

SAUDI AIRLINES
CATERING



الخطوط السعودية
للتمهين

RESULT OVERVIEW Q1 2016





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Q1 HIGHLIGHTS

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- Hajj and Umrah business: Memorandum of understanding signed with Mecca governorate to conduct a study to develop a new operating model to provide food services to pilgrims
- New board term started on the 26th January 2016. Dr. Yahya Al Yahya was nominated as the chairman of the board
- 4 new Business and Industries catering contracts signed
- Number of lounge guests reached 510,000
- Dependency on Saudia reduced further



BOARD OF DIRECTORS 31.03.2016



Dr. Yahya A. Alyahya
Chairman (Non-executive)



Shawgi M. Mushtag
Non-executive
Board Member



Sami A. Al Hokair
Non-executive
Board Member



Ayman T. Al-Tayyar
Non-executive
Board Member



Abdulmohsen Al-Yahya
Non-executive
Board Member



Jonathan Stent-Torriani
Non-executive Board Member



**Raid Bin Ibrahim
Sulaiman Al-Mudaihem**
Non-executive Board Member



Fahd A. Al Rasheed
Non-executive & Independent
Board Member



Abdullah Jameel Taibah
Non-executive & Independent
Board Member

Q1 Business Overview



PRODUCTS & SERVICES



FLIGHTS AND MEALS



1000 units	2013-Q1	2014-Q1	2015-Q1	2016-Q1
Number of flights				
Saudia	29	31	32	34
Others	8	11	15^{*)}	11
Private	5	6	7	7
Total	42	48	54	52
Number of meals				
Saudia	6,279	7,231	7,264	7,244
Others	915	992	1,120	1,189
Private	203	244	235	211
Total	7,397	8,467	8,619	8,644

^{*)} figure corrected from 11 to 15

LOUNGE GUESTS



	2014-Q1	2015-Q1	2016-Q1
1,000 pax			
Jeddah	181	196	202
Riyadh	188	225	251
Dammam	25	45	56
Medina	0	0	2
Total	395	466	510

DEPENDANCY FROM SAUDIA*) DECREASES



	2012-Q1	2013-Q1	2014-Q1	2015-Q1	2016-Q1
SV share of net sales	71%	69%	68%	64%	63%

- 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

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

SACC STAFF COUNT



	2011-Q1	2012-Q1	2013-Q1	2014-Q1	2015-Q1	Q1 - 2016
Saudi males	820	881	871	753	771	1,002
Saudi females	21	149	171	155	89	103
Total Saudis	841	1,030	1,042	908	860	1,105
Expatriates	1,978	2,094	2,392	2,620	3,031	2,939
Total permanent staff	2,819	3,124	3,434	3,528	3,891	4,044

- Saudization rate at the end of Q1 was 22.5%, which places SACC in medium green level in a relevant category
- In addition to permanent staff SACC employed 1,402 temporary staff at the end of Q1 2016
- The total number of permanent and temporary staff at the end of the year was 5,446

STATISTICS



Particulars	2016 Q1	2015 Q1
Total number of inflight meals catered	8.6 million	8.6 million
Total number of flights catered	51,655 flights	53,543 flights
Total number of Airline clients	SAUDIA + 71 other airlines	SAUDIA + 67 other airlines
Total number of Business Lounges	22 (12 Intl, 7 Dom, & 3 Others)	14 (8 Intl, 5 Dom, & 1 Other)
Total number of Lounges guests	510,000	466,000
Total number of Non-Airline clients	50 (34 Food & 16 Laundry)	52 (38 Food & 14 Laundry)

Q1 Financials



Q1 FINANCIAL SUMMARY



- Net sales decreased by 0.2% from 560 MSR to 559 MSR
- Net profit decreased by 15% from 167 MSR to 142 MSR mainly due to provisions released in 2015
- Earnings per share before zakat and income tax are 1.73 SAR (2.04 SAR Q1 2015)
- Cash and cash equivalent have increased from 304 MSR to 308 MSR
- SACC is currently investing into fixed assets (KAEC Laundry project & Madinah new catering unit)
- Company remained debt free after financing its operating expenses and CAPEX from cash flow and cash balance



Q1 FINANCIAL SUMMARY



- Saudia remained the most important source of income for SACC
- Saudia's share of total SACC turnover decreased from 64% in Q1 2015 to 63% in Q1 2016
- 2016 topline was maintained on a same level as last year
 - Business Lounges +26%
 - Inflight catering -3%
 - Laundry +66%
 - Business & Industrial -11%
 - SkySales +20%
- 2016 result was adversely impacted by release of 18 MSAR provisions & accruals (11 MSAR for AR and 7 MSAR bonus) in 2015
- COGS ratio improved by 1pp from 42% to 41%



