

SAL Earnings Call

First Half 2024



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

TODAY'S AGENDA

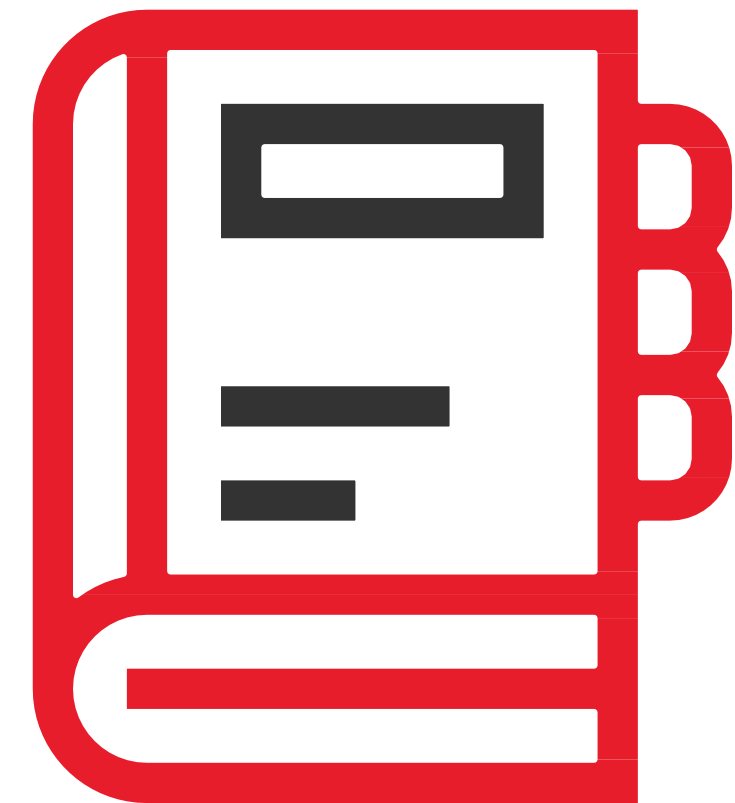
 **Business Overview**

 **Financial Overview**

 **Closing Remarks and Q&A**

Section **1**

Section **2**



Speakers



Faisal AlBedah
CEO & Managing Director

- CEO & Managing Director since February 2022
- Former Secretary General of the Saudi Export Development Authority and the Logistics Committee from 2022-2021
- Former Deputy Governor for Trade Facilitation at Saudi Customs from 2019-2017



Haydar Ucar
Chief Financial Officer

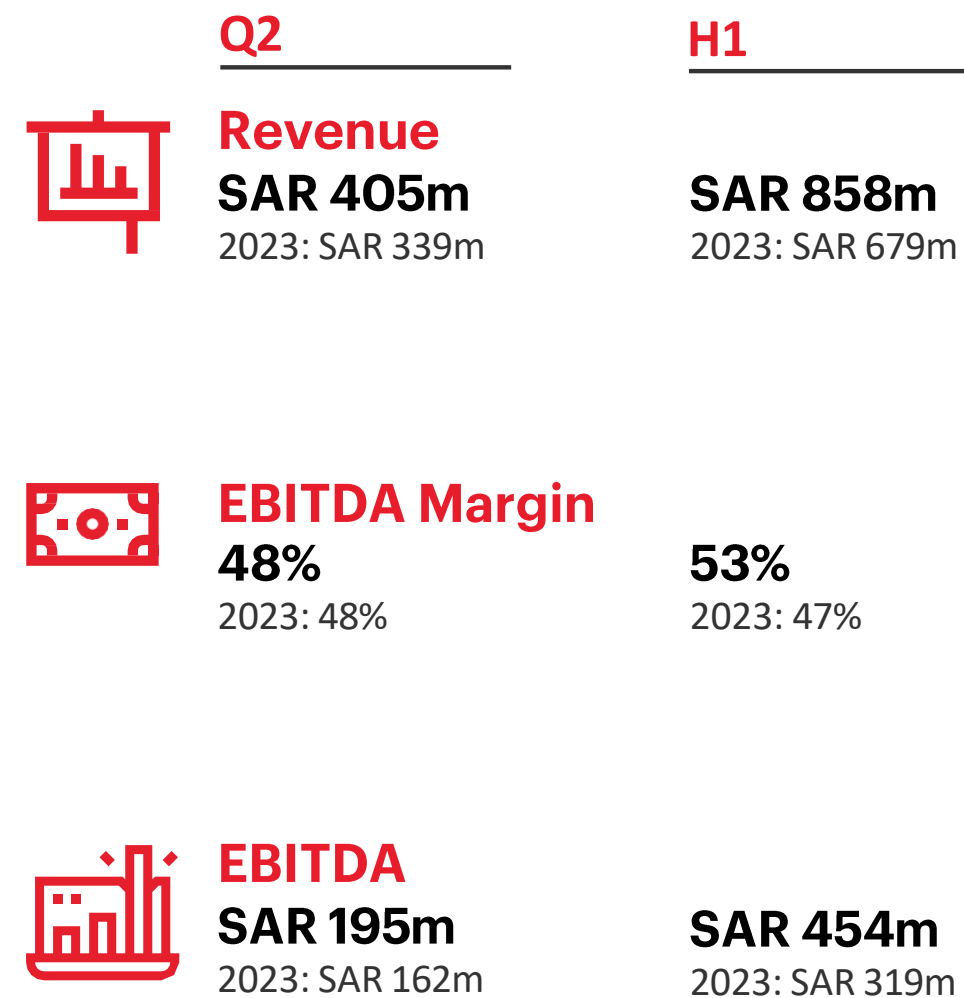
- CFO at SAL since May 2024
- Previously served as CFO in DSV Turkey and head of corporate accounting at DSV head office along a long tenure from DHL
- Originally Danish/Turkish and worked many years in international settings
- Holds an MBA from IE Business School in Spain

