

SAUDI AIRLINES  
CATERING



الخطوط السعودية  
للتمهين

## RESULT OVERVIEW Q2 2016

## Table of Content

---

Q1 Highlights	3
Q1 Business overview	5
Q1 financials	13



## Q2 HIGHLIGHTS

21/7/2016

SACC Investor presentation Q2 2016

# Q2 HIGHLIGHTS



- **In Flight**
  - Al Bayraq – inflight catering contract
  - Oman Air – inflight catering contract renewal with Oman Air with the full catering on flights outside Saudi Arabia
  - Continuous improvement program launched, first project Six Sigma implementation
- **Retail**
  - Contact with Al Bayraq to provide Skysales on board
  - SACC was awarded with a new contract to operate 15 duty paid outlets at regional airports in KSA
  - SACC was invited to participate in RFPs to operate Duty free shops in RUH and DMM
- **Catering and facilities**
  - Contract to operate hotel in Saudia city
  - Contract to provide security services to Saudia Cargo signed
  - Official opening of KAEC laundry
  - Official opening of DMM staff accommodation compound
  - Total number of new catering contracts 3
  - Total number of new laundry contracts 6





# Q2 Business Overview

# FLIGHTS AND MEALS



1000 units	Q2-2011	Q2-2012	Q2-2013	Q2-2014	Q2-2015	Q2-2016
<b>Number of flights</b>						
Saudia	28	30	30	32	32	34
Others	6	9	8	13	15	11
Private	2	3	6	7	8	7
<b>Total</b>	<b>36</b>	<b>42</b>	<b>44</b>	<b>51</b>	<b>54</b>	<b>52</b>
<b>Number of meals</b>						
Saudia	5,741	6,281	6,524	7,092	6,751	6,903
Others	1,022	996	1,018	1,160	1,076	1,303
Private	98	141	214	252	219	155
<b>Total</b>	<b>6,861</b>	<b>7,417</b>	<b>7,756</b>	<b>8,504</b>	<b>8,046</b>	<b>8,361</b>

# LOUNGE GUESTS



1000 units	YTD-2012	YTD-2013	Q2-2014	Q2-2015	Q2-2016
<b>Number of Guests</b>					
Jeddah	444	610	181	192	197
Riyadh	620	672	193	237	317
Dammam	79	98	27	55	55
Medina	0	0	0	0	2
<b>Total</b>	<b>1,143</b>	<b>1,380</b>	<b>400</b>	<b>484</b>	<b>571</b>

## DEPENDANCY FROM SAUDIA<sup>\*)</sup> REMAINS ON THE SAME LEVEL AS 2015



	2012-Q2	2013-Q2	2014-Q2	2015-Q2	2016-Q2
SV share of net sales	70%	69%	66%	64%	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 increased slightly from the same period last year, but decreased from Q1 2016
- Our target is to reduce dependency from Saudia below 60%

<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-Q2	2012-Q2	2013-Q2	2014-Q2	2015-Q2	Q2 - 2016
<b>Saudi males</b>	<b>848</b>	<b>913</b>	<b>858</b>	<b>729</b>	<b>814</b>	<b>1,070</b>
<b>Saudi females</b>	<b>40</b>	<b>154</b>	<b>179</b>	<b>136</b>	<b>84</b>	<b>104</b>
<b>Total Saudis</b>	<b>888</b>	<b>1,067</b>	<b>1,037</b>	<b>865</b>	<b>898</b>	<b>1,174</b>
<b>Expatriates</b>	<b>2,021</b>	<b>2,251</b>	<b>2,475</b>	<b>2,652</b>	<b>2,924</b>	<b>2,925</b>
<b>Total permanent staff</b>	<b>2,909</b>	<b>3,318</b>	<b>3,512</b>	<b>3,517</b>	<b>3,822</b>	<b>4,100</b>

- Saudization rate at the end of Q2 was 24.9%, which places SACC in medium green level in a relevant category
- In addition to permanent staff SACC employed 1,430 temporary staff at the end of Q2 2016
- The total number of permanent and temporary staff at the end of the year was 5,530

# STATISTICS



Particulars	2016 Q2	2015 Q2
Total number of inflight meals catered	8.4 million	8.1 million
Total number of flights catered	51,796 flights	54,471 flights
Total number of Airline clients	SAUDIA + 72 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	67 (45 Food & 22 Laundry)	56 (39 Food & 17 Laundry)