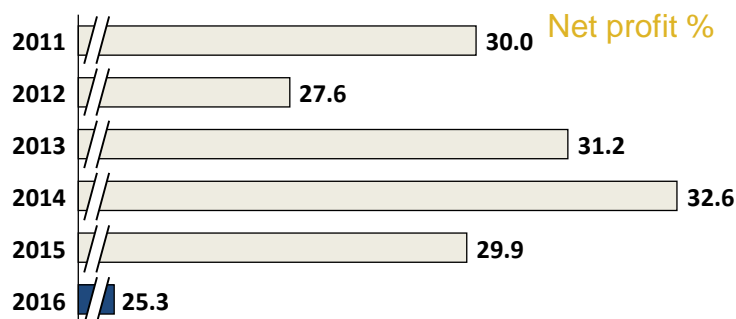
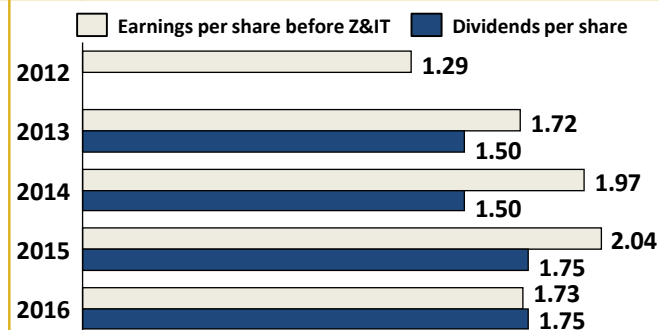
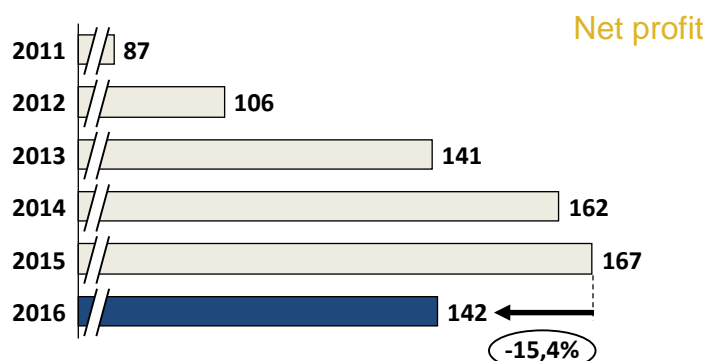
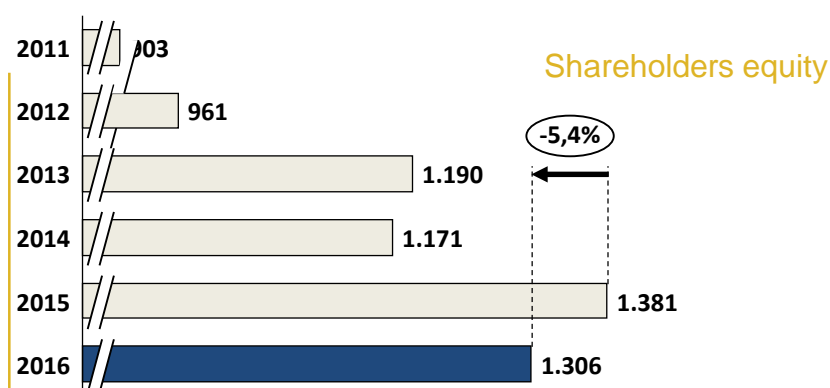
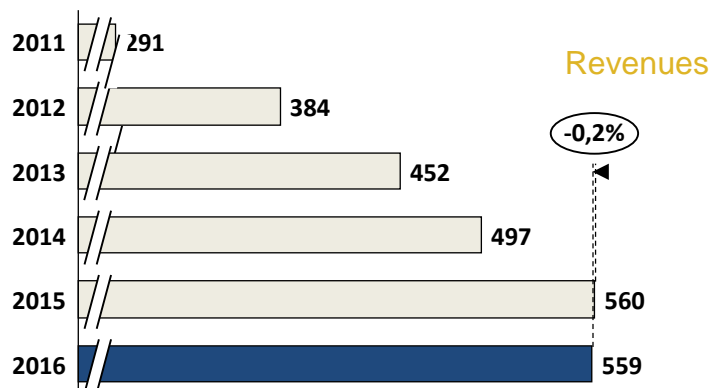
Q1 FINANCIAL SUMMARY



