

SAL Earnings Call

First Half 2024



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Information in this document was presented on **14 August 2024**.

TODAY'S AGENDA



Business Overview



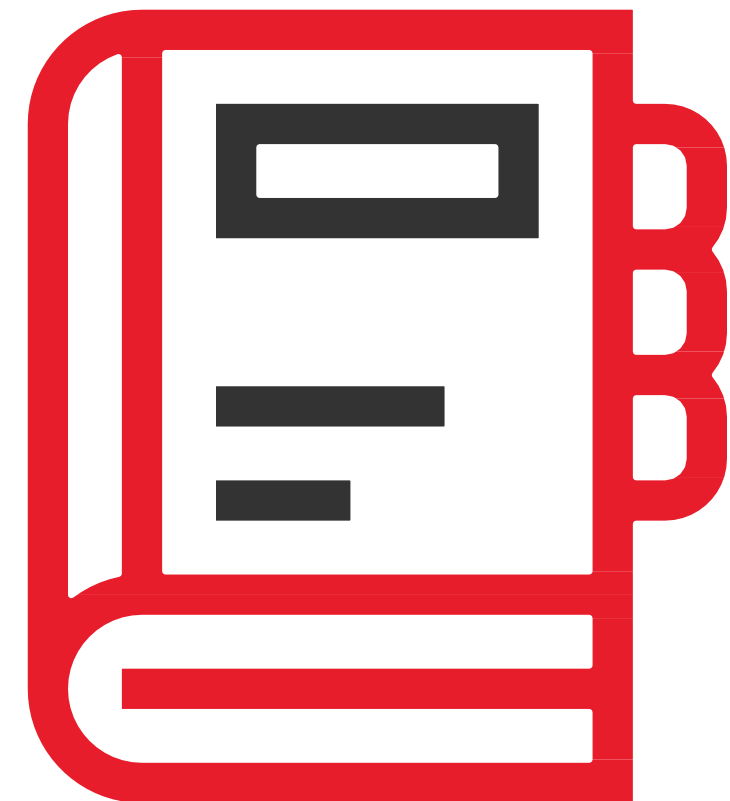
Financial Overview



Closing Remarks and Q&A

Section **1**

Section **2**



Speakers



Faisal AlBedah
CEO & Managing Director

- CEO & Managing Director since February 2022
- Former Secretary General of the Saudi Export Development Authority and the Logistics Committee from 2022-2021
- Former Deputy Governor for Trade Facilitation at Saudi Customs from 2019-2017



Haydar Ucar
Chief Financial Officer

- CFO at SAL since May 2024
- Previously served as CFO in DSV Turkey and head of corporate accounting at DSV head office along a long tenure from DHL
- Originally Danish/Turkish and worked many years in international settings
- Holds an MBA from IE Business School in Spain

