

# SAL

## Q2 2025 Earnings Presentation

12 August 2025





# Disclaimer

This presentation contains forward-looking statements that reflect the current views and expectations of SAL Saudi Logistics Services Co's management based on available information. These statements are inherently subject to risks, uncertainties, and changes in circumstances that could cause actual results to differ materially from those projected or implied. Factors such as economic conditions, regulatory changes, market developments, and competitive dynamics may impact SAL's performance and prospects.

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## Presenters



**Omar Talal Hariri**  
**Chief Executive Officer**



**Haydar Ucar**  
**Chief Financial Officer**

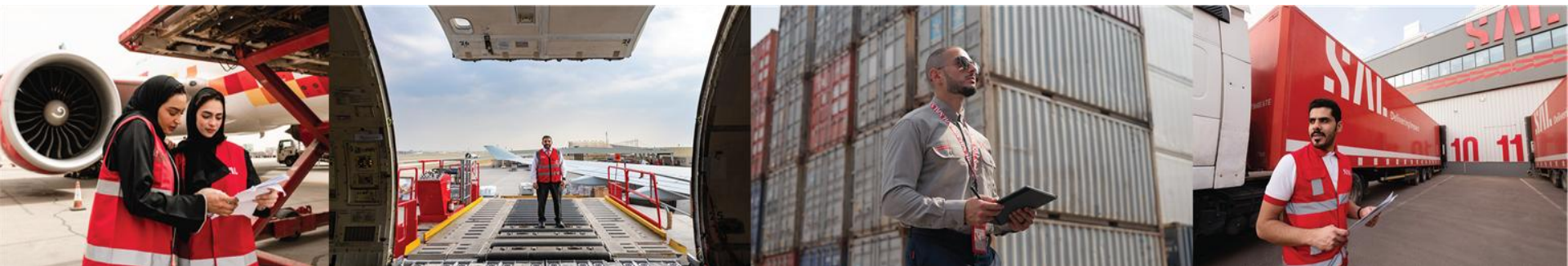


**Amer Abu Obeid**  
**President – SAL Ground Handling**



**Ranjeev Menon**  
**President – SAL Logistics**





SAL is a leading provider of **Handling** and **Logistics services**, providing efficient, innovative and integrated solutions to clients



### Our vision

To be the **handling** and **logistics champion** for a globally connected Saudi Arabia.



### Our mission

Deliver **world-class** supply chain and logistics solutions, creating value for all our stakeholders.



## > A success story spanning eight decades



# 80

YEAR  
LEGACY

- **Formation of Saudia**  
April 1945
- **Formation of Saudia Cargo**  
October 2007
- **SAL is carved out of Saudia Cargo**  
December 2019
- **SAL Lists on the Saudi Stock Exchange**  
November 2023
- **SAL launches fulfillment services**  
May 2024
- **SAL announces ₪ 4bn Logistics Zone project**  
March 2025



## > Saudi Arabia's national logistics champion

### Presence across all key Saudi airports



### Diversified business verticals



#### Airside



#### Landside



#### Value Added Services



1 Import 2 Transfer 3 Export



#### Customs Clearance & Warehousing



#### Special Projects



#### End-to-end solutions



#### CAPEX 4 billion

- Build across 5 years in the north of Riyadh Falcon City
- Ground breaking in 2025

#### Revenue generating by 2028

- Positive net profit by 2030

#### Mainly Built-to-Suit

- 1.5 million sqm total area
- Pre-Built 312,944 sqm
- Built-to-suit 523,843 sqm

#### Non-Dilutive Financing

- Funded via debt capital markets
- Non-dilutive to shareholders

\*Under development



# > Comprehensive government strategy provides supportive backdrop for Handling and Logistics expansion in Saudi Arabia



## Saudi Vision 2030



Enhance economic growth



Offer a fulfilling and **healthy life** for citizens



Improve government **effectiveness**



Boost **human capital** of Saudi workforce

- ✓ SAL business lines, **well-aligned** with Vision 2030's drive to diversify the Saudi economy
- ✓ SAL operations aim to benefit from improved government effectiveness



