

SAUDI AIRLINES
CATERING



الخطوط السعودية
للتمة 4 ين

SACC INVESTOR PRESENTATION

Q1 2023

عاماً من الإنجازات  YEARS OF ACHIEVEMENTS





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SACC OVERVIEW



FOUR DECADES OF CATERING EXCELLENCE

Since being founded in 1981 as the catering arm of Saudi Arabian Airlines, SACC has been on an amazing journey to establish an organization and reputation that is recognized as a **catering** innovator and leader for the Kingdom.

Always seeking new ways to support and satisfy our clients and consumers and support the goals of Saudi Vision 2030, SACC has continuously grown and diversified over the years, transforming into a more efficient organization, and expanding into complementary business areas.

Over the last 40 years, SACC has served millions of customers on Saudia and airline partners, as well as through our lounges, trains, events, restaurants, hotels, camps and more!



BUSINESS STRUCTURE



BOARD OF DIRECTORS



**MOHAMMED ABDULAZIZ
AL SARHAN**
CHAIRMAN



RAED IBRAHIM AL MUDAIHEEM
VICE CHAIRMAN



SAMI ABDULMOHSEN AL HOKAIR
BOARD MEMBER



FAHAD ABDULLAH MOUSA
BOARD MEMBER



FADI MAJDALAN
BOARD MEMBER



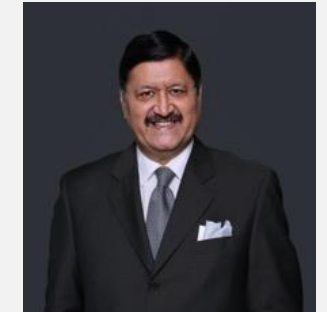
**ABDULWAHAB ABDULKARIM
ALBETAIRI**
BOARD MEMBER



YOUSEF HAMAD AL YOUSEFI
BOARD MEMBER



OLIVIER HARNISCH
BOARD MEMBER



DILIP NIJHAWAN
BOARD MEMBER

EXECUTIVE TEAM



WAJDY M. AL-GHABBAN
CHIEF EXECUTIVE OFFICER



MAHMOUD MASOUD
CHIEF FINANCIAL OFFICER



RASHED ALARFAJ
EVP - IN FLIGHT CATERING



JULIEN PESCHEUX
EVP - CATERING & FACILITIES



TOM BYRNE
EVP- RETAIL



TAREK THARWAT
CHIEF AUDIT EXECUTIVE



SAEED AL-MUFADALI
VICE PRESIDENT –
HUMAN RESOURCES



RASHED ALARFAJ
VP - HEALTH, SECURITY
& STANDARDS CONTROL



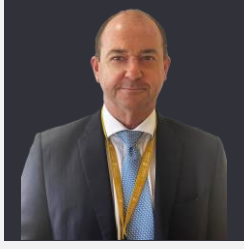
OBAIDAH AL-SAGGAR
VP - PROCUREMENT &
STRATEGIC SOURCING



ASHRAF NADEEM
VICE PRESIDENT –
IT



THOMAS GUGLER
VP - CULINARY



GARETH LYCETT
VICE PRESIDENT –
W&S REGIONS - IFC

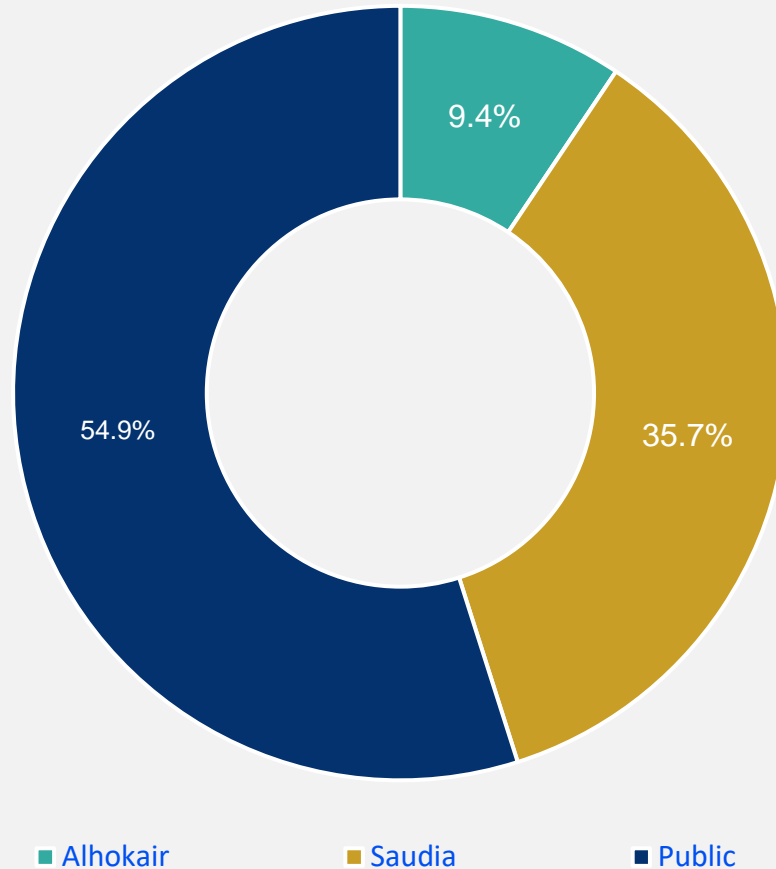


KHALID AL-REDIAN
VICE PRESIDENT –
CATERING & FACILITIES



TALAL AL TOAIMI
VICE PRESIDENT –
AIRPORT LOUNGES

SHAREHOLDING STRUCTURE



Share Information

Market	Tadawul, Saudi Arabia
Currency	SAR
Listing date	2012
Financial year-end	31 March
Market capitalization (SAR bn)	7.0
Issued shares	82,000,000
Paid Capital (SAR)	820,000,000
Closing price (SAR)	85.80
52-week Low / High (SAR)	67.70 / 96.90

As at 31st March 2023

We continue to maintain a strong and strategic relationship with our major shareholder (Saudia), which continues to be the major contributor to our total revenue base, at 56% at the end of Q1 2023

BUSINESS MODEL & SEGMENTS



BUSINESS UNITS

 In Flight Catering

 Retail

 Catering & Facilities



IN FLIGHT CATERING

IFC | CPU | HOSPITALITY



IN FLIGHT CATERING

- Our core business is based on scale, quality and consistency – working to world-class standards of health and safety in food production.
- Our internationally-trained chefs lead the way in innovation, both in the air and on the ground.
- They design menus with the quality, detail and authenticity that meet the standards of the most selective palates, while being sensitive to local trends, ingredients and flavors.
- We ensure quality matches the traditional customs of each route and occasion, in order to satisfy the guests' experience.

OUR AIRLINE CATERING SERVICES COVER:



On-Board Meals



Chefs On-Board



Menu Planning



Equipment Management

OPERATING SIX FOOD PRODUCTION UNITS LOCATED IN:

Saudi Arabia:



- Jeddah
- Medina
- Dammam
- Riyadh (Central Production Unit)
- Neom

(all located at the international airports)

Egypt:



- Cairo

(located at Cairo international airport)

CENTRAL PRODUCTION UNIT

Utilizing the latest technology of using air-liquid nitrogen to freeze meals hard up to (-18 degrees Celsius) in compliance with the International Standard of Food & Safety Manual and HACCP.