Section 1

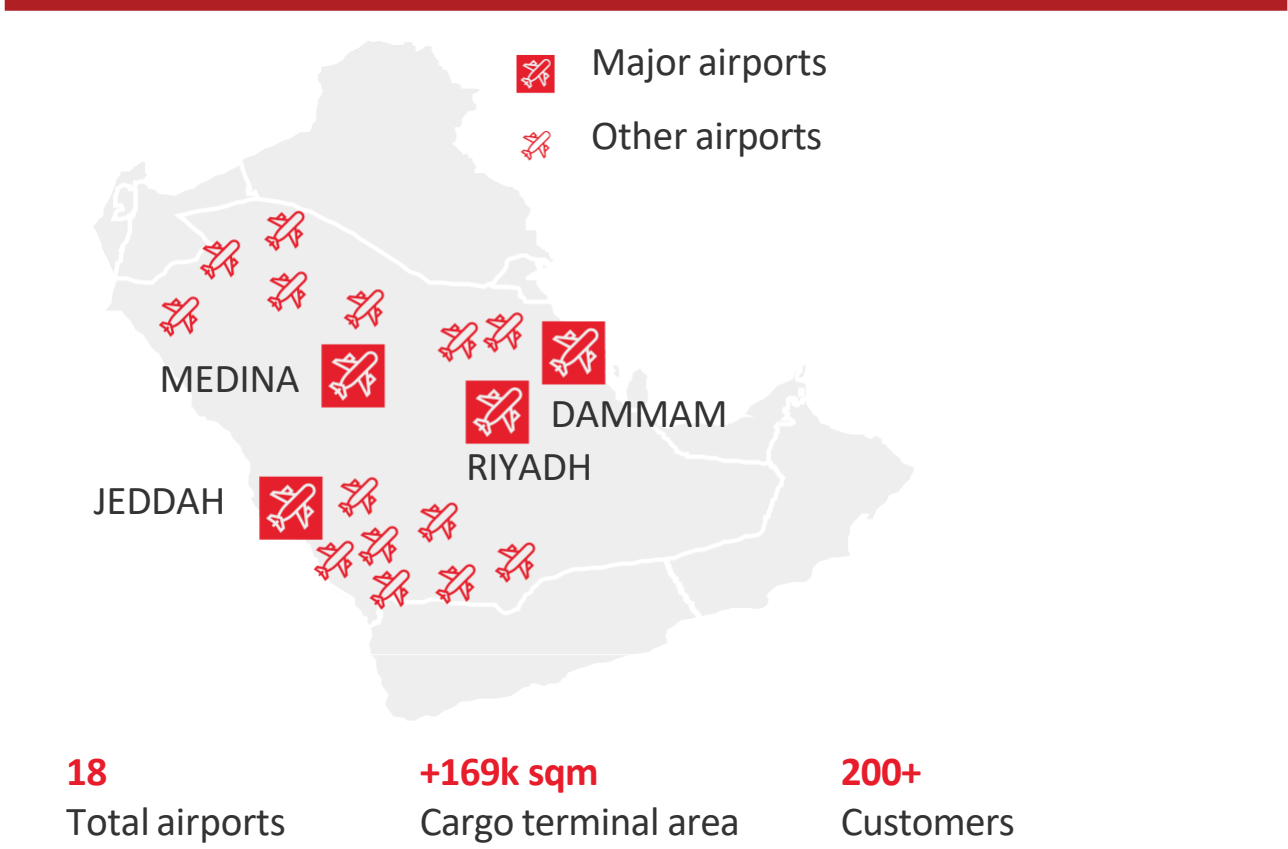
Business
Overview

SAL: A leading cargo handling player with a global logistics solutions network

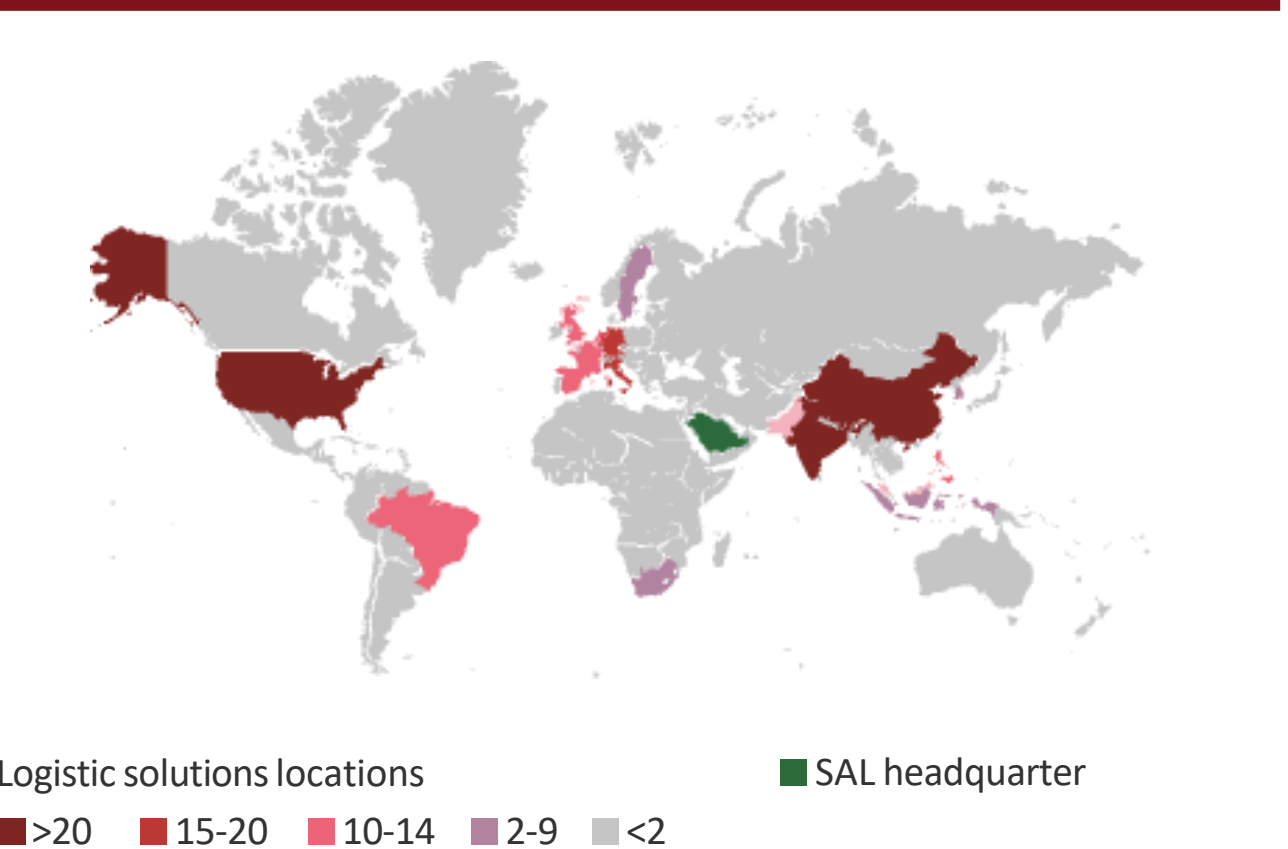
Key performance metrics 2024

	Q2	H1
<div> <div></div> <div> Revenue SAR 405m 2023: SAR 339m </div> </div>		SAR 858m 2023: SAR 679m
<div> <div></div> <div> EBITDA Margin 48% 2023: 48% </div> </div>		53% 2023: 47%
<div> <div></div> <div> EBITDA SAR 195m 2023: SAR 162m </div> </div>		SAR 454m 2023: SAR 319m