- Personnel cost ratio is maintained at the same level of 2015 at 10%
- Other expenses maintained at the same level of 2015 at 8%
- G&A increased by 19.1 MSAR or 3.4pp mainly due to net increase in provision for doubtful receivables. This is mainly related to releases in Q1 2015
- Net profit declined from 2015 by 15% resulting in 141.7 MSAR or 25.3% profit ratio

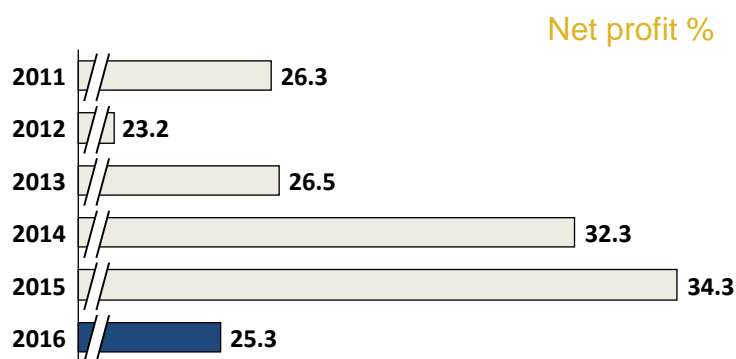
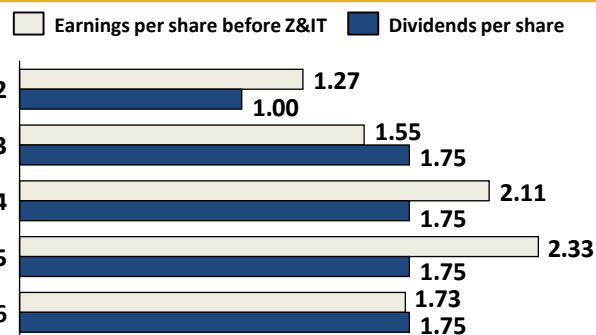
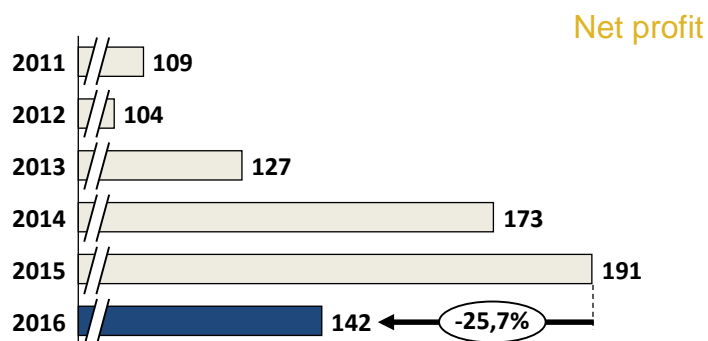
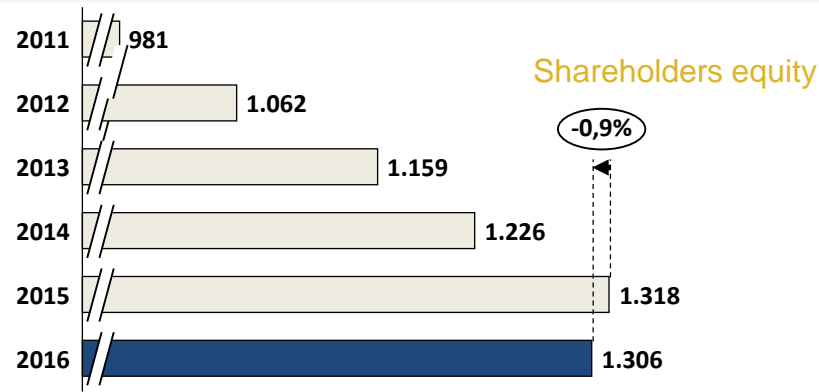
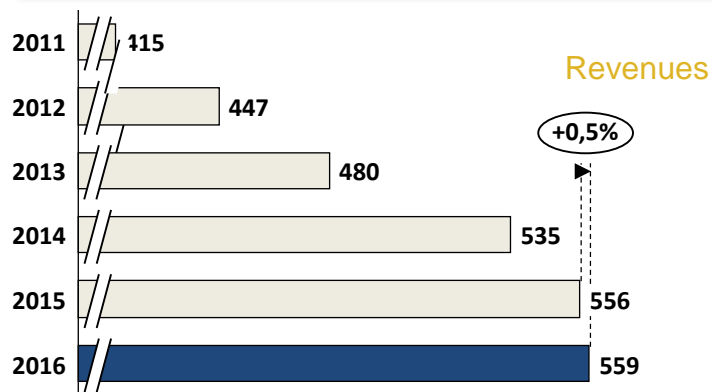


