

SAL Earnings Call

For Q3 (Nine Months) 2024



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

TODAY'S AGENDA



Business Overview



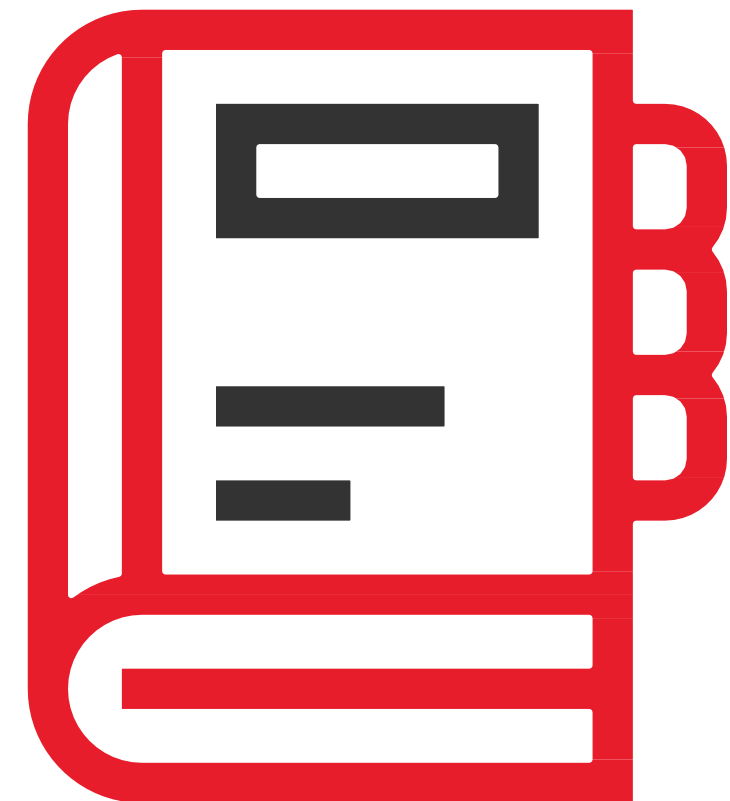
Financial Overview



Closing Remarks and Q&A

Section **1**

Section **2**



Speakers



Omar Hariri
Chief Executive Officer

- CEO at SAL since November 2024
- Former President of the Saudi Ports Authority (Mawani)
- Former CEO of SAL
- Former CEO of Saudia Cargo Company and played a main role in establishing SAL



Haydar Ucar
Chief Financial Officer

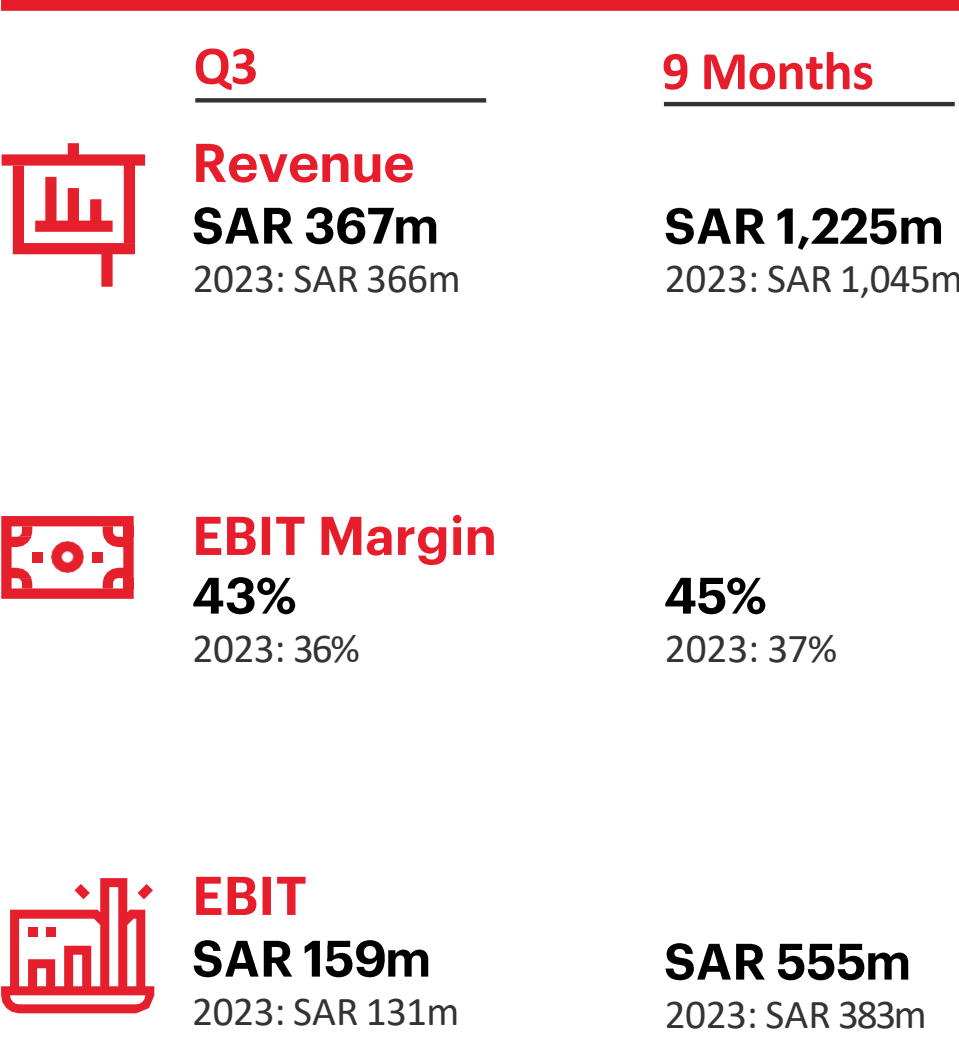
- CFO at SAL since May 2024
- Previously served as CFO in DSV Turkey and Head of Corporate Accounting at DSV head office along a long tenure from DHL
- Originally Danish/Turkish and worked many years in international settings
- Holds an MBA from IE Business School in Spain