Section 1

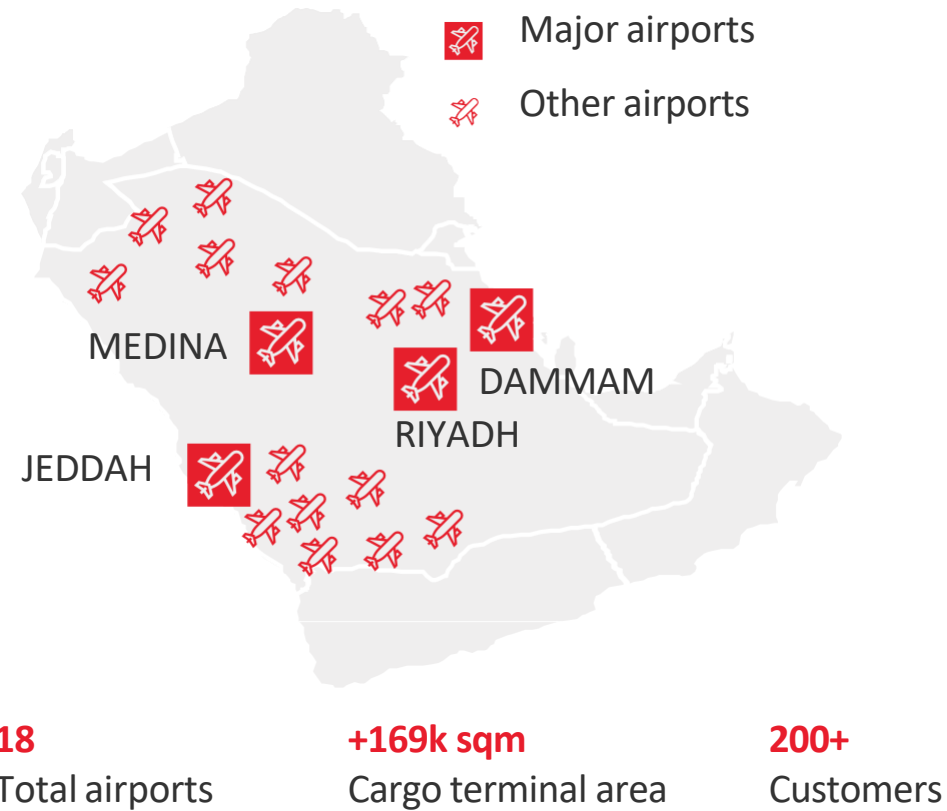
Business
Overview

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

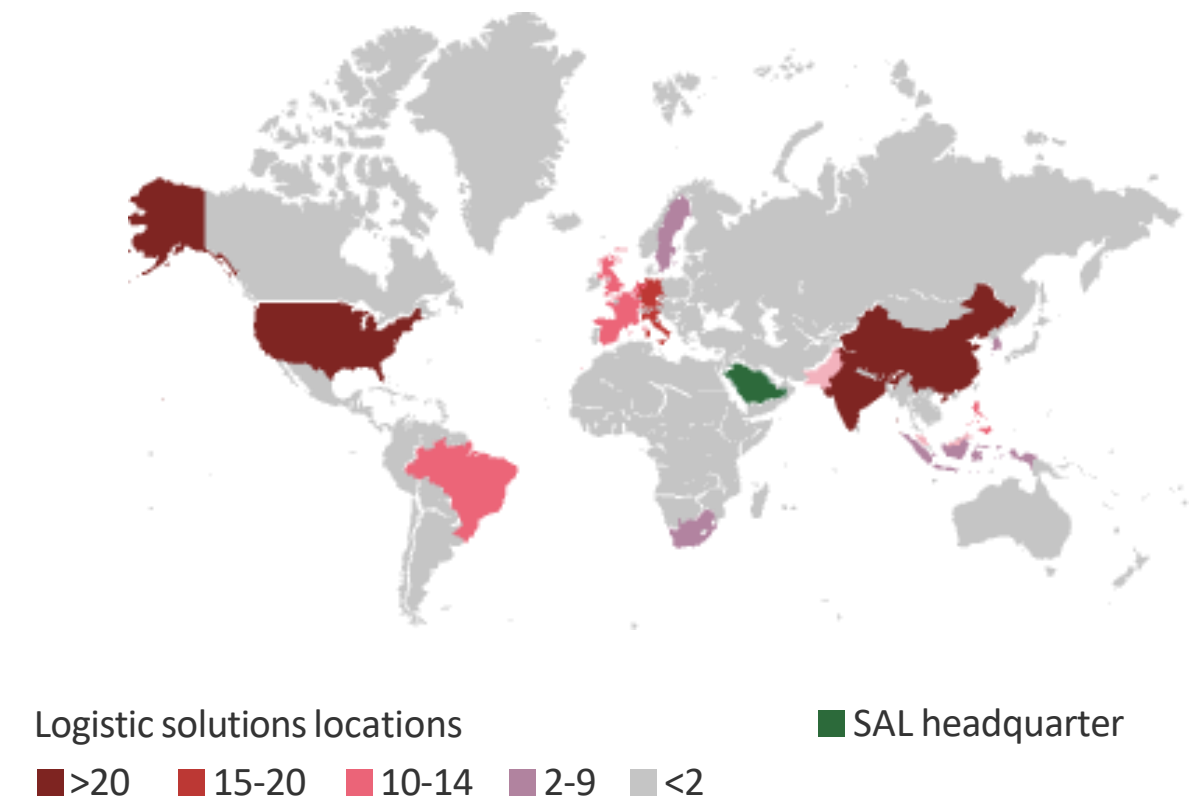
Key performance metrics 2024



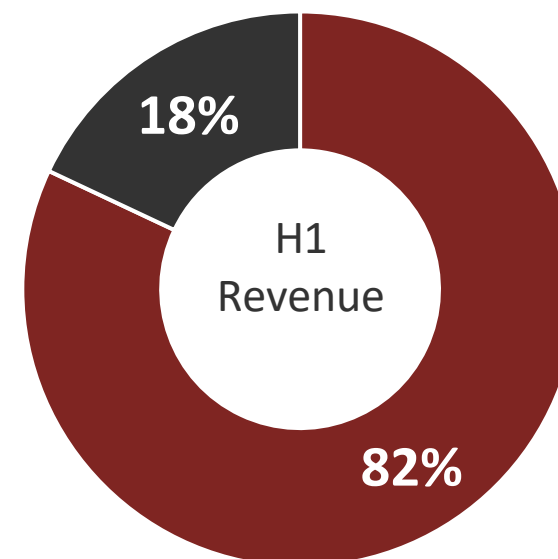
Presence at KSA airports



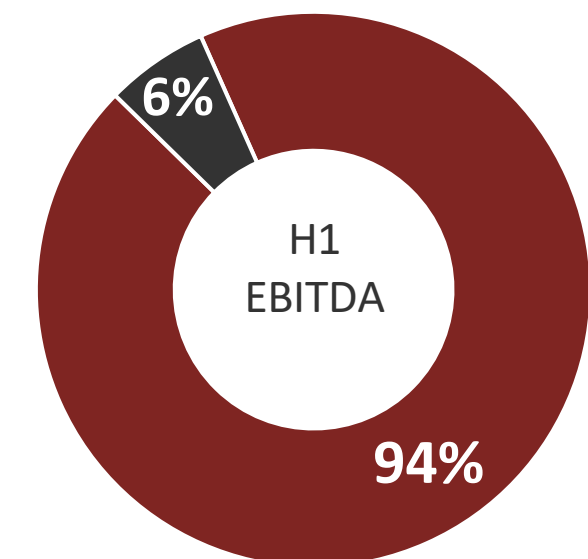
Global Logistics solutions presence



YTD Revenue mix

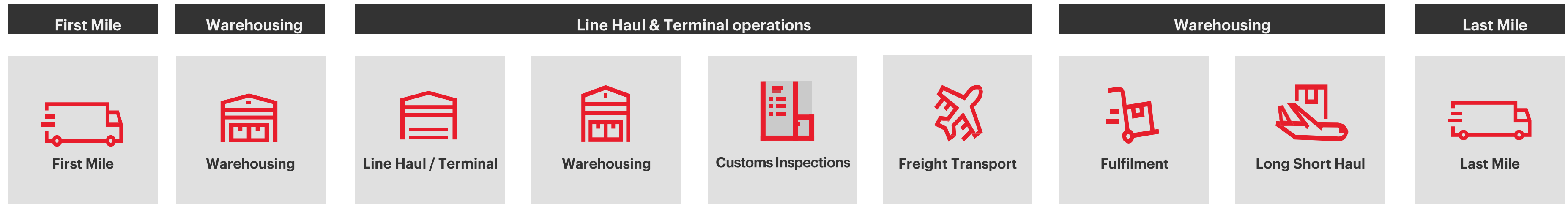


YTD EBITDA mix



■ Cargo handling ■ Logistics solutions

Fulfilment adding value to Customer in a “One Stop – shop” concept



“ONE - STOP - SHOP”

WAREHOUSING		TRANSPORTATION
<p>Core Storage Activities</p> <ul style="list-style-type: none"> Ambient Storage Chilled Storage Cross – Docking Reverse Logistics Cold Storage Frozen Storage Consolidation 	<p>Value Added Services (VAS)</p> <ul style="list-style-type: none"> Packaging, Labelling Order Processing Order Preparation Order Fulfillment Inventory Management Customs Clearance Other 	<p>First Mile & Last Mile Distribution</p> <ul style="list-style-type: none"> First Mile and Last Mile Delivery

Operational since June 2024 in DMM Fulfilment Centre and generating revenues.

