

Gulf International Services

Investor Relations Presentation

31December 2019

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 presentation contains 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 realisation 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 Q.P.S.C.’s accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Gulf International Services Q.P.S.C.’s share. Values expressed in QR billions and percentages have been rounded to 1 decimal point. 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 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



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%.

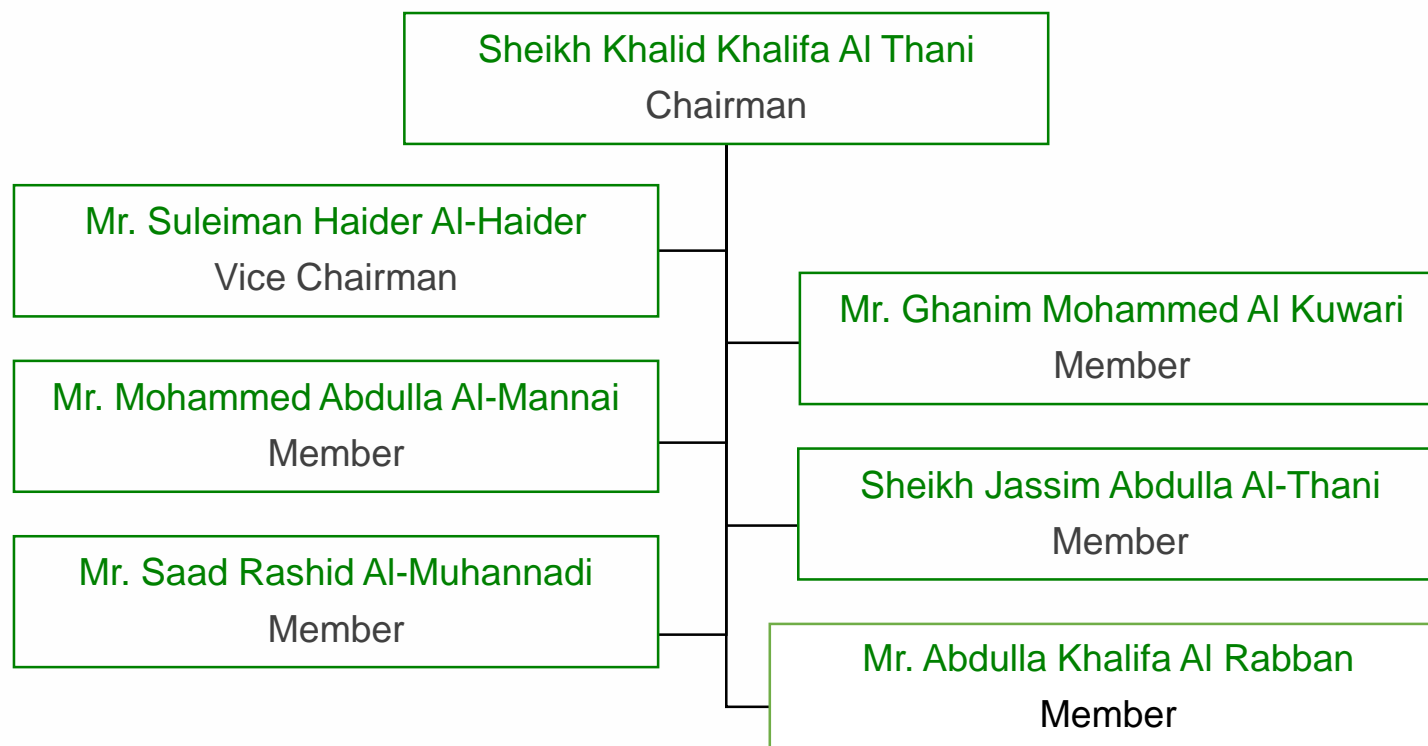


- All of the subsidiaries are **100%** owned by GIS.



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.
- 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.

Diversified
holding

Experienced
senior
leadership
team

- Operating in diversified segments.
- Lower impact by volatile crude oil prices.
- One of the leading medical insurance providers
- Providing catering services for Offshore operations.

