

Salik Will Distribute AED 544.8 million Interim Dividend

Company's H1 2024 Revenues Up 5.6% YoY

Profit Before Tax up 9.2%;

- *With supportive macroeconomic environment and positive tourism trends, Salik's first half revenue registered AED 1.1 billion, up 5.6% year-on-year, while the second-quarter revenue reached AED 532.7 million with an increase of 3.1% from the same period in the prior year.*
- *238.5 million Revenue-generating trips in the first half 2024, up 4.9% year-on-year.*
- *14.6% year-on-year increase in Active registered accounts to reach c.2.5 million, with registered vehicles increasing by 8.8% YoY to 4.2 million.*
- *Net Profit before tax grew by 7.8% to AED 293.9 million in the second quarter and by 9.2% to AED 598.6 million in the first half of the year. Despite the impact of the new 9% UAE corporate tax, Salik sustained a robust net profit of AED 267.5 million for the second quarter and AED 544.8 million for the first half of the year.*
- *In light of the strong first-half results, the Board of Directors has approved distributing 100% of H1 2024 net profit after tax as dividends to shareholders (c. AED 544.8 million, equivalent to 7.263 Fils per share).*

Dubai, UAE – [13] August 2024: The Board of Directors of Salik Company PJSC (“Salik” or the “Company”), Dubai’s exclusive toll gate operator, chaired by His Excellency Mattar Al Tayer, Chairman of the Board, today announced the Company’s financial results for the three-month and six-month periods ended June 30, 2024 (“Q2 2024” and “H1 2024”).

Salik delivered very healthy financial performance in the first half of 2024, registering 238.5 million revenue-generating trips which increased by 4.9% YoY to record a total revenue of AED 1.1 billion. Revenue from toll usage, comprising 87.1% of total revenue, rose by 4.9% YoY to AED 953.8 million. During the first half of 2024, Salik reported EBITDA of AED 738.4 million, up 6.5% year-on-year, and profit before tax of AED 598.6 million, up 9.2% year-on-year. Salik generated net profit after tax of AED 544.8 million during the same period. In view of the strong financial results, the Company’s Board of Directors approved an interim dividend distribution of AED 544.8 million, equivalent to 7.263 Fils per share, payable on 5 September 2024.

His Excellency Mattar Al Tayer, Chairman of the Board of Directors of Salik, said: “We are very pleased with our performance during the first half of the year, with strong revenue growth of 5.6% year-on-year, further supporting our ambition to become a global leader in mobility solutions. Since the beginning of 2024, we have focused on expanding our core tolling business while diversifying our revenue streams through new strategic initiatives. The addition of two new toll gates in Dubai, scheduled to be operational by the end of November 2024, and our recent parking solutions partnership with Emaar Malls, which became operational in July this year, underscore our commitment to diversification and growth. These initiatives further support the company’s ability to continue creating value for all stakeholders while directly supporting Dubai’s position as a leading destination to visit, live and work.”

Ibrahim Sultan Al Haddad, Chief Executive Officer of Salik, commented: “We are delighted to report another very robust quarter, with Salik’s performance a clear demonstration of the resilience of our business model and our commitment to enhancing mobility in Dubai. The increase in revenue-generating trips and active accounts achieved in Q2 2024 reflects our strategic efforts to meet growing demand for efficient transportation. Dubai continues to strengthen its position as a global tourism hub, attracting more international visitors than ever before. The city continues to attract new residents and businesses, and we are proud to play a pivotal role in making Dubai one of the most accessible cities in the world.”

Performance Highlights

Mobility Highlights

Salik posts 1.6% YoY growth in revenue-generating trips in Q2 2024, reaching 115.7 million

The total number of trips, including discounted trips, made through Salik's eight toll gates grew by 1.2% YoY in the second quarter, driven by Dubai's continued attraction to tourists and business-as-usual commercial activities. As a result, revenue-generating trips reached 115.7 million, up 1.6% YoY, the highest second quarter revenue-generating trips since inception. Growth remained strong across several gates in the second quarter, with Jebel Ali seeing double digit growth (+c.10%), and other gates growing in the high-single digit range, including Al Maktoum Bridge (+c.4%) and Al Safa (+c.3%).

