

Salik Reports 12.5% Growth in Profit Before Tax during the 9M-2024, With Revenue-Generating Trips Expected to Increase 24-25% in 2025

- *Salik's nine-month revenue reached AED 1,640.9 million, up 6.2% YoY, with revenue in the third quarter of AED 546.1 million up 7.3% YoY. Strong top-line performance continues to be supported by positive macroeconomic environment and tourism trends.*
- *Revenue-generating trips totalled 355.6 million in the nine-month period, up 5.1% YoY, with the third quarter reaching 117.1 million, up 5.7% YoY, the highest-ever third quarter for the Company.*
- *Active registered accounts reached c.2.5 million by the end of September 2024, a 7.1% YoY increase, with registered vehicles increasing 8.7% YoY to reach 4.3 million.*
- *Net profit before tax grew by 12.5% to AED 903.3 million in the nine-month period and by 19.6% to AED 304.7 million in the third quarter.*
- *Despite the impact of the new 9% UAE corporate tax, Salik sustained a robust net profit after tax of AED 822.0 million for the nine-month period, up 2.4% YoY, and AED 277.3 million in the third quarter, up 8.8% YoY.*
- *Recently upgraded FY24 guidance unchanged, with annual revenue-generating trips expected to increase 7-8% for the full year 2024, as well as 24-25% in FY25.*

Dubai, UAE – 13 November 2024: Salik Company PJSC ("Salik" or the "Company"), Dubai's exclusive toll gate operator, today announced the Company's financial results for the three-month and nine-month periods ended September 30, 2024 ("Q3 2024" and "9M 2024").

Salik continued to deliver strong financial performance during the first nine-months of 2024, registering 355.6 million revenue-generating trips, which increased 5.1% YoY to drive total revenue of AED 1,640.9 million. Revenue from toll usage, comprising 86.7% of total revenue, rose 5.1% YoY to AED 1,422.2 million in the nine-month period, with third quarter revenue from tolls increasing 5.7% YoY to AED 468.4 million. During the nine-month period of 2024, Salik reported EBITDA of AED 1,115.0 million, up 8.9% YoY, and profit before tax of AED 903.3 million, up 12.5% YoY. Salik generated net profit after tax of AED 822.0 million during the same period, with third quarter profit after tax increasing 8.8% YoY to AED 277.3 million.

His Excellency Mattar Al Tayer, Chairman of the Board of Directors of Salik, said: "Our performance in the first nine-months of 2024 is a testament to our robust business model and commitment to enhancing mobility in Dubai. We made further strategic progress in the third quarter, having officially launched our parking partnership with Emaar to provide parking solutions at Dubai Mall, a key initiative to diversify our revenue base that is already contributing positively to our financial performance. On 24 November we will be commencing operations of the Business Bay Crossing and Al Safa South gates. The launch of the two new gates is a continuation of the RTA's strategic plan, aimed at enhancing road networks and facilities, public transport lines and services with the aim of improving the flow of traffic across the Emirate of Dubai, further strengthening Dubai's position as a leading global destination."

Ibrahim Sultan Al Haddad, Chief Executive Officer of Salik, commented: "Our results for the nine-month period ended 30 September 2024 were bolstered by strong performance in the third quarter, with revenue-generating trips increasing 5.7% year-on-year, along with very robust profitability. With our inaugural parking solution at Dubai Mall now in full swing, and the operation of the two new toll gates starting on 24 November 2024, we remain encouraged by positive trends in Dubai's economy, which are supportive of our own growth. On this basis, we are pleased to reiterate our recently upgraded guidance for FY24, expecting revenue growth to increase by 7-8% compared to FY23, particularly in view of Q4 typically being a seasonally stronger quarter for Salik. We also expect this good growth momentum to continue into next year, with revenue-generating trips expected to increase in the range of 24-25% in FY25, including the contribution from the two new gates."

Performance Highlights

Mobility Highlights

Salik posts 5.1% YoY growth in revenue-generating trips in nine-months of 2024, reaching 355.6 million

The total number of trips, including discounted trips, made through Salik's eight toll gates grew 4.1% YoY in the nine-month period, driven by Dubai's continued attraction to tourists and business-as-usual commercial activities. As a result, revenue-generating trips reached AED 355.6 million in the nine-month period, up 5.1% YoY, with revenue generating trips totalling AED 117.1 million in the third quarter, up 5.7% YoY, the highest third quarter performance for revenue-generating trips since inception. Growth remained strong across several gates in the third quarter, with Jebel Ali seeing strong double-digit growth (+c.16%), and other gates growing in the high-single digit range, including Airport Tunnel (+c.9%) and Al Safa (+c.7%).