Section 1

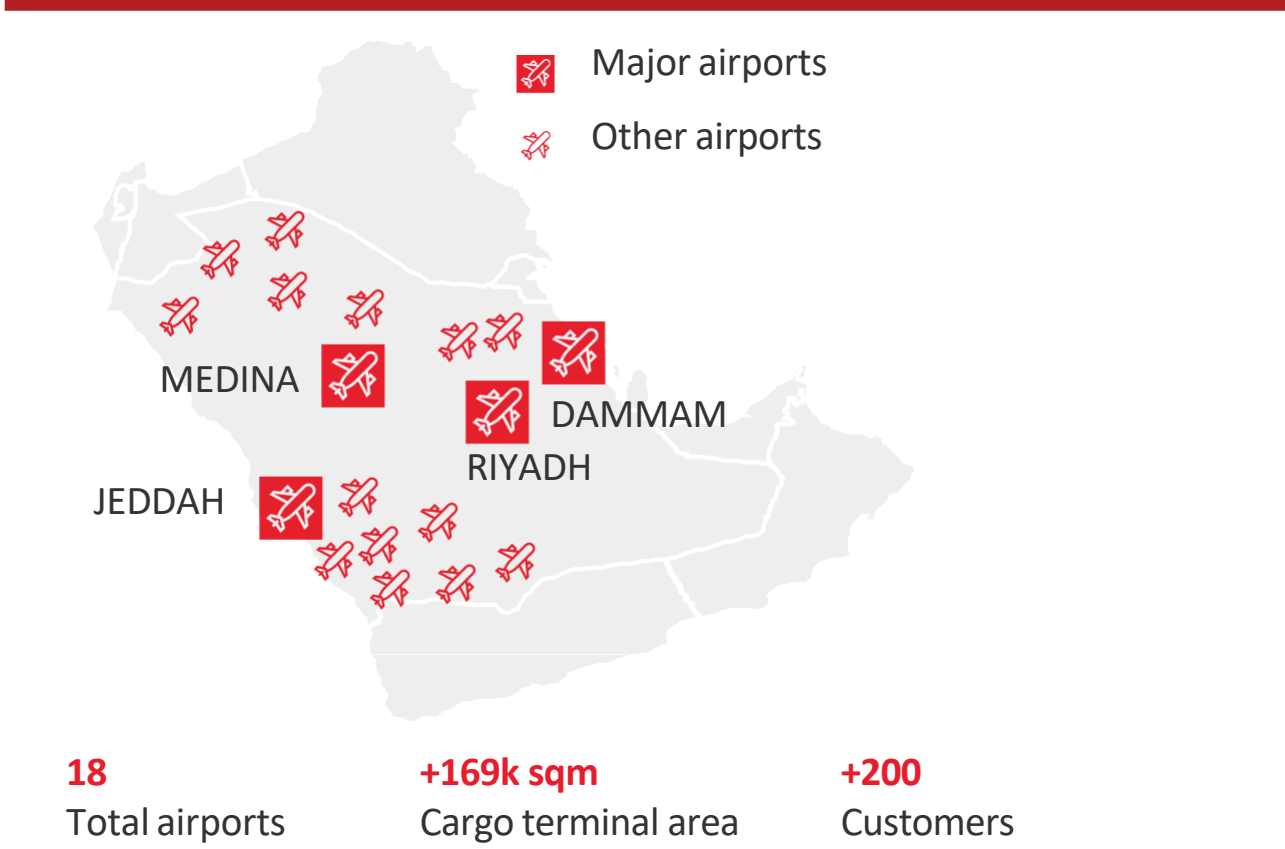
Business
Overview

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

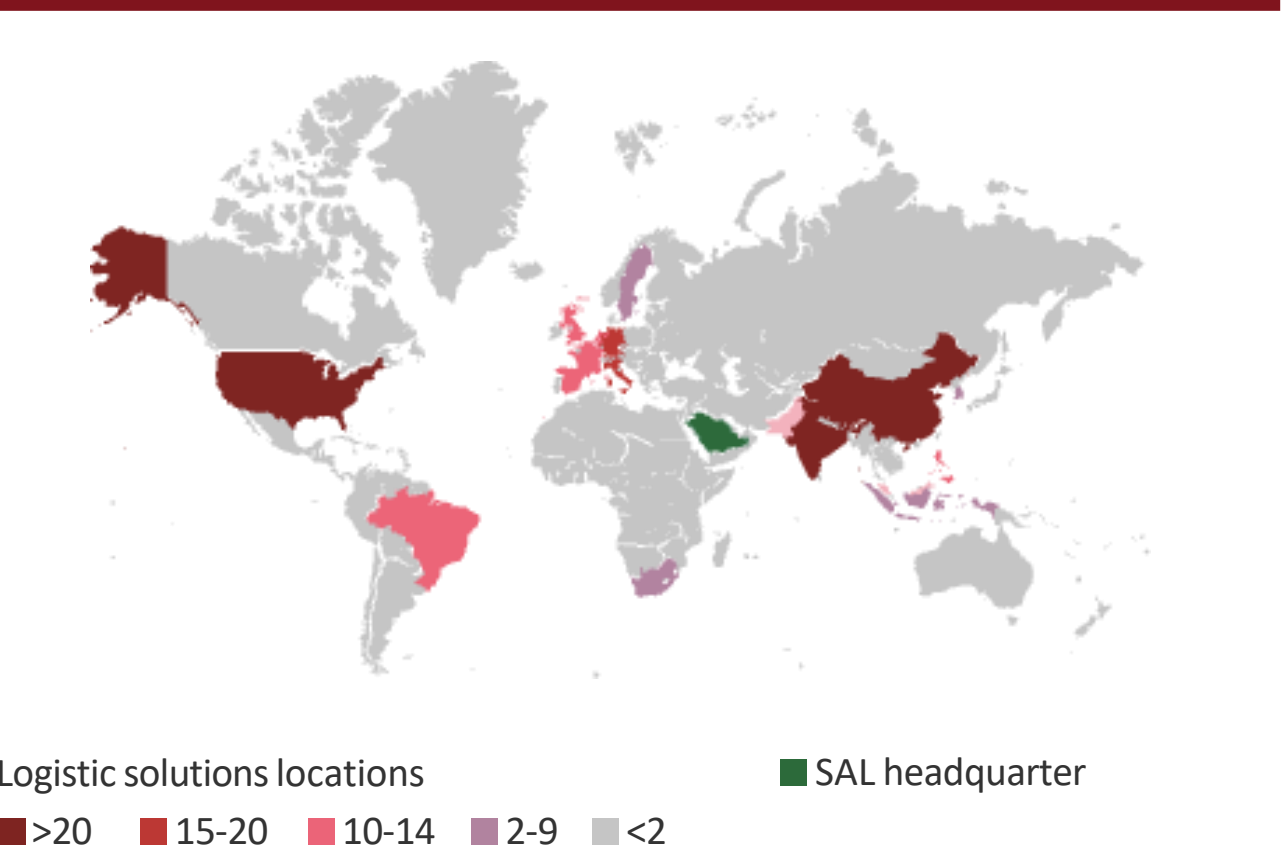
Key performance metrics 2024



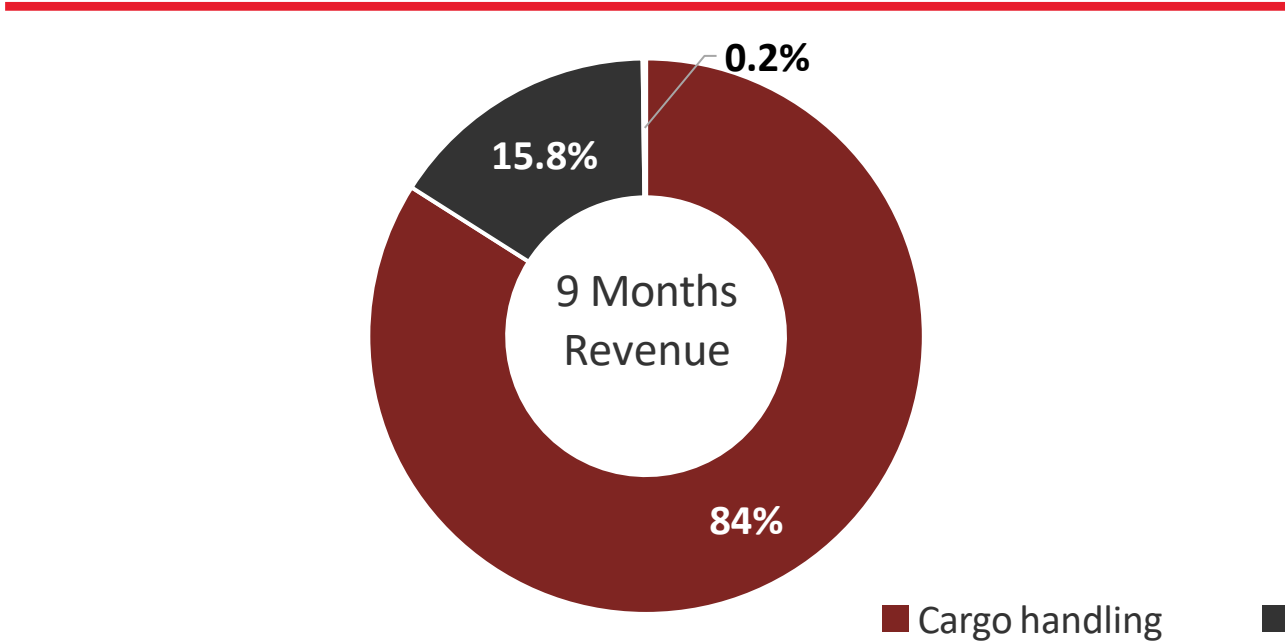
Presence at KSA airports



