

Saudi Arabia's SISCO reports Q1 2022 results with revenue of SAR 196.2 million

- Continued progress in delivering value creation strategy with portfolio optimization underway to realize synergies, including acquisition of 31.7% direct equity stake in Green Dome
- Q1 2022 revenue impacted by restrictions in China and continued global supply chain disruption
- Net income decreased to SAR 0.8 million in Q1 2022 following a decline in Group revenue and a net loss in the water segment following a temporary decrease in production for the desalination plant for a period of two months.
- Strong pipeline of investment targets in line with five-year value creation strategy

Jeddah, Saudi Arabia, 17 May 2022: 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 quarter ended 31 March 2022.

SISCO’s Q1 2022 revenue, excluding accounting construction revenue, was SAR 196.2 million compared to SAR 253.6 million for the same period last year. The Company’s results for the quarter were impacted by ongoing global supply chain disruptions which were compounded by the resumption of pandemic restrictions in China, which significantly impacted gateway and transshipment volumes in the Ports segment. Revenues and profitability in the water segment were impacted during the period due to temporary decrease in production of the Kindasa facility for two months during the quarter. All issues related to this decrease in production have been resolved and the Company expects revenues to return to normal levels for the remainder of the year.

Consequently, gross profit for the period declined to SAR 90.2 million in Q1 2022, from SAR 134.9 million in the same period last year, due to a temporary decrease in production in the Kindasa plant and decline in gateway income impacted margins during the quarter. SISCO’s gross profit margin for the period was 46.0% compared to 53.2% in Q1 2021.

Excluding the impact of one-off extraordinary loss incurred by Kindasa due to temporary decrease in production, SISCO share of adjusted net income for the first quarter is SAR 3.6 million compared to SAR 27.7 million for the same period last year.

Mohammed Al-Mudarres, Chief Executive Officer at SISCO, said:

“During the quarter, we made solid progress on the execution of our strategy to capture long-term value creation opportunities in the Kingdom’s logistics and infrastructure sectors. These are primed to deliver significant long-term structural growth in line with Vision 2030 and SISCO is positioned to be at the heart

of that journey. The completion of our acquisition of a 31.7% direct equity stake in Green Dome from our subsidiary LogiPoint in March 2022 brings us another step closer to building a highly-integrated logistics platform, a key pillar of our strategy which will enable us to capture value across the logistics value chain, whilst generating impactful synergies in our portfolio of businesses.

“However, our revenue and profitability was negatively impacted during the quarter due to the resurgence of Covid-19 restrictions in key export markets, particularly Asia, resulting in a slowdown in the global ports and logistics sectors. Whilst we are likely to continue to see the impact of this in Q2, we expect supply chain pressure to ease later in the year which will positively impact the ports and logistics segments. We are confident our portfolio of assets and operational expertise will deliver long-term value for our shareholders.”

Total shareholders’ equity decreased to SAR 1,454 million as at 31 March 2022, from SAR 1,486 million as at 31 December 2021. Adjusted earnings per share for the quarter stood at SAR 0.04 as compared to SAR 0.34 for the same period in the prior year.

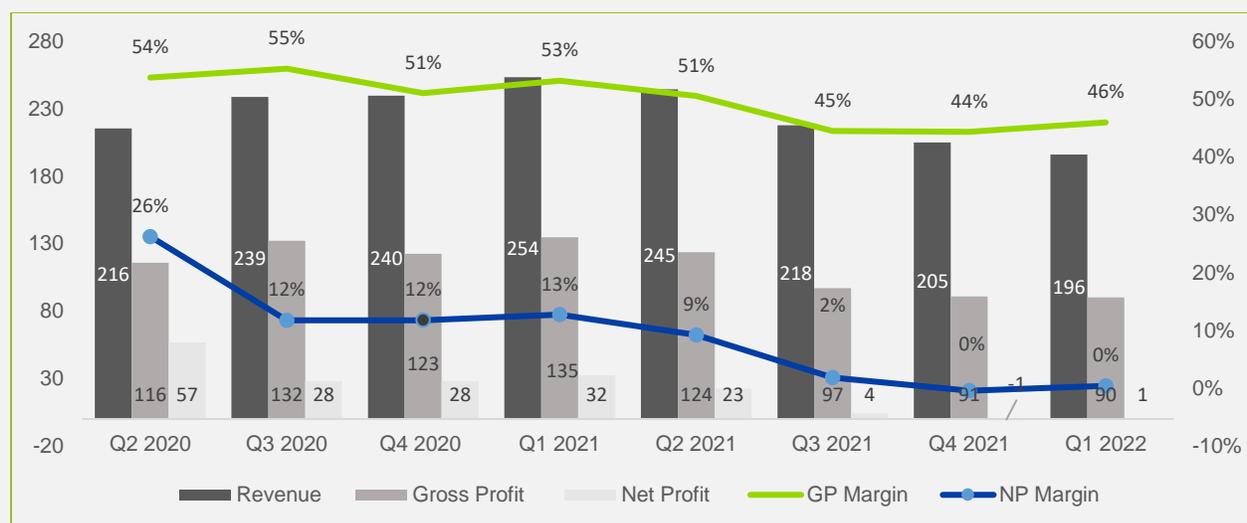
Outlook and strategy

SISCO continues to make strong progress with the delivery of its five-year strategy to drive long-term value creation and double revenues to SAR 2 billion by 2025. The partial divestment of the Group’s direct equity stake in RSGT in 2021 unlocked significant value and capital for the company to deploy on value accretive investments that are in line with its strategic focus areas of ports, logistics and water. SISCO has a strong pipeline of potential acquisition opportunities that it is actively pursuing and will be providing material updates to the market in due course.