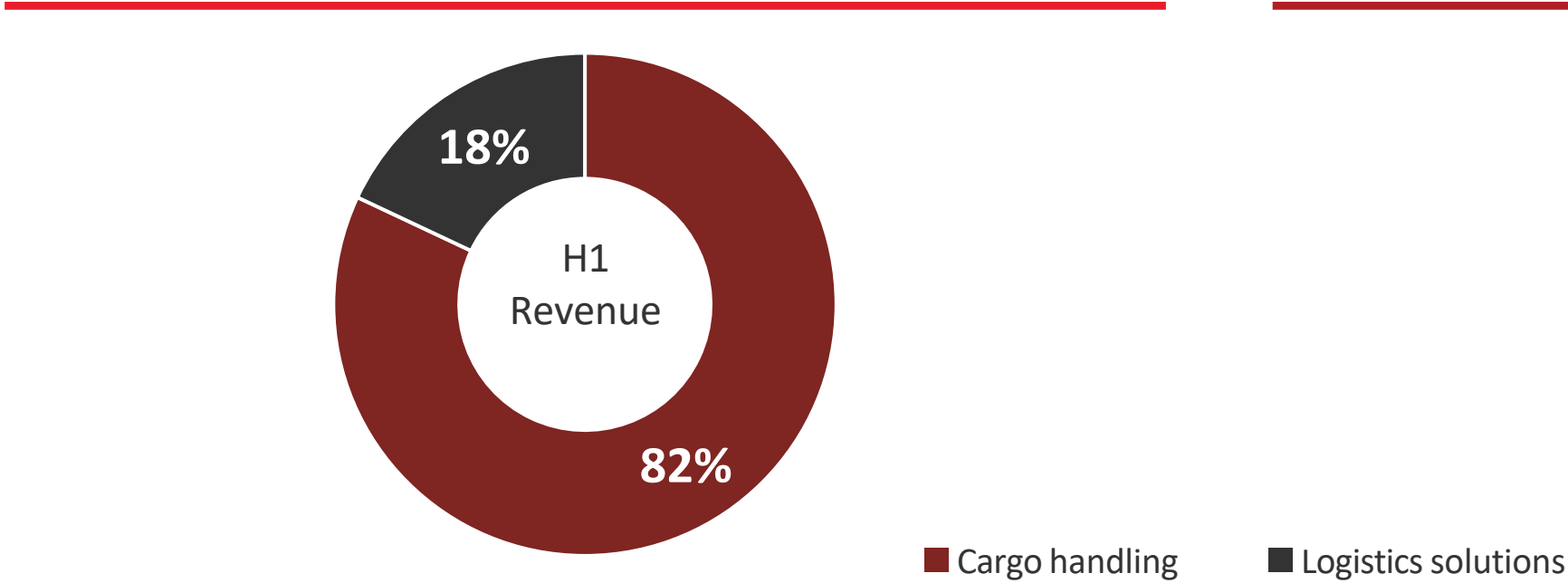
Presence at KSA airports



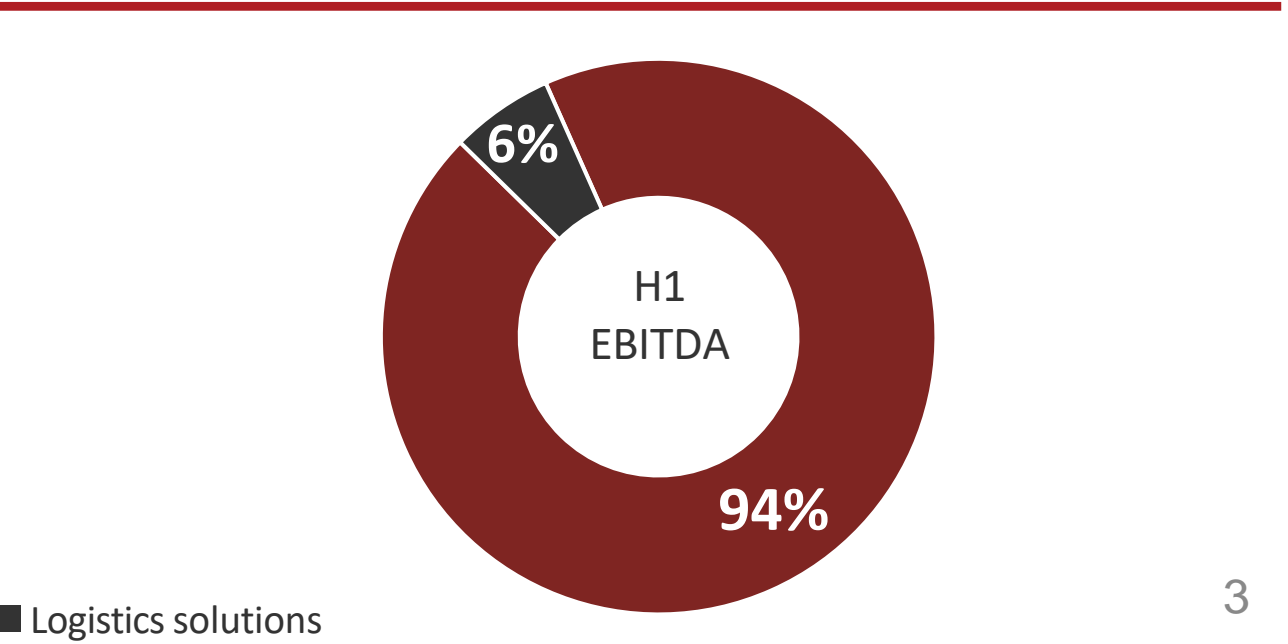
Global Logistics solutions presence



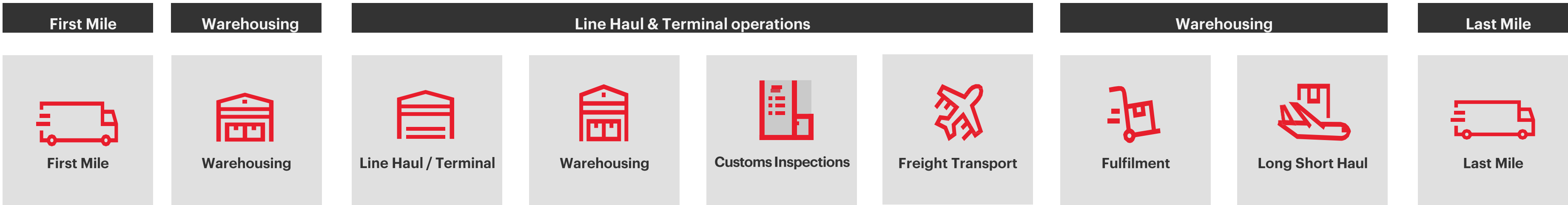
YTD Revenue mix



YTD EBITDA mix



Fulfilment adding value to Customer in a “One Stop – shop” concept



“ONE - STOP – SHOP”		
WAREHOUSING		TRANSPORTATION
Core Storage Activities		First Mile & Last Mile Distribution
<div><div><ul style="list-style-type: none">Ambient StorageChilled StorageCross – DockingReverse LogisticsCold Storage</div><div><ul style="list-style-type: none">Frozen StorageConsolidation</div></div>		<div><div><ul style="list-style-type: none">First Mile and Last Mile</div><div><ul style="list-style-type: none">Delivery</div></div>
Value Added Services (VAS)		
<div><div><ul style="list-style-type: none">Packaging, Labelling OrderProcessing OrderPreparation OrderFulfillment InventoryManagement</div><div><ul style="list-style-type: none">Customs ClearanceOther</div></div>		

