

SAUDI AIRLINES  
CATERING



الخطوط السعودية  
للتأمين

## RESULT OVERVIEW Q3 2016



# Table of Content



Q3 Highlights	3
Q3 Business overview	5
Q3 Financials	11





## Q3 HIGHLIGHTS

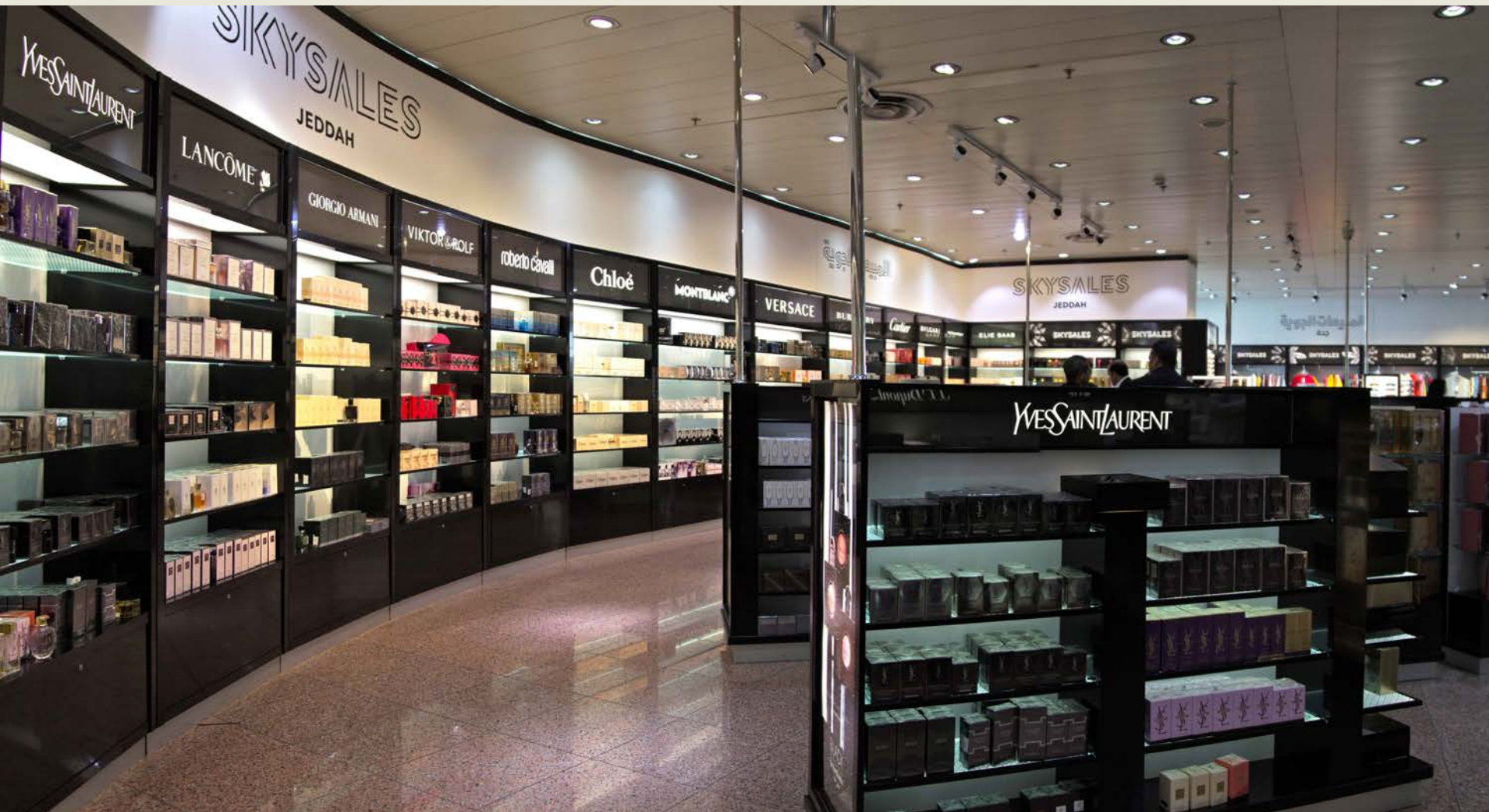
# Q3 HIGHLIGHTS



- **Hajj and Umrah business:** Launching new Mobile Kitchen Unit, inaugurated by HRH Prince Khalid Al Faisal on Monday, 29 August 2016 at Mina Valley, Makkah
- **Business Lounges:** Opening of new Wellcome Lounge in RUH T2
- **Retail:** Opening RUH T5 arrivals duty paid shop
- **In Flight:** Saudia announced a purchase of an additional 63 aircrafts:
  - 15 B777-300ER
  - 13 B787
  - 35 A320/A321-neo







## Q3 Business Overview

# FLIGHTS AND MEALS



1000 units	Q3-2011	Q3-2012	Q3-2013	Q3-2014	Q3-2015	Q3-2016
<b>Number of flights</b>						
Saudia	30	31	31	30	34	35
Others	10	11	10	8	9	12
Private	2	2	3	6	8	7
<b>Total</b>	<b>42</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>50</b>	<b>54</b>
<b>Number of meals</b>						
Saudia	5,893	5,850	5,850	5,642	7,177	7,332
Others	1,001	930	894	799	1,091	1,289
Private	76	92	128	190	214	207
<b>Total</b>	<b>6,970</b>	<b>6,872</b>	<b>6,872</b>	<b>6,631</b>	<b>8,481</b>	<b>8,828</b>

# LOUNGE GUESTS



1000 units	Q3-2014	Q3-2015	Q3-2016
Jeddah	173	214	211
Riyadh	184	230	255
Dammam	23	51	51
Medina	0	1	2
Total	380	495	520

