

FOR IMMEDIATE RELEASE

## Gulf International Services reports a net profit of QR 266 million for the nine-month period ended 30 September 2022

- Group's revenue reached QR 2.7 billion for the nine-month period ended 30 September 2022, improved by 19% versus 9M-21
- 9M-22 EBITDA of QR 624 million, higher by 50% compared to 9M-21
- Earnings per share of QR 0.143 for the nine-month period ended 30 September 2022
- All operating segments reported improved set of results
- Council of Ministers approved increasing the ownership percentage of non-Qatari shareholders in GIS up to 100%

**Doha, Qatar; 27 October 2022:** Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net profit of QR 266 million for the nine-month period ended 30 September 2022, with an earnings per share of QR 0.143.

### Group Financial Performance – 9M-22 vs 9M-21

Key financial performance indicators	9M-22	9M-21	Variance (%)
Revenue (QR' million)	2,665	2,247	+19%
Net profit (QR' million)	266	41	+545%
EBITDA (QR' million)	624	418	+49%
Earnings per share (QR)	0.143	0.022	+545%

Group's revenue for the nine-month period ended 30 September 2022 amounted to QR 2.7 billion, with an increase of 19% compared to the same period of last year. Revenue growth from aviation, drilling and catering segments led to an overall increase in the Group revenue. However, this was partially offset by negative growth noted in revenue from the insurance segment.

The Group reported an EBITDA of QR 624 million and recorded a net profit of QR 266 million for the nine-month period ended 30 September 2022. Growth in the Group's revenues led to an overall increase in net earnings. On the other hand, the Group's direct costs increased by 7%, mainly linked to increased commercial activity.

Group's finance cost for 9M-22 had significantly increased by 28% to reach QR 123 million, as a result of persistently higher interest rates. Foreign currency revaluation losses from GHC's Turkish subsidiary also contributed negatively to the Group's profitability. On the other hand, general and administrative expenses remained flat on a year-on-year basis.

Moreover, performance of the insurance segment's investment portfolio was negatively impacted, amid volatilities in capital markets, and a decline of QR 39 million (-74%) was noted on account of investment income<sup>1</sup> versus 9M-21. This decline was mainly linked to unrealized losses booked on revaluation of held for trading investment securities.

<sup>1</sup> Investment income includes dividend income, capital gains, unrealized gain / loss on revaluation of held for trading investment securities and finance income.

### Financial Performance – 3Q-22 vs 2Q-22

Key financial performance indicators	3Q-22	2Q-22	Variance (%)
Revenue (QR' million)	927	903	+3%
Net profit (QR' million)	98	85	+16%
EBITDA (QR' million)	225	200	+13%
Earnings per share (QR)	0.0529	0.0455	+16%

Revenue for 3Q-22 increased by 3% compared to 2Q-22, mainly on account of better revenue reported from aviation, catering and drilling segments, which was slightly offset by negative movement in topline from the insurance segment.

Net profit for 3Q-22 increased by 16% compared to 2Q-22. This growth in the Group's net profit was mainly attributed to positive growth in profitability from aviation, catering and insurance segments, while drilling segment's losses slightly increased on a quarter-on-quarter basis.

### Financial Performance – 3Q-22 vs 3Q-21

Key financial performance indicators	3Q-22	3Q-21	Variance (%)
Revenue (QR' million)	927	815	+14%
Net profit (QR' million)	98	42	+134%
EBITDA (QR' million)	225	172	+31%
Earnings per share (QR)	0.0529	0.0226	+134%

Revenue for 3Q-22 increased by 14% compared to 3Q-21, mainly on account of higher revenue growth achieved by aviation, catering and drilling segments, which was slightly offset by negative revenue growth reported by the insurance segment.

Net profit for 3Q-22 increased by 134% compared to 3Q-21. This growth in the Group's bottom-line profitability was mainly linked to continued growth achieved by the aviation segment, amid better flying activity. Additionally, catering and drilling segments also reported recovery in the bottom-line, mainly due to healthier business dynamics. However, insurance segment's net earnings decreased due to a decline noted in the segmental revenue, coupled with lower investment income<sup>2</sup> reported mainly on account of unrealized losses booked on revaluation of held for trading investment securities.