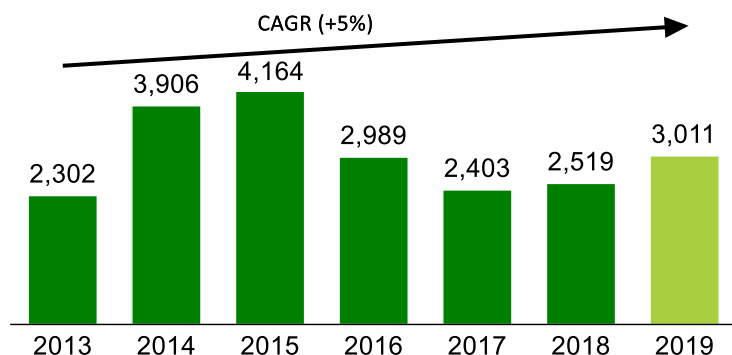
- Selected experienced management team in different service industries
- Internationally diversified management team from across the globe.



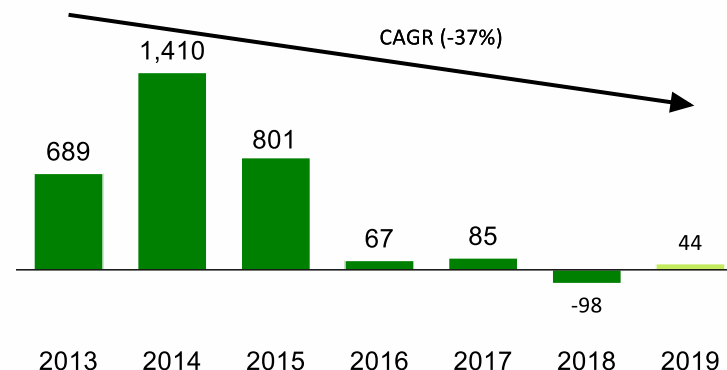
Results at a glance (2013-2019)

Results at a Glance (2013-2018)

Revenue (QR million)

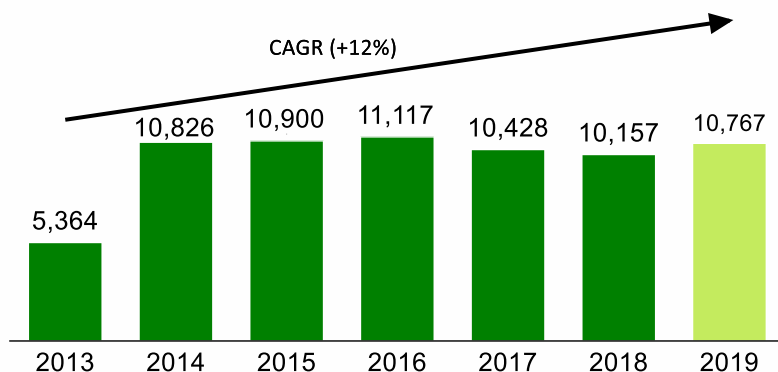


Net profit (QR million)

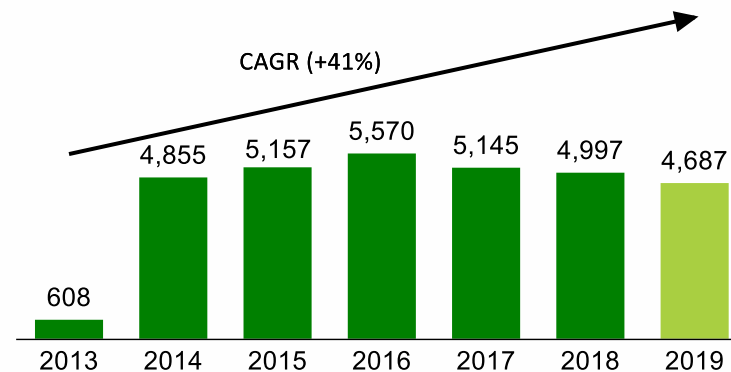


- Revenue peaked in 2015 with overall movement in line with crude oil prices • Net profit dropped after the peak due to increase in financing costs • Total Assets increased in 2014 due to the acquisition of 30% of GDI
- Total Debt increased in 2014 to finance the additional acquisition, as well as a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

Total Assets (QR million)



Total Debt (QR million)



