



Director's Report for the first quarter ended 31st March, 2022

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure in presenting the unaudited consolidated financial results of your company for the first quarter ended March 31, 2022 (Q1 2022).

Company Performance

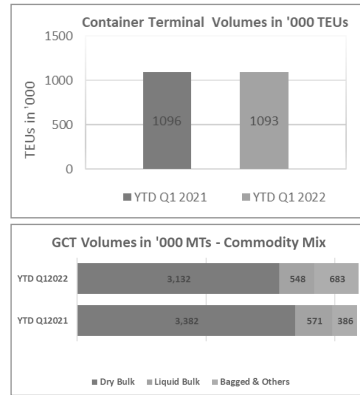
During Q1, 2022 the Container Terminal (CT) handled 1,093K TEUs compared to 1,096 K TEUs in corresponding period last year. The company has retained all major customers and Maersk Line our major business partner has maintained consistent volumes.

The GCT has handled 4,363 K tons of general cargo during Q1 2022, marginally higher as compared to 4,339K tons in Q1 2021. The positive volume development of general cargo seen in the last quarter of 2021 continued in the first quarter of 2022. The major commodities handled are limestone, gypsum, methanol, and cement, which are exported from Salalah to nearby markets, and continue to drive the general cargo business.

Financial Overview

Consolidated net profit for Q1, 2022 was recorded at RO 908 K, as compared to the corresponding period last year profit of RO 1.631 million. Consolidated EBITDA was recorded at RO 3.155 million during Q1, 2022, as compared to RO4.481 million during same period last year. The EBITDA margin has been impacted mainly due to increase in fuel cost by RO480K due to global increase of fuel prices, direct staff cost by RO 652K due to annual increments of staff and additional deployment of blue-collar workers, Tug Rakhyut repair of RO 190k, other Marine repairs of RO 65K and GCT equipment hiring of RO 95K.

CT revenue has marginally increased as compared to corresponding period last year, driven by tariff increase and scrap sales. Revenues of GCT have increased by 13.5% compared to the same period last year due to continuous improvements in general cargo. The general cargo revenue for volumes handled at Berth 31 have been included in the container terminal financials, as in the previous year, due to the conversion of the berth into a container terminal facility.



Corporate Social Responsibility (CSR)

Port of Salalah strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism and it is fundamental to our business. Impacting the local Dhofar region and benefitting the larger segments of communities requiring support are the guiding post of the company CSR program.

Future Outlook

Container demand growth and freight rates are softening as per the World Container Index forecasts report by Drewry dt. 7th April 2022. Rising bunker prices leading to higher bunker surcharges are adding to the already higher freight and transportation costs. Port congestion continues in some of the major ports leading to blank sailings. Capacity shortage is still evident, while ocean schedule reliability marginally improves to 34.4% according to Sea intelligence reports. China's latest COVID-19 outbreak introduces new implications for the Shipping Markets in the immediate future.

As for the local market, while containerized imports declined in Q1,2022 impacted by higher freight rates as well as space constraints, export volumes have shown Year on Year growth supported by regional NVOCC's (Non-Vessel Operating Common Carriers). This trend is expected to continue in Q2,2022.

On the dry bulk segment, the Russian invasion of Ukraine has negatively impacted global commodity prices. This has also directly impacted the local importers in Oman who are seeking alternative supply sources to meet the food security demands. The vessel charter rates continued to remain high for Capesize vessels. Easing of COVID-19-related restrictions is expected to dampen the huge volatility seen in the freight rates seen during 2021 as the supply and demand dynamic starts to look more balanced as per SPG Global commodity insights.

As for the local dry bulk market, export of gypsum, cement remained strong in Q1,2022 particularly driven by increased demand from India and other Asian markets. The strong demand is expected to remain given the higher growth rates forecasted for the Developing economies in Asia.

Conclusion

On behalf of the Board of Directors and the Shareholders of the company, we record the sincere appreciation and gratitude to His Majesty Sultan Haitham bin Tarik, for his strategic vision, leadership, and his continued support, without which it would not have been possible to establish and maintain this world-class port.

We also thank our customers, investors, and partners at the Salalah Hub and Ministry of Transport, Communication & Information Technology, and other Government departments we work together with.

We place on record our appreciation for the contributions of all our employees, who continue to perform with high distinction.

