



سيسكو
SISCO
الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

SISCO Q3 2020 EARNINGS PRESENTATION

Your Partner in

Ports & Terminals | Logistics Parks & Services | Water Solutions



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Content

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- **Financial Summary**
- **Consolidated Financial Statements**
- **Segment Review**

Content

Q3 2020 - Financial Review

KEY FINANCIAL HIGHLIGHTS – YTD 2020

Revenue

SAR 621.6 m* ↑ 19.7%

YTD 2019: SAR 519.4 m

Gross Profit

SAR 301.2 m ↑ 36.7%

YTD 2019: SAR 220.4 m

EBITDA

SAR 414.2 m ↑ 80.4%

YTD 2019: SAR 229.6 m

Parent Company Net Income

SAR 111.3 m ↑ 147.4%

YTD 2019: SAR 44.9 m

Net Debt

SAR 459.3 m ↓ 11.0%

YTD 2019: SAR 515.5 m

* Revenue has been adjusted to exclude notional revenue (refer to slide 9)

KEY FINANCIAL HIGHLIGHTS – Q3 2020

Revenue

SAR 239.0 m* ↑ 38.9%

Q3 2019: SAR 172.1 m

Gross Profit

SAR 132.1 m ↑ 88.4%

Q3 2019: SAR 70.1 m

EBITDA

SAR 135.3 m ↑ 112.2%

YTD19: SAR 63.8 m

Parent Company Net Income

SAR 28.1 m ↑ 317.5%

YTD19: SAR 6.7 m

Net Debt

SAR 459.3 m ↓ 11.0%

YTD 2019: SAR 515.5 m

* Revenue has been adjusted to exclude notional revenue (refer to slide 9)



KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

HIGHLIGHTS

- Strong performance by the ports sector with record volumes handled in both July and August 2020.
- Strong improvement in gross and EBITDA margins during Q3 2020 and YTD 2020.
- Ports segment has made positive progress in consolidating the new terminal and has recently installed 2 new state of the art cranes on the new terminal.
- SISCO's associate Tawzea successfully achieved financial close in connection with the Taif Project.
- Saudi Port Authority announced a tariff increase which will have a positive impact in 2021
- SISCO was included in the MSCI Small Cap Index

HEADWINDS

- Despite strong volume growth by the port segment, gateway volume continues to be impacted by the local economic slowdown and restriction of visitors to the Kingdom.
- Logistics segment land revenue continues to be impacted which has resulted in a quarter on quarter decline in open yard revenue.

Fixed and Guaranteed Variable Fee:

RSGT is expected to pay a fixed fee and variable fee with a minimum guaranteed traffic expected by the Saudi Port Authority. These fees are recorded as intangible asset with a corresponding liability being recognized as obligation under service concession arrangement.

Minimum guaranteed traffic is an operational KPI in the concession agreement and there is no minimum payment being made to the Port Authority on a monthly or quarterly basis.

Port sector will continue to pay the royalty on actual volumes delivered.

The impact of the above changes on the income statement is as follows:

- No fixed and variable fee recorded in direct costs. Any variable fee on the excess volume over and above the minimum guaranteed volume, will be expensed in the income statement
- Amortisation charge recognised on intangible asset of **SAR 1.5 billion** using Unit of Production Method
- Financial charges recognised on fixed and variable fee liability of **SAR 1.5 billion** at an interest of 11%.

Accounting impact of the above results in an additional negative impact of **SAR 13 million** on YTD 2020 Group Net Income and **SAR 8 million** on SISCO's share of YTD 2020 Net Income.

ACCOUNTING ADJUSTMENTS

- Revenue comprises service revenue (SAR 621.8 m) and notional revenue (SAR 20.7 m). Notional revenue is an accounting impact and has been excluded when analysing gross and net income margins.
- Adjusted EBITDA in the following slides excludes one-off IFRS 9 gain and asset replacement provision.
- Summary of adjustments to reported Net Income in YTD 2019 and YTD 2020 presented on the right.

	YTD 2019	YTD 2020
IFRS 9 gain on modification of loan		(19.3)
Reversal of provision for asset replacement cost		(45.5)
Impact of fixed & variable fee		8.1
Bad debt provision	11.5	
Total adjustments	11.5	(56.7)

