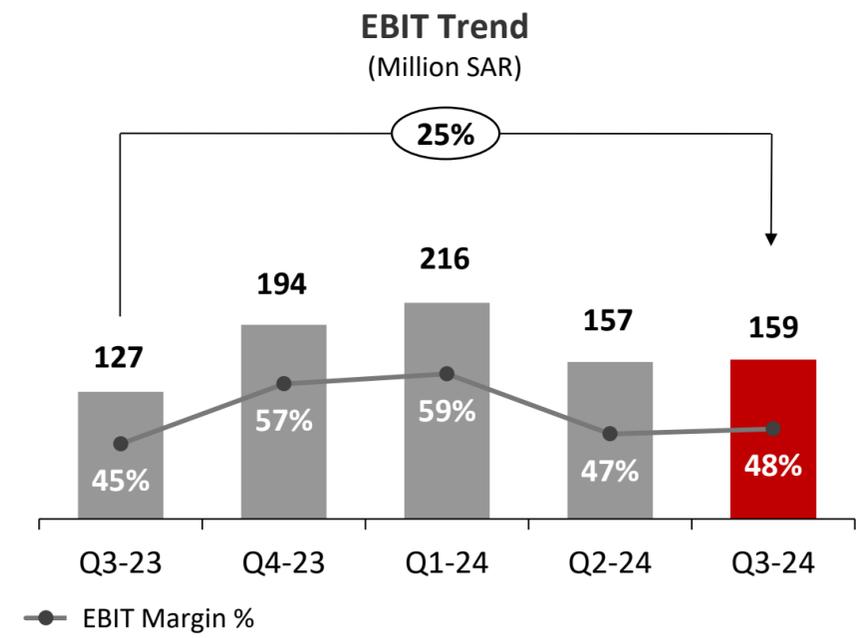
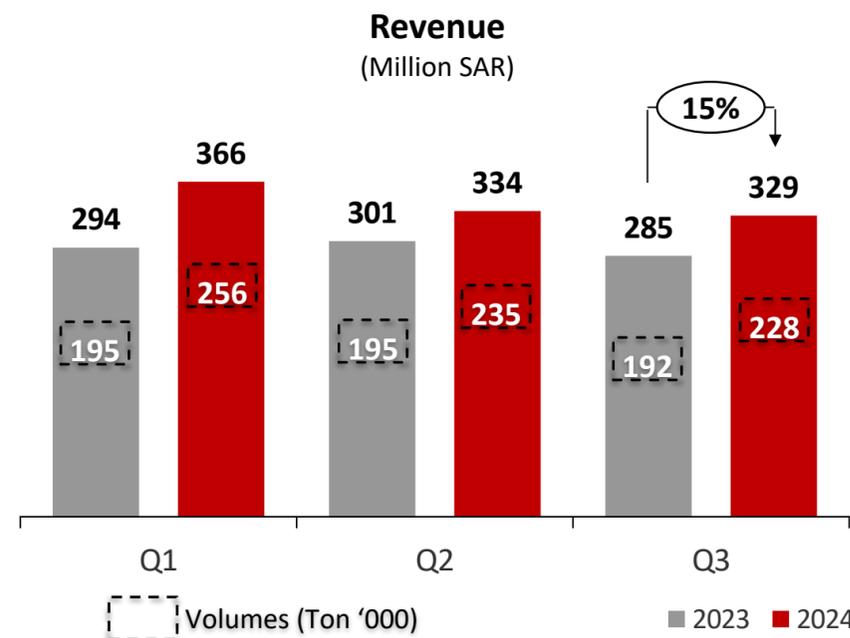


EPS Trend
(SAR)



Cargo Handling Division – The Legacy Business

(SAR '000)	Q3 2024	Q3 2023	Growth	YTD 2024	YTD 2023	Growth
Revenue	328,702	285,180	15%	1,028,183	880,505	17%
EBIT	159,376	127,392	25%	532,303	375,896	42%
KPIs						
EBIT Margin %	48%	45%		52%	43%	
Volumes (Kg '000)						
Export	9,931	9,494	5%	33,923	33,725	1%
Import	130,091	112,469	16%	411,140	336,081	22%
Transfer	88,419	70,173	26%	274,579	212,461	29%
Total	228,441	192,136	19%	719,642	582,267	24%

