

# Gulf International Services

## Investor Relations Presentation

Q3, 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%.

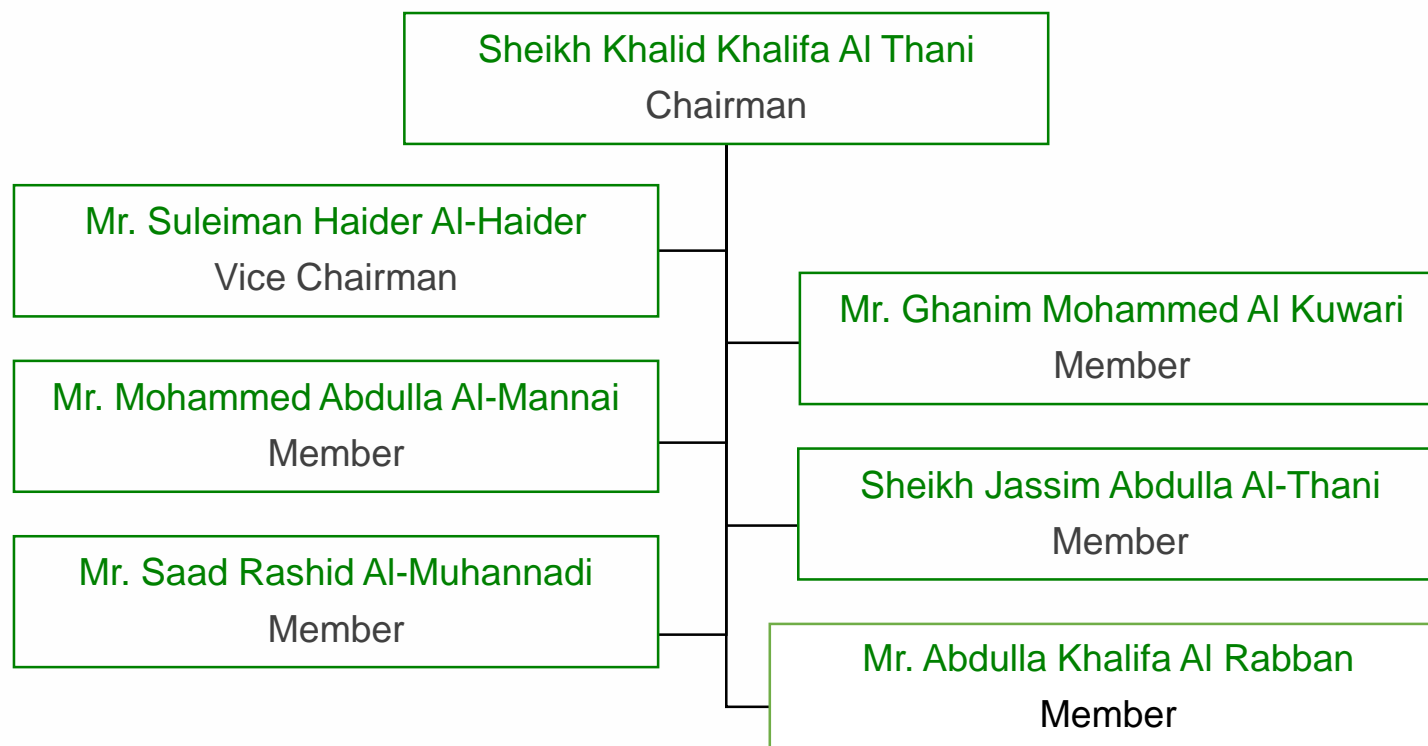


- All of the subsidiaries are **100%** owned by GIS.

# 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 helicopter services in Qatar
- 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 (2012-2018)