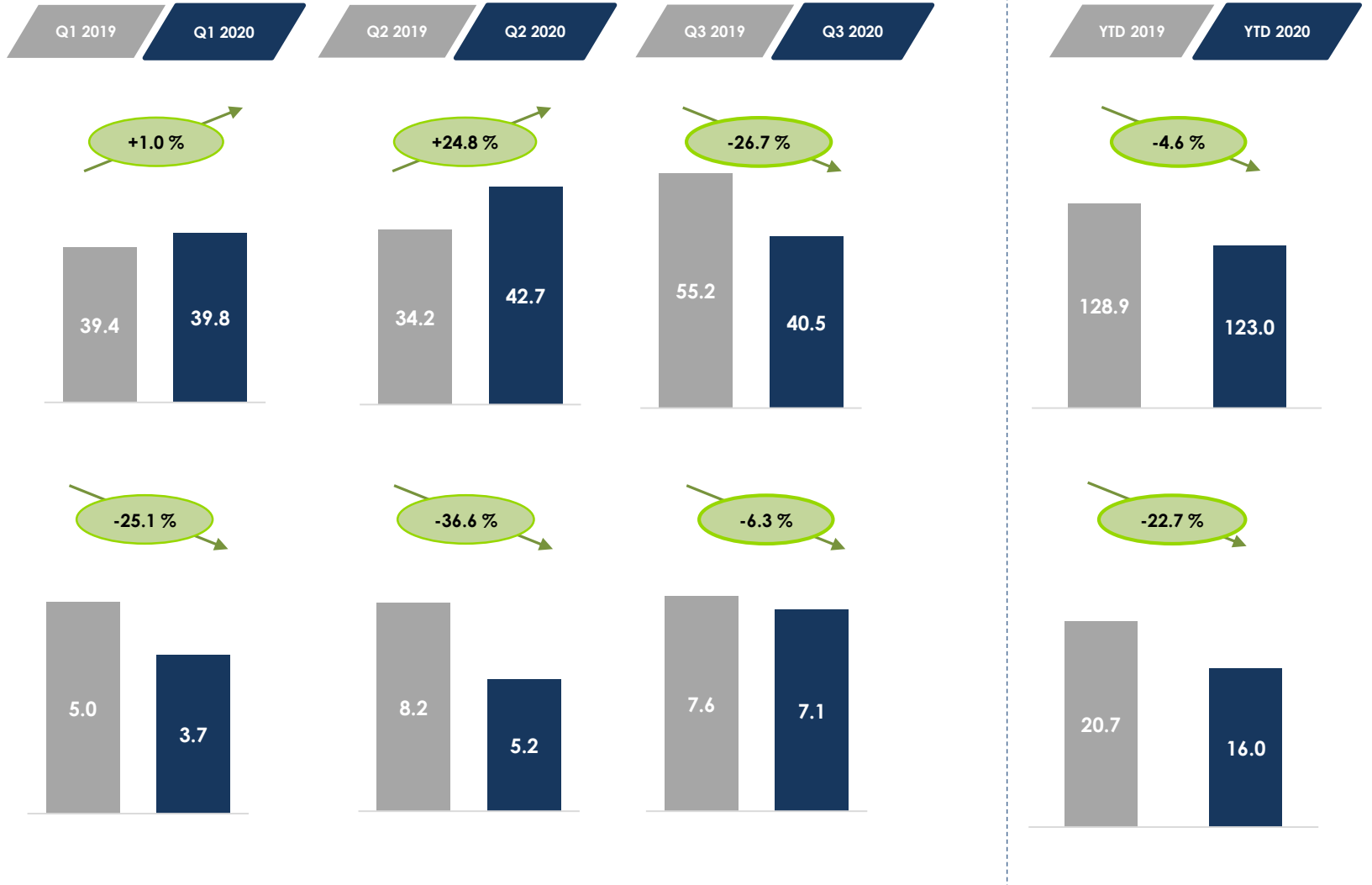
GROUP CONSOLIDATED FINANCIAL HIGHLIGHTS

All amounts are in SAR million



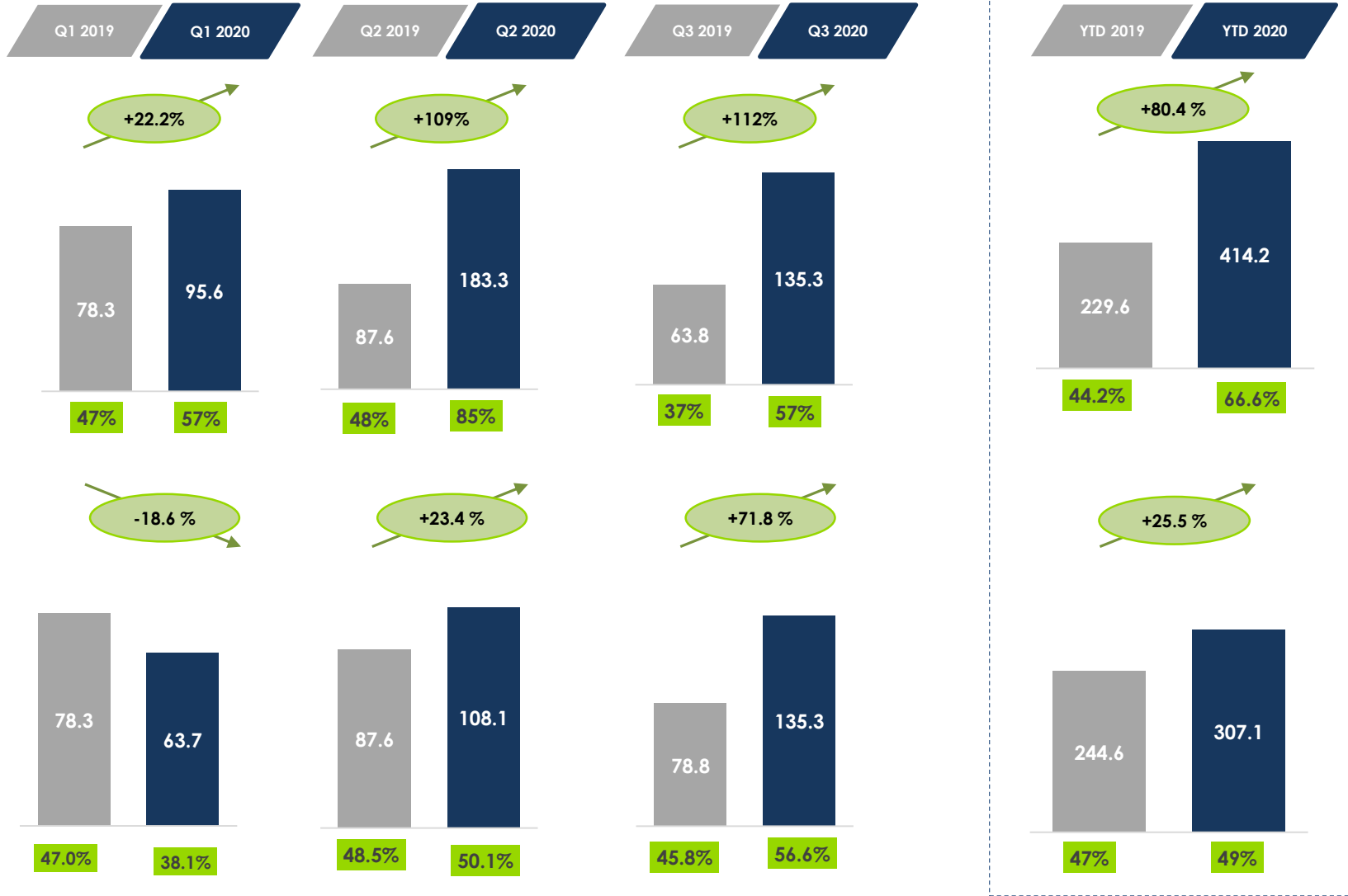
GROUP CONSOLIDATED FINANCIAL HIGHLIGHTS

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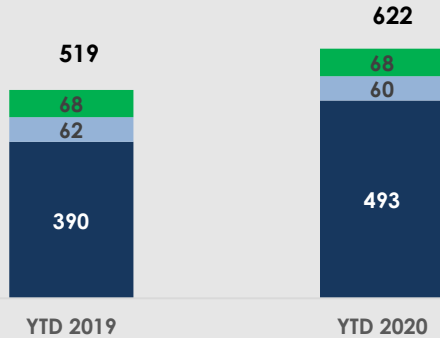


Consolidated Revenue

All amounts are in SAR millions

Group Revenue

■ Ports ■ Logistics ■ Water



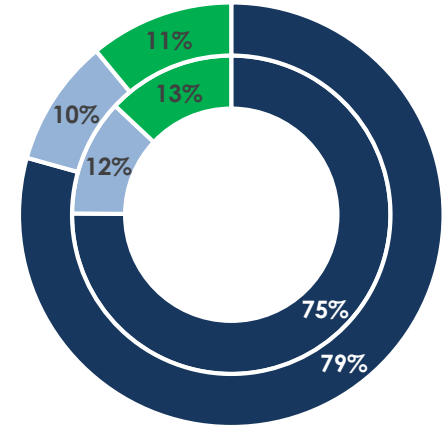
Variance

102.4	+ 19.7%
0.7	+ 1.0%
(1.3)	- 2.2%
