

FOR IMMEDIATE RELEASE

## **Gulf International Services reports a net profit of QR 83 million for the three-month period ended 31 March 2022**

- *Group's revenue amounted to QR 835 million for the three-month period ended 31 March 2022*
- *1Q-22 EBITDA of QR 198 million, higher by 77% compared to 1Q-21*
- *Earnings per share of QR 0.045 for the three-month period ended 31 March 2022*
- *All operating segments reported improved set of results versus 1Q-21*
- *Drilling segment entered international markets with two new contracts for liftboats*

**Doha, Qatar; 27 April 2022:** Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net profit of QR 83 million for the three-month period ended 31 March 2022, with an earnings per share of QR 0.045.

### **Business updates**

#### *- Drilling segment*

New contracts are won in KSA & Maldives for liftboats, building international footprints for the segment, while enhancing asset utilization. This was in addition to continued positive impacts on segment's performance for 1Q-22, from new rig day-rates for the offshore fleet applied starting from mid of last year and redeployment of two previously suspended onshore rigs during 3Q-21. Also, the segment had successfully renewed contracts for certain offshore rigs with extended term ranging from 2 to 5 years.

#### *- Aviation segment*

Aviation segment continue to witness improved set of performance with better flying activity within both domestic and international operations. Also, contributions from MRO & international business continue to support the segment performance.

#### *- Insurance segment*

Insurance segment managed to build up its strong performance by further expanding its general line of business. However, medical insurance business witnessed loss of certain contracts. Efforts are underway to explore new opportunities within domestic retail and SME markets. Also, performance of the segment investment portfolio remained strong, on the back of surge in capital markets.

#### *- Catering*

Catering segment improved its performance on the back of realizations from the new contract won during last year. Additionally, certain contracts have been renewed within manpower segments, with broader scope improving overall service volumes for the segment. Moreover, the segment was able to improve its profitability margins, as industry specific pandemic-linked restrictions gradually started to subside.

**Financial Performance – 1Q-22 vs 1Q-21**

Key financial performance indicators	1Q-22	1Q-21	Variance (%)
Revenue (QR' million)	835	705	+18%
Net profit / (loss) (QR' million)	83	-5.5	+1,606%
EBITDA (QR' million)	198	112	+77%
Earnings per share (QR)	0.045	-0.003	+1,606%

Group's revenue for the three-month period ended 31 March 2022 amounted to QR 835 million, with an increase of 18% compared to the same period of last year. Revenue growth from the aviation, drilling and catering segments led to an overall increase in the Group revenue. This was partially offset by a negative contribution in revenue from the insurance segment.

Group reported an EBITDA of QR 198 million and recorded a net profit of QR 83 million for the three-month period ended 31 March 2022. The growth in Group revenues led to the overall increase in net earnings. On the other hand, the Group's direct costs increased by 7% mainly linked to inclined commercial activity.

1Q-22 Group's finance cost marginally declined by 1% to reach QR 30 million, against a backdrop of lower interest rates. On the contrary, general and administrative expenses increased by 7% mainly on account of higher professional and consultancy fees paid within the Group.

Moreover, the performance of the insurance segment investment portfolio was positively impacted by a surge in capital markets, with a growth of QR 27 million (+207%) noted on account of investment income<sup>1</sup> versus 1Q-21.

**Financial Performance – 1Q-22 vs 4Q-21**

Key financial performance indicators	1Q-22	4Q-21	Variance (%)
Revenue (QR' million)	835	844	-1%
Net profit / (loss) (QR' million)	83	13	+545%
EBITDA (QR' million)	198	133	+49%
Earnings per share (QR)	0.045	0.007	+545%

Revenue for 1Q-22 declined by 1% compared to 4Q-21, mainly on account of decline in revenue from the insurance segment. However, revenue growth from the aviation, catering, and drilling segments, almost offset the decline in revenue from the insurance segment.

On the other hand, net profit for 1Q-22 significantly increased by 545% compared to 4Q-21. Higher profits were reported mainly due to reporting comparatively lower foreign currency revaluation losses from GHC's Turkish subsidiary and absence of impairment provisions relating to receivables within GHC which were reported in 4Q-21. The drilling segment also reduced its losses, in line with improved revenues. Also, the insurance segment investment portfolio positively impacted 1Q-22 net profits for the Group, with a growth of QR 42 million noted on account of segment's investment income versus 4Q-21.

