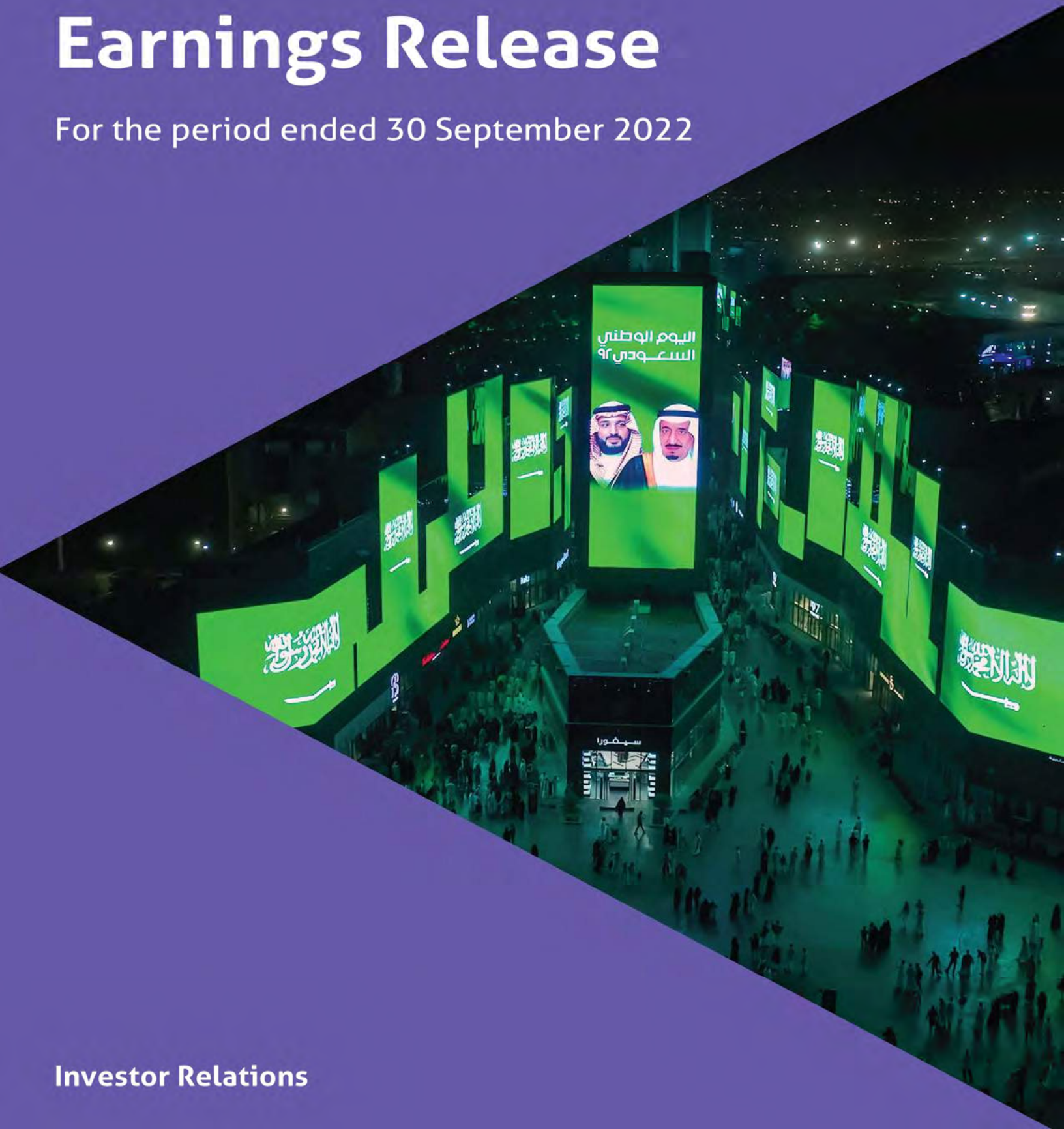


# Earnings Release

For the period ended 30 September 2022



**Arabian Contracting Services Co. achieved a net profit of SAR 193.6 million during the nine-months period of 2022, with a growth of 43% compared to the same period of the last year.**