103.1	+ 26.4%

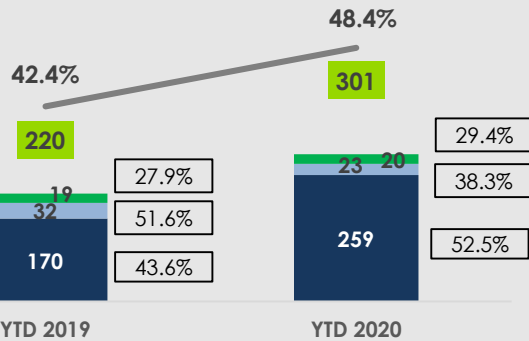
Composition

Inner Circle: YTD 2019
Outer Circle: YTD 2020

■ Ports
■ Logistics
■ Water



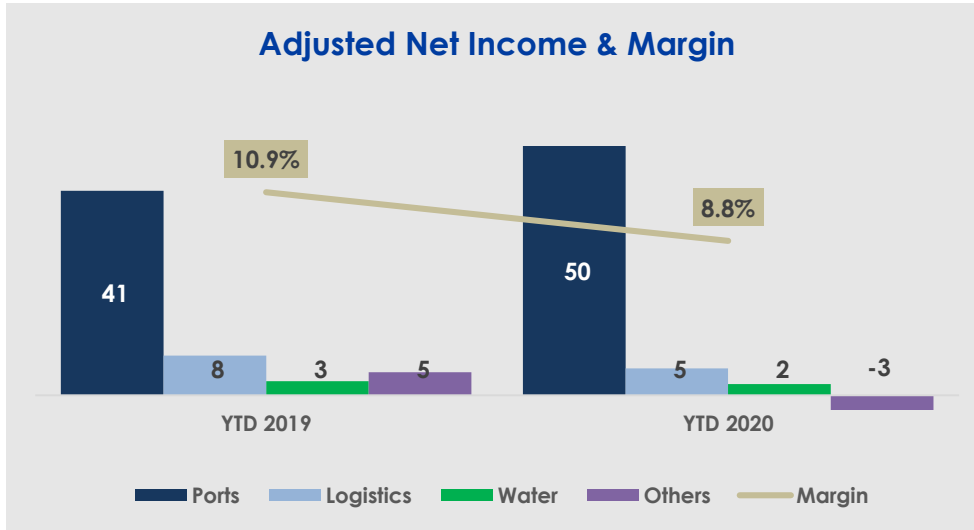
Gross Profit & Margin



- Total Growth in Revenue SAR 102.4 million (i.e. 19.7%) during 2020 vs 2019 is due to Ports and Water Segments. This was offset by a nominal decline in logistics revenue.
- Gross profit margin improved by +6.0% during YTD 2020 mainly due to the improvement in Ports gross margin.

