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SISCO
الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

SISCO EARNINGS PRESENTATION

Q1 2020

Your Partner in

Ports & Logistics | Water Solutions | Industrial Services

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

Content

Q1 2020 - Financial Review

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

- Reported revenue of SAR 167.3 million, a marginal increase of 0.5% mainly due to:
 - A decrease in port and logistics revenue of SAR 1.8 million
 - Offset by an increase in water solutions revenue by SAR 2.6 million

Gross Profit

- Gross profit and gross margins declined by SAR 19.5 million and 11.9% respectively during Q1 2020 mainly due to the increase in port sector JIP share and direct costs related to the takeover of the NCT.
- Like for like gross profit and gross margins (adjusting for the impact of the above items) declined marginally by SAR 3.2 million and 2.1% respectively.

EBITDA

- Reported EBITDA increased by SAR 17.4 million (22.3%) during Q1 2020 vs Q1 2019 mainly due to the an increase in one-off IFRS 9 gain of SAR 31.9 million despite a decline in gross profit highlighted above.

- Like for like adjusted EBITDA increased by SAR 1.8 million (2.2%) ahead of Q1 2019.

Net Income

- Reported net income increased by SAR 9.7 million (57.4%) during Q1 2020 due to a one-off IFRS 9 gain relating to the extension of the Ijara Facility.

Operational Highlights

- Ports sector completed takeover of adjacent NCT on 1 April 2020 and commenced process of consolidating both terminals
- Ports sector also successfully closed funding of SAR 750 million to fund the takeover of NCT and agreed an extension on existing loan of SAR 793 million for 10 years.