Growth in active accounts exceeds 14.6% YoY, with registered vehicles increasing by 8.8% YoY to 4.2 million
 Registered active accounts increased 14.6% YoY to c.2.5 million from c.2.2 million in Q2 2023, with tag activations reaching c.244,000 in the second quarter, a 6.3% YoY increase. In addition, the number of vehicles registered with Salik in the second quarter increased 8.8% YoY, reflecting the Government of Dubai's continued success in expanding the economy and ensuring the Emirate remains a key destination for tourism and new residents.

Salik continued to offer tariff exemptions to vehicles used by charities, schools, people of determination, ambulances, and other public services. The number of free-of-charge trips made by exempted vehicles through Salik's eight toll gates remained relatively stable YoY at c. 2.0 million. Growth was mainly driven by an increase in the number of registered exempted vehicles, which grew 8% YoY to reach 54,231 vehicles by the end of the quarter.

Million	Q2 2024	Q2 2023	% Δ YoY	Q1 2024	% Δ QoQ	H1 2024	H1 2023	% Δ YoY
Total trips	147.9	146.1	1.2%	156.0	-5.2%	303.9	293.0	3.7%
Discounted trips	30.3	30.8	-1.8%	31.2	-3.0%	61.4	62.5	-1.6%
% of total trips	20.5%	21.1%	-0.6%	20.0%	0.5%	20.2%	21.3%	-1.1%
Net toll traffic	117.7	115.3	2.0%	124.8	-5.7%	242.5	230.6	5.2%
% of total trips	79.5%	78.9%	0.6%	80.0%	-0.5%	79.8%	78.7%	1.1%
Revenue-generating trips	115.7	113.8	1.6%	122.8	-5.8%	238.5	227.4	4.9%
% of net toll traffic	98.3%	98.7%	-0.4%	98.4%	-0.1%	98.3%	98.6%	-0.3%
% of total trips	78.2%	77.9%	0.3%	78.7%	-0.5%	78.5%	77.6%	0.9%

Financial Highlights

Continued strong performance drives revenue to AED 532.7 million in Q2 2024, up 3.1% YoY

- Toll usage fees:** revenue continued to increase during the second quarter, supported by the inflow of tourists and increased movement of individuals across Dubai. As a result, toll usage fee revenues increased 1.6% YoY to AED 462.7 million.
- Fines:** revenue from fines increased by 8.4% YoY to AED 57.2 million. The number of net violations (accepted minus dismissed violations) grew 8.5% YoY in Q2 2024, reaching c.672,000. Net violations during the second quarter represented 0.6% of net toll traffic, with revenue from fines contributing 10.7% to total revenue.
- Tag activation fees:** grew strongly in the second quarter, with revenue increasing 53.0% YoY to AED 10.0 million. Tag activation fees contributed 1.9% of total revenues in the quarter.

Salik maintained strong profitability in the second quarter, with EBITDA up 4.5% YoY

Salik generated EBITDA of AED 361.5 million in the second quarter of 2024, up 4.5% YoY, from AED 345.9 million in the prior year. The EBITDA margin reached 67.8% in the second quarter, compared to a margin of 66.9% during the second quarter of 2023 and 67.1% in the first quarter of 2024.

In Q2 2024, Salik reported net profit before taxes of AED 293.9 million, marking a 7.8% increase year-on-year. Following the implementation of a new 9% corporate tax in the UAE in 2024, Salik generated net profit after taxes of AED 267.5 million for the period, a slight decline of 1.9% year-on-year. It is worth noting that the negative YoY impact of the corporate tax will only be realised in Salik's 2024 financial results, and not in future periods.