Operational since June 2024 in DMM Fulfilment Centre and generating revenues.

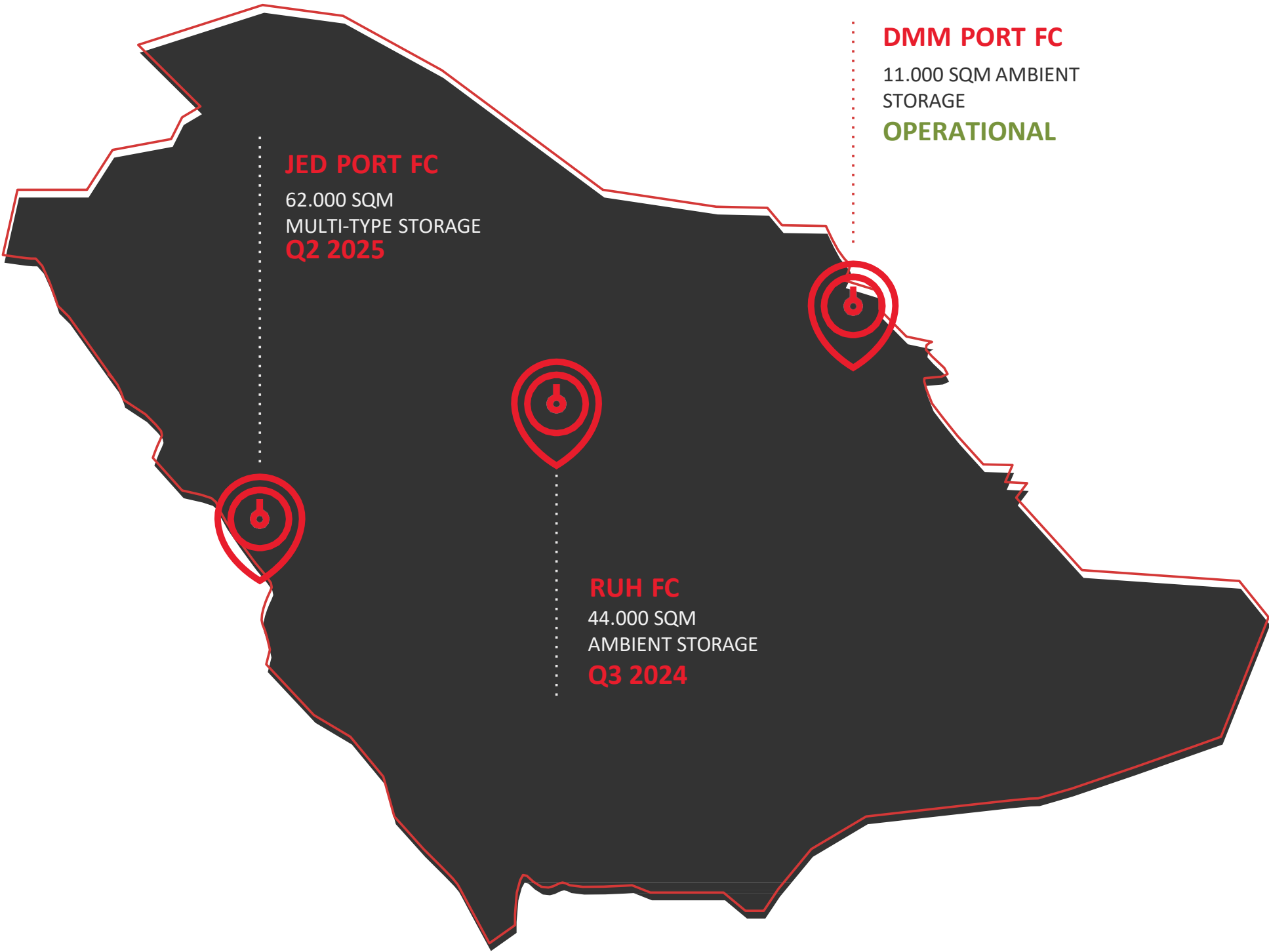
Offering Full Scope of Services to Customers.

Live and Operational Since June 2024.