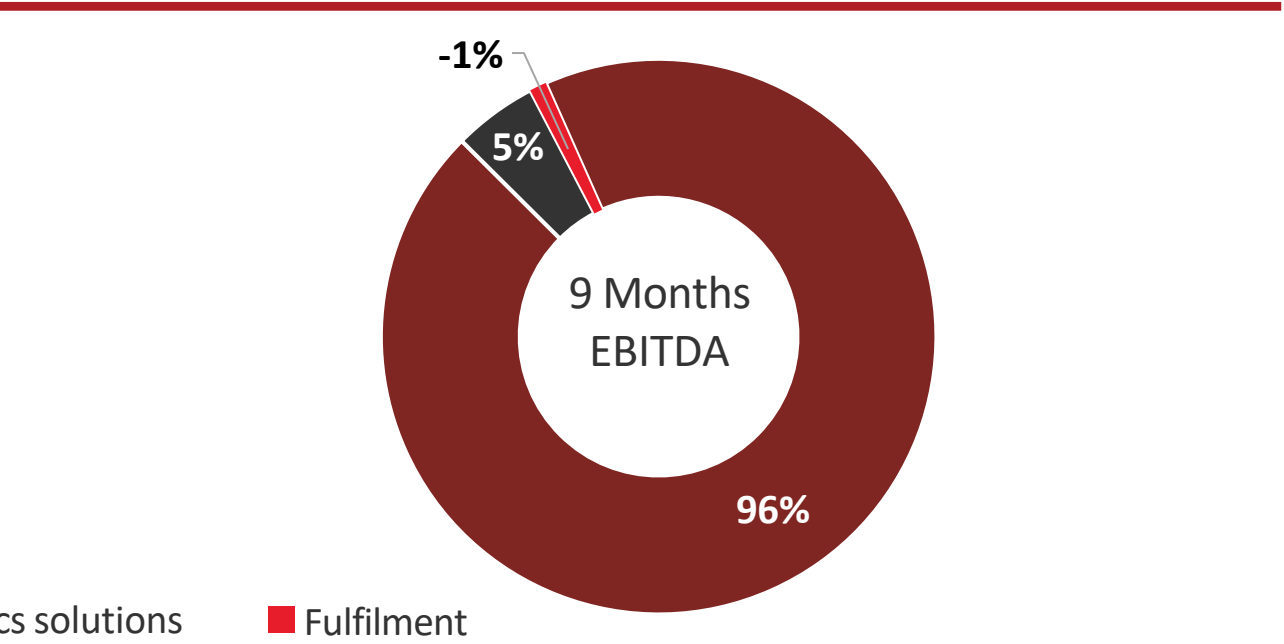
Global logistics solutions presence



YTD Revenue mix



YTD EBIT mix



Section 2

Financial
Overview

Financial Snapshot of SAL – Statement of Comprehensive Income

(SAR ‘000)	YTD 2024	YTD 2023	Variance
Revenue	1,225,267	1,045,089	17%