FROZEN MEALS & GOODS SUPPLY: OFFERING THE PRODUCTION OF:



Frozen meals

75k Meals/Day



Pre-cut vegetables

200 Kg/Hour



Smoked products

13.3 Tons/Month

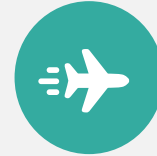


HOSPITALITY

ALFURSAN | WELCOME LOUNGE | ALTANFEETHI | AM1 BUILDING
SAUDI ROYAL AVIATION | LOUNGE CAFÉ | DELAYED FLIGHT SERVICES



IN FLIGHT CATERING (HOSPITALITY)



AIRPORT LOUNGES

Our Hospitality Services are vertically integrated in providing unique hospitality services and BOM (built / operate / manage) operations. They cover Airline & Non-airline Lounges.

05

طالة الفرسان
ALFURSAN LOUNGE

First & Business Class in Riyadh, Jeddah, Dammam and Cairo

04

Wellcome
lounge

In Riyadh, Medina and Jeddah

27

التنفذي
ALTANFEETHI

In RUH, JED, DMM, MED, AHB, TIF, ABT, GIZ, ELQ, HAS, ULH, AJF, RAE, TUU, YNB, BHH, EAM, SHW, DWD, WAE, RAH, AQI, HOF, URY, TUI AND EJM

01

Prime class in Medina



07

Delayed Flight Svcs.
Saudia Delayed Flight & Foreign Delayed Flight
In Jeddah, Riyadh, Dammam & Medina



03

Building Services
FlyNas, Saudia & Amad
In Riyadh



CATERING & FACILITIES

BUSINESSES & INDUSTRIES | REMOTE SITES | RAILWAY | HAJJ & UMRAH
HOSPITALITY & EVENTS | LAUNDRY SERVICES | CAMP MANAGEMENT
DARZAN MOTEL SUITES | ADDED VALUE PRODUCTS



CATERING & FACILITIES

We started the Non-Airline Catering Services in 2008 to offer a wide range of catering solutions of local and international dishes of food varieties that our chefs smartly design and innovate according to the requirements of each contract and which achieve the client's budget and meet their needs.



Businesses, Industries & Institutions

(Cooking on Site or meal delivery)
Business Headquarters, Factories and Administrations



Hajj & Umrah

(Buffets, Coffee Breaks, Individual Meals)
Utilizing our mobile serving trucks



Sport & Event Management

Lifestyle Event, Sport Events and Corporate & VIP Event



Healthcare & Hotels Industry

Hospitals, Clinics and Hotels



Laundry services

Services to hotels, hospitals & industries from our plant in Jeddah & Riyadh



Remote Sites

(Cooking on Site)
Oil, Gas & Petrochemical Industries



Added Value Products (offering the production of ready to eat or ready to cook products)

- Frozen meals
- Chilled meals
- Pre-cut vegetables
- Smoked product



Railway Catering

(Onboard and in Railway Stations)

Railway Lounges

(11 lounges include first and business class)

RETAIL

ON-BOARD | GROUND SHOP | E-COMMERCE



Our retail operations started back in 1985 when Saudia handed us its prestigious in-flight retail service “SkySales”.

Our retail services have grown ever since to cover the following:



On-Board:

In-flight shopping services managed by our retail team for three different airlines



Ground Shop:

We manage multiple on-ground retail outlets at various locations under multiple brand names



Airports



E-commerce:

Managing online retail operations that deliver to homes and offices across KSA

www.skysalesonline.com

MAJOR CLIENTS



HEALTH, SECURITY AND STANDARDS CONTROL

HSSC aims to develop, implement, maintain and continuously improve the standards and systems related to the relevant area of specializations:



Food Safety & Hygiene

ISO 22000, HACCP, HALAL (SFDA)



Occupational Safety & Health

ISO 45001, GACA R 151



Security

National Security Program requirements, GACA
Internal services



Medical Services

Preventive, Curative, Therapeutic Internal services



Enterprise Risk Management and BCMS

COSO, ISO 31000, ISO 22301



Quality Management

ISO 9001, ISO14001, Mowaamah



Research & Laboratories

ISO 17025:2017 Accreditation



Process Excellence

Optimization, Performance
Enhancement & Standardization



Sustainability

Environmental, Social & Economical



Local Content

Baseline measurement
Vision 2030



STRATEGY AND OUTLOOK



BUSINESS STRATEGY 2021 - 2023

The business strategy was reviewed to define a 3-year business plan focusing on business growth and a diversification.

DIVERSIFY & ACCELERATE

Strategic Objective/ Target	Market leadership in the catering space in KSA, whilst protecting partnership with Saudia Airlines. Enter B2C e-commerce and foodservice through partnerships		
What	Grow Catering & Facilities <ul style="list-style-type: none"> Grow profitably existing C&F sectors Turnaround and exit challenging businesses Enter inorganically Healthcare and Government sectors 	Optimize In-Flight Catering <ul style="list-style-type: none"> Optimize IFC cost structure (e.g., labour, procurement) Optimize Welcome lounge cost structure Exit lounge Café concept 	Transform Retail <ul style="list-style-type: none"> Enhance on-board offering Exit unprofitable stores Focus on main & large regional airports Adopt focused marketplace model
How	Explore New-New Opportunities (Strategic BD) <ul style="list-style-type: none"> Supply value add fresh food products to restaurants and hotels Sell to end consumers fresh-food products (including ready-to-cook/ eat meals) through e-commerce Partner with established brands to operate franchise restaurants and cafes <ul style="list-style-type: none"> Enhance cost competitiveness/ operational efficiency across Bus (e.g., food and labor cost for C&F) Restructure the organization and inject needed capabilities (e.g., business development, category management, marketing and branding, data analytics) Pursue inorganic growth opportunities in Healthcare & Government; explore JVs where needed 		

BUILDING ON EXISTING CAPABILITIES



POSITIVE IMPACT INITIATIVES



OUR ENVIRONMENT

- Launched project to assess carbon footprint of meal ingredients, to find ways to reduce environmental impact
- Company-wide digitization drive has reduced use of paper by 30% since Q2 2021
- Retrofitting of AC system in head office in progress to reduce energy use
- Replaced 50 ICE lorries with electric vehicles to reduce emissions and lessen our impact on the environment
- Diverted raw materials to avoid wastage

OUR PEOPLE & SOCIETY

OUR PEOPLE

- Support of new regulations on Saudisation of key roles and functions
- Renewed gold status Mowaamah certificate for disability-friendly work environments

OUR SOCIETY

Commitment to have a sound community and social responsibility programs that include but not limited to:

- Prince Sultan Bin Abdulaziz Development Fund to support young entrepreneurs.
- Qadron to streamline and support the environment for People with disability within SACC (Secure Gold Status).
- MOU with Eta'am to support in reducing the food waste
- Sponsor visit for people with autism during World Autism Awareness Day.

OUR GOVERNANCE

- Implementation of Sustainability function, to set a comprehensive sustainability strategy covering environment, society and governance.
- Implementation of corporate governance framework
- Implementation of Enterprise Risk Management framework
- Business Continuity Initiative in place.
- Clear role of board members, audit committee, remuneration and compensation committee.
- Established SACC management responsibilities with approved DOA matrix.
- Whistleblower policy in place.

GROWTH DRIVERS



International Flight

Passenger travel showed sustained recovery during this quarter with noticeable improvement year on year and surpassed the 2019 levels.



Domestic Flight

Within KSA, domestic air movements nearly approached pre-pandemic levels with a marked increase in number of passengers but not yet reaching the 2019 levels



International Air Travel

International air travel gathered pace in the latest quarter with the passenger numbers flying to and from the Kingdom continuing to increase to reach pre-pandemic levels.



Saudi Economy

Rising confidence in the Saudi economy has led many companies to bring forward their expansion plans for major corporate activities, conferences and projects.