On behalf of the Board of Directors,

Braik Musallam Al Amri
Chairman
Salalah Port Services Co. SAOG
April 28, 2022

Year 2021	Particulars	1 Jan 2022 to 31 st Mar 2022	1 Jan 2021 to 31 st Mar 2021
	Volume		
4,514	Container Terminal (TEUs'000)	1,093	1,095
16,895	General Cargo Terminal (Tons'000)	4,363	4,339
66,704	Revenue (RO'000)	17,258	16,447
	Profitability (RO'000)		
5,424	Net Profit before tax	1,162	1,918
4,638	Net Profit/ (Loss) after tax	908	1,631
	Ratios		
6.95	Net profit / (Loss) (%)	5.26	9.92
0.03	Earnings per share (RO)	0.01	0.01
0.40	Book value per share (RO)	0.40	0.39

Employee Development

Port of Salalah is steadfast in developing and enhancing employees' productivity as people are the primary asset of the company. Various safety, technical, management and administration trainings are imparted to the staff.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31st MARCH, 2022

Parent Company		Consolidated		Parent Company		Consolidated	
Mar-2021	Mar-2022	Mar-2021	Mar-2022	Mar-2021	Mar-2022	Mar-2021	Mar-2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
42,734	44,861	42,763	44,870	17,254	16,436	17,258	16,447
(26,992)	(30,988)	(26,992)	(30,988)	(11,919)	(10,382)	(11,919)	(10,382)
(4,880)	(5,342)	(4,889)	(5,350)	(2,055)	(1,877)	(2,058)	(1,881)
(6,266)	(7,319)	(6,275)	(7,323)	(2,816)	(2,412)	(2,817)	(2,415)
77	(113)	77	(113)	(44)	29	(44)	29
68	1,674	68	1,674	644	26	644	26
4,741	2,773	4,752	2,770	1,065	1,821	1,064	1,826
712	674	712	674	259	274	259	274
(470)	(419)	(471)	(420)	(161)	(182)	(162)	(181)
4,983	3,028	4,993	3,024	1,163	1,913	1,162	1,918
(746)	(654)	(748)	(657)	(252)	(287)	(253)	(288)
4,237	2,374	4,245	2,367	910	1,626	908	1,631
-	-	-	-	-	-	-	-
4,237	2,374	4,245	2,367	910	1,626	908	1,631
4,237	2,374	4,245	2,367	910	1,626	908	1,631
4,237	2,374	4,245	2,367	910	1,626	908	1,631
0.02	0.01	0.02	0.01	0.01	0.01	0.01	0.01

STATEMENT OF FINANCIAL POSITION FOR THE FIRST QUARTER ENDED 31st MARCH, 2022

Parent Company		Consolidated		Parent Company		Consolidated	
Mar-2021	Mar-2022	Mar-2021	Mar-2022	Mar-2021	Mar-2022	Mar-2021	Mar-2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
139,220	152,221	139,460	152,432	58,546	53,546	58,629	53,639
27,803	23,963	27,883	24,033	9,217	10,693	9,244	10,725
284	249	284	249	95	109	95	109
546	546	-	-	210	210	-	-
167,853	176,979	167,627	176,714	68,068	64,558	67,968	64,473
6,715	7,257	6,715	7,257	2,791	2,583	2,791	2,583
2,752	2,981	2,752	2,981	1,146	1,058	1,146	1,058
26,750	30,074	26,750	30,074	11,567	10,288	11,567	10,288
2,572	8,986	2,572	8,986	3,456	989	3,456	989
13,000	32,500	13,000	32,500	12,500	5,000	12,500	5,000
99,254	69,150	99,254	69,150	26,596	38,175	26,596	38,175
151,043	150,948	151,043	150,948	58,056	58,093	58,056	58,093
318,896	327,927	318,670	327,662	126,124	122,651	126,024	122,566
46,758	46,758	46,758	46,758	17,984	17,984	17,984	17,984
7,666	7,666	7,666	7,666	2,949	2,949	2,949	2,949
15,584	15,584	15,584	15,665	5,994	5,994	6,025	5,994
111,236	116,780	111,754	117,214	44,911	42,782	45,077	42,983
181,244	186,788	181,762	187,303	71,838	69,709	72,036	69,910
26,061	22,782	26,150	22,863	8,762	10,023	8,793	10,058
9,488	10,001	9,488	10,001	3,847	3,650	3,847	3,650
12,013	9,998	12,002	9,989	3,846	4,620	3,842	4,616
47,562	42,781	47,640	42,853	16,455	18,293	16,482	18,324
4,716	4,950	4,716	4,950	1,904	1,814	1,904	1,814
42,682	56,845	41,848	55,990	21,864	16,414	21,539	16,093
33,045	35,968	33,045	35,968	13,834	12,710	13,834	12,710
9,647	595	9,659	598	229	3,711	230	3,715
90,090	98,358	89,268	97,506	37,831	34,649	37,507	34,332
137,652	141,139	136,908	140,359	54,286	52,942	53,989	52,656
318,896	327,927	318,670	327,662	126,124	122,651	126,024	122,566
1.01	1.04	1.01	1.04	0.40	0.39	0.40	0.39