

Gulf International Services

Investor Relations Presentation

31 March 2020

DISCLAIMER

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

This presentation 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 Q.P.S.C.'s accounting year follows the calendar year. No adjustment has been made for leap years. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

DEFINITIONS

Cash Realisation 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 Capitalisation x 100 • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as [Net Profit + Interest Expense + Depreciation + Amortisation] • **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 capitalisation / 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] • **Utilisation (Rigs):** Number of days under contract / (Number of days available - Days under maintenance) x 100



TABLE OF CONTENT

1. About GIS
2. Group Structure
3. Board of Directors
4. Competitive advantages
5. Results at a Glance (2013 – 2019)
6. Results at a Glance (For period ended 31 March 2020)
7. Segmental details
8. Updates - Group debt restructuring & refinancing
9. Governance structure



About GIS

About GIS

- Gulf International Services Q.P.S.C. was incorporated as a Qatari joint stock company on February 12, 2008.
- The authorized share capital is QR 2 billion with an issued share capital consisting of 1.85 Billion ordinary shares and 1 special share, with 49% of the market capitalization as a foreign ownership limit, and a maximum shareholding size for general shareholders of 2.0% of the issued share capital.
- Qatar Petroleum provides most of the head office functions for Gulf International Services through a comprehensive service-level agreement.
- The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.



Group Structure

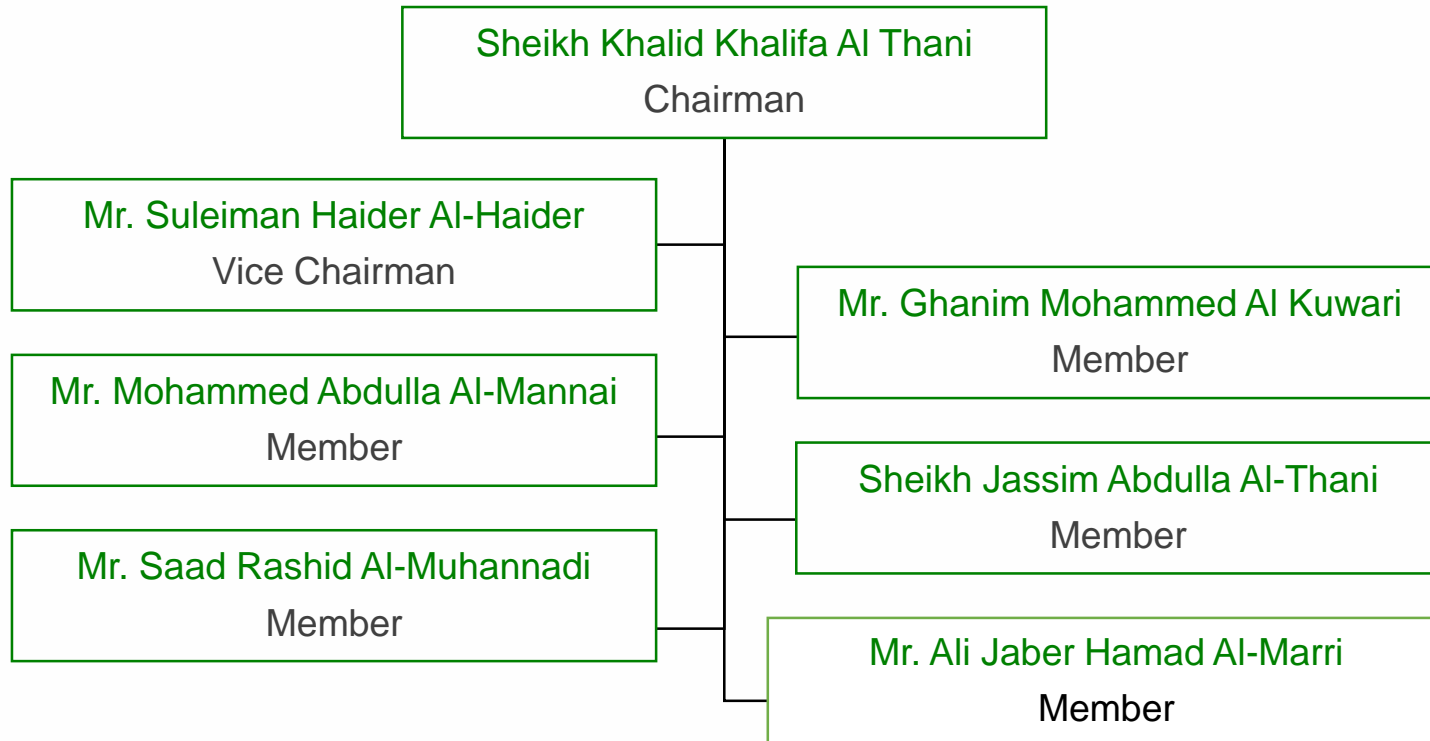
- Through group companies, Gulf International Services operates in four distinct segments - insurance and reinsurance, drilling, helicopter transportation and catering services.
- Qatar Petroleum owns 10% of GIS shares, and General Retirement and Social Insurance Authority owns ~22%.



