

Continued Growth Drives Toll Usage Revenue To Another All-Time High in Q2 2023; Salik Announces AED 548 million Dividend Distribution for H1 2023 Results

- *Revenue-generating trips exceed pre-pandemic peak levels and reach another new record of c. 113.8 million trips in Q2 2023, supported by a strong macroeconomic backdrop in Dubai*
- *Salik once again reports the highest quarterly toll usage revenue in Q2 2023, since start of operations; toll usage revenue rose c. 13.8% YoY, reaching a record AED 455 million*
- *Active registered accounts and vehicles increase c. 5% and c. 8% YoY, respectively, reaching approximately 2.2 million and 4.0 million at the end of the second quarter*
- *Q2 2023 EBITDA and net profit margins of 66.9% and 52.8%, respectively, continue to reflect Salik's streamlined business and robust concession framework*
- *Salik achieves robust net profit and free cash flow of AED 273 million and AED 357 million, respectively in Q2 2023*
- *In light of the strong set of results, the Board of Directors approved distributing 100% of H1 2023 net profit as dividends to shareholders (c. AED 548 million, equivalent to 7.3057 fils per share)*

Dubai, UAE – 11 August 2023: His Excellency Mattar Al Tayer, Chairman of the Board, and the Board of Directors of Salik Company PJSC ("Salik" or the "Company"), Dubai's exclusive toll gate operator, approved by circulation the Company's condensed interim financial results for the three-month and six-month periods ended June 30, 2023.

In the second quarter of 2023, Salik broke new records with 113.8 million revenue-generating trips and toll usage revenues of AED 455 million. Toll usage revenue, which represent 88% of total revenue, increased 13.8% YoY, another all-time high since Salik commenced operations in 2007, backed by a robust expansion of tourism and commercial activity in Dubai. Salik reported net profit of AED 273 million during the quarter and the Board of Directors approved a dividend distribution of AED 548 million for Salik's financial results of the first half of 2023, after receiving authorization by shareholders during the General Assembly Meeting held in April 2023 for the Board to decide on dividend distributions covering first half results of each year.

Commenting on the results, **His Excellency Mattar Al Tayer, Chairman of the Board of Directors of Salik**, said "The Company's exceptional results for the second quarter of 2023 are a testament to our strategic vision and commitment to delivering long-term value to our shareholders. Revenue-generating trips not only surpassed pre-COVID levels, but they also increased from the previous quarter, in spite of the typical seasonality effects."

His Excellency added: "The visionary leadership of Dubai, coupled with the Roads & Transport Authority's ambitions of expansion and growth, have created an environment conducive to our sustained success. As a company deeply rooted in this dynamic landscape, we have harnessed the immense potential it offers to propel our business forward. By capitalizing on the city's ecosystem and global connectivity, Salik continues to emerge as a leading toll gate operator globally."

Ibrahim Sultan Al Haddad, Chief Executive Officer of Salik, commented: "Salik's strong financial and operational achievements for the second quarter of 2023 continued to build upon our

momentous award-winning listing on the Dubai Financial Market in September last year. The solid achievements reflect Dubai's unwavering economic resilience and an unprecedented surge in the usage of our toll roads. The success validates our robust business model."

He added: "Salik achieved remarkable profitability during the second quarter of 2023, boasting impressive revenues of AED 517 million and an EBITDA margin of 66.9%. My team and I remain committed to deliver exceptional results and unlocking greater value for our shareholders."

Mobility Highlights

Salik posts 13.8% YoY growth in revenue-generating trips to 113.8 million in Q2 2023, achieving a new record

The total number of trips, including discounted trips, made through Salik's eight toll gates in the second quarter of 2023 witnessed growth of 12.1% YoY, driven by Dubai resuming business-as-usual commercial and tourist activities, marking the ongoing recovery from the pandemic. As a result, revenue-generating trips increased 13.8% to 113.8 million trips in the second quarter of 2023 compared to 100.1 million trips in the second quarter of 2022.

Revenue-generating trips exceeded by 6% the pre-pandemic peak level of 107.4 million trips recorded in the second quarter of 2019, and inched above the previous record level witnessed in the first quarter of 2023 despite seasonality effects whereby the second quarter typically witnesses lower level of traffic than the first (5% lower in the case of 2019, Salik's previous peak year).

In the second quarter of 2023, Al Maktoum bridge saw the number of revenue-generating trips – excluding paid taxi trips – increase by 52% YoY due to temporary closure of the Floating bridge and diversion of traffic to Al Maktoum bridge. Excluding Al Maktoum bridge, Salik's revenue-generating trips increased 11.6% YoY.