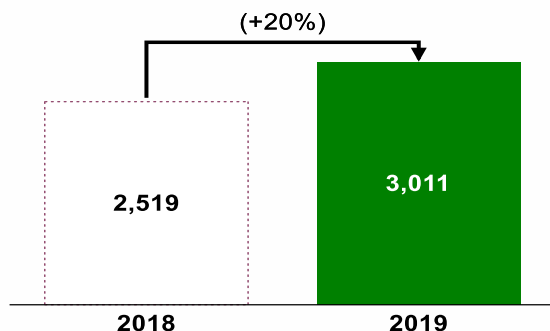
Note: CAGR means Compounded Annual Growth Rate

Results at a glance (For the year ended 31 December 2019)

Results at a Glance

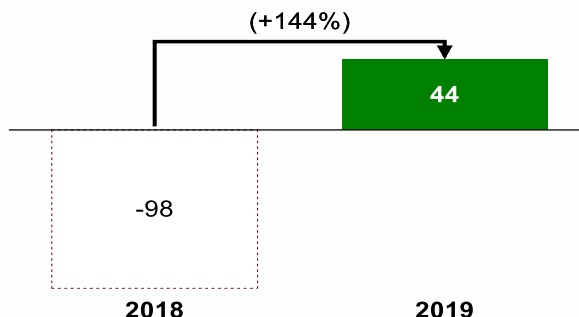
For the period ended 31 December 2019

Revenue (QR million)



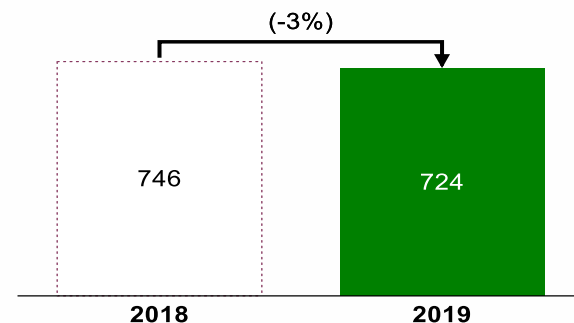
Revenue up by 20%. Increase noted across all segments. The insurance segment reported the highest growth among all.

Net profit (QR million)



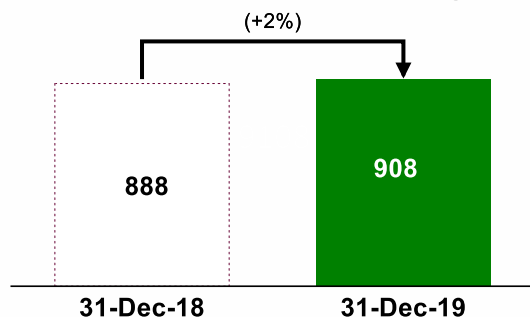
Net profit up notably on last year, however, down on budget. Actual profit were offset mainly by the reduction in the insurance segment. **EPS** of QR 0.023, compared to previous year EPS of QR (0.053).

EBITDA (QR million)



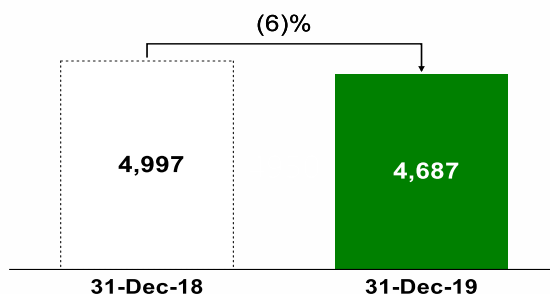
EBITDA marginally down compared to last year mainly due to higher direct cost

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



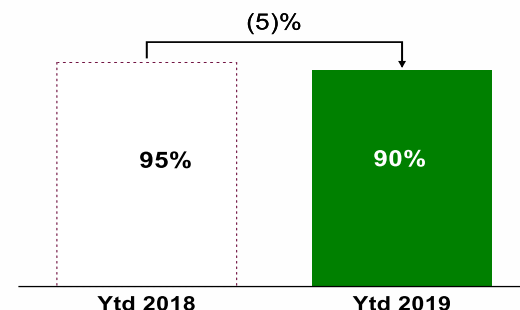
Cash marginally increased compared to last year. Cash generated from operation mainly used in investing capex and repaying loans.