EBITDA	638,124	484,299	32%
Operating Profit (EBIT)	554,628	382,766	45%
Net Income	519,402	329,134	58%

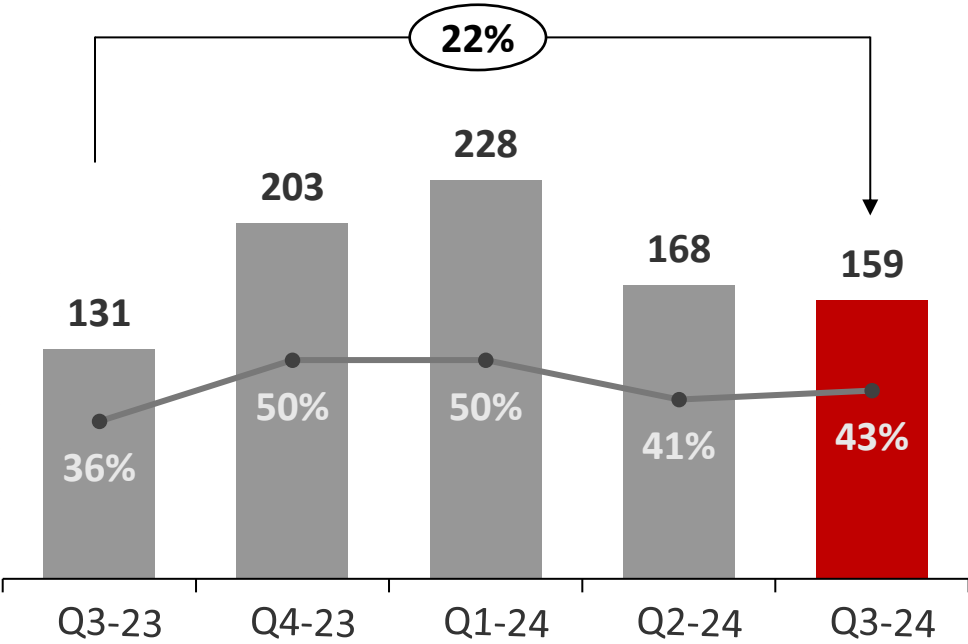
KPIs

EBITDA margin (%)	52%	46%
EBIT Margin (%)	45%	37%
Net Income Margin (%)	42%	31%
Earnings per share (EPS)	6.49	4.11

