



CFO's Review



2024 Operating Performance

2024 has been a remarkable year for SAL, characterized by significant growth and strategic advancements. The Handling and Logistics divisions both experienced substantial growth within their core operations.

At the beginning of 2024, the Handling business experienced the effects of geopolitical developments and capitalized on these as market opportunities, leading to substantial growth in Q1 air cargo volumes. As the year progressed, the Kingdom's Vision 2030 initiatives and Saudi Arabia's expanding role as a global logistics hub further fueled growth. The increase in e-commerce volumes, in particular, contributed greatly to the overall increase of 20% year-over-year growth in air cargo volumes.

The Company's Logistics division also experienced growth, achieving a 15% organic growth. This was primarily driven by logistics services provided for high-profile events like Riyadh Season, showcasing the Logistics division's ability to manage complex and large-scale operations.

	Q4 2024 SAR million	Q4 2023 SAR million	Variance %	2024 SAR million	2023 SAR million	Variance %
Revenue						
Handling	334	340	-2%	1,363	1,220	12%
Logistics	74	71	4%	271	236	15%
SAL Group	408	411	-1%	1,634	1,456	12%

	Q4 2024 SAR million	Q4 2023 SAR million	Variance %	2024 SAR million	2023 SAR million	Variance %
Operating Profit (EBIT)						
Handling	154	194	-21%	687	570	20%
Logistics	1	9	-89%	23	16	41%
SAL Group	155	203	-24%	710	586	21%

Overall SAL's revenues reached SAR 1.63 billion, representing a 12% increase compared to the same period last year. Our cost of sales naturally increased as a direct result of the improved operations, specifically in the Logistics division, where operating margins are lower.

We also entered into the renewal of key long-term rental contracts that allowed us to secure our key facilities and save substantial lease cost. The 20-year lease for King Khaled Airport cargo facilities particularly provided substantial lease savings during the year. Thus, SAL successfully maintained strong profitability through cost efficiencies and rental savings.

	Q4 2024	Q4 2023	Variance %	2024	2023	Variance %
Operating margin						
Handling	46.1%	57.1%	-11pp	50.4%	46.7%	4pp
Logistics	1.4%	12.7%	-11pp	8.4%	6.8%	2pp
SAL Group	38.0%	49.4%	-11pp	43.4%	40.3%	3pp

The impairment reversal of doubtful debtors decreased at the beginning of the year due to successful recovery efforts in the year and increased again slightly in Q4. Despite adopting a more conservative approach towards receivables impairment during the year, our financial performance remained strong. This cautious stance on impairment reflects our commitment to prudent financial management and risk mitigation.

The two divisions hold very distinct margin profiles. In Handling the main portion of the cost is fixed, so any marginal revenue increase has a significant impact on operating margins. Consequently, the variability of cargo volumes during the year greatly increases the spread. In the Logistics business, on the other hand, margins fluctuate less, as cost variability is greater. However, seasonal project transports and the cost of aged receivable impairment can have a profound impact during the year.

4th Quarter Operating Performance

Q4 2024 was a quarter of resilience and strategic progress for SAL Group, as we navigated a high comparison base from the exceptional market conditions in late 2023, the beginning of the Red Sea situation. In the last quarter of the year, the revenue stood at SAR 408 million, reflecting a 1% year-over-year decline, with Handling at SAR 334 million (-2%) and Logistics at SAR 74 million (+4%), underscoring the continued momentum in our Logistics segment.

Operating profit (EBIT) for the quarter was SAR 155 million, reflecting a 24% year-over-year reduction. During the quarter, our general and administrative expenditure increased as we made strategic investments in internal capabilities. These include the narration of our 2031 strategy, the launch of our traineeship program and IT services, to enhance operational capabilities, drive efficiency and promote innovation.

Additionally, profitability was shaped by a lower utilization and a one-off impairment of aged receivables within the Logistics division.

