

# Earnings Release

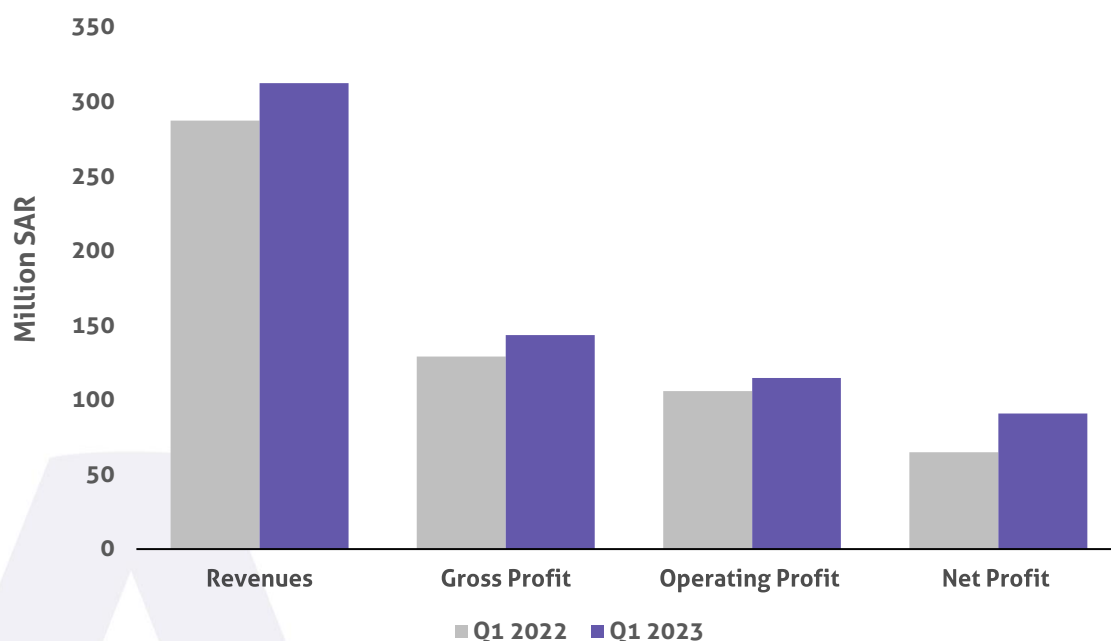
For the period ended on 31 March 2023



Arabian Contracting Services Co. recorded a net profit increase of SAR 90.8 million by 40% compared to the same quarter of the previous year.

Condensed Interim Consolidated Financial Result Summary for The Period Ended on 31 March:

Item All figures are in (Thousands) SAR	2023	2022	Change%
Revenues	312,366	287,400	%9
Gross Profit	143,560	129,110	%11
Operating Profit	114,723	106,007	%8
Net Income for the period <sup>1</sup>	90,822	64,890	%40
Earnings per share <sup>2</sup>	1,82	1,30	%40



<sup>1</sup> The net profit for the shareholders of Arabian Contracting Services Co. excluding non-controlling interests.

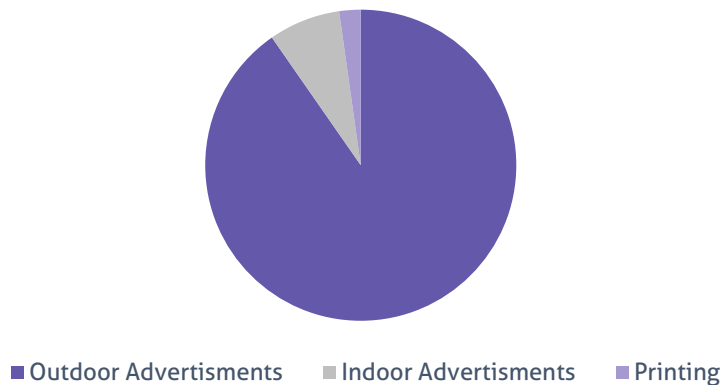
<sup>2</sup> EPS is calculated by dividing the profit attributable to the shareholders of the Arabian Contracting Services Co. excluding non-controlling interests by the average number of shares of 50 million shares.