Summary of statement of profit or loss

AED million	Q2 2024	Q2 2023	% Δ YoY	Q1 2024	% Δ QoQ	H1 2024	H1 2023	% Δ YoY
Revenue	532.7	516.7	3.1%	562.1	-5.2%	1,094.8	1,036.8	5.6%
<i>Toll usage fees</i>	462.7	455.3	1.6%	491.1	-5.8%	953.8	909.5	4.9%
<i>Fines and penalties</i>	57.2	52.8	8.4%	58.9	-2.9%	116.1	108.1	7.4%
<i>Tag activation fees</i>	10.0	6.5	53.0%	9.8	2.0%	19.7	15.1	30.6%
<i>Other revenue</i>	2.9	2.1	38.6%	2.3	27.6%	5.1	4.0	28.3%
EBITDA⁽¹⁾	361.5	345.9	4.5%	376.9	-4.1%	738.4	693.5	6.5%
EBITDA margin	67.8%	66.9%	0.9%	67.1%	0.8%	67.4%	66.9%	0.6%
Finance costs, net	(46.5)	(52.6)	-11.5%	(51.2)	-9.1%	(97.7)	(104.5)	-6.5%
Profit before tax	293.9	272.7	7.8%	304.7	-3.6%	598.6	547.9	9.2%
Income tax	(26.4)	-	N/A	(27.4)	-3.7%	(53.8)	-	N/A
Profit for the period	267.5	272.7	-1.9%	277.3	-3.5%	544.8	547.9	-0.6%
Earnings per share (AED)	0.036	0.036	-1.9%	0.037	-3.5%	0.073	0.073	-0.6%
Dividends declared	-	-	-	-	-	544.8	547.9	-0.6%
Dividends per share (Fils)	-	-	-	-	-	7.263	7.306	-

(1) EBITDA is profit for the period, excluding the impact of finance cost, finance income, and depreciation and amortization expenses.

Balance sheet remains solid, with net debt/EBITDA comfortably within Company's target ratio

The Company recorded a favourable net working capital balance of AED -191.3 million as of 30 June 2024, equating to c.-9.0% as a percentage of annualized revenues. As at 30 June 2024, net debt stood at AED 2,947.1 million, from AED 2,980.5 million at the end of December 2023. This translates to a trailing twelve-month net debt/EBITDA ratio of 2.05x, significantly below the Company's debt covenant of 5.0x.

Summary of financial position

AED million	30-Jun-24	31-Mar-24	% Δ QoQ	31-Dec-23	% Δ YtD
Total assets, including:	5,253.6	5,532.8	-5.0%	5,223.8	0.6%
Cash and cash equivalents	452.3	724.8	-37.6%	266.2	69.9%
Short term deposit with bank ⁽¹⁾	600.0	600.0	0.0%	750.0	-20.0%
Total liabilities, including:	4,596.3	4,592.9	0.1%	4,561.2	0.8%
Borrowings	3,990.4	3,989.6	0.0%	3,988.8	0.0%
Contract liabilities ⁽²⁾	356.7	357.9	-0.3%	353.1	1.0%
Total equity	657.3	939.8	-30.1%	662.5	-0.8%
Net debt ⁽⁴⁾	2,947.1	2,671.9	10.3%	2,980.5	-1.1%
Net working capital balance ⁽³⁾	(191.3)	(199.9)	-4.3%	(192.4)	-0.6%

(1) Represent Fixed deposit with original maturity of 3 to 12 months Term Deposits with maturity less than 3 months and are classified as Cash equivalent.
(2) Contract liabilities is the sum of current and non-current balances paid in advance by customers relating to recharges and top-ups and tag activation fees.
(3) Net working capital is the balance of inventories plus trade and other receivables (unadjusted for impairments) plus dues from related parties plus contract asset minus trade and other payables, minus due to a related party minus current portion of contract liabilities, minus current portion of lease liabilities, minus provision for taxation.
(4) Net debt is the balance of borrowing plus current and non-current portion of lease liabilities minus cash and cash equivalents minus short-term deposits. Previously, short-term deposits with bank (being deposits with a maturity period between 3 to 12 months) were not deducted from Net debt computation. During the current period, the definition of Net debt has been adjusted to align it as per the debt agreement with the bank and accordingly, historical reported amounts for Net debt have been updated to reflect the same change in definition.

Solid free cash flow of AED 333.8 million, with a margin of 62.7%

Summary of cash flow

Salik generated free cash flow of AED 333.8 million in the second quarter, with a free cash flow margin of 62.7%, a c.650-basis point decline versus 69.1% in the prior year. This was primarily due to the reduction in net profit after taxes, due to the introduction of a new 9% corporate tax rate effective from January 2024.

