



سيسكو
SISCO
الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

SISCO 2020 YEAR END EARNINGS PRESENTATION

Your Partner in

Ports & Terminals | Logistics Parks & Services | Water Solutions



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Content

2020 - FINANCIAL REVIEW

KEY FINANCIAL HIGHLIGHTS – YE 2020

Revenue

SAR 861.6 m * ↑ 27.5%

2019: SAR 675.9 m

Gross Profit

SAR 423.7 m ↑ 62.8%

2019: SAR 260.3 m

Reported EBITDA

SAR 562.3 m ↑ 95.5%

2019: SAR 287.7 m

Parent Company Net Income

SAR 139.4 m ↑ 173.9%

2019: SAR 50.9 m

Net Debt

SAR 399.8 m ↓ 17.7%

2019: SAR 486.0 m

* Revenue of 2020 has been adjusted to exclude notional revenue

HIGHLIGHTS

- Strong operating performance with highest ever revenue
- Agreed landmark transaction to sell 21.2% equity stake in RSGT to PIF and COSCO.
- Strong performance by the ports sector with 2.6 million TEUs handled during 2020.
- 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.
- Capitalisation of fixed and variable fee has resulted in unusual impact on margins and adverse impact on net income.
- Logistics segment open yard revenue continues to be impacted which has resulted in revenue decline.
- Water sector continues to face challenges with limited growth in 2020

ACCOUNTING ADJUSTMENTS

- Revenue comprises service revenue (SAR 861.6 m) and notional revenue (SAR 159.2 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 2019 and 2020 presented on the right.

Impact on Income Statement		2019	2020
Bad debt provision	<i>Operating Expenses</i>	11.5	-
Gain on modification of loan	<i>Finance Charges</i>	-	(19.4)
Reversal of provision for asset replacement cost	<i>Other Income</i>	-	(45.5)
Reversal of provision for contingencies	<i>Other Income</i>	-	(8.0)
Total adjustments		11.5	(72.9)

CONSOLIDATED Q4 AND YEAR END FINANCIAL SUMMARY

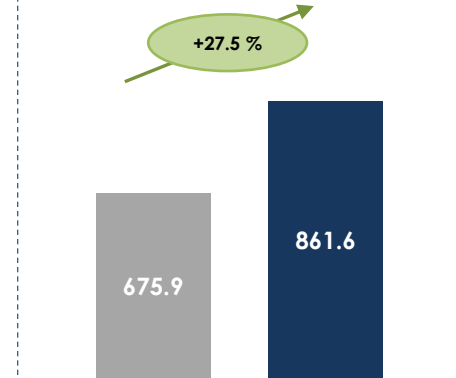
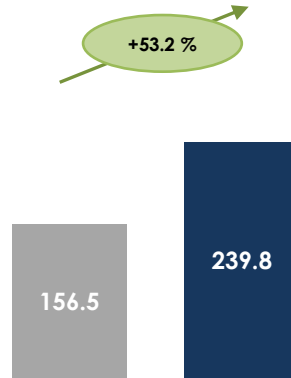
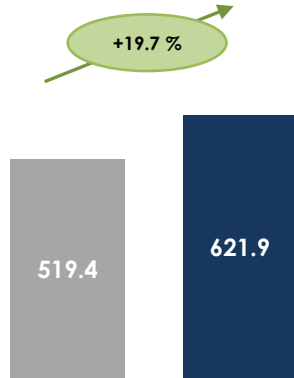
All amounts are in SAR million

YTD Sept 2019 / YTD Sept 2020

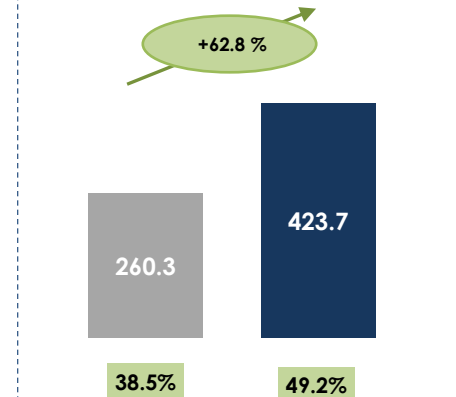
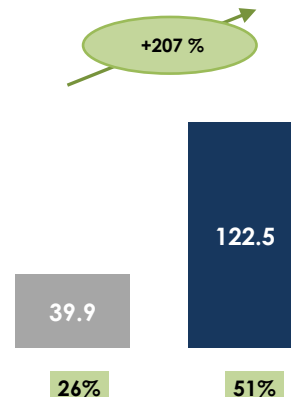
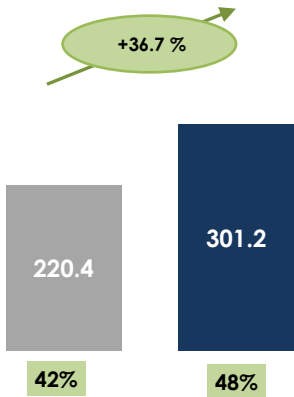
Q4 2019 / Q4 2020