FULFILLMENT CENTERS

OUR SERVICES INCLUDE:

BUILD-TO-SUIT SOLUTIONS	WAREHOUSE MANAGEMENT	FIRST/LAST MILE DELIVERY
FULFILLMENT SERVICES	WAREHOUSING SERVICES	BONDED AND SEZ SOLUTIONS



Section 2

Financial
Overview

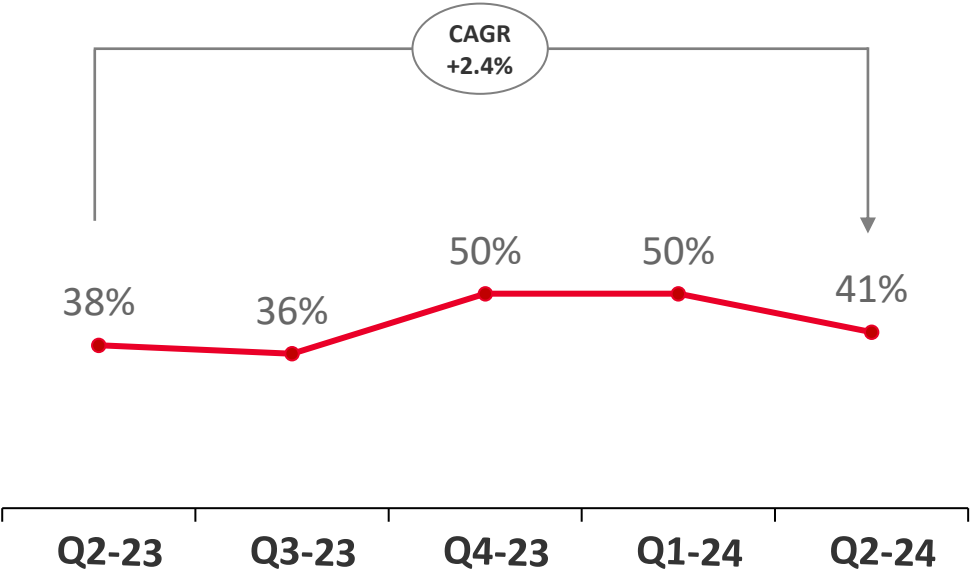
Financial Snapshot of SAL – Statement of Comprehensive Income

(SAR ‘000)	H1 2024	H1 2023	Variance
Revenue	858,010	679,327	26%
EBITDA	454,295	319,048	42%
Operating Profit (EBIT)	395,388	251,706	57%
Net Income	363,898	213,167	71%

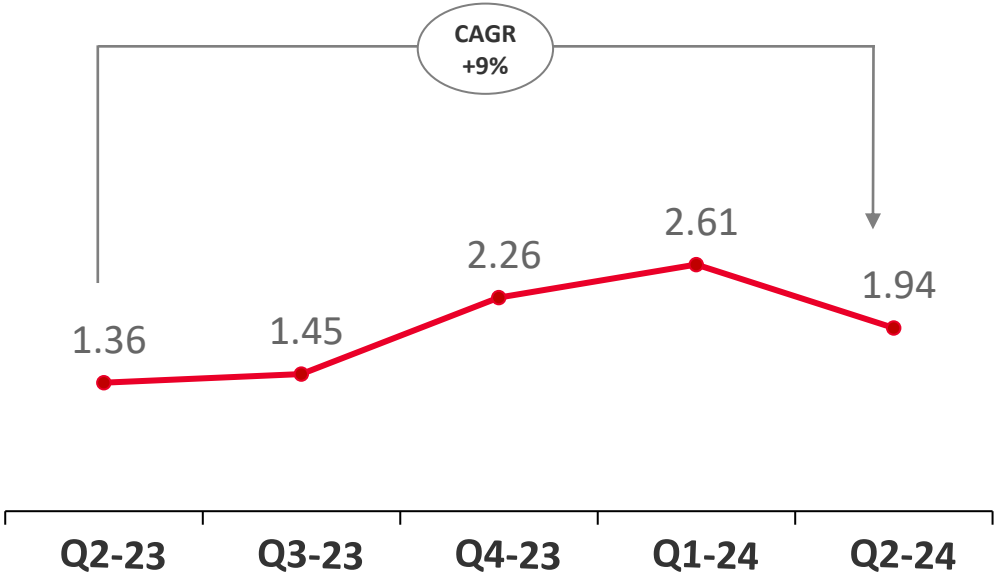
KPIs

EBITDA margin (%)	53%	47%
EBIT margin (%)	46%	37%
Net Income margin (%)	42%	31%
Earnings per share (EPS)	4.55	2.66