### Financial position

Key performance indicators	As at 30-Sep-22	As at 31-Dec-21	Variance (%)
Cash and short-term investments (QR' million)	1,046	698	+50%
Total Assets (QR' billion)	10.5	9.9	+6%
Total Debt (QR' billion)	4.29	4.33	-1%

The Group total assets increased by 6% during the current reporting period compared to 31 December 2021 and stood at QR 10.5 billion as at 30 September 2022. Cash and short-term investments stood at QR 1.0 billion, up by 50% compared to 31 December 2021. Growth in cash and cash equivalents is mainly attributed to an overall increase in the Group's profitability, coupled with improved business dynamics.

Total debt at the Group level amounted to QR 4.29 billion as at 30 September 2022. Current levels of debt continue to weigh on the Group net earnings, as finance cost is one of the key cost elements and specifically limits the drilling segment's ability to accomplish its desired profitability. GIS management is in continuous discussions with the key stakeholders to restructure the debt, with a target to achieve greater flexibility to manage its liquidity and ease pressure on the Group's financial position.

<sup>2</sup> Investment income includes dividend income, capital gains, unrealized gain / loss on revaluation of held for trading investment securities and finance income.

## Operational and financial performance highlights by segments

### Drilling:

Key performance indicators	9M-22	9M-21	Variance (%) [9M-22 vs 9M-21]	3Q-22	2Q-22	Variance (%) [3Q-22 vs 2Q-22]
Revenue (QR' million)	950	716	+33%	318	311	+2%
Net loss (QR' million)	(40)	(159)	-75%	(17)	(13)	+27%

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

The drilling segment reported a revenue of QR 950 million for the nine-month period ended 30 September 2022, up by 33% compared to 9M-21. The revenue growth has largely been linked to the 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 for the current year. Moreover, full deployment of Gulfdrill JV's fleet during 2Q-21, had a positive impact on the segment revenue for 9M-22 on account of comparatively higher management fees.

The segment reported a net loss of QR 40 million for the nine-month period ended 30 September 2022, compared to a net loss of QR 159 million for 9M-21. Reduction in losses was mainly attributed to growth in segmental revenue.

On a quarter-on-quarter basis, losses for the segment slightly increased by QR 4 million mainly due to significantly higher finance cost, which increased sequentially by 30%. This was partially offset by slightly higher revenues which increased by 2% versus 2Q-22. Growth in the segment revenue was mainly linked to higher rig utilization achieved during the current quarter, as last quarter's utilization was affected by a large-scale overhaul of an offshore rig.

### Aviation:

Key performance indicators	9M-22	9M-21	Variance (%) [9M-22 vs 9M-21]	3Q-22	2Q-22	Variance (%) [3Q-22 vs 2Q-22]
Revenue (QR' million)	689	528	+31%	248	235	+6%
Net profit (QR' million)	262	175	+50%	98	84	+17%

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

The aviation segment reported a total revenue of QR 689 million for the nine-month period ended 30 September 2022, with an increase of 31% compared to 9M-21. The increase was mainly attributed to higher flying activity recorded within domestic and international operations, coupled with growth in revenue noted across all the operations, including MRO business and international locations; especially Turkey and Angola. The segment's net profit reached QR 262 million, representing an increase of 50% compared to 9M-21, mainly due to growth in revenue, despite material impacts of currency devaluation from the Turkish subsidiary.

The segment revenue for 3Q-22 versus 2Q-22 increased by 6%, mainly due to continued improvement in international flying hours, especially higher revenue from the Turkish subsidiary recorded during the current quarter. Q3-22 profitability also increased by 17% mainly due to positive sequential revenue growth and slightly lower foreign currency revaluation losses from the Turkish subsidiary.