- All of the subsidiaries are 100% owned by GIS.

Board of Directors

The Board of Directors of the group consists of:



Competitive Advantages

- The only Qatari drilling services provider in Qatar.
- Maintaining market share of over 50% of offshore and 100% on shore oil & gas drilling services.
- Modern fleet with proven track record.

Reputable
provider for
drilling
services

Leading
aviation
service
provider

- Sole provider of oil & gas helicopter services in Qatar
- One of the largest operator in the MENA.
- Modern and well maintained fleet.
- Regionally diversified operations.

- Operating in diversified segments.
- One of the leading medical insurance providers
- Providing catering services for Offshore operations.

Diversified
holding

Experienced
senior
leadership
team

- Selected experienced management team in different service industries
- Internationally diversified management team from across the globe.

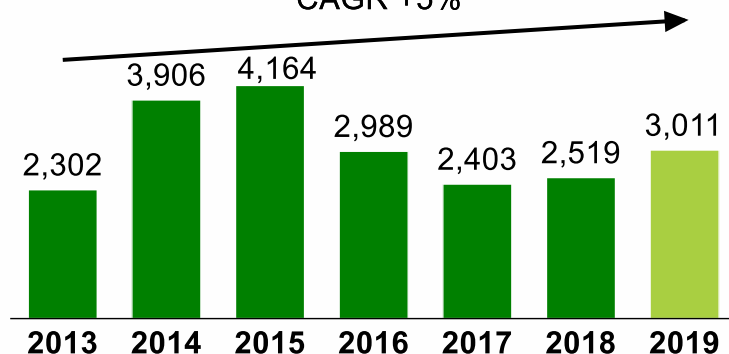


Results at a glance (2013-2019)

Results at a Glance (2013-2018)

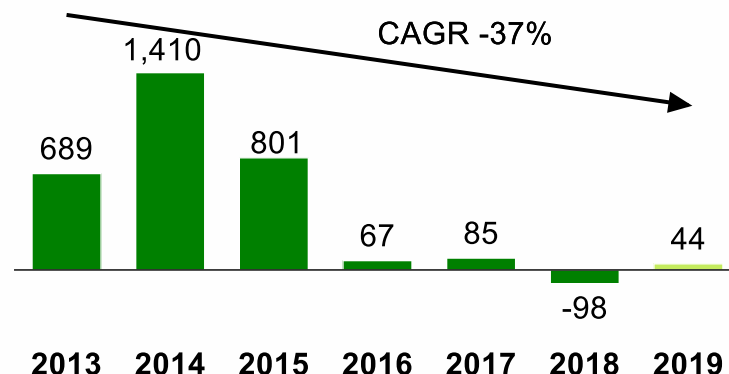
Revenue (QR million)

CAGR +5%



Net profit (QR million)

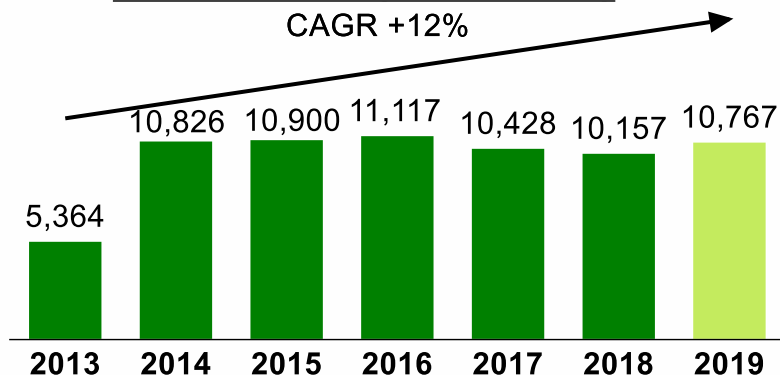
CAGR -37%



Revenue peaked in 2015 with overall movement in line with crude oil prices • Net profit dropped after the peak due to increase in financing costs • Total Assets increased in 2014 due to the acquisition of 30% of GDI • Total Debt increased in 2014 due to financing for the acquisition of remaining stake in GDI, as well as new drilling assets.