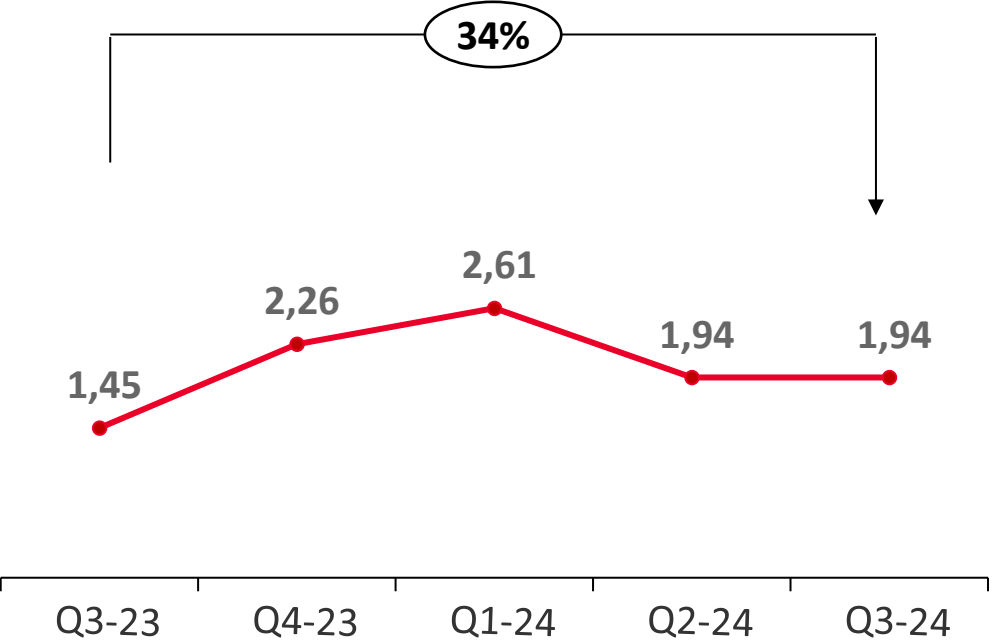
Management Commentary

- Strong YTD revenue performance with very good EBIT throughput – mainly stemmed from Q1 demand increased imports in Cargo Handling division as well as growing Logistics division.
- Increased EBIT margins, although lower Q2 and Q3 seasonality through focused cost control.
- EPS remains at a high quarter on quarter on account of exceptional YTD 2024 performance

EBIT Margin Trend
(Million SAR)