## National Transport and Logistics Strategy



Transform KSA into a **global logistics hub**



Develop network connectivity & inter-modality



Promote financial & environmental **sustainability**

- ✓ SAL aims to contribute to KSA becoming a **global logistics hub**
- ✓ SAL aims to expand its **distribution channels** and market outreach



## National Aviation Strategy



Position Jeddah & Riyadh as **global hubs**



Increase local airlines' **competitiveness**



Build up airports' **capacity & capability**



**Stimulate competition** in support services

- ✓ Development of global aviation hubs and airlines aims to **enhance the market potential** for SAL
- ✓ SAL aims to benefit from **continuous development** of air cargo facilities



## > Global and regional trends driving growth prospects

### E-Commerce Boom

Rising online retail and last-mile delivery demand fuel need for agile, high-volume cargo handling capabilities.



### Shifting Global Trade Routes

Disruptions at maritime chokepoints are rerouting global supply chains, positioning Saudi Arabia as a key transshipment and alternative logistics corridor.



### Demand for Logistics

Strategically important logistics solutions segments are forming an addressable market, particularly from healthcare, aerospace and events sectors.



### Industrial & Manufacturing Growth

Rapid expansion in local production sectors is driving domestic freight, warehousing, and supply chain needs.







# Q2 2025 Executive Summary

**SAL Continues to Demonstrate Strong Core Business Performance in Handling, Setting the Foundation for Long-term Growth in Logistics**

## Resilient Profitability

- Group EBIT margin rose to **43.8%** for the quarter, improving YoY from 41.3%.
- Q2 **net profit grew 4% YoY** driven by an enhanced service mix and strategic initiatives.
- **Cost discipline and margin-focused execution** offset softer volumes.

## Execution & Financial Discipline

- **Working capital efficiency** improved across receivables and payables
- **Net cash position strengthened** through disciplined capex and cost control.
- Transitioning from strategy to delivery, **setting up for stronger H2 performance.**

## Strategic Foundations for Scalable Growth

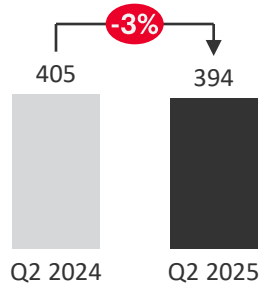
- **Infrastructure momentum** continues, with SAL Logistics Zone and Jeddah build-out advancing
- **Service expansion** primed to drive future commercial wins
- Backed by **SAR 5.2 billion in strategic investments** to align with Vision 2030 logistics ambitions



# Q2 2025 Financial Summary

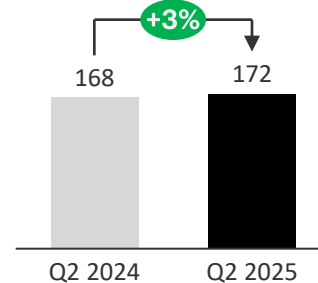
## Q2 Operating Profit Improves YoY Due to Enhanced Service Offerings and Cost Discipline

### Revenue (ﷲ Million)



- Handling divisions revenue grew 2% driven by **enhanced service offering**.
- **Efficiency gains, temporary provisions and ECL recoveries** offset lower volumes.
- Logistics divisions revenue declined 23% due to **timing differences in project activity**.

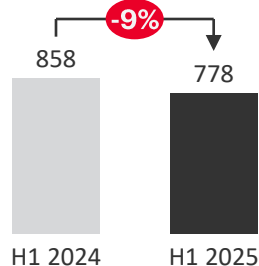
### Operating Profit (EBIT) (ﷲ Million)



- Operating profit (EBIT) improved driven by **enhanced service offerings** and an overall **more profitable service mix**.
- **Cost discipline** and **efficiency gains** drove operating margin expansion, offsetting the impact of the 7% volume decline.