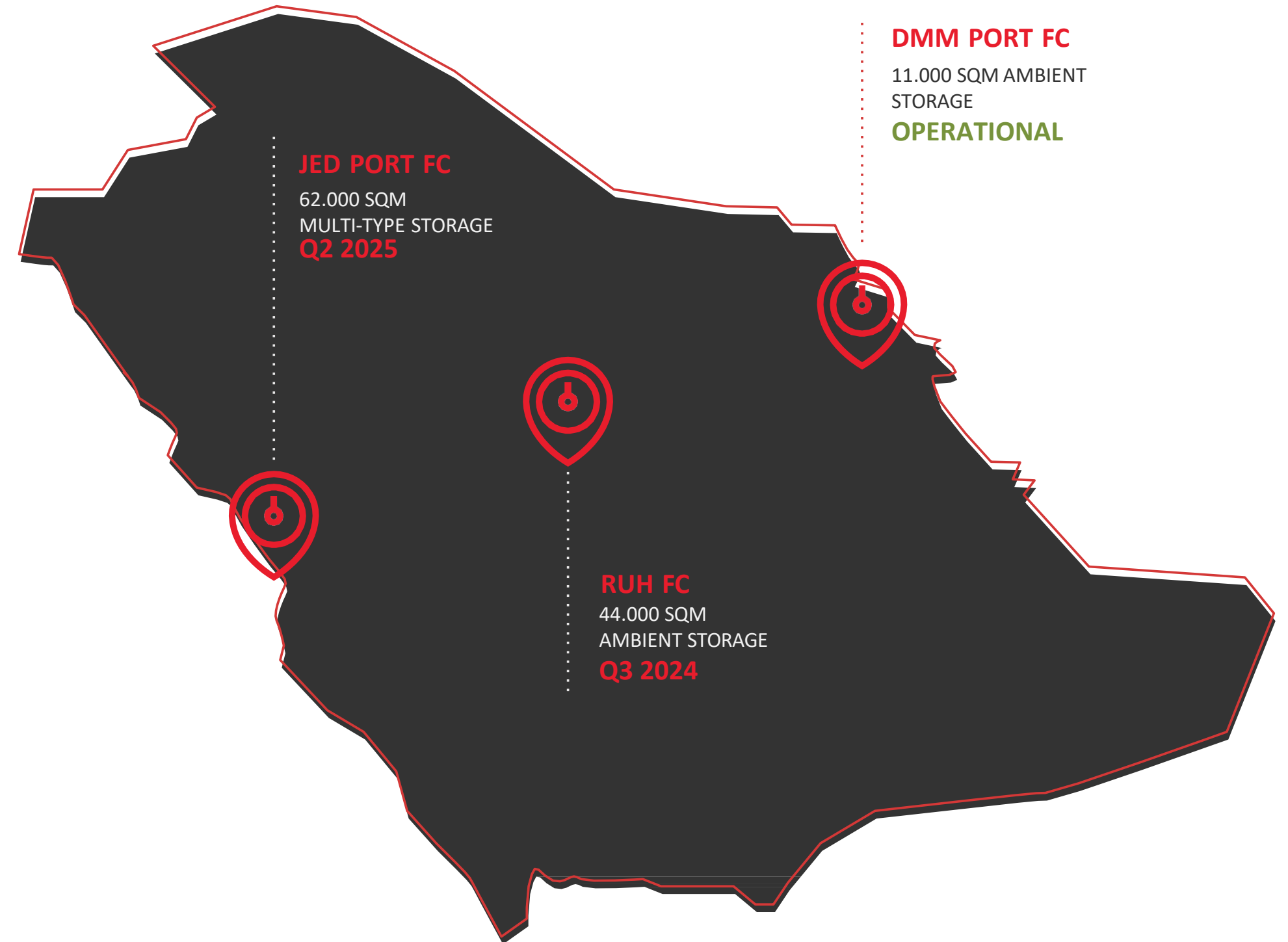
Offering Full Scope of Services to Customers.

Live and Operational Since June 2024.

FULFILLMENT CENTERS

OUR SERVICES INCLUDE:

BUILD-TO-SUIT SOLUTIONS	WAREHOUSE MANAGEMENT	FIRST/LAST MILE DELIVERY
FULFILLMENT SERVICES	WAREHOUSING SERVICES	BONDED AND SEZ SOLUTIONS



Section 2

Financial
Overview

Financial Snapshot of SAL – Statement of Comprehensive Income

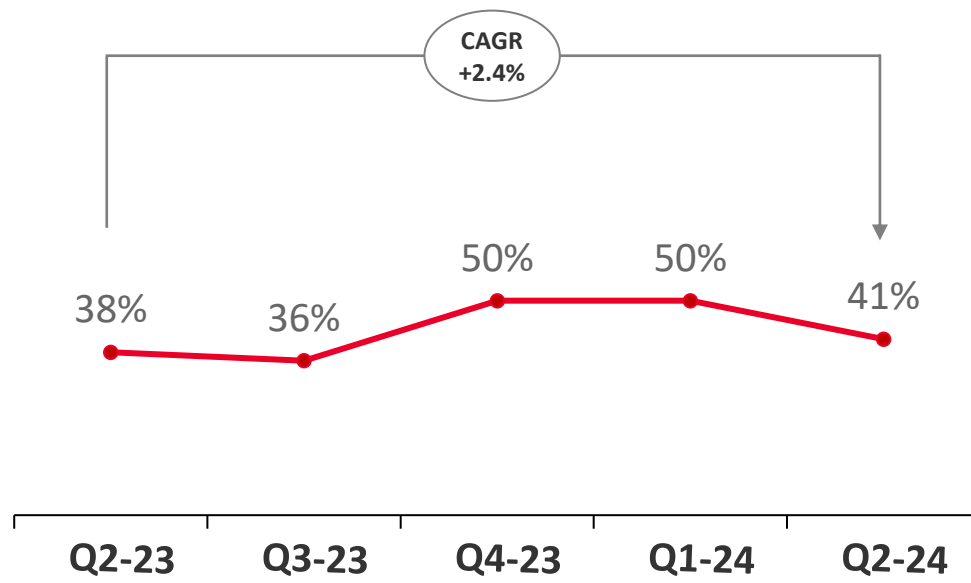
(SAR '000)	H1 2024	H1 2023	Variance
Revenue	858,010	679,327	26%
EBITDA	454,295	319,048	42%
Operating Profit (EBIT)	395,388	251,706	57%
Net Income	363,898	213,167	71%