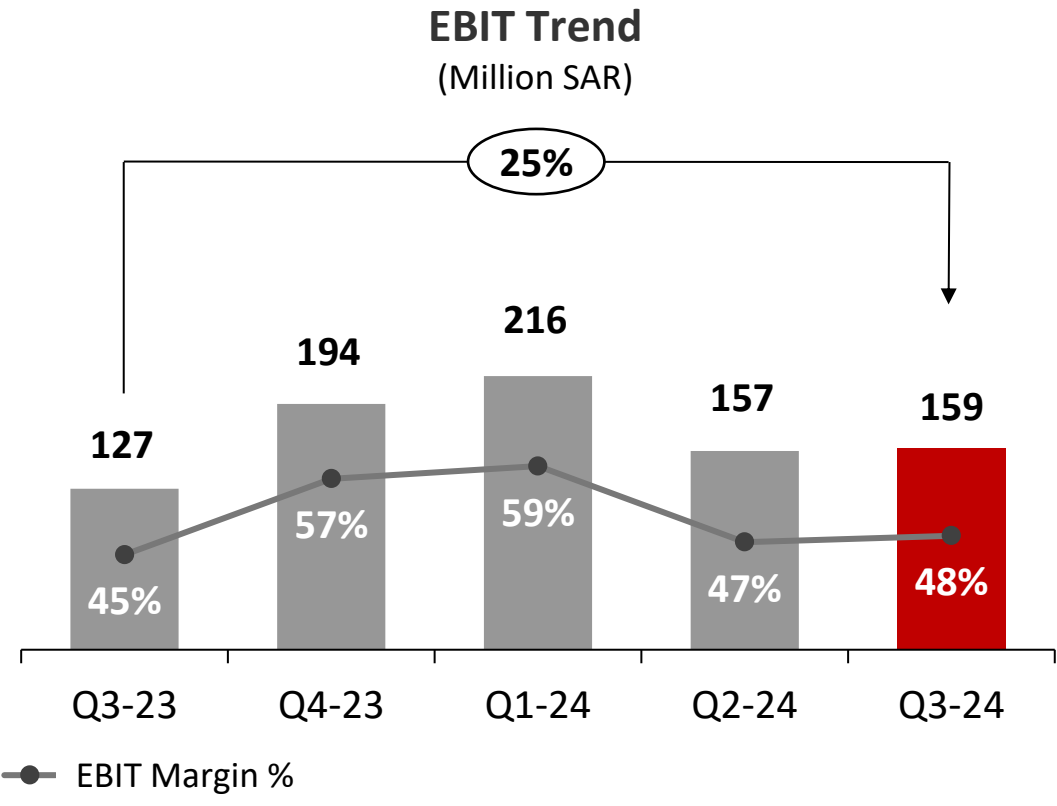
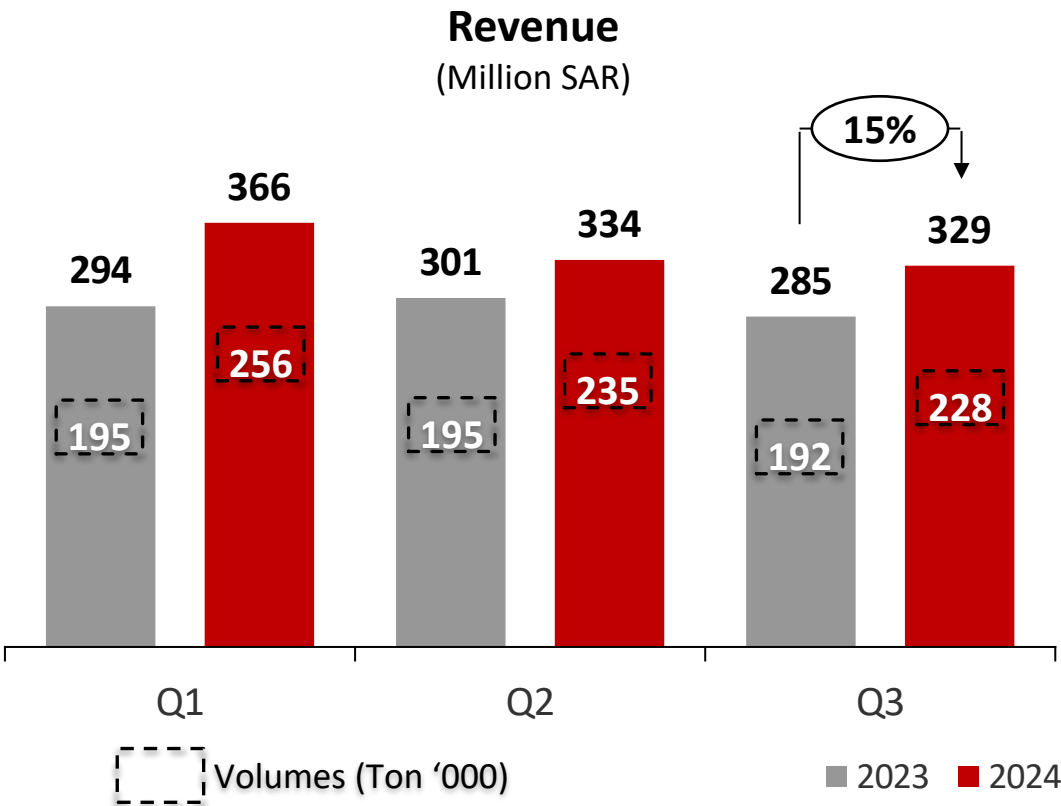
EPS Trend
(SAR)



EBIT Margin %

Cargo Handling Division – The Legacy Business

(SAR ‘000)	Q3 2024	Q3 2023	Growth	YTD 2024	YTD 2023	Growth
Revenue	328,702	285,180	15%	1,028,183	880,505	17%
EBIT	159,376	127,392	25%	532,303	375,896	42%
KPIs						
EBIT Margin %	48%	45%		52%	43%	
Volumes (Kg ‘000)						
Export	9,931	9,494	5%	33,923	33,725	1%
Import	130,091	112,469	16%	411,140	336,081	22%
Transfer	88,419	70,173	26%	274,579	212,461	29%
Total	228,441	192,136	19%	719,642	582,267	24%