Total Debt (QR million)



Total debt slightly reduced due to repayment of loans • GDI debt represents 94% of the Group debt.

Contract Rig Utilization (Av. %)

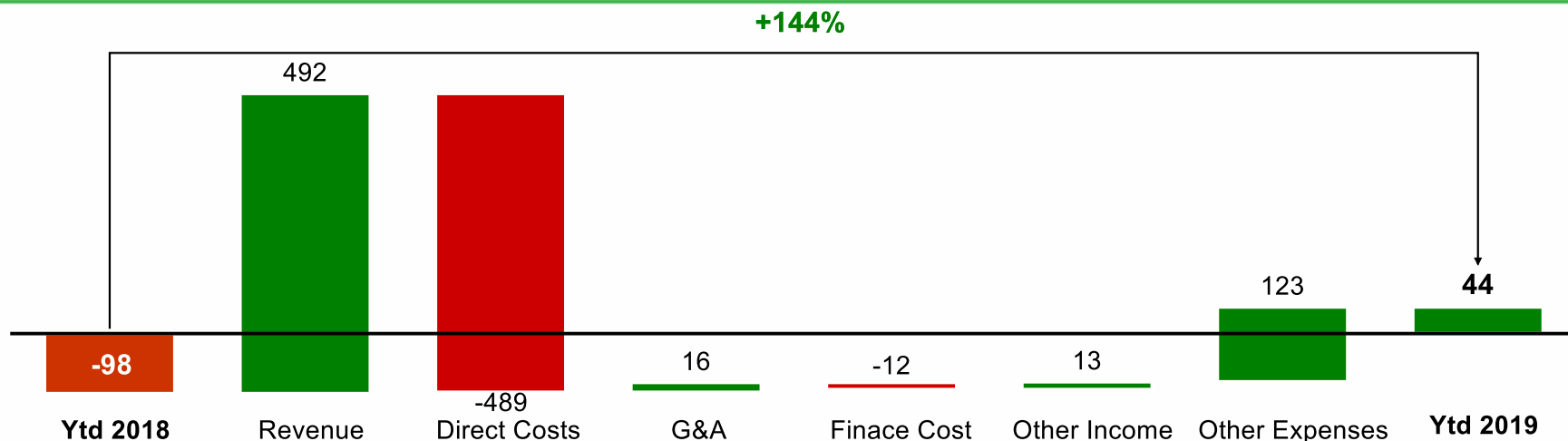


Rig utilization marginally down by 5%, mainly due to GDI 3 and Musherib being off contract this year, which was partially offset by Rumaila being back to operation.



Net Profit

For the period ended December 31, 2019



- **Revenue** Increased compared to last year by 20%. The insurance segment is the main contributor to the positive variance with 88% increase and with all other segments witnessing a marginal increase.
- **Direct Costs:** Costs across the group company went up by 23%, mainly due to the notable increase in the insurance segment as a result of higher claims. Both the aviation and the catering segment witness a moderate increase in direct cost by 13% and 9% respectively due to overall increase in volumes with higher revenue. While the drilling segment reported a reduction in direct costs of 4% compared to last year.
- **G&A Expenses:** Total savings of QR 16 million, or 8% across all group companies, mainly due to reduction on the overall staff costs and rent expenditures.
- **Finance Costs:** Higher finance costs, up by 5%, primarily as a result of higher cost of debt.
- **Other Income:** Up on last year, mainly due to higher investment income from the insurance segment and higher other income.
- **Other Expenses:** Reduced significantly on last year as result of an impairment loss related to Al-Doha rig which was booked in 2018, whereas in contrast, very minimal impairment/ write-offs booked in 2019.