YE 2019 / YE 2020

REVENUE



GROSS PROFIT



CONSOLIDATED Q4 AND YEAR END FINANCIAL SUMMARY

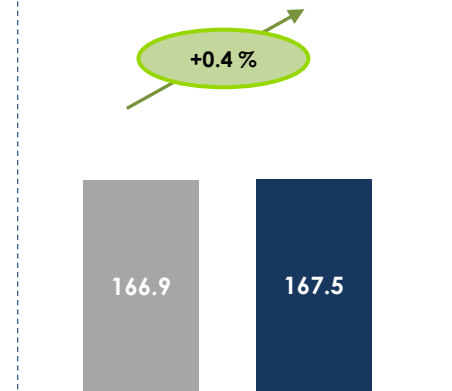
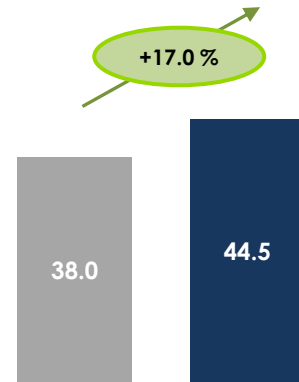
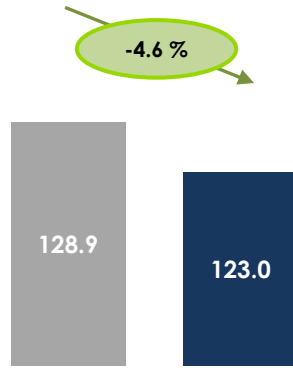
All amounts are in SAR million

YTD Sept 2019 / YTD Sept 2020

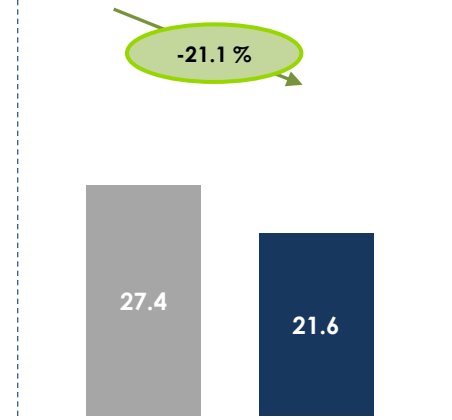
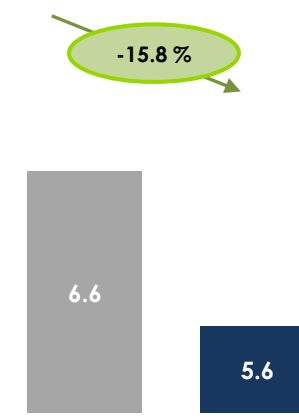
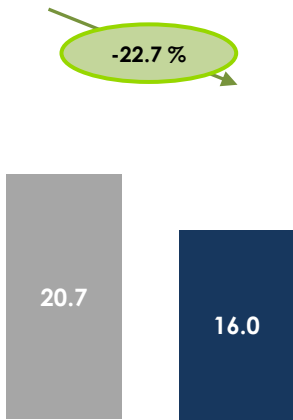
Q4 2019 / Q4 2020

