

Our business is in your journey



On behalf of the Board of Directors, it gives me great pleasure to present the 2018 Annual Report of Saudi Airlines Catering Company.

The past year has not been without its challenges, including those posed by the turbulent economic climate, the effects of which have been accentuated by depressed oil prices. These conditions have led to further cost-cutting in the aviation industry and increasing customer price sensitivity, resulting in a slowdown in in-flight retail growth. Despite these negative headwinds, however, SACC continues to deliver strong performance.

The Company generated a net profit of SAR 459.3 million in 2018, representing a decrease of 4.7% over the previous year and equating to earnings per share of SAR 5.60. Nevertheless, since 2011, SACC has shown continued overall growth, demonstrating our consistent ability to generate increasing value for our shareholders.

Offering greater value and service to our clients

Our strategy remains to develop as a dynamic multi-service business, diversifying our activities whilst maintaining the quality and efficiency of our core In-Flight Catering services

that continue to account for over 60% of our business.

By building complementary businesses based on our expanding capabilities in the rail, hospitality, laundry, retail, security and Hajj/Umrah sectors, we will continue to provide our clients increasing value and variety in our service offering.

Powered by a declining bottom line, increased working capital and positive cash flow during 2018, our strategic diversification was complemented by our focus on efficiency, quality and cost control, all supported by an expanding suite of new automated systems to achieve paperless operations across SACC.

Building strength and capabilities across our organisation

We also continued to strengthen our risk and governance functions to ensure the long-term sustainability of the organisation.

Across our expanding activities, we continue to take inspiration from Saudi Vision 2030, and to play our part

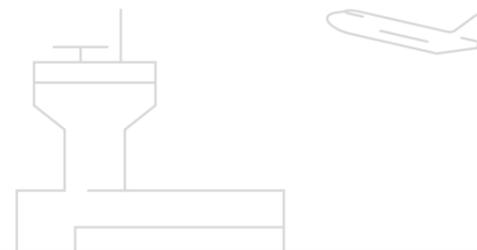
in national efforts to achieve Saudisation. More than 33% of our employees in 2018 were Saudi nationals, placing us well over the threshold required to retain our Platinum Class Saudisation rating. We also continued to enhance the diversity of our workforce in 2018 and welcomed new female members to our executive management team.

I wish to express my sincere thanks to all our valued partners and stakeholders, as well as to my fellow members of the Board, our management and employees throughout the Company for their hard work. With their dedication and support, we will deliver increasing value to our customers, as we continue to diversify and expand our business in the coming year.

Dr. Yahya Al-Yahya
Chairman



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Net Profit (SAR)

459.3m

Earnings Per Share (SAR)

5.60