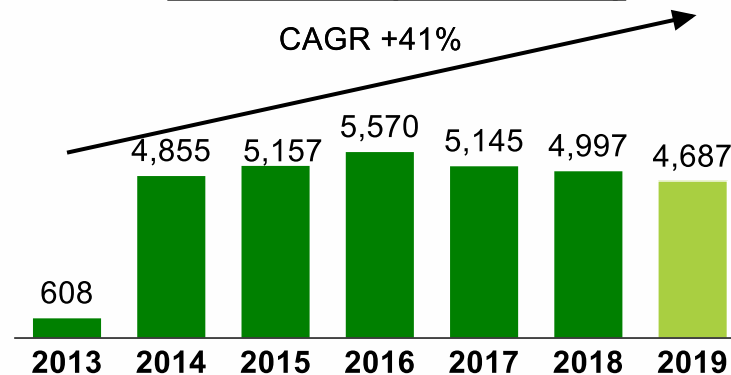
Total Assets (QR million)

CAGR +12%



Total Debt (QR million)

CAGR +41%

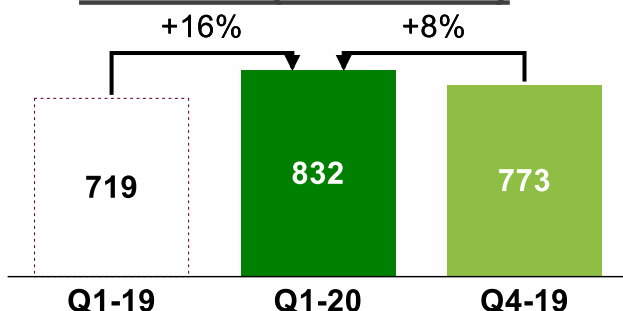


Results at a glance (For the period ended 31 March 2020)

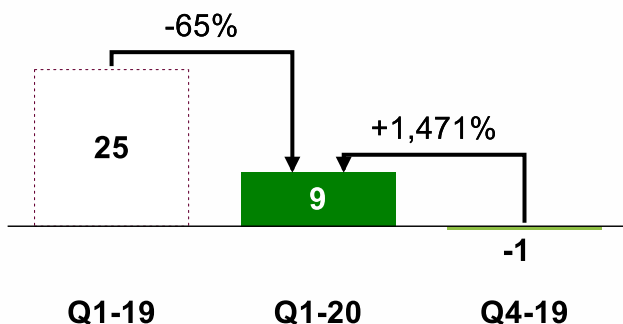
Results at a Glance

For the period ended 31 March 2020

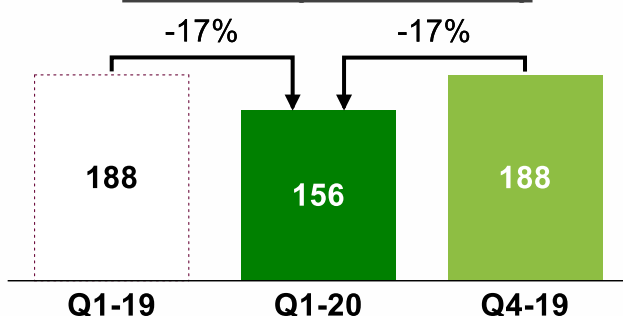
Revenue (QR million)



Net profit (QR million)



EBITDA (QR million)



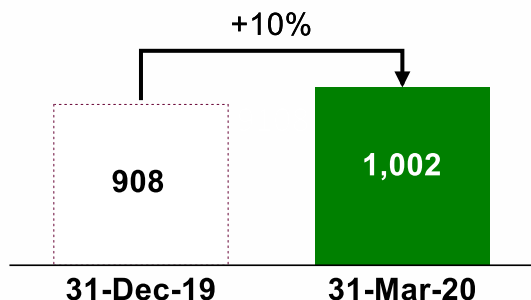
- Strong revenue growth amid capturing growth opportunities, expanding market share and major renewals of contracts across different segments.
- The aviation segment reported the highest growth among all.
- Net profit decline by 65% against Q1-19, mainly due to the negative performance of insurance segment, as a result of recording significant unrealized losses on the investment portfolio, which was partially offset by improved results across all other segments.
- Improved net profit vs Q4-19, mainly due to improved revenues and reduced direct costs, general and administrative expenses and financing cost, partially offset by unrealized losses incurred on investment portfolio.
- EBITDA down compared to last year mainly due to the impact of unrealized losses incurred on investment portfolio within the insurance segment.



