FOR IMMEDIATE RELEASE

Gulf International Services records 41% growth in net profit for the nine months period ended 30 September 2020 to reach QR 49 million

- *EBITDA of QR 482 million for the nine months period ended 30 September 2020*

- *Earnings per share (EPS) of QR 0.026 for the nine months period ended 30 September 2020, as compared to QR 0.019 for the same period last year*

- *Continued efforts underway to streamline operations through strategic transformation initiatives*

- *Several cost optimization initiatives implemented to offset impacts of the current macroeconomic conditions*

- *Drilling segment continued to be under pressure, amid down cycle in the oil & gas industry worldwide since COVID-19 outbreak, affected asset utilization and daily operating rates*

- *Aviation and insurance businesses continued to be on a positive trajectory on the back of capitalizing on new opportunities and expanding market share*

Doha, Qatar; 29 October 2020: Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), one of the largest diversified service groups in Qatar with interests in oil and gas drilling, insurance, helicopter transportation and catering services, today reported a net profit of QR 49 million for the nine months period ended 30 September 2020.

Macroeconomic challenges and business performance

With the Group's continuous efforts towards strategic repositioning, since the last down cycle in the oil and gas industry, success was achieved to an extent, where the Group started to show signs of early recovery from the start of 2019 up until Q1-20. However, since the outbreak of COVID-19 pandemic and while entering into the second quarter of 2020, the Group endured another layer of macro challenges, with crude oil prices plunging to a record low, coupled with strict implementation of lockdowns limiting the economic activities across the global markets.

These latest macro headwinds enforced increased competition in the market and weighed on the Group business performance, and imposed pressure on commercial rates, given the lowered operation levels. These impacts were mostly felt in the drilling segment, with stiff competition on asset utilization burdened the market environment.

The drilling industry went through a downturn led by a turmoil in crude prices, with limited demand and economic activity. In response to these market conditions, many operators sharply curtailed their exploration and development activities, which affected the demand for drilling rig services. GDI was not immune to these industry trends, where decline in asset utilization coupled with repricing of day-rates at a lower level was witnessed, negatively affecting the segment revenue and margins evolution.

However, despite the underlying external factors, which remains out of the Group's control, all the segments have put efforts to withstand these challenging conditions and mitigate the business and operational risks, in order to build profitability. The drilling segment made continuous efforts to optimize cost in all possible areas of business, to provide financial flexibility, while ensuring that safety and performance standards is not compromised. Another key milestone achieved by the drilling segment was successful deployment of the second rig, Rig "West Castor", to the joint venture, GulfDrill LLC, which has commenced operations since mid of August 2020, while the rig "Lovanda" has already been deployed effective March 2020. Additional rigs are expected to commence operations in various phases during Q4-20 and next year, which will unlock solid future growth opportunities for the segment.

The aviation segment witnessed strong improvement in terms of financial performance. The year-on-year performance for the segment was aided by strong revenue growth, as the segment maintained margins year-on-year, on the back of consistent operating costs.

The insurance segment continued its efforts in improving premiums and was successfully able to renew additional contracts during the year, with superior pricing terms. Moreover, new clients added to the medical segment since the start of the year, continuing its momentum of expanding market share within the medical line of business. The catering segment successfully won new catering and manpower contracts, with higher occupancy levels at the site camps.

Commenting on the Group's financial and operational performance for the nine months period of 2020, GIS management said: *"Despite macroeconomic headwinds, GIS continued to reposition its segments led by the Group's commitment to expand market share and focus on rationalizing its operating costs, while ensuring effective utilization of assets, in order to build solid growth prospects. Specifically during this year, we further emphasized our optimization drive across the segments and implemented new cost optimization measures.*

In response to contain the spread of COVID-19 pandemic and ensure our operations remained safe and resilient, our Group companies implemented measures to ensure safety of our employees and spur business continuity.

Going forward, GIS group companies will continue their diligent efforts in ensuring tighter cost controls to enhance competitiveness which will result in maintaining our current market share, improve asset utilization and drive future profitability and long term shareholder value creation."

Financial Performance

Group's revenue for the nine months period ended 30 September 2020 witnessed a moderate increase of 1%, to reach QR 2.3 billion, compared to the same period last year, driven by growth across all the business segments, with an exception of drilling segment.

For the nine months period ended 30 September 2020, the Group reported an EBITDA of QR 482 million. During the nine months period ended 30 September 2020, the Group posted a net profit QR 49 million, an increase of 41%, compared to the same period last year. Earnings per share (EPS) of QR 0.026 for the nine months period ended 30 September 2020, as compared to QR 0.019 for the same period last year.

The growth in net profit came primarily from the aviation and insurance segments. The aviation segment showed strong operational and financial performance owing to the market expansion strategy. Similarly, the insurance segment continued to build on premiums on the back of successful contract renewal coupled with favorable pricing terms. On the other hand, bottom-line earnings were negatively impacted by the drilling segment, which was largely impacted by the lower rig utilization and day-rates, which led to a reduction in revenues compared to last year, partially offset by realizations on segment's optimization efforts.