# Q2 Financials



## Q2 FINANCIAL SUMMARY



- Net sales decreased by 1% from 565 MSR to 570 MSR
- Net profit decreased by 17% from 176 MSR to 145 MSR mainly due to provisions released in Q2 2015
- Earnings per share before zakat and income tax were 1.77 SAR (2.14 SAR Q2 2015)
- Cash and cash equivalent decreased from 304 MSR to 81 MSR, mainly due to payment of Q4/2015 & Q1/2016 dividends during the same period and an increase in working capital



## Q2 FINANCIAL SUMMARY



- Saudia remained the most important source of income for SACC
- Saudia's share of total SACC turnover increased by 1% from 64% in Q2 2015 to 65% in Q2 2016
- Export sales to have been stopped after Q1 due to an end of a delivery contract
- 2016 topline was maintained on a same level as last year. Most important changes were
  - Business Lounges +29%
  - Inflight catering -3%
  - Laundry +81%
  - Business & Industrial +2%
  - SkySales +21%
- 2016 result was adversely impacted by release of 21 MSAR provisions & accruals (11 MSAR for AR, and 10 MSAR provision for restructuring) in 2015 and 10 MSAR increase in building rents for JED Skysales and RUH Business lounge
- COGS ratio improved by 1pp from 42% to 41%





## Q2 FINANCIAL SUMMARY

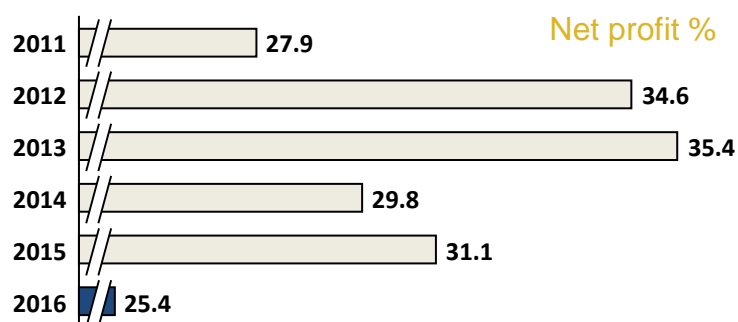
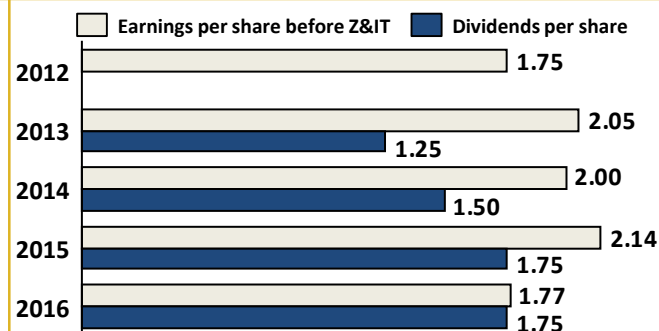
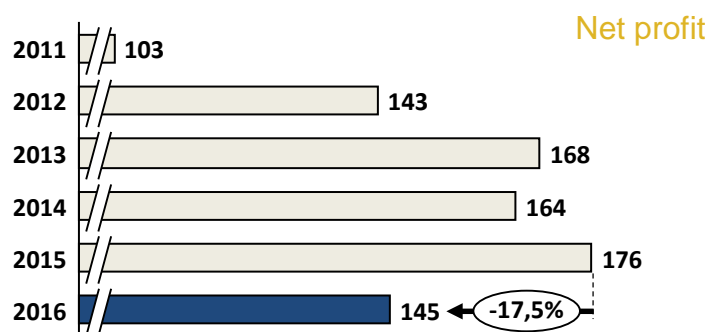
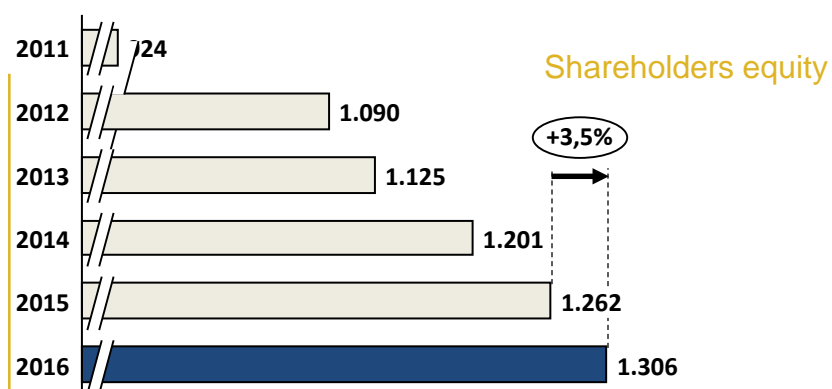
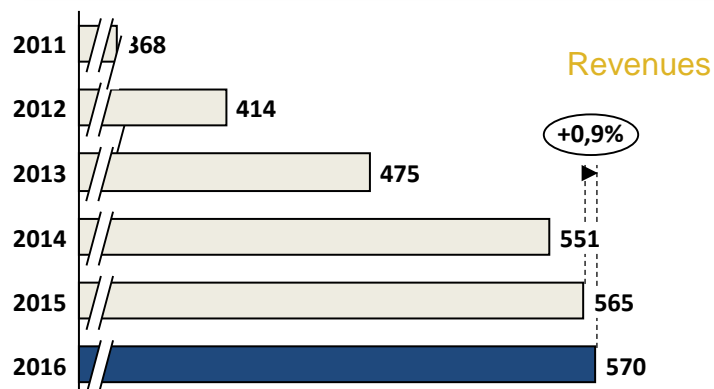