KPIs	H1 2024	H1 2023
EBITDA margin (%)	53%	47%
EBIT margin (%)	46%	37%
Net Income margin (%)	42%	31%
Earnings per share (EPS)	4.55	2.66

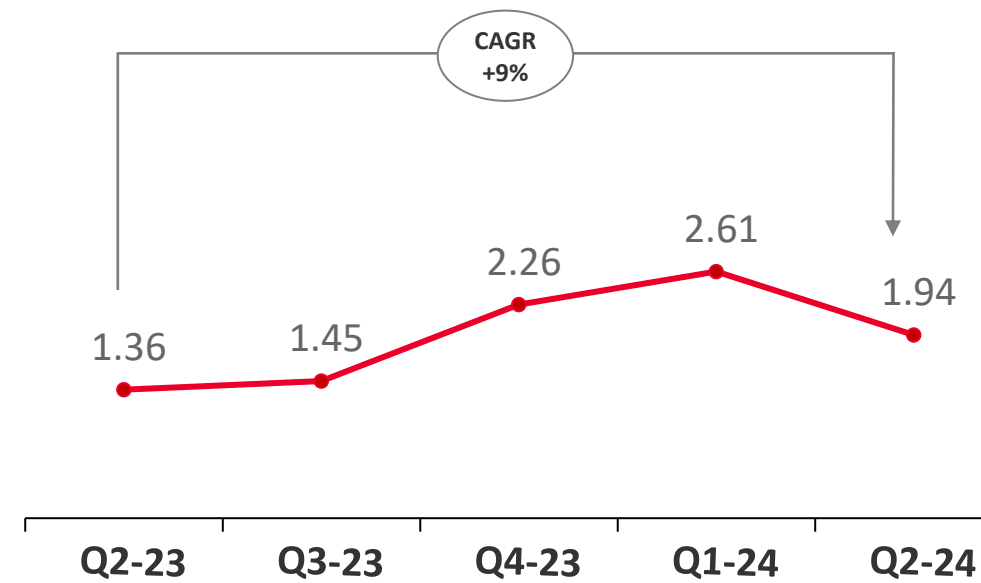
Management Commentary

- Strong H1 sales performance with very good EBIT throughput – mainly driven by increased demand in e-commerce in Cargo Handling division as well as a growing Logistics division.
- Stable EBIT margins, although lower Q2 seasonality due to shift in Ramadan from Q2 to Q1.
- EPS remains at a high quarter on quarter