Revenue

SAR 167.3 m ↑ 0.5%

FY19: SAR 166.5 m

Reported EBITDA

SAR 95.6 m ↑ 22.3%

FY19: SAR 78.2 m

Adjusted EBITDA*

SAR 83.9 m ↑ 2.2%

FY19: SAR 82.1 m

Reported Net Income⁽¹⁾

SAR 26.6 m ↑ 57.4%

FY19: SAR 16.9 m

Adjusted Net Income* ⁽¹⁾

SAR 20.0 m ↑ 3.6%

FY19: SAR 19.3 m

Net Debt

SAR 489.8 m ↑ 25.7%

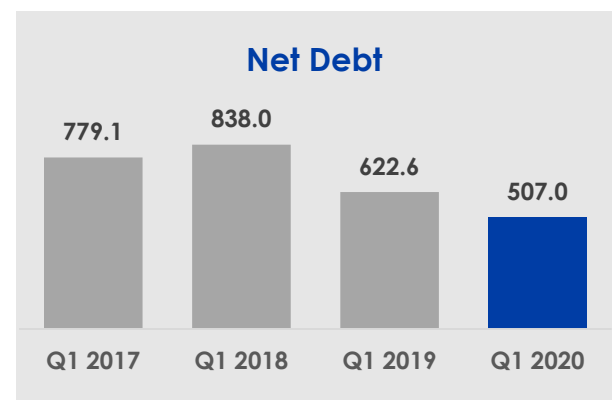
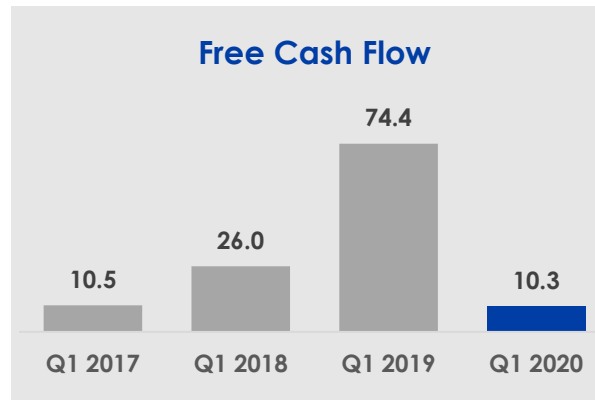
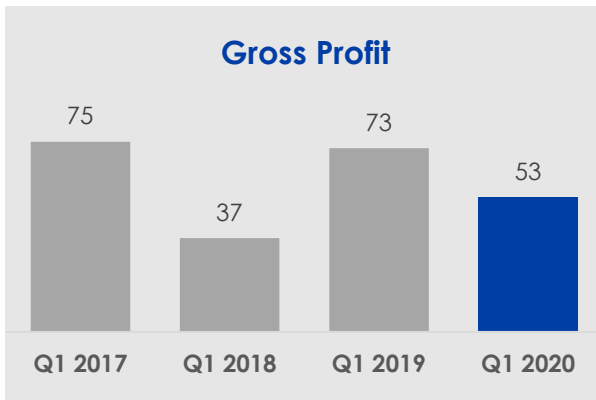
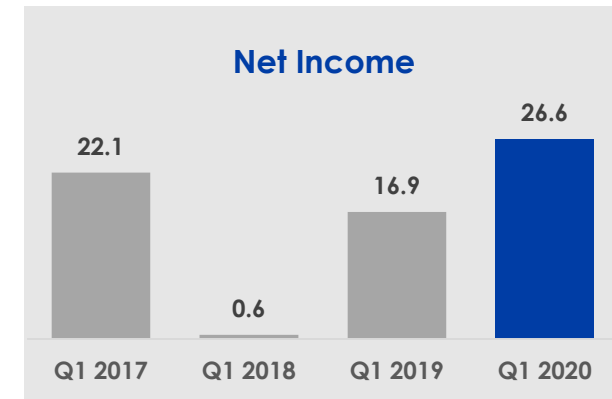
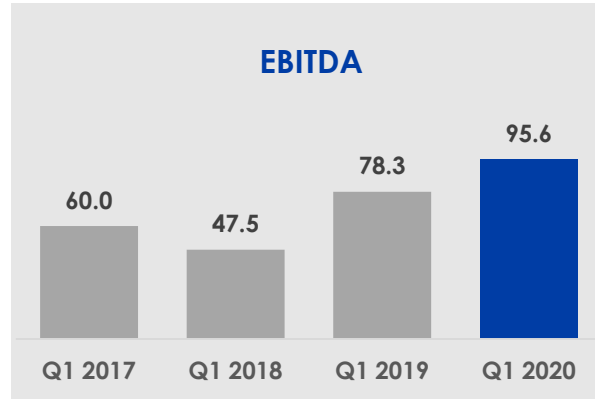
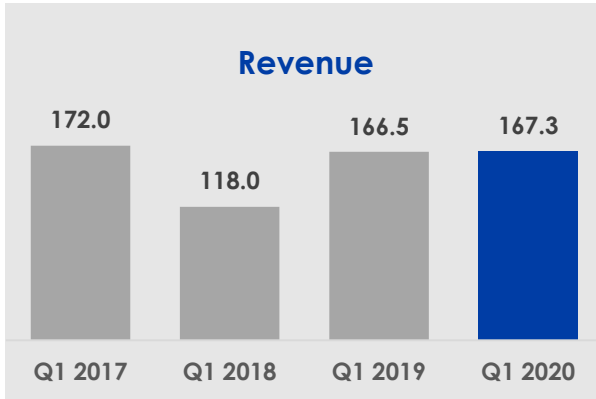
FY18: SAR 659.4 m

1. Reported Net Income Relates to SISCO's share of Group Net Income

- Adjusted EBITDA and adjusted net income have been adjusted to exclude increase in port sector JIP share and direct costs related to the takeover of NCT to present a like for like comparison.

HIGHLIGHTS – CONSOLIDATED

All amounts are in SAR millions



CONSOLIDATED INCOME STATEMENT

All amounts are in SAR millions

	Q1 2019	Q1 2020	% Change
Revenue	166.5	167.3	0.5%
Gross Profit	72.6	53.1	-26.9%
GP Margin	43.6%	31.7%	
Operating Profit	33.3	13.4	-59.8%
EBITDA	78.2	95.6	22.3%
EBITDA Margin	47.0%	57.1%	
Net Profit	16.9	26.6	57.4%
NP Margin	10.2%	15.9%	

GROSS PROFIT AND GROSS MARGIN

- Gross profit during Q1 2020 was adversely impacted by an increase in port sector JIP share and direct costs related to the takeover of the new terminal.
- Consequently gross margins declined by 11.9% during the period.