- Personnel cost ratio is maintained at the same level as Q2 2015 at 14%
- Other expenses maintained at the same level as Q2 2015
- G&A increased by 13.5 MSAR or 3.4pp mainly due to releasing a provision for doubtful receivables in Q2 2015
- Net profit declined from 2015 by 17% resulting in 145.1 MSAR or 25.4% profit ratio



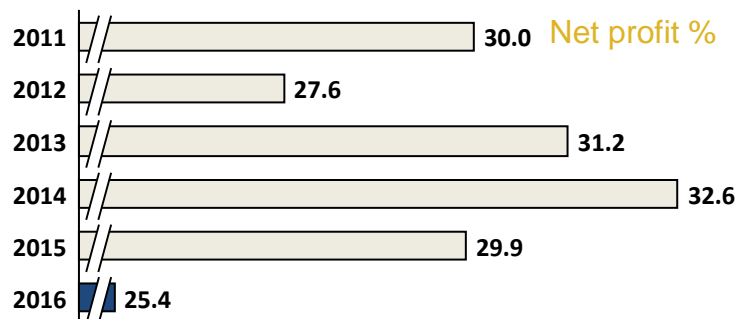
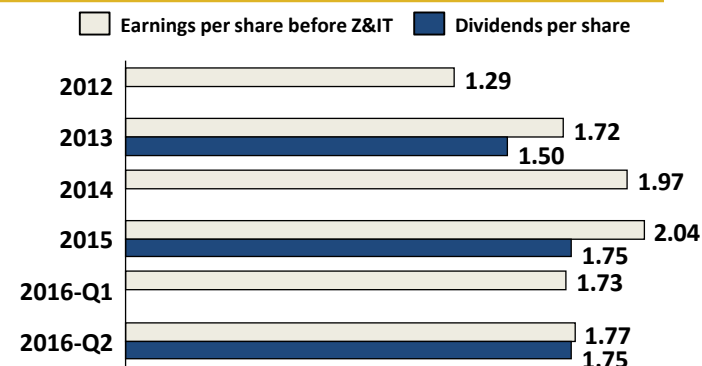
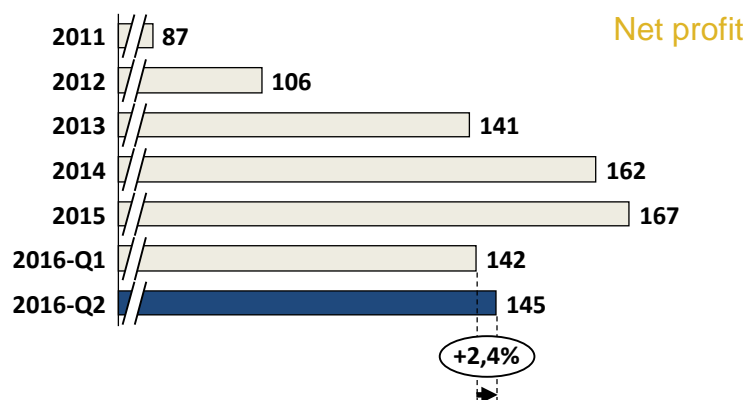
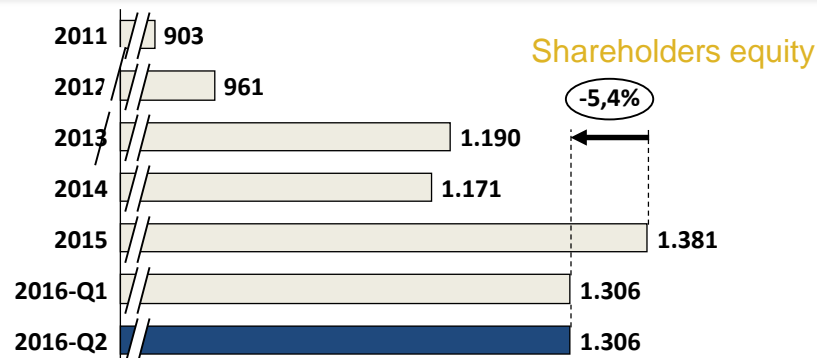
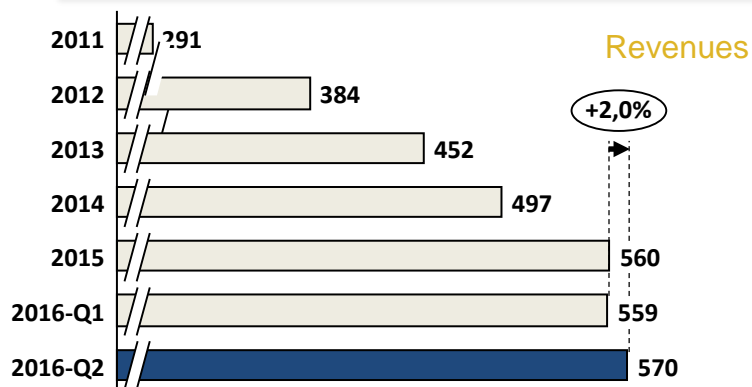