EBIT Margin Trend



EPS Trend



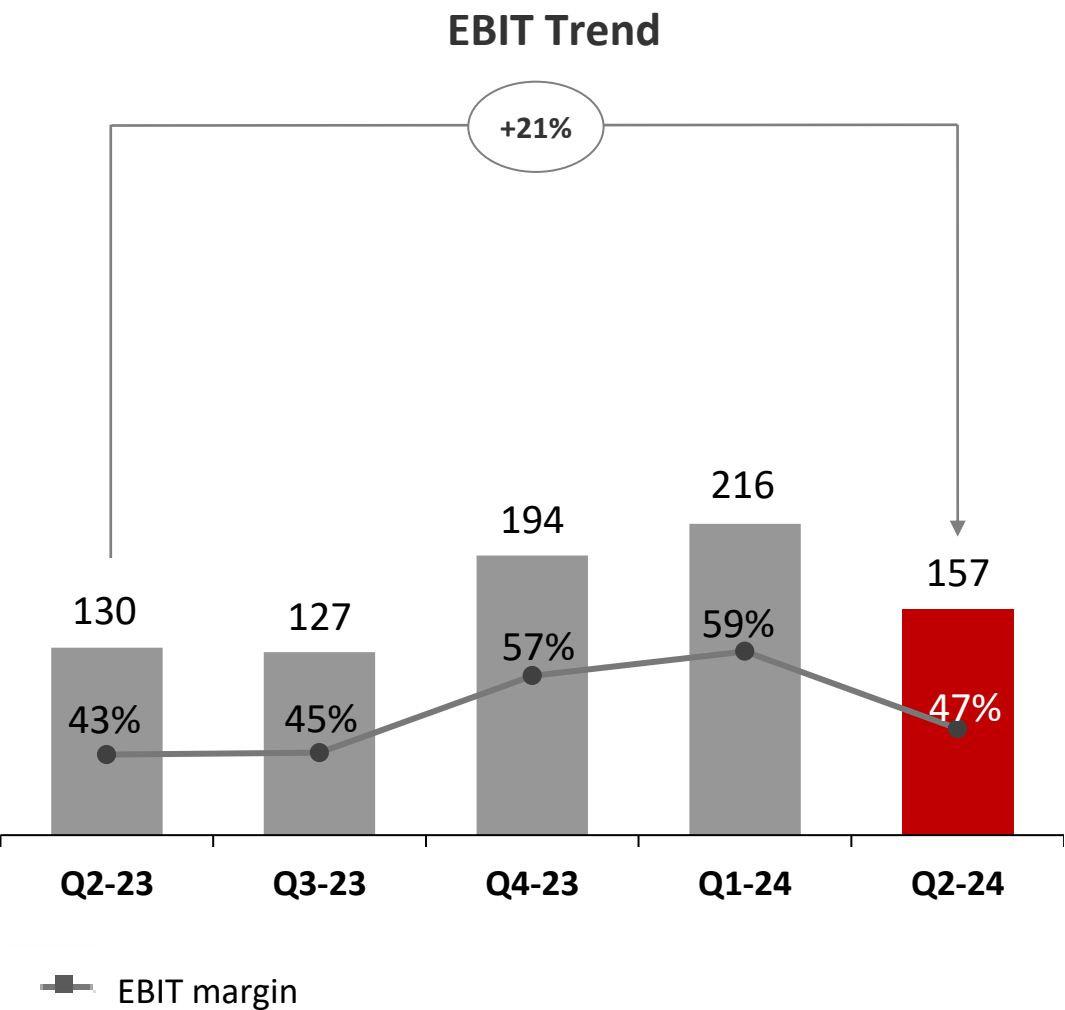
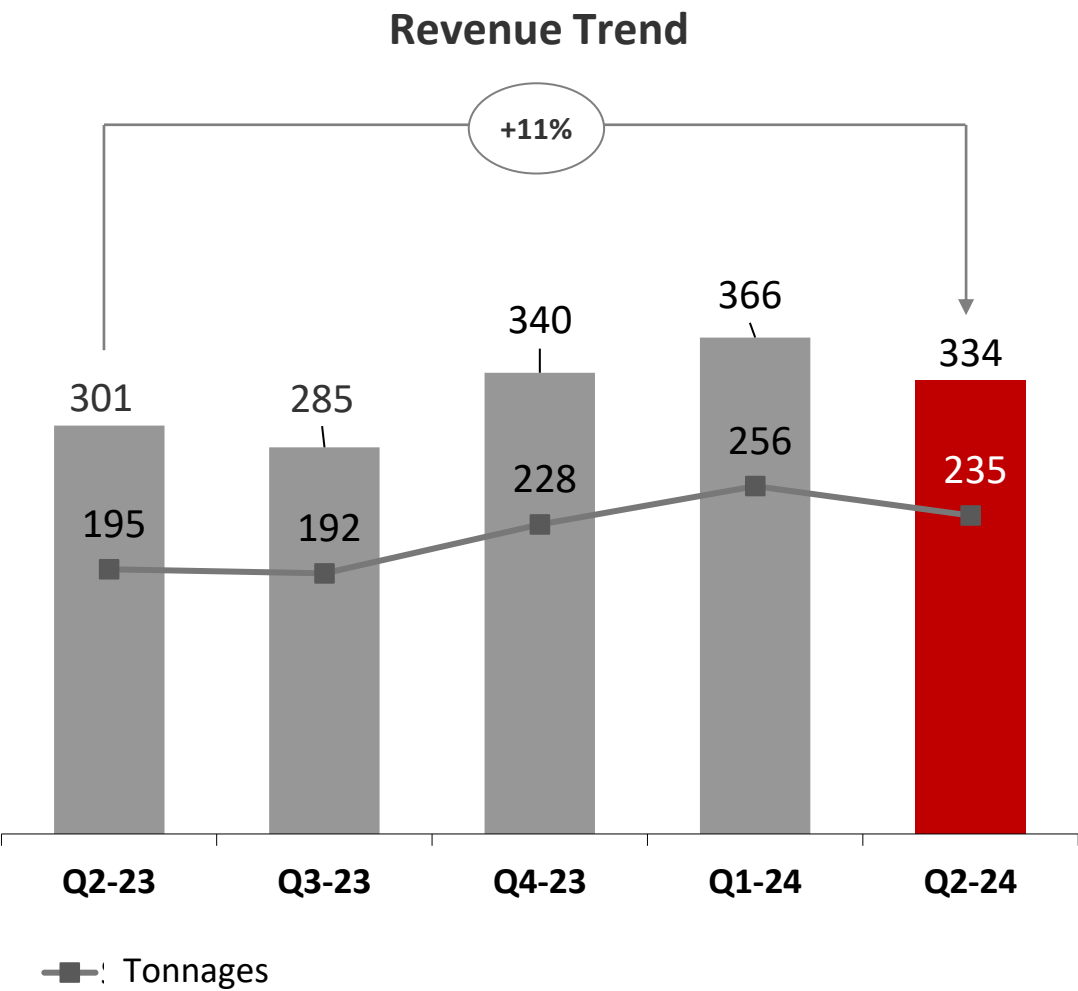
Management Commentary

- Strong H1 sales performance with very good EBIT throughput – mainly driven by increased demand in e-commerce in Cargo Handling division as well as a growing Logistics division.
- Stable EBIT margins, although lower Q2 seasonality due to shift in Ramadan from Q2 to Q1.
- EPS remains at a high quarter on quarter

Cargo Handling Division – The Legacy Business

(SAR '000)	Q2 2024	Q2 2023	Growth	H1 2024	H1 2023	Growth
Revenue	333,666	301,221	11%	699,481	595,325	18%
Operating Profit (EBIT)	156,860	129,538	21%	372,927	248,504	50%

KPIs	Q2 2024	Q2 2023	H1 2024	H1 2023
EBIT margin %	47%	43%	53%	42%



Management Commentary

- Sales grew by 18% in H1 providing an EBIT increase of 50%.
- Good Q1 sales due to very high demand driven by e-commerce, general cargo and shift in Ramadan to Q1, resulting in lower seasonality in Q2
- Overall high EBIT performance in H1 driven by higher volume increase.