Operating profits improved by 18%, to reach QR 224 million in 9M-20, as compared to QR 190 million for the same period last year. The increase in operating profits was mainly attributable to the growth in revenue compared to last year.

The Group continued to benefit from the current low interest rates which positively impacted the financial performance for the nine months period, and Group's finance cost declined by 27%, to reach QR 131 million, as compared to QR 181 million for 9M-19.

Revenue for the third quarter of 2020 represented a moderate decline of 3%, compared to the second quarter of 2020, mainly impacted by continued macroeconomic headwinds. The drilling segment revenue reduced by 13% compared to Q2-20, which was mainly attributed to lower rig utilization and day-rates within both offshore and onshore segments. The aviation segment also witnessed a drop of 3% in revenue, due to renewal of an international contract with lower number of aircrafts in Q3-20 and slightly lesser MRO related revenues. This decline was off-set by improved revenues on account of better flying hours noted in Q3-20 compared to Q2-20. The catering segment reported a reduction of 11% in terms of revenue, due to lower occupancy level at Mesaieed camp, in addition to lower number of meals served across majority of catering locations, as a result of the lockdowns and restrictions imposed by the Government to limit the spread of pandemic. Revenues from insurance segment continued to show growth, on account of aggressive growth strategy coupled with premium rate revisions, to build-up market share with a positive growth of 11% noted in Q3-20 versus Q2-20.

When analyzing quarter-on-quarter profitability, a net loss for Q3-20 amounted to QR 5 million was reported as compared to a net profit of QR 45 million in Q2-20. This decline was mainly attributed to negative growth in revenues within the drilling segment on the back of lowered asset utilization. Moreover, the insurance segment witnessed a reduction in bottom line profitability, compared to the previous quarter, due to lower investment income. The overall decline in the Group's profitability was slightly off-set by OPEX savings in the Aviation segment, on account of recent optimization initiatives.

The Group's total assets declined by 3% during the period, to reach QR 10.5 billion as at 30 September 2020, compared to 31 December 2019. On the liquidity front, the closing cash, including short-term investments, stood at QR 795 million, down by 12% as compared to 31 December 2019. The total debt at Group level stood at QR 4.6 billion as at 30 September 2020.

Restructuring and Refinancing of Debt

By the end of Q1-20, the new restructuring and refinancing deal in relation to the Group's debt was in the final stages, but with the outbreak of COVID-19 leading to uncertainties originating from unprecedented lowered operating backdrop across the Oil & Gas industry, the management of GIS decided to discontinue the proposed debt restructuring and refinancing.

With new market dynamics and post COVID-19 outlook, the Group management is now working closely with all the stakeholders including the financial advisor, appointed for the same purpose, to reformulate a funding strategy and finalize a new sustainable restructuring and refinancing plan, which would be financially viable for debt serviceability in long term.

Measures amid COVID-19 pandemic

Several measures have been taken to contain the spread of COVID-19 pandemic, to ensure health and safety of manpower and business continuity. Management at each operating entity is continually overseeing the situation with greater commitment and dedication, to ensure business continuity and safety.

Optimization measures

With cost reduction becoming the Group's topmost priority, the Group has proactively embarked on a number of initiatives to identify opportunities where costs could be minimized and utilization of the assets could be optimized, as part of Group's continuous efforts in mitigating the business and operational risks and building up on profitability. Moreover, as part of these initiatives, GIS' drilling and aviation subsidiaries are actively relooking at optimal deployment plan of their asset base.

These measures would ensure that the Group companies remain competitive in their respective markets, while minimizing operational cost structures and optimizing asset utilization, with an intent to reposition the Group, while preserving cash for future growth prospects.

Operational and financial performance highlights by segment

Drilling: The segment net losses amounted to QR 120 million, up by 117%, compared to the same period last year, mainly as a result of negative growth in revenue. The segment reported a revenue of QR 723 million for the nine months period ended 30 September 2020, down by 19% compared to the same period last year.

Topline performance was mainly impacted by premature rig suspension within the on-shore fleet, amid COVID-19 pandemic, however, the suspension is only for a temporary period and these rigs are expected to commence operations soon. Moreover, the rig day-rates, with effect from July 2020, had been repriced with lesser rates, amid sluggish demand outlook. On-shore revenue witnessed decline of 54% and off-shore revenue declined by 12% for 9M-20 versus 9M-19. Revenue reduction was partially offset by additional revenue streams from the GulfDrill JV, as two of the planned rigs has already commenced operations during the year.

Nevertheless, the segment has been successful in achieving the cost efficiencies on account of lowered operating costs, through numerous cost optimization initiatives implemented in the past two years, without compromising on safety, quality of performance and operational efficiency. Total direct costs for 9M-20, reduced by QR 45 million, compared to the same period last year. In addition, the segment also benefited from lower interest rates, with a total decline of QR 41 million in segment's finance cost was noted during the current nine months period, compared to the same period last year.