EBIT Margin Trend



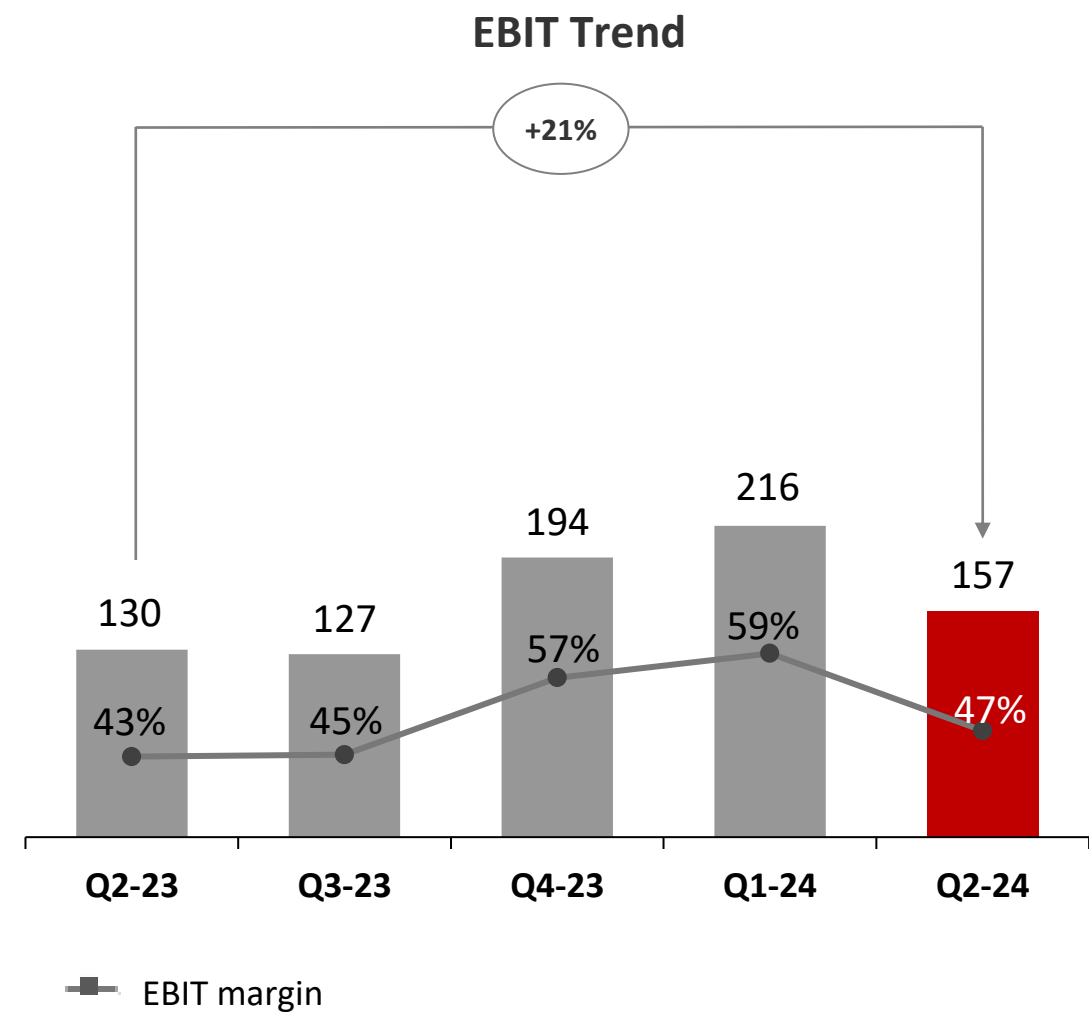
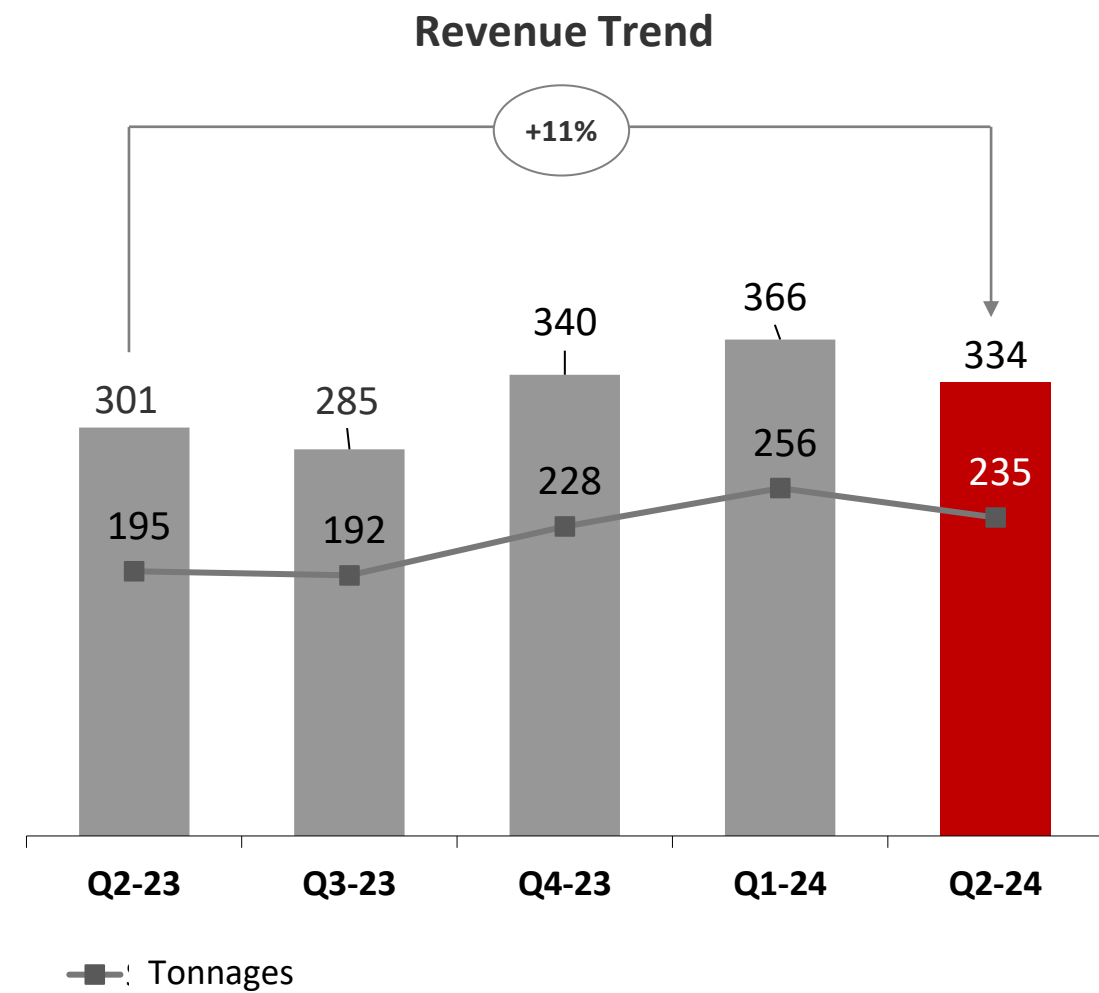
EPS Trend



Cargo Handling Division – The Legacy Business

(SAR '000)	Q2 2024	Q2 2023	Growth	H1 2024	H1 2023	Growth
Revenue	333,666	301,221	11%	699,481	595,325	18%
Operating Profit (EBIT)	156,860	129,538	21%	372,927	248,504	50%

KPIs	Q2 2024	Q2 2023	H1 2024	H1 2023
EBIT margin %	47%	43%	53%	42%



Management Commentary

- Sales grew by 18% in H1 providing an EBIT increase of 50%.
- Good Q1 sales due to very high demand driven by e-commerce, general cargo and shift in Ramadan to Q1, resulting in lower seasonality in Q2
- Overall high EBIT performance in H1 driven by higher volume increase.