## DEPENDANCY FROM SAUDIA<sup>\*)</sup> DECREASES



	2011-Q3	2012-Q3	2013-Q3	2014-Q3	2015-Q3	2016-Q3
SV share of net sales	73%	71%	70%	67%	66%	65%

- Besides in-flight catering services, SACC provides Saudia airline equipment, lounge services and manages SkySales on-board sales
- SACC's dependency from SV have decreased significantly due to successful strategy implementation
- Trend is expected to continue also during 2016

<sup>\*)</sup> Includes Saudi Arabian Airlines (catering, menu planning and equipment sales), Al Fursan lounges, Saudia Cargo and Saudia Private Aviation



# SACC STAFF COUNT



	2011-Q3	2012-Q3	2013-Q3	2014-Q3	2015-Q3	2016-Q3
<b>Saudi males</b>	<b>833</b>	<b>896</b>	<b>826</b>	<b>732</b>	<b>870</b>	<b>1,098</b>
<b>Saudi females</b>	<b>43</b>	<b>143</b>	<b>179</b>	<b>119</b>	<b>93</b>	<b>113</b>
<b>Total Saudis</b>	<b>876</b>	<b>1,039</b>	<b>1005</b>	<b>851</b>	<b>963</b>	<b>1,211</b>
<b>Expatriates</b>	<b>2,111</b>	<b>2,128</b>	<b>2,502</b>	<b>2,827</b>	<b>2,867</b>	<b>2,842</b>
<b>Total permanent staff</b>	<b>2,987</b>	<b>3,167</b>	<b>3,507</b>	<b>3,678</b>	<b>3,830</b>	<b>4,053</b>

- Saudization rate at the end of Q3 was 26%, which places SACC in medium green level in a relevant category
- In addition to permanent staff SACC employed 1,446 temporary staff at the end of Q3 2016
- The total number of permanent and temporary staff at the end of the quarter was 5,499