GDI will aim to continue delivering the highest level of service, and closely monitor controllable expenditures to ensure that costs are fully optimized and profitability is sustained at the optimal level. The North Field expansion project, for which GDI's joint venture has already commenced operations in this year will also unlock solid growth opportunities for the segment.

Looking ahead, given the uncertainty still persists and with oil and gas market conditions cautiously recovering, we believe the cyclical nature of the industry will ultimately bring forth a recovery phase that will drive an incremental demand for drilling rig services business that could be more favorable to drilling contractors.

Aviation: The aviation segment reported a revenue of QR 490 million for the nine months period ended 30 September 2020, up by 13% compared to the same period last year. The growth in revenue translated into a growth in segment's net earnings[1] to reach QR 422 million, compared to QR 101 million for the same period last year.

The significant growth in profitability was supported by recording a one-off non-cash capital gain of QR 268 million, arising on account of capital gain on transfer of a land and building by Gulf Helicopters Company to GIS, as a part of distribution of dividends in kind. The same one-off gain has been eliminated at the Group level, as part of inter-company eliminations. The segment net profit, excluding the one-off capital gain and income taxes, reached QR 154 million representing an increase of 52% compared to same period last year.

The improvement in topline performance compared to last year was driven by both the domestic and international segments. The domestic segment was successful in revising contract rates, along with an addition of one new aircraft within the Qatar's Oil and Gas operations. This has resulted in an increase in the domestic revenue by 7% compared to same period last year. The international segment affirmed its strategy of penetrating into new territories and expanding its market share away of the domestic market through successfully winning new short term contracts in Angola, Oman and South Africa. Moreover, the Turkish subsidiary, witnessed improved financial performance, amid growth in commercial flying hours. The international segment reported a growth of 21% in revenue, as compared to the same period last year. In addition, the aviation segment continued the expansion of its MRO business, with a new contract won during the year. Although, on overall basis current year's flying hours were on the lower side compared to the last year, due to lowered economic activity since the outbreak of COVID-19, but the fixed charges remained unaffected and supported the overall revenue growth.

Going forward, the aviation segment will continue to focus on key international markets, which provide opportunities in oil and gas aviation services sector. Moreover, the segment is well positioned to unlock additional growth opportunities in Qatar, as increased demand is anticipated from the NFE project which will drive greater exploration activities leading to higher flying hours.

Insurance: Revenue within the insurance segment for the nine months period ended 30 September 2020, increased significantly by 23%, as compared to the same period last year, to reach QR 736 million. Segment revenue grew strongly on the back of successful renewal of policies, along with improved pricing terms on all major accounts within the medical segment, which provided an assurance of continued revenue streams over the year. Moreover, the segment was further able to add new clients within its medical line of business.

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[1] Segment profit have been reported before impact of income taxes.

The segment net profit[2], increased by QR 29 million as compared to the same period last year, to reach to a net profit of QR 35 million for the nine months period ended 30 September 2020. The strong growth in bottom line profitability was mainly supported by significant improvement in premiums in addition to lower net claims compared to last year by 19%, driven by COVID-19 lockdowns.

Going forward, the insurance segment would continue its efforts to enhance its market share and bring additional potential growth to the general and medical segment through revisiting its current contracts pricing structures, coupled with negotiation for discounts with the key medical providers in Qatar. In addition, on the claims side, improving claim management will be done through claim validation and extensive audits.

Catering: The Group's catering segment reported a revenue of QR 317 million, a marginal increase of 1%, compared to the same period last year, amid successful expansion of core industrial catering and manpower contracting services and higher occupancy levels at Mesaieed and Dukhan Camps.

On the other hand, the segment reported a net loss[2] of QR 4 million, compared to a net profit of QR 4 million for the same period last year, mainly due to lowered margins.

Looking ahead, Qatar's catering services market is expected to grow at a positive rate throughout the upcoming years, this will be mainly driven by the NFE Project and FIFA 2022 World Cup in Qatar. This will further increase demand for catering and accommodation services in the hospitality sector, where AMWAJ is well positioned to tap on these opportunities. The segment will also aim to develop its existing business portfolio and create path for diverse revenue streams and market share.

Other matters

The Board of Directors in its meeting held on 29th October 2020, accepted the resignation of Mr. Suleiman Haidar Al-Haider, and unanimously approved the appointment of Mr. Ali Jaber Hamad Al-Marri as the Vice Chairman of the Board of Directors with immediate effect.

Earnings Call

GIS will host an IR earnings call with investors to discuss its 9M-20 financial results, business outlook and other matters on Wednesday, 4th November 2020 at 1:30 p.m. Doha time. The IR presentation that accompanies the conference call will be posted on the publications page of GIS's website.

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[2] Segment profit have been reported before impact of income taxes.

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. 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@qp.com.qa or visit 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