

PRESS RELEASE

Saudi Arabia's SISCO reports Q1 2021 net income growth of 21.4%

- Q1 revenues increased 51.6% y-o-y, excluding accounting construction revenue
- Strong performance by ports and logistics segments drive top-line growth
- Net income grew 21.4% y-o-y, with earnings per share improving to SAR 0.40

Jeddah, Saudi Arabia, 2 May 2021: Saudi Industrial Services Company (“SISCO”, the “Company” or the “Group”), Saudi Arabia’s leading strategic investor in ports and terminals, logistics parks and services, and water solutions, has announced its financial results for the 3-month period ended 31 March 2021. The following analysis and commentary on revenue growth and margins excludes accounting construction revenue, which has no impact on gross profit or net income.

First quarter revenue (excluding accounting construction revenue) increased by 51.6% year-on-year to SAR 253.6 million, and 5.8% on the previous quarter driven by strong top-line growth across the ports and logistics segments. Gross profit of SAR 134.9 million increased by 153.7% from Q1 2020 and by 10.1% from the previous quarter, predominantly driven by stronger volumes in the ports segment, efficiencies and other new concession terms that came into effect from 1 January 2021.

First quarter net income grew 21.4% year-on-year and increased by 14.9% on the previous quarter, to reach SAR 32.3 million. Year-on-year bottom line growth was driven by improving revenues, the start of a new port concession agreement in 2020, and new client agreements in the logistics segment. EBITDA of SAR 144.7 million increased by 127.7% year-on-year, at an EBITDA margin of 57.1%. Earnings per share (“EPS”) stood at SAR 0.40 as compared to SAR 0.33 in Q1 2020, with total shareholders’ equity increasing to SAR 1.2 billion in Q1 2021 compared to SAR 1.1 billion in the previous year.

Revenue from the ports and terminals segment exceeded SAR 211.5 million, increasing by 70.8% year-on-year. Revenues from the logistics segment reached SAR 24 million, a 24.4% increase compared to Q1 2020. The water solutions segment saw a marginal revenue decrease of 2%, resulting from a decrease in volumes.

Mohammed Al-Mudarres, CEO at SISCO said:

“SISCO continues to achieve very strong results despite operating in a challenging macro-economic environment. In the first quarter the Group achieved significant top-line growth in the ports and logistics business, driven by improved gateway and transshipment volumes and growth in our warehouse and logistics services offer. With new customers for the logistics business now onboarded we are seeing strong growth in demand for services. Our water solutions business has experienced some challenges, with revenue declining slightly during the first quarter of the year. While water production and distribution volumes decreased compared with the previous quarter, we are confident in the opportunities that exist in the sector with demand from industry and consumers expected to increase in years to come.

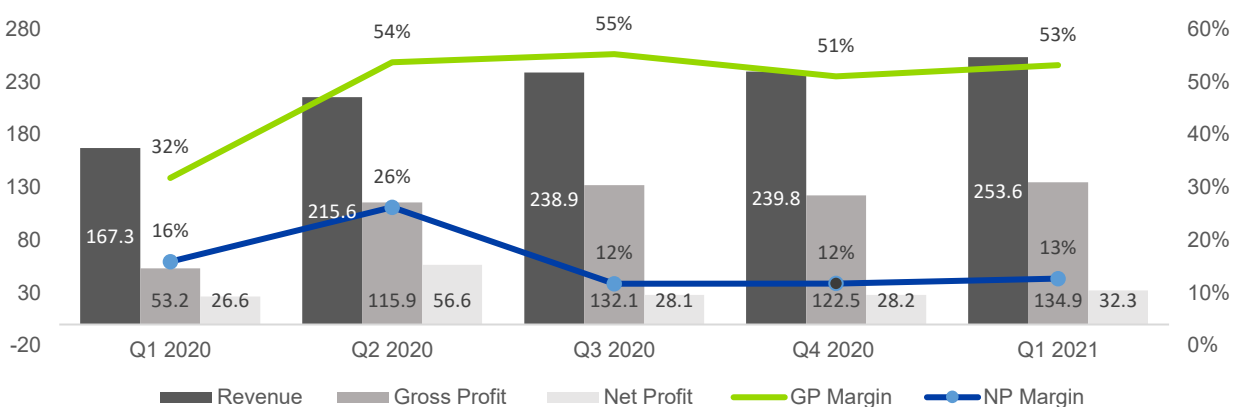
We have managed our balance sheet prudently and maintained a total debt to equity ratio of 45.5% during the quarter, which allows us to continue to strategically invest in opportunities that offer long-term value. The major strategic announcement for the quarter was the divestment of a 21.2% stake in