Despite these short-term effects, SAL maintained a solid operating margin of 38.0% in Q4, with Handling at 46.1% and Logistics at 1.4%. This reflects the evolving nature of our product mix, as we added e-commerce business with limited landside income, which also impacted our performance. The quarter also marked a return to normalized demand levels following the exceptional sea-to-air market conditions in late 2023. The performance in Q4 reflects how we continue to perform well while investing in growth to stay ahead, ensuring we are well-positioned when the impacts of the Red Sea disruption normalize. We enter 2025 with confidence in our ability to capture new opportunities within the Kingdom's rapidly evolving logistics landscape.

Net income

Notably, our finance income improved significantly, driven by better investment margins, while finance costs decreased due to adjusted rental agreements.

Overall, our profit for the year increased by an impressive 30% compared to the previous year reaching SAR 661 million, underscoring our robust financial performance and strategic execution.

	31-Dec 2024	31-Dec 2023	Variance	Change in %
Revenue	1,633,957	1,455,712	178,245	12%
Cost of sales	(718,742)	(680,143)	(38,599)	6%
Gross profit	915,215	775,569	139,646	18%
Other income	1,572	4,988	(3,416)	-68%
Selling and distribution expenses	(48,440)	(33,205)	(15,235)	46%
General and administration expenses	(175,558)	(141,746)	(33,812)	24%
Impairment reversal / (charge) on trade receivables	16,627	(19,407)	36,034	-186%
Operating profit	709,416	(189,370)	898,786	-475%
Finance income	59,495	51,614	7,881	15%
Finance costs	(74,434)	(87,253)	12,819	-15%
Net finance costs	(14,939)	(35,639)	20,700	-58%
Profit before Zakat	694,477	550,560	143,917	26%
Zakat	(33,042)	(40,844)	7,802	-19%
Profit for the year	661,435	509,716	151,719	30%

Financial Position

Our financial position remains strong, highlighted by a strategic decrease in non-current assets primarily due to reductions in Right-of-Use Assets for our Dammam and Riyadh Cargo Handling Terminals, as we entered into renewed long term contracts for these leaseholds. This adjustment reflects our commitment to optimizing asset utilization and operational efficiency. The increase in trade receivable reflects our underlying business growth and the successful collection efforts, showcasing our strong market presence and customer relationships.

Non-current liabilities declined in line with the reduction in Right-of-Use Assets, while current liabilities increased as part of our efforts to improve working capital by extending supplier credit terms. These strategic adjustments have strengthened our balance sheet and positioned us well for future growth and operational excellence.

Cash Flow

In FY 2024, the Company delivered strong cash flow performance, with End of Period (EOP) cash increasing to SAR 1,362 million, up from SAR 1,210 million at the Beginning of Period (BOP).

It is important to note that the BOP cash balance includes short-term Murabaha deposits, which represent placements with local banks carrying an original maturity exceeding three months from the investment date. In accordance with accounting standards, these deposits are classified as short-term investments rather than cash equivalents and are therefore excluded from the reported cash and cash equivalents balance at the beginning of the period.

Operating Activities

Net cash generated from operating activities (excluding working capital movements) stood at SAR 815 million, reflecting the Company's strong earnings quality and enhanced cash conversion capabilities. A key highlight for the year was the decline in non-cash adjustments, underscoring the Company's improved ability to generate cash from core operations.

Changes in working capital resulted in a SAR 19 million outflow, primarily due to movements in trade receivables and trade payables, reflecting timing differences in customer collections and supplier payments.

Investing Activities

Capital expenditure (CAPEX) investments amounted to SAR 72 million, reinforcing the Company's commitment to operational enhancements and long-term growth. These investments were aligned with strategic priorities while ensuring disciplined capital allocation.