## Financial Results Analysis for The Period Ended on March 31, 2023:

### Revenues:

The revenues of Arabian Contracting Services Co. recorded grew by 9% compared to the same period of the previous year, as the revenues for the first quarter of 2023 increased to SAR 312.4 million, compared to SAR 287.4 million for the same quarter of the previous year, with an increase of SAR 25 million. This increase in revenues is a result of continuing the digital transformation process and adopting smart solutions in outdoor advertising media, and by the end of the first quarter of the year 2023, AlArabia succeeded in converting 70% of its advertising faces into smart digital faces based on the latest technological solutions in collecting and analyzing data compared to 59% for the same quarter of the previous year, with an increase of 11%, which resulted in the increase in advertising spaces and the rise in the capacity for a larger number of advertising campaigns, in addition, the growth in revenues was driven by the start of Ramadan month, in addition to the unique advertising campaigns of the Saudi Foundation Day, and completing the Riyadh calendar activities during the quarter.

## Operational Sectors



### - Outdoor Advertisements:

The outdoor advertisements revenues for the first quarter of 2023 amounted to SAR 282.1 million, compared to SAR 266.8 million for the same quarter of the previous year, with an increase of 6%. The outdoor advertisements had the largest percentage of the company's revenues since they represent the main activity of the company, as they constitute 90% of the total revenues for the period.

### - Indoor Advertisements:

The indoor advertisements revenues for the first quarter of 2023 amounted to SAR 23.3 million, compared to SAR 16.7 million for the same quarter of the previous year, with an increase of 39%.

### - Printing:

The printing revenues for the first quarter of 2023 amounted to SAR 7 million, compared to SAR 4 million for the same quarter of the previous year, with an increase of 79%.

### **Selling and Marketing Expenses:**

The selling and marketing expenses for the first quarter of 2023 amounted to SAR 12.9 million compared to SAR 12 million during the same quarter of the previous year, as they increased by 7% compared to the same quarter of the previous year. This increase in selling and marketing expenses resulted mainly from the increase in sales and distribution commission rate that comes with the growth in revenues for the period.

### **General and Administrative Expenses:**

The general and administrative expenses for the first quarter of 2023 amounted to SAR 15 million compared to SAR 11 million during the same quarter of the previous year, as they increased by 36% compared to the same quarter of the previous year, and this is due to the increase in professional fees that related of conducting research and development studies, in addition to studies for expansion projects.

### **Finance Expenses:**

The increase rate in financing expenses during the first quarter of the year 2023 was 59% compared to the same quarter of the previous year, this is due to the increase in interest rates compared to the same period of the last year, which resulted in an increase in the lease liabilities financing cost by 48%, in addition to the increase in the interest expenses of short-term loans and bank facilities by 94%.

### **Net Profit:**

Arabian Contracting Services Co. recorded an increase in the net profit for the first quarter of the year 2023 by 40% compared to the same quarter of the previous year, this growth is mainly due to the increase in revenues during the quarter, which was driven by several main reasons, including the start of Ramadan month, in addition to the unique advertising campaigns for the Saudi Foundation Day, and the completing of the Riyadh calendar activities during the quarter. Also, the digital expansion in the company's advertising network contributed to the increase in the capacity of a larger number of clients and advertising campaigns, as the percentage of digital transformation of advertising faces increased by 11% compared to the same quarter of the previous year to reach 70% at the end of the first quarter of 2023, this was reflected positively in the revenues, which recorded an increase in the same quarter.

It is worth mentioning that AlArabia has maintained levels of growth in net profit, despite the increase in the company's expenses from continuing operations, which concurred with the expansion of the company's operational activity and the consolidation of financial statements with the new subsidiaries.

### **Working Capital:**

The working capital decreased as of March 31, 2023, to SAR 234.5 million compared to the same period of the previous year, with a decrease rate of 30%, this is due to the increase in lease liabilities - the current portion and the increase in accrued expenses and other current liabilities. Also, the decrease in prepaid expenses and cash and cash equivalents had an impact on this decrease in working capital at the end of the period.

### **The Statement of Cash Flows for the Period Ended on March 31, 2023:**

- The net cash flow generated from operating activities amounted to SAR 178.6 million, this is mainly due to many reasons, including the decrease in the value of prepaid expenses during the first quarter of the year 2023 as a result of the start of several lease contracts during the current quarter, which was converted to the right of use, closing the advanced supplier payments, and increase of total cash collections from clients during the quarter.
- The net cash flow (used in) investment activities amounted to SAR 8 million, this is due to the company's purchase of fixed assets such as property, plants, and equipment as a result of the expansion of the company's activity and the increase in advertising spaces resulting from winning a number of new contracts.