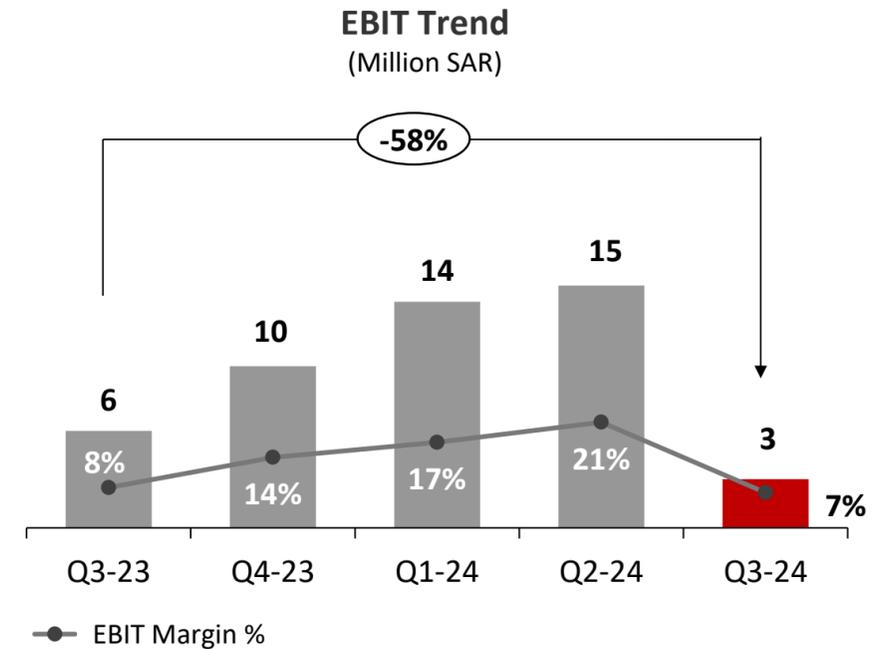
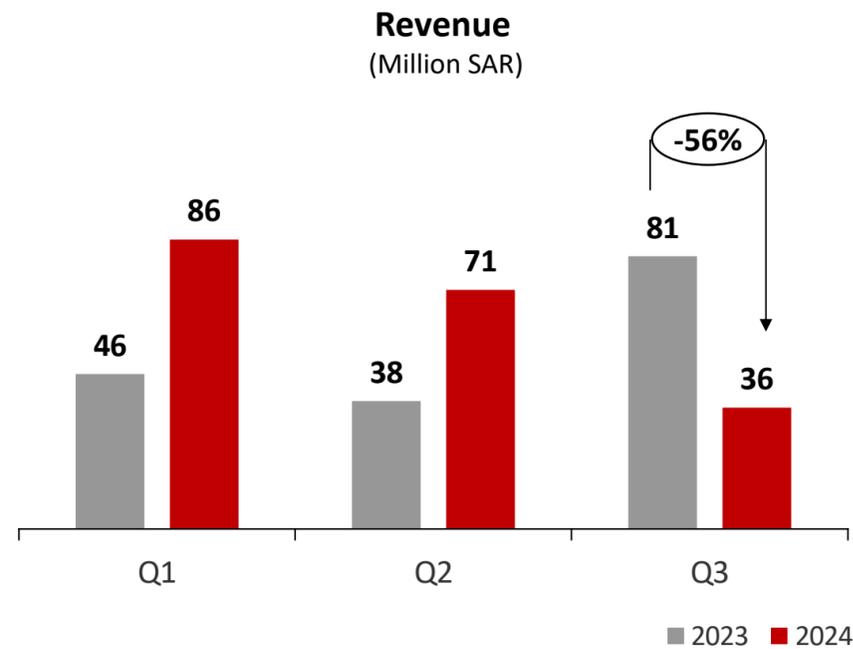


Management Commentary

- 15% revenue growth in Q3 providing an EBIT increase of 25%.
- Good Q1 revenues due to very high demand driven by e-commerce, general cargo and shift in Ramadan to Q1, resulting in lower seasonality in Q2 and a normalized Q3.
- EBIT margins has increased in response, also supported by leasing cost reductions in key stations.

Logistics Division – The Evolving Business

(SAR '000)	Q3 2024	Q3 2023	Growth	YTD 2024	YTD 2023	Growth
Revenue	36,195	80,582	-55%	194,426	164,584	18%
EBIT	2,684	6,352	-58%	32,034	9,554	235%
KPIs						
EBIT Margin %	7%	8%		16%	6%	



Management Commentary

- Business line continues to grow and improves margins and profitability each quarter.
- In Q2 aged receivables recovery supported the business line and the timing of key project transports in Q3 was timed in Q4 of this year.