Growth in active accounts exceeds 7% YoY, with registered vehicles increasing by 8.7% YoY to 4.3 million

Registered active accounts increased 7.1% YoY to c.2.5 million in the nine-months of 2024, from c.2.3 million in the nine-month period of 2023, with tag activations reaching c.268,000 in the third quarter, an 18.6% YoY increase. In addition, the number of vehicles registered with Salik in the third quarter increased 8.7% 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, as required by laws, regulations and Concession Agreement. The number of free-of-charge trips made by exempted vehicles in the nine-month period through Salik's eight toll gates grew 4.1% YoY reaching 6.0 million, with the number of registered exempted vehicles up 8.5% YoY to reach 163,376 vehicles by the end of the nine-month period.

Million	Q3 2024	Q3 2023	% Δ YoY	Q2 2024	% Δ QoQ	9M 2024	9M 2023	% Δ YoY
Total trips	150.5	143.7	4.8%	147.9	1.8%	454.4	436.7	4.1%
Discounted trips	32.0	31.5	1.7%	30.3	5.9%	93.5	94.0	-0.5%
<i>% of total trips</i>	<i>21.3%</i>	<i>21.9%</i>	<i>-0.6%</i>	<i>20.5%</i>	<i>0.8%</i>	<i>20.6%</i>	<i>21.5%</i>	<i>-0.9%</i>
Net toll traffic	118.5	112.2	5.6%	117.7	0.7%	361.0	342.7	5.3%
<i>% of total trips</i>	<i>78.7%</i>	<i>78.1%</i>	<i>0.6%</i>	<i>79.5%</i>	<i>-0.8%</i>	<i>79.4%</i>	<i>78.5%</i>	<i>0.9%</i>
Revenue-generating trips	117.1	110.8	5.7%	115.7	1.2%	355.6	338.2	5.1%
<i>% of net toll traffic</i>	<i>98.8%</i>	<i>98.7%</i>	<i>0.1%</i>	<i>98.3%</i>	<i>0.5%</i>	<i>98.5%</i>	<i>98.7%</i>	<i>-0.2%</i>
<i>% of total trips</i>	<i>77.8%</i>	<i>77.1%</i>	<i>0.7%</i>	<i>78.2%</i>	<i>-0.4%</i>	<i>78.2%</i>	<i>77.4%</i>	<i>0.8%</i>

Financial Highlights

Continued strong performance drives revenue to AED 1,640.9 million in nine-months of 2024, up 6.2% YoY

- **Toll usage fees:** revenue during the nine-month period increased by 5.1% YoY to AED 1,422.2 million. The strong growth remains supported by the inflow of tourists and increased movement of individuals across Dubai, with third-quarter toll usage fee revenues increasing 5.7% YoY to AED 468.4 million.
- **Fines:** revenue from fines increased 7.6% YoY to AED 174.8 million in the nine-month period, with the third quarter up 7.9% YoY to AED 58.7 million. The number of net violations (accepted minus dismissed violations) grew 0.8% YoY in Q3 2024, reaching c.670,000. Net violations during the third quarter represented 0.4% of net toll traffic, with revenue from fines contributing 10.7% to total revenue in the nine-month period.
- **Tag activation fees:** grew strongly in the nine-month period, with revenue increasing 23.3% YoY to AED 30.1 million, up 11.3% YoY to AED 10.3 million in the third quarter. Tag activation fees contributed 1.8% of total revenues in the nine-month period.

Salik maintained strong profitability in the nine-months, with high-single digit EBITDA growth, up 8.9% YoY

Salik generated EBITDA of AED 1,115.0 million in the nine-month period of 2024, up 8.9% YoY from AED 1,024.0 million in the prior year. The strong growth in the nine-month period was driven by a double-digit year-on-year increase in EBITDA within the third quarter, having increased 14.0% YoY to AED 376.7 million from AED 330.4 million in Q3 2023, the highest third quarter EBITDA in Salik's history. The EBITDA margin reached 68.0% in the nine-month period, compared to a margin of 66.2% during the same period in 2023. The EBITDA margin expanded significantly in the third quarter to 69.0% compared to the 64.9% in Q3 2023 and 67.8% in the second quarter of 2024.