Results at a Glance

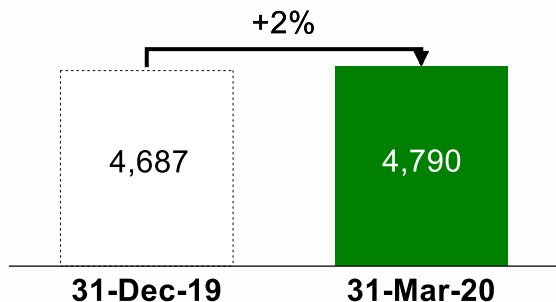
For the period ended 31 March 2020

Cash Balance (including Short-Term investments - QR million)



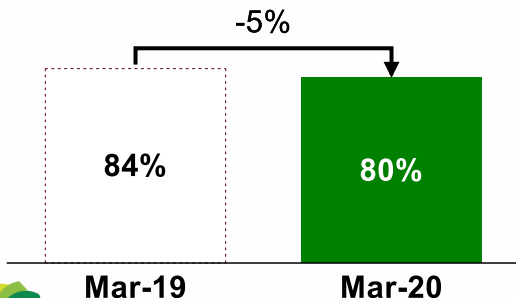
Cash balance increased compared to last year. Mainly due to liquidation of some investments within AI-Koot portfolio and loan drawdown by GDI.

Total Debt (QR million)



Total debt witnessed a moderate increase, mainly due to loan drawdown by GDI.

Contract Rig Utilization (Av. %)

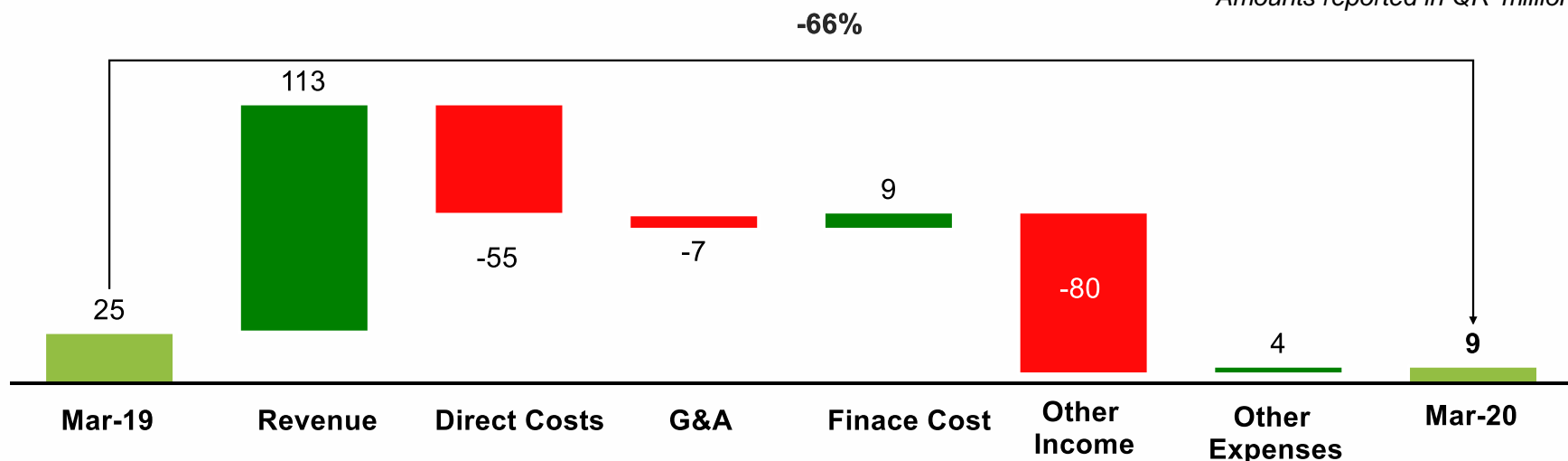


Rig utilization marginally down by 5%, mainly due to GDI 3 and Musherib being off contract from last year, in addition to AI-Safliya going off contract this quarter.

Net Profit

For the period ended 31 March 2020

Amounts reported in QR' millions



- **Revenue:** Increased compared to last year by 16%. All segments witnessed a positive growth in revenue, among which the aviation segment reported the highest level of growth.
- **Direct Costs:** Costs across at the Group level went up by 9%, mainly due to the increase in costs of the insurance segment as a result of higher reinsurance costs slightly offset by lower net claims. Aviation segment costs up by 18% due to higher aircraft maintenance expenses. Catering segment costs saw an increase of 9%, as a result of higher staff and salaries cost related to manpower contracts. Drilling segment costs reduced by 12% compared to last year mainly due to cost optimization initiatives.
- **G&A Expenses:** Increased by 15% mainly due to increase in G&A expenses relating to aviation segment, in relation to management fees paid for Libyan operations, and certain consultancy costs paid at the head office level.
- **Finance Costs:** Down by 15%, primarily as a result of lower Libor rates;
- **Other Income:** Significant reduction in other income primarily impacted by the insurance segment as result of lowered investment income.
- **Other Expenses:** Reduced mainly due to a loss booked in Q1-2019, pertaining to disposal Al-Doha rig spare parts.