our subsidiary Red Sea Gateway Terminal Limited (“RSGT”) to COSCO and PIF. The transaction value of SAR 556.5 million implies an enterprise value for RSGT of SAR 3.3 billion, and we are very pleased to be welcoming both COSCO and PIF as strategic partners to our group of companies. We have no doubt that they will add meaningful value in the years to come, with the transaction in direct support of our long-term investment philosophy.”

Financial performance highlights

- Total operating revenue (which excludes construction revenue) of SAR 253.6 million for Q1 2021, representing like-for-like growth of 51.6% from Q1 2020, was driven primarily by port segment volume growth of 65.7% and the new concession agreement. This was supported by steady top line growth in the logistics segment driven by an increase in warehouse and services revenue.
- Gross profit increased by 153.7% driven primarily by revenue growth and the capitalization of fixed and variable fees payable to the Saudi Ports Authority, Mawani.
- Investment income improved to SAR 5.8 million compared to SAR 3.7 million in Q1 2020.
- Operating expenses of SAR 40.1 million remained relatively stable compared to SAR 39.8 million in 2020.
- SISCO generated net income growth of 21.4% and reported a net income margin of 12.7% as a result of a 607.4% improvement in operating profit and operating expenses remaining relatively flat. This positive growth was offset by an increase in financial charges by SAR 39.7 million (342.2%) due to the capitalization of fixed and variable fees.
- On an adjusted basis (excluding the impact of one-off items), net income increased by 284.7% compared to Q1 2020.
- Total assets reached SAR 4.4 billion.

Income statement highlights, SAR million (excludes accounting construction revenue)



Operational highlights

Ports & Terminals

The Ports & Terminals business benefitted from higher efficiencies and the new concession, in addition to a significant increase of 65.7% in container volumes compared to Q1 2020, a major driver for improving revenues. The ports segment also continued to make positive progress in consolidating and upgrading the adjacent North Container Terminal in the Jeddah Islamic Port.

Logistics Parks & Services

The Logistics Parks & Services segment saw healthy warehousing occupancy at 99% for the quarter (98% in Q1 2020) and commenced the development of additional warehousing capacity for existing customers. The positive impact of major contracts signed in 2020 was also realised, in particular with Aramco.

Strategy and outlook

SISCO will continue to invest in assets and companies in the ports, logistics and water segments, where significant potential earnings opportunities exist, and where the Company's management can provide oversight on operational and growth strategies. Meanwhile, the Group will build on its current portfolio of subsidiaries, to take advantage of emerging market opportunities. The Company is currently undergoing a strategic review exercise, for which it has appointed an external consultant, and expects to announce further developments to its strategy in due course.

-Ends-

About SISCO

Saudi Industrial Services Company ("SISCO") is an investment holding company with a diversified portfolio of unique assets spanning ports, industrial parks and services, and water solutions. The Company was established in 1988 and is the first private sector developer of a bonded re-export zone in Saudi Arabia. SISCO's portfolio includes 5 subsidiaries, supported by a team of more than 3,000 employees. SISCO provides strategic support to portfolio companies with a clear and long-term investment philosophy to unlock growth opportunities.

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Analyst call and earnings presentation

SISCO will be hosting an analyst call on the Company's first quarter results on 27 May 2021 at 15:00 Saudi time. For conference call details, please email ir@sisco.com.sa. The earnings presentation will be hosted on the company website in due course: <http://www.sisco.com.sa/poverview.php>

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