Financial Snapshot of SAL – Free Cash Flow

(SAR '000)	YTD 2024	YTD 2023	Variance
Profit before Zakat	541,587	355,384	52%
Adjustments for non-cash items	131,291	190,085	-31%
Changes in:			
Working Capital	(112,598)	(95,006)	-19%
Cash flow from Operating activities	560,280	450,463	24%
Cash flow used in Investing activities	(266,546)	(55,556)	-380%
Cash flow used in Financing activities	(393,692)	(336,015)	-17%
Net change in cash and cash equivalents	(99,958)	58,892	-270%
Cash and cash equivalent at the beginning of the period	710,426	940,069	-24%
Cash and cash equivalents at the end of the period	610,468	998,961	-39%
Free Cash flow	293,734	394,907	-26%
Adjustments to Free Cash Flow:			
Term Murabaha Deposit	210,000	-	
Adjusted Free Cash Flow	503,734	394,907	28%

Management Commentary

- Positive cash from operating activity and good recovery of working capital constraints from start of the year.
- Fewer CAPEX spendings in investing activities with similar levels of Murabaha deposits as 2023.
- Robust Free cash flow maintained.

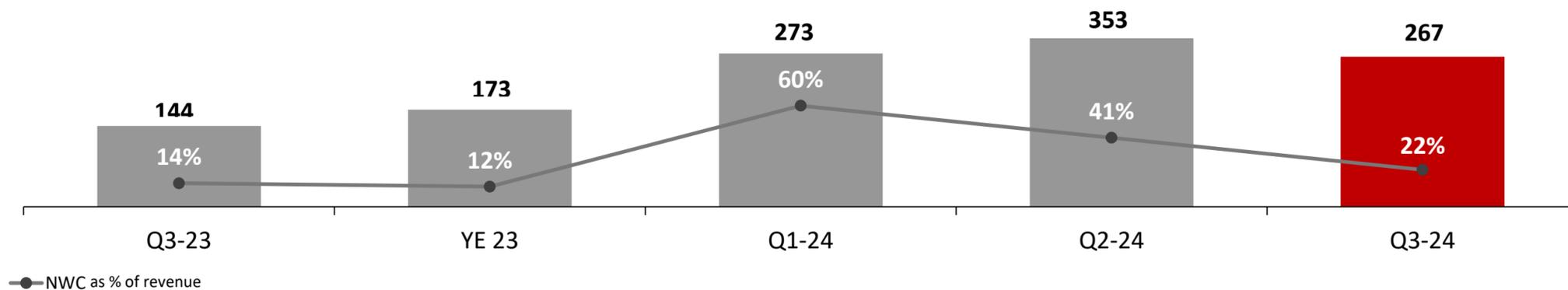
Financial Snapshot of SAL – Balance Sheet

(SAR '000)	YTD 2024	YE 2023	Variance
Non-Current Assets	1,281,171	1,621,149	-21%
Current Assets	1,896,067	1,663,824	14%
Total Assets	3,177,238	3,284,973	-3%
Non-Current Liabilities	1,374,360	1,665,426	-17%
Current Liabilities	426,949	385,420	11%
Total Liabilities	1,801,309	2,050,846	-12%
Total Shareholder's Equity	1,375,929	1,234,127	11%
Total Liabilities and Shareholders Equity	3,177,238	3,284,973	-3%

KPIs

Return On Invested Capital (ROIC)	28%	29%
Net Interest-Bearing Debt (NIBD)	(695,369)	(607,070)
Net Working Capital (NWC)	267,172	173,179
Net Working Capital (NWC) as a % of Revenue	22%	12%
Leverage Ratio (NIBD/EBITDA)	-0.3x	-0.2x
Cash Ratio	3.09	2.41

Net Working Capital (NWC) (Million SAR)



● NWC as % of revenue

ROIC = EBIT/Debt + Equity .
NIBD = LT loan – Cash & Cash equiv

NWC = Cur. Assets, less Cash – Cur. Liabl., less Cur. Lease Liabl.
Cash Ratio = Cash + Cash equiv./Total Current Liabilities

Management Commentary

Balance Sheet Highlights

- Decrease in assets mainly pertains to Right of Use Asset reduction for Dammam and Riyadh stations.
- Decrease in liabilities on a similar basis i.e. reduction in Right of Use Liability partially offset by an increase in current liabilities which is in line with business activity.
- Total shareholder's equity has increased due to increase in profitability offset by dividend payments .

KPIs

- Maintaining strong ROIC performance due to increase in profitability levels.
- Negative NIBD signifies SAL's exceptional cash health and its ability to fund future growth
- Controlled Net Working Capital due to enhancement in especially receivables management.
- The company effectively has no leverage.

Closing remarks and Q&A