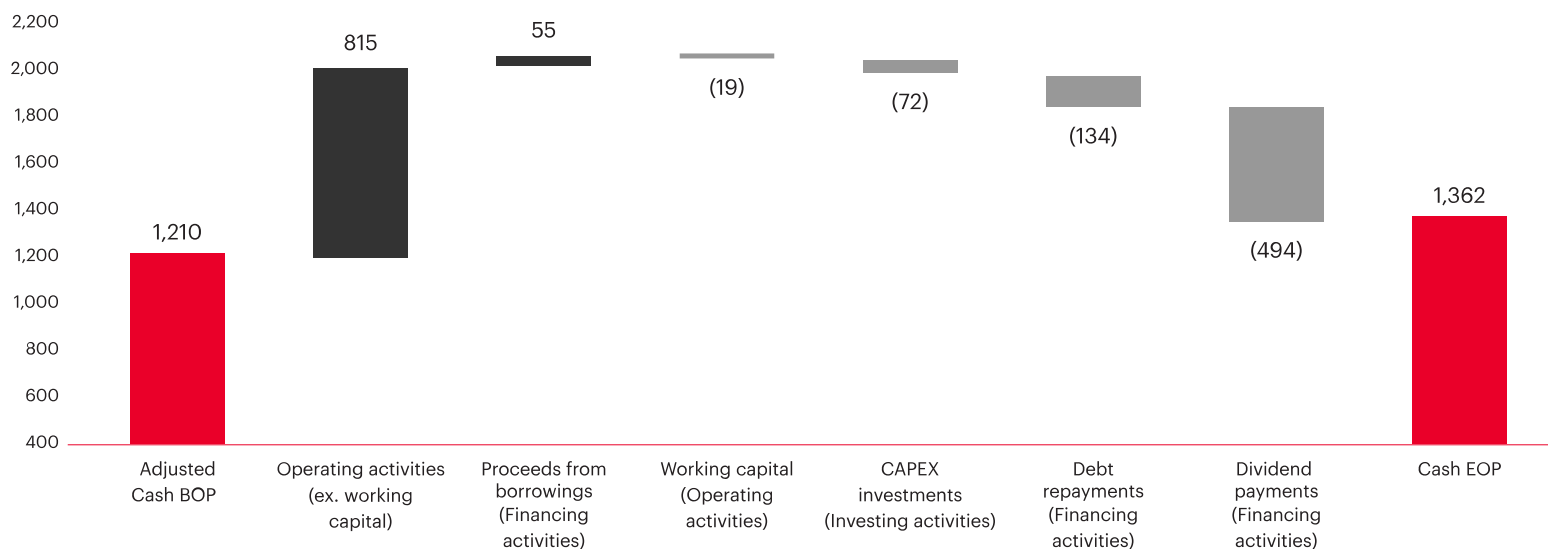
Financing Activities

Financing activities resulted in a net cash outflow, reflecting the Company's continued focus on capital structure optimization. Key movements included:

- SAR 55 million relating to proceeds from borrowings.
- SAR 134 million in debt repayments, reinforcing the Company's proactive approach to deleveraging and balance sheet strength.
- SAR 494 million in dividend payments, underscoring the Company's commitment to deliver shareholder value while maintaining financial flexibility.

Despite these significant outflows, the Company closed the year with a higher cash balance, highlighting strong cash flow generation, operational efficiency, and financial resilience. Looking ahead, management remains committed to maintaining a robust liquidity position, optimizing working capital efficiency, and balancing reinvestment in growth with shareholder distributions.

Movements in cash flows (in millions)



Operating Environment

While 2024 has been a year of significant achievements for SAL, marked by several opportunities and challenges, the global economic environment remained volatile, with fluctuating interest rates, geopolitical risks and inflationary pressures. In 2024, major central banks transitioned from high interest rates, to easing cycles in the second half of the year. Despite a reduction in inflation from post-pandemic peaks, it remained above target levels, necessitating prudent financial management.

Our commitment to cost efficiency and reliability in our Logistics and Handling operations remains paramount. We conducted careful assessment of potential disruptions, evaluating their impact on our service delivery, customer satisfaction and our cost base. On the Handling side, the majority of our costs are fixed, secured through long-term manpower contracts that follow a productivity model. This model provides us with the flexibility to scale operations according to business needs, ensuring agility during disruptive times and minimal pressure on our margins.