AED million	Q2 2024	Q2 2023	% Δ YoY	Q1 2024	% Δ QoQ	H1 2024	H1 2023	% Δ YoY
Operating cash flow before changes in working capital	373.7	353.5	5.7%	387.1	-3.5%	760.8	708.5	7.4%
Changes in working capital	(37.0)	3.7	-1089.7%	(33.4)	10.8%	(70.5)	(26.2)	168.8%
Net cash flow from operating activities	336.6	357.3	-5.8%	353.6	-4.8%	690.3	682.3	1.2%
Net cash generated from / (used) in investing activities	2.0	6.6	-70.3%	170.4	-	172.3	10.5	1539.3%
Net cash (used in) / generated from financing activities	(611.1)	(550.2)	11.1%	(65.4)	834.5%	(676.5)	(605.3)	11.8%
Free cash flow ⁽¹⁾	333.8	357.2	-6.6%	353.6	-5.6%	687.4	682.2	0.8%
Free cash flow margin ⁽²⁾	62.7%	69.1%	-6.5%	62.9%	-0.3%	62.8%	65.8%	-3.0%

(1) Free cash flow is net cash flows from operating activities less purchases of property and equipment plus proceeds from the sale of property and equipment

(2) Free cash flow margin is free cash flow divided by revenue

Strategic Progress

Strategic evolution to becoming a global leader; two new gates expected by the end of 2024

Earlier in 2024, Salik announced its ambition to become a global leader in providing sustainable and smart mobility solutions by building on its expertise in the tolling business and on its strong ESG credentials, whilst focusing on two additional pillars to spur growth and resilience by diversifying the business. These include: i) achieving sustainable growth and ii) establishing itself as a future-proof company. Salik is advancing well on its updated strategy, having announced the introduction of two new toll gates in Dubai. The new Business Bay Crossing and Al Safa South gates are expected to be in operation towards the end of November 2024 and mark continued progress for the core tolling business. An update on the financial impact of the two new toll gates will be communicated to the market later this month.

Enhancing ancillary revenue: Salik's seamless parking solution operational at Dubai Mall

In a post-period event on July 1, 2024, Salik made an important step in expanding its ancillary revenue streams with the successful launch of its barrier-free parking payment solution at Dubai Mall. This technology-driven initiative enhances the parking experience across the Fashion, Grand, and Cinema parking zones, in a strategic partnership with Emaar Malls to improve visitor convenience at the world-famous shopping and leisure destination. The Company believes that this is just the first such partnership and is actively exploring other parking solutions opportunities, and will provide an update on the early performance of the project later this month.

Salik joins UN Global Compact to advance Sustainability goals

In July 2024, Salik joined the United Nations Global Compact, the leading global initiative for corporate sustainability, demonstrating its commitment to ethical business practices and sustainable operations. By aligning with the UN Global Compact's principles, Salik aims to enhance social and environmental responsibility while contributing to the UAE's sustainable development goals. The Company will actively pursue initiatives that reduce its environmental impact, support social progress and promote a sustainable future for the UAE.

Salik continues to prioritize investing in its human resources and uphold its commitment to diversity and inclusivity. In the first half of 2024 the Company expanded its full-time workforce by 13.5% YoY, to 42 personnel, with the number of nationalities represented from remaining at 12. Salik continues to progress on Emiratization, attaining a level of over 30% by the end of the quarter.

Business Outlook

As previously communicated, Salik expects to revise its financial guidance and outlook for the 2024 fiscal year, with an update to be provided to the market [later this month] following completion of assessing the positive financial impact of the two new toll gates, as well as the assumption that the Floating Bridge will remain closed until year-end, the impact of new ancillary revenues and the impact of the 2.5% reduction in the RTA concession fee effective from April 1, 2024.

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About Salik Company PJSC

The Company was established in its current form, as a public joint stock company in June 2022 pursuant to Law No. (12) of 2022. "Salik", which means "seamless mobility" in Arabic, is Dubai's exclusive toll gate operator and manages the Emirate of Dubai's automatic toll gates utilising Radio-Frequency-Identification (RFID) and Automatic-Number-Plate-Recognition (ANPR) technologies. The Company currently operates 8 toll gates located at strategic junctures, especially on Sheikh Zayed Road, which is considered the main road in Dubai. In 2023, 593 million journeys were recorded through Salik's toll gates, whether for residents commuting within the Emirate for their daily activities or for tourists visiting Dubai's attractions. Under a 49-year concession agreement (ending in 2071), with the Roads and Transport Authority (RTA), Salik has the exclusive right to operate existing and any future toll gates in Dubai.

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