**Financial position**

Key performance indicators	As at 31-Mar-22	As at 31-Dec-21	Variance (%)
Cash and short-term investments (QR' million)	837	698	+20%
Total Assets (QR' billion)	10.1	9.9	+2%
Total Debt (QR' billion)	4.3	4.3	+0%

Group's total assets remained relatively flat during the year and stood at QR 10.1 billion as at 31 March 2022, compared to last year. Cash and short-term investments stood at QR 837 million, up by 20% compared to 31 December 2021.

<sup>1</sup> Investment income includes dividend income, capital gains, unrealized gain on market-to-market of investment portfolio and finance income.

Total debt at Group level amounted to QR 4.3 billion as at 31 March 2022. Current levels of debt continue to weigh on the Group's net earnings, as finance cost is one of the key cost ingredients, and specifically limits drilling segment's ability to accomplish the required profitability. Group's management is in continuous discussion with different key stakeholders to restructure the debt with an aim to provide greater flexibility to manage liquidity and ease pressure on the Group's financial position.

## Operational and financial performance highlights by segment

### Drilling:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Revenue (QR' million)	321	198	304	+62%	+6%
Net earnings (QR' million)	-10	-72	-42	+86%	+76%

Note: Segment earnings have been reported before impact of income taxes

Drilling segment reported a revenue of QR 321 million for the three-month period ended 31 March 2022, up by 62% compared to 1Q-21. Revenue growth has largely been linked to new rig day-rates implemented for the offshore fleet since the mid of last year (July'21). Also, redeployment of the two onshore suspended rigs (GDI-5 and GDI-7) during 3Q-21, positively contributed to the topline performance. Moreover, full deployment of Gulfdrill JV's fleet during 2Q-21, had a positive impact on segment revenue for 1Q-22 on account of comparatively higher management fees.

The segment reported a net loss of QR 10 million for the three-month period ended 31 March 2022, compared to a net loss of QR 72 million for 1Q-21. Reduction in losses was mainly attributed to growth in segmental revenue.

On a quarter-on-quarter basis, losses for the segment reduced by 76% mainly due to better revenues which increased by 6% versus 4Q-21, and lower operational cost accruals reported during 1Q-22 versus 4Q-21. Growth in revenue mainly came from higher utilization of assets, also supported by new contracts won in KSA & Maldives for liftboats.

### Aviation:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Revenue (QR' million)	206	165	195	+25%	+6%
Net earnings (QR' million)	79	50	46	+59%	+70%

Note: Segment earnings have been reported before impact of income taxes

Aviation segment reported a total revenue of QR 206 million for the three-month period ended 31 March 2022, with an increase of 25% compared to 1Q-21. The increase was mainly attributed to higher flying activity recorded within both domestic and international operations, coupled with growth in revenue noted across the international operations, mainly from the Turkish subsidiary. Also, continuous growth within MRO business segment contributed positively to the segment topline. The segmental net profit reached QR 79 million, representing an increase of 59% compared to 1Q-21, mainly on account of growth in revenue.

The segment revenue for Q1-22 versus Q4-21 increased by 6%, mainly due to additional revenue reported from the MRO segment due to higher volumes of maintenance work and continued improvement in domestic flying hours. However, flying hours for international operations declined versus 4Q-21. Q1-22 profitability increased by 70% mainly due to improved revenue, lower foreign currency revaluation losses on results from the Turkish subsidiary and absence of provisions in relation to overdue receivables during 1Q-22, which negatively affected 4Q-21 segmental net earnings.

### Insurance:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Revenue (QR' million)	195	256	243	-24%	-20%
Net earnings (QR' million)	19	15	10	+22%	+83%

Note: Segment earnings have been reported before impact of income taxes

Revenue within the insurance segment for three-month period ended 31 March 2022, decreased by 24% as compared to 1Q-21, to reach QR 195 million. Decline in revenue was mainly linked to loss of two insurance contracts within medical line of business. This decline was partially offset by growth in premiums from the general insurance line of business, on account of new contracts and renewals of existing contracts.