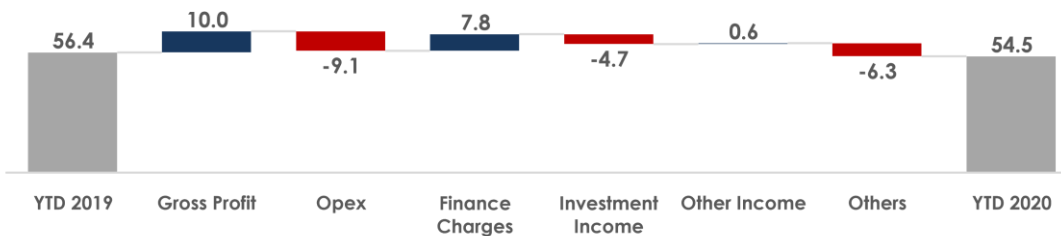
Consolidated Net Income

All amounts are in SAR millions



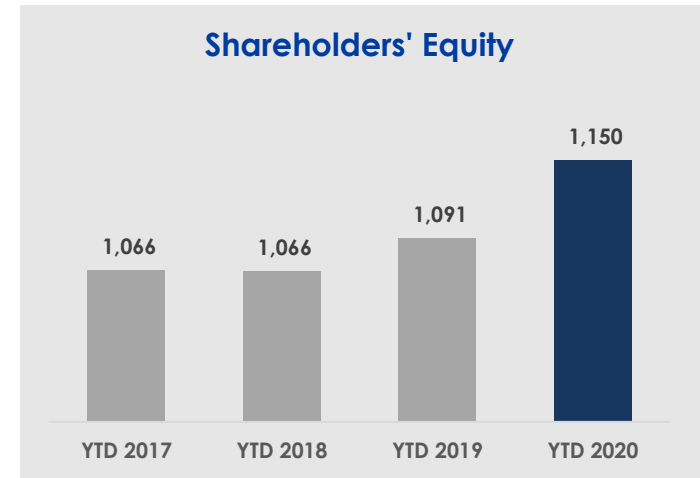
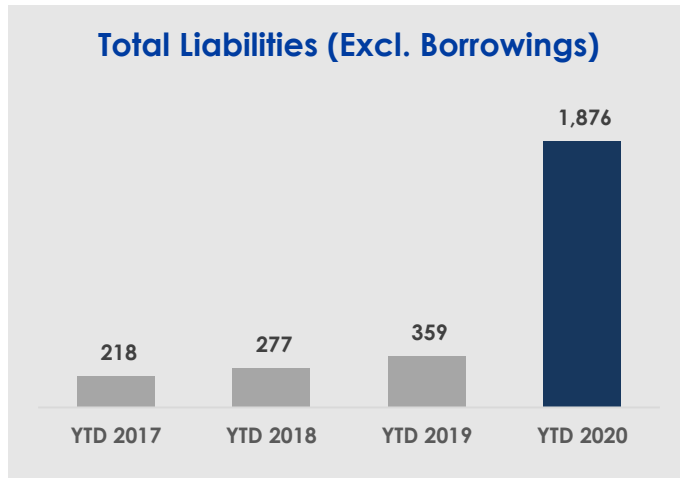
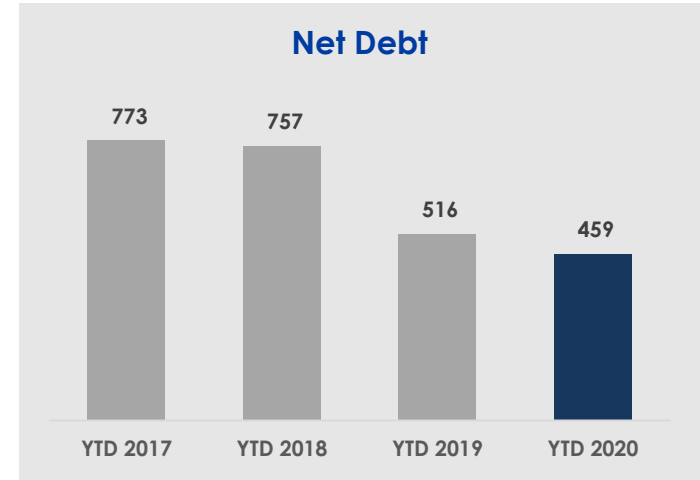
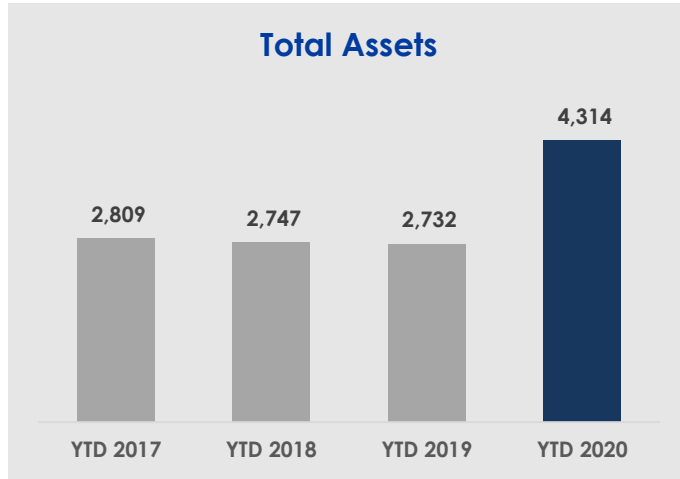
Total Growth in net income (reported) of 66.3 million (i.e. 147.4%) during 2020 vs 2019 is due to Ports and Water Segments. This was offset by a nominal decline in logistics revenue.