Q2 2025

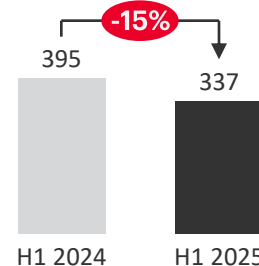
-9%



- 9% decline driven by declines in Handling revenues **carried over from the high base in 2024 Q1**.
- Logistics is being reconfigured towards **long-term capability building and growth**.

H1 2025

-15%



- Decline mainly due to the **higher base of 2024** in Handling and **muted seasonal demand** in Logistics.
- **Delayed client ramp-ups** impacted operating leverage and margin delivery.

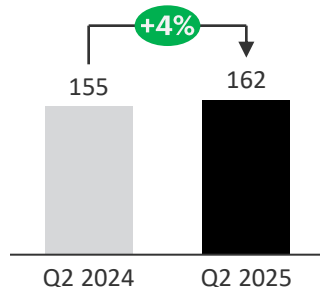


# Q2 2025 Financial Summary

Q2 Net Profit and EPS Rise on Contract Wins, and Cost Control

Q2 2025

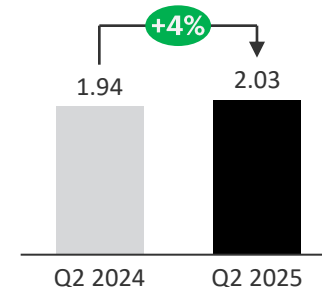
## Net Profit (ﷲ Million)



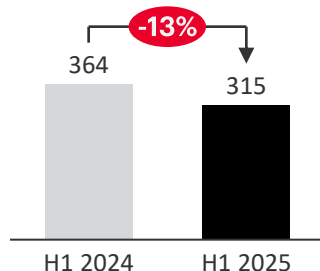
Driven by:

- **Enhanced service offering** alongside cost discipline and optimization.
- **Conversion** of some charter clients **into long-term contracted customers**.

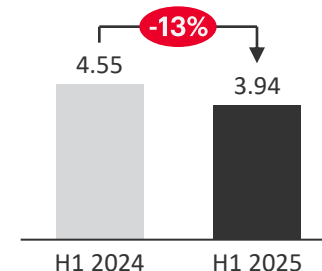
## EPS (ﷲ)



H1 2025



- Reflects the **impact of softer Q1** revenue during a normalization year, coupled with a lower contribution for the Logistics division.
- Decline also driven by **delayed Logistics scale-up** and **higher fixed costs**, weighing on overall H1 profitability.





