

Salik records highest Q3 revenue figures since operations commenced in 2007, reporting revenues of AED 509 Million and 14.2% YoY Growth

- *Revenue-generating trips reached c.110.8 million in the third quarter of 2023, up 14.6% YoY, supported by healthy macroeconomic environment in Dubai and the city's attractiveness to tourists and new residents*
- *Active registered accounts and vehicles increased 13.0% and 8.8% YoY, respectively, at the end of the third quarter, reaching 2.4 and 3.9 million*
- *Salik delivered robust net profit of AED 255 million, representing a 5.3% YoY growth, and free cash flow of c. AED 359 million in the third quarter*
- *Key operational milestones included the inauguration of a new eco-friendly office and celebration of one year anniversary since award-winning listing on DFM*

Dubai, UAE – 13 November 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, have approved the Company's condensed financial results for the nine-month and three-month periods ended September 30, 2023.

In the third quarter of 2023, Salik continued to deliver strong top-line performance, with 110.8 million revenue-generating trips and total revenue of AED 509 million. Toll usage revenue, which represent 87.1% of total revenue, increased 14.6% YoY, the highest third quarter performance since Salik commenced operations in 2007, supported by continued strong growth in tourism and residency, with Dubai remaining an attractive destination both for visitors and people relocating to the city.

Salik remains highly profitable, reporting net profit of AED 255 million during the third quarter of 2023, up 5.3% against the prior year.

Commenting on the results, **His Excellency Mattar Al Tayer, Chairman of the Board of Directors of Salik**, said: "Salik's robust performance in the third quarter of 2023 is a testament to our strategic vision and commitment to delivering long-term value to our shareholders. Strong and sustained momentum in the third quarter is also evidence that the Government of Dubai's focus on expanding the economy, particularly focusing on population growth and maintaining the Emirate's attractiveness to tourists, is bearing fruit. Salik continues to emerge as a leading toll gate operator globally, supported by a highly efficient business model and a buoyant local macroeconomic environment."

Ibrahim Sultan Al Haddad, Chief Executive Officer of Salik, commented: "We maintained high levels of top-line performance during the third quarter, recording 14.2% growth in revenue and an EBITDA margin of 64.9%. As such, we are very encouraged by year-to-date performance as well as by supportive macroeconomic indicators for the remainder of the year. This was recently demonstrated by the number of students enrolling in private sector schools in Dubai recording its highest-ever growth since 2007, clear evidence of the city's strong attraction to new residents. We are pleased to reiterate our full year financial guidance and expect underlying revenue-generating trips to grow 9-10% compared to 2022 with an EBITDA margin in the range of 66-67%."

Al Haddad added: "The third quarter was also a time for passing some important business milestones, as we celebrated our first full year since our award-winning listing on Dubai Financial Market in September. We also inaugurated our new eco-friendly office in Festival Tower, in line with our commitment to reducing the Company's carbon footprint, an exciting and important moment in our sustainability journey."

Mobility Highlights

Salik posts c.15% YoY growth in revenue-generating trips to 110.8 million in Q3 2023

The total number of trips, including discounted trips, made through Salik's eight toll gates in the third quarter of 2023 grew 12.3% YoY, driven by Dubai's continued attraction to tourists and business-as-usual commercial activities. As a result, revenue-generating trips increased 14.6% to 110.8 million in the third quarter, compared to 96.6 million trips in the same period of the prior year. During the first nine-months of 2023, revenue generating trips increased 12.0% YoY to 338.2 million.

Revenue-generating trips remained comfortably above the pre-pandemic peak of 107.4 million recorded in the second quarter of 2019 and are only marginally below the all-time record level of the second quarter of 2023, due to seasonality, as activity tends to slow down during the third quarter due to summer holidays before picking up in the fourth quarter.