YE 2019 / YE 2020

OPERATING EXPENSES



INVESTMENT INCOME

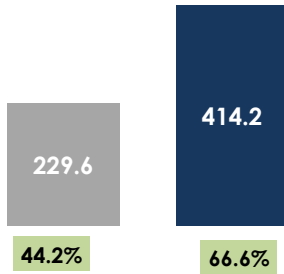


CONSOLIDATED Q4 AND YEAR END FINANCIAL SUMMARY

All amounts are in SAR million

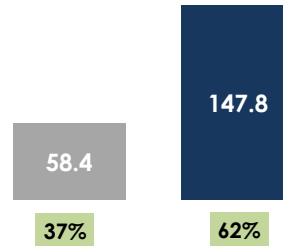
YTD Sept 2019 / YTD Sept 2020

+80.4%



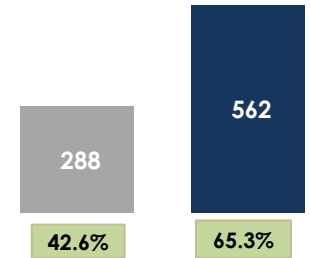
Q4 2019 / Q4 2020

+153%



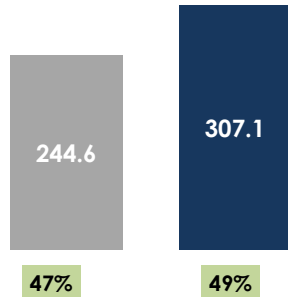
YE 2019 / YE 2020

+95.1%

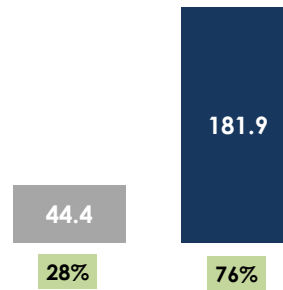


REPORTED EBITDA

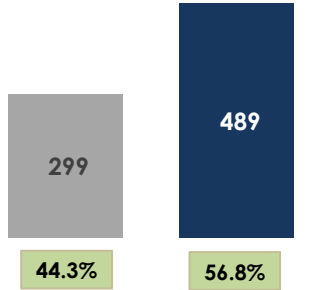
+25.6%



+310%



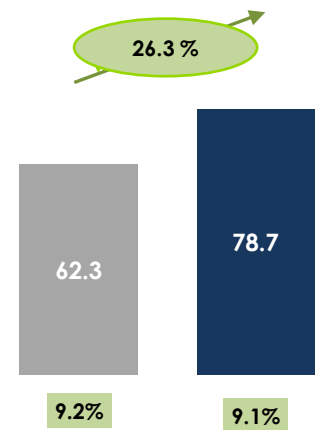
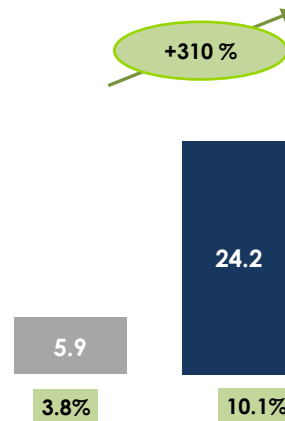
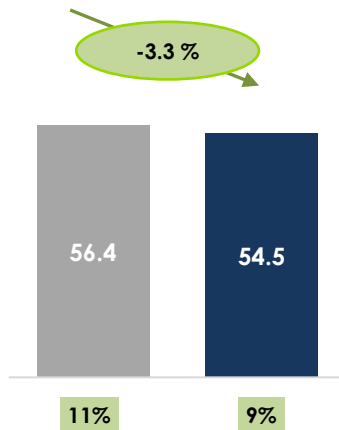
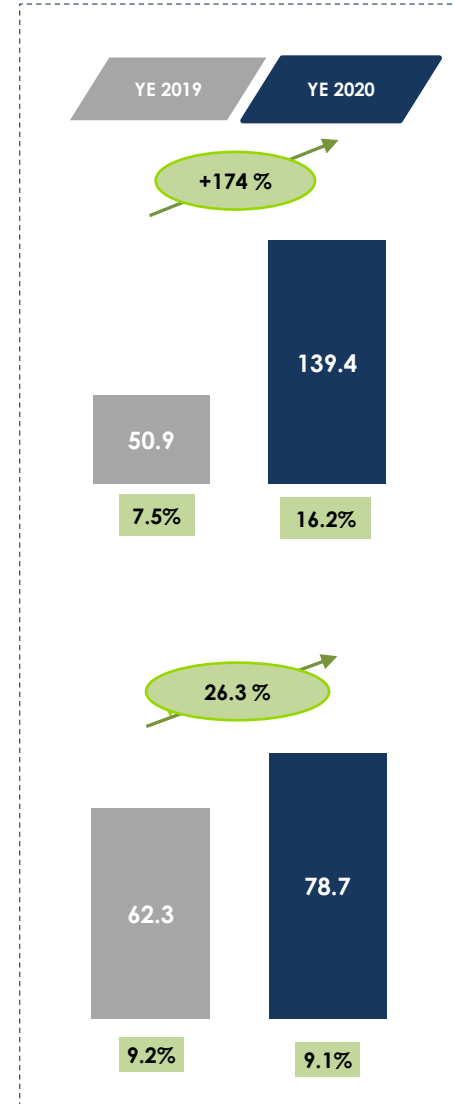
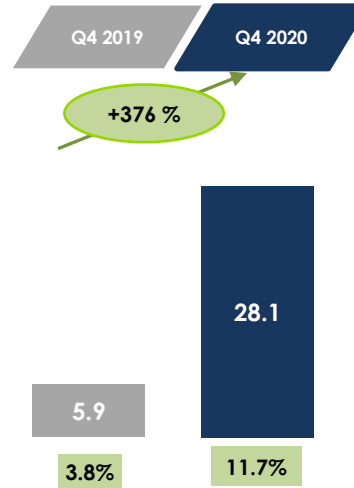
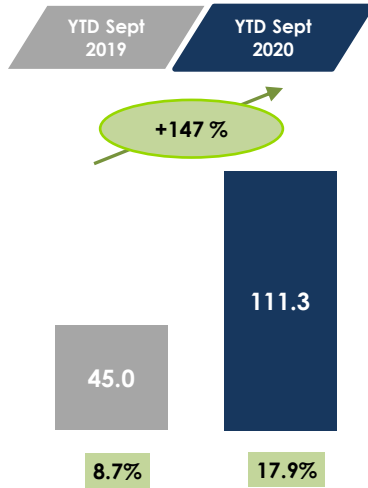
+63.6%