OUTLOOK AND PRIORITIES FOR FY23

LEVERAGE POSITIVE MARKET DYNAMICS DRIVEN BY VISION 2030

- C&F pursuing further opportunities with government & Healthcare clients, remote events & sports activities
- Expanding digitization & automation initiatives including in lounges & ordering items to plane passenger seats
- Exploring sale of fresh food to consumers, restaurants and hotels, as well as operate franchise restaurants
- Inorganic growth via M&A where the target complements SACC's activities

MAXIMIZE STRATEGIC BUSINESS INITIATIVES

- Investment and development of Human Capital
- Digitization, innovation and automation of services to complement e-experience across the business lines
- Diversification of portfolio through new segments in C&F division and in the e-commerce segment
- Positive social impact initiatives
- Inorganic growth through exploring strategic M&As
- **Investment in Giga projects - red Sea, NEOM, Sindalah Island, Ras Al Khair**

Q1 2023 FINANCIAL PERFORMANCE HIGHLIGHTS



Q1 2023 FINANCIAL HIGHLIGHTS

Revenues continued upward trajectory (+32% YoY), underpinned by no aviation growth and recovery of air travel

Cost of Sales increased YoY due to volume growth, in terms of % of revenue ratio it has decreased by 1.2%, mainly from decrease of personnel cost by 2.4% and depreciation by 3.8%

Operating profit improved by 0.8% from last year as market dynamics improve

Net profit before ZAKAT achieved of 66.5 MSAR compared to net profit of 40.8 MSAR in prior year as a result of travel recovery and diversified revenue streams

Accumulated profit to Share Capital as at March 2023 was 8.5% from a profit of 6.6% as at December 2022

Revenue
521.6 MSAR
Up 32% from Q1
2022

Cost of Sales
378.9 MSAR
Up 30% from Q1
2022

Operating Profit
65.2 MSAR
46.1 MSAR in Q1
2022

Operating Margin
12.5%

Net Profit after
Zakat & Tax
57.1 MSAR
35.3 MSAR
in Q1 2022

EPS
0.70
0.43 profit per
share in Q1 2022

REVENUE HIGHLIGHTS



Marked increase in the number of flights served 14% or 48.9K and 51% increase in the number of meals served or 9.5M.

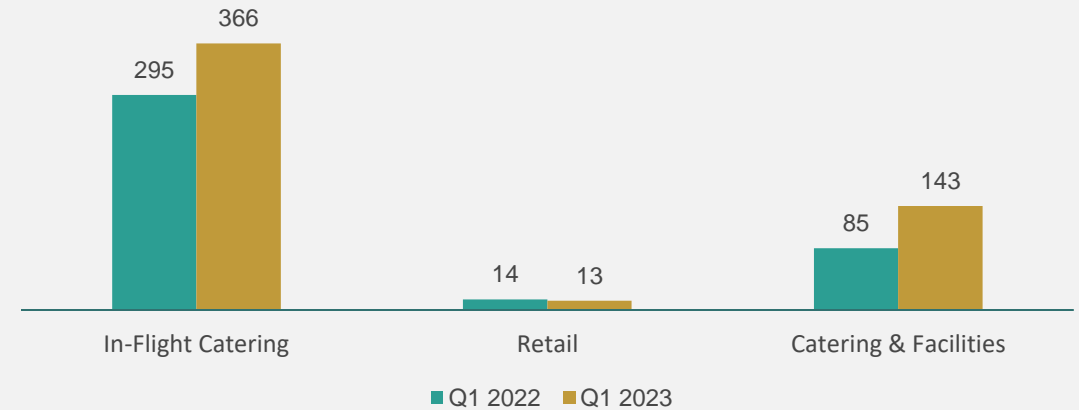


Catering and Facilities revenue increased 68% YoY, as a result of increase in B&I & Remote by 54%, Laundry by 75% & Railways by 125%.

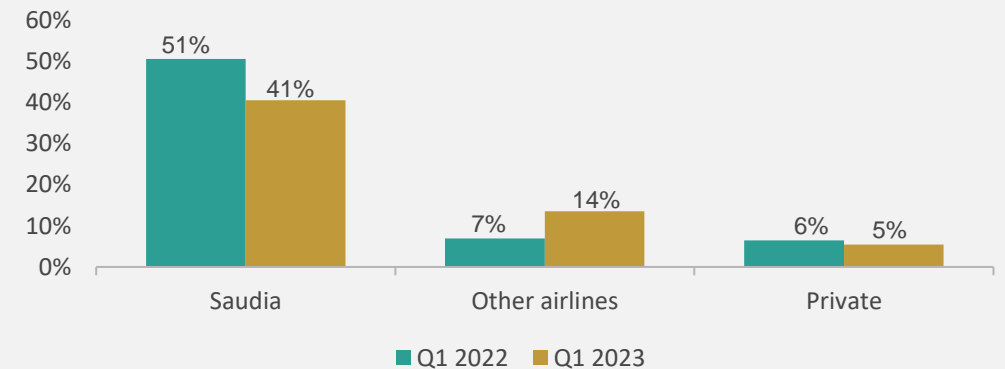


Retail revenue decreased 12%, primarily driven by 53% decrease in Ground shops, On-board sales 400% increase and 17% increase in e-commerce sales during the period.

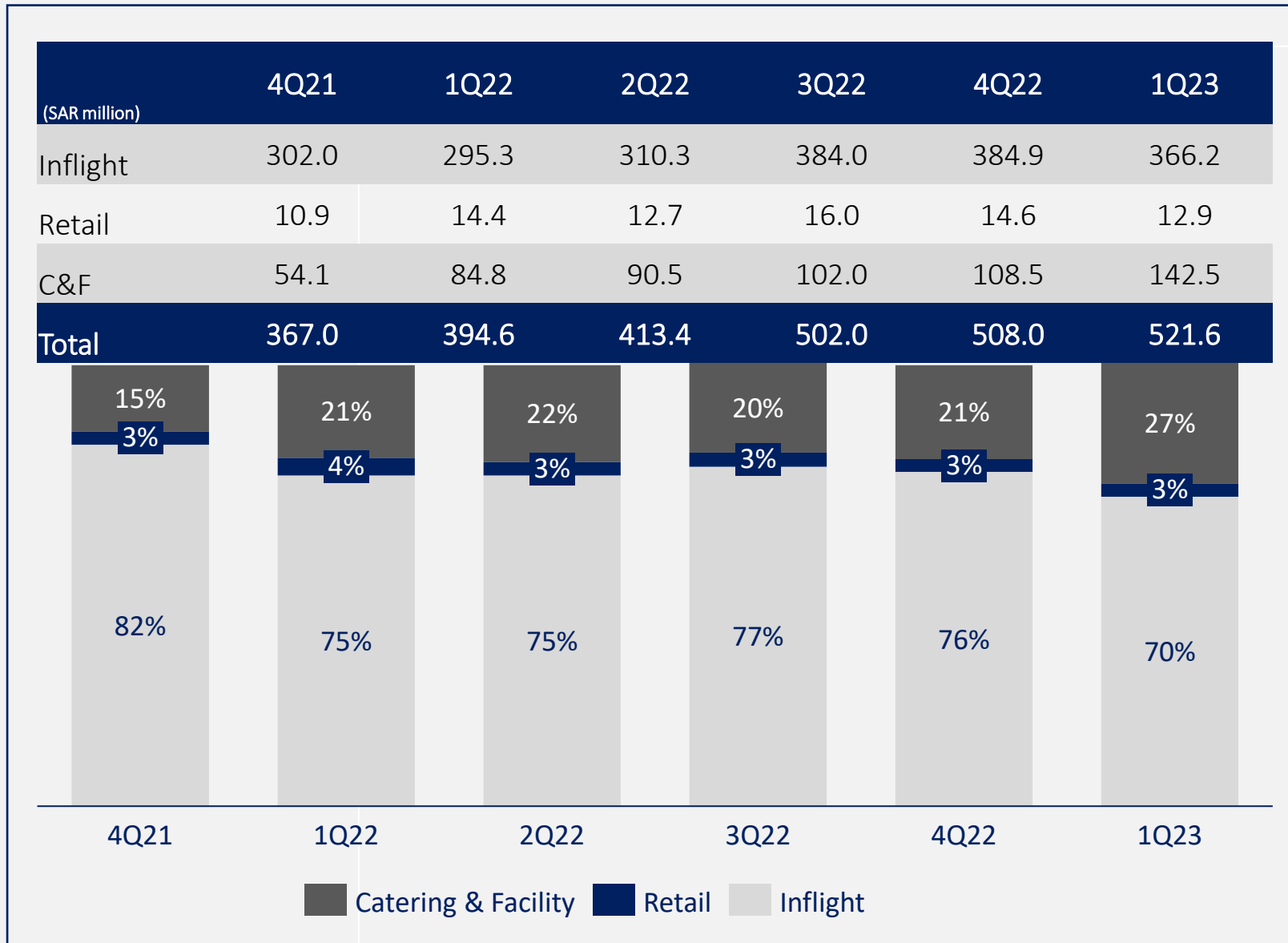
SACC Revenue Breakdown (MSAR)



