

FOR IMMEDIATE RELEASE

## Gulf International Services reports a net profit of QR 90 million for the three-month period ended 31 March 2023

- *Group's revenue amounted to QR 837 million for the three-month period ended 31 March 2022*
- *EBITDA of QR 230 million for the three-month period ended 31 March 2023*
- *Earnings per share of QR 0.049 for the three-month period ended 31 March 2023*
- *All the segments reported improved set of results versus 1Q-22, on the back of constructive business dynamics*

**Doha, Qatar; 7 May 2023:** Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net profit of QR 90 million for the three-month period ended 31 March 2023, with an earnings per share of QR 0.049.

### Group financial performance updates

Key financial performance indicators	1Q-23	1Q-22	Variance (%)
Revenue (QR' million)	837	707	+18%
Net profit / (loss) (QR' million) <sup>1</sup>	90	112	-20%
EBITDA (QR' million)	230	225	+2%
Earnings per share (QR)	0.049	0.0603	-20%

Group's revenue for the three-month period ended 31 March 2023 amounted to QR 837 million, with an increase of 18% compared to the same period of last year. All business segments witnessed growth in revenue. Catering's revenue of QR 119 million is presented separately as part of discontinued operations as per IFRS 5 requirements.

The Group reported an EBITDA of QR 230 million and recorded a net profit of QR 90 million for the three-month period ended 31 March 2023.

Group's direct costs increased by 18% mainly linked to inclined commercial activity. The rise in interest rate has also negatively impacted the profitability of the Group. 1Q-23 Group's finance cost significantly increased by 128% to reach QR 67 million. GIS is committed to maintain its financial stability and growth, and it is taking proactive steps to address the impacts of the rise in interest on its profitability.

Moreover, performance of the insurance segment's investment portfolio was negatively impacted, amid volatilities in capital markets, and a decline of QR 28 million (-71%) was noted on account of investment income<sup>2</sup> versus last year. This decline was mainly linked to unrealized losses booked on revaluation of held for trading investment securities.

<sup>1</sup> Last year net profit has been restated due to adoption of IFRS 17, resulting in additional profit of QR 29 million recognized within Al-Koot for the three-month period ended 31 March 2022.

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

**Financial position**

Key performance indicators	As at 31-Mar-23	As at 31-Dec-22	Variance (%)
Cash and short-term investments (QR' Billion)	1.0	1.1	-9%
Total Assets (QR' billion)	10.7	10.7	0%
Total Debt (QR' billion)	4.29	4.29	0%

Group's total assets remained flat compared to last year and stood at QR 10.7 billion as at 31 March 2023. Cash and short-term investments stood at QR 1.04 billion, down by 9% as compared to 31 December 2022. The decline in cash and short-term investments was mainly linked to payment of dividends for the financial year 2022.

Total debt at Group level amounted to QR 4.29 billion as at 31 March 2023. 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. GIS is already at its final stages of finalizing a deal to refinance the existing loan terms with the involved lenders, 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 segments****Drilling:**

Key performance indicators	1Q-23	1Q-22	Variance (%)
Revenue (QR' million)	337	321	+5%
Net loss (QR' million)	(23)	(10)	+133%

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

Drilling segment reported a revenue of QR 337 million for the three-month period ended 31 March 2023, up by 5% compared to 1Q-22. Revenue growth has been driven by higher rig utilization which increased to 96%, including deployment of an onshore drilling rig (GDI-8) during 4Q-22. In addition, GDI noted higher revenue from the liftboat segment, as both the liftboats remained fully operational during 1Q-23 versus the same period of last year, where one of the liftboats became operational during mid of 1Q-22.

Segment reported a net loss of QR 23 million for the three-month period ended 31 March 2023, compared to a net loss of QR 10 million for 1Q-22. Increase in losses was mainly attributed to the increase in finance costs due to higher interest rates. This was partially offset by a growth in segment's topline.

**Aviation:**

Key performance indicators	1Q-23	1Q-22	Variance (%)
Revenue (QR' million)	226	206	+10%
Net profit (QR' million)	82	79	+4%

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

Aviation segment reported a total revenue of QR 226 million for the three-month period ended 31 March 2023, with an increase of 10% compared to 1Q-22. The increase was mainly attributed to higher flying activity recorded, within both domestic and international operations. Total flying hours increased by 33% on a year-on-year basis, where locally the flying hours increased by 23%, while within the international segment flying hours increased by 50%. Within international segment, the highest increase was reported from the Turkish operations, mainly as a result of local fleet expansion linked to better market penetration. Also, MRO business remained strong, despite a marginal decline in its topline. Segment's net profit reached QR 82 million, representing an increase of 4% compared to 1Q-22, mainly on account of growth in revenue.

**Insurance:**

Key performance indicators	1Q-23	1Q-22	Variance (%)
Revenue (QR' million)	273	189	+44%
Net profit (QR' million)	33	47	-29%

Note 1: Segment profits have been reported before impact of income taxes

Note 2: Comparative figures for 1Q-22 have been restated on account of adoption of IFRS 17. Revenue has been decreased by QR 5 million, while net profit has been increased by QR 29 million.

Revenue within the insurance segment for the three-month period ended 31 March 2023, increased by 44% as compared to 1Q-22, to reach QR 273 million. Increase in revenue was mainly linked to winning new contracts within the medical line of business.

Segmental net earnings decreased by 29% as compared to 1Q-22, to reach QR 33 million. The reduction in bottom line profitability was mainly driven by lower investment income recognized from the investment portfolio, on account of volatilities in the capital markets, which affected the market-to-market valuations of the investment portfolio.

**Catering:**

Key performance indicators	1Q-23	1Q-22	Variance (%)
Revenue (QR' million)	119	113	+4%
Net profit (QR' million)	5	0.1	+4,657%

Note 1: Segment profits / (losses) have been reported before impact of income taxes

Note 2: Catering business (i.e. 100% Catering operations) has been classified as 'discontinued operations' under IFRS 5 and reported separately in the consolidated financial statements.

Catering segment reported a revenue of QR 119 million, an increase of 4% as compared to 1Q-22. Revenue increase was mainly due to the growth in revenue within the manpower segment. The segment reported a net profit of QR 5 million for the three-month period ended 31 March 2023, compared to a net profit of QR 0.1 million for 1Q-22, mainly due to higher revenues.

**Earnings Call**

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Wednesday, 10 May 2023 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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**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