ADJUSTED EBITDA

CONSOLIDATED Q4 AND YEAR END FINANCIAL SUMMARY

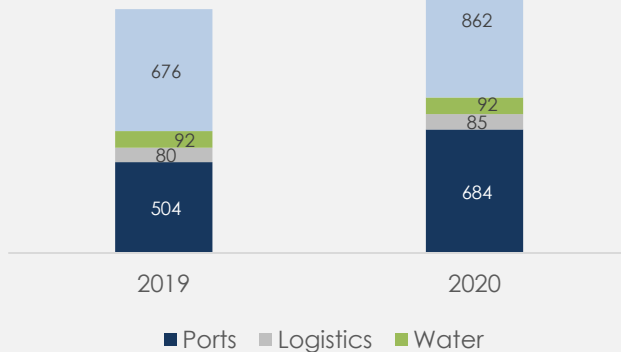
All amounts are in SAR million



REVENUE AND GROSS PROFIT

All amounts are in SAR million

Revenue



Variance

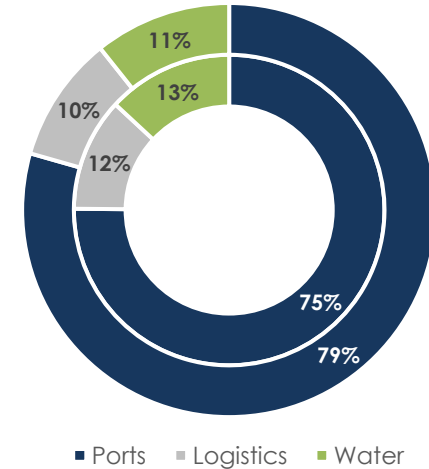
185.7 + 27.5%

0.5 + 0.5%

5.0 + 6.7%

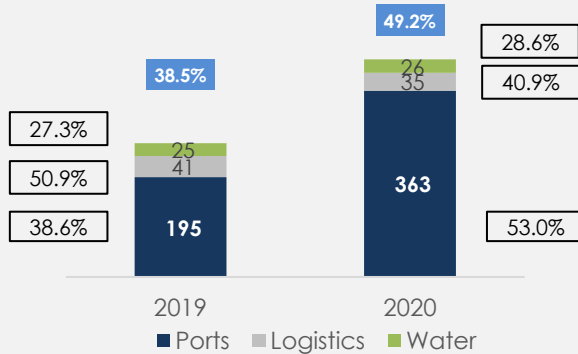
180.0 + 35.7%

Revenue Composition



Inner Circle: YE 2019 | Outer Circle: YE 2020

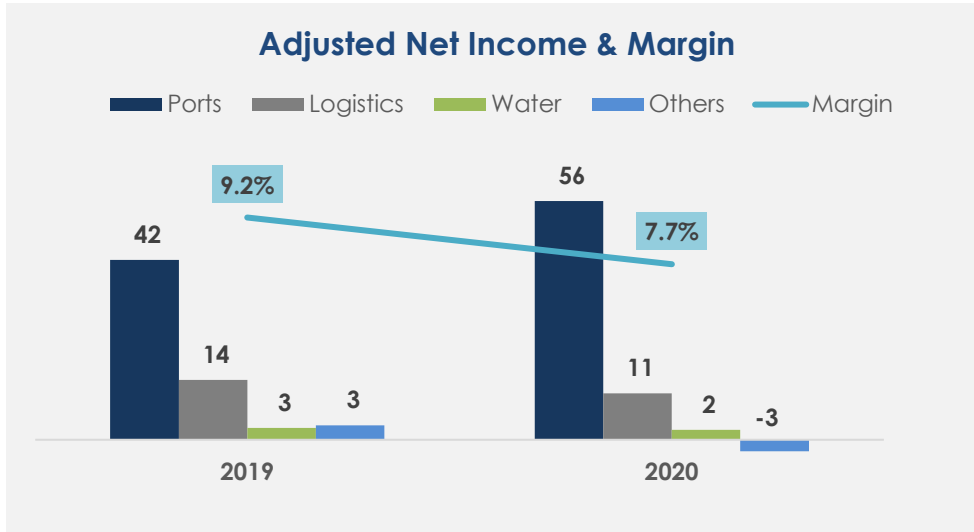
Gross Profit & Margin



- Total Growth in Revenue SAR 185.7 million (i.e. 27.5%) during 2020 vs 2019 is due to Ports and Water Segments.
- Gross profit margin improved by +10.7% during 2020 mainly due to the improvement in Ports gross margin.