Segmental Details

- **Gulf Drilling International (GDI)** incorporated in 2004 as a joint venture between Qatar Petroleum (60%) and Japan Drilling Company (40%).
- In 2014, GIS acquired the remaining stake of GDI, resulting in GDI becoming a wholly owned subsidiary of GIS.
- GDI is a world class drilling company and a market leader in Qatar that focuses on providing safe, efficient & cost effective drilling, Liftboat and Jack-up Accommodation services.
- GDI Assets consist of:
 - 8 offshore rigs.
 - 8 onshore rigs
 - 1 Accommodation- Jackup
 - 2 liftboats
- GDI in joint venture with Seadrill Limited, has formed 'Gulf Drill JV' with a 50% stake, with an objective to support the execution of the drilling contracts which have been awarded to GDI in relation to the North Field Expansion project. The contract cover provision of six premium jack-up rigs, which will commence operations in various phases in 2020.



Segmental Details

For the period ended 31 March 2020

Drilling Segment

Q1-20 revenue, up by 2% on Q1-19 due to:

- Improvement in revenue due to higher revenue from Dukhan and GDI 4.
- Results were partially offset in part by GDI-3 and Musherib being off contract.

Q1-20 revenue, up by 7% on Q4-19 due to:

- Al-Wajba rig operated fully without any downtime in Q1-20, after undergoing routine maintenance for in Q4-19

Net loss recovered by 98% on Q1-19 due to:

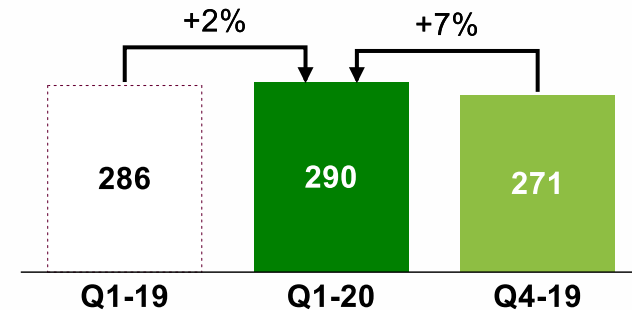
- Higher revenues, reduction on direct costs (mainly on crew cost optimization, reduced labor costs, lower rig mobilization costs and lower depreciation costs) and savings on finance costs.

Net loss recovered by 99% on Q4-19 mainly due to:

- Higher revenue, lower operating costs and reduced finance costs.