Logistics Division – The Evolving Business

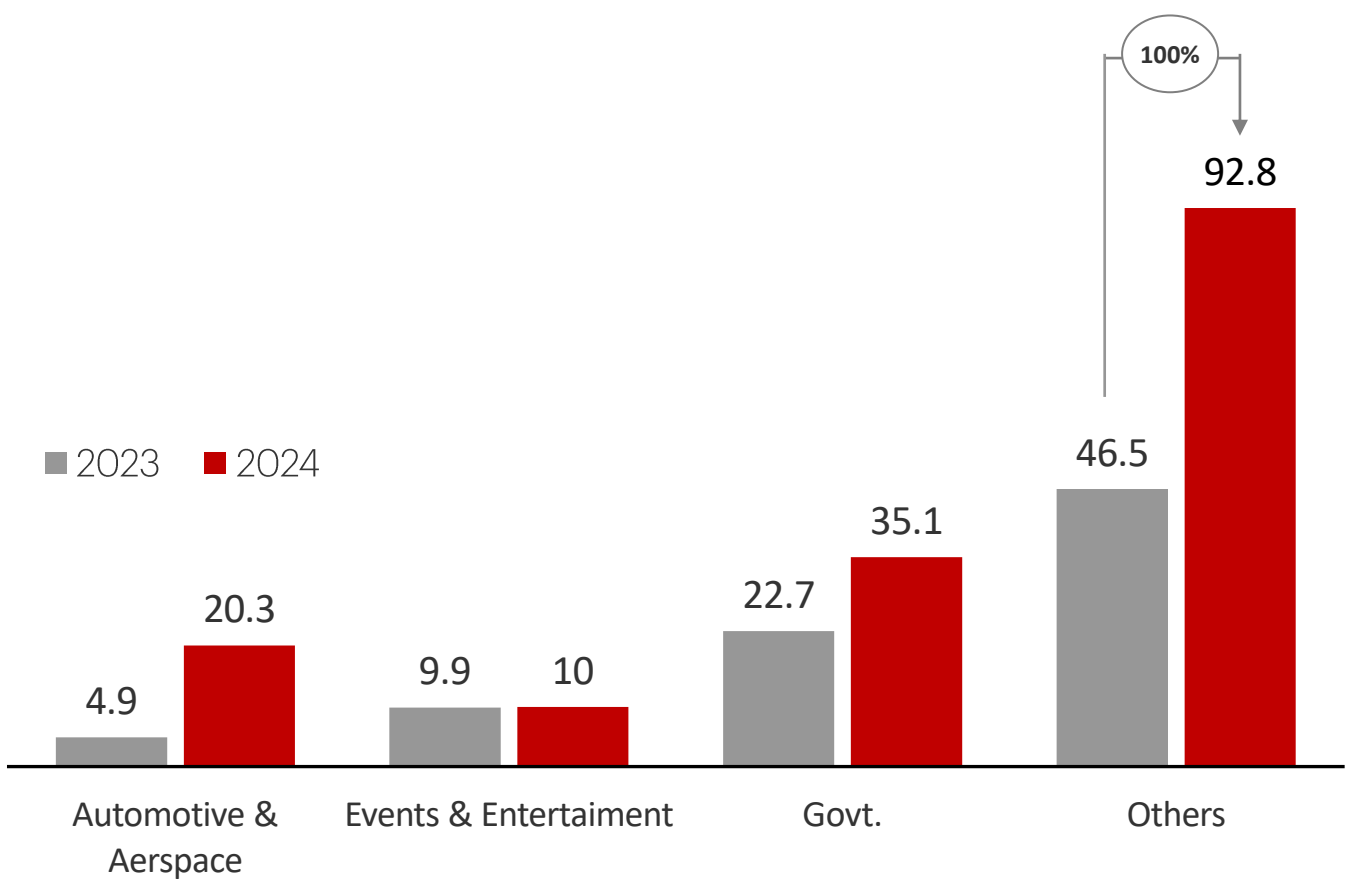
(SAR '000)	Q2 2024	Q2 2023	Growth	H1 2024	H1 2023	Growth
Revenue	71,520	38,134	88%	158,231	84,002	88%
Operating Profit (EBIT)	14,896	(2,066)	821%	29,350	3,202	817%