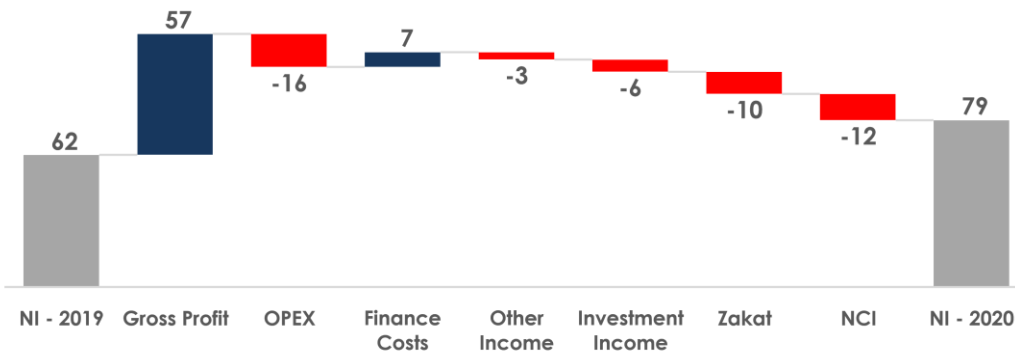
CONSOLIDATED NET INCOME

All amounts are in SAR million



Total Growth in net income (reported) of 88.5 million (i.e. 173.9%) during 2020 vs 2019 is due to Ports and Logistics Segments. This was offset by a nominal decline in net income from Water segment.

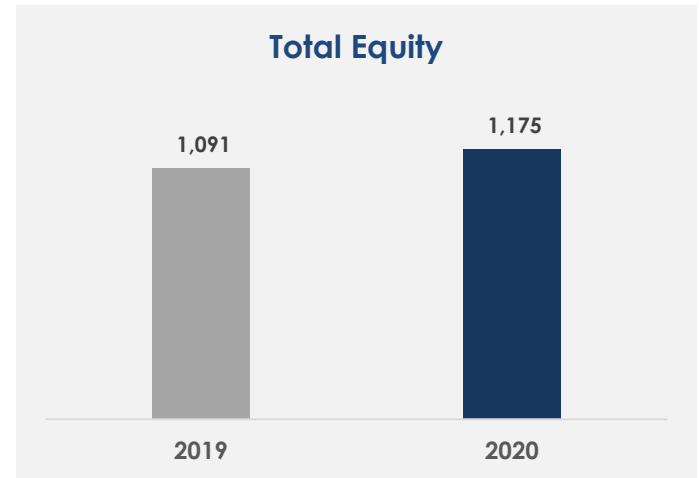
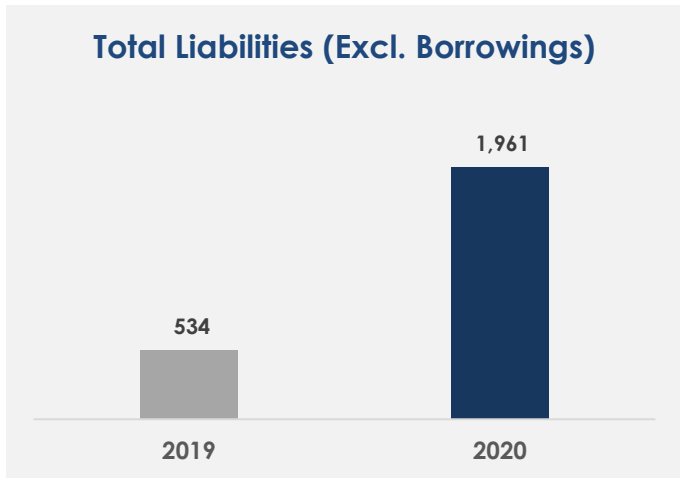
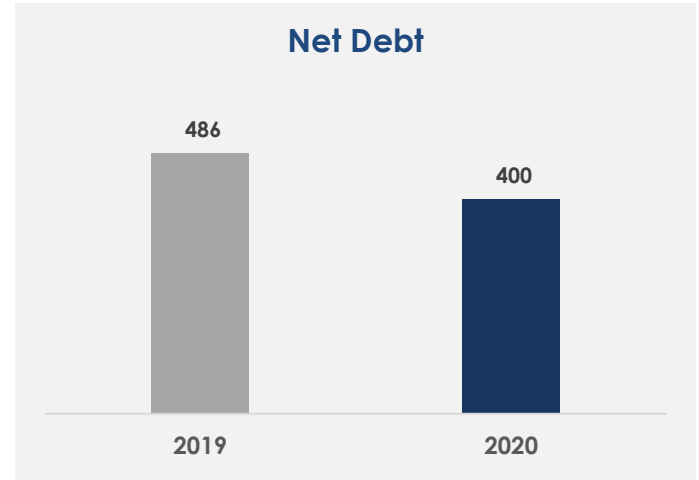
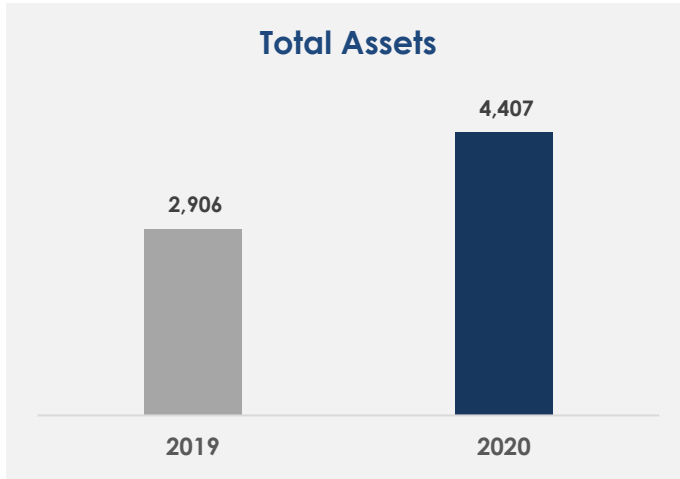
Proforma Net Income Bridge



