

# A journey of continued improvement



Marked by continued low oil prices and global political volatility, 2018 has been another challenging year for a retail sector that has showed ongoing decline despite a variety of corrective actions.

While our net sales reached SAR 2 billion in 2018, representing a 4.3% rise over 2017, our net profit after tax was SAR 459 million (down from SAR 482m in 2017) or 22.6% of net sales, which is 4.7% less than in 2017. Much of this decline was a result of the drop in revenue and respective profit generated by our Retail Division, as well as rising personnel costs. However, our In-Flight Catering continued to achieve highly encouraging performance in 2018.

Despite its various challenges, 2018 has also seen multiple success stories for SACC. One of our major achievements during the year was the finalisation of our contract with the Haramain High-Speed Railway, which serves as a prime example of our ability to adapt our service capabilities to meet the requirements of new clients. We were also awarded the contract by Saudia to build and operate the Al Fursan Domestic Lounge at the new King Abdulaziz International Airport in Jeddah. Our Catering and Facilities Division also secured a number of new contracts in 2018 and delivered many that had been agreed during the previous year, providing an excellent base for further success in 2019.

We also adopted two new International Financial Reporting Standards in 2018 - IFRS 15 (Revenue from contracts with

customers) and IFRS 9 (Financial Instruments), following extensive preparations, and continued work to build our finance, planning and operational systems to help meet the additional compliance and disclosure obligations associated with IFRS regulation.

In 2019, our aim is to combine key financial, HR and operational data under one analytical platform. This will enable us to develop a robust performance management system for various aspects of the business that will counteract the pressure on profit margins in some business lines and ensure continuous value creation for all our stakeholders.

Our core in-flight business generated 72% of our net sales in 2018 and remains the cornerstone of our strength and a key enabler of our diversification. However, under our current strategy we have also broadened our business foundations by entering new areas such as security, laundry and baggage handling. As growth in the airline catering business slows, contributions from new areas such as these will become important pillars in our future success.

With Vision 2030 will come countless opportunities as the country prepares to

welcome more pilgrims and tourists to its shores. Our service portfolio spans many of the areas that will benefit directly from this development - from traditional in-flight catering to food and hospitality services for pilgrims and tourists. Therefore, SACC is exceptionally well positioned to support Saudi Arabia's new economy as we pursue the Kingdom's economic and development goals together over the coming decade.

**Matti Kivekas**  
Chief Financial Officer



Net sales (SAR)

**2bn**

Net Profit after tax (SAR)

**459m**