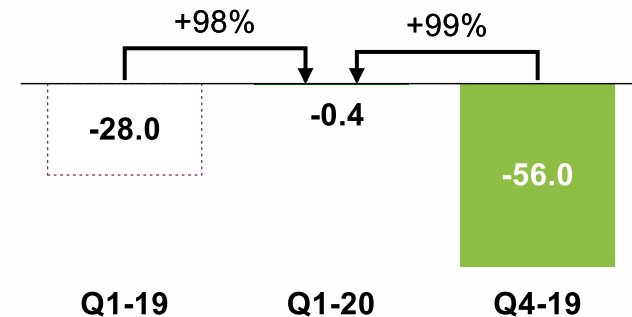
Revenue

QR million



Net Loss

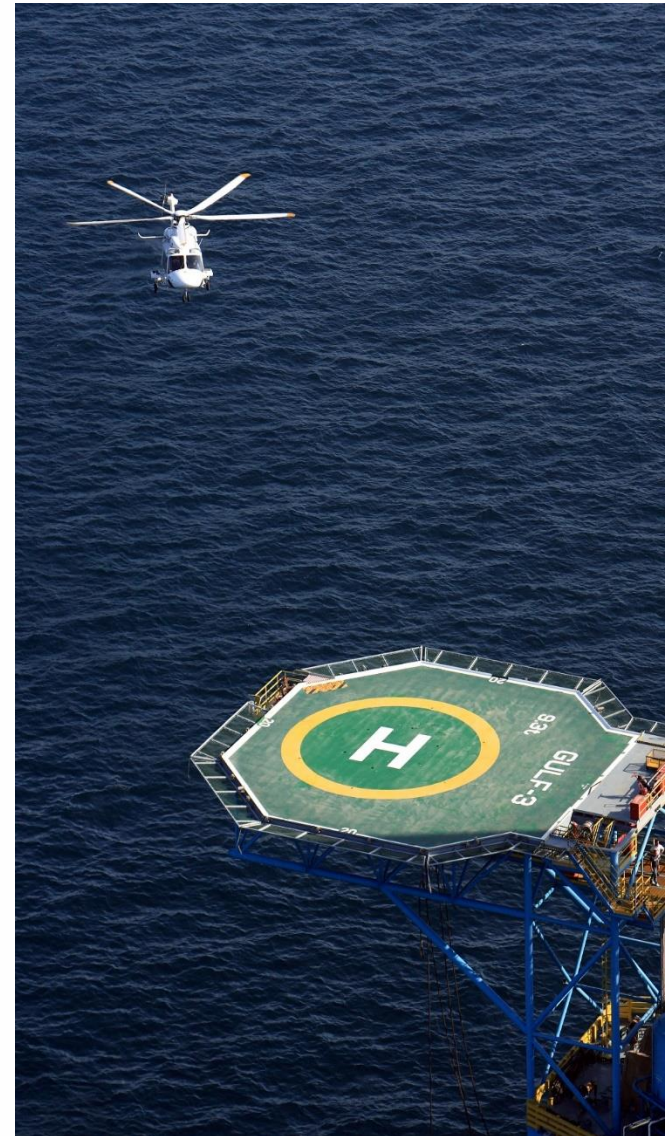
QR million



Segmental Details

Aviation Segment

- Gulf Helicopter Company (GHC) is one of the leading commercial aviation service provider. With global footprints extending from Europe , Africa, Middle East, and South Asia with a fleet of 54 aircrafts;
- GHC has 2 Direct subsidiaries:
 - Al Maha Aviation Company: 92% ownership.
 - Redstar Havacilik Hizmetleri A.S. In Turkey: 49% ownership
- GHC has also investment in joint ventures in the following countries:
 - United Helicharters Pvt Ltd (80.5%), India
 - Gulf Med Aviation Services Ltd (49%), Malta
 - Air Ocean Maroc (49%), Morocco



Segmental Details

For the period ended 31 March 2020

Aviation Segment

Q1-20 revenue, up by 32% on Q1-19 due to:

- Increase in revenue driven by international segment, as result of commencement of certain contracts.
- Absence of RSA's revenue last year, since it has been first consolidated in May 2019.
- Mobilization of 1 new aircraft within QP operations.

Q1-20 revenue, up by 23% on Q4-19 due to:

- Mainly due to repricing of certain contracts
- Commencement of certain international contracts, in addition to mobilization revenue from an international contract.

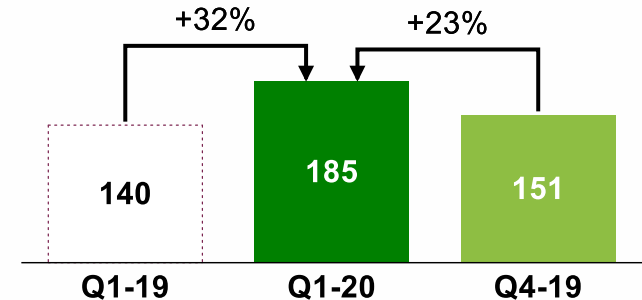
Q1-20 net profit, up by 63% on Q1-19 due to:

- Higher gross margins as a result of higher revenue.
- Lowered finance cost due to repayment of loan, which was partially offset by increase in G&A expenses.

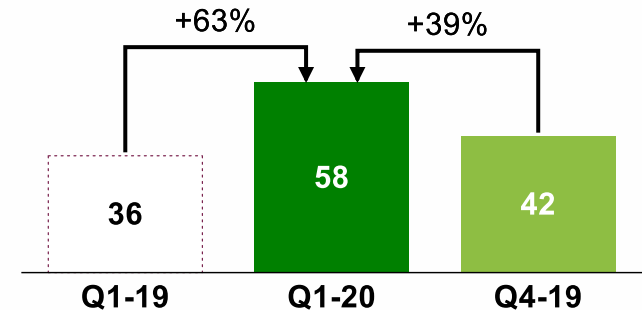
Q1-20 net profit, up by 39% on Q4-19 due to:

- Higher revenue as mentioned above.