Net Income reconciliation	SAR Millions
Reported NI – YE 2020	139.4
SISCO Share of:	
IFRS 9 gain on modification of loan	(19.3)
Reversal of provision for asset replacement cost	(45.5)
Impact of fixed & variable fee	12.2
Reversal of old liabilities	(8.0)
Proforma NI – YE 2020	78.8

CONSOLIDATED BALANCE SHEET

All amounts are in SAR million



Segment Review

SEGMENT REVIEW

Segment Review

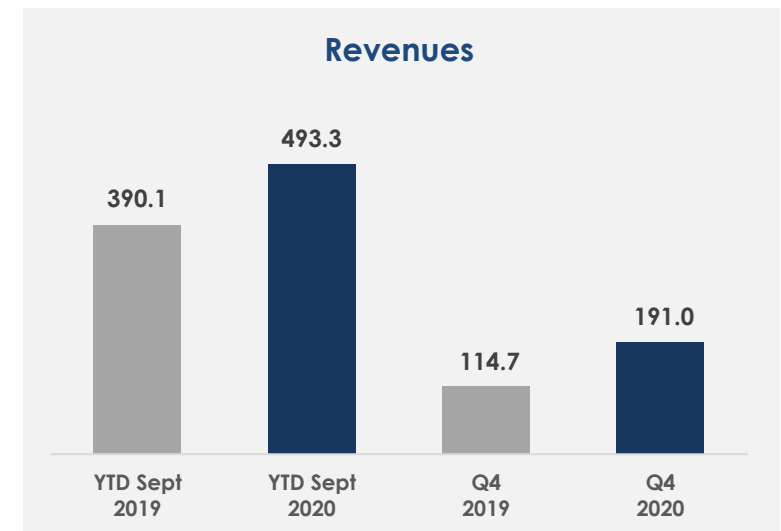
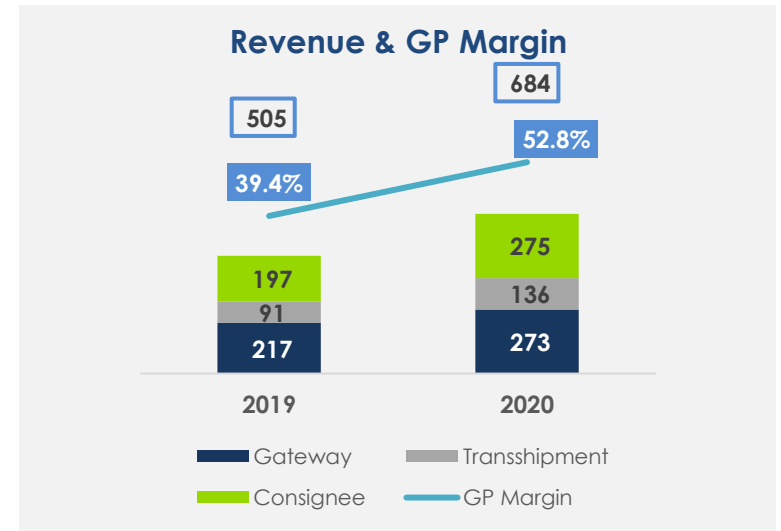
PORT AND TERMINALS