NET INCOME

- Reported Net Income during Q1 2020 was impacted by a one-off IFRS 9 gain related to the extension of the Ijara facility.

CONSOLIDATED ADJUSTED INCOME STATEMENT

All amounts are in SAR millions

	Q1 2019	Q1 2020	% Change
Revenue	166.5	167.3	0.5%
Reported Gross Profit	72.6	53.1	-26.9%
Adjustments	3.8	20.1	
Proforma Gross Profit	76.4	73.2	-4.1%
GP Margin	45.9%	43.8%	
Proforma Operating Profit	37.1	33.6	-9.4%
Proforma EBITDA	82.1	83.9	2.2%
EBITDA Margin	49.3%	50.1%	
Proforma Net Profit	19.3	20.0	3.6%
NP Margin	11.6%	12.0%	

Refer to slide 10 for detail.

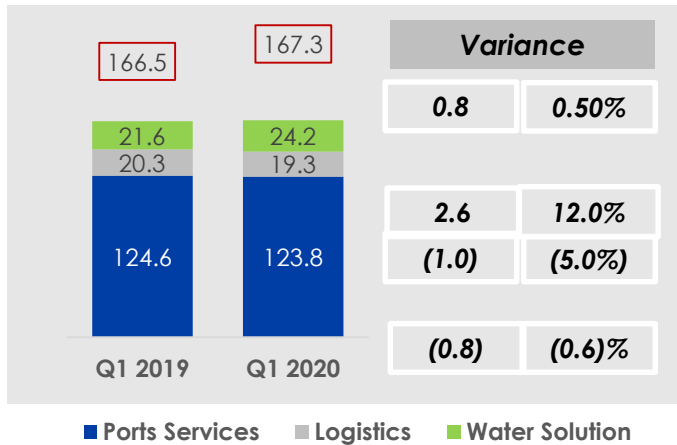
	Q1 2019	Q1 2020
Reported Gross Profit	72.6	53.1
Increase in Direct Operating Costs	-	16.4
Asset Replacement Provision	1.8	1.6
Depreciation (IFRS 16)	2.0	2.1
Total Adjustments in GP	3.8	20.1
Proforma Adjusted Gross Profit	76.4	73.2
GP Margin	45.9%	43.8%
Proforma Adjusted Operating Profit	37.1	33.6
Proforma Adjusted EBITDA	82.1	83.9
Proforma Adjusted Group Net Income	30.0	30.4
Parent Company share in Adjusted Net Income *	19.3	20.0

*This excludes one off IFRS 9 gain

Consolidated Revenue & Gross Profit

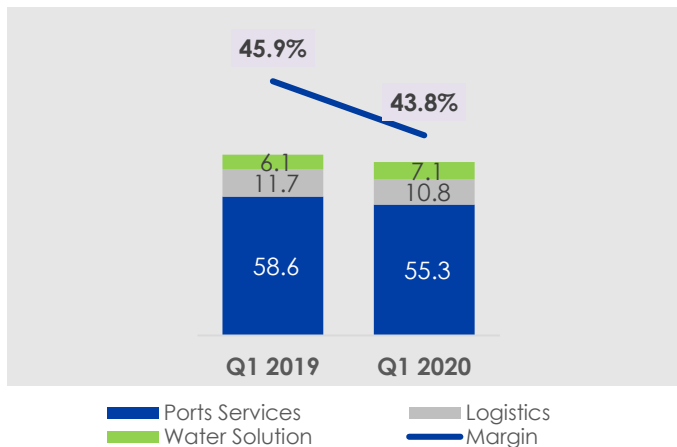
All amounts are in SAR millions

Group Revenue



- Marginal growth in Revenue SAR 0.8 million (i.e. 0.5%) during 2020 vs 2019 is due to Water Segment. This was offset by a decline in logistics and ports segment.

Proforma GP and Margin



- Adjusted gross profit margin declined by 2.1% during Q1 2020 mainly due to the decline in the logistics gross margin.