# 2016 KEY FINANCIALS COMPARED TO SAME QUARTER, PREVIOUS YEARS



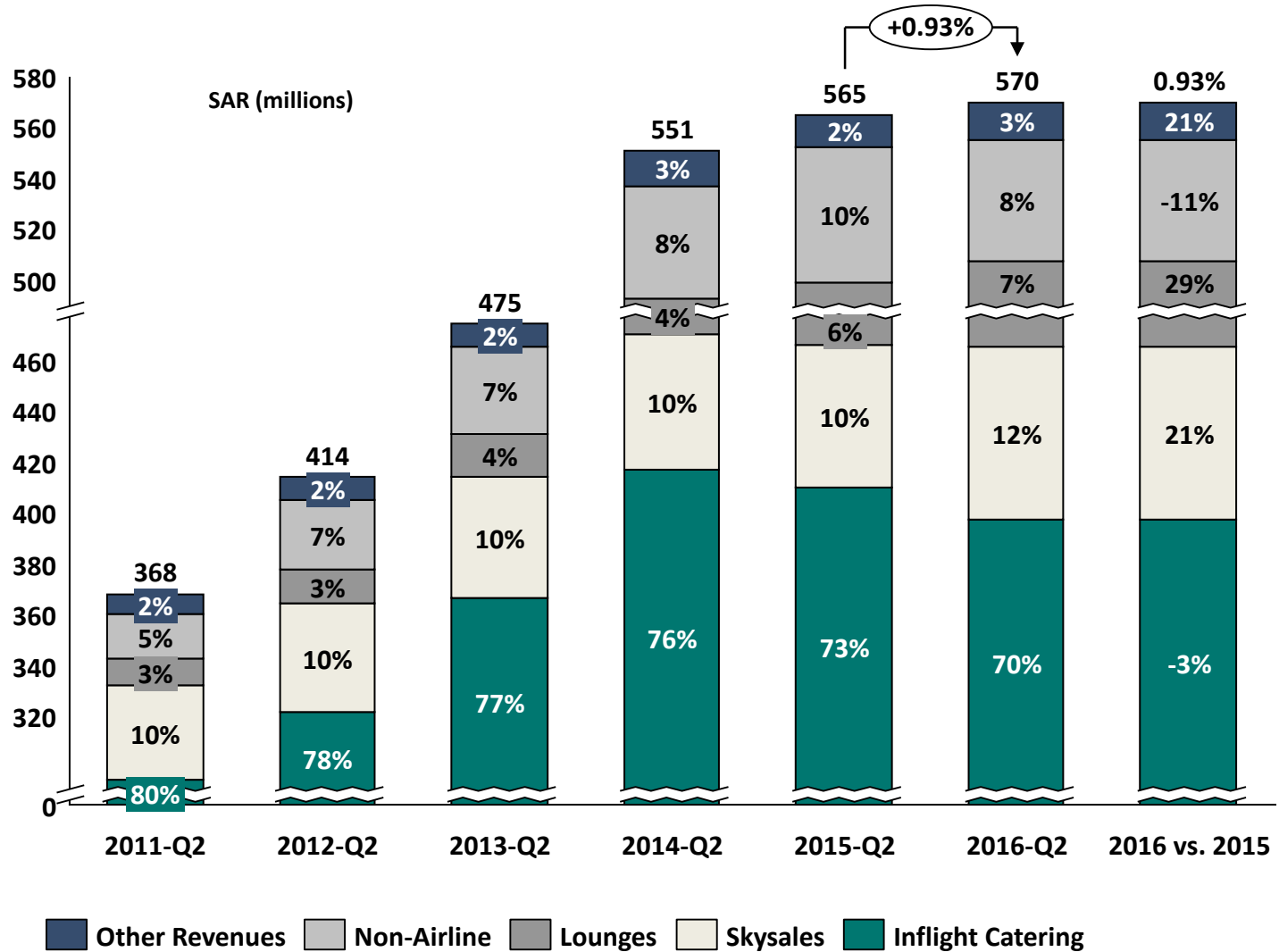
- ✓ Net sales increased by 0.9% from 565 MSR to 570 MSR
- ✓ Net profit decreased by 17.5% from 176 MSR to 145 MSR
- ✓ Earnings per share before zakat and income tax were 1.77 SAR (2.14 SAR)
- ✓ 1.75 SAR dividend for Q2 2016 has been announced