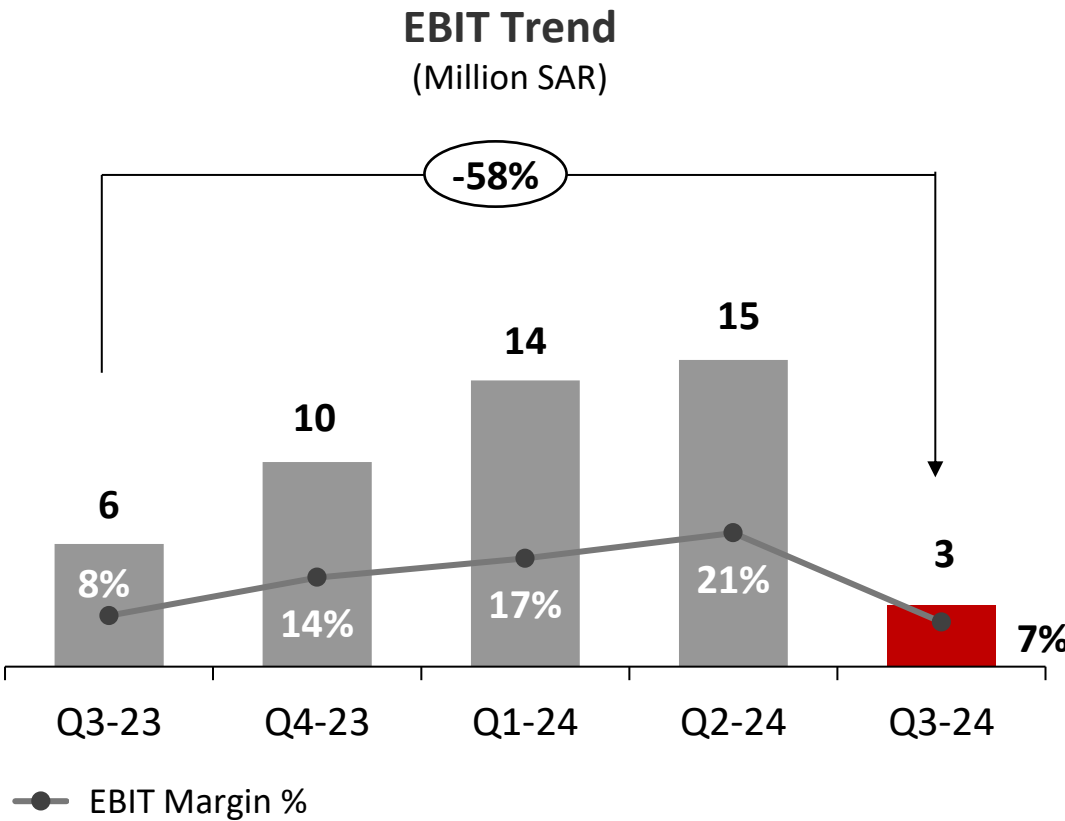
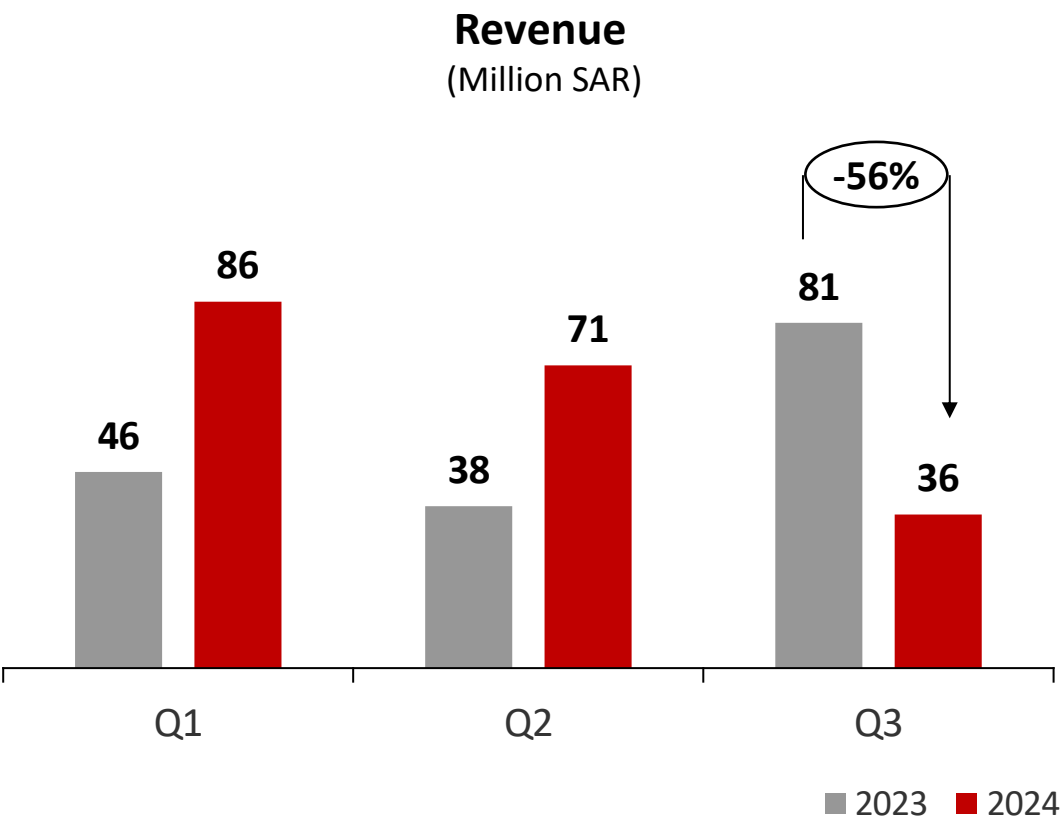


Management Commentary

- 15% revenue growth in Q3 providing an EBIT increase of 25%.
- Good Q1 revenues due to very high demand driven by e-commerce, general cargo and shift in Ramadan to Q1, resulting in lower seasonality in Q2 and a normalized Q3.
- EBIT margins has increased in response, also supported by leasing cost reductions in key stations.