**Condensed Interim Consolidated Financial Result Summary for The Period Ended on 30 September:**

Item All figures are in (Thousands) SAR	For the three months			For the nine months		
	2022	2021	Change%	2022	2021	Change%
Revenue	257,719	188,394	%37	808,755	494,502	%64
Gross Profit	106,024	86,764	%22	316,440	222,962	%42
Operating profit	84,066	68,838	%22	242,338	171,434	%41
Net Income for the period <sup>1</sup>	65,889	57,085	%15	193,573	135,653	%43
Earnings per share <sup>2</sup>	1.32	1.14	%16	3.87	2.71	%43



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

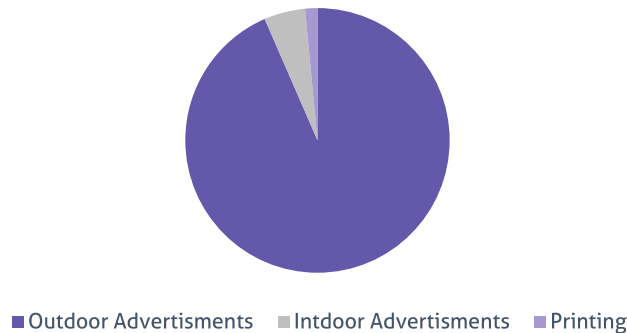
<sup>2</sup> EPS is calculated by dividing the profit attributable to the shareholders of the Arabian Contracting Services Co. excluding non-controlling interests by the average number of shares of 50 million shares.

## Financial Results Analysis for The Period Ended on September 30, 2022G:

### Revenues:

Arabian Contracting Services Co. recorded during the current quarter an increase in revenues, as it increased from SAR 188.4 million to SAR 257.7 million by 37% compared to the same quarter of the last year, in addition to the continuing revenues growth of the outdoor advertising sector by 33%, Indoor advertising sector by 154% and printing sector by 49% for the same period. Also, the back to schools and universities season, and national day campaigns, in addition to the start of the Saudi Games 2022 had a positive impact on the company's revenues and business results during the current quarter. It is worth mentioning that the Arabian Contracting Services Co. achieved revenues during the nine-months period that ended on September 30, 2022 amounted to SAR 808 Million, with an increased rate of 64% compared to the same period of the last year.

### Operational Sectors



#### - Outdoor Advertisements:

The outdoor advertising revenues for the third quarter of 2022 amounted to SAR 240.8 million compared to SAR 180.7 million for the same quarter of the last year, with an increase of 33%. It also amounted to SAR 752.4 million during the nine-months period that ended on September 30, 2022 compared to SAR 470.7 million for the same period of the last year, with an increase of 60%. Outdoor advertisements had the largest percentage of the company's revenues, since it represents the main activity of the company, as it constitute 93% of the total revenues for the period.

#### - Indoor Advertisements:

The Indoor advertising revenues for the third quarter of 2022 amounted to SAR 13.0 million compared to SAR 5.1 million for the same quarter of the last year, with an increase of 154%. It also amounted to SAR 44.6 million during the nine-months period that ended on September 30, 2022 compared to SAR 15.5 million for the same period of the last year, with an increase of 188%.

#### - Printing:

The printing revenues for the third quarter of 2022 amounted to SAR 3.8 million compared to SAR 2.6 million for the same quarter of the last year, with an increase of 49%. It also amounted to SAR 11.6 million during the nine-months period that ended on September 30, 2022 compared to SAR 8.3 million for the same period of the last year, with an increase of 40%.

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

The selling and marketing expenses for the third quarter of 2022 increased by 29% compared to the same quarter of the last year, the increase in the selling and marketing expenses is a result of the growth in revenues of the third quarter of 2022.

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

The general and administrative expenses for the third quarter of 2022 increased by 18% compared to the same quarter of the last year, this is due to the increase in the company's expenses resulting from the consolidation of the financial statements with the new subsidiaries, in addition to the new recruitments after the listing on the Saudi Stock Exchange (Tadawul).