Million	Q2 2023	Q2 2022	% Δ YoY	Q1 2023	% Δ QoQ	H1 2023	H1 2022	% Δ YoY
Total trips⁽¹⁾	146.1	130.3	12.1%	146.9	-0.5%	293.0	266.9	9.8%
Discounted trips⁽²⁾	30.8	28.5	8.2%	31.7	-2.7%	62.5	58.2	7.3%
<i>% of total trips</i>	<i>21.1%</i>	<i>21.8%</i>	<i>-0.8%</i>	<i>21.5%</i>	<i>-0.5%</i>	<i>21.3%</i>	<i>21.8%</i>	<i>-0.5%</i>
Net toll traffic⁽³⁾	115.3	101.9	13.2%	115.2	0.1%	230.6	208.6	10.5%
<i>% of total trips</i>	<i>78.9%</i>	<i>78.2%</i>	<i>0.8%</i>	<i>78.5%</i>	<i>0.5%</i>	<i>78.7%</i>	<i>78.2%</i>	<i>0.5%</i>
Revenue-generating trips⁽⁴⁾	113.8	100.1	13.8%	113.6	0.2%	227.4	205.3	10.7%
<i>% of net toll traffic</i>	<i>98.7%</i>	<i>98.2%</i>	<i>0.5%</i>	<i>98.5%</i>	<i>0.2%</i>	<i>98.6%</i>	<i>98.4%</i>	<i>0.2%</i>
<i>% of total trips</i>	<i>77.9%</i>	<i>76.8%</i>	<i>1.1%</i>	<i>77.3%</i>	<i>0.6%</i>	<i>77.6%</i>	<i>76.9%</i>	<i>0.7%</i>
(1) Total vehicle trips through Salik toll gates (2) Discounted trips include taxis without passengers, Al Mamzar and Al Maktoum gates free time and discounts, vehicles exempted by law, and multiple violations and other. Multiple violations refer to drivers that repeatedly drive through the toll gates without paying in 24 hours. In this case, the fine is paid only once (3) Net toll traffic is total trips minus discounted trips (4) Revenue-generating trips is net toll traffic minus fines & penalties and unreconciled trips. Revenue-generating trips is the driver for Salik's toll usage fees revenue, which accounts for the majority of Salik's revenue								

Registered vehicles increase 8.2% YoY to c. 4.0 million

The number of vehicles registered with Salik increased 8.2% YoY and 2.0% QoQ to 4.0 million as of June 30, 2023, reflecting the Emirate of Dubai's ongoing successful efforts to grow the economy. Further, registered active accounts increased 5.2% YoY to approximately 2.2 million accounts by June 30, 2023. Tag activations reached c. 230,000 tags in the second quarter of 2023, a 28% increase from last year whereas deactivations increased c. 5% YoY to c. 141,000 tags.

Financial Highlights

Note on the financial statements:

Comparing Salik's profitability between Q2 2022 and Q2 2023, and similarly, between H1 2022 and H1 2023, may not accurately reflect the company's performance on a like-for-like basis, due to changes in its operating structure and cost profile. Since July 2022, Salik operates as a separate legal entity from the RTA through a 49-year concession agreement. As a result, Salik incurs new costs, such as concession fees, rent, amortization, and transitional service expenses, as well as finance costs.

Solid growth in toll usage fees drives Salik's revenue upwards 13.1% YoY to AED 517 million

- **Toll usage fees:** Salik continued to break records for a second consecutive quarter, posting its highest-ever quarterly toll usage revenue during the second quarter of 2023. Continued growth in commercial and tourist activities in Dubai contributed to a surge in revenue-generating trips. As a result, toll usage fee revenues increased 13.8% YoY to a record AED 455 million. On a sequential basis, toll usage fee revenues edged up 0.2% despite seasonality effects whereby second quarter travel activity is typically softer than the first quarter's. Toll usage fees represented 88.1% of the quarter's total revenues.
- **Fines and penalties:** revenues from fines and penalties saw a 5% YoY increase to AED 53 million, from AED 50 million a year earlier, broadly in line with the increase in the number of violations, net of violation dismissals (c. 620,000 in Q2 2023 compared to c. 573,000 a year earlier). The number of net violations remained mostly unchanged as a fraction of net toll traffic, and revenue from fines and penalties contributed 10.2% to total revenue.
- **Tag activation fees:** revenues from tag activation fees increased 37.7% YoY to AED 7 million and contributed 1.3% of total revenues.