---

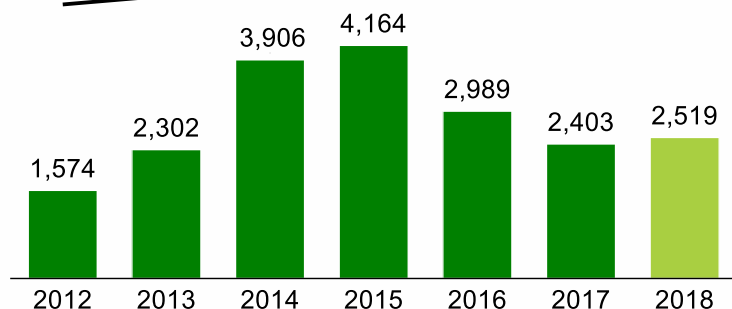
---



# Results at a Glance (2012-2018)

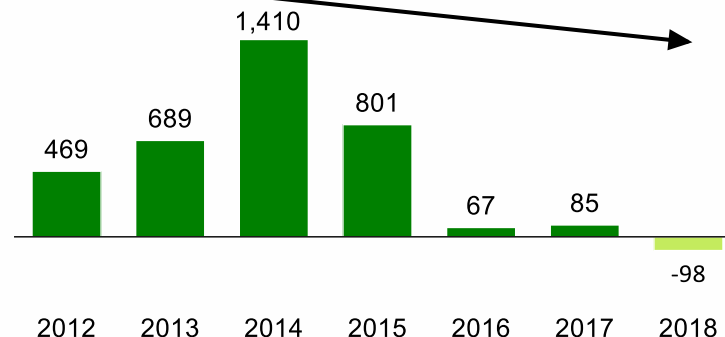
Revenue (QR million)

CAGR +8%



Net profit (QR million)

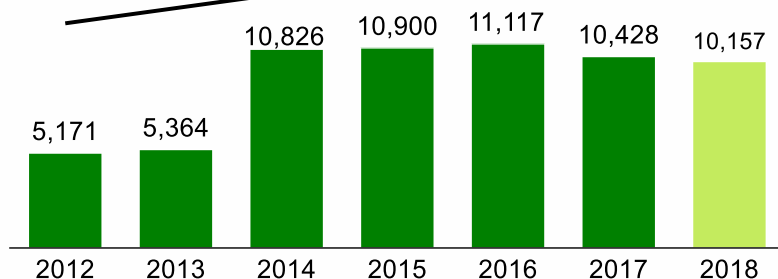
CAGR -121%



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.

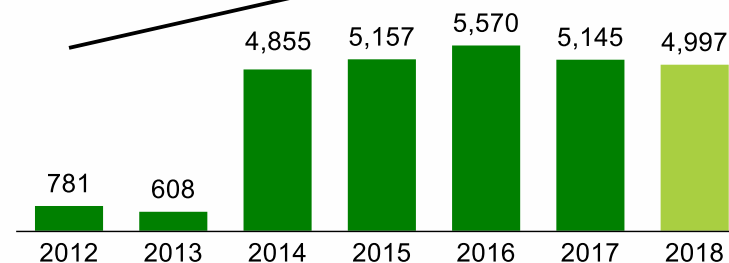
Total Assets (QR million)

CAGR +12%



Total Debt (QR million)

CAGR +36%



Note: CAGR means Compounded Annual Growth Rate

---

---

## Results at a glance (Year-to-date, Q3, 2019)

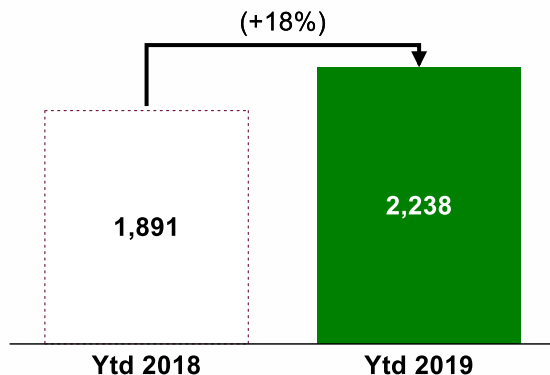
---

---

# Results at a Glance

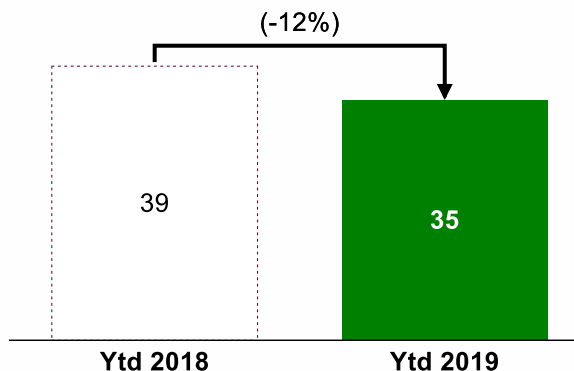
For the period ended 30 September 2019

## Revenue (QR million)



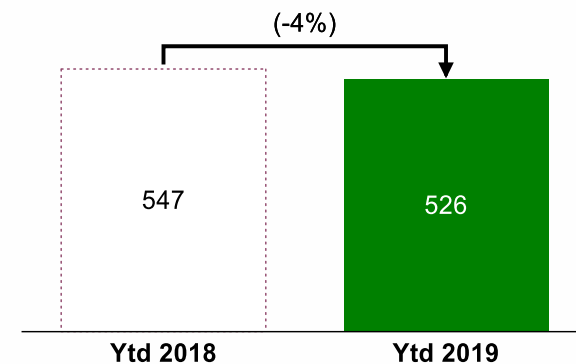
**Revenue** up by 18% • Increase noted across all segments, except the catering.