Balance Sheet

Increase/(decrease) in right of use assets	(149.9)
Increase/(decrease) in lease liabilities	(151.8)

Income Statement

Increase in depreciation resulting decline in operating profit	(2.0)
Increase in finance charges	(0.4)
Total impact in Q1 2020 on Net Profit before Zakat & Tax	(2.4)
Impact on EPS	(0.3)

Consolidated Balance Sheet

SAR '000	2020	2019
Fixed Assets	2,089,634	2,078,586
Investments	146,690	147,960
Right To Use Assets (IFRS 16)	91,873	241,825
Other Non Current Assets	13,185	13,185
Total Non Current Assets	2,341,382	2,481,556
Current Assets (excl. Cash & Bank)	145,792	129,446
Cash and Bank	292,112	295,100
Total Assets	2,779,286	2,906,102
Current Liabilities (excl. borrowings)	191,469	189,767
Borrowings	749,934	781,102
Other Non Current Liabilities	218,538	344,198
Total Liabilities	1,159,941	1,315,067
Equity	1,619,345	1,591,035
Total Shareholders' Equity And Liabilities	2,779,286	2,906,102

CASH FLOW STATEMENT

SAR '000	Q1 2020	Q1 2019
Operating cash flow before working capital	63.6	79.7
Net working capital movement	1.1	5.5
Cash generated from operating activities	64.7	85.2
Finance charges, Zakat & income tax, EOSB	(12.9)	(7.8)
Net cash flow from operating activities	51.8	77.4
Net cash used in Investing activities	(41.4)	(5.6)
Net cash used in financing activities	(13.2)	0.4
Net decrease in cash and bank balances	(2.9)	72.2
Cash at the beginning of the period	295.1	180.6
Cash at the end of the period	292.1	252.8

SAR '000	Institution	Total Borrowings	Current Portion
Ports & Terminals	Al Rajhi /BSF Bank	793,771	67,232
Water Solutions	SABB Bank	5,314	1,771
		799,085	69,003

Repayment Schedule

SAR '000	Ports & Terminals	Water Solution	Total
Less than 1 year	67,232	1,771	69,003
1 to 2 years	69,534	1,771	71,306
More than 2 years	657,005	1,771	658,776
	793,771	5,313	799,085