Logistics Division – The Evolving Business

(SAR '000)	Q3 2024	Q3 2023	Growth	YTD 2024	YTD 2023	Growth
Revenue	36,195	80,582	-55%	194,426	164,584	18%
EBIT	2,684	6,352	-58%	32,034	9,554	235%
KPIs						
EBIT Margin %	7%	8%		16%	6%	



Management Commentary

- Business line continues to grow and improves margins and profitability each quarter.
- In Q2 aged receivables recovery supported the business line and the timing of key project transports in Q3 was timed in Q4 of this year.

Financial Snapshot of SAL – Free Cash Flow

(SAR ‘000)	YTD 2024	YTD 2023	Variance
Profit before Zakat	541,587	355,384	52%
Adjustments for non-cash items	131,291	190,085	-31%
Changes in:			
Working Capital	(112,598)	(95,006)	-19%
Cash flow from Operating activities	560,280	450,463	24%
Cash flow used in Investing activities	(266,546)	(55,556)	-380%
Cash flow used in Financing activities	(393,692)	(336,015)	-17%
Net change in cash and cash equivalents	(99,958)	58,892	-270%
Cash and cash equivalent at the beginning of the period	710,426	940,069	-24%
Cash and cash equivalents at the end of the period	610,468	998,961	-39%
Free Cash flow	293,734	394,907	-26%
Adjustments to Free Cash Flow:			
Term Murabaha Deposit	210,000	-	
Adjusted Free Cash Flow	503,734	394,907	28%

Management Commentary

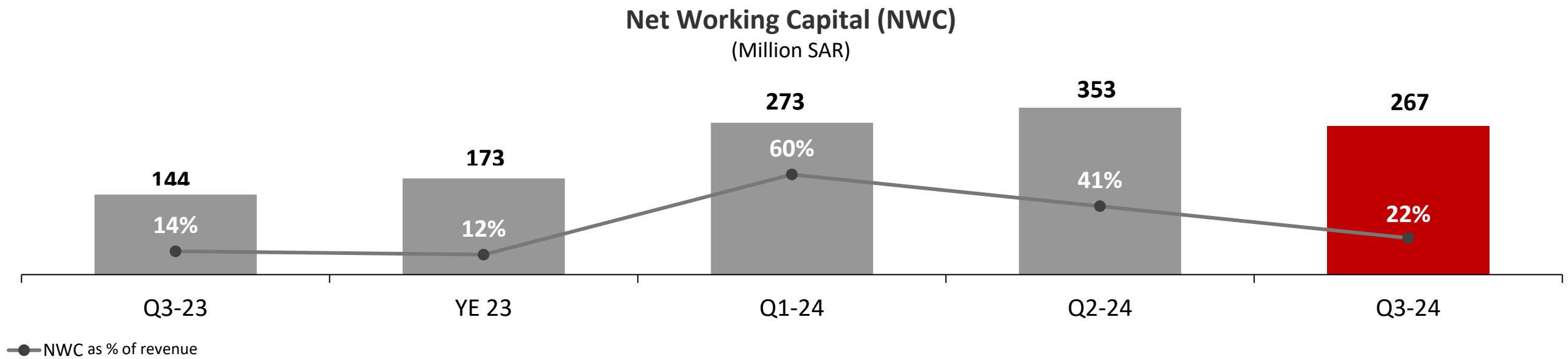
- Positive cash from operating activity and good recovery of working capital constraints from start of the year.
- Fewer CAPEX spendings in investing activities with similar levels of Murabaha deposits as 2023.
- Robust Free cash flow maintained.

Financial Snapshot of SAL – Balance Sheet

(SAR ‘000)	YTD 2024	YE 2023	Variance
Non-Current Assets	1,281,171	1,621,149	-21%
Current Assets	1,896,067	1,663,824	14%
Total Assets	3,177,238	3,284,973	-3%
Non-Current Liabilities	1,374,360	1,665,426	-17%
Current Liabilities	426,949	385,420	11%
Total Liabilities	1,801,309	2,050,846	-12%
Total Shareholder’s Equity	1,375,929	1,234,127	11%
Total Liabilities and Shareholders Equity	3,177,238	3,284,973	-3%

KPIs

Return On Invested Capital (ROIC)	28%	29%
Net Interest-Bearing Debt (NIBD)	(695,369)	(607,070)
Net Working Capital (NWC)	267,172	173,179
Net Working Capital (NWC) as a % of Revenue	22%	12%
Leverage Ratio (NIBD/EBITDA)	-0.3x	-0.2x
Cash Ratio	3.09	2.41



Management Commentary

Balance Sheet Highlights

- Decrease in assets mainly pertains to Right of Use Asset reduction for Dammam and Riyadh stations.
- 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

- Maintaining strong ROIC performance due to increase in profitability levels.
- Negative NIBD signifies SAL’s exceptional cash health and its ability to fund future growth
- Controlled Net Working Capital due to enhancement in especially receivables management.
- The company effectively has no leverage.

Closing remarks and Q&A