### **Finance Cost:**

The increase rate in financing costs for the third quarter of 2022 was 90% compared to the same quarter of the last year, this is due to the increase in lease liabilities financing cost by 115% as a result of the expansion of the company's activity network include an increase in advertising spaces and sites, in addition to an increase in the interest rate of short-term loans and bank facilities by 38%, as financing to pay the rents for the billboards sites.

### **Net Profit:**

Arabian Contracting Services Co. recorded an increase in net profit for the current quarter by 15% compared to the same quarter of the last year, this is due to many main reasons .including the continuation of the Arabian Contracting Services Co. for digital transformation operations, in addition to the focus of Arabian Contracting Services Co. on its strategy, which aims to enter into new alliances and projects that support its plans locally and in the region, in order to increase its clients base in the long term. The increase rate of Revenues by 37% contributed to achieving positive results during the current quarter, in addition, the decrease in Zakat expenses by 8% and other expenses by 30% in the current quarter had a positive impact on this increase in net profit. Arabian Contracting Services Co. achieved a net profit of SAR 193.6 million, an increase of 43% for the nine-months period that ended on September 30, 2022 compared to the same period of the last year. It is worth mentioning that our business results also reflect a growth that exceeds pre-covid 19 levels.

### **Working Capital:**

The working capital for the nine-months period that ended on September 30, 2022 has decreased from SAR 226.1 million to SAR 176.5 million compared to the same period of the last year at a rate of 22%. This is due to an increase in the short-term loans and bank facilities by 23% and an increase in the lease liabilities – Current portion by 65%, the reasons for this raise in current liabilities are attributed to financing the expansion of Arabian Contracting Services Co. in its activities and increasing its advertising space and sites, which had a positive impact on the revenues during the same period which increased by 64% compared to the same period of the last year.

### **The Statement of Cash Flows for The Period Ended on Sep 30, 2022 (Nine Months):**

- The net cash flow generated from operating activities increased from SAR 146.6 million to SAR 324.0 million, with a value of SAR 177.4 million, with an increase of 121% compared to the same period of the last year.
- The net cash flow used in investing activities decreased from outflow cash amounted to SAR 54.0 million to outflow cash amounted to SAR 28.9 million, with a value of SAR 25.1 million, with a decreasing percentage of 47% compared to the same period of the last year, this is due to the decrease in the company's purchase rate for the property, plants, and equipment, as well as the high rate of proceeds from the sale of property and equipment, in addition to the company's spending on tangible assets during the period.

### **The Statement of Cash Flows for The Period Ended on Sep 30, 2022 (Nine Months): (continued)**

-The net cash flow used in financing activities increased from outflow cash amounted to SAR 70.0 million to outflow cash flows amounted to SAR 298.4 million, with a value of SAR 228.4 million, with an increase of 327% compared to the same period of the last year, this is due the increase in the rate of repayment of short-term loans at a rate of 91%, in addition to the distribution of cash dividends to shareholders during the second quarter of 2022, amounted to SAR 93 million. At a rate of 1.86 riyals/share.

### **Important Events:**

- Al-Arabia Winning a lease contract through its arm Arabiya United for Advertising Service (an associate company) to rent sites for the installation of billboards with a coverage of 89% of the bridge's sites on the North Coast (City of El Alamein) in Egypt.
- MBC Group Holdings Ltd. exercised the right of purchase option to increase its ownership by 15% of Arabian Contracting Services Co. shares bringing the total of its ownership percentage in the company to become 20%.

**The CEO, Mr. Mohamed Al-Khereiji, stated:** during the third quarter of 2022 our financial figures achieved a distinctive rise, as the focus was on the strategic objectives of the company and the continuation of expansion at a steady pace and according to what was planned. This leads us to continue innovation and excellence and maintain the growth momentum, which contributed to achieving this unique and distinct improvement in the quarterly financial results. Mr. Mohamed Al-Khereiji added that Arabian Contracting Services Co. always welcomes strategic partnerships and alliances as opportunities for growth, to advance the company's position, and to enhance the opportunities to increase its shares in the digital advertising market that is most growth in the region and dominance in social media, with the support of the digital transformation strategy and keeping pace with the least digital technologies in the advertising field, the company will be able to maintain its leadership position and contribute to local content development in the national economy.