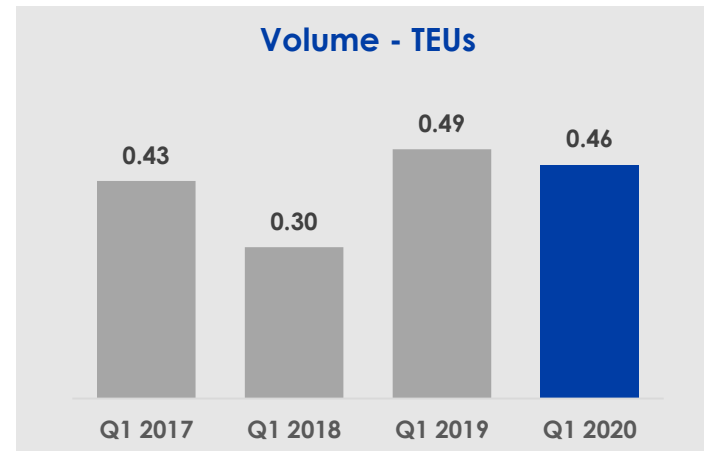
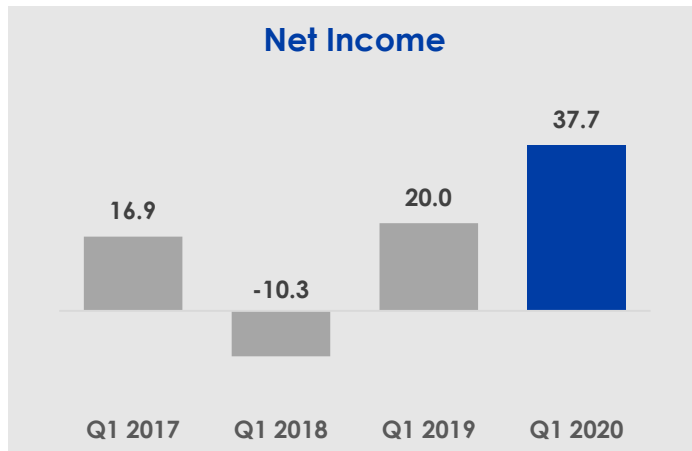
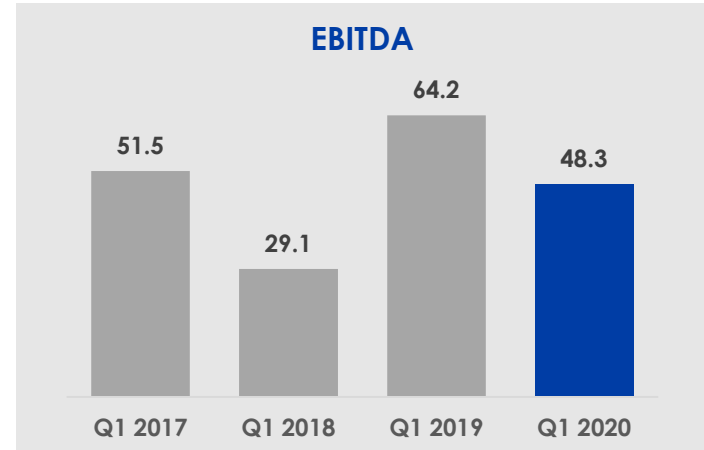
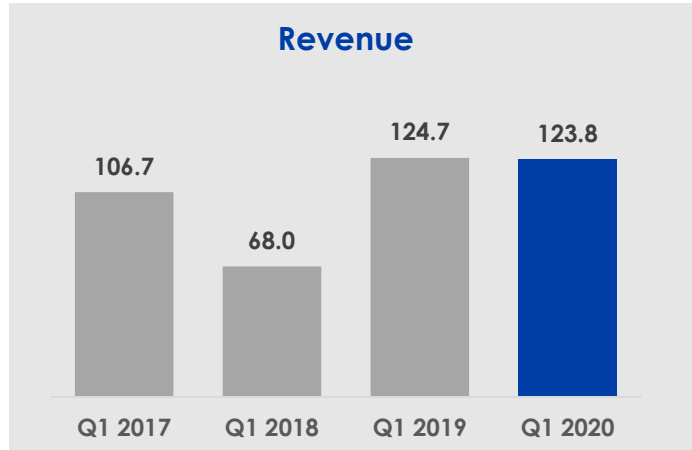
Segment Review

Port and Terminals



Port and Terminals

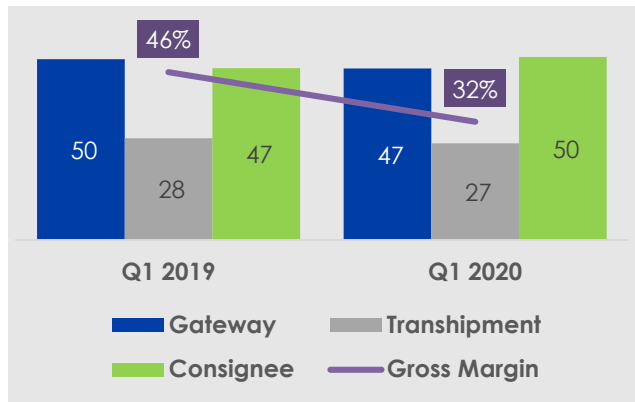
All amounts are in SAR millions



Port and Terminals

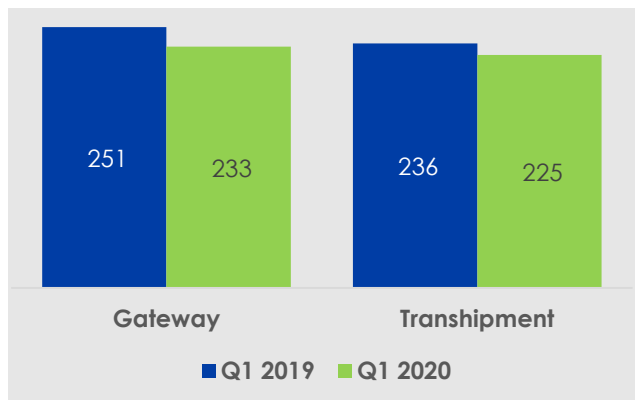
All amounts are in SAR millions

Revenue & Gross Margin



- Volumes during the quarter declined by 6.5% compared to same quarter last year, which is mainly due to decrease in gateway volumes.