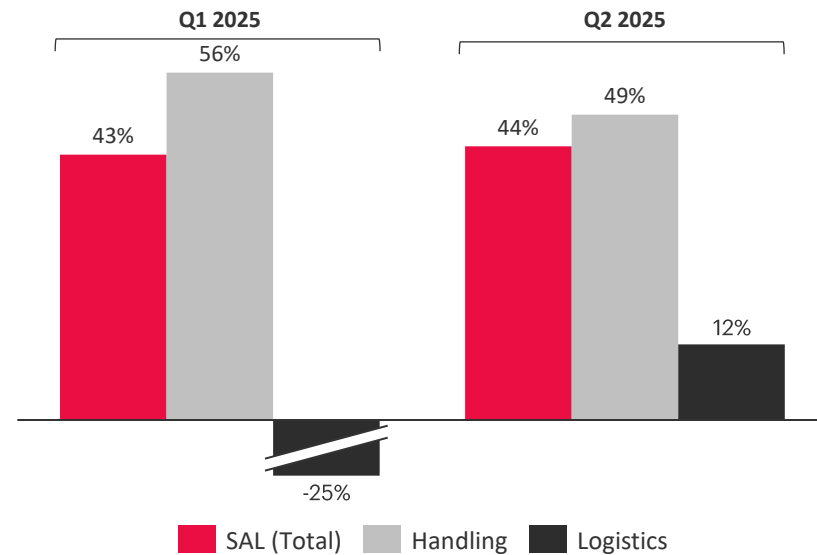
# Financial Highlights

**Steady Improvements in Margin, both YoY and QoQ, Signaling Efficiency Gains and Earnings Resilience**

## Consistently Delivering Strong, Resilient Margins

- Trailing performance reflects resilient fundamentals and operational discipline, effectively navigating a slight volume decline and seasonal shifts in the product mix.
- Enhanced efficiencies, along with tailwinds from positive one-offs, increased EBIT margin by 2.4pp from 41.3% to 43.8% compared to Q2, 2024:
  - Handling: Robust margins demonstrating strong resilience
  - Logistics: QoQ rebound with underlying commitment to long-term growth

## Operating Profit (EBIT) Margin (%)





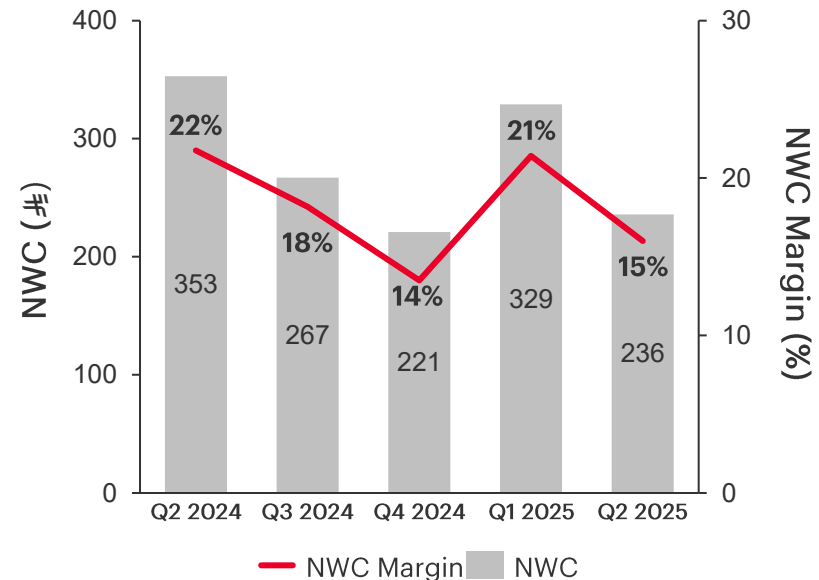
# Financial Highlights

## Improved Operational Efficiency and Cash Optimization

### Enhancing Operational Performance and Effective Cash Management

- **Net Working Capital ("NWC")** and NWC as a percentage of revenue declined slightly both YoY and QoQ, continuing to reflect **healthy working capital efficiency**, driven by an improved cash management across receivables, inventory, and payables.
- **Improved scalability**, supported by enhanced capital efficiency as SAL's operations continue to grow.
- **Stronger liquidity position**, with less cash tied up in operations, reinforcing the balance sheet and enabling future investment plans.