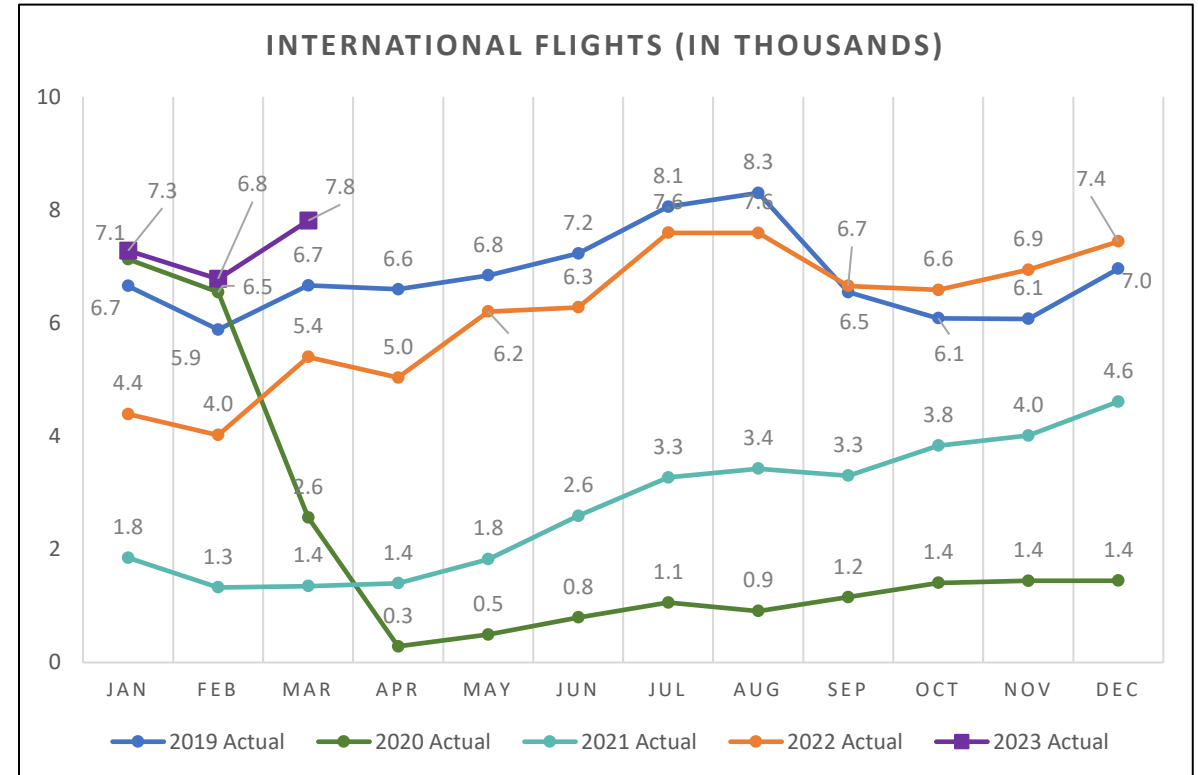
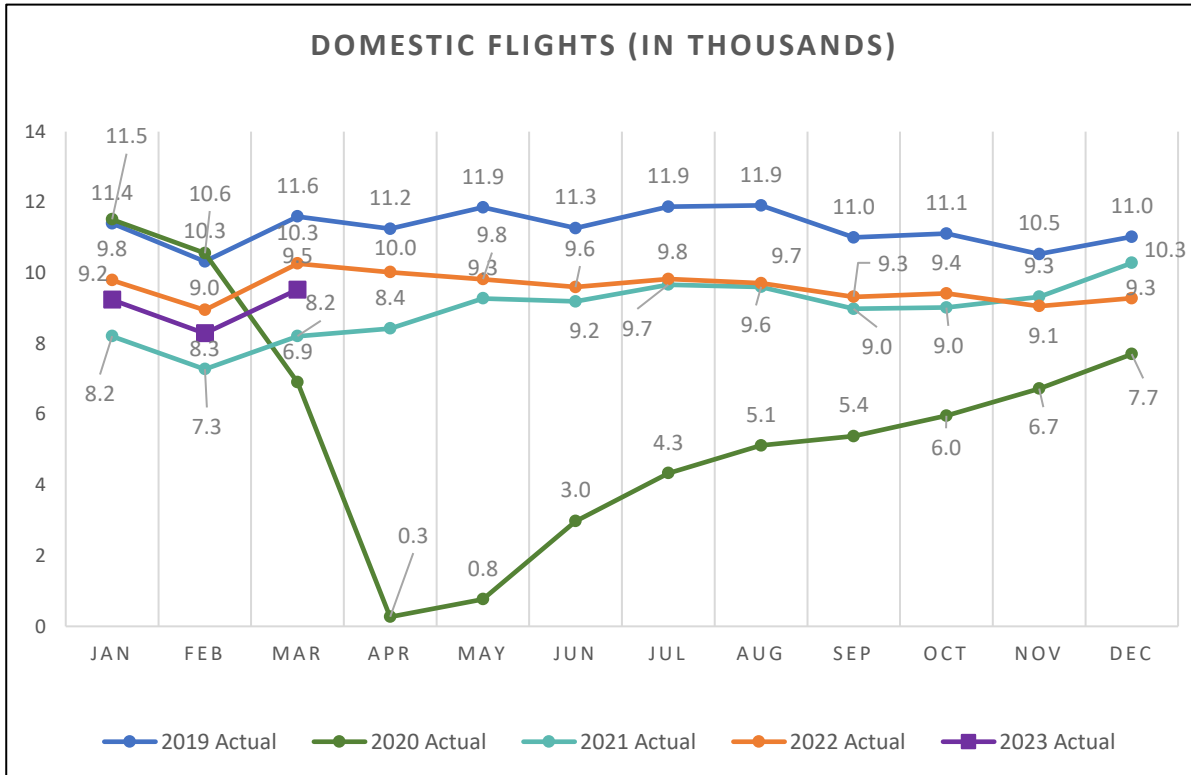
Catering Revenue % of Total SACC Sales



