

FOR IMMEDIATE RELEASE

## Gulf International Services records a strong growth in net profits to reach QR 290 million for the year ended 31 December 2022

*Board of Directors recommends a cash dividend of QR 0.1 per share, equating to 10% of the nominal share value*

- *Group's revenue reached QR 3.7 billion for the year ended 31 December 2022, improved by 19% versus last year*
- *EBITDA of QR 807 million for the year ended 31 December 2022, higher by 54% compared to the previous year*
- *Earnings per share amounted to QR 0.156 for the year ended 31 December 2022*
- *All operating segments reported improved set of results on a year-on-year basis*
- *4Q-22 financial performance significantly improved with a growth of 86% in net earnings versus 4Q-21 mainly on account of constructive business dynamics*

**Doha, Qatar; 13 February 2023:** Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net profit of QR 290 million for the year ended 31 December 2022, with an earnings per share of QR 0.156.

### Business Review

The Group witnessed strong financial performance for the year ended 31 December 2022, supported by all the segments. The drilling segment witnessed a strong recovery due to combination of factors including comparatively higher rig day-rates, improved asset utilization as more rigs became operational, and successful contract renewal with extended tenors. In addition, new contracts for liftboats were won internationally in KSA and Maldives, which helped diversifying the segment's revenue streams and supported the overall growth for the drilling segment.

The aviation segment was able to sustain its growth momentum in terms of strong top-line performance mainly driven by better flying activity coupled with comparatively higher contributions from the MRO business. The insurance segment built upon its strong performance by further expanding its general line of business. The catering segment continue to demonstrate improved set of results on the back of realizations from the new contracts won last year and in addition to the realizations from the contracts related to the FIFA 2022 World Cup.

### Group Financial Performance – YE-22 vs YE-21

Key financial performance indicators	YE-22	YE-21	Variance (%)
Revenue (QR' million)	3,666	3,091	+19%
Net profit (QR' million)	290	54	+436%
EBITDA (QR' million)	807	524	+54%
Earnings per share (QR)	0.156	0.029	+436%

Group's revenue for the year ended 31 December 2022 amounted to QR 3.7 billion, with an increase of 19% compared to 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 807 million and recorded a net profit of QR 290 million for the year ended 31 December 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 9%, mainly linked to increased commercial activity.

Group's finance cost significantly increased by 41% to reach QR 182 million, as a result of persistently higher interest rates. Net monetary losses arising from the accounting impacts of hyperinflation from GHC's Turkish subsidiary (QR -11 million) also contributed negatively to the Group's profitability. In addition, general and administrative expenses also increased by 9% on a year-on-year basis, mainly linked to increase noted across all the segments, amid overall increase in commercial activity and general inflationary impacts.

Moreover, performance of the insurance segment's investment portfolio was negatively impacted, amid volatilities in capital markets, and a decline of QR 48 million (-97%) was noted on account of investment income<sup>1</sup> versus last year. This decline was mainly linked to unrealized losses booked on revaluation of held for trading investment securities.

#### Financial Performance – 4Q-22 vs 3Q-22

Key financial performance indicators	4Q-22	3Q-22	Variance (%)
Revenue (QR' million)	1,000	927	+8%
Net profit (QR' million)	24	98	-76%
EBITDA (QR' million)	167	234	-29%
Earnings per share (QR)	0.013	0.053	-76%

Revenue for 4Q-22 increased by 8% compared to 3Q-22, mainly on account of better revenue reported from insurance, catering and drilling segments, which was slightly offset by negative movement in topline from the aviation segment.

On the other hand, net profit for 4Q-22 declined by 76% compared to 3Q-22. This shortfall in the Group's net earnings was mainly attributed to the following factors:

- Reduction in revenue within the aviation segment (mainly from international operations) and hyper-inflation loss of QR 19 million reported for the current quarter;
- Higher general and administrative expenses reported within the drilling segment on account of higher accruals along with higher finance costs;
- Lower investment income from the insurance segment due to higher unrealized losses on held for trading securities.

#### Financial Performance – 4Q-22 vs 4Q-21

Key financial performance indicators	4Q-22	4Q-21	Variance (%)
Revenue (QR' million)	1,000	844	+18%
Net profit (QR' million)	24	13	+86%
EBITDA (QR' million)	167	114	+46%
Earnings per share (QR)	0.0129	0.0070	+86%

Revenue for 4Q-22 increased by 18% compared to 4Q-21, mainly on account of higher revenue growth achieved by all the segments, amid improved business dynamics for all of the segments since the start of current year.

Net profit for 4Q-22 increased by 86% compared to 4Q-21. This growth in the Group's bottom-line profitability was mainly linked to better performance reported by aviation, insurance and catering segments, which was partially off-set by negative bottom-line performance by drilling segment.

<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 position**

Key performance indicators	As at 31-Dec-22	As at 31-Dec-21	Variance (%)
Cash and short-term investments (QR' million)	1,143	698	+64%
Total Assets (QR' billion)	10.9	9.9	+10%
Total Debt (QR' billion)	4.29	4.33	-1%

The Group total assets increased by 10% during the current year compared to 31 December 2021 and stood at QR 10.9 billion as at 31 December 2022. Cash and short-term investments stood at QR 1.1 billion, up by 64% 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 cash flow generation.

Total debt at the Group level amounted to QR 4.29 billion as at 31 December 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.