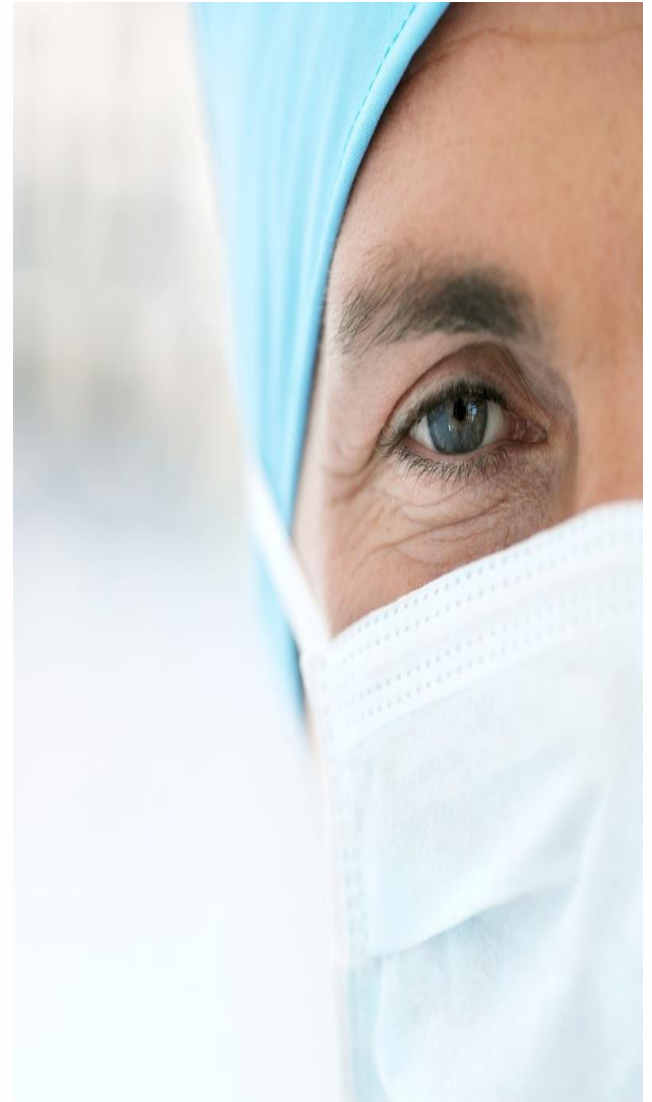
Revenue
QR million



Net Profit
QR million



- **Alkoot insurance**, incorporated in 2003, is mainly engaged in business of medical and general insurance and reinsurance activities, except for vehicle insurance & insurance against risk of death and accidents.
- In 2008, QP transferred the ownership of Al-Koot to GIS. The company has changed its operations, from a captive insurer to a fully commercial insurance and re-insurance company in 2016.
- The company has a large client base within both the medical and energy segments, such as:
 - Qatar Petroleum
 - Qatar Gas
 - Qatar Airways
 - Al-Jazeera Media network



Segmental Details

For the period ended 31 March 2020

Insurance Segment

Q1-20 revenue, up by 21% on Q1-19 due to:

- Improvement in the topline which was primarily driven by renewal of major contracts across the medical line of business, along with improved pricing terms.

Q1-20 revenue, down by 2% on Q4-19 due to:

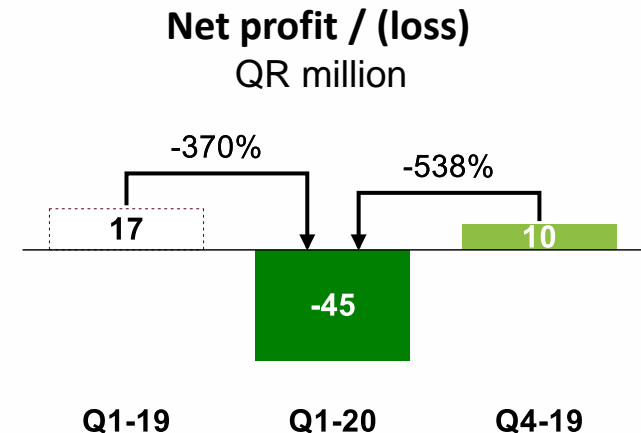
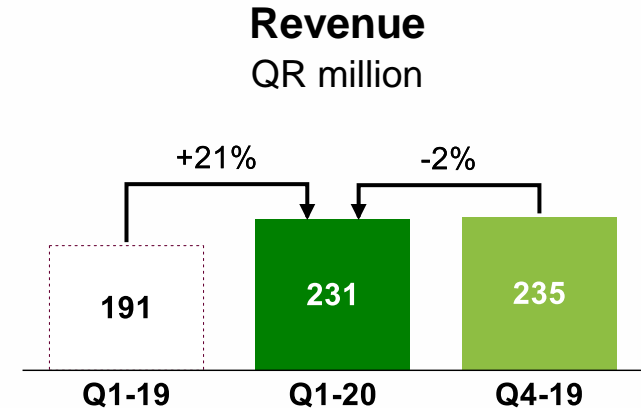
- Some major contracts were renewed only on the second half of 2019.

Profitability down on Q1-19 due to:

- Unrealized loss reported on the investment portfolio, along with higher re-insurance cost.

Profitability down on Q4-19 mainly due to:

- Unrealized loss reported on the investment portfolio, offset by lower direct costs as a result of reduced claims quarter on quarter basis.