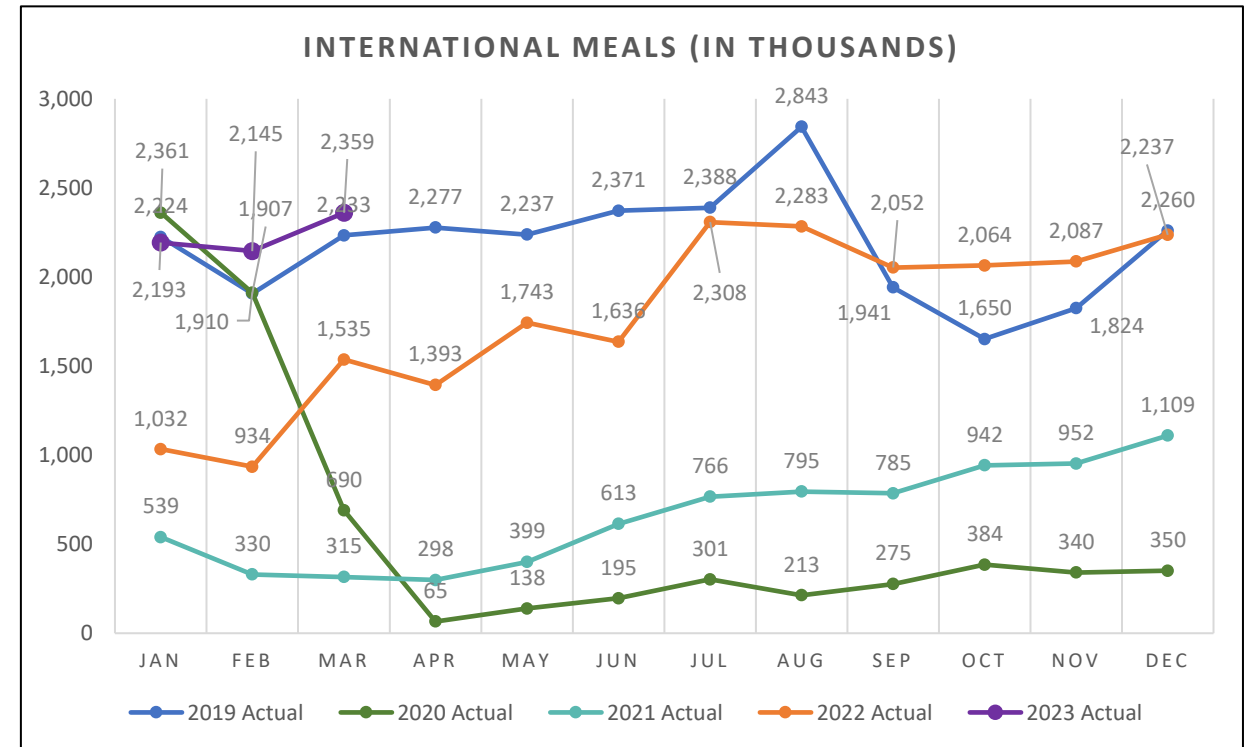
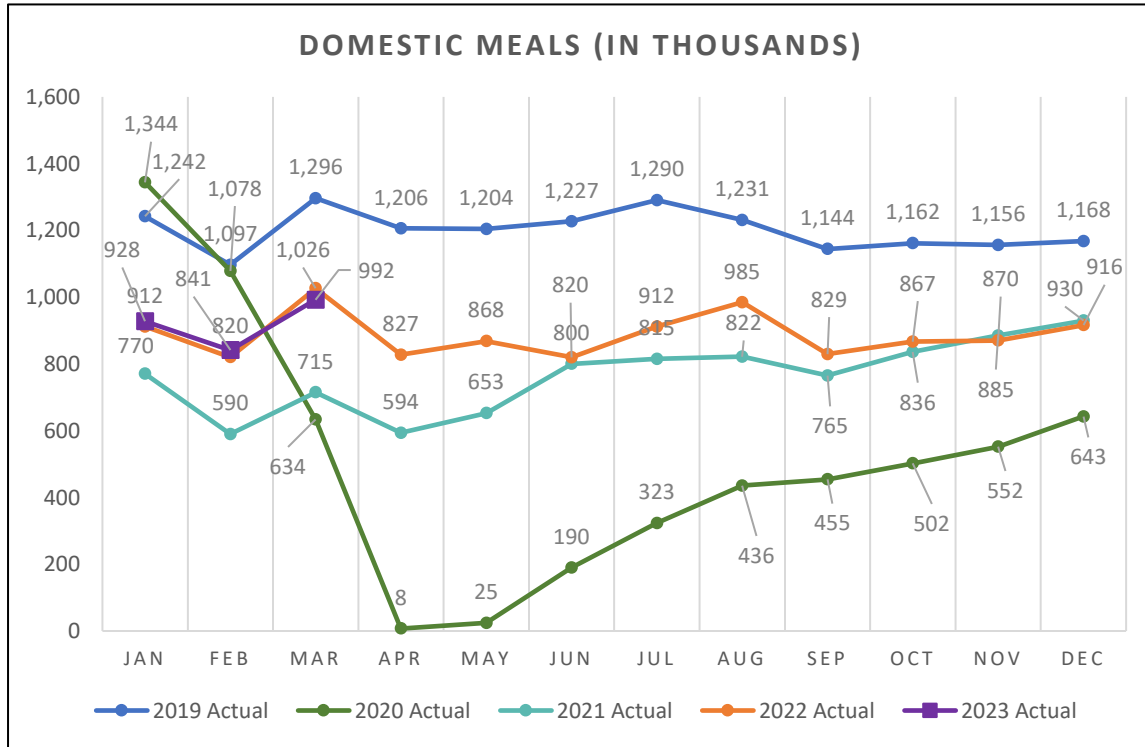
QUARTERLY SEGMENT SALES