**Operational and financial performance highlights by segments****Drilling:**

Key performance indicators	YE-22	YE-21	Variance (%) [YE-22 vs YE-21]	4Q-22	3Q-22	Variance (%) [4Q-22 vs 3Q-22]
Revenue (QR' million)	1,285	1,020	+26%	335	318	+5%
Net loss (QR' million)	(90)	(201)	-55%	(50)	(17)	+197%

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

The drilling segment reported a revenue of QR 1.3 billion for the year ended 31 December 2022, up by 26% compared to last year. The revenue growth has largely been linked to comparatively higher rig day-rates implemented for the offshore fleet since the mid of last year (July'21). Also, redeployment of two onshore suspended rigs, along with commencement of operations of GDI-8, positively contributed to the segment's topline performance for the current year. Moreover, full deployment of Gulfdrill JV's fleet since 2Q-21, had a positive impact on the segment revenue for YE-22 on account of comparatively higher management fees.

The segment reported a net loss of QR 90 million for the year ended 31 December 2022, compared to a net loss of QR 201 million for last year. Significant reduction in losses was mainly attributed to growth in segmental revenue, partially offset by higher operating cost on account of increased activity.

On a quarter-on-quarter basis, losses for the segment increased by QR 33 million mainly due to higher accruals in relation to operational costs. Also, higher finance cost affected segment's bottom-line profitability on a quarter-on-quarter basis. This was partially offset by slightly higher revenues which increased by 5% versus 3Q-22. Growth in the segment revenue was mainly linked to higher rig utilization achieved during the current quarter, as another onshore rig (GDI-8) became operational during the quarter.

**Aviation:**

Key performance indicators	YE-22	YE-21	Variance (%) [YE-22 vs YE-21]	4Q-22	3Q-22	Variance (%) [4Q-22 vs 3Q-22]
Revenue (QR' million)	915	722	+27%	226	248	-9%
Net profit (QR' million)	310	221	+40%	48	98	-51%

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

The aviation segment reported a total revenue of QR 915 million for the year ended 31 December 2022, with an increase of 27% compared to last year. 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 310 million, representing an increase of 40% compared to last year, mainly due to growth in revenue. GHC recorded the highest net profit in its history.

The segment revenue for 4Q-22 versus 3Q-22 decreased by 9%, mainly due to lowered international flying activity, especially shortfall in revenue noted from the Turkish subsidiary & Angolan operations during the current quarter versus 3Q-22. Q4-22 profitability also declined by 51% mainly due to downward movement in segmental revenue on a quarter-on-quarter basis coupled with net monetary losses arising from the accounting impacts of hyperinflation from GHC's Turkish subsidiary which also contributed negatively to the segment's profitability.

#### Insurance:

Key performance indicators	YE-22	YE-21	Variance (%) [YE-22 vs YE-21]	4Q-22	3Q-22	Variance (%) [4Q-22 vs 3Q-22]
Revenue (QR' million)	898	988	-9%	266	215	+24%
Net profit (QR' million)	71	60	+18%	19	17	+13%

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

Revenue within the insurance segment for the year ended 31 December 2022 decreased by 9% as compared to previous year, to reach QR 898 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 18% as compared to previous year, to reach QR 71 million. The growth in bottom line profitability was mainly supported by an overall decline in claims, which decreased by 37% 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 48 million (-97%) was noted on account of investment income<sup>2</sup> for the current year versus last year. This decline was predominantly linked to the unrealized losses booked on revaluation of held for trading investment securities.

The segment revenue for 4Q-22 versus 3Q-22 increased by 24%, mainly due to growth noted in premiums from the medical insurance line of business due to winning new contracts. The segment's profitability for 4Q-22 also improved by 13% in comparison to 3Q-22, mainly linked to overall growth noted in segmental revenue, being partially off-set by the negative performance of the segment's investment portfolio, as lower investment income<sup>2</sup> was reported during 4Q-22 versus 3Q-22, with a decline of QR 17 million was noted during 4Q-22 versus 3Q-22. This was mainly linked to the unrealized losses booked on revaluation of held for trading investment securities during the current quarter.

#### Catering:

Key performance indicators	YE-22	YE-21	Variance (%) [YE-22 vs YE-21]	4Q-22	3Q-22	Variance (%) [4Q-22 vs 3Q-22]
Revenue (QR' million)	568	361	+57%	173	146	+19%
Net profit / (loss) (QR' million)	9	-15	+157%	8	2	+358%

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

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

The catering segment reported a revenue of QR 568 million, with an increase of 57% compared to last year. Revenue increase was mainly driven by the growth noted within the manpower segment on the back of realizations from a new contract won during latter part of last year. Additionally, certain contracts were renewed within the manpower & catering segments with broader scope improving the 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 9 million noted for the year ended 31 December 2022 compared to a net loss of QR 15 million for last year, mainly due to higher revenues and better margins.

On a quarter-on-quarter basis, catering segment continued its positive trajectory of its topline during 4Q-22 mainly due to improved revenue from the realizations of the FIFA 2022 World Cup related contracts. In this regard, the segmental revenue grew by 19% versus 3Q-22. The segment reported a net profit of QR 8 million during 4Q-22 versus a net profit of QR 2 million during 3Q-22. Growth in bottom-line profitability was mainly linked to better revenue growth achieved during the current period.

### **Proposed Dividend Distribution**

From the initial public offering from February 2008 through 2016, the Group's shareholders have received accumulated cash dividends of approximately QR 2.7 billion, equivalent to approximately QR 16.6 per share, with an average payout ratio of approximately 52%. In addition, shareholders have received a total of 63 million additional shares through three bonus issuances since inception.

Given a strong recovery in terms of the Group's financial results achieved during the current year, the Board of Directors after taking into account, the operating, investing, and the financing needs of Group's businesses is pleased to recommend a dividend distribution for the year ended 31 December 2022, equivalent to a payout of QR 0.1 per share and equating to 10% of the par-value of the share capital of QR 1 per share, subject to the approval of General Assembly.

### **Earnings Call**

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Monday, 20<sup>th</sup> February 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