2016 KEY FINANCIALS COMPARED TO SAME QUARTER, PREVIOUS YEARS



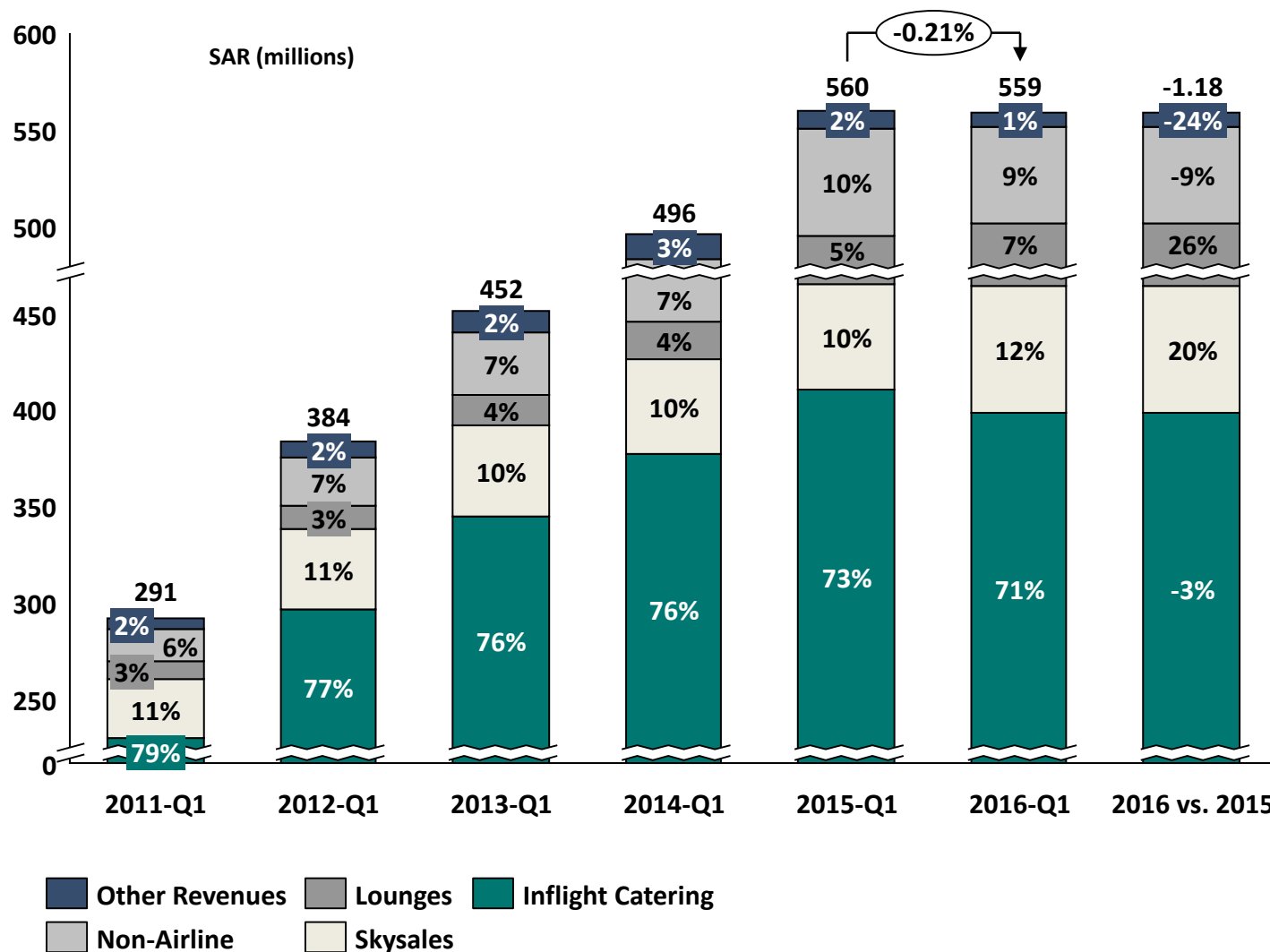
- ✓ Net sales decreased by 0.2% from 560 MSR to 559 MSR
- ✓ Net profit decreased by 15.4% from 167 MSR to 142 MSR
- ✓ Earnings per share before zakat and income tax were 1.73 SAR (2.04 SAR)