During the first half of 2023, revenue increased 9.7% YoY to over AED 1.0 billion, mainly driven by a 10.7% YoY traffic-driven growth in toll usage fees.

Strong profitability in Q2 2023 underscores strong concession framework

Salik generated an EBITDA of AED 346 million during the second quarter of 2023, broadly flat QoQ, despite the previously mentioned seasonality effects. In the first half of 2023, EBITDA increased 8.4% to AED 694 million from AED 640 million in the second half of 2022.

Net profit was broadly flat sequentially, at AED 273 million during the quarter, despite the seasonality effects. Net profit for the first half of 2023 was AED 548 million, a 3.6% increase over the second half of 2022.

Salik's Board of Directors approves dividend distribution of c. AED 548 million for H1 2023 results

In light of Salik's strong set of results, the Board of Directors approved cash dividends to shareholders (7.3057 fils per share) for a total distribution of approximately AED 548 million which represents a full pay-out of the Company's net profit for the first half of 2023. The Board of Directors resolution came after receiving authorization by shareholders during the General Assembly Meeting held in April 2023 for the Board to decide on dividend distributions covering first half results of each year.

Summary of statement of profit or loss

AED million ⁽¹⁾	Q2 2023	Q2 2022	% Δ YoY	Q1 2023	% Δ QoQ	H1 2023	H1 2022	% Δ YoY
Revenue	517	457	13.1%	520	-0.7%	1,037	945	9.7%
<i>Toll usage fees</i>	<i>455</i>	<i>400</i>	<i>13.8%</i>	<i>454</i>	<i>0.2%</i>	<i>910</i>	<i>821</i>	<i>10.7%</i>
<i>Fines and penalties</i>	<i>53</i>	<i>50</i>	<i>5.0%</i>	<i>55</i>	<i>-4.6%</i>	<i>108</i>	<i>104</i>	<i>3.5%</i>
<i>Tag activation fees</i>	<i>6.5</i>	<i>4.7</i>	<i>37.7%</i>	<i>9</i>	<i>-24.2%</i>	<i>15</i>	<i>16</i>	<i>-6.3%</i>
<i>Other revenue</i>	<i>2</i>	<i>2</i>	<i>38.4%</i>	<i>2</i>	<i>7.8%</i>	<i>4</i>	<i>3</i>	<i>34.7%</i>
EBITDA⁽²⁾	346	395	-	348	-0.5%	694	800	-
EBITDA margin	66.9%	86.6%	-	66.8%	0.1%	66.9%	84.7%	-
Finance costs, net	(53)	-	-	(52)	1.3%	(105)	-	-
Profit for the period	273	394	-	275	-1.0%	548	797	-
Earnings per share (AED)	0.036	0.052	-	0.037	-1.0%	0.073	0.106	-
Dividends declared	-	-	-	-	-	548	-	-
Dividends per share (fils)	-	-	-	-	-	7.3057	-	-

(1) Comparing Salik's profitability between Q2 2022 and Q2 2023 and between H1 2022 and H1 2023 may not accurately reflect the company's performance on a like-for-like basis, due to changes in its operating structure and cost profile since the start of the concession agreement. For further details, please refer to the notes to the Company's financial statements.

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

Balance sheet remains solid

In June 2022, Salik secured an AED 4.2 billion credit facility agreement, which includes a revolving facility of AED 200 million, with Emirates NBD Bank to cover the upfront concession payment and general corporate purposes. In May 2023, Salik reduced the revolving facility to AED 50 million. At the end of the quarter, net debt stood at AED 3.1 billion. This translates to a trailing twelve months' net debt/EBITDA ratio of 2.3x, well below debt covenants.

The Company recorded a favourable net working capital balance of AED -131 million as of 30 June 2023, an increase compared to the first quarter of 2023 (AED -123 million) but broadly stable as a percentage of revenues.

