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Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Any offer to acquire shares pursuant to the proposed Offering (as defined below) will be made, and any investor should make his investment decision solely on the basis of the information that is contained in the formal offering documents to be published by SAL Saudi Logistics Services Company in due course in connection with the listing and trading of its ordinary shares on the Main Market of Saudi Exchange.

25 September 2023G

SAL SAUDI LOGISTICS SERVICES COMPANY ANNOUNCES OFFER PRICE RANGE AND START OF INSTITUTIONAL BOOK-BUILDING

Following the announcement by SAL Saudi Logistics Services Company (“SAL”, “Company”), the market leading cargo handling player and growing logistics solutions business in Saudi Arabia (“KSA” or “Saudi Arabia”), on 12 September 2023G of its intention to proceed with an initial public offering of 30% of its share capital, the Company announces today the price range for the initial public offering (the “IPO” or the “Offering”) as well as the commencement of the participating parties' bidding and book-building period. The approved prospectus containing the full details of the Offering has been published on 12 September 2023G. The price at which all subscribers in the Offering will purchase Shares will be determined at the end of the book-building period.

For more information about the IPO, please visit: www.sal.sa/en/ipo

Offer Details

- The price range for the Offering has been set between SAR 98 and SAR 106 per share (the “Price Range”).
- The total Offering size is expected to be between SAR 2,352 million (US\$ 627 million) and SAR 2,544 million (US\$ 678 million), implying a market capitalization at listing between SAR 7,840 million (US\$ 2,091 million) and SAR 8,480 million (US\$ 2,261 million).¹
- The Offering will consist of 24,000,000 ordinary shares (the “Offer Shares”) representing 30% of the Company's share capital post-listing, to be sold by the current shareholders (the “Selling Shareholders”).
- Immediately following the listing on the Main Market of the Saudi Exchange (Tadawul), the Company is expected to have a free float of 30% (24,000,000) of its total shares (80,000,000).
- Shares will be offered to participating parties entitled to participate in the book-building process (“Participating Parties”) in accordance with the CMA Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, including non-resident qualified foreign financial institutions in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.
- The Selling Shareholders collectively own 100% of the Company's Shares prior to the Offering. Following completion of the Offering, the Selling Shareholders shall collectively own 70% of the Company' share capital. The Selling Shareholders include Saudi Arabian Airlines Corporation (“Saudia”), with a shareholding of 70%, and Tarabot Air Cargo Services Limited, with a shareholding of 30%.
- With respect to the Offering, the Company has appointed HSBC Saudi Arabia as the Sole Financial Advisor, Bookrunner, Global Coordinator, Lead Manager and Underwriter.
- Saudi Awwal Bank (SAB), Riyad Bank, Saudi National Bank, Al Rajhi Bank and Arab National Bank (ANB) have been appointed as Receiving Agents (collectively, the “Receiving Agents”) for the Individual Investor tranche.

¹ FX Rate: US\$/SAR 3.75



- The Offering is restricted to the following two groups of investors:
 - **Tranche (A): Participating Parties:**
 - This tranche comprises of eligible Participating Entities in the book-building process as specified in the Instructions for Book Building Process and Allocation Method in Initial Public Offerings issued by the board of the CMA, which includes investment funds, companies, Qualified Foreign Investors, GCC corporate investors and certain other foreign investors pursuant to swap arrangements (collectively the “Participating Parties” and each a “Participating Party”). The number of Offer Shares to be initially allocated to Participating Parties is 24,000,000 shares of the Offer Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, then the Lead Manager has the right to reduce the number of Shares initially allocated to Participating Parties to a minimum of 21,600,000 shares, representing 90% of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisor, in coordination with the Company.
 - **Tranche (B): Individual Investors:**
 - This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in her name or in the names of her minor children, on the condition that she provides proof that she is a divorcee or widow and the mother of her minor children, in addition to any non-Saudi Arabian national who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million, four hundred thousand (2,400,000) Offer Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

Book-building and Subscription Procedures for Participating Parties:

- Participating Parties registered in the Kingdom must submit Bid Forms to participate in the book-building process. Subscription Forms can be obtained from the Financial Advisor after the provisional allocation. A signed Subscription Form must be submitted to the Bookrunner, which represents a legally binding agreement between the Selling Shareholder and the Participating Party submitting the application. For more details, please refer to the Offering prospectus. Participating Parties may amend or cancel their requests at any time during the Book-Building Period, provided that the said requests are amended by submitting an amended application form or an appended bid form (as applicable) before determination of the Offer Price, which will take place before the Offering Period begins.

Subscription Procedures for Individual Subscribers:

- Subscription Application Forms will be available from (26/03/1445H – 28/03/1445H 11:59pm KSA, corresponding to 11/10/2023G – 13/10/2023G 11:59pm KSA) the (“Offering Period”) on the websites of the Receiving Agents offering this service. Subscribers can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that provide these services to its customers, provided that the following requirements are satisfied:
 - a. The Individual Subscriber has a bank account at a Receiving Agent which offers such services.
 - b. No changes have been made to the Subscriber’s personal information since their subscription in a recent offering.



