

Press Release

SISCO ANNOUNCES NEW UPDATED CORPORATE STRATEGY TO DRIVE GROWTH

- **RSGT divestment proceeds and free cash flow to fund growth**
- **Significant investment planned in ports and logistics segment**
- **Rebalanced portfolio to increase contributions from logistics and water segments to the Group's top and bottom line**
- **Clear focus on maintaining strong revenue growth whilst consistently delivering sustainable long term shareholder returns**

Jeddah, Saudi Arabia, 07 October 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 a newly updated strategy, capitalizing on its current portfolio as a base to drive growth and achieve a leadership position in all three core segments of ports, logistics and water.

The strategy has been developed with four clear objectives:

1. **Double Group revenue** during the next five (5) years
2. **Rebalance the portfolio** to increase the revenue contribution from the logistics and water segment whilst improving margins
3. **Address the impact of the RSGT** divestment on net income
4. Deliver sustainable dividends and **long-term shareholder value**.

Having already identified a strong pipeline of opportunities, including planned equity investments of over SAR 600 million in the next 18 to 24 months, SISCO will maintain a disciplined capital allocation approach that balances risks and expected returns whilst also optimizing its capital structure for investments which will include external debt in support of its direct equity investments.

Commenting on the new strategy, **Mohammed Al-Mudarres, CEO at SISCO** said:

"Our new updated corporate strategy is driven by very clear and ambitious targets with the objective of more than doubling SISCO's revenues and improving margins over the next five years to deliver strong annual total shareholder returns. We are confident in our ability to drive those targets by pursuing new growth prospects primarily through selective organic investments, acquisitions and new brownfield opportunities in the ports sector. We are also proposing to scale and optimize our water portfolio to develop an integrated water services proposition delivering stronger cash flows and returns.

As a strategic investment company, we see significant potential to build on our proven track record as a partner of choice with the ability to acquire, incubate and monetize investments aimed at developing key infrastructure projects that enable the economic transformation and prosperity of the Kingdom.

Importantly, ESG and Sustainability have always played a central role to SISCO's corporate strategy and its portfolio companies and are fully embedded in the new corporate strategy."

STRATEGY PILLARS

SISCO will leverage existing capabilities in its core segments to invest in assets with a significant opportunity to be scaled up through its current portfolio network and accelerate the returns timeline for SISCO and its shareholders.

The strategy's growth objectives will be achieved through organic and inorganic investments, based on three key pillars:

- Expand logistics services with an emphasis on asset light model
- International expansion of the ports segment
- Drive the full potential of existing portfolio companies

EXPAND LOGISTIC SERVICES WITH AN EMPHASIS ON ASSET LIGHT MODEL

A core element of the new strategy is focused on increasing SISCO's presence in the fast-expanding logistics segment, which is expected to grow significantly under Vision 2030 with a number of government specific programs that aim to transform the Kingdom into a global logistics hub. SISCO is well positioned to take advantage of the significant opportunities presented under the National Transport and Logistics Strategy which will strengthen the integration of logistic services and future technologies.

SISCO's logistics strategy will focus on two core areas including to continue developing logistics real estate offering through LogiPoint and increasing its presence in logistics services across the value chain, by pursuing an asset-light strategy. This approach will enable SISCO to achieve synergies across its existing portfolio to offer end-to-end solutions over the entire supply chain, from ports to customers.

Key focus areas will target high margin third and fourth party logistics (3/4PL) in the general, specialized and cold chain segments, value-added services in underdeveloped segments to complement SISCO's existing ports and logistics offering, as well as investments in adjacencies to SISCO's core segments covering multi-modal transport and logistic services in collaboration with strategic local and international partners.

INTERNATIONAL EXPANSION OF THE PORTS SEGMENT

As a premier and leading port operator in Saudi Arabia with a strong track record, a key component of RSGT's strategy is to replicate its local success in regional and international markets in partnership with its new shareholders Public Investment Fund (PIF) and COSCO Shipping Ports Limited (CSPL). A compelling opportunity exists for RSGT to expand its footprint globally by transforming from a single port operator to a multi-port operator differentiated by the ability to deliver additional capabilities in key strategic markets.

RSGT will predominantly target brownfield assets due to their potential to accelerate cash returns compared to greenfield assets. RSGT is currently reviewing a pipeline of investments of over SAR 2 billion in Asia and Africa covering a mix of container and multipurpose terminals that have significant revenue potential.