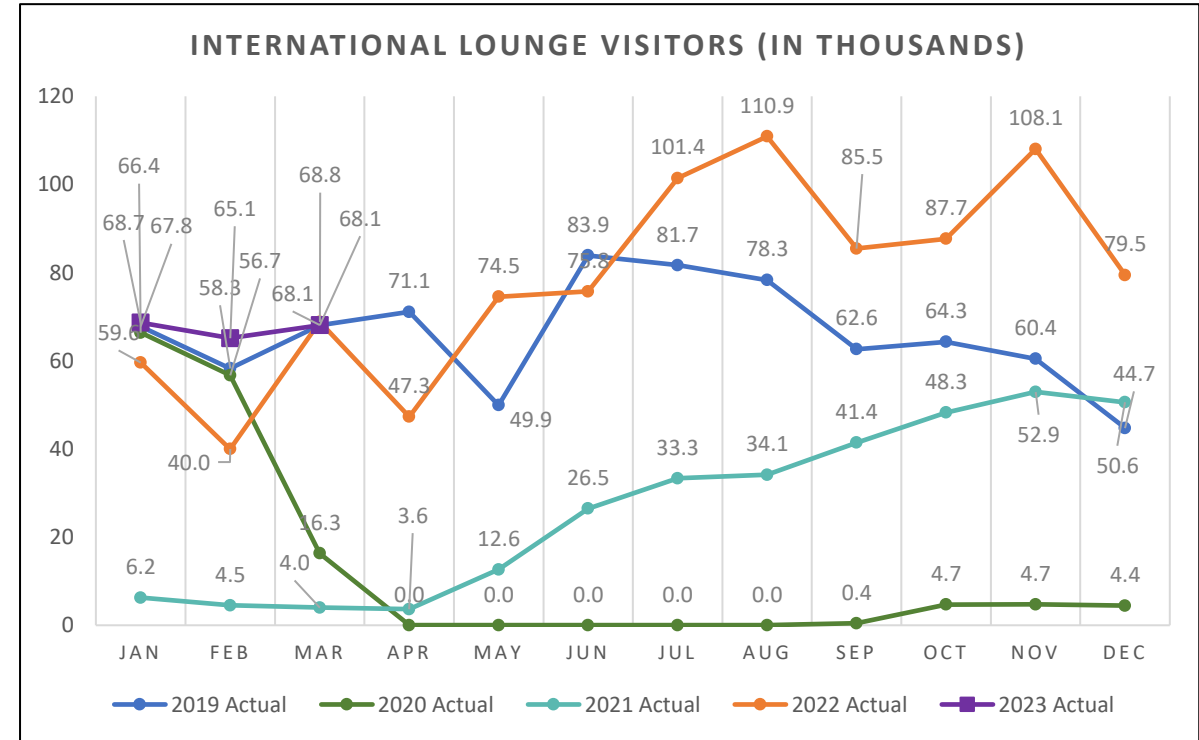
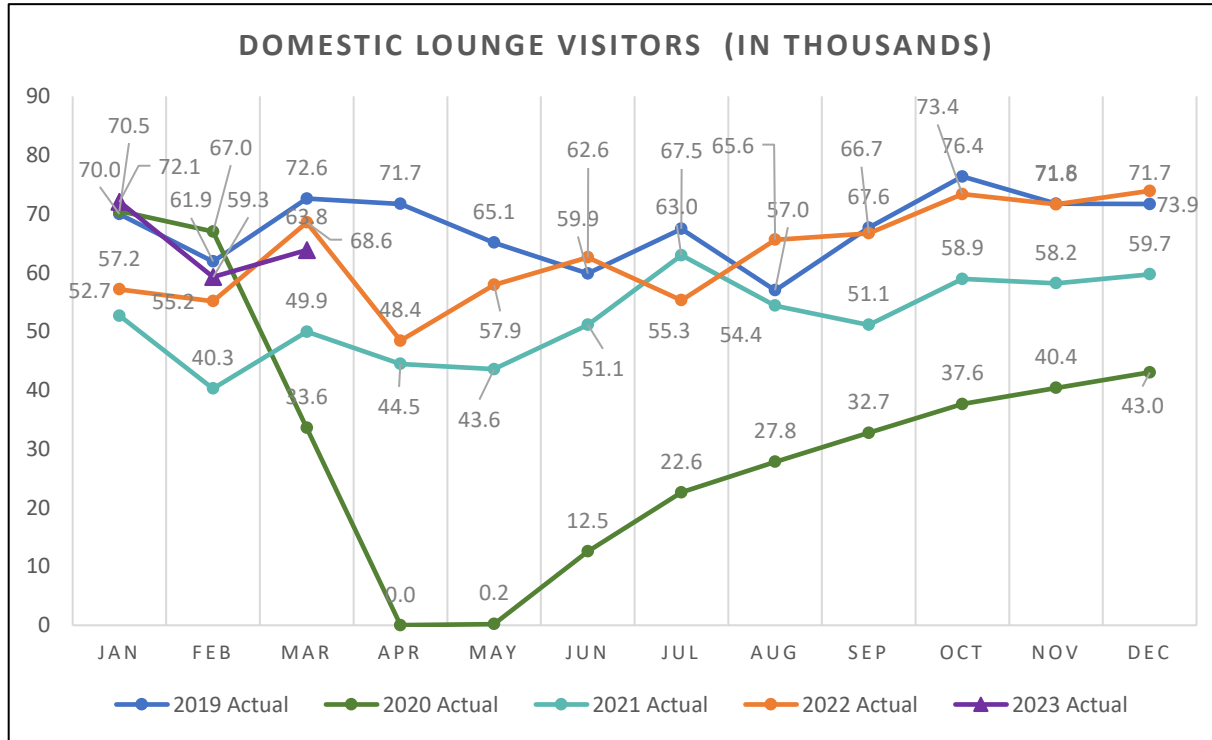
IFC - DOM. & INT. Monthly Flights