## Net profit (QR million)



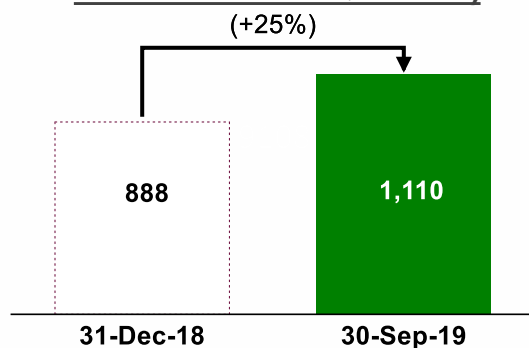
**Net profit** down on last year • Reduction driven mainly by the insurance segment. **EPS** of QR 0.019, compared to previous year EPS of QR 0.021.

## EBITDA (QR million)



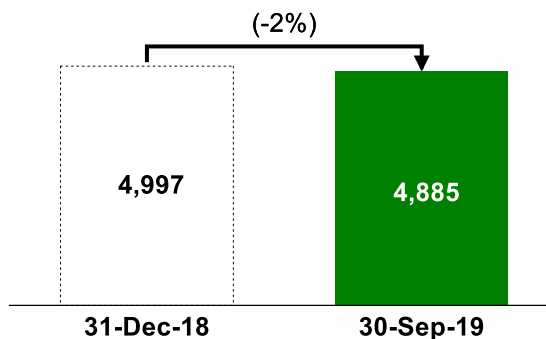
**EBITDA** marginally down compared to last year mainly due to overall decline in profitability.

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



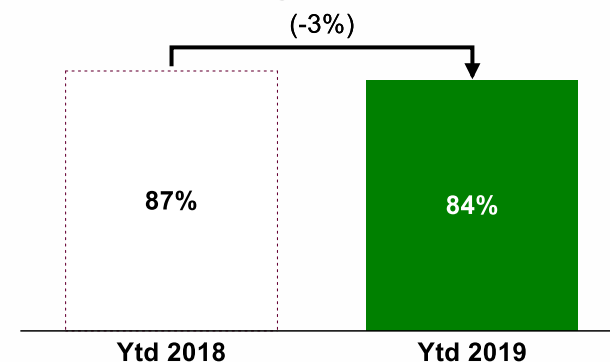
**Cash** increased compared to previous year mainly due loan drawdown by GDI. Higher cash from HO due to excess dividend received from GHC.