# 2016 Q2 KEY FINANCIALS COMPARED TO PREVIOUS QUARTER, PREVIOUS YEARS (Q1)



- ✓ Net sales increased by 2% from 559 MSR to 570 MSR
- ✓ Net profit increased by 2% from 141 MSR to 145 MSR
- ✓ Cash and cash equivalents have decreased from 304 MSR to 81 MSR

# REVENUES

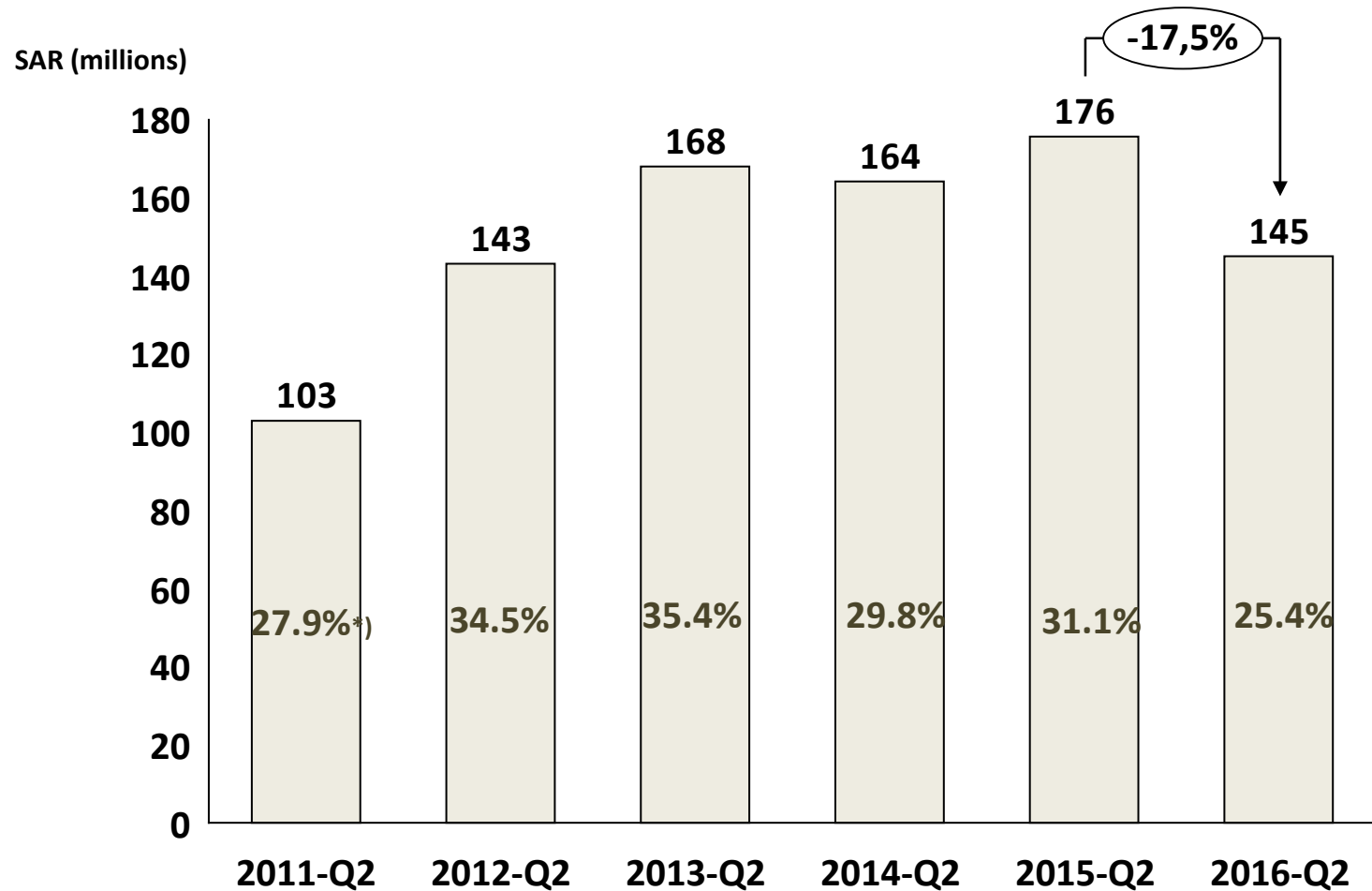


Source: Financial Statements

# NET INCOME

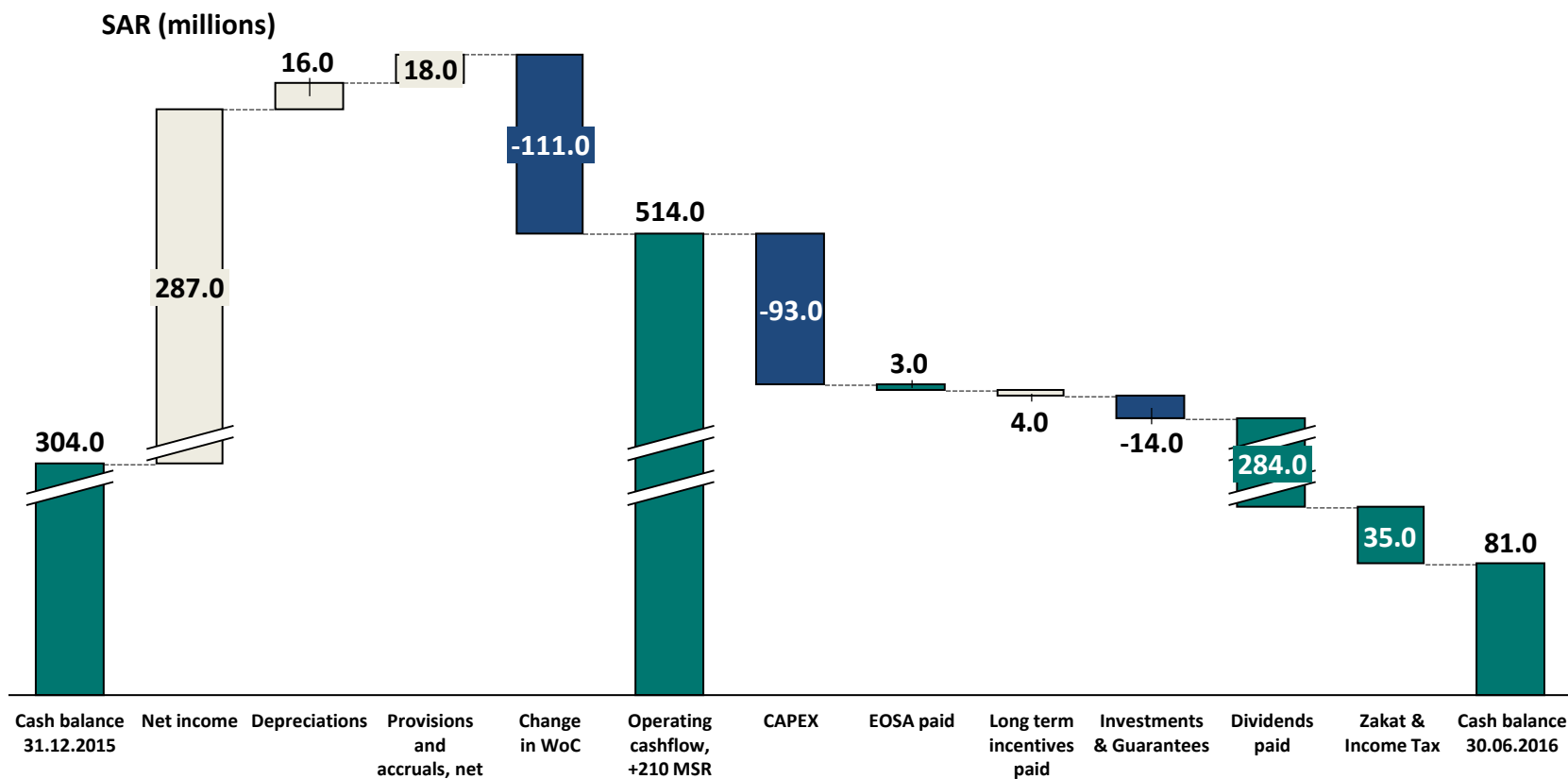


- Net income before tax and zakat decreased by SAR 21m or 17.5%



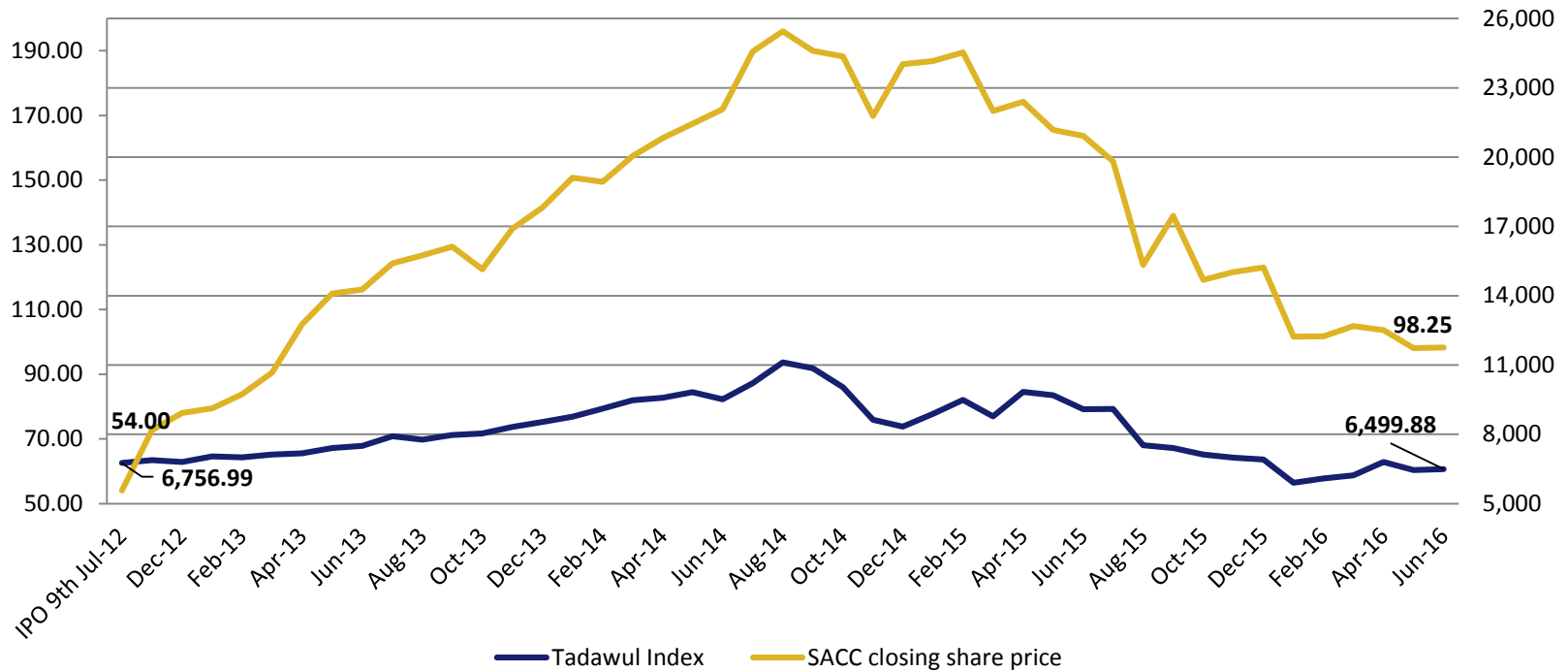