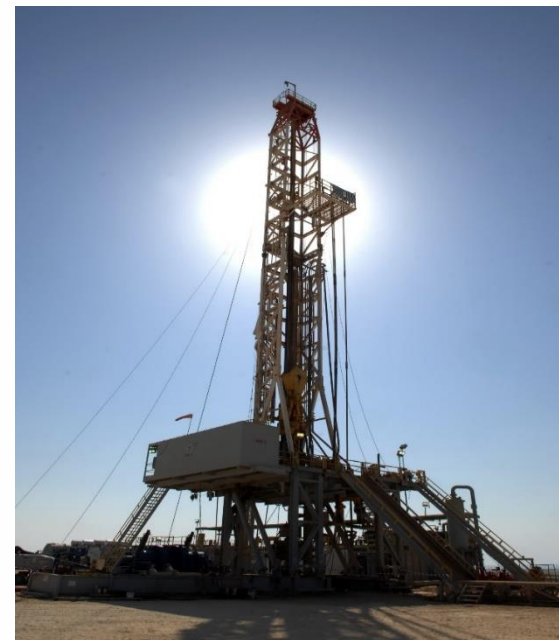


Segmental Details

Segmental Details

Drilling Segment

- **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.

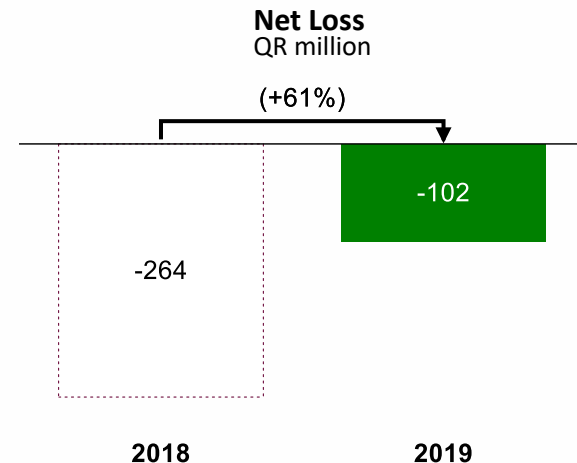
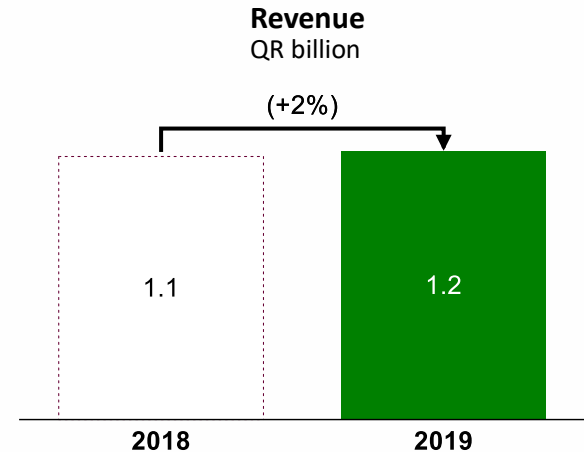


Segmental Details

For the year ended 31 December 2019

Drilling Segment

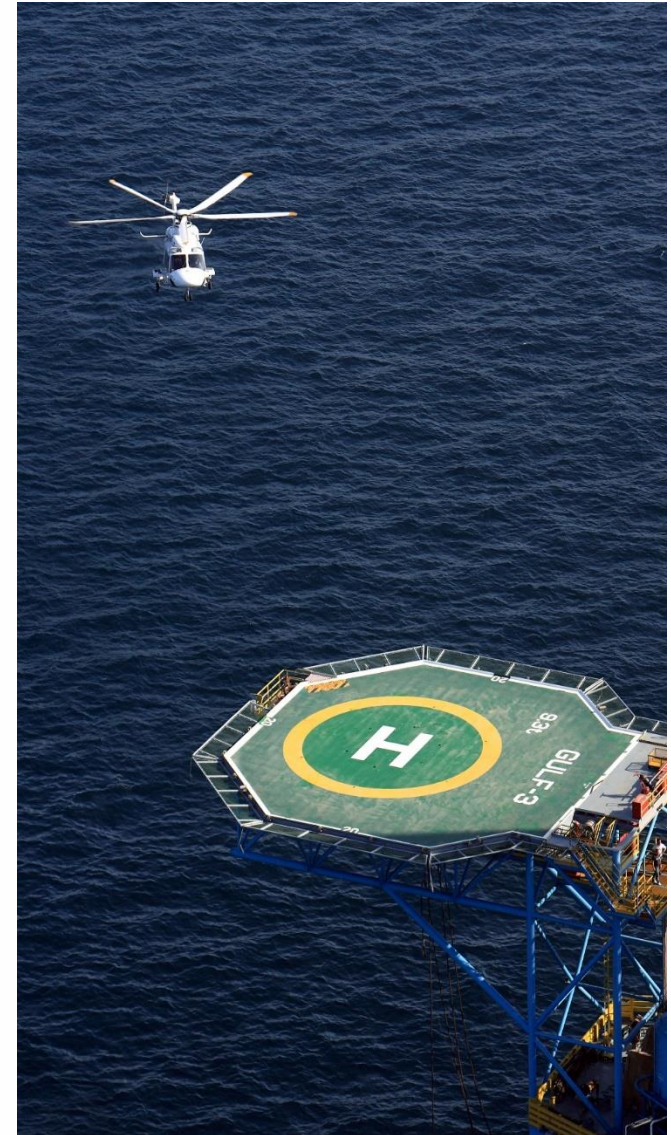
- Year to date revenue of QR 1.2 billion, up by 2% on last year due to higher revenue from West Tucana, in addition to Rumailah being brought back to operation.
- Year-to-date net loss of QR 102 million, with a reduction in net in loss by 61% primarily due to higher revenues, reduction on direct costs mainly through outsourcing services and rationalizing the structure and optimizing the operational activity, lower rig mobilization costs, lower consultancy fees and lower depreciation costs and savings on G&A expenses compared to last year.