### NWC and NWC Margin





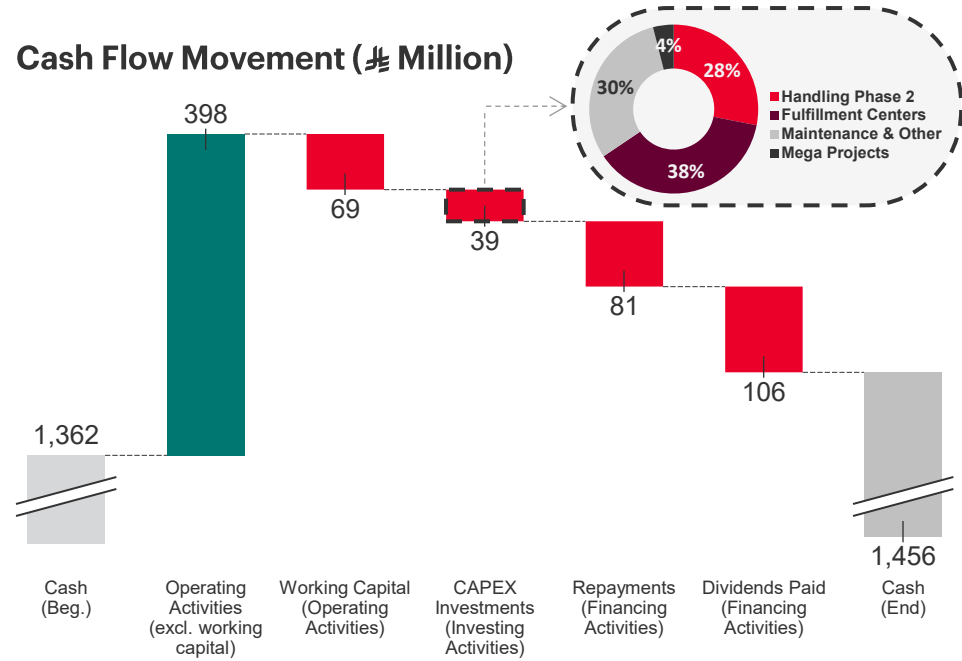
# Financial Highlights

## Strong Cash Performance Driven by Discipline and Strategic Investment

### Maintaining a Strong Cash Position

- Closed period with strong net cash position of  $\text{SAR}$  1,456 million, driven by disciplined management and solid cash generation from operations.
- Began executing on our strategic growth initiatives, deploying  $\text{SAR}$  39 million.
- Delivered  $\text{SAR}$  106 million in dividend payout to shareholders during H1.

### Cash Flow Movement ( $\text{SAR}$ Million)





# Strategic Investments

## Laying the Foundations for Future Growth



**Handling**  
(S\$ 953mn)

Planned warehouse expansions and refurbishments across key hubs: Riyadh, Jeddah, Dammam, and Medina



**Logistics**  
(S\$ 209mn)

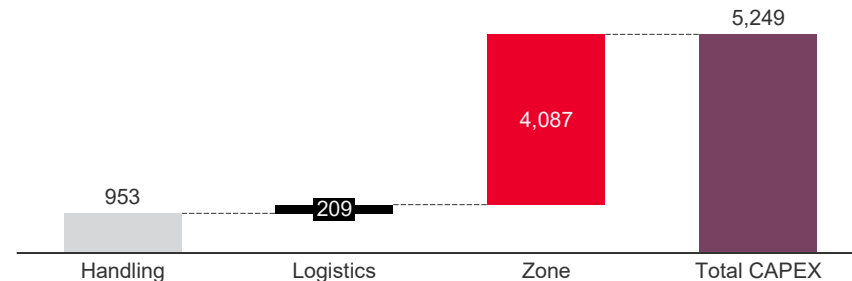
Capital allocated for new contract Logistics (fulfillment) warehouse developments in Jeddah Islamic Port.



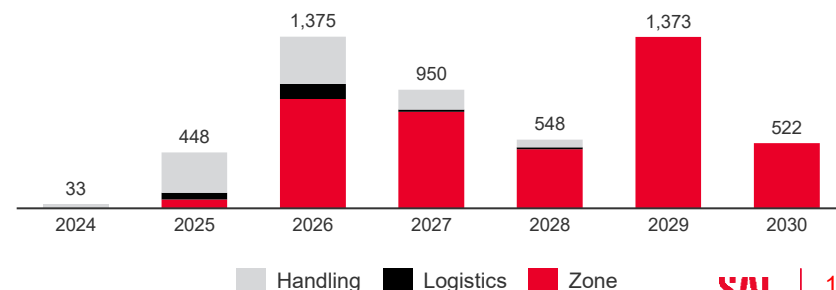
**Logistics Zone**  
(S\$ 4,087mn)

SAL Logistics Zone development in North Riyadh.