Source: Financial Statements

# CASH FLOW



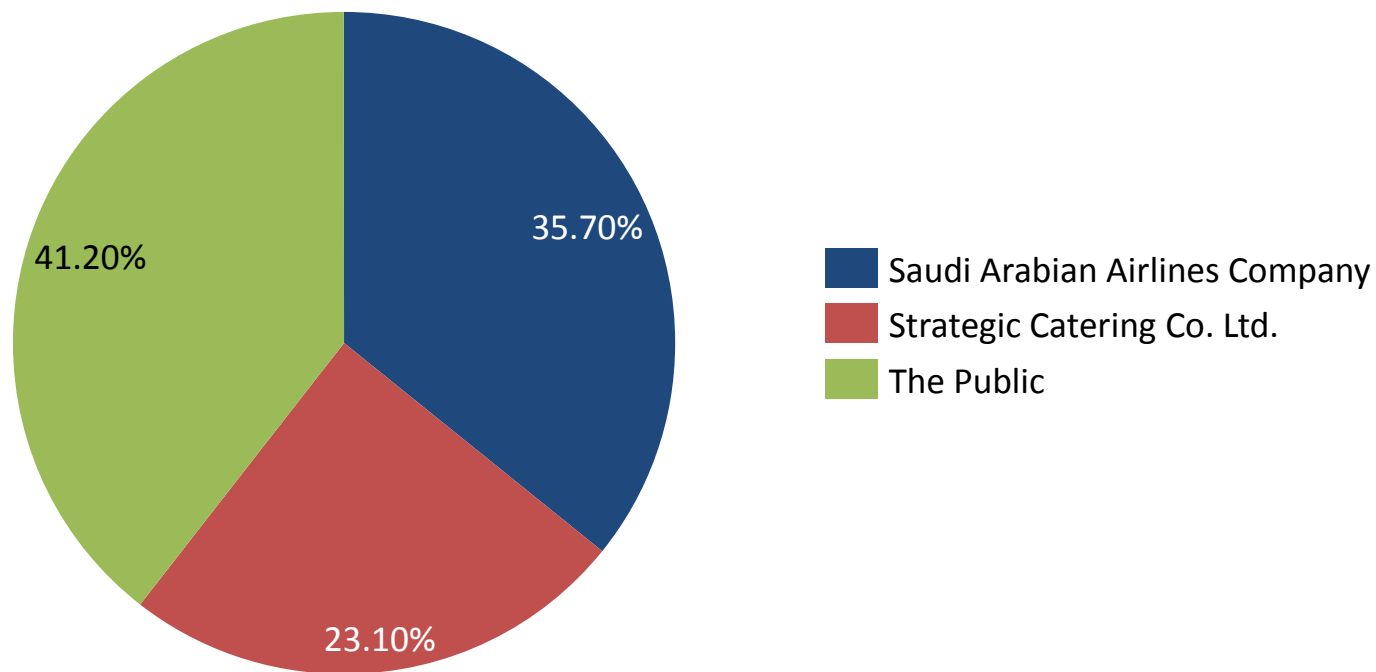
- Operating cash flow was +210 MSAR
- WOC increased by 111M
- CAPEX was 93 MSAR and mainly related to KAEC laundry, DMM staff accommodation, RUH warehouse expansion and various projects in Business lounges Retail outlets

# SHARE PRICE DEVELOPMENT





# SHAREHOLDERS as of 30/06/2016



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

# SIGNIFICANT EVENTS AFTER PERIOD CLOSING

---



## 1. Lorem ipsum



# Thank you