IFC - DOM. & INT. Monthly Meals

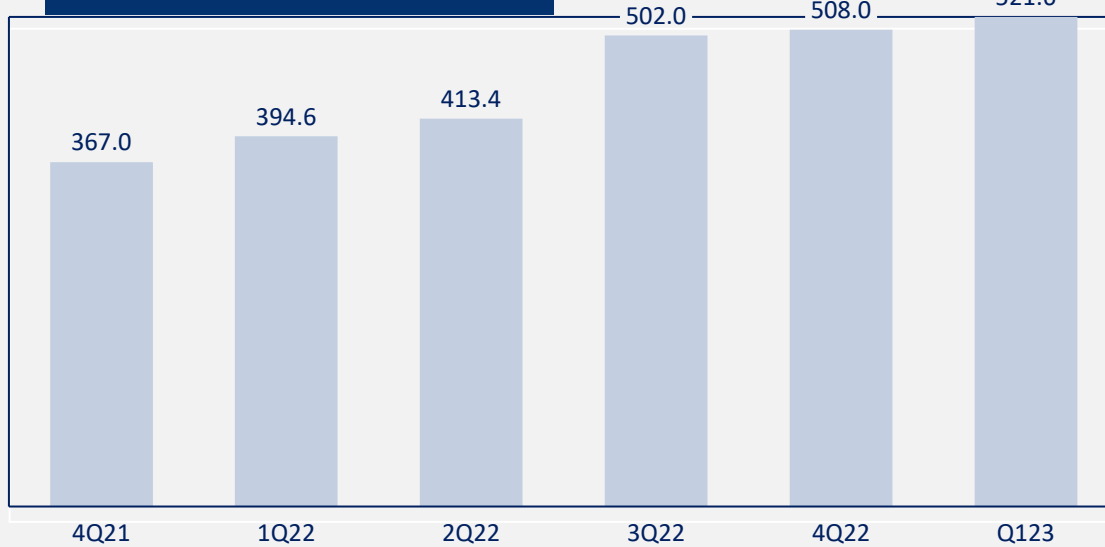


Lounges – DOM. & INT. Monthly visitors

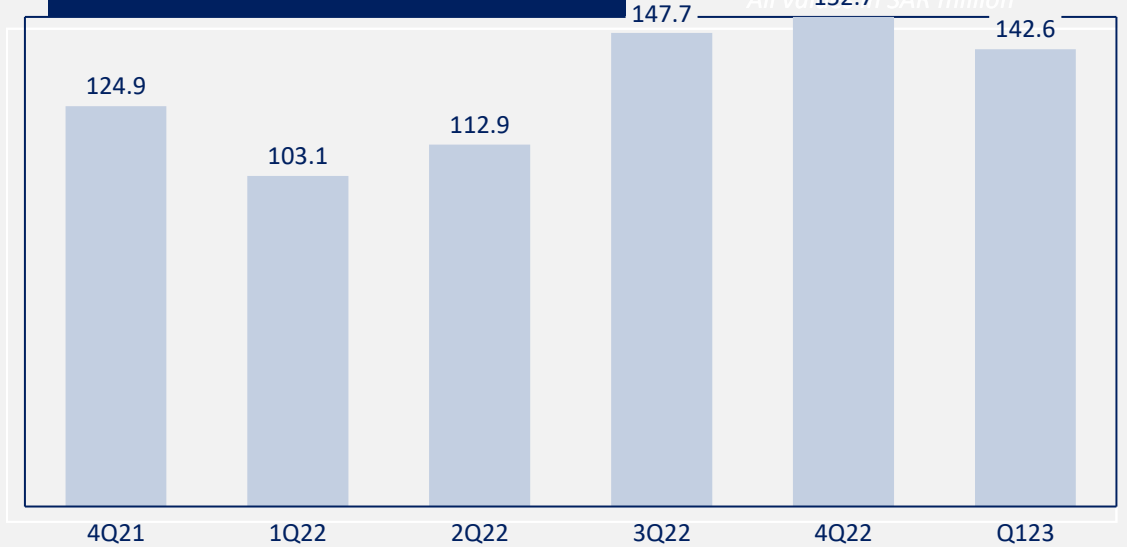


QUARTERLY FINANCIAL HIGHLIGHTS

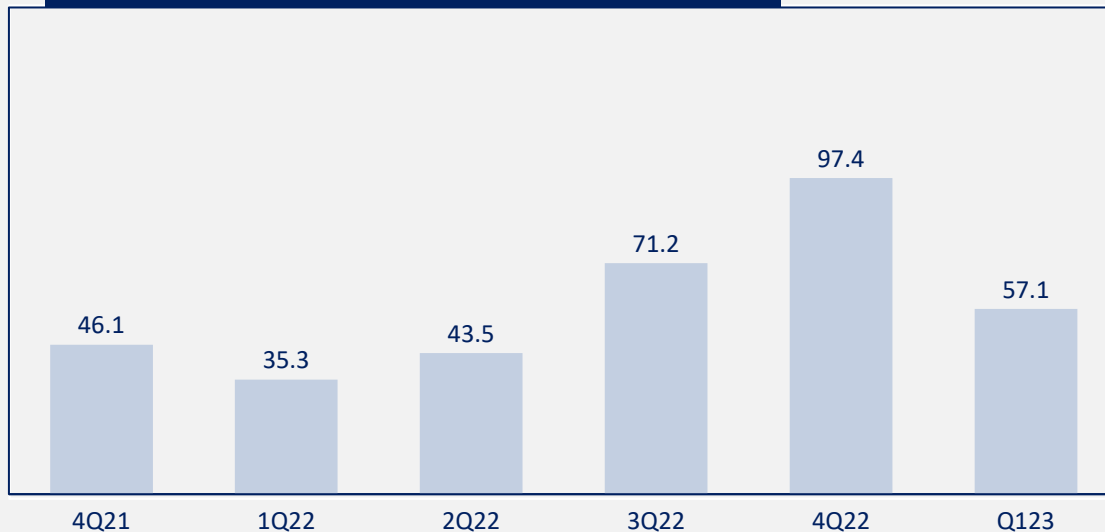
Sales – Quarterly movement



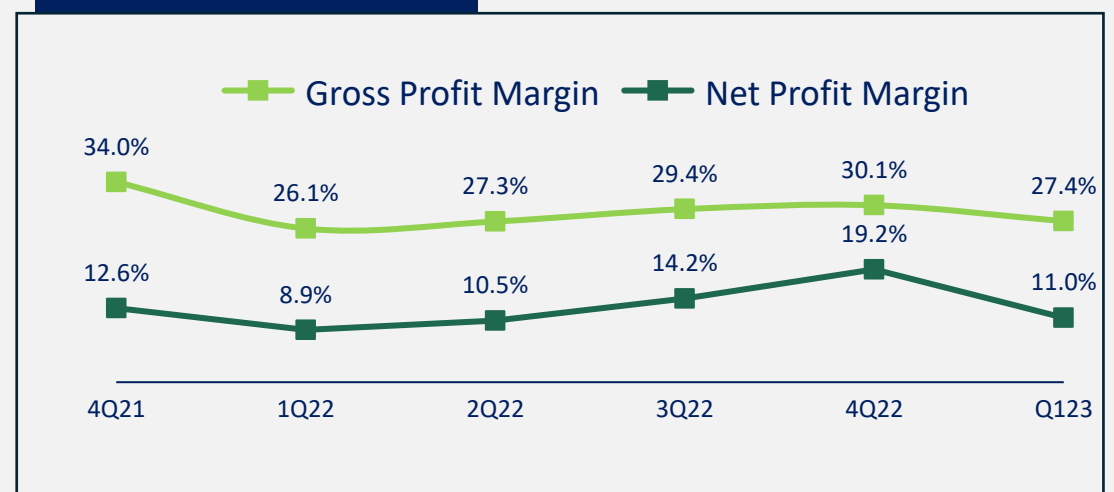
Gross profit - Quarterly movement



Net profit/(loss) - Quarterly movement

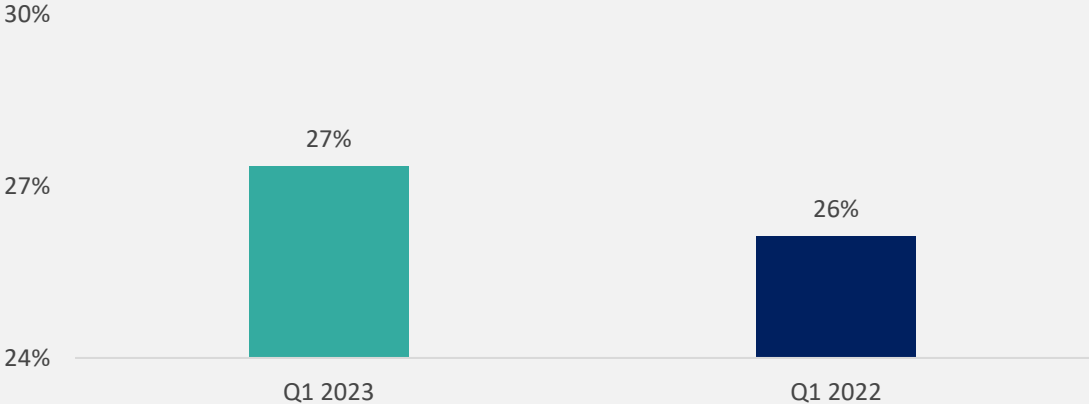


Profitability

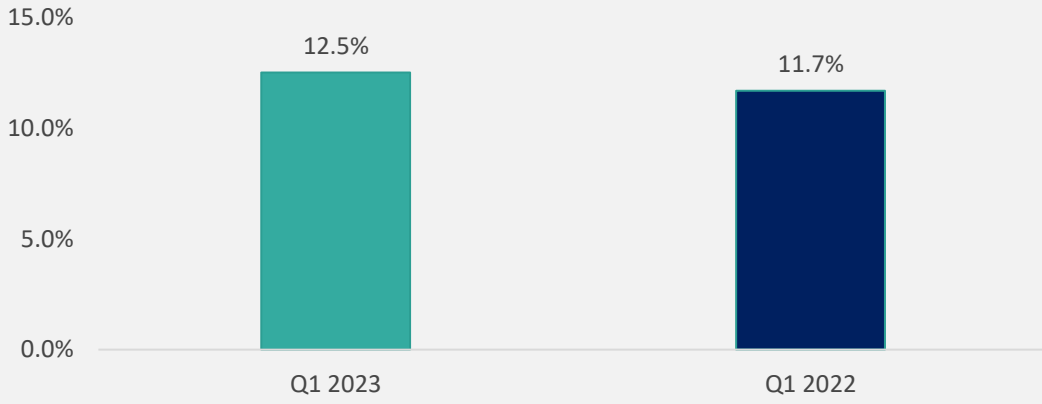


KEY FINANCIAL RATIOS