Adjusted Net Income Bridge



Net Income reconciliation	SAR Millions
Reported NI – YTD 2020	111.2
<i>SISCO Share of:</i>	
IFRS 9 gain on modification of loan	(19.3)
Reversal of provision for asset replacement cost	(45.5)
Impact of fixed & variable fee	8.1
Adjusted NI – YTD 2020	54.5

Consolidated Balance Sheet





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Q&A

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Appendices

Additional Information

CONSOLIDATED INCOME STATEMENT

All amounts are in SAR millions

SAR '000	Q3 '20	Q2 '20	Q3 '19
Revenue	259.7	215.6	172.1
Cost of Revenue	(127.5)	(99.7)	(102.0)
Gross Profit	132.2	115.9	70.1
Operating expenses	(40.5)	(42.8)	(55.2)
Operating Profit	91.7	73.1	14.9
Investment Income	7.1	5.2	7.6
Net Finance Cost	(51.1)	(51.4)	(12.2)
Other Income	0.7	72.3	3.1
Zakat	(4.2)	(6.4)	(1.9)
Group Net Income	44.2	92.8	11.4
Minority Interest	(16.0)	(36.2)	(4.7)
Net Income	28.2	56.6	6.7

SAR '000	YTD '20	YTD '19
Revenue	642.5	519.3
Cost of Revenue	(341.3)	(298.9)
Gross Profit	301.2	220.3
Operating expenses	(122.9)	(128.8)
Operating Profit	178.3	91.5
Investment Income	16.0	20.7
Net Finance Cost	(82.0)	(37.4)
Other Income	79.7	4.1
Zakat	(12.9)	(8.4)
Group Net Income	179.1	70.6
Minority Interest	(67.8)	(25.6)
Net Income	111.3	45.0

Consolidated Balance Sheet

SAR 000	YTD 2020	FY 2019
Fixed Assets	3,682,195	2,320,411
Investments	158,419	156,737
Deferred Tax	1,538	4,408
Current Assets	472,202	424,546
Total Assets	4,314,354	2,906,102
Borrowings	753,010	699,247
Long Term Liabilities	1,503,393	344,197
Current Liabilities (excl. borrowings)	372,844	271,623
Total Liabilities	2,629,247	1,315,067
Equity	1,685,107	1,591,035
Total Equity & Liabilities	4,314,354	2,906,102

CASH FLOW STATEMENT

All amounts are in SAR millions

	YTD 2020	YTD 2019
Operating cash flow after adjustments	225	207
Finance charges, net	30	39
Operating cash flow before working capital	255	246
Net working capital movement	(43)	9
Cash generated from operating activities	212	255
Zakat & income tax, EOSB	(13)	(10)
Finance charges paid	(22)	(24)
Net cash flow from operating activities	177	221
Net cash used in Investing activities	(96)	(24)
Net cash used in financing activities	(82)	(113)
Net decrease in cash and bank balances	(1)	84
Cash at the beginning of the period	295	181
Cash at the end of the period	294	265

Segment Review

Port and Terminals

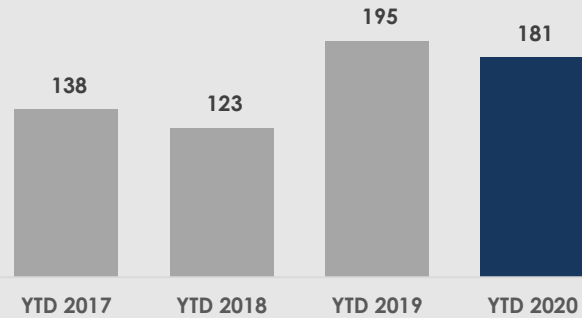
Port and Terminals

All amounts are in millions

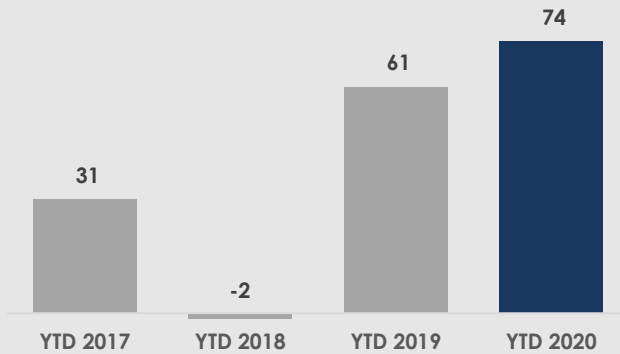
Revenue



EBITDA



Adjusted Net Income

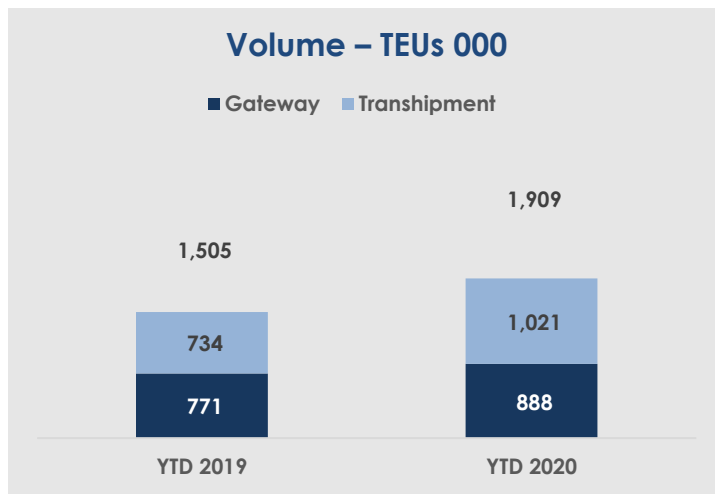
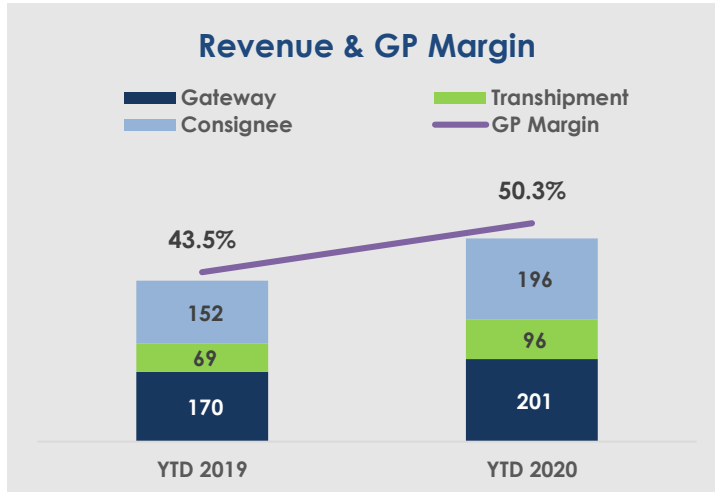