## Total Debt (QR million)



**Total debt** slightly reduced due to repayment of loans • GDI debt represents 92% of the Group debt.

## Contract Rig Utilization (Av. %)

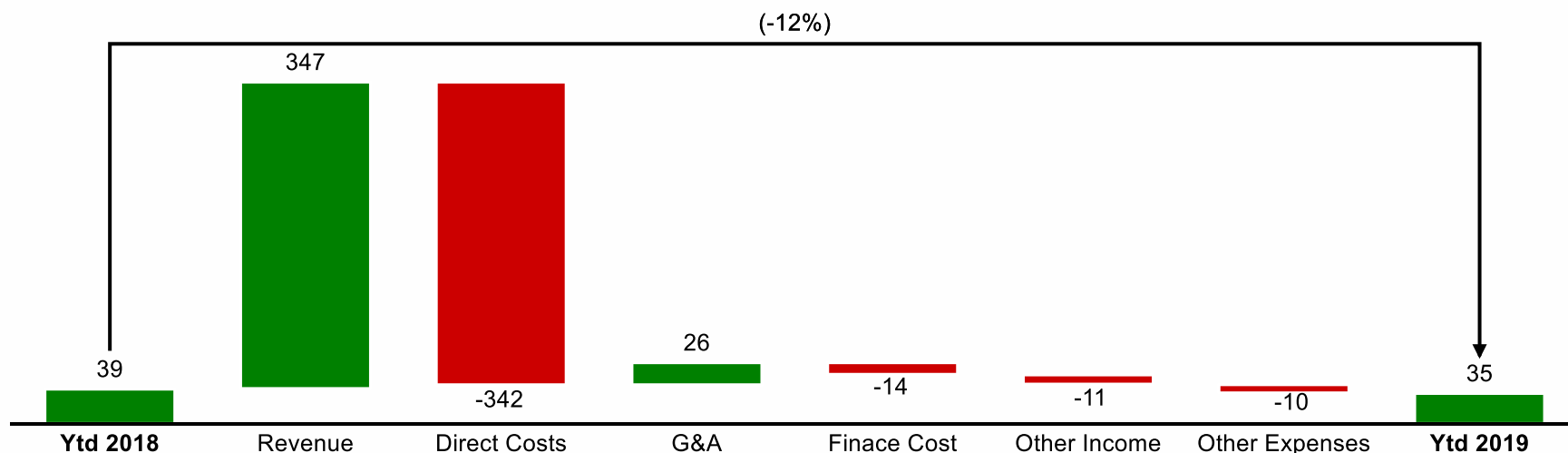


**Rig utilization** marginally down by 3%, mainly due to GDI 3 and Musherib being off contract this year, which was partially offset by Rumaila being back to operation.



# Net Profit

For the period ended 30 September 2019



- **Revenue:** Significantly up compared to last year by 18%, the insurance segment is the main contributor to the positive variance, alongwith the aviation and the drilling segments, witnessing a marginal increase. This was offset in part by moderate reduction in the catering segment.
- **Direct Costs:** Costs across the Group went up by 21%, mainly due to notable increase in the insurance segment as a result of incurring higher reinsurance cost and net claims. The aviation segment witnessed a moderate increase in direct cost in correspondence of higher revenue. While both the catering and the drilling segments reported a minimal increase in cost compared to last year.
- **G&A Expenses:** Total savings of QR 26 million was across all Group companies, mainly due to reduction in the overall staff costs and rent expenditures.
- **Finance Costs:** Higher finance costs up by 8%, primarily as a result of higher interest rates.
- **Other Income:** down on last year, mainly due to reversal provision of doubtful debt in 2018 in relation to Amwaj, in addition to no custom refund received to GDI in 2019 compared to 2018.
- **Other Expenses:** increased marginally on last year, primarily as result of reporting a loss from the disposal of fixed asset and impairment of damaged inventory parts on rig Musheireb and Al Doha Spares.