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 (36%), India
 - Gulf Med Aviation Services Ltd (49%), Malta
 - Air Ocean Maroc (49%), Morocco



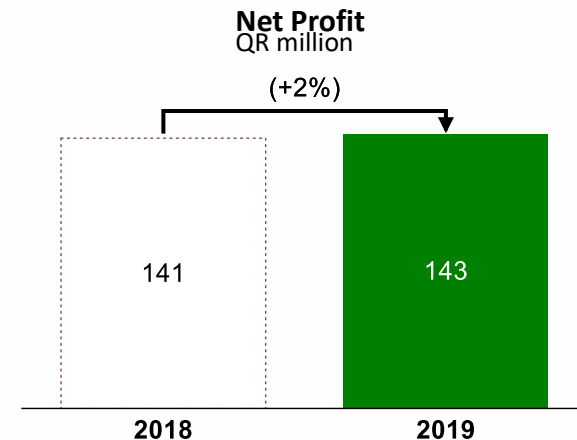
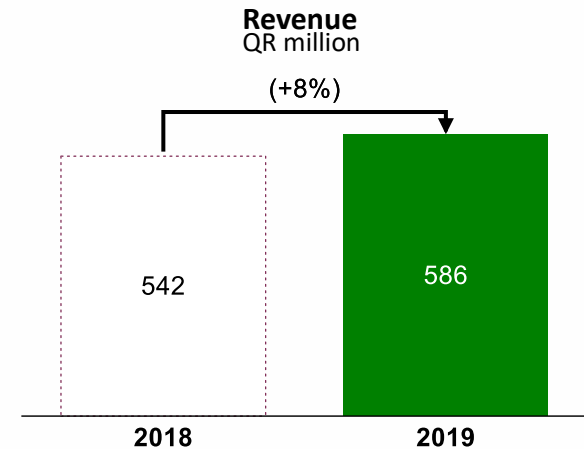
Segmental Details

For the year ended 31 December 2019

Aviation Segment

○ Year-to-date revenue of QR 586 million up by 8% on last year. Growth mainly came from its international division, which secured short-term contracts in Angola, Spain, Oman, Kuwait, Cyprus and South Africa, as well as, its Turkish subsidiary, Red Star Aviation, which added to the revenue growth over 2018. The domestic aviation business, which is consisting of oil and gas services and VVIP transportation, continued its positive business trajectory.

○ Year-to-date net profit of QR 143 million moderately up by 2% due to the increase in overall revenue and other income (rental income), offset by higher direct costs as result of higher aircraft maintenance cost and insurance expenses.