In the third quarter of 2023, the Al Maktoum Bridge gate saw the number of revenue-generating trips – excluding paid taxi trips – increase 61.4% YoY, due to the continued closure of the nearby Floating Bridge and diversion of traffic to the gate. Al Garhoud Bridge, similarly, saw the number of revenue-generating trips, excluding taxi trips, increase 16.3% YoY. Excluding both Al Maktoum and Al Garhoud Bridges, Salik's revenue-generating trips increased 11.2% YoY. Robust growth exceeded 10% at several toll gates, including; Al Barsha (+c. 10%); Al Mamzar North (+c. 10%); Airport Tunnel (+c. 14%); and Jebel Ali (+c. 17%).

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Million	Q3 2023	Q3 2022	% Δ YoY	Q2 2023	% Δ QoQ	9M 2023	9M 2022	% Δ YoY
Total trips⁽¹⁾	143.7	128.0	12.3%	146.1	-1.7%	436.7	394.8	10.6%
Discounted trips⁽²⁾	31.5	30.1	4.8%	30.8	2.3%	94.0	88.3	6.4%
% of total trips	21.9%	23.5%	-1.6%	21.1%	0.8%	21.5%	22.4%	-0.8%
Net toll traffic⁽³⁾	112.2	97.9	14.5%	115.3	-2.7%	342.7	306.6	11.8%
% of total trips	78.1%	76.5%	1.6%	78.9%	-0.8%	78.5%	77.6%	0.8%
Revenue-generating trips⁽⁴⁾	110.8	96.6	14.6%	113.8	-2.7%	338.2	302.0	12.0%
% of net toll traffic	98.7%	98.7%	-	98.7%	0.1%	98.7%	98.5%	-
% of total trips	77.1%	75.5%	1.6%	77.9%	-0.8%	77.4%	76.5%	1.0%

(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 c.8.8% YoY to c.3.9 million

The number of vehicles registered with Salik increased c.8.8% YoY as of September 30, 2023, reflecting the Government of Dubai's ongoing success in expanding the economy and ensuring the Emirate remains a key destination for tourism and new residents. In addition, registered active accounts increased 13.0% YoY to approximately 2.4 million by September 30, 2023. Tag activations reached c. 226,000 tags in the third quarter of 2023, a 17.0% increase from last year.

Financial Highlights

Note on the financial statements

Comparing Salik's profitability between 9M 2022 and 9M 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.

Continued strong performance drives revenue up 14.2% YoY to AED 509 million in Q3 2023

- **Toll usage fees:** revenue continued to increase during the third quarter of 2023, supported by the inflow of tourists and movement of individuals across Dubai. As a result, toll usage fee revenues increased 14.6% YoY to AED 443 million. On a quarterly basis, toll usage fee revenues decreased by 2.7% due to seasonality, where activity tends to slow down during the third quarter given the summer holidays before picking up in the fourth quarter. Toll usage fees represented 87.0% of the quarter's total revenues.
- **Fines:** performed strongly during the quarter, with revenues up 11.0% YoY to AED 54 million from AED 49 million in the prior year. Sequentially, revenue from fines also increased, up 3.1%, with the strong performance due to an increase in the number of net violations (accepted minus dismissed violations). The number of net violations grew c. 13.0% YoY, having reached c. 665,000 in the third quarter of 2023, versus c. 586,000 in the prior year and c. 620,000 in the second quarter of 2023. Net violations during the quarter registered 0.6% of net toll traffic which remains fairly in line with the second quarter, and revenue from fines contributed 10.7% to total revenue.
- **Tag activation fees** grew strongly on both a year-on-year and a quarterly basis. Revenue from tag activation fees increased 20.7% YoY to AED 9 million, or up 42.4% versus the second quarter. Tag activation fees contributed 1.8% of total revenues.

During the first nine-months of 2023, revenue increased 11.2% YoY to over AED 1.5 billion, mainly driven by a 12.0% YoY traffic-driven growth in toll usage fees.