---

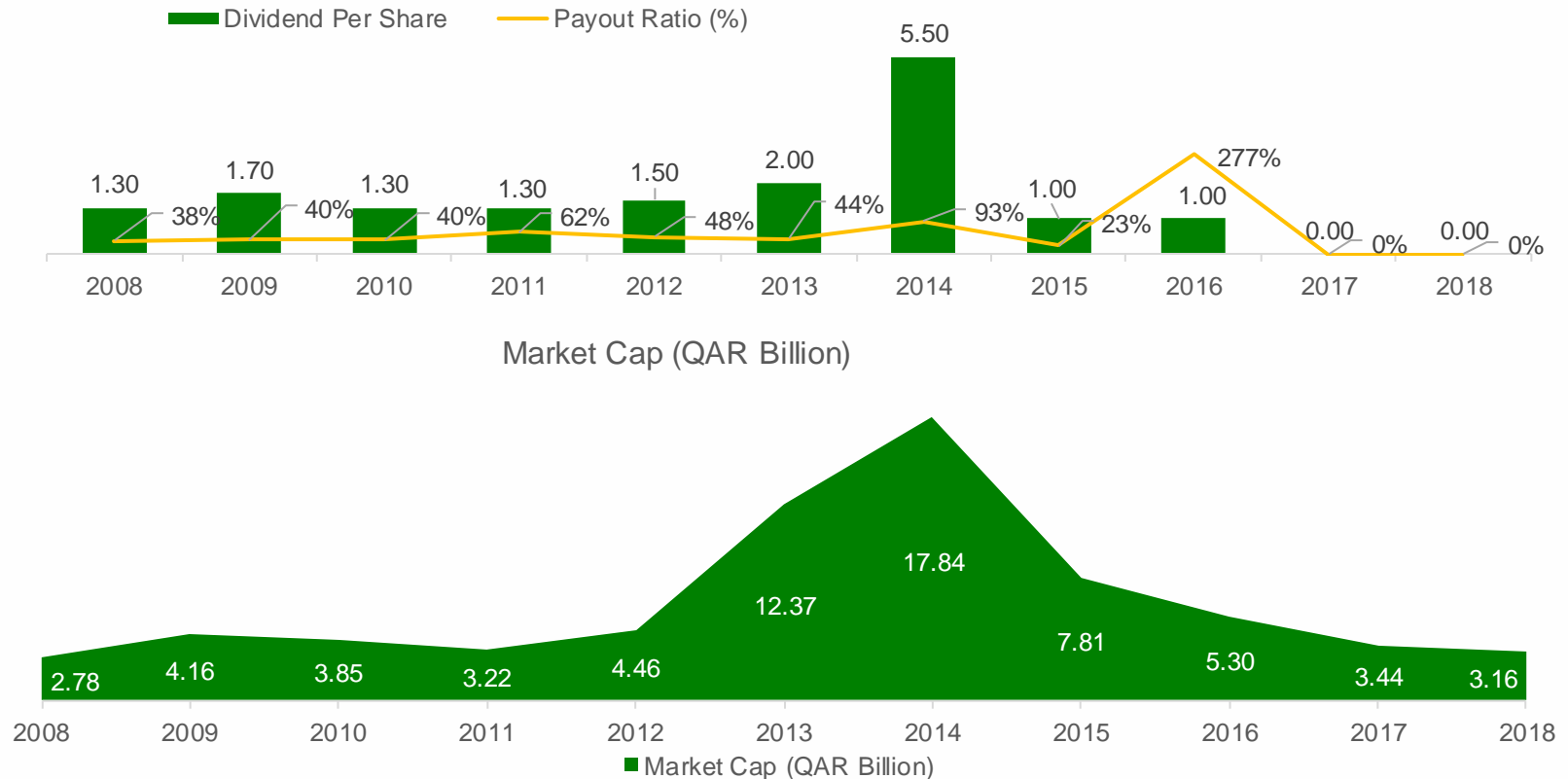
---

# Dividend and Market Statistics

---

---

# Dividend Record and Market Statistics (2008-2018)



- To date, accumulated cash dividends of circa QR 2.7 billion has been distributed, equivalent to QR 16.60 per share.
- DPS in this slide does not take into account the mandatory QFMA stock split during 2019.



---

---

# Segmental Details

---

---





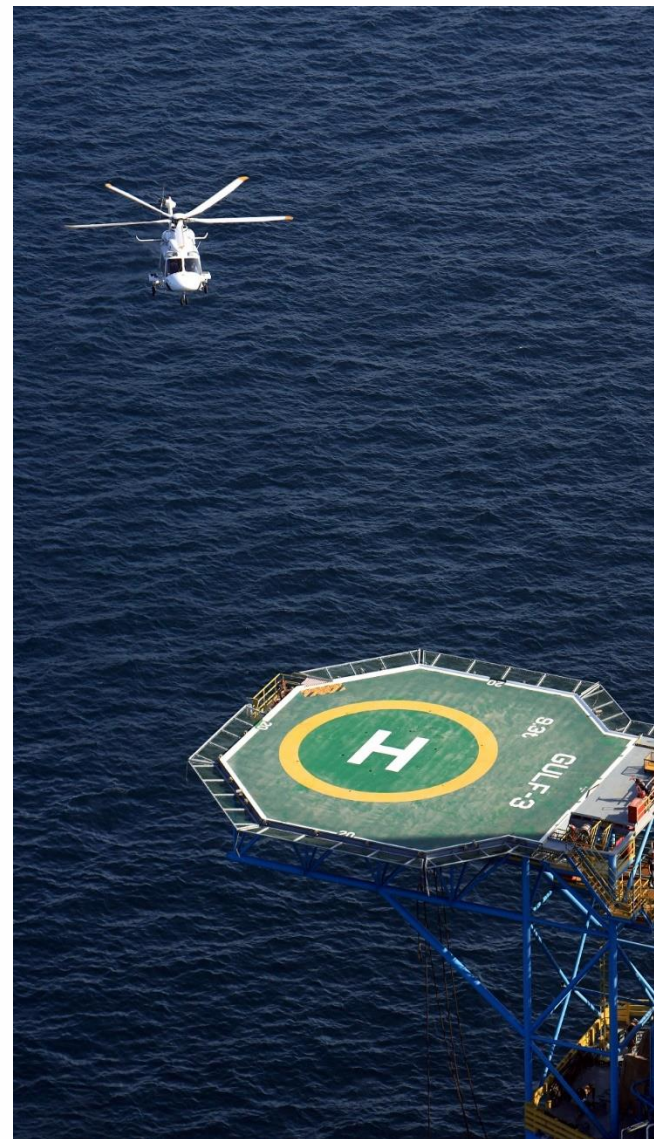