### Capital Expenditure Plans (S\$ million)



### Annual Capex (S\$ million)



\*Please note that capitalized interest is not included in Capex.



# Handling Division

**Comprehensive air cargo and ground handling services** across Saudi Arabia's major airports, leveraging state-of-the-art facilities and real-time tracking.

## Services include:

- Ground services, including cargo off-loading, transportation, and load control
- Cargo terminal services, including cargo break-up, storage, and security screening
- Pallet preparation
- Cargo on-loading





# Handling Division

## Delivering Progress Through Commercial Focus and Discipline

### Resilient Revenue Despite Headwinds

- Q2 revenue up 2% YoY to ₪ 339 million, reflecting **enhanced service offerings**.
- Key client and retention and growth** via charter-to-scheduled conversions.
- H1 revenue down 6% YoY to ₪ 661 million, **from Q1 carryover**.
- Enhanced service offerings **drove daily revenues** in June, with full impact in July, despite softer Eid volumes.

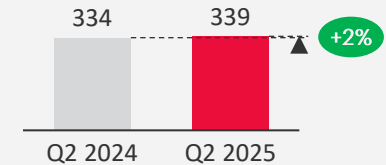
### Service Offering Powering growth

- Revenue growth was driven by **revision and enhancement** of the Company's **services offering**, offsetting a 7% easing in volumes.
- Strategic focus to drive **margin expansion and utilization** by rewarding efficiency and reducing dwell time.

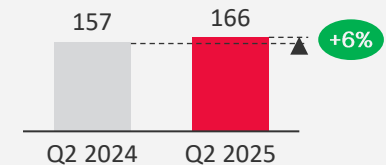
### Leaner Operations Support Margin Upside

- Driving efficiency gains** through the Operational Excellence Program and digital initiatives (i.e., Fasah Pay and Elm partnerships).
- Aligning expenses with volume fluctuations**, leveraging subcontracted labour in a flexible cost model.
- Focusing on **clearance speed frees warehouse space** and improves throughput.

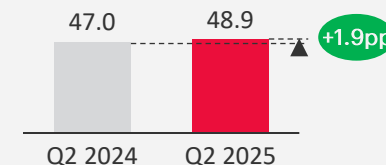
#### Revenue (₪ Million)



#### Operating Profit (₪ Million)



#### EBIT Margin (%)

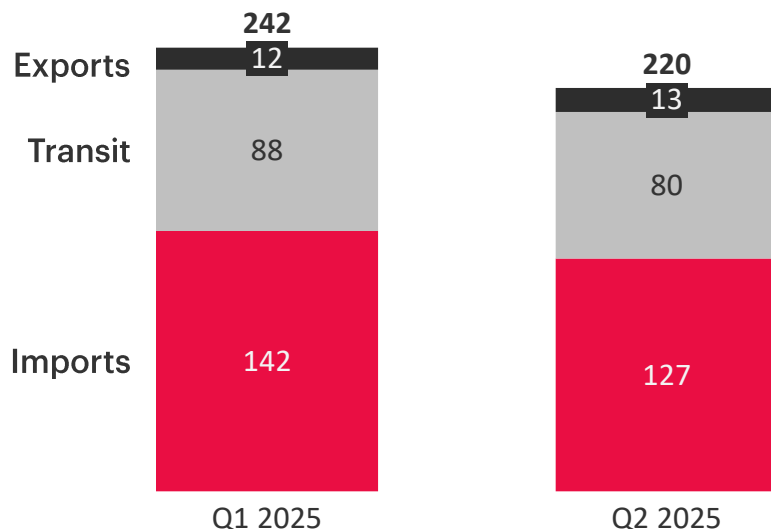




# Handling Division

Managing Volume Shifts with Operational Agility and Strategic Focus

## Volumes (Million KG)



- 220 million KG handled in Q2 2025, down 7% YoY.
- Decline was anticipated and primarily driven a **reduction in transit and imports volumes**.
- Performance underscores **adaptability and commercial focus** amid geopolitical uncertainties.