# STATISTICS



Particulars	2015 Q3	2016 Q3
Total number of inflight meals catered	8.5 million	8.8 million
Total number of flights catered	50,438 flights	53,858 flights
Total number of Airline clients	SAUDIA + 67 other airlines	SAUDIA + 72 other airlines
Total number of Business Lounges	14 (8 Intl, 5 Dom, & 1 Other)	23 (13 Intl, 7 Dom, & 3 Others)
Total number of Lounges guests	466,000	510,000
Total number of Non-Airline clients	59 (43 Food & 16 Laundry)	78 (52 Food & 26 Laundry)



## Q3 Financials

# Q3 FINANCIAL SUMMARY



- Net sales increased by 2% from 579 MSR to 592 MSR
- Net profit decreased by 9% from 164 MSR to 150 MSR mainly due to provisions released in 2015
- Earnings per share before zakat and income tax are 1.82 SAR (2.01 SAR Q3 2015)
- Cash and cash equivalent have decreased from 304 MSR to 81 MSR





# Q3 FINANCIAL SUMMARY



- Saudia remained the most important source of income for SACC
- Saudia's share of total SACC turnover decreased by 3% from 66% in Q3 2015 to 65% in Q3 2016.
- 2016 topline was maintained on a same level as last year
  - Business Lounges +16%
  - Inflight catering -1%
  - Laundry +106%
  - Business & Industrial +6%
  - SkySales +1%
- 2016 result was adversely impacted by release of 10 MSAR provisions & accruals (7 MSAR for AR, and 3 MSAR excess of Management fees accrual of 2014) in 2015 and 5 MSR increase in Salaries and wages
- COGS ratio improved by 2.9pp from 42.5% to 39.6%



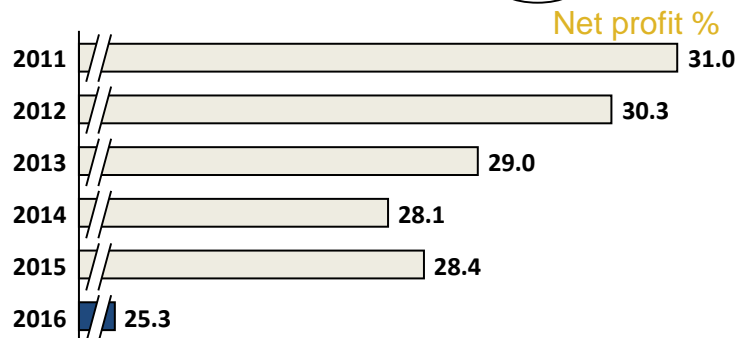
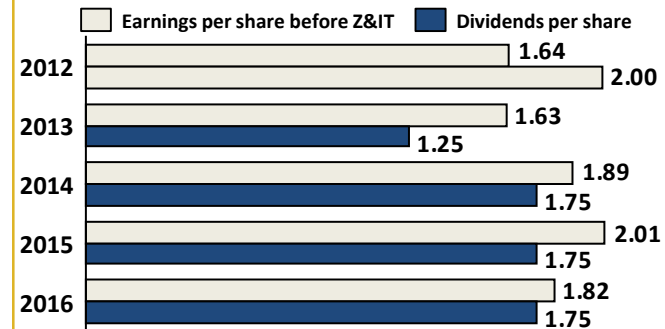
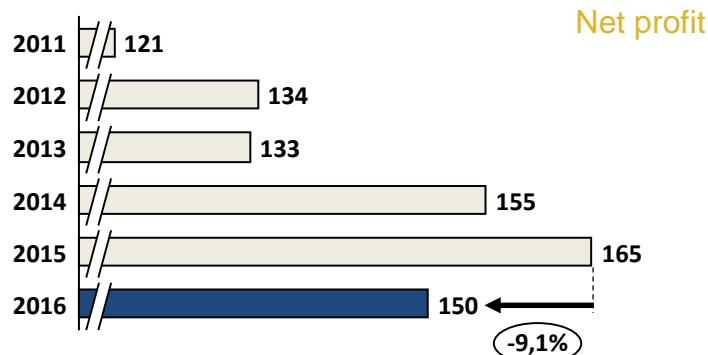
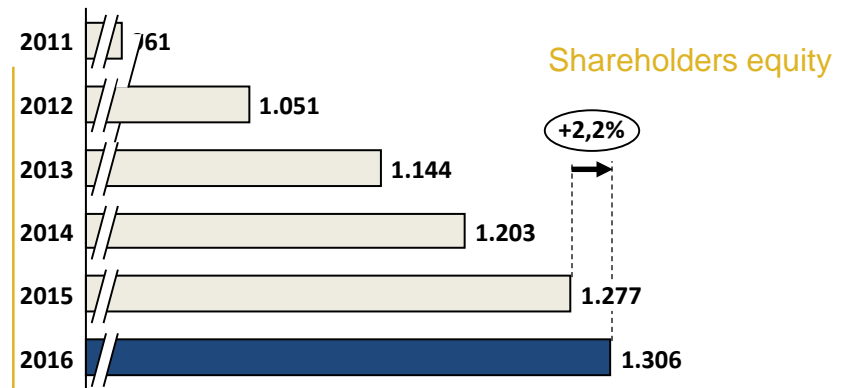
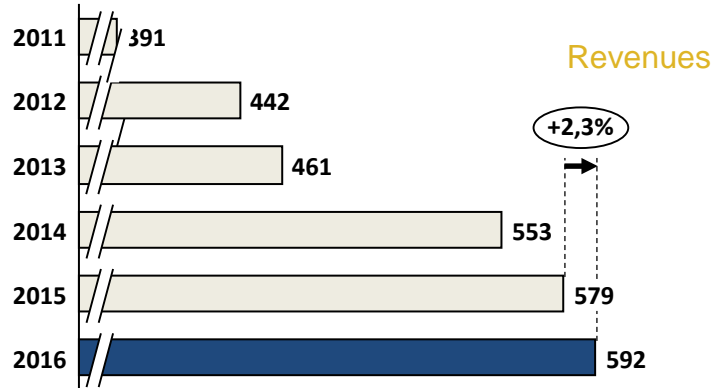
# Q3 FINANCIAL SUMMARY