Segmental Details

Insurance Segment

- **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

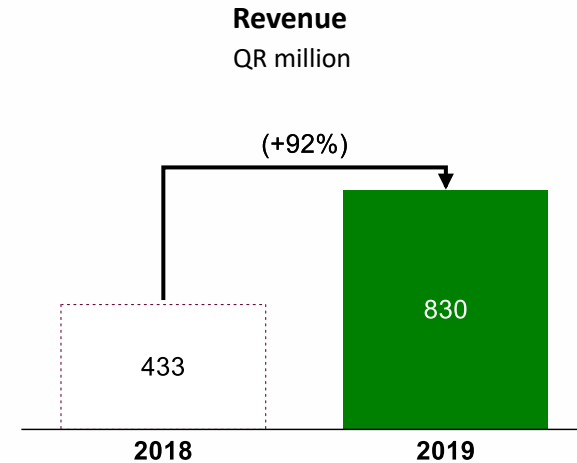


Segmental Details

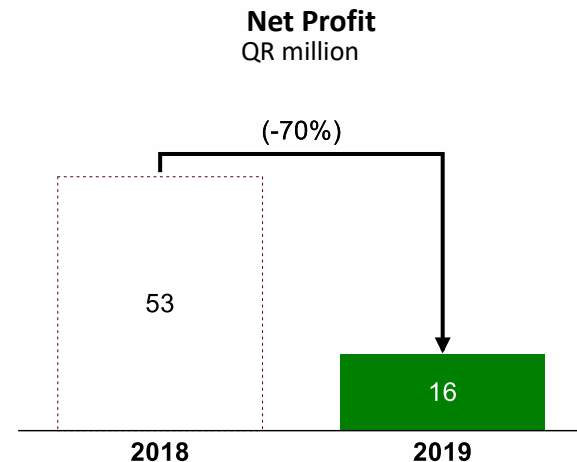
For the year ended 31 December 2019

Insurance Segment

○ Revenue of QR 830 million, up significantly by 92% on 2018 primarily due significant growth in both energy and medical lines of business, mainly due to major contracts won during the year which include, among others, Qatar Airways, Qatar Petroleum and Qatar Gas.



○ Year-to-date net profit of QR 16 million, down on last year by 70% mainly as result of higher net claims paid within the medical and energy segment.



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



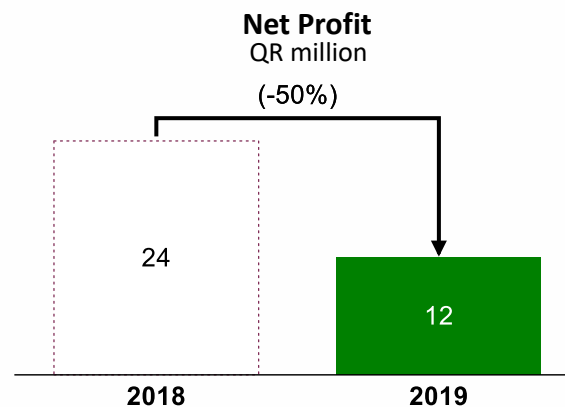
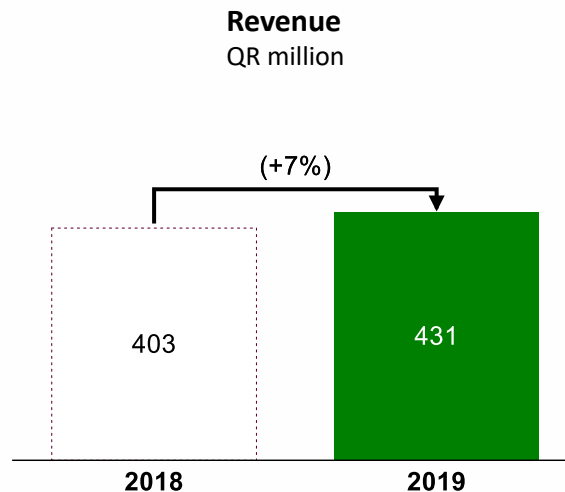
Segmental Details

For the year ended 31 December 2019

Catering Segment

○ Year-to-date revenue of QR 431 million, marginally up by 7% on last year. Increase in revenue was mainly driven by higher revenue from contract with Qatar Gas, Qatar Primary material Company, Ooredoo, Hamad Medical Corporation, Qatar's Supreme Committee for Delivery and Legacy.

○ Profits fell by 50% to reach QR 12 million, due to the absence of favorable one-time items from the previous year where provision reversals were booked in 2018.



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 and the GIS group of companies.