Logistics Division – The Evolving Business

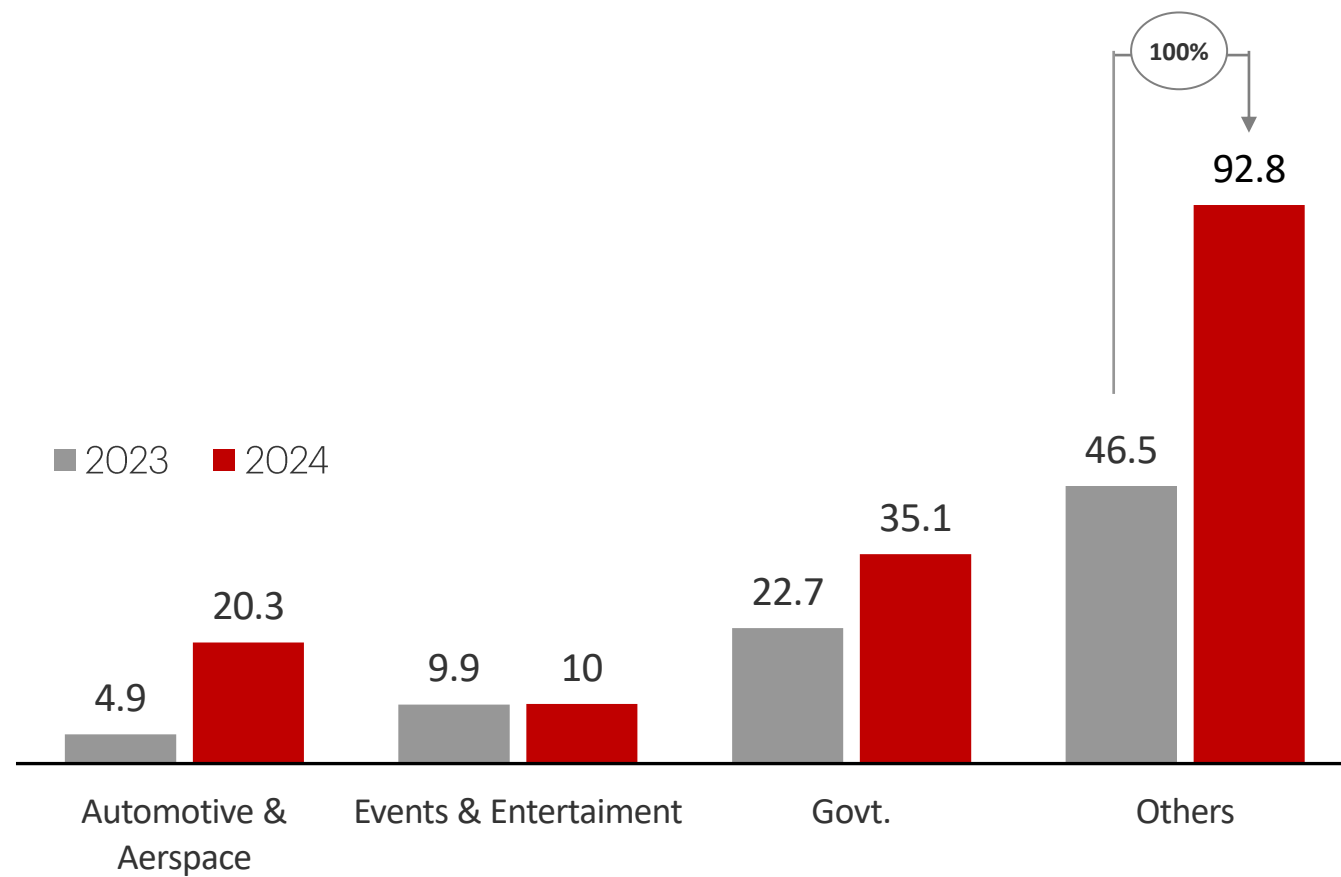
(SAR '000)	Q2 2024	Q2 2023	Growth	H1 2024	H1 2023	Growth
Revenue	71,520	38,134	88%	158,231	84,002	88%
Operating Profit (EBIT)	14,896	(2,066)	821%	29,350	3,202	817%