Volume (TEUs)

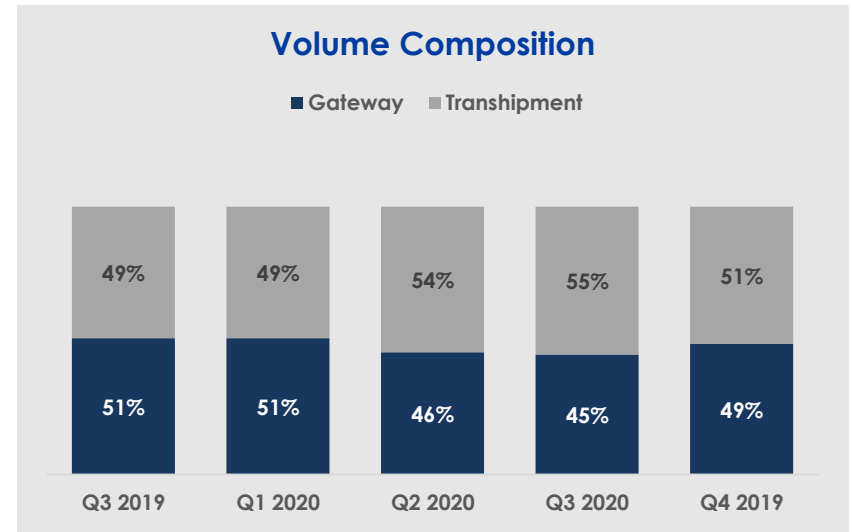
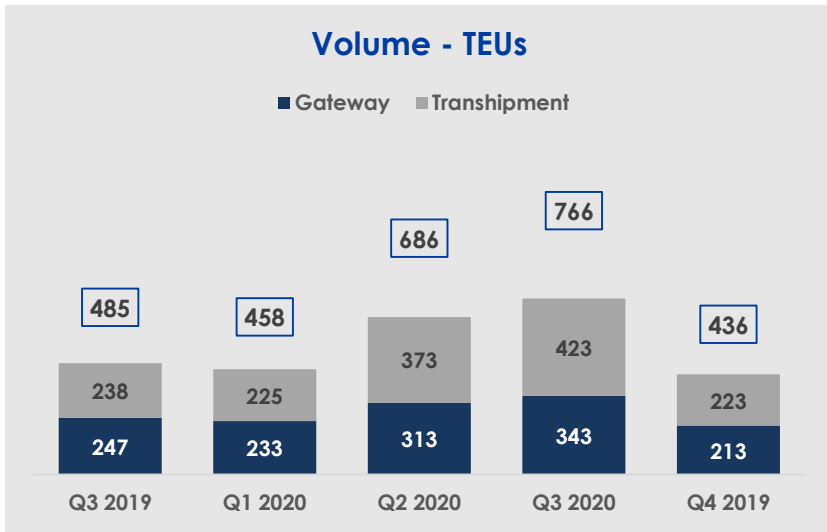


Port and Terminals

All amounts are in SAR millions



- Volumes during the period improved by 27% compared to same period last year, which is mainly due to increase in transshipment volumes.
- The volume mix between Gateway and Transshipment has declined to 47:53 (2019: 51:49)
- Gross margins increased due to decline in JIP share as a result of capitalization of fixed and variable fee.