Volume - TEUs



- The volume mix between Gateway and Transshipment has remained broadly the same (2020: 51:49 vs 2019: 52:48).

- Gross margins declined due to increase in personnel costs and JIP share.

Segment Review

Logistics, Parks and Services



All amounts are in SAR millions

Revenue



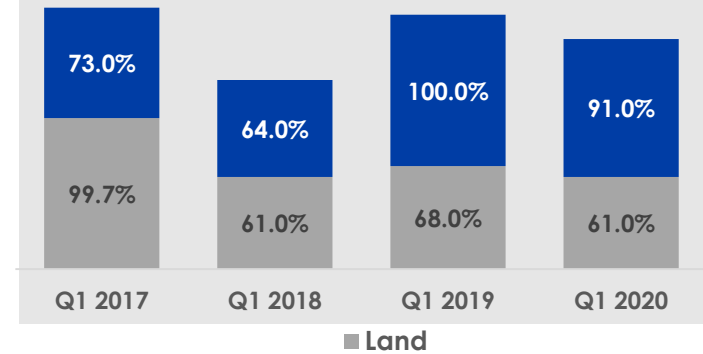
EBITDA



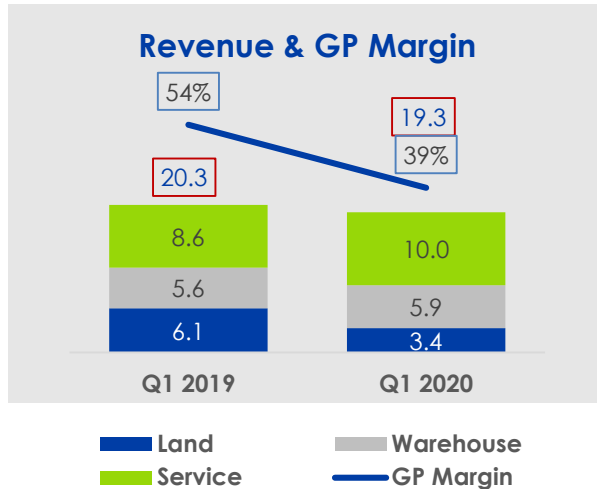
Net Income



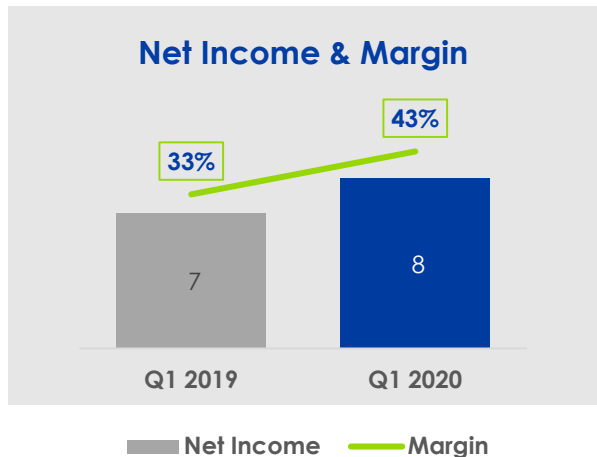
Occupancy



All amounts are in SAR millions



- Nominal decrease of SAR 1 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 and impact of additional IFRS 16 depreciation, employees costs and utilities & fuel costs.