Investments will only be considered on a risk adjusted basis, and on their ability to generate long term sustainable returns. A separate entity, backed by a favorable capital structure, will be used to bring on board other potential shareholders for specific assets.

DRIVE THE FULL POTENTIAL OF EXISTING PORTFOLIO

SISCO will also continue to drive growth by supporting its existing assets to achieve their full potential.

Ports

As the largest terminal operator on the Red Sea, RSGT will focus on fortifying its leadership position in its core Saudi Arabia market, where significant growth opportunities exist by actively bidding for new concessions to service the steady demand for increased throughput capacity in the Kingdom. RSGT will also focus on diversification to other cargo types where favorable concession opportunities may exist for bulk and general cargo ports/terminals.

In parallel to pursuing new concession opportunities, the ports segment will continue to develop the expanded JIP terminal to increase its short term capacity to 5.2 million TEU with total capex of SAR 1 billion to be fully funded by RSGT's cash flows and debt finance. Further investments will be made as demand for additional capacity grows.

Logistics Real Estate

SISCO will continue to grow its logistics real estate offering through LogiPoint. The recent exponential growth in e-commerce has reaffirmed LogiPoint's strategy of developing state-of-the-art warehousing services and offering premium logistics facilities across the Kingdom, building on the base established in Jeddah.

LogiPoint is currently undertaking a capital expenditure program of SAR 340 million, which will predominantly be funded by debt finance, to primarily develop new warehousing capacity for global and local blue-chip clients on long term contracts.

In addition to the above initiatives, LogiPoint is now focusing on expanding its facilities and presence in the fast-growing logistics market in Riyadh by developing a network of premier warehouses together with a value-add service offering to provide an end-to-end solution for the rapidly growing e-commerce sector. Further potential growth areas are also being considered including new logistics parks, brownfield asset acquisitions and Bonded Re-export Zones investments in other regions.

Water Solutions

SISCO's strategy for the water portfolio is to optimize and scale up by consolidating its assets and developing an integrated service offering with a leading market presence and a focus on sustainability.

The recent successes of Tawzea being awarded the Independent Sewage Treatment Plant (ISTP) contracts in Taif, Madinah, Buraydah and Tabuk with a total project investment of SAR 2.7 billion (to be fully funded by debt finance), provide a strong base to further scale the business to capitalize on the new independent sewage treatment plant projects as well as long term operation and maintenance contracts for the National Water Company's existing sewerage treatment plants. The focus will also be on achieving the full potential of Kindasa through improved efficiencies, pursuing new opportunities and exploring acquisitions in the desalination space.

CONCLUSION

SISCO's newly updated strategy is aligned with the Vision 2030 program and set to take full advantage of the positive momentum resulting from the Kingdom's privatization efforts and the government's material investments in water, transportation, and logistics. The recent increase in e-commerce and emphasis on sustainability presents further opportunities across these sectors for SISCO to become a leading player in its core segments whilst maintaining its long-term approach as a strategic investor.

Clear objectives are in place to meet SISCO's ambitious growth targets by expanding its presence in the logistics segment through investments with a particular focus on an asset light model, supporting existing assets achieve their full potential and entering new segments and geographies through strategic partnerships.

SISCO is well positioned to deliver growth and sustainable long-term shareholder value through sound ESG principles while at the same time maintaining its commitment to delivering a sustainable dividend distribution over the next five years.

-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 five 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.

Contacts

Investor relations

E: ir@sisco.com.sa

Media

E: diana.estupinan@instinctif.com

T: +97143699353

Disclaimer

This communication has been prepared by Saudi Industrial Services Company (“SISCO”) and reflects the management’s current expectations or strategy concerning future events that are subject to known and unknown risks and uncertainties. Some of the statements in this communication constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect SISCO’s current intentions, plan, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties, and other factors, many of which are outside SISCO’s control.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. SISCO undertakes no obligation to revise any such forward-looking statements to reflect any changes to its expectations or any change in circumstances, events, strategy, or plans. Because actual results could differ materially from SISCO’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with due care and caution and seek independent advice when evaluating investment decisions concerning SISCO.

No representation or warranty, express or implied, is made or given by or on behalf of SISCO or any of its respective members, directors, officers or employees, or any other person as to the accuracy, completeness or fairness of the information or opinions contained in or discussed in this communication. This communication does not constitute an offer or invitation to purchase any shares or other securities in the Company and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.