There is no doubt that MBC Group Holdings Ltd. exercising its option to purchase 15% of Arabian Contracting Services Co. shares, and increasing its share to become 20%, will provide us with many opportunities to expand regionally, due to the MBC Group's leading position in the region, and the win of Arabian Contracting Services Co. of a lease contract through its arm Arabiya United for Advertising Service (an associate company) to rent sites for the installation of billboards with a coverage of 89% of the bridge's sites on the North Coast (City of El Alamein) in Egypt will have a positive impact on the expansion of the geographical scope achieving diversification in our current portfolio and increasing our advertising network. The North Coast in Egypt is one of the most prominent tourist destinations in the region and has distinctive locations, beautiful designs and spaces that make it one of the most important travel destinations in the region, and the outdoor advertising market in Egypt is considered one of the promising markets that has achieved the highest growth rates in the region.

### **About Al-Arabia:**

Arabian Contracting Services Company (the "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.

The main activities of the company are the general construction of residential buildings, casting bases and foundations, installing electrical wires, constructing bridges, tunnels, railway lines, roads, sidewalks, and roads supplies, installing communication wires, printing commercial correspondences and invoices, printing

**About Al-Arabia: (continued)**

advertisements, posters, and flyers, Photo engraving on metal or plastic plates (zinc graph), printing using copiers, wholesale of gifts and luxuries, advertising organizations and agencies, and organizing/managing exhibitions and conferences. Arabian Contracting Services Co. has led 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% of the market size in outdoor advertising and more than 23% of the market share in the advertising sector as a whole. This is not only locally, but even globally, Arabian Contracting Services Co. is the 12th largest in the world in terms of revenues, the company's capital is 500 million Saudi riyals, divided into 50 million shares, and the par value of each share is 10 Saudi riyals.

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

Financial Position	As of 30 Sep 2022	As of 30 Sep 2021
Non-Current Assets	1,707,105	715,475
Current Assets	1,052,123	866,916
<b>Total Assets</b>	<b>2,759,228</b>	<b>1,582,391</b>
Shareholders' Equity	831,161	662,070
Non-Controlling interests	1,057	-
Non-Current Liabilities	1,051,388	279,524
Current Liabilities	875,622	640,797
<b>Total Shareholders' Equity and Liabilities</b>	<b>2,759,228</b>	<b>1,582,391</b>

Profit or Loss (For the nine months ended)	On 30 Sep 2022	On 30 Sep 2021
Revenue	808,755	494,502
Cost Of Revenue	(492,315)	(271,540)
<b>Gross Profit</b>	<b>316,440</b>	<b>222,962</b>
Selling and marketing expenses	(30,890)	(20,826)
General and administrative expenses	(43,212)	(30,702)
<b>Operating Profit</b>	<b>242,338</b>	<b>171,434</b>
Other expenses	(1,253)	(11,514)
Finance cost	(38,517)	(16,715)
<b>Net profit for the period before zakat</b>	<b>202,568</b>	<b>143,205</b>
Zakat	(8,660)	(7,552)
<b>Net Income for the period</b>	<b>193,908</b>	<b>135,653</b>
<b>Profit for the period attributable to:</b>		
Equity holders of the parent	193,573	135,653
Non-Controlling interests	335	-

Cash Flow (For the nine months ended)	On 30 Sep 2022	On 30 Sep 2021
Net cash flows from operating activities	323,933	146,618
Net cash used in investing activities	(28,875)	(53,991)
Net cash used in financing activities	(298,390)	(69,894)
<b>Net change in cash and cash equivalents during the period</b>	<b>(3,332)</b>	<b>22,733</b>
Exchange differences in translation	(691)	-
Cash and cash equivalents at the beginning of the year	189,909	26,585
<b>Cash and cash equivalents at the end of the period</b>	<b>185,886</b>	<b>49,318</b>

### Rate Card



### Investor Relations



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