- Personnel cost ratio have increased by 16% impacting a 1.3pp comparative to same quarter of last year
- Other expenses decreased by 4% from Q3 2015
- G&A increased by 20.7 MSAR or 3.3pp mainly due to net increase in provision for doubtful receivables, which is related to the releases in Q3 2015
- Net profit declined from 2015 by 9% resulting in 149.7 MSAR or 25.3% profit ratio

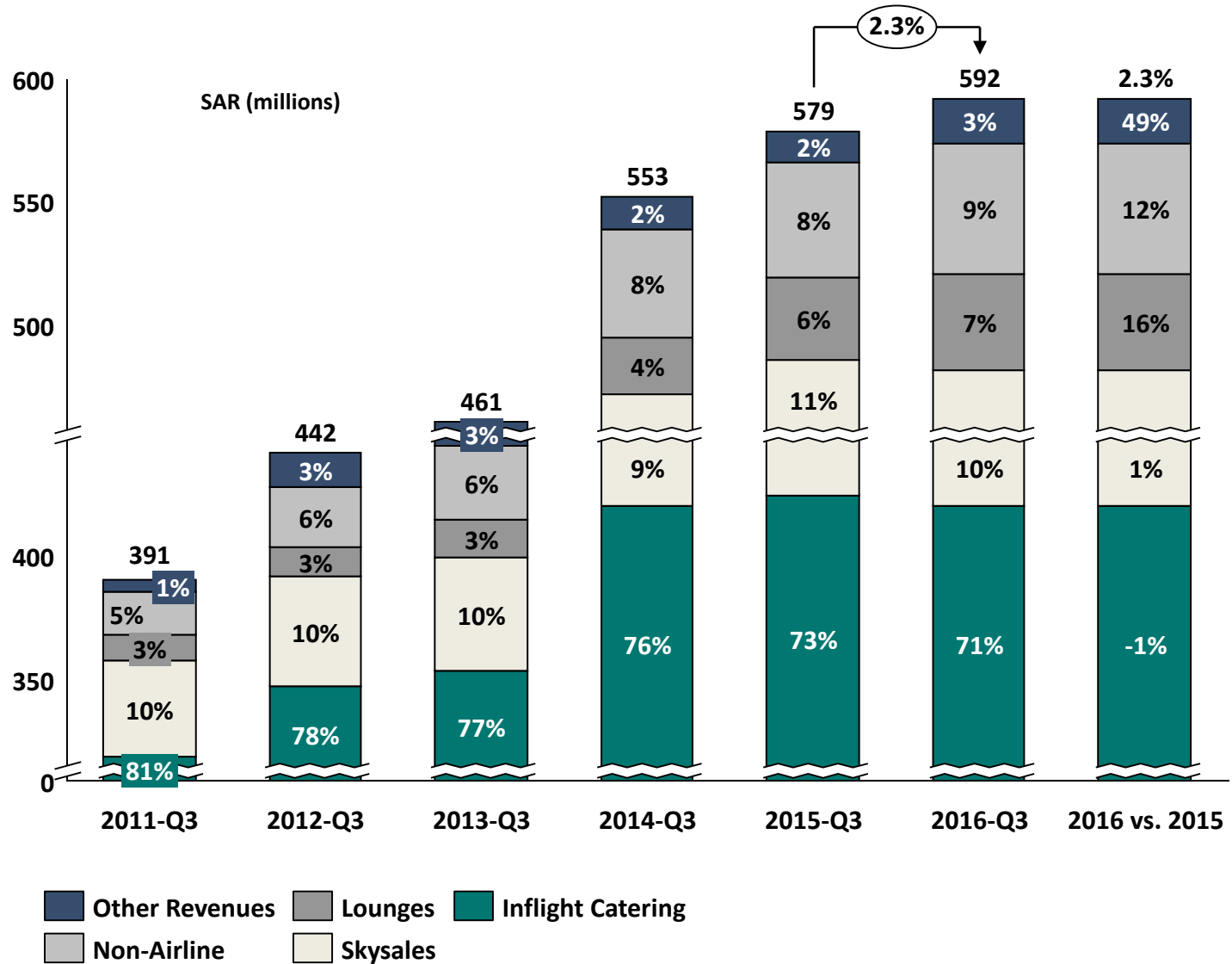


# 2016 KEY FINANCIALS COMPARED TO SAME QUARTER, PREVIOUS YEARS



- ✓ Net sales increased by 2% from 579 MSR to 592 MSR
- ✓ Net profit decreased by 9% from 164 MSR to 150 MSR
- ✓ Earnings per share before zakat and income tax were 1.82 SAR (2.01 SAR)