Segment Review

Logistics, Parks and Services

All amounts are in millions

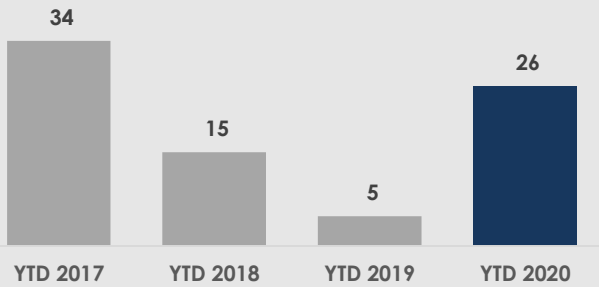
Revenue



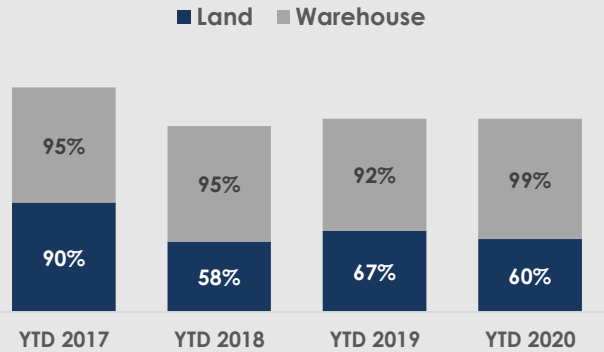
EBITDA



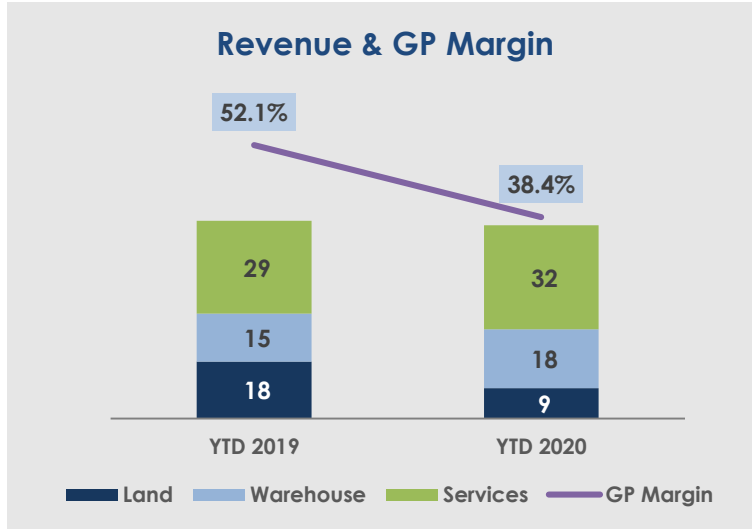
Net Income



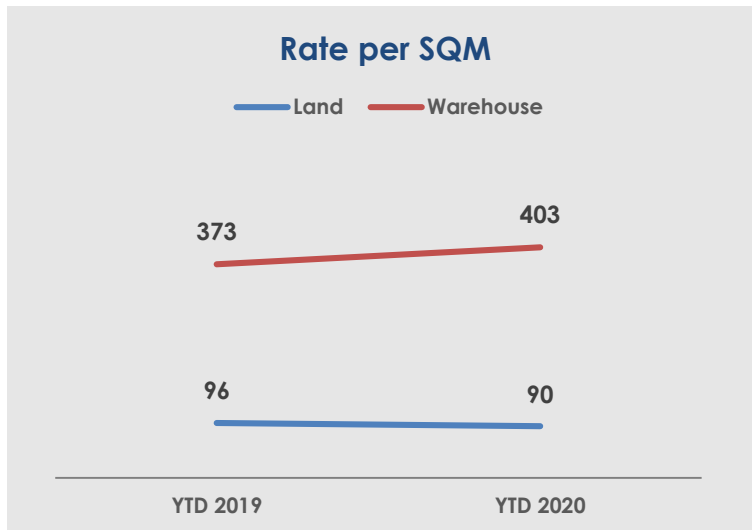
Occupancy



All amounts are in SAR millions

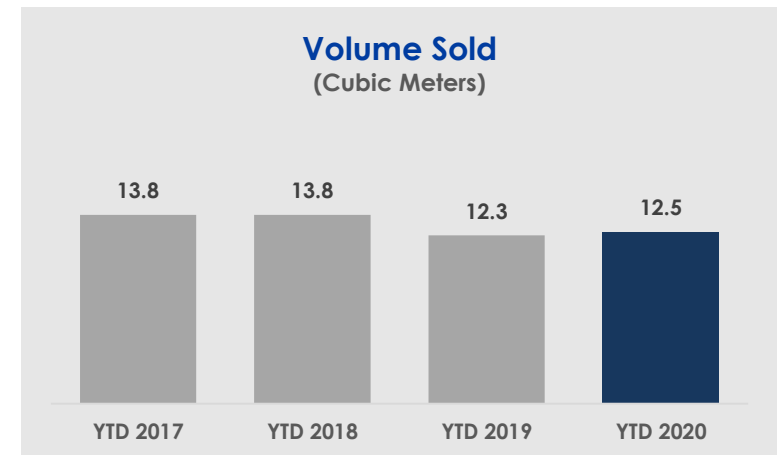
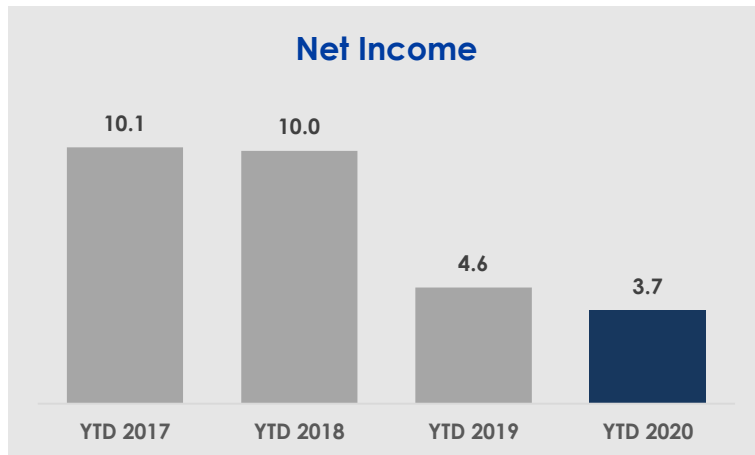
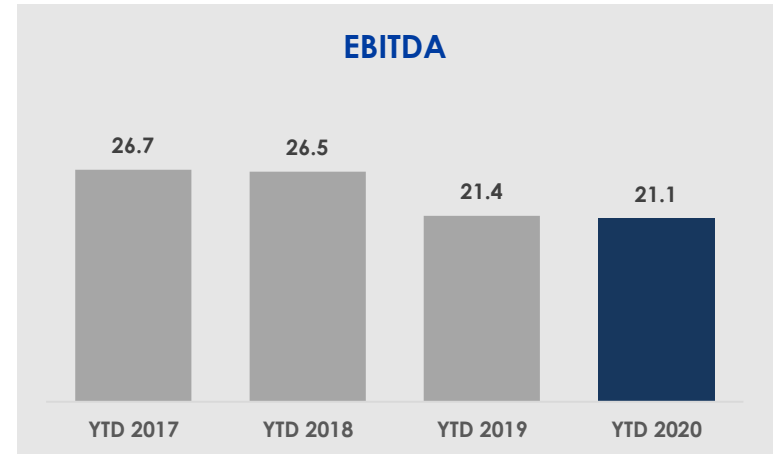
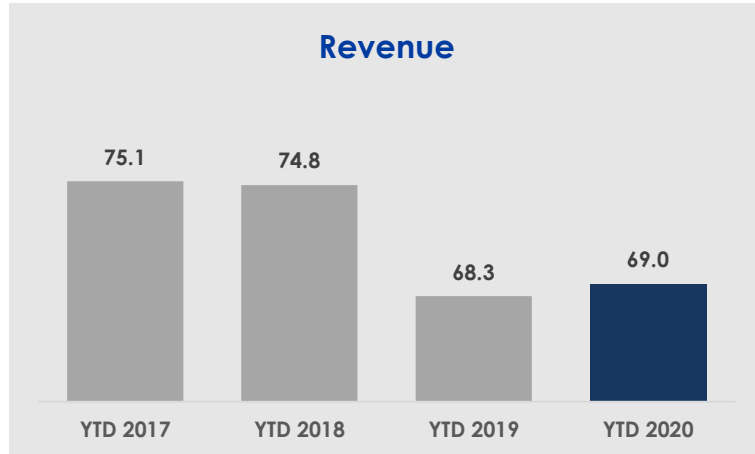