In March 2022, SISCO completed the acquisition of a 31.7% direct equity stake in Green Dome Investments LLC (“Green Dome”) from its subsidiary Saudi Trade & Export Development Company (“LogiPoint”). The acquisition reinforces SISCO’s strategy of expanding its presence in logistics services and maintaining its position as a leading player with a presence across the logistics value chain.

Income statement summary

SAR million



SAR million	Q1 '21	Q1' 22	Variance	Variance %
Revenue*	253.6	196.2	(57.4)	-22.6%
Direct costs*	(118.7)	(106.0)	12.7	10.7%
Gross profit	134.9	90.2	(44.7)	-33.1%
Operating expenses	(40.1)	(43.8)	(3.7)	-9.2%
Operating profit	94.8	46.4	(48.4)	-51.1%
Investment income	5.8	6.4	0.6	10.6%
Finance charges	(51.3)	(50.6)	0.7	1.4%
Other income / expenses & Zakat	0.4	(1.0)	(1.4)	-350%
Group net income	49.6	1.2	(48.4)	-97.6%
Minority interest	(17.3)	(0.4)	16.9	97.7%
Net income - reported	32.3	0.8	(31.5)	-97.5%
Net income - adjusted	27.7	3.6	(24.1)	-87.1%

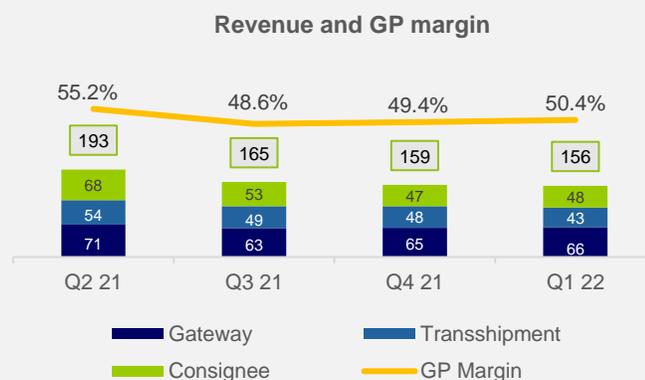
*Excludes construction revenue and cost

Operational highlights

Ports and terminals

Ports and terminals were impacted by ongoing global supply chain disruptions and the resumption of pandemic restrictions in China, which suppressed imports during the quarter, affecting gateway and transshipment volumes. Consequently Q1 2022 revenue was SAR 156.4 million compared to SAR 206.8 in the same period last year.

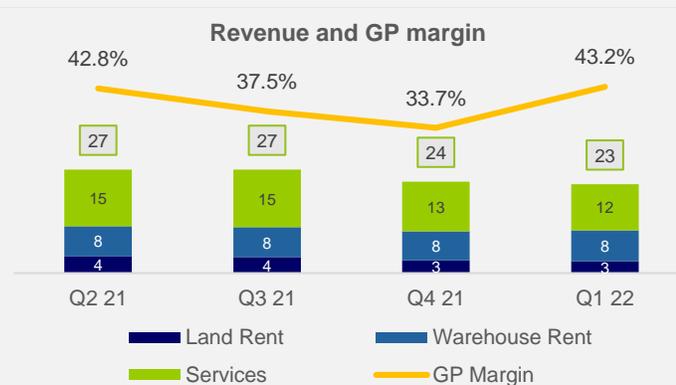
243 thousand TEUs Gateway volume	-22% vs Q1 21	-1% vs Q4 21
422 thousand TEUs Transshipment volume	-6% vs Q1 21	-6% vs Q4 21
665 thousand TEUs Total volume	-12% vs Q1 21	-4% vs Q4 21



Logistics parks and services

Logistics parks and services revenue was broadly flat year-on-year at SAR 22.9 million for Q1 2022, however the segment's share of warehouse revenue increases during the quarter, supporting gross margin expansion from 36.6% in Q1 2021 to 43.2% in Q1 2022.

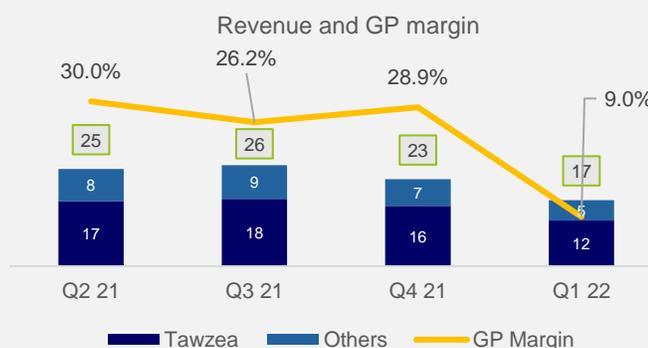
39% Open yard occupancy	-26% vs Q1 21	-20% vs Q4 21
100% Warehousing occupancy	-1% vs Q1 21	1% vs Q4 21



Water solutions

Water solutions performance was impacted by the temporary decrease in the production of the Kindasa facility for two months during the period. All issues related to the decrease in production have now been resolved and the Company expects revenues to return to normal levels for the remainder of the year. Q1 2022 revenue was SAR 17.2 million compared to SAR 23.1 million in the same period last year.

266 thousand m3 Rabigh volume	-5.3% vs Q1 21	-21.9% vs Q4 21
2.9 m m3 Kindasa volume	-25.0% vs Q1 21	-20.3% vs Q4 21
3.2 m m3 Total volume	-23.7% vs Q1 21	-20.5% vs Q4 21



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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 6 subsidiaries/ 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.

Analyst call and earnings presentation

SISCO will be hosting an analyst call on the Company's Q1 2022 results on Wednesday, 25 May 2022 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>