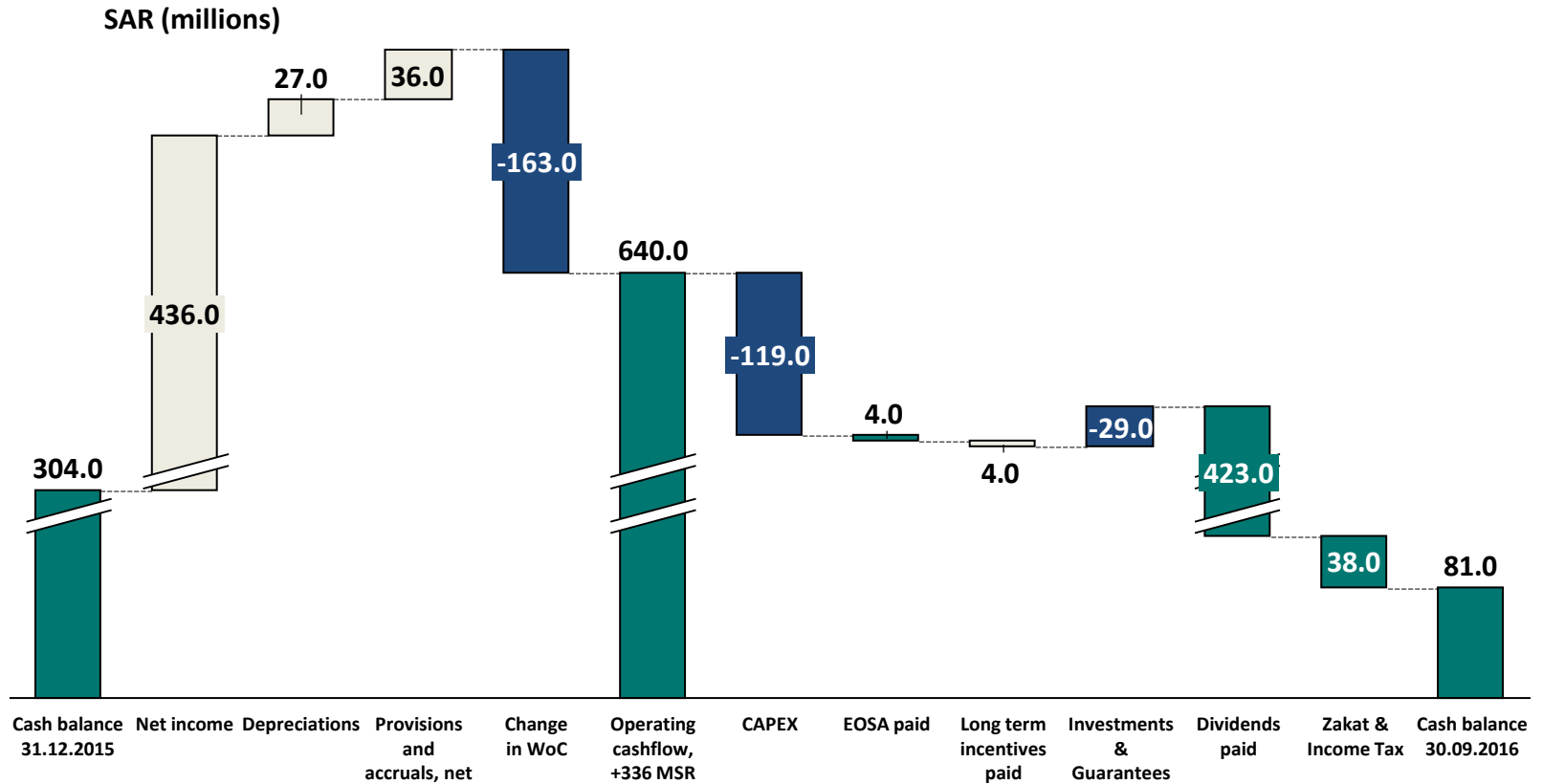
# REVENUES



Source: Financial Statements

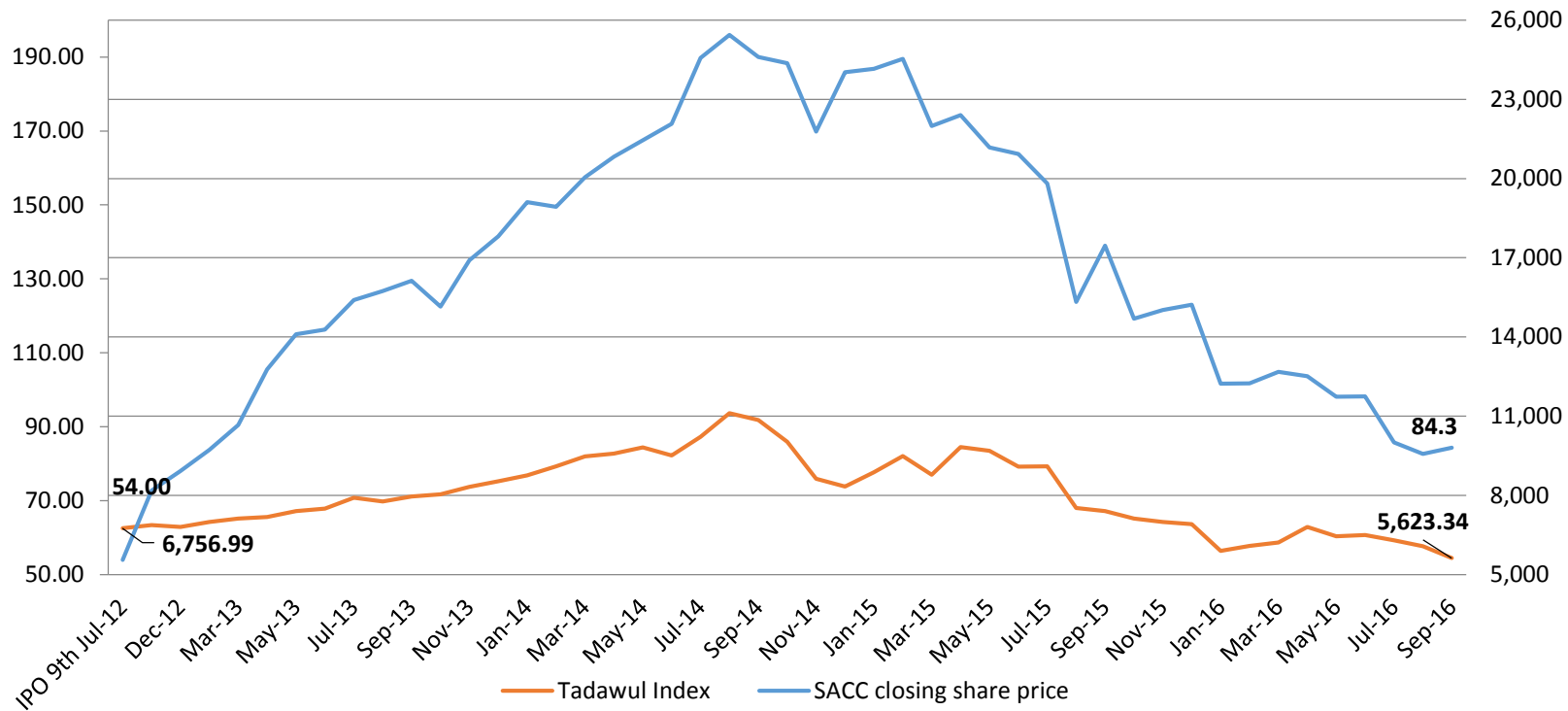


# CASH FLOW

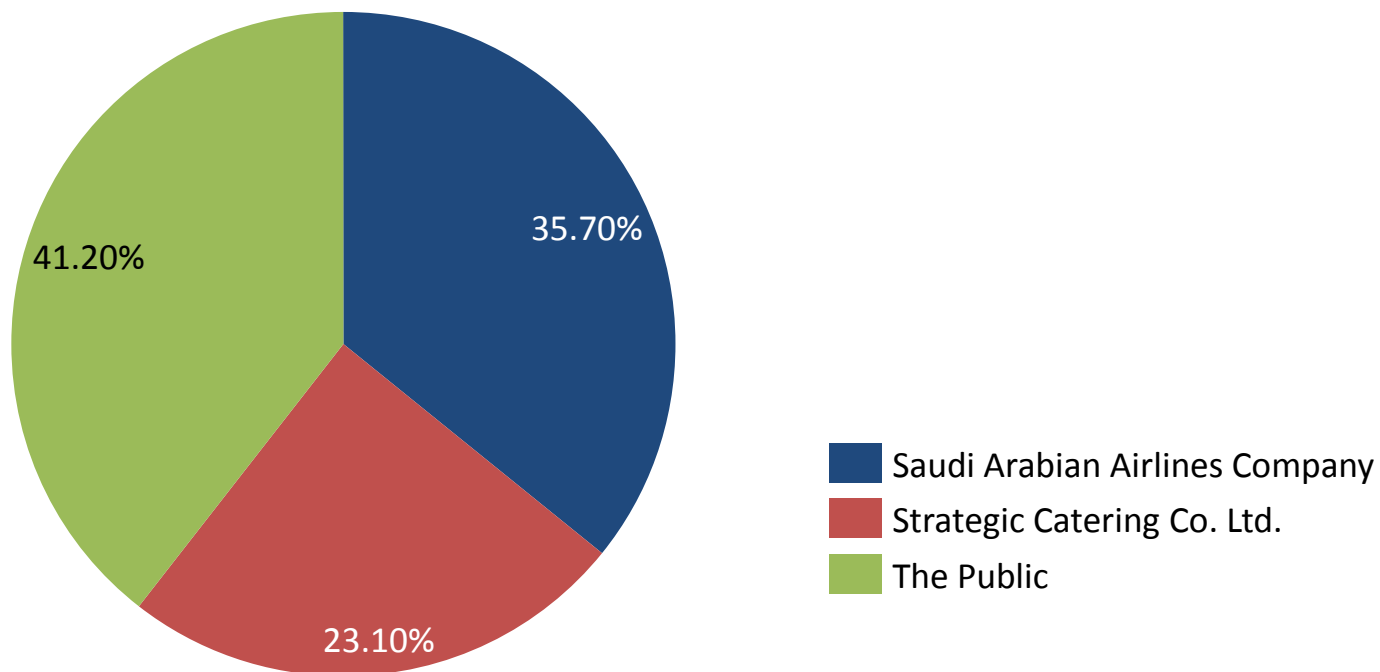


- Operating cash flow was +336 MSAR
- WOC increased by 163M

# SHARE PRICE DEVELOPMENT



# SHAREHOLDERS as of 30/09/2016\*)



**Strategic Catering Co:** Al-Hokair Group, Injaz Holdings, and Newrest Group

# SIGNIFICANT EVENTS AFTER PERIOD CLOSING



## 1. 6<sup>th</sup> October SACC announced an opening RUH T5 domestic departure lounge

- The Lounge contract with Saudia was signed on the 6<sup>th</sup> October 2016.
- The contract replaces the contract to operate domestic lounge at T3, which is currently under renovation
- Contract term is 10 years and the provisional value is 349.8M SAR