In summary, 2024 has been a year of significant achievements and strategic progress for SAL. Our strong financial performance and risk management, coupled with strategic investments and operational efficiencies, has positioned us well for continued growth and success. As we look ahead, we remain committed to leveraging our strengths to navigate future opportunities and challenges – all while delivering value to our Shareholders, and achieving our long-term vision of becoming the logistics champion for a globally connected Saudi Arabia.

Five Years of Sustainable Growth & Financial Strength

Over the past five years, SAL has demonstrated unprecedented growth and strategic advancements, solidifying its position as a leading player in the logistics industry.

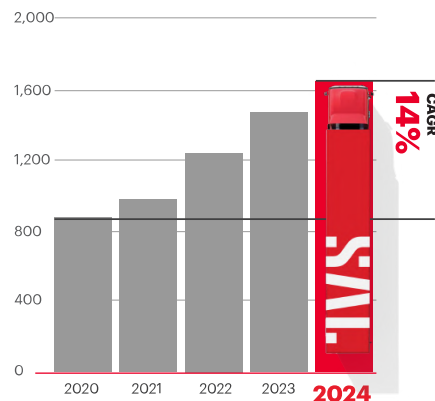
	2024 SAR Million	2023 SAR Million	2022 SAR Million	2021 SAR Million	2020 SAR Million
Operational Performance					
Revenue	1,634	1,456	1,223	962	847
EBITDA	815	721	545	455	410
Operating Profit (EBIT)	709	586	427	345	312
Profit for the year	661	510	362	276	238
Balance Sheet					
Net Working Capital	221	173	130	134	(404)
Property and Equipment	720	709	705	659	555
Right-of-use Assets	523	886	1,213	1,284	1,348
Intangible Assets	12	14	14	15	17
Total Assets	3,232	3,285	3,284	3,173	2,926
Total Equity	1,402	1,234	1,073	962	803
Total Liabilities	1,830	2,051	2,210	2,211	2,123
Cash Flow					
Net Cash Generated from Operating Activities	796*	695	556	309	440
Capital Expenditures (CAPEX)	72	73	98	148	227
Adjusted Free Cash Flow	724	599	458	161	213
Dividends Paid	494	352	255	100	-
Ratios					
EBIT Margin	43.4%	40.3%	34.9%	35.9%	36.8%
Net Working Capital (NWC) as a % of Revenue	14%	12%	11%	14%	-48%
Return on Invested Capital (ROIC)	35%	32%	27%	24%	39%
Return on Equity (ROE)	47%	41%	34%	29%	30%
Net Interest-Bearing Debt (NIBD) (millions)	(745)	(607)	(440)	(372)	(715)
Leverage Ratio (NIBD/EBITDA)	-0.9x	-0.8x	-0.8x	-0.8x	-1.7x

*The amount includes Interest Income of SAR 59m, reclassified from Investing Activities

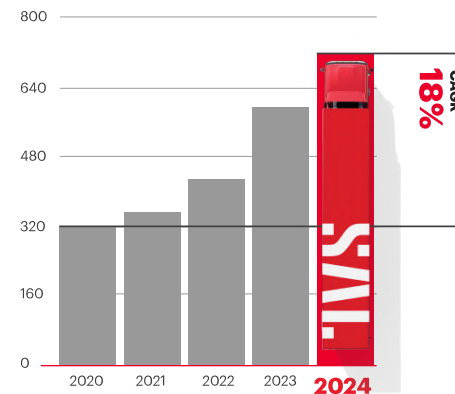
Our revenue has nearly doubled from SAR 847 million in 2020 to SAR 1.63 billion in 2024, representing a compound annual growth rate (CAGR) of 14%. Net profit has surged from SAR 238 million in 2020 to SAR 661 million in 2024, representing a CAGR of 23%. This impressive growth underscores the effectiveness of our strategic initiatives and unwavering commitment to operational excellence.