On the contrary, segmental net earnings increased by 22% as compared to 1Q-21, to reach QR 19 million. The growth in bottom line profitability was mainly supported by a robust performance within the segment investment portfolio on the back of surge in capital markets. A growth of QR 27 million (+207%) was noted on account of investment income<sup>2</sup> versus 1Q-21. Moreover, non-renewal of the 2 medical insurance contracts led toward reduction in net claims compared to 1Q-21.

Segment revenue for 1Q-22 versus 4Q-21 decreased by 20%, mainly due to loss of two insurance contracts within medical line of business. However, segmental profitability for 1Q-22 grew by 83% in comparison to 4Q-21, mainly due to higher investment income reported during 1Q-22 versus 4Q-21. A growth of QR 42 million was noted on account of investment income<sup>2</sup> versus 1Q-21.

#### Catering:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Revenue (QR' million)	113	86	103	+31%	+10%
Net earnings (QR' million)	0.1	-0.5	3	+118%	-97%

Note: Segment earnings have been reported before impact of income taxes

The catering segment reported a revenue of QR 113 million, an increase of 31% as compared to 1Q-21. Revenue increase was mainly due to the growth in revenue within the manpower segment, on the back of realizations from a new contract won during last year. Additionally, certain contracts have been renewed within manpower segment, with broader scope improving overall service volumes for the segment. The segment reported a net profit of QR 100k for the three-month period ended 31 March 2022, compared to a net loss of QR 0.5 million for 1Q-21, mainly due to higher revenues.

On a quarter-on-quarter basis, catering segment witnessed an increase in revenue during 1Q-22 due to improved revenue from the manpower services business. Segmental revenue grew by 10% versus 4Q-21. On the hand, segmental profit declined by 97% mainly due to higher operational costs pertaining to mobilization of a manpower contract won last year. Also, one-off gain on disposal of assets reported during 4Q-21 affected quarter-on-quarter profitability.

#### Earnings Call

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Thursday, 28 April 2022 at 2:00 p.m. Doha time. The IR presentation that accompanies the conference call will be posted on the 'financial information' page within the Investor Relations section at GIS' website.

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#### About GIS

Gulf International Services, a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Through the group companies, Gulf International Services Q.P.S.C. operates in four distinct segments - insurance and reinsurance, drilling, helicopter transportation and catering services. QatarEnergy (formerly known as Qatar Petroleum), the largest shareholder, provides all of the head office functions for Gulf

<sup>2</sup> Investment income includes dividend income, capital gains, unrealized gain on market-to-market of investment portfolio and finance income.

International Services Q.P.S.C. through a comprehensive service directive. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

For more information about the earnings announcement, email [gis@qatarenergy.qa](mailto:gis@qatarenergy.qa) or visit [www.gis.com.qa](http://www.gis.com.qa).

#### DISCLAIMER

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "GIS" and "the Group" are sometimes used for convenience in reference to Gulf International Services Q.P.S.C.

This press release may contain forward-looking statements concerning the financial condition, results of operations and businesses of Gulf International Services Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's services, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this presentation.

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#### GENERAL NOTES

Gulf International Services' accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Gulf International Services' share. Values expressed in QR billions/ millions. All other values have been rounded to the nearest whole number. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

#### DEFINITIONS

**Cash Realization Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **Dividend Yield:** Cash Dividend / Market Capitalization x 100 • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization calculated as [Net Profit + Interest Expense + Depreciation + Amortization] • **Energy (Insurance):** Refers to the Energy, Plant and Construction, Marine, Fire and Other lines of business • **EPS:** Earnings per Share [Net Profit / Number of Ordinary Shares outstanding at the year-end] • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **IBNR:** Incurred But Not Reported (Refers to claims incurred but not yet reported at the statement of financial position date) • **Interest Cover:** (Earnings before Interest Expense + Tax) / Interest Expense • **Net Debt:** Current Debt + Long-Term Debt - Cash & Bank Balances • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings multiple [Closing market capitalization / Net Profit] • **ROA:** Return On Assets [EBITDA/ Total Assets x 100] • **ROCE:** Return On Capital Employed [Net Profit before Interest & Tax / (Total Assets - Current Liabilities) x 100] • **ROE:** Return On Equity [Net Profit / Shareholders' Equity x 100] • **Utilization (Rigs):** Number of days under contract / (Number of days available - Days under maintenance) x 100