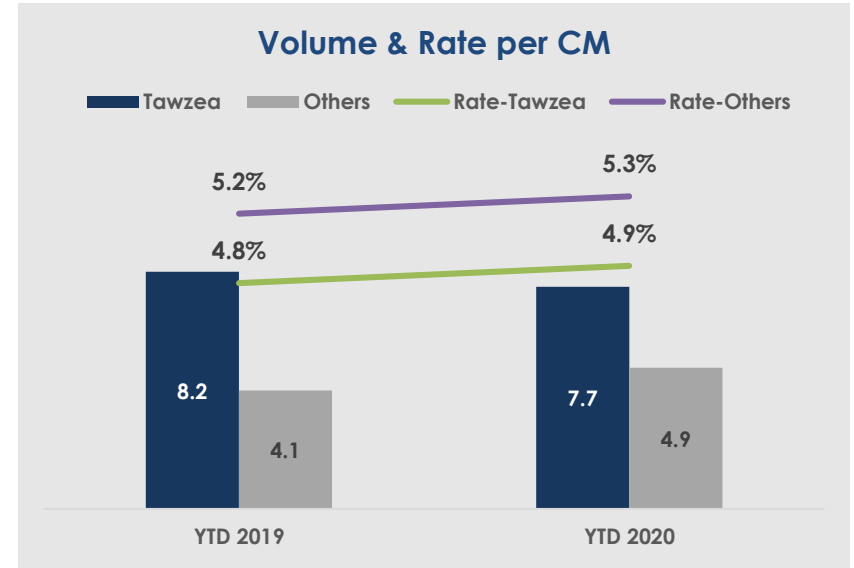
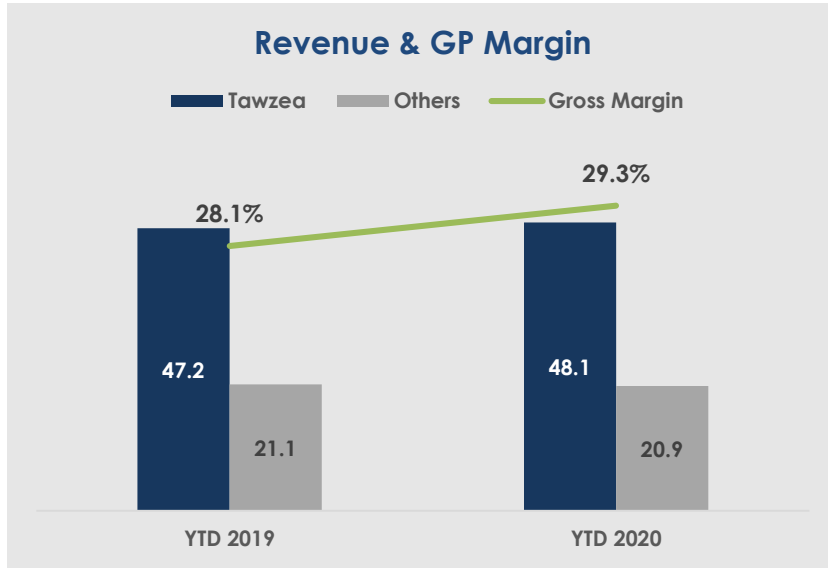
- Nominal decrease of SAR 1.3 million in revenue due to decrease in land revenue which is offset by an increase in warehouse and service revenues.
- Land rent revenue has decreased due to a decline in long term storage rentals.
- Service revenue increased due to new customers.
- Gross margin declined due to low margin service revenues, employees costs and utilities & fuel costs.



Segment Review

Water Solutions





- Sales increased marginally during the period due to increase in demands from other customers.
- Volume sold per cubic meter is improved which is due to the sales mix.



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