Summary of financial position

AED million	30 June 2023	31 Mar 2023	% Δ QoQ	31 Dec 2022	% Δ YtD
Total assets, including:	5,178	5,379	-3.7%	5,303	-2.4%
Cash and cash equivalents	910	1,097	-17.0%	823	10.6%
Total liabilities, including:	4,517	4,500	0.4%	4,699	-3.9%
Borrowings	3,987	3,986	0.0%	3,986	0.0%
Contract liabilities ⁽¹⁾	342	344	-0.7%	338	1.2%
Total equity	660	879	-24.9%	604	9.4%
Net debt	3,077	2,890	6.5%	3,163	-2.7%
Net working capital balance ⁽²⁾	(131)	(123)	6.6%	(147)	-10.8%

(1) Contract liabilities is the sum of current and non-current balances paid in advance by customers relating to recharges and too-ups and tag activation fees

(2) Net working capital is the balance of inventories plus trade and other receivables (unadjusted for impairments) plus dues from related parties minus trade and other payables, minus due to a related party minus current portion of contract liabilities minus current portion of lease liability

Solid free cash flow of AED 357 million with a margin of 69.7 % in Q2 2023

In the second quarter of 2023, Salik generated free cash flow of AED 357 million thanks to continued strong traffic performance. Salik did not incur any capital expenditures during the second quarter of 2023. Free cash flow margin reached 69.1% from 62.5% in the previous quarter.

Summary of cash flow

AED million	Q2 2023	Q2 2022	% Δ YoY	Q1 2023	% Δ QoQ	H1 2023	H1 2022	% Δ YoY
Operating cash flow before changes in working capital	354	398	-	355	-0.4%	709	813	-
Changes in working capital	4	19	-	(30)	-	(26)	15	-
Net cash flow from operating activities	357	417	-	325	9.9%	682	828	-
Net cash generated from / (used) in investing activities	7	(3)	-	4	-	11	(3)	-
Net cash (used in) / generated from financing activities	(550)	3,791	-	(55)	898.4%	(605)	3,380	-
Free cash flow ⁽¹⁾	357	414	-	325	9.9%	682	825	-
Free cash flow margin ⁽²⁾	69.1%	90.5%	-	62.5%	6.6%	65.8%	87.3%	-

(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

Business Highlights

Salik wins 'Best IPO in the Middle East' at EMEA Finance's Achievement Awards 2022

In the second quarter of 2023, Salik won the prestigious title of Best Initial Public Offering in the Middle East 2022 by EMEA Finance Magazine. This recognition comes after the Company's successful listing on the Dubai Financial Market. The award was presented at a special ceremony held in London where prominent representatives from leading companies and financial institutions across the Middle East, Europe, and Africa were in attendance. Salik's achievement in securing this accolade underscores its significant contribution to the financial sector in the region and highlights its exceptional performance in the Initial Public Offering.

Salik is making further progress in its efforts to promote sustainability

Salik remained committed to environmental sustainability by encouraging the use of electric vehicles and providing free Salik tags to their owners. As of June 30, 2023, the number of registered vehicles with these tags doubled from a year earlier, and increased by 11.3% compared to the previous quarter, reaching 3,194 vehicles.

Salik continues to prioritize investing in its human resources and upholds its commitment to diversity and inclusivity. Salik expanded its full-time workforce from 12 on June 30, 2022 to 37 personnel as on June 30, 2023, and saw a rise in the number of nationalities represented from 6 to 12.

Furthermore, Salik continued to emphasize gender diversity, with females comprising 24% of the total workforce as of June 30, 2023. The company also achieved advancements in Emiratization, attaining a level of approximately 38% by the end of the quarter.

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 increased 9.8% YoY to c. 2 million during the second quarter of 2023, at a rate of over 22,000 trips per day, on average. The increase was driven

by an increase in the number of registered exempted vehicles by 12.8% YoY to reach over 50,000 vehicles by the end of the quarter.

Business Outlook

In the second quarter of 2023, Salik continued to experience a consistent and positive increase in the number of trips made through its eight toll gates. In light of this performance, the company revises its guidance for the entire year. Salik expects revenue-generating trips to grow 9-10% compared to 2022, with an EBITDA margin in the range of 66-67%.

—ENDS—

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 2022, 539 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.

Investor Relations

Mohamed Zein

Head of Investor Relations

E: Mohamed.Zein@salik.ae

Media Enquiries

Faisal Tawakul

Marketing & Corporate Communications
Manager

E: Faisal.Tawakul@salik.ae

Disclaimer

No statement in this document is intended to be nor may be construed as a profit forecast. Any statements made in this document which could be classed a "forward-looking" are based upon various assumptions, including, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant risks, uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. Risks, uncertainties, contingencies could cause the actual results of operations, financial condition and liquidity of the Company to differ materially from those results expressed or implied in the document by such forward-looking statements. No representation or warranty is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved. No reliance should be placed on any forward-looking statement.