# **Logistics Division**

## **Integrated supply chain solutions**

leveraging digital innovations and optimized processes, we ensure fast, reliable, and cost-efficient cargo movement across key logistics hubs.

### **Services Include:**

- Freight Forwarding & Project Logistics
- Events & Sport Logistics
- Fine Art Logistics
- Contract Logistics (Fulfillment)\*
- Cold Chain Solutions\*\*

\* Undergoing deployment (Pre-revenue)

\*\*Undergoing planning (Pre-deployment)





# Logistics Division

## Laying the Foundations for Future Growth

### Financial Performance Snapshot

- Q2 revenue down 23% YoY to  $\text{ﷲ}$  55 million, due to **focus on foundation building** for long-term strategic growth.
- June showed early signs of improvement.
- EBIT margin **declined from 14.9% to 12.1%**; ongoing cost discipline and scale will be key to recovery.

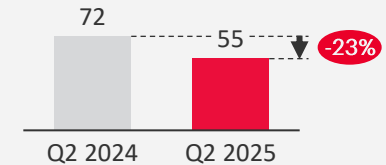
### Foundation Setting & Strategic Focus

- Building the **foundation for the Logistics division** and adopting technology to drive future sustainable growth.
- Q2 focused on **long-term capability building**, not headline performance.

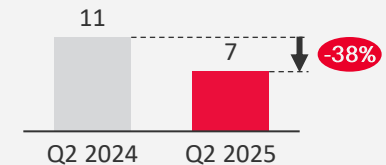
### Infrastructure & Service Development

- Progressing infrastructure projects:
  - SAL Logistics Zone is ready for **groundbreaking**.
  - Jeddah site **preparation** and ground-breaking to commence soon.
- Scaling existing services (*Freight Forwarding, Events & Sports, Fine Arts*) and ramping up deployment of new services.

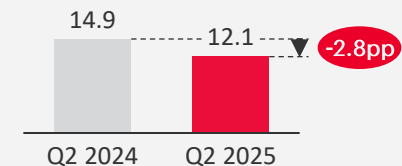
### Revenue ( $\text{ﷲ}$ Million)



### Operating Profit (EBIT) ( $\text{ﷲ}$ Million)



### EBIT Margin (%)










## 2025 Guidance

SAL is increasingly positioned for sustainable, long-term growth in alignment with Vision 2030. Handling, the core driver of the business, will continue to support topline performance, while Logistics is being reshaped for future expansion. In the near term, the Group expects **single-digit volume growth and stable margins**, with further upside as Logistics ramps up in the years ahead.

	Area	Guidance	Strategic Levers
	Handling	Single-digit volume growth; operational upgrades	Automation, cost control, long-term client growth, and Vision 2030 alignment
	Logistics	Revenue and margin pressure in H2; foundation phase	Infrastructure build-out, technology adoption, shift in client mix
	Dividends	75% dividend payout policy to be maintained	Strong net cash position and healthy balance sheet



**Q2 showcased our ability to grow the business, protect margins, execute our strategy, and maintain financial discipline.**

**With momentum building across our divisions, we are well-positioned for a strong second half.**





# We look forward to sharing more at SAL's Capital Markets Day

Register your interest **Now ...**



9 October 2025



Jeddah, Saudi Arabia

# Q&A

## GET IN TOUCH

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The image features a solid red background with a white geometric pattern of wavy lines and squares. In the top left corner, the letters "SAL" are displayed in a large, bold, white sans-serif font, with a period following the "L".

**SAL.**

We appreciate your time and engagement today.

**SAL's journey continues.**

**See you at our next dispatch!**