

PRESS RELEASE

Saudi Arabia's SISCO completes 21.2% RSGT stake sale to PIF and CSPL; proceeds will fund future growth

Jeddah, Saudi Arabia, 15 July 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 the completion of its divestment of a 21.2% direct equity stake (the "Transaction") in Red Sea Gateway Terminal Limited ("RSGT") to Saudi Arabia's Public Investment Fund ("PIF") and COSCO SHIPPING Ports Limited ("CSPL").

SISCO will receive total gross proceeds of SAR 556.5 million for the Transaction. The application of the proceeds, which is currently under review, will support the Company's strategic objectives of enhancing shareholder returns and optimizing its portfolio.

In addition, LogiPoint has also divested its 4% direct equity stake in RSGT and will receive gross proceeds of SAR 105 million.

SISCO's effective shareholding reduces from 60.6% to 36.36%, but the Group will continue to consolidate RSGT from an accounting perspective.

The financial impact of the Transaction, which will be calculated subject to the finalization of Q2 2021 financial results, and the final payment of costs associated with the Transaction, will be reflected in SISCO's Q3 2021 financial statements.

Mohammed Al-Mudarres, CEO at SISCO said:

"The conclusion of this milestone transaction serves to significantly improve the positioning of this key asset by bringing on board world-class strategic investors. The partnership with PIF and CSPL should boost RSGT's growth trajectory, which will translate to growth and value for SISCO through our continued exposure as a key shareholder, both in terms of future net income and dividends from RSGT.

This Transaction demonstrates the strength and attractiveness of SISCO's portfolio both commercially and financially and supports SISCO's long-term strategy and track record for developing its portfolio businesses through strategic alliances to create value for shareholders.

Our strategic priorities remain focused on expanding SISCO's presence in the core segments of ports, logistics, and water, where significant potential earnings opportunities exist, and where Group management can provide oversight on operational and growth strategies. The Transaction is a key component of our strategy and will enable us to diversify and optimize the portfolio through organic and inorganic growth opportunities."

Blue-chip shareholders add long-term value

RSGT's incoming shareholders, PIF and CSPL, both stand to add significant value to the business and, indirectly, to SISCO's wider ports and infrastructure portfolio.

PIF is the sovereign wealth fund of Saudi Arabi, and one of the largest sovereign wealth funds in the world, with a strategy to drive the diversification of the Kingdom's economy and become a global investment partner of choice.

CSPL is a leading global ports operator, bringing international expertise, best practice standards and industry know-how to positively contribute to future expansion plans.

SISCO's strategic priorities

SISCO will aim to announce its growth strategy and the application of the proceeds from the RSGT divestment by the end of Q3 2021. The Group's strategy will remain focused on its core segments, with particular emphasis on expanding its logistics services offering across the value chain and expanding its product offering in the water sector. SISCO is well-positioned to take advantage of opportunities in the growing logistics sector, a core part of Vision 2030, as well as the rapidly accelerating regional e-commerce industry. In this respect, the Group intends to increase its focus on providing logistics services with emphasis on being an end-to-end logistics services provider. In addition, the recent announcement of the Kingdom's national transport and logistics strategy, which aims to transform Saudi Arabia as a logistics hub, presents compelling opportunities for SISCO to participate over the next 12 to 24 months.

Meanwhile, as an active player in the local water sector, and having bid for a number of wastewater projects, SISCO has a long-term objective to become an integrated water solutions provider, consolidating its position through acquisitions and strategic partnerships with local and international players.

The Board and management view current market dynamics, including the Vision 2030 programme, as favourable to growth for the Company's core sectors.

J.P. Morgan acted as financial advisor on the Transaction; Legal Advisors Abdulaziz Alajlan & Partners in association with Baker McKenzie Limited acted as legal counsel.

SISCO recently announced Q1 2021 revenue (excluding accounting construction revenue) growth of 51.6% year-on-year, driven by strong top-line performance across its ports and logistics segments. First quarter gross profit of SAR 134.9 million increased by 153.7% from Q1 2020 and net income grew 21.4% year-on-year to reach SAR 32.3 million. EBITDA of SAR 144.7 million increased by 127.7% year-on-year, at a margin of 57.1%.

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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 six subsidiaries and associates, 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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