### The Statement of Cash Flows for the Period Ended on March 31, 2023: (Continued)

- The net cash flow (used in) financing activities amounted to SAR 159.3 million, this is due to the repayment some of short-term loans and lease liabilities, in addition to not obtaining any new loans during the first quarter of the year 2023.

**The CEO, Mohamed Al-Khereiji, stated:** AlArabia company leads the major transformations in the outdoor advertising sector through its leadership in the digital transformation strategy, its financial and technical expertise, and its commercial relations, in order to provide a unique model for the digital outdoor advertising industry worldwide based on the latest smart city solutions and technologies, aiming to improve the urban landscape and enhancing creative tools and solutions in accordance with the objectives of the Quality of Life Program, which will result in contributing to achieving the Kingdom's Vision 2030, improving the ranking of Saudi cities in various sub-indicators, and providing a smart environment and cities with a civilized style that is the most sophisticated and innovative.

It is worth mentioning that by the end of the first quarter of 2023, the percentage of smart digital faces reached 70% of the total advertising faces, as we aim to convert 80% of our advertising faces to smart digital faces by the end of 2025.

### About Arabian Contracting Services Company:

Arabian Contracting Services Company is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia on 18 Jumada Alula 1403H (corresponding to March 3, 1983) under Commercial Registration number 1010048419. Its shares were listed on the Saudi Stock Exchange on November 15, 2021.

Arabian Contracting Services Co. has succeeded in leading the outdoor advertising sector in the Kingdom of Saudi Arabia for the past 40 years, as it introduced the latest technologies and advertising means to the local market. Arabian Contracting Services Co. is also considered one of the main influential parties in the Saudi advertising sector through its strategy to continue modernizing its products and providing its services. Taking into consideration, Arabian Contracting Services Co. controls 62.3% of the market size in outdoor advertising and more than 23% of the market share in the advertising sector as a whole, the company's capital is SAR 500 million, divided into 50 million shares, and the par value of each share is SAR 10.



Interim Condensed Consolidated Financial Statements  
All figures are in (Thousands) Saudi Arabia, Riyals

Financial Position	As of 31 March 2023	As of 31 Dec 2022
Non-current assets	1,801,110	1,645,534
Current assets	1,033,483	992,224
Assets from discontinuing operations	2,454	4,485
<b>Total assets</b>	<b>2,837,047</b>	<b>2,642,243</b>
Shareholders' equity	906,365	819,871
Non-controlling interests	(359)	1,089
Non-current liabilities	1,131,780	1,033,639
Current liabilities	799,016	785,753
Liabilities from discontinuing operations	245	1,891
<b>Total shareholders' equity and liabilities</b>	<b>2,837,047</b>	<b>2,642,243</b>

Profit or Loss	For the period ended on 31 March 2023	For the period ended on 31 March 2022
Revenue	312,366	287,400
Cost of revenue	(168,806)	(158,291)
<b>Gross profit</b>	<b>143,560</b>	<b>129,109</b>
Selling and marketing expenses	(12,853)	(12,049)
General and administrative expenses	(14,984)	(11,053)
(Impairment) / Reverse expected credit losses	(1,000)	-
<b>Operating profit</b>	<b>114,723</b>	<b>106,007</b>
Other income / (expenses)	190	(384)
Finance cost	(20,179)	(12,667)
Losses from disposal of right-of-use assets	-	(24,357)
<b>Profit before zakat from continuing operations</b>	<b>94,734</b>	<b>68,599</b>
Zakat	(4,221)	(2,774)
<b>Net Income for the period before discontinuing operations</b>	<b>90,513</b>	<b>65,825</b>
Losses from discontinuing operations	(1,030)	(935)
<b>Profit for the period</b>	<b>89,483</b>	<b>64,890</b>
<b>Profit for the period attributable to:</b>		
Equity holders of the parent	90,821	64,890
Non-Controlling interests	(1,338)	-

Cash Flow	For the period ended on 31 March 2023	For the period ended on 31 March 2022
Net cash flows from operating activities	178,557	12,293
Net cash (used in) investing activities	(7,969)	(12,301)
Net cash (used in) from financing activities	(159,302)	15,604
<b>Net change in cash and cash equivalents during the period</b>	<b>11,286</b>	<b>15,596</b>
Foreign currency translation reserve	(4,438)	-
Cash and cash equivalents at the beginning of the year	115,354	189,909
<b>Cash and cash equivalents at the end of the period</b>	<b>122,202</b>	<b>205,505</b>

## Rate Card



## Investor Relations



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