KPIs	Q2 2024	Q2 2023	H1 2024	H1 2023
EBIT margin %	21%	-5%	19%	4%

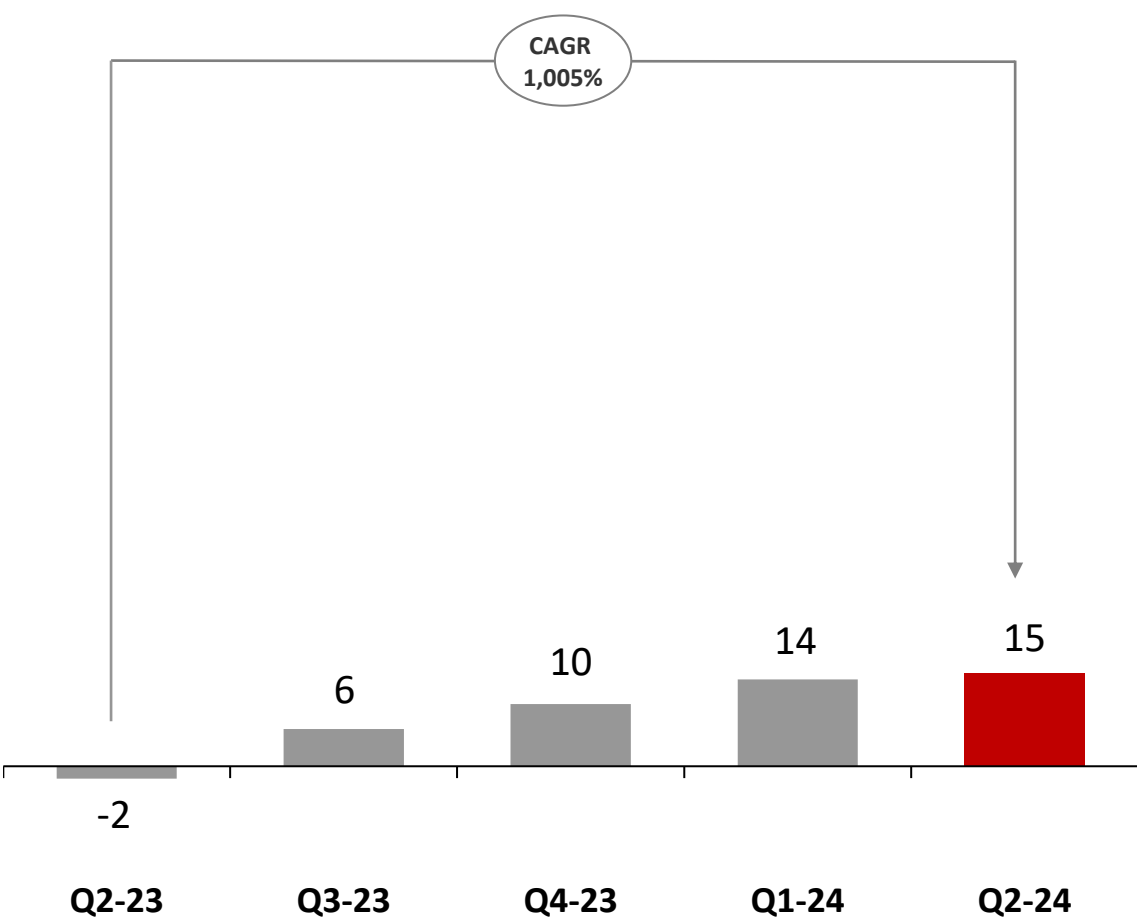
Management Commentary

- Business line continues to grow and improves margins and profitability each quarter.
- EBIT has reached all time highs since early inception.
- Diversifying sales into further sectors to reach robust and sustainable growth.

Diversifying Sales



EBIT Trend



Financial Snapshot of SAL – Free Cash Flow

(SAR ‘000)	H1 2024	H1 2023	Variance
Profit before Zakat	384,733	232,917	65%
Adjustments for non-cash items	68,040	102,416	-34%
Changes in:			
Working Capital	(204,579)	(9,398)	-2077%
Cash flow from Operating activities	248,194	325,935	-24%
Cash flow used in Investing activities	(14,101)	(215,478)	93%
Cash flow used in Financing activities	(222,597)	(200,000)	-11%
Cash equivalents at the end of the period	694,658	842,722	-18%
Free Cash flow	234,093	110,457	112%
Adjustments to Free Cash Flow:			
Short Term Murabaha Deposit	--	205,000	--
Repayment of Lease Liability	(27,264)	(7,804)	-249%
Adjusted Free Cash Flow	206,829	307,653	-33%
KPIs			
Net working capital (NWC)	313,438	81,645	
Net working Capital (NWC) as a % of Revenue	37%	12%	
Leverage Ratio (Net Interest-Bearing Debt/EBITDA)	-0.3x	-0.4x	
Cash Ratio	2.90	2.24	

Management Commentary

Free Cash Flow Highlights

- Positive cash from operating activity with short term strain on working capital due to increased activity.
- Fewer CAPEX spending in investing activities. We remain to invest excess cash in Murabaha deposits.
- Robust Free cash flow despite increase in financing activity on account of loan and dividend payments.

KPIs

- Increase in Net Working Capital signifies strong business demand.
- The company effectively has no leverage due to strong cash available.

Financial Snapshot of SAL – Balance Sheet

(SAR ‘000)	H1 2024	YE 2023	Variance
Non-Current Assets	1,249,434	1,621,149	-23%
Current Assets	1,847,551	1,663,824	11%
Total Assets	3,096,985	3,284,973	-6%
Non-Current Liabilities	1,347,905	1,665,426	-19%
Current Liabilities	412,655	385,420	7%
Total Liabilities	1,760,560	2,050,846	-14%
Total Shareholder’s Equity	1,336,425	1,234,127	8%
Total Liabilities and Shareholders Equity	3,096,985	3,284,973	-6%
KPIs			
Return on Invested Capital (ROIC) *	40%	29%	
Net interest-bearing debt (NIBD)	(552,610)	(607,070)	-9%

* ROIC: Calculated using EBIT over deployed capital (long terms loans and equity)

Management Commentary

Balance Sheet Highlights

- Decrease in assets mainly pertains to Right of Use Asset reduction due to reduced leasing obligation for key warehouses.
- Decrease in liabilities on a similar basis i.e. reduction in Right of Use Liability partially offset by an increase in current liabilities which is in line with business activity.
- Total shareholder’s equity has increased due to increase in profitability offset by dividend payments .

KPIs

- Strong ROIC performance due to increase in profitability levels.
- Negative NIBD signifies SAL’s exceptional cash health and its ability to fund future growth.

Closing remarks and Q&A

Faisal AlBedah,
CEO&MD