### Insurance:

Key performance indicators	9M-22	9M-21	Variance (%) [9M-22 vs 9M-21]	3Q-22	2Q-22	Variance (%) [3Q-22 vs 2Q-22]
Revenue (QR' million)	632	745	-15%	215	222	-3%
Net profit (QR' million)	52	50	+3%	17	16	+4%

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

Revenue within the insurance segment for the nine-month period ended 30 September 2022 decreased by 15% as compared to 9M-21, to reach QR 632 million. The decline in revenue was mainly linked to loss of two insurance contracts within the medical line of business, since the start of current year. The decline was partially offset by growth in premiums from the general insurance line of business, on account of renewals of existing contracts with wider coverage and scope.

On the contrary, the segment net earnings increased by 3% as compared to 9M-21, to reach QR 52 million. The growth in bottom line profitability was mainly supported by an overall decline in claims, which decreased by 40% on a year-on-year basis. Whereas negative performance of the segment's investment portfolio amid volatilities in capital markets weighed on the segment's profitability. A decline of QR 39 million (-74%) was noted on account of investment income<sup>3</sup> for 9M-22 versus the same period of last year. This decline was predominantly linked to the unrealized losses booked on revaluation of held for trading investment securities.

The segment revenue for 3Q-22 versus 2Q-22 decreased by 3%, mainly due to expiration of certain policies which were not renewed in 3Q-22. On the other hand, the segment's profitability for 3Q-22 improved by 4% in comparison to 2Q-22, as the performance of the segment's investment portfolio turned positive, and higher investment income<sup>2</sup> was reported during 3Q-22 versus 2Q-22, with a growth of QR 37 million noted versus 2Q-22. This was mainly linked to the unrealized gains booked on revaluation of held for trading investment securities.

#### Catering:

Key performance indicators	9M-22	9M-21	Variance (%) [9M-22 vs 9M-21]	3Q-22	2Q-22	Variance (%) [3Q-22 vs 2Q-22]
Revenue (QR' million)	394	258	+53%	146	136	+8%
Net profit / (loss) (QR' million)	1	(19)	+103%	2	(1)	+242%

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

The catering segment reported a revenue of QR 394 million, with an increase of 53% compared to 9M-21. Revenue increase was mainly due to the growth noted in revenue within the manpower segment on the back of realizations from a new contract won during latter part of last year. Additionally, certain contracts have been renewed within manpower segment, with broader scope improving overall service volumes for the segment. The segment was able to significantly reduce its losses and turned to profits with a net profit of QR 1 million for the nine-month period ended 30 September 2022 compared to a net loss of QR 19 million for 9M-21, mainly due to higher revenues and better margins.

On a quarter-on-quarter basis, catering segment continued its positive trajectory of its topline during 3Q-22 mainly due to improved revenue from the manpower services business. In this regard, the segmental revenue grew by 8% versus 2Q-22. The segment reported a net profit of QR 2 million during 3Q-22 versus a net loss of QR 1 million during 2Q-22, mainly due to a better revenue growth achieved during the current period.

#### Updates on Foreign ownership limit

In accordance with the proposed amendments to the Articles of Association approved during the Company's Extraordinary General Assembly meeting held in March 2022, the Board of Directors can decide on the foreign ownership limit, as per applicable laws and regulations, and may increase the foreign ownership limit up to 100%. Accordingly, a decision was made by the Company's Board of Directors at its meeting held in April 2022 to increase the ownership limit for non-Qatari shareholders to 100%.

Pursuant to a decision made by the Council of Ministers in its meeting held on 12 October 2022, it was approved to increase the percentage of ownership of the non-Qatari investor in the Company's capital up to 100%. All necessary measures will be taken in this regard with the relevant authorities

#### Earnings Call

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Thursday, 3 November 2022 at 1:30 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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<sup>3</sup> Investment income includes dividend income, capital gains, unrealized gain / loss on revaluation of held for trading investment securities and finance income.

## 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 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.

Gulf International Services Q.P.S.C., its Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Gulf International Services Q.P.S.C., its subsidiaries, and associated company are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Gulf International Services Q.P.S.C. does not guarantee the accuracy of the historical statements contained herein.

### 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