Profitability remained strong in the third quarter, with net profit up 5.3% YoY

Salik generated EBITDA of AED 330 million during the third quarter of 2023, up 13.5% YoY. EBITDA margin reached 64.9% in the period, down on a year-on-year basis due to non-recurring cost items. On an underlying basis, removing the impact of one-off items including costs relating to IT and fit-out expenses associated with the inauguration of Salik's new office, adjusted EBITDA amounts to AED 333 million for the period, with adjusted margins of 65.3%, broadly stable year-on-year.

As compared to the previous quarter, EBITDA was down 4.5%, mainly due to the presence of non-recurring expenses in the third quarter 2023, as well as seasonality, where activity tends to slow during the third quarter due to summer holidays.

Net profit reached AED 255 million in the third quarter of 2023, up 5.3% YoY, despite higher net finance costs given the evolving interest rate environment as the Company secured an AED 500 million short term deposit in the third quarter to lessen the impact of rising profit rates on finance costs. Compared to the second quarter, net profit was down 6.6% QoQ at the back of lower EBITDA and higher net finance costs.

Summary of statement of profit or loss

AED million	Q3 2023	Q3 2022	% Δ YoY	Q2 2023	% Δ QoQ	9M 2023	9M 2022	% Δ YoY
Revenue	509	445	14.2%	517	-1.5%	1,546	1,390	11.2%
Toll usage fees	443	386	14.6%	455	-2.7%	1,353	1,208	12.0%
Fines	54.4	49.0	11.0%	53	3.1%	163	153	5.9%
Tag activation fees	9.3	7.7	20.7%	7	42.4%	24	24	2.4%
Other revenue	2	2	-8.3%	2	-2.4%	6	5	16.4%
EBITDA⁽¹⁾	330⁽²⁾	291	13.5%	346	-4.5%	1,024	1,091	-
EBITDA margin	64.9%	65.4%	-0.4%	66.9%	-2.0%	66.2%	78.5%	-
Finance costs, net	(55)	(29)	90.1%	(53)	4.2%	(159)	-	-
Profit for the period	255	242	5.3%	273	-6.6%	803	1,039	-
Earnings per share (AED)	0.034	0.032	5.3%	0.036	-6.6%	0.107	0.138	-

(1) EBITDA is profit for the period, excluding the impact of finance cost, finance income, and depreciation and amortization expenses.
(2) Q3 2023 adjusted EBITDA of AED 333 million, adjusted for the costs related to the relocation to the new office

Balance sheet remains solid

The Company recorded a favourable net working capital balance of AED -164 million as of 30 September 2023, an increase compared to the first half of 2023 amount of AED -131 million, equating to c. 8.0% as a percentage of revenues.

At the end of the quarter, net debt stood at AED 3.3 billion,. This translates to a trailing twelve months' net debt/EBITDA ratio of 2.4x, significantly below the Company's debt covenant of 5.0x.

Summary of financial position

AED million	30 Sept 2023	30 June 2023	% Δ QoQ	31 Dec 2022	% Δ YtD
Total assets, including:	4,895	5,178	-5.5%	5,303	-7.7%
Cash and cash equivalents	167	910	-81.6%	823	-79.7%
Short Term Deposit with Bank ⁽¹⁾	500	-	-	-	-
Total liabilities, including:	4,528	4,517	0.2%	4,699	-3.6%
Borrowings	3,988	3,987	0.0%	3,986	0.1%
Contract liabilities ⁽²⁾	343	342	0.5%	338	1.7%
Total equity	367	660	-44.4%	604	-39.2%
Net debt⁽³⁾	3,321	3,077	7.9%	3,163	5.0%
Net working capital balance⁽⁴⁾	(164)	(131)	24.5%	(147)	11.1%

(1) Represent Fixed deposit with original maturity of 3 to 12 months. Previously the term deposits had maturity less than 3 months and thus were classified as Cash
(2) 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
(3) Net debt is total borrowings minus cash and cash equivalents minus short term deposit
(4) 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 359 million, with a margin of 70.5% improves on previous quarter

In the third quarter of 2023, Salik generated free cash flow of AED 359 million, supported by continued strong traffic performance and the movement of individuals. The Company incurred AED 4.5 million of capital expenditures associated with IT and fit-out for the office relocation during the third quarter of 2023. The free cash flow margin improved sequentially in the period, reaching 70.5% from 69.1% in the previous quarter.

