FOR IMMEDIATE RELEASE

Gulf International Services records 6% growth in revenue for the six months period ended 30 June 2020 and recorded a net profit of QR 54 million

- *Revenue growth noted on the back of capturing new opportunities, expanding market share and major renewals of contracts across different segments*

- *EBITDA of QR 359 million for the six months period ended 30 June 2020*

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

- *Several cost optimization initiatives implemented to enhance profitability and offset impacts of the current market macroeconomic conditions*

- *Earnings per share (EPS) of QR 0.029 for the six months period ended 30 June 2020, as compared to QR 0.016 for the same period last year*

Doha, Qatar; 12 August 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 54 million for the six months period ended 30 June 2020.

Business performance

During the first half of 2020, the Group witnessed an improvement on the topline performance evidenced by revenue growth and improved net margins. The Group's bottom line profitability witnessed a strong improvement compared to last year. The aviation segment continued to build up on the strong financial performance with superior revenues and quality earnings. The insurance segment continued its efforts in improving premiums and was successfully able to renew additional contracts during Q2-20, with superior pricing terms. Moreover, new clients added to the medical segment during Q2-20, continuing its momentum of expanding market share within the medical line of business. Also, with recovery of financial markets, coupled with strategic re-allocation of the investment portfolio, aided a recovery of 172% on the unrealized investment revaluation losses made in Q1-20. The catering segment has also successfully won new catering and manpower contracts, with higher occupancy levels at the site camps.

The momentum in drilling segment was affected by lower rig utilization rates, which mainly affected the segment's performance in Q2-20, offset by the realizations of NFE project where the first rig already commenced its operations starting from late March 2020 and bringing additional revenue streams for the segment.

Commenting on the Group's financial and operational performance for the first half of 2020, **Sheikh Khalid bin Khalifa Al-Thani, Chairman of the Board of Directors,** said: *"Despite the macroeconomic challenges posed to the Group due to the spread of COVID-19 pandemic and recent deterioration of oil market, GIS continued the journey towards repositioning its segments led by the Group's focus on high utilization of assets, combined with a commitment to expand market share and rationalizing its operating costs, so as to build solid foundations for revenue and profit growth. This strategy has particularly helped all the segments to contribute to the Group's performance, which translated into the Group's improved financial performance.*

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

Going forward, GIS group companies will continue to strive to maintain market share, with an eye on growth, and would diligently chase the industry benchmarks, in term of cost competiveness, which could drive future profitability and lead towards shareholder value creation."

Financial Performance

Group's revenue for the six months period ended 30 June 2020 grew by 6%, to reach QR 1.6 billion, compared to the same period last year, driven by strong growth across all the business segments, with an exception of drilling segment.

For the six months period ended 30 June 2020, the Group reported an EBITDA of QR 359 million. During the six months period ended 30 June 2020, the Group posted a net profit QR 54 million, an increase of 84%, compared to the same period last year.

Net profit continued to reflect the growth across all segments. The aviation segment showed strong operational and financial performance owing to the market expansion strategy. Similarly, the drilling segment demonstrated a moderate recovery due to rationalization of operating costs, including general & administrative expenses. However, topline performance of the drilling segment was largely impacted by the lower rig utilization rates, due to travel restrictions imposed to contain the spread of COVID-19 pandemic which affected the crew repatriation process, which led to a reduction in revenues compared to last year.

Operating profits improved by 41%, to reach QR 193 million in 1H-20, as compared to QR 137 million for the same period last year. The increase in profitability was mainly attributable to the improved revenue compared to last year.

Finance cost also decreased by 21%, to reach QR 98 million in 1H-20, as compared to QR 125 million in 1H-19, on the back of the declining interest rates.

Revenue for the second quarter, represented a 13% reduction compared to the first quarter of 2020, mainly impacted by macroeconomic headwinds, due to the COVID-19 lockdowns leading to lowered economic activity. The drilling segment revenue reduced by 20% compared to Q1-20, which was mainly due to the lower rig utilization rates. The aviation segment, on the other hand, witnessed a drop of 16% in revenue, as a result of lower number of flying hours, with a notable recovery in flying activity in June 2020. The catering segment reported a reduction of 19% in terms of revenue, due 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 the pandemic. Revenues from insurance segment continued to show growth on account of aggressive growth strategy to build up market share.

Net profit reported for the second quarter of 2020, improved by 420%, compared to Q1-20, on account of significant recoveries made in relation to unrealized revaluation losses incurred on the Group's investment portfolio in Q1-20, amid improved performance of the financial markets in Q2-20, where, Q2-20 investment portfolio reported an unrealized revaluation gain of QR 38 million, against an unrealized revaluation loss of QR 53 million for Q1-20.

The Group's total assets rose by 1% during the period, to reach QR 11 billion as at 30 June 2020, compared to 31 December 2019. On the liquidity front, the closing cash, including short-term investments, stood at QR 891 million down by 2% as compared to 31 December 2019. The total debt at Group level stood at QR 4.7 billion as at 30 June 2020.

Restructuring and Refinancing of Debt

Due to the recent uncertainty emanating from the unforeseen lowered operating backdrop, across the Oil & Gas industry, caused by the spread of COVID-19 pandemic, the management of GIS, has decided to temporarily defer all the proceedings of the proposed new debt restructuring and refinancing exercise to latter part of the year.

This decision has been taken after several internal deliberations, in order to adopt a more prudent and conservative approach to the business, which would allow management to reformulate and quantify the impacts of the current challenging external factors on its businesses. These measures would allow management to ensure better certainty, with a stable view of the market in relation to the debt profile and the repayment structure.

Measures and impacts 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.