2016 Q1 KEY FINANCIALS COMPARED TO PREVIOUS QUARTER, PREVIOUS YEARS



- ✓ Net sales increased by 0.5% from 556 MSR to 559 MSR
- ✓ Net profit decreased by 25.7% from 191 MSR to 142 MSR
- ✓ Cash and cash equivalents have increased from 304 MSR to 308 MSR

REVENUES

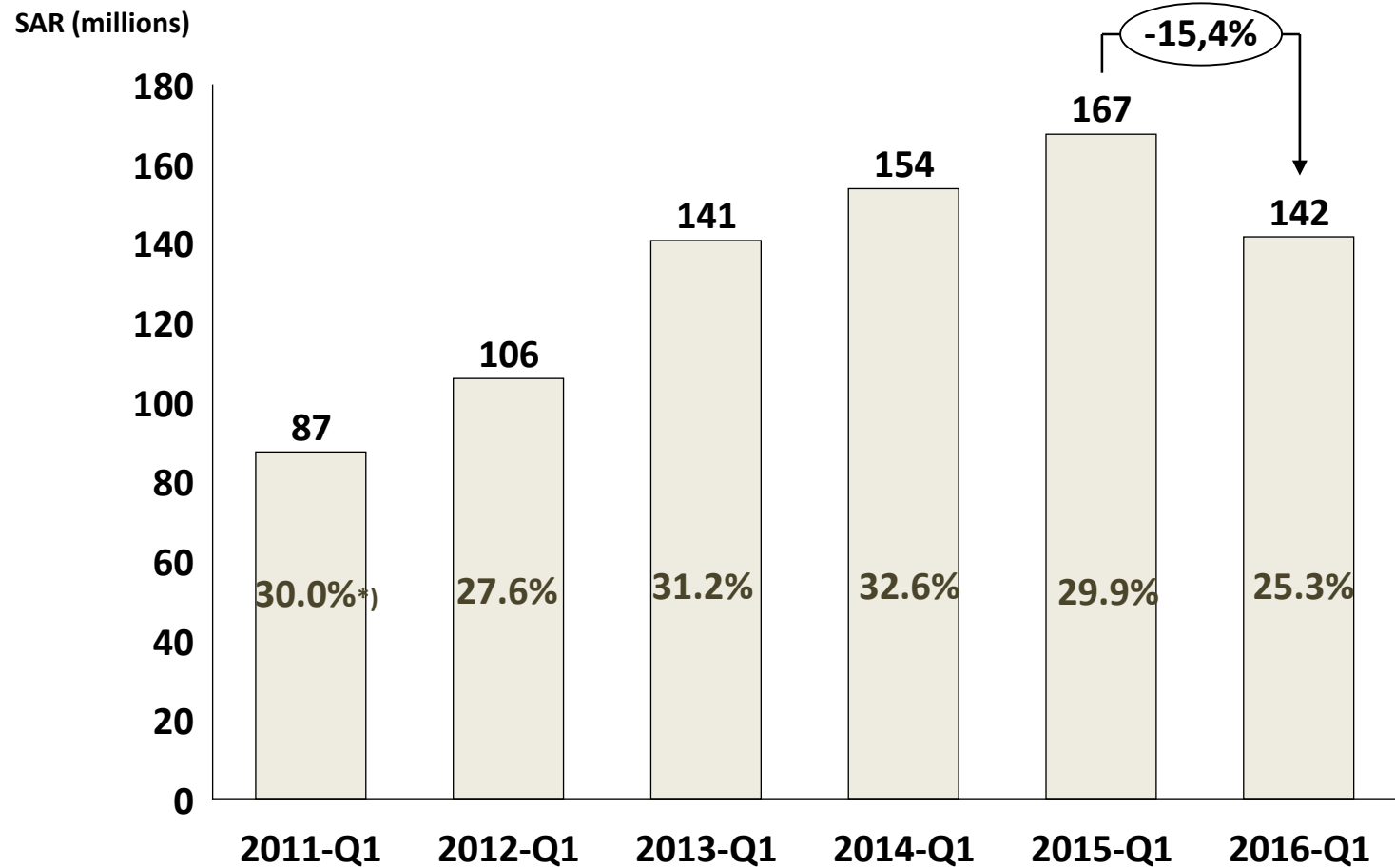


Source: Financial Statements

NET INCOME

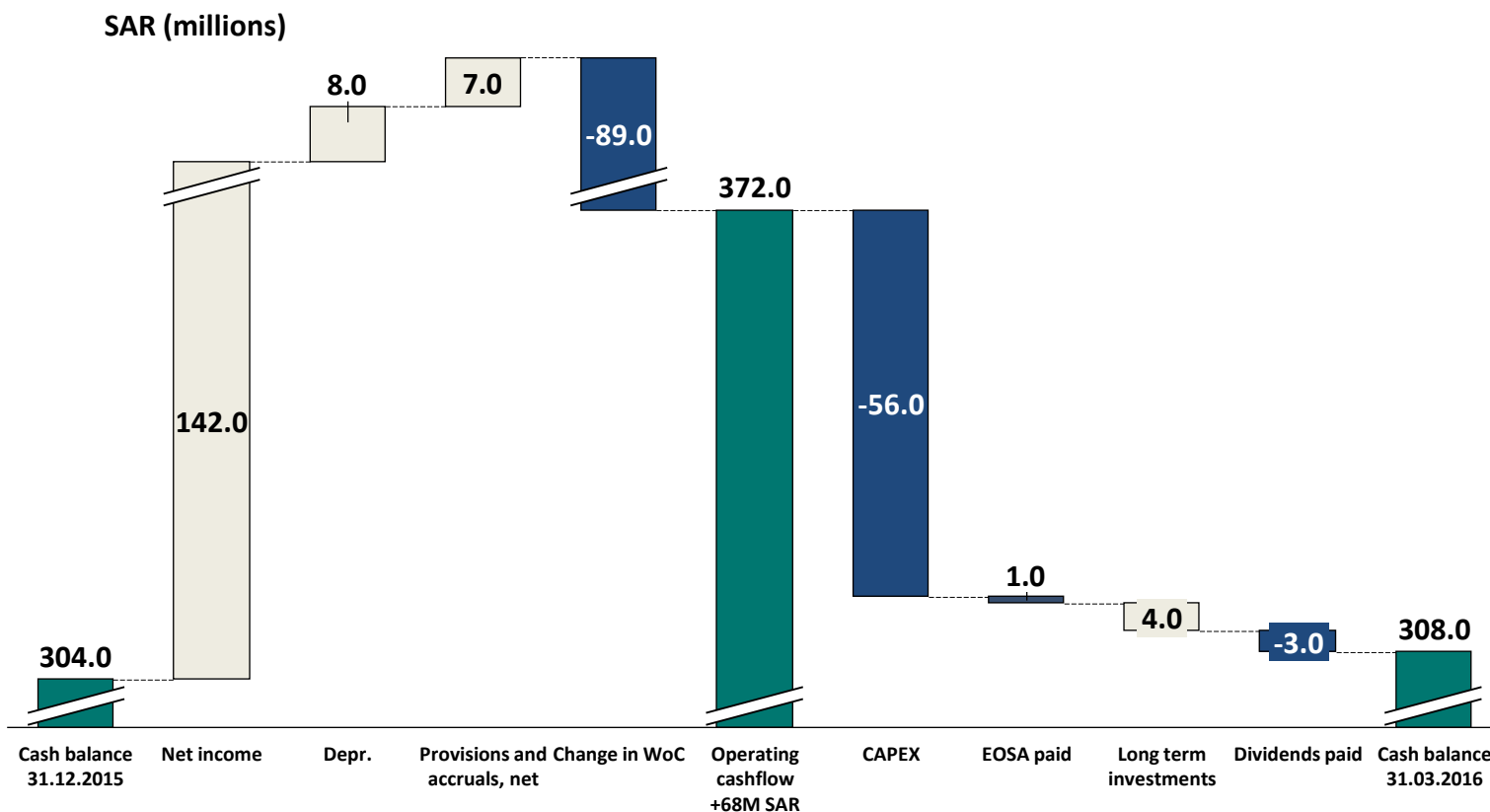


- Net income before tax and zakat decreased by SAR 25m or 15.4%



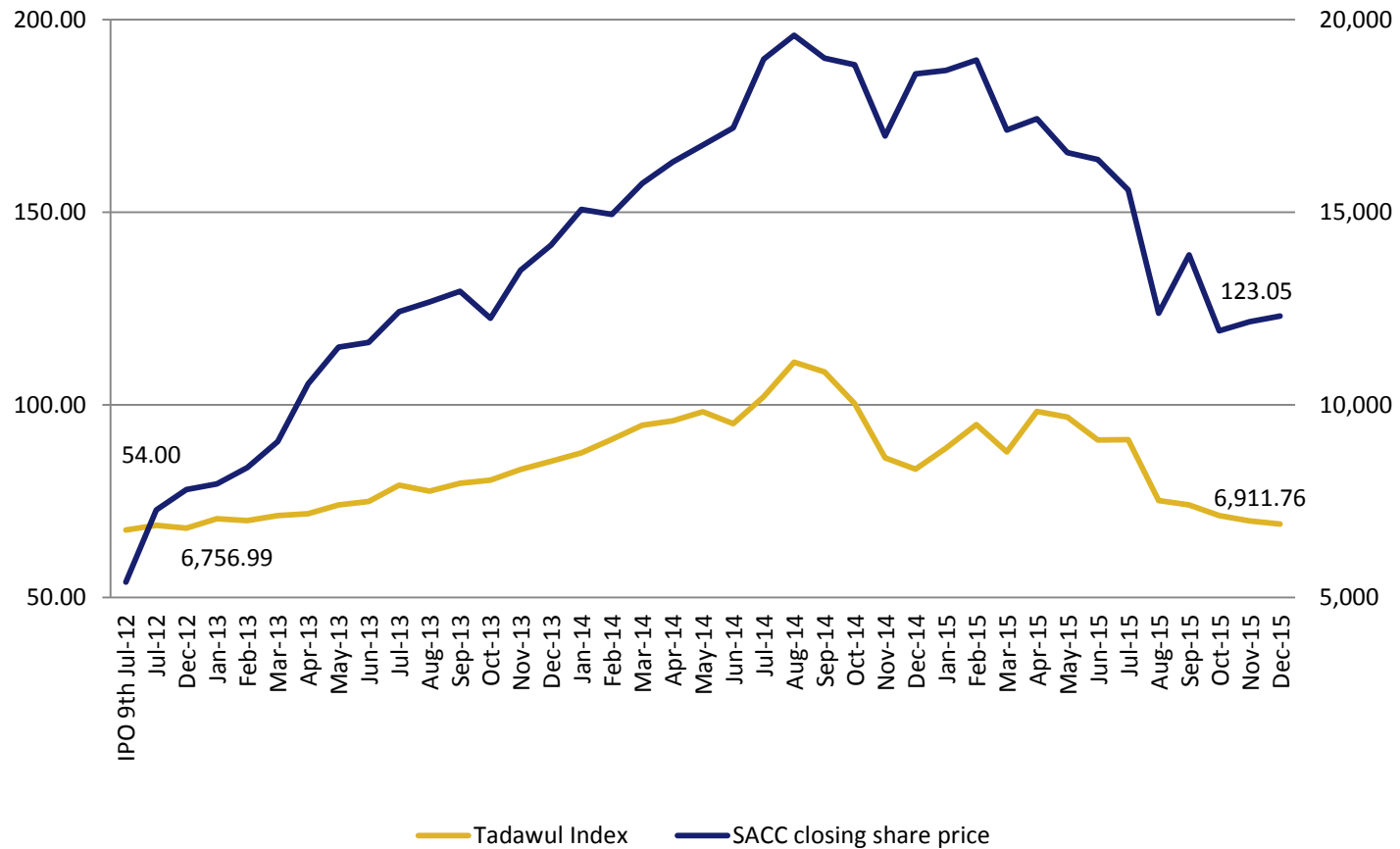
Source: Financial Statements

CASH FLOW

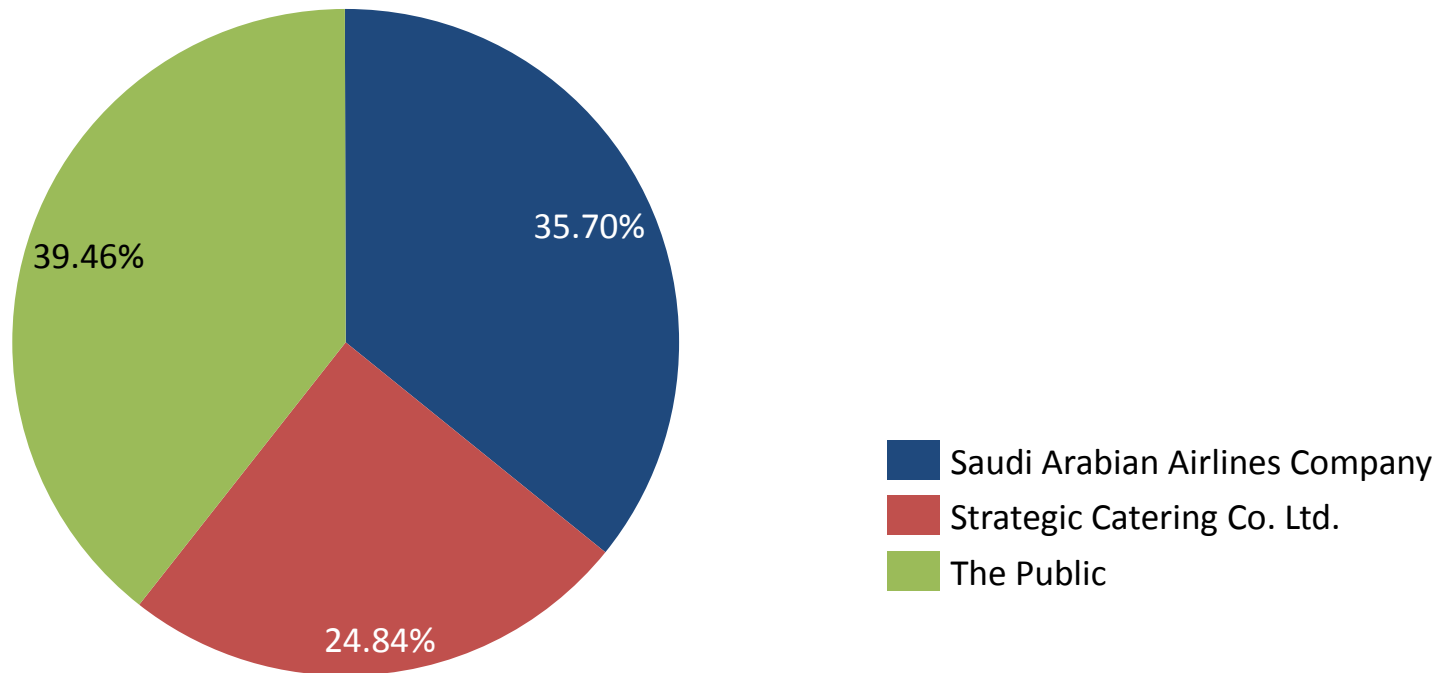


- Operating cash flow was +68 MSAR
- WOC increased by 89M