Summary of cash flow

AED million	Q3 2023	Q3 2022	% Δ YoY	Q2 2023	% Δ QoQ
Operating cash flow before changes in working capital	338	302	12.2%	354	-4.3%
Changes in working capital	25	13	90.8%	4	563.9%
Net cash flow from operating activities	363	315	15.4%	357	1.7%
Net cash (used in) / generated from investing activities ⁽¹⁾	(497)	(4,000)	-87.6%	7	-
Net cash used in financing activities	(610)	(30)	-	(550)	10.8%
Free cash flow ⁽²⁾	359	315	14.0%	357	0.4%
Free cash flow margin ⁽³⁾	70.5%	70.6%	-0.2%	69.1%	1.4%

⁽¹⁾ Net cash of AED 4,000 used for the upfront payment of concession fee in Q3 2022.
⁽²⁾ 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
⁽³⁾ Free cash flow margin is free cash flow divided by revenue

Business Highlights

Salik celebrates one-year anniversary of debut on Dubai Financial Market (DFM)

September 2023 marked Salik's one year anniversary following its award-winning listing on Dubai Financial Market. The IPO raised gross proceeds of over AED 3.7 billion, with oversubscription of more than 49 times in aggregate. Salik continues to emerge as a leading toll gate operator globally, supported by the visionary leadership of Dubai and the Road & Transport Authority's ambitions of expansion and growth. The Company's achievements in the last twelve months reflect Dubai's resilience in a highly volatile global economy and a surge in the volume of traffic on the city's toll roads, further validating Salik's business model.

Salik is pursuing its sustainability goals, having relocated to a new eco-friendly office

Salik is committed to reducing its carbon footprint, aligning with Dubai's goal of achieving net-zero emissions by 2050. As part of this effort, the Company inaugurated its new eco-friendly office at Festival Tower, underscoring its focus on environmental stewardship and sustainability. The new office is a LEED Gold Certified building featuring motion sensor lighting and 5-star energy-rated appliances and has been designed using sustainable materials. In line with its mission to reduce its environmental footprint, Salik's new office features state-of-the-art, energy-efficient IT infrastructure. This approach to an eco-friendly working environment not only aligns with the Company's sustainability agenda, but also builds on Salik's commitment to powering all toll gates by solar energy over the medium term.

Salik maintains a growing and positive impact on the community

Salik continues to prioritize investing in its human resources and upholds its commitment to diversity and inclusivity. Salik expanded its full-time workforce from 19 on September 30, 2022 to 40 personnel as on September 30, 2023, and saw a rise in the number of nationalities represented from 7 to 12. Furthermore, Salik continued to emphasize gender diversity, with females comprising 25% of the total workforce as of September 30, 2023. The company also achieved advancements in Emiratization, attaining a level of approximately 35% by the end of the quarter.

Salik remained committed to environmental sustainability by encouraging the use of electric vehicles and providing free Salik tags to their owners. As of September 30, 2023, the number of registered vehicles with these tags grew by 84.4% YoY, and increased by 7.6% compared to the previous quarter, reaching 3,438 vehicles.

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 8.0% YoY to 1.9 million during the third quarter of 2023, at a rate of over 21,000

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 51,000 vehicles by the end of the quarter.

Business Outlook

Salik's management is pleased to reiterate its full year outlook for 2023, having delivered strong revenue growth in the third quarter, supported by a continued increase in the number of trips made through its eight toll gates coupled with robust EBITDA margin performance. The Company expects underlying revenue-generating trips to grow 9-10% in 2023 compared to 2022, with an EBITDA margin in the range of 66-67%.

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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 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.

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