Timeline of the Offering:

Key Events	Date (Gregorian)	Date (Hijri)
Bidding and Book-Building Period for Participating Parties	25/09/2023G – 01/10/2023G 2PM KSA	10/03/1445H – 16/03/1445H 2PM KSA
Subscription Period for Individual Investors Based on Final Offer Price	11/10/2023G – 13/10/2023G 11:59PM KSA	26/03/1445H – 28/03/1445H 11:59PM KSA
Announcement of final allocation of Offer Shares	No later than 17/10/2023G	No later than 02/04/1445H
Refund of excess subscription amounts (if any)	No later than 24/10/2023G	No later than 09/04/1445H
Expected start date of trading on the Saudi Exchange	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website (www.saudiexchange.com)	

About SAL:

SAL is a world class cargo handling and logistics player in Saudi Arabia that is catalyzing the Kingdom's transformation into a more diversified economy connected to global markets through corporate networks and increasing flows of goods.

The company operates across four different verticals; cargo handling, logistics solutions, passenger handling, and fulfilment, offering a broad spectrum of value-added services, covering 18 airports across the Kingdom – including the 4 major airports Riyadh, Jeddah, Medina, and Dammam – with 139k sqm of cargo terminal area.

In 2022G, its cargo handling business line contributed c.87% to total revenue, with the company handling 722k tonnes of cargo and retaining its position as the undisputed market leader in Saudi Arabia with a c.95% market share. SAL's global logistics solutions business was launched in late 2021G and covers end-to-end solutions (for sea, air, and land freight), special projects, customs clearance, and warehousing. In 2022G, the business has delivered 7,000+ services for 30+ customers, across a variety of sectors including government/semi-government entities, entertainment and cultural events, and automotive, OEM and aerospace/aviation sectors.

SAL's foothold across key airports in the Kingdom provides an attractive opportunity to expand its services into fulfilment, and passenger handling of low-cost carriers. Under passenger handling, SAL was granted an economic license to provide passenger handling services in KSA in December 2022G, and partnered with Menzies Aviation, the world's largest aviation services company. All these factors make it well-positioned to capitalize on the growth of the Kingdom's passenger ground services market, which is expected to experience a CAGR of 11.3%, increasing from 67 million passengers in 2022G to 158 million passengers in 2030G according to independent analysts, or c.330 million passengers by 2030G according to the Government's Vision 2030 projections.

Financially, SAL holds a stellar track record with consistent growth trajectory and market-leading profitability. In the first half of 2023G, SAL recorded a YoY growth of 15.1% and 26.7% in revenue and net income respectively. Its EBITDA grew by 24.5% YoY, with margin improving to 47%. Moreover, due to the high cashflow generative business, the company's capex is self-funded, and SAL was able to issue dividends amounting to SAR70m in the first quarter of 2023G, in addition to the dividends of SAR100m and SAR255m paid in FY21 and FY22 respectively.

Historically, SAL has performed consistently well with a revenue CAGR of c.20% over the period FY20-FY22. It also maintained strong EBITDA growth of c.15% CAGR over the period FY20-FY22 and achieved 45% margin in FY22. Net income margins have remained relatively steady, increasing from 28% in FY20 to 30% in FY22, while net debt reduced from 2.8x EBITDA to 1.7x at end of FY22.

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Enquiries

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Receiving Agents	<ul style="list-style-type: none">• Saudi Awwal Bank (SAB)• Riyadh Bank• Saudi National Bank (SNB)• Al Rajhi Bank• Arab National Bank (ANB)
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The Offering and the distribution of this announcement and other information in connection with the Offering may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America.

This announcement is not an offer for sale of securities of the Company, directly or indirectly, in or into the United States. The Offer Shares may not be offered or sold in the United States unless registered under the US Securities Act of 1933, as amended (the "Securities Act"), or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The Company has not registered and does not intend to register any portion of the Offer Shares under the Securities Act or the laws of any state in the United States or to conduct a public offering of any securities in the United States. Copies of this announcement are not being, and may not be, distributed, forwarded or otherwise sent, directly or indirectly, in or into the United States.

This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, the Offer Shares to any person in the United States, Australia, Canada, South Africa or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The offer and sale of the Offer Shares has not been and will not be registered under the



applicable securities laws of Australia, Canada, South Africa or Japan. Subject to certain exceptions, the Offer Shares may not be offered or sold in Australia, Canada, South Africa or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, South Africa or Japan. There will be no public offer of the Offer Shares in the United States, Australia, Canada, South Africa or Japan.

In the European Economic Area (the "EEA"), this communication is only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended) ("**Qualified Investors**"). In the United Kingdom, this communication is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended), which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, who are also: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (i), (ii) and (iii) together being "**Relevant Persons**"). This communication must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any member state of the EEA by persons who are not Qualified Investors. Any investment activity to which this communication relates (i) in the United Kingdom is available only to, and may be engaged in only with, Relevant Persons; and (ii) in any member state of the EEA is available only to, and may be engaged only with, Qualified Investors.

This announcement is being distributed subject to the provisions of the Rules on the Offer of Securities and Continuing Obligations ("**OSCO Rules**") issued by the CMA, and should not result in any binding undertakings to acquire shares or subscribe in the Offering. This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the "**Prospectus**"). The information in this announcement is subject to change. In accordance with Article 51(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at www.sal.sa, the Saudi Exchange Company at www.saudiexchange.sa, the CMA at www.cma.org.sa and the Financial Advisor at [financial advisor's webpage].

The CMA and the Saudi Exchange Company do not take any responsibility for the contents of this announcement, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "aim," "anticipate," "believe," "can," "consider," "could," "estimate," "expect," "forecast," "intend," "may," "ought to," "potential," "plan," "projection," "seek," "should," "will," "would," or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made and the Company does not assume any obligations to update any forward-looking statements. Each of the Company, the Financial Advisor and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates



may expose an investor to a significant risk of losing the entire amount invested. Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor or any of their affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.