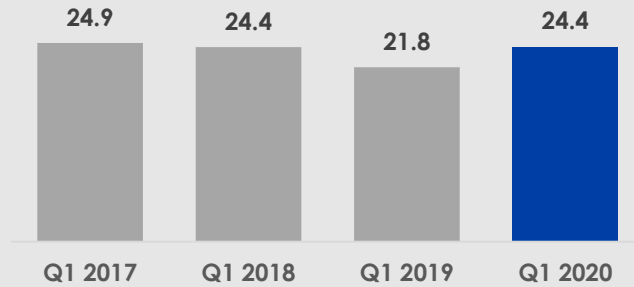


**Segment
Review**

Water Solutions



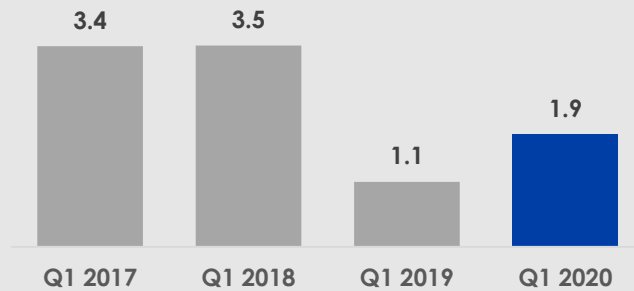
Revenue



EBITDA

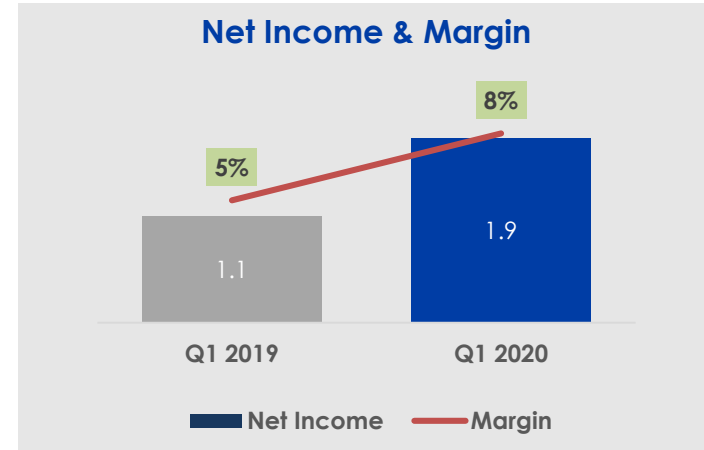
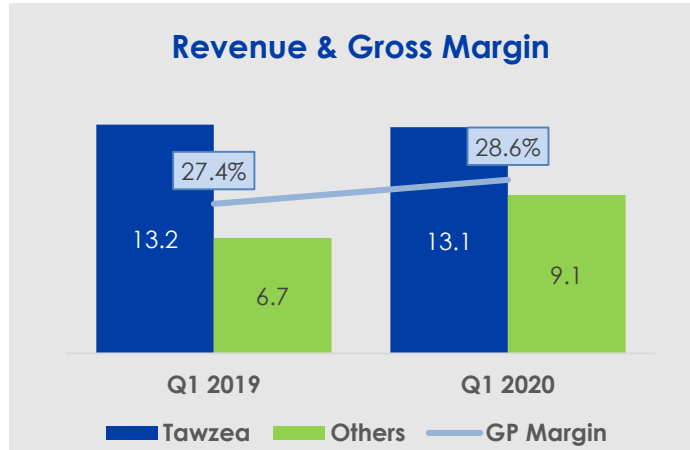


Net Income



Volume Sold (Cubic Meters)





- Sales increased during the period due to increase in demand from external customers.
 - Volume sold per cubic meter is marginally declined which is due to sales mix.

Content

COVID 19 Impact

- All business units' operations have been impacted due to the curfew and lockdown.
- Additional costs have been incurred to provide safety equipment and accommodation for operational staff.
- Whilst situation is continually evolving, all business units have taken the following measures:
 - Defer non critical capital expenditure
 - Freeze hire of new employees
 - Actively monitor and manage receivables.
 - Engagement with financial institutions for deferral of loan repayments
- Q2 performance, mainly in the ports and logistics segment, expected to be impacted by COVID-19 and the resulting slowdown.
- True extent of COVID 19 impact will be assessed during Q2.



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QUESTIONS?

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