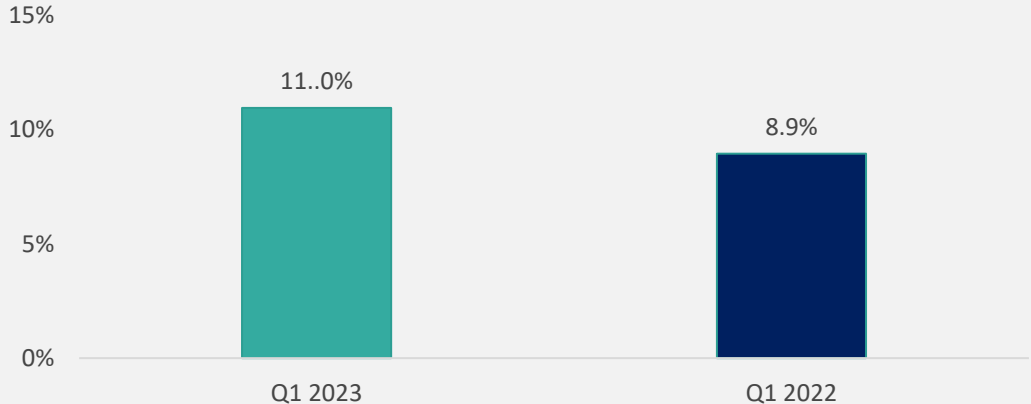
Gross Margin



Operating Profit Margin

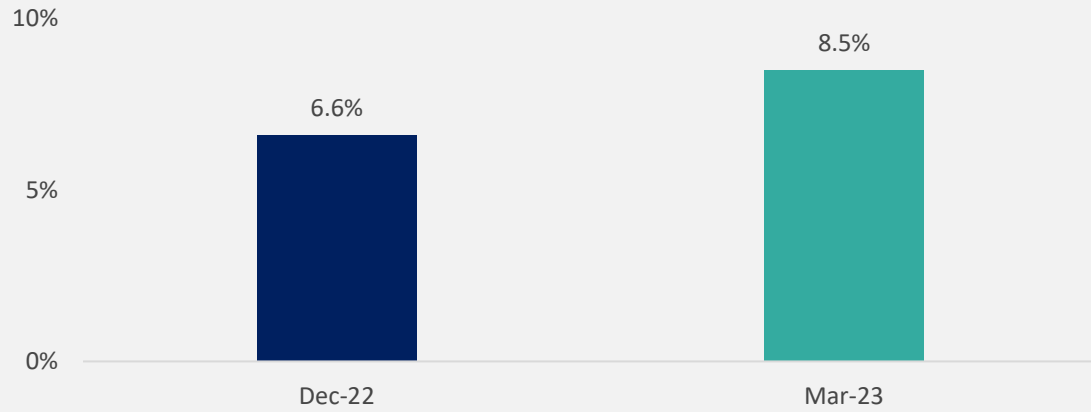


Net profit % after taxes

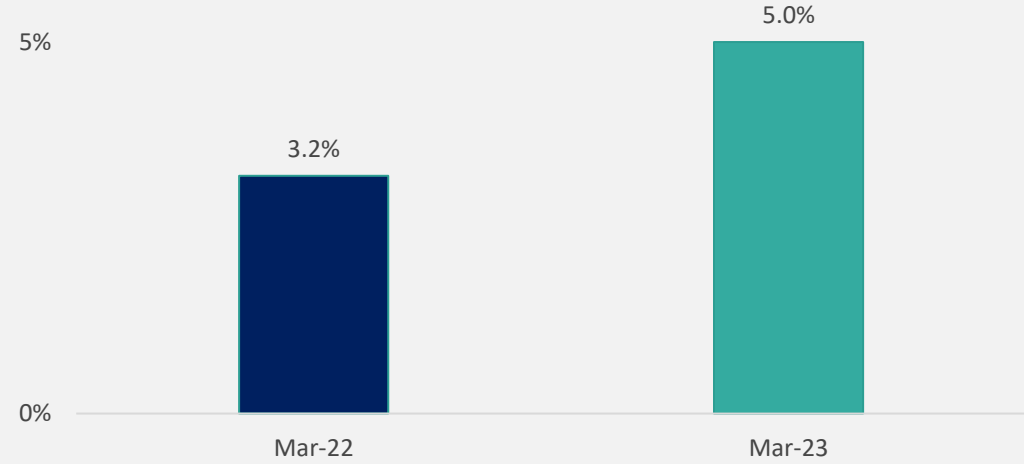


KEY BALANCE SHEET RATIOS

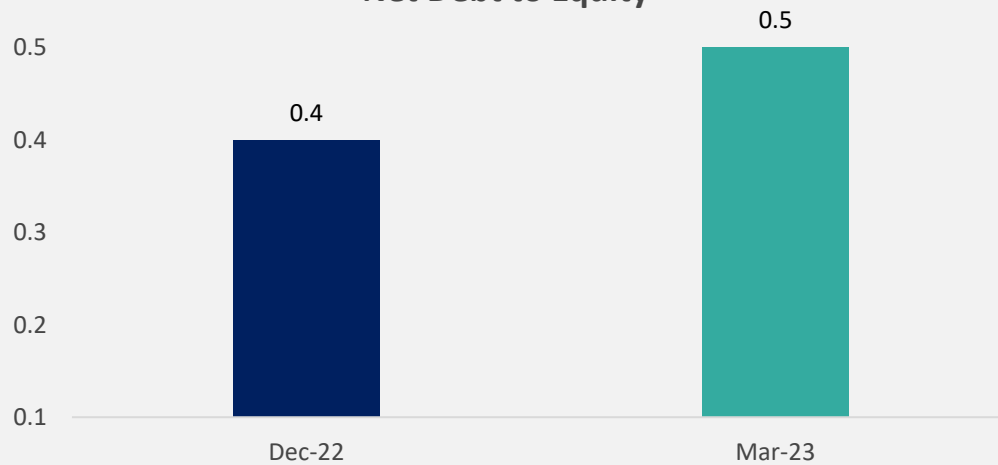
Accumulated profit to Share Capital



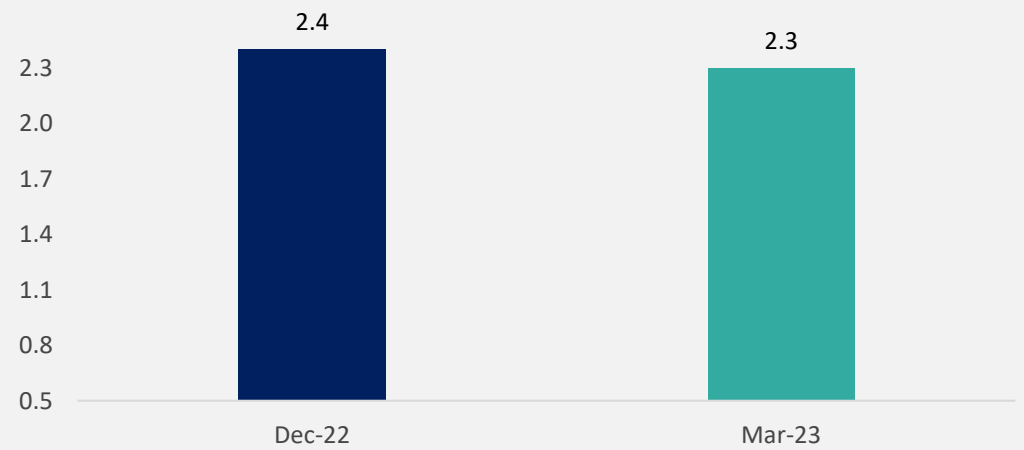
Return on Equity



Net Debt to Equity



Current Ratio



Thank you



cateringsaudia |



Saudi Airlines Catering Company |



saudiacatering.com

SACC REVENUE BREAKDOWN IN MSR