In the nine-month 2024 period, Salik reported net profit before taxes of AED 903.3 million, marking a strong 12.5% increase year-on-year, with third quarter profit before tax increasing 19.6% YoY to AED 304.7 million. Following the implementation of a new 9% corporate tax in the UAE in 2024, Salik generated net profit after taxes of AED 822.0 million for the nine-month period, a 2.4% YoY increase, with third quarter profit after tax increasing by high single digits, up 8.8% YoY to AED 277.3 million.

Summary of statement of profit or loss

AED million ⁽¹⁾	Q3 2024	Q3 2023	% Δ YoY	Q2 2024	% Δ QoQ	9M 2024	9M 2023	% Δ YoY
Revenue	546.1	508.8	7.3%	532.7	2.5%	1,640.9	1,545.6	6.2%
Toll usage fees	468.4	443.1	5.7%	462.7	1.2%	1,422.2	1,352.6	5.1%
Fines and penalties	58.7	54.4	7.9%	57.2	2.7%	174.8	162.5	7.6%
Tag activation fees	10.3	9.3	11.3%	10.0	3.6%	30.1	24.4	23.3%
Other revenue	8.6	2.0	324.7%	2.9	199.2%	13.8	6.0	127.9%
EBITDA⁽²⁾	376.7	330.4	14.0%	361.5	4.2%	1,115.0	1,024.0	8.9%
EBITDA margin	69.0%	64.9%	4.0%	67.8%	1.1%	68.0%	66.2%	1.7%
Finance costs, net	(50.5)	(54.8)	-7.9%	(46.5)	8.5%	(148.2)	(159.3)	-7.0%
Profit before tax	304.7	254.8	19.6%	293.9	3.7%	903.3	802.7	12.5%
Income tax	(27.4)	-	N/A	(26.4)	3.8%	(81.3)	-	N/A
Profit for the period	277.3	254.8	8.8%	267.5	3.7%	822.0	802.7	2.4%
Earnings per share (AED)	0.037	0.034	8.8%	0.036	3.7%	0.110	0.107	2.4%

(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 -218.8 million as of 30 September 2024, equating to c.-10.0% as a percentage of annualized revenues. As at 30 September 2024, net debt stood at AED 3,163.3 million, from AED 2,947.1 million at the end of June 2024. This translates to a trailing twelve-month net debt/EBITDA ratio of 2.1x, significantly below the Company's debt covenant of 5.0x.

Summary of financial position

AED million	30-Sep-24	30-Jun-24	% Δ QoQ	31-Dec-23	% Δ YtD
Total assets, including:	5,059.2	5,253.6	-3.7%	5,223.8	-3.2%
Cash and cash equivalents	836.6	452.3	85.0%	266.2	214.3%
Short term deposit with bank ⁽¹⁾	-	600.0	-	750.0	-
Total liabilities, including:	4,669.4	4,596.3	1.6%	4,561.2	2.4%
Borrowings	3,991.2	3,990.4	0.0%	3,988.8	0.1%
Contract liabilities ⁽²⁾	369.4	356.7	3.6%	353.1	4.6%
Total equity	389.8	657.3	-40.7%	662.5	-41.2%
Net debt	3,163.3	2,947.1	7.3%	2,980.5	6.1%
Net working capital balance ⁽³⁾	(218.8)	(191.3)	14.4%	(192.4)	13.7%

(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 top-ups and tag activation fees.

(3) Net working capital is the balance of inventories plus trade and other receivables plus dues from related parties plus contract assets minus trade and other payables, minus due to a related party minus current portion of contract liabilities minus current portion of lease liabilities and provision for taxation.

Solid free cash flow of AED c.1.1 billion, up 1.3% year-on-year, with a margin of 64.3%

Summary of cash flow

Salik generated free cash flow of AED 1,054.7 million in the nine-month period, up 1.3% YoY, with a free cash flow margin of 64.3%. Free cash flow reached AED 370.3 million in the third quarter, up 3.2% year-on-year, with a free cash flow margin of 67.8%. The free cash flow margin declined by c.310 basis points versus the prior year in the nine-month period, and c.270 basis points versus Q3 2023, primarily due to an increase in intangible assets related to the parking management solution.