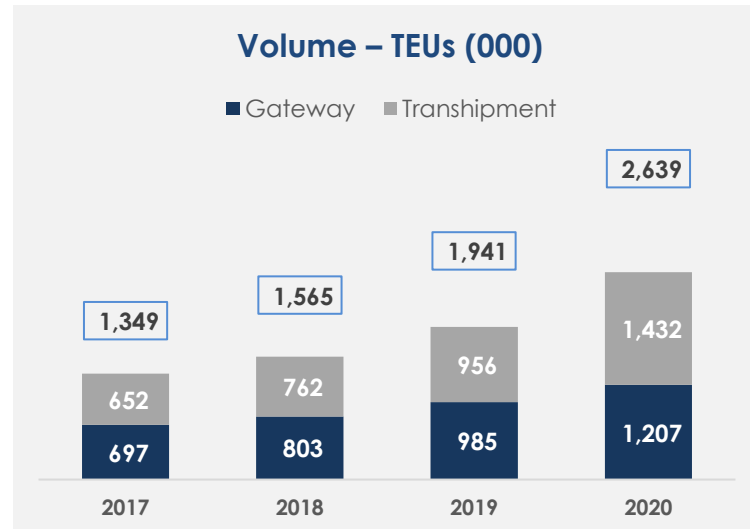
Business Highlights

- In April 2020, RSGT took over the Northern Container Terminal and began expansion work, receiving the first order of new equipment in November 2020, which increased capacity from 2.5 million TEU to 4.5 million TEUs.
- Recorded highest ever volumes in July 2020 and August 2020.
- Overall, RSGT's market share in JIP increased to 58% in 2020 from 44% in 2019.
- Mawani announced tariff increase in September 2020 effective from 1 January 2021.

Financial Highlights

- Revenue increased by SAR 179 m mainly driven by an increase in volumes.
- Gateway revenue increased by SAR 56 m from 2019 despite adverse economic impact of COVID.
- Transshipment revenue increased by SAR 45 m.
- Gross margins increased due to decline in JIP share as a result of capitalization of fixed and variable fee.
- Q4 2020 revenue was SAR 76.3 m ahead of Q4 2019





- Gateway volume grew by 23% to 1.2 million TEU, with import and export volumes increasing by 21% and 24%, respectively. Transshipment volumes grew by 51% in 2020 to 1.4 million TEU. RSGT's annual throughput grew 36% while maintaining its customer base.
- Volumes during the year improved by 36% compared last year, which is mainly due to increase in transshipment volumes.
- The volume mix between Gateway and Transshipment has declined to 46:54 (2019: 51:49)

**Segment
Review**

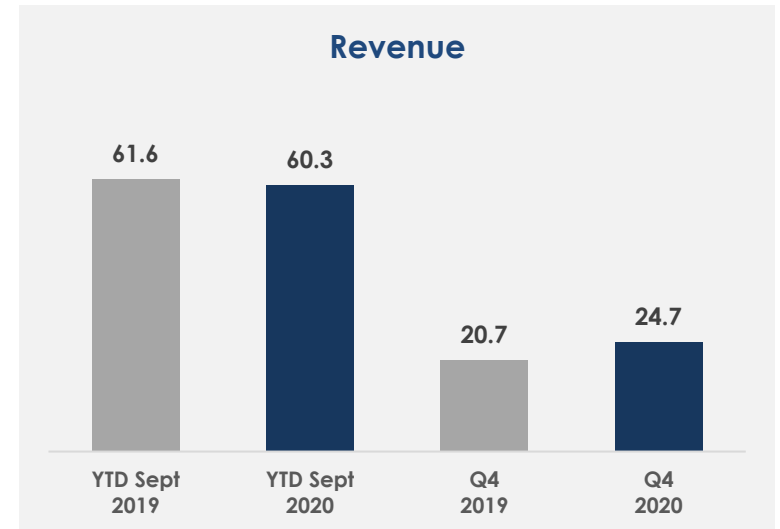
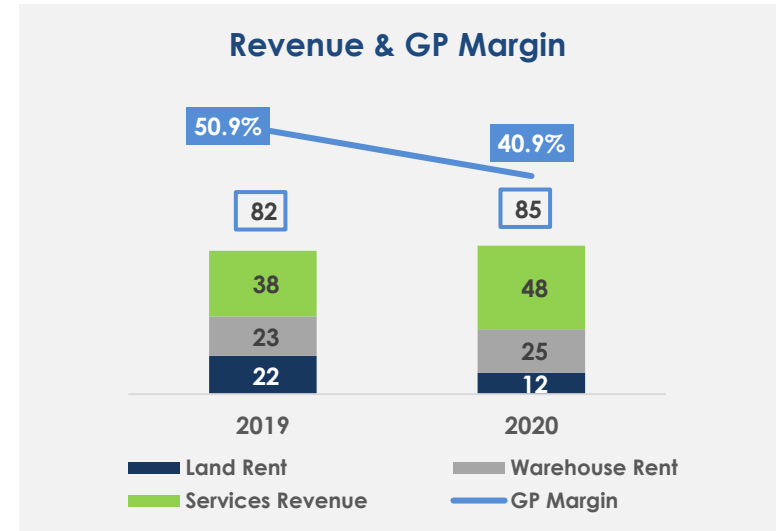
LOGISTICS, PARKS AND SERVICES