- CAPEX was lower than budgeted and represented the largest single outflow

SHARE PRICE DEVELOPMENT



SHAREHOLDERS as of 31/03/2016^{*)}



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

^{*)} As of 17/05/2016 SCCL has reduced its ownership to 23.38%. Source: Tadawul

SIGNIFICANT EVENTS AFTER PERIOD CLOSING



1. 14th April SACC announced a contract for inflight services and inflight SkySales with Al Bayraq

- Al Bayraq is an associated company, run by Saudia Private Aviation
- Al Bayraq operates full business class flights between Jeddah and Riyadh
- Contract term is three years effective 1st of May 2016
- The forecasted sales value for the three years is 81M SAR



2. 4th April SACC announced a contract to run Saudia hotel in Jeddah

- Contract is with SARED, an associated company, owned by Saudia
- Contract period is seven years effective 1st April 2016
- SACC shall renovate, prepare, furnish, and run the Saudia Hotel and its entertainment center, which is comprised of 8 buildings, each of which contain 12 suites giving a total of 96 suites



3. 17th April Saudia announced an establishment of a new low cost carrier, Flyadeal. The company will start its operations mid 2017



SIGNIFICANT EVENTS AFTER PERIOD CLOSING



4. 5th of May SACC announced entering into a contractual relation with Saudi Airlines Cargo Company

- SACC will provide security services for Cargo facilities in King Khaled Bin Abdulaziz International airport in Riyadh
- Contract term is two (2) years effective from 1st June 2016 and ending on 31st May 2018
- The forecasted sales value for the three years is 12M SAR

5. 9th May SACC announced a contract renewal with Oman Air with the full catering on flights outside Saudi Arabia

- Contract term is three (3) years effective from 15th June 2016 and ending on 14th Jun 2019
- The forecasted sales value for the three years is 35M SAR

6. 10th May SACC announced Q1 dividend, 1.75 SAR per share



Thank you