AED million	Q3 2024	Q3 2023	% Δ YoY	Q2 2024	% Δ QoQ	9M 2024	9M 2023	% Δ YoY
Operating cash flow before changes in working capital	383.7	338.3	13.4%	373.7	2.7%	1,144.5	1,046.9	9.3%
Changes in working capital	(13.4)	24.9	-153.8%	(37.0)	-63.9%	(83.8)	(1.4)	6033.7%
Net cash flow from operating activities	370.3	363.2	2.0%	336.6	10.0%	1,060.6	1,045.5	1.4%
Net cash generated from / (used) in investing activities	621.0	(496.7)	-225.0%	2.0	-	793.3	(486.2)	-263.2%
Net cash (used in) / generated from financing activities	(607.0)	(609.6)	-0.4%	(611.1)	-0.7%	(1,283.5)	(1,214.9)	5.6%
Free cash flow ⁽¹⁾	370.3	358.7	3.2%	333.8	10.9%	1,054.7	1,040.9	1.3%
Free cash flow margin ⁽²⁾	67.8%	70.5%	-2.7%	62.7%	5.2%	64.3%	67.3%	-3.1%

(1) Free cash flow is net cash flows from operating activities less purchases of property and equipment and intangibles 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 to be operational from 24 November 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 and the combined valuation of the two new toll gates at Business Bay and Al Safa South.

As previously disclosed, the two new gates are valued at a total of AED 2,734 million, with the Business Bay Gate valued at AED 2,265 million and the Al Safa South Gate valued at AED 469 million.

The new Business Bay Crossing and Al Safa South gates are expected to be operational on 24 November 2024 and mark continued progress for the core tolling business. The introduction of the two new gates is a key milestone and Salik is pleased with the progress made in launching the new gates, with both toll gates currently under final preparation and testing phase ahead of go-live, in line with expectations.

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

Salik made an important step in expanding its ancillary revenue streams through the third quarter, with the successful launch of its barrier-free parking payment solution at Dubai Mall on 1 July 2024. 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 first full quarter performance of the parking solution has been strong, with a revenue contribution of AED 2.57 million in the three months since launching in July 2024. The barrier-free parking payment solution processed a total of 3.8 million transactions, all of which were 100% seamless, in line with our ambitions to

deliver a seamless paid parking system to enhance the guest experience, improve parking availability and streamline the payment process, with 100% of the transactions being autopayment.

Enhancing ancillary revenue: Customised Salik tags initiative; new LIVA motor insurance partnership

Salik is pleased to announce it is in the process of launching an innovative Customized Tags initiative, allowing corporate customers to personalize Salik tags with unique designs and messages. This initiative reflects Salik's dedication to enhancing customer experience and embracing innovation. In addition to this exciting launch, Salik is also conducting a review of its previously announced plans for gantry advertisements. Salik is currently not able to proceed with that particular advertising initiative for technical reasons, however Salik remains committed to explore the in-app and website advertisement opportunities, in addition to the recent launch of the Customized Tags.

Although a post-period event, Salik has also partnered with LIVA (formerly RSA), a leading multi-line insurer in the GCC, to offer marketing leading insurance solutions. The partnership will offer one-of-a-kind bespoke insurance solutions to drivers in the UAE, streamlining the renewal process for a greater convenience and efficiency. Salik will leverage its comprehensive driver and vehicle database to provide value-added services to customers by sending timely renewal reminders to mitigate insurance coverage lapses. These notifications will include a link directing customers to a LIVA landing page, where the motor insurance policy can be renewed in a few simple steps. The partnership marks another key milestone in Salik's strategy to enhance its ancillary revenue streams and establish its position as a leader in sustainable mobility solutions.

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 nine-months of 2024 Salik expanded its full-time workforce by 15% YoY, to 46 personnel, with the number of nationalities represented remaining at 12. Salik continues to progress on Emiratization, attaining a level of 30%% by the end of the period.

Business Outlook

FY24 revenue-generating trips expected to increase by 7-8% YoY, with FY25 expected to grow 24-25% YoY

Full year 2024 expectations remain unchanged, with total revenue and revenue-generating trips expected to increase in the range of 7-8% for 2024, including the expected revenue from the two new gates starting from 24 November 2024, and a robust EBITDA margin of 67-68%.

Salik has also announced its financial guidance for FY25, with total revenue growth expected to be in the range of 25-26% year-on-year, including the impact of the two new gates introduced on 24 November 2024, as a result of the growth in revenue-generating trips, which is expected to increase 24-25% YoY in FY25, with EBITDA margin in the range of 67-68%. On a normalised basis, excluding the contribution from the two new gates, total revenue is expected to increase 4-5% YoY in FY25.

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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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