## 2. 6<sup>th</sup> October SACC announced entering into a consortium agreement to operate and manage duty free business in RUH T1 and T2

- Contract is with Lagardere Travel Retail (LGTR) and Arabian Ground Handling and Logistics (AGHL)
- Joint venture's shareholding is 51% LGTR, 40% SACC and 9% AGHL
- The contract period is five years and the duty free operations are expected to start in April 2017

## 3. 18<sup>th</sup> October SACC announced Q3 dividend, 1.75 SAR per share



إسناد المهمات الأرضية  
Ground Handling Logistic



# SIGNIFICANT EVENTS AFTER PERIOD CLOSING



4. **29th October Saudi Gulf started its operations**
  - MOU to provide catering services
5. **29th October SACC opened a temporary duty paid shop in RUH T1 and T2**
  - Shop will serve customers while the actual duty paid shop is under construction
6. **31st October SACC announced its readiness for IFRS transition**
  - SACC already has readily available IFRS financial statements for Q1, Q2 and Q3/2016
  - The same is now being reviewed by the auditors
7. **2nd November SACC opened a temporary duty paid shop in JED South terminal (Int)**
  - Shop will serve customers while the actual duty paid shop is under construction
8. **13th November SACC announced that the consortium with LGTR and AGHL has been awarded for the project of operating and managing two Aelia duty free shops at King Fahad International Airport in Dammam.**
  - The contact period is five years
  - The provisional value of the capital expenditure shall be SAR fifteen million (15,000,000)