Segmental Details

Catering Segment

- Amwaj Catering Services Company, incorporated in 2006 as a wholly-owned subsidiary of Qatar petroleum
- Amwaj was subsequently acquired by GIS in 2012.
- Amwaj Provides diverse services which include:
 - Business & Industrial catering
 - Corporate Hospitality & VIP dining
 - Cleaning & Janitorial Services
 - Camp Management
 - Pest Control
 - Office & Manpower Services



Segmental Details

For the period ended 31 March 2020

Catering Segment

Q1-20 revenue, up by 19% on Q1-19 due to:

- Higher revenue across all segment, catering segment grew by 11% as a result of increased services, in addition to a new catering contract.
- Manpower revenue grew by 20%, as a result of newly mobilized project.
- Accommodation revenue increased by 83% as a result of higher occupancy level.

Q1-20 revenue, up by 6% on Q4-19 due to:

- Mainly due to the a newly awarded in Mesaieed, along with higher occupancy level.

Q1-20 net profit, up by 94% on Q1-19 due to:

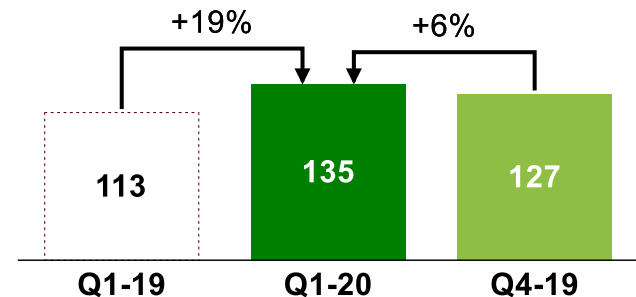
- Higher revenue across all the businesses within the segment.

Q1-20 net profit, slightly down on Q4-19 mainly due to:

- Slightly higher operating costs.

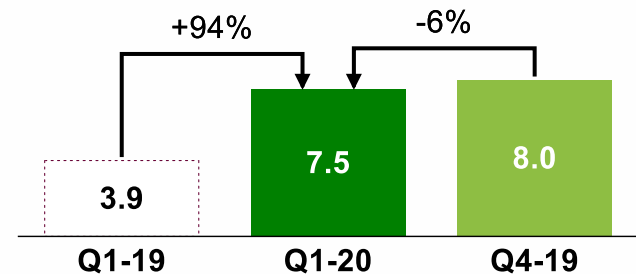
Revenue

QR million



Net Profit

QR million



Updates – Group Debt restructuring & refinancing

Updates - Group Debt restructuring & refinancing

Total Facility size: USD 1.3 billion
(Combined at GIS and GDI level)

Optimize finance cost for GIS group, adding shareholder value

Achieve sustainable debt level for GDI

**Allowing
gradual
deleveraging
and minimum
balloon risk to
Group**

**Balanced and
stronger
financial
position**

**Better liquidity
position with
enhanced cash
flow generation
capability**

**Flexibility to
drive Group's
growth plan
and tap new
opportunities**

The terms and conditions of the deal is subject to approval by the relevant regulatory authorities, which is currently in progress.



Governance Structure

Governance Structure

Board Structure

- GIS Board of Directors consists of seven (7) Directors, three (3) Directors of whom were appointed by the Special Shareholder, which is Qatar Petroleum, and four (4) Directors were elected with effect from 06/03/2018.
- QP appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives.

Board Committees

- The Board of Directors established Board Committees and Special Committees to carry out specific tasks. The Board remains liable for all the powers and authorities so delegated. Currently, Board Committees are (i) Audit Committee (ii) Nomination and Remuneration Committee, and (iii) Steering Committee

Governance and Compliance

- GIS is firmly committed to implementing the principles of good governance set out in the Governance Code for Companies Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA), that are consistent with the provisions of the Company's AoA.
- The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required.

Authorities

- No one person in the Company has unfettered powers of decision. Decision-making process is always done in accordance with the Company's Manual of Authorities and the relevant regulations.



Governance Structure

Remuneration

- **Board of Directors**

- The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

- **Executive Management**

- All financial, administrative and head office services are provided by resources from Qatar Petroleum under a service-level agreement

Shareholders rights

- The Company's Articles of Associations provide for the rights of shareholders, particularly the rights to receive dividends, attend the General Assembly and participate in its deliberations and vote on decisions, tag along rights as well as the right to access information and request it with no harm to the Company's interests.

Disclosure and Transparency

- The Board ensures that all disclosures are made in accordance with the requirements set by regulatory authorities, and that accurate, complete and non-misleading information is provided to all shareholders in an equitable manner.

Company's control system

- The Company adopted an internal control system that consists of policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.
- The internal control framework is overseen by the senior Executive Management, the Audit Committee and the Board of Directors.





الخليج الدولية للخدمات ش.م.ق
Gulf International Services QSC

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Please refer to www.gis.com.qa for the latest information, publications, press releases and presentations about Gulf international Services.