EBIT has shown consistent growth during this period, increasing from SAR 312 million in 2020 to SAR 709 million in 2024, while the EBIT margin has improved from 36.8% to 43.4%, underscoring enhanced operational efficiencies. These results highlight SAL's ability to navigate a competitive landscape while achieving record levels of profitability and operational efficiency. Adjusted free cash flow also reached a record high of SAR 724 million in 2024, a testament to our disciplined financial management, working capital management, and a focus on maximizing shareholder value.

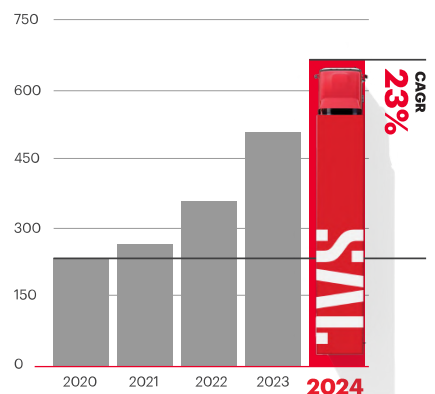
Revenue



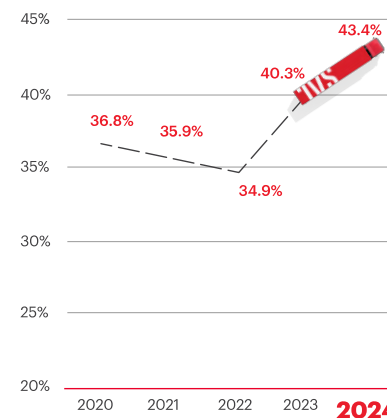
EBIT



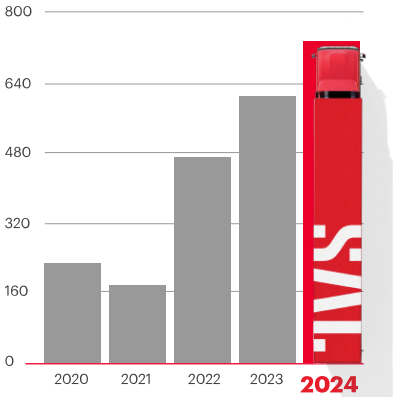
Net Profit



EBIT Margin Trend



Adjusted Free Cash Flow



During this period, capital expenditures (CAPEX) were managed, enabling SAL to maintain a strong liquidity position while investing strategically in growth initiatives. Notably, SAL's robust cash generation has also supported increased dividend payouts, reaching SAR 494 million in 2024.

This remarkable performance was driven by the Company's strategic focus on operational excellence, innovation, and diversification. Over the past five years, SAL has significantly defended its market share and presence, particularly in high-growth segments such as specialized cargo, courier, and specialized logistics services. Investments in advanced technologies and streamlined processes have further reinforced its position as the National Logistics Champion of Saudi Arabia. Additionally, SAL's commitment to sustainability and alignment with Vision 2030 have ensured long-term growth and resilience in a rapidly evolving logistics environment.

As we move into 2025 and beyond, SAL's financial strength, operational resilience, and strategic foresight will continue to drive shareholder value and market leadership. We are confident that our strategic direction and robust financial foundation will enable us to capitalize on emerging opportunities and navigate future challenges, ensuring sustained growth and profitability.

Geographical analysis of the Company's revenues:

The geographical breakdown of revenues for the year ending 31 December 2024 was as follows (includes revenues from Logistics division):

Location	Revenue %
Riyadh	50%
Jeddah	32%
Dammam	16%
Other domestic stations	1%
Medina	1%
Total	100%

Statutory Payments

Outstanding statutory payment on account of any zakat, taxes, fees, or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore:

Statement	2023		Brief Description
	Paid	Due Until the End Of The Financial Year And Not Settled	
Zakat	36	33	Zakat of the company
Tax	10	0	VAT and withholding taxes
GOSI	28	3	Subscriptions
Visas And Passport Fees	0	0	Fees payable for exit and return visa and Iqama renewals
Labor Office Fees	0	0	Fees payable for extraction and work permit renewals
Total	75	36	

Haydar Ucar

Chief Financial Officer
29 March 2025