KPIs	Q2 2024	Q2 2023	H1 2024	H1 2023
EBIT margin %	21%	-5%	19%	4%

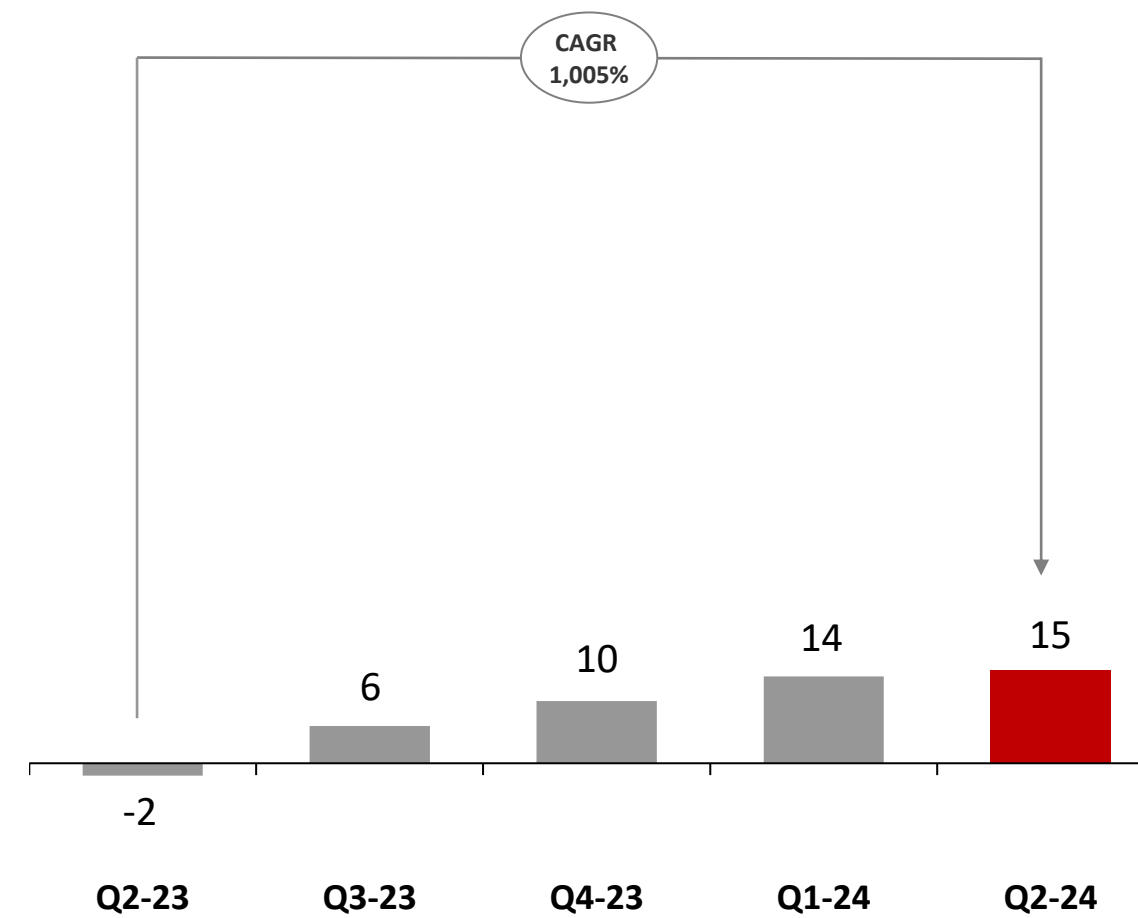
Management Commentary

- Business line continues to grow and improves margins and profitability each quarter.
- EBIT has reached all time highs since early inception.
- Diversifying sales into further sectors to reach robust and sustainable growth.

Diversifying Sales



EBIT Trend



Financial Snapshot of SAL – Free Cash Flow

(SAR '000)	H1 2024	H1 2023	Variance
Profit before Zakat	384,733	232,917	65%
Adjustments for non-cash items	68,040	102,416	-34%
Changes in:			
Working Capital	(204,579)	(9,398)	-2077%
Cash flow from Operating activities	248,194	325,935	-24%
Cash flow used in Investing activities	(14,101)	(215,478)	93%
Cash flow used in Financing activities	(222,597)	(200,000)	-11%
Cash equivalents at the end of the period	694,658	842,722	-18%
Free Cash flow	234,093	110,457	112%
Adjustments to Free Cash Flow:			
Short Term Murabaha Deposit	--	205,000	--
Repayment of Lease Liability	(27,264)	(7,804)	-249%
Adjusted Free Cash Flow	206,829	307,653	-33%
KPIs			
Net working capital (NWC)	313,438	81,645	
Net working Capital (NWC) as a % of Revenue	37%	12%	
Leverage Ratio (Net Interest-Bearing Debt/EBITDA)	-0.3x	-0.4x	
Cash Ratio	2.90	2.24	

Management Commentary

Free Cash Flow Highlights

- Positive cash from operating activity with short term strain on working capital due to increased activity.
- Fewer CAPEX spending in investing activities. We remain to invest excess cash in Murabaha deposits.
- Robust Free cash flow despite increase in financing activity on account of loan and dividend payments.

KPIs

- Increase in Net Working Capital signifies strong business demand.
- The company effectively has no leverage due to strong cash available.

Financial Snapshot of SAL – Balance Sheet

(SAR '000)	H1 2024	YE 2023	Variance
Non-Current Assets	1,249,434	1,621,149	-23%
Current Assets	1,847,551	1,663,824	11%
Total Assets	3,096,985	3,284,973	-6%
Non-Current Liabilities	1,347,905	1,665,426	-19%
Current Liabilities	412,655	385,420	7%
Total Liabilities	1,760,560	2,050,846	-14%
Total Shareholder's Equity	1,336,425	1,234,127	8%
Total Liabilities and Shareholders Equity	3,096,985	3,284,973	-6%
KPIs			
Return on Invested Capital (ROIC) *	40%	29%	
Net interest-bearing debt (NIBD)	(552,610)	(607,070)	-9%

* ROIC: Calculated using EBIT over deployed capital (long terms loans and equity)

Management Commentary

Balance Sheet Highlights

- Decrease in assets mainly pertains to Right of Use Asset reduction due to reduced leasing obligation for key warehouses.
- 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

- Strong ROIC performance due to increase in profitability levels.
- Negative NIBD signifies SAL's exceptional cash health and its ability to fund future growth.

Closing remarks and Q&A

Faisal AlBedah,
CEO&MD