OPEX and CAPEX optimization measure

GIS Group companies have proactively initiated several cost optimization initiatives amid current macroeconomic challenges, to mitigate the business and operational risks and build profitability. Also, the capital expenditure programs across the Group have been carefully re-assessed and several expenditure requirements have either been cancelled or deferred to the future years, in order to enhance and preserve the overall liquidity position of the Group.

Operational highlights by segment

Drilling: The drilling segment witnessed a slight recovery in 1H-20 net losses[1] of 3%, compared to the same period last year, as a result of savings on direct operating costs and lower finance costs. However, drilling revenues for 1H-20 declined by 11% compared to 1H-19, to reach QR 522 million.

Topline performance was mainly impacted by lower rig utilization rates. The overall decline in rig utilization resulted in a reduction of the on-shore revenue by 29% and off-shore revenue by 4%. Revenue reduction was partially offset by additional revenue streams from the GulfDrill JV, as the first out of six rigs has already commenced operations from 29 March 2020.

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

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 1H-20, reduced by QR 29 million, compared to the same period last year. In addition, the segment also benefited from lower interest rates, with a total decline of QR 19 million in segment's finance cost noted in 1H-20, compared to the same period last year.

GDI will aim to continue delivering the highest level of service, and further evaluate and optimize its operating costs, in a step to support the bottom line profitability. The North Field expansion project, for which GDI's joint venture has been awarded a contract to provide six premium jack-up rigs, and where the jack up rig "GulfDrill Lovanda" has already commenced operations from 29 March 2020, while other rigs will commence operations in various phases during this year and next year, will unlock solid growth opportunities.

Moreover, GDI is positioning itself for other domestic and international opportunities, which would not only enhance the overall asset utilization and cash flows, but also provide avenues to diversify. Although, the strategy of international expansion could be affected with delays, due to the current macro situation, amid spread of COVID-19 pandemic and depressed oil prices.

Aviation: The aviation segment reported a revenue of QR 340 million for the six months period ended 30 June 2020, up by 16% compared to 1H-19. The growth in revenue translated into a growth in segment's net earnings[2] to reach QR 362 million, compared to QR 72 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. Although, the same has been eliminated at the Group level as part of inter-company eliminations. The segment net profit excluding the capital gain, reached QR 95 million representing an increase of 31% compared to same period last year.

The segment continued to maintain its leading position in the domestic market with 100% market share, while operating internationally in Europe, Africa and Asia, with a total fleet of 55 helicopters. Topline performance have improved compared to last year, mainly due to the revision of contract rates starting from this year, with an addition of one new aircraft within the Qatar's Oil and Gas operations. Moreover, revenue within the international segment also improved by 25% as compared to 1H-19, on the back of improved operational performance from Turkish subsidiary, coupled with penetration into new territories by winning new short term contracts in Angola, Oman and South Africa. In addition, the segment continued the expansion of its MRO business, with a new contract won in Kuwait, during the current half year, and adding further revenue streams to the segment. However, overall results were partially impacted by reduction in the number of flying hours domestically and internationally, mainly witnessed in April and May with a recovery in June due to the outbreak of COVID-19 pandemic.

Going forward, the aviation segment will continue to focus on key international markets, which provide opportunities in oil and gas aviation services sector. Also, the segment acquisition of a 49% stake in Air Ocean Maroc in 2019, is set to spur further growth, which is currently looking at opportunities in Morocco, Western Africa and South of Europe.

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

Insurance: Revenue within the insurance segment for the six months period ended 30 June 2020, increased significantly by 23%, as compared to the same period last year, to reach QR 470 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.

The segment net profit[3], increased by 7% as compared to 1H-19, to reach to a net profit of QR 12 million for the six months period ended 30 June 2020. Segment net profit was mainly impacted by negative unrealized mark-to-market movements in the investment portfolio during the first quarter of the year, as a result of the market volatilities amid COVID-19 outbreak. However, during the second quarter, the investment portfolio showed a positive trajectory, with a significant recovery of the financial markets and strategic re-allocation of the portfolio, which led to a positive movement by 172% on unrealized mark-to-market losses incurred in Q1-20. Furthermore, the growth in profitability was also supported by lower net claims compared to 1H-19 by 37%. This was driven by the impact of COVID-19 lockdowns that reduced the doctor's consultations and minor medical procedures, causing a reduction in medical insurance claims.

Going forward, the insurance segment would continue its efforts to enhance its market share and to reprice its current contracts in medical business, so as to better manage the claims and rationalize the claim exposures which would lead to enhance the overall segment profitability. The insurance segment is continuing its efforts to tap opportunities in the hardening reinsurance market, with expectations of increased premium rates for both local, as well as, international businesses, apart from deploying enhanced treaty limits, treaty capacities and alternative proportional treaties.

Catering: The Group's catering segment witnessed a growth in revenues by 9%, to reach QR 227 million during 1H-2020, compared to the same period last year, due to 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 profit[3] of QR 5 million in 1H-20, compared to a profit of QR 4 million for the same period last year, mainly due to lowered margins on account of higher direct costs.

Looking ahead, the catering segment will focus on developing existing business portfolios as the market has been very challenging, recently, due to increased competition. The key drivers of growth in the catering sector would be to mainly enhance its market share, while continuing to increase cost efficiency, which would enable better market positioning which would result in an enhanced financial position. Qatar's catering services market is expected to grow at a positive rate through to 2024. This will be mainly driven by the NFE Project and FIFA 2022 World Cup in Qatar, where volume growth is expected. This will further increase demand for catering and accommodation services in the hospitality sector, where AMWAJ is well positioned to tap on these opportunities.

Earnings Call

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Monday, 17 August 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.

-Ends-

[3] Segment profit / losses have been reported before impact of 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