Business Highlights

- Designed and offered the concept of export HUB to Aramco which was launched successfully during 2020. The plan is to further expand our offerings to multiple segment and position LogiPoint as the leading HUB solution provider in the region.
- Development of additional warehouse space is currently underway.
- Continued development of Jeddah Logistics Parks and Hubs in Modon and Khumrah

Financial Highlights

- Reported revenue growth despite significant impact to open yard leasing due to COVID-19
- Open Yard rent revenue has decreased due to a decline in automotive and construction activity.
- Warehouses are fully utilised with a solid pipeline.
- Gross margin declined due to increase in operating costs and an increase in low margin service revenue.



Segment Review

WATER SOLUTIONS

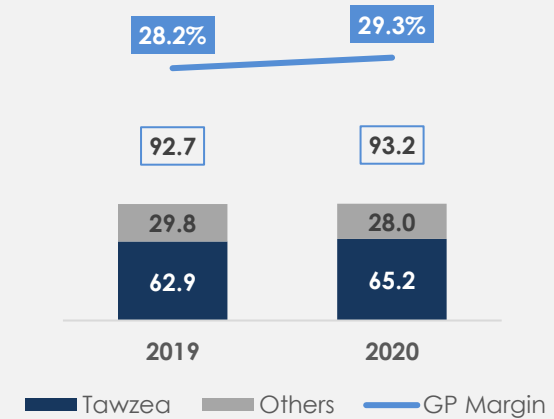
Operational Highlights

- Kindasa volume remained broadly in line with last year. However, Rabigh project volume increased to 1.1 million cubic meter in 2020 compared to 0.18 million in 2019.
- Kindasa is currently working on few projects, including WESSCO O&M and Ras Mohaisen Sea water desalination, for which the bidding is expected early in 2021.

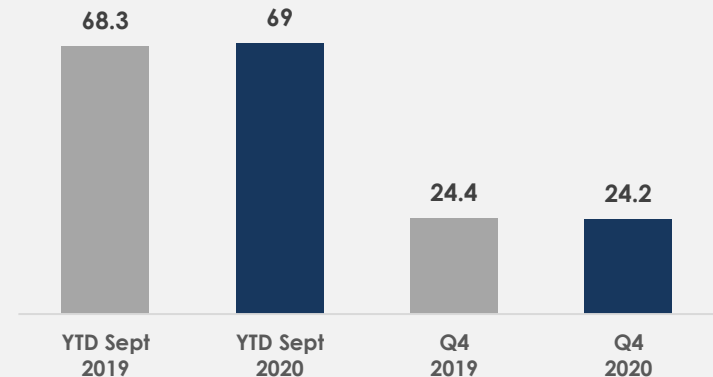
Financial Highlights

- 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.
- Gross margin increased marginally is mainly due to the sales mix.

Revenue & GP Margin



Revenue



Appendices

ADDITIONAL INFORMATION

CONSOLIDATED INCOME STATEMENT

All amounts are in SAR millions

	2020	2019
Revenue *	1,020.8	675.9
Cost of Revenue *	(597.1)	(415.6)
Gross Profit	423.7	260.3
Operating expenses	(167.5)	(166.9)
Operating Profit	256.2	93.4
Investment Income	21.6	27.3
Net Finance Cost	(133.4)	(47.7)
Other Income	88.7	10.8
Zakat	(16.4)	(5.9)
Group Net Income	216.7	77.8
Minority Interest	(77.3)	(26.9)
Net Income	139.4	50.9

* 2020 revenue and cost of revenue include notional revenue and corresponding cost of SAR 159.2 million.

CASH FLOW STATEMENT

All amounts are in SAR millions

	2020	2019
Operating cash flow before working capital	458.0	305.0
Net working capital movement	(59)	6.0
Cash generated from operating activities	399.0	311.0
Zakat & income tax, EOSB	(43.1)	(50.9)
Net cash flow from operating activities	355.9	261.1
Net cash used in Investing activities	(194.7)	(23.7)
Net cash used in financing activities	(119.8)	(122.9)
Net decrease in cash and bank balances	41.4	114.5
Cash at the beginning of the period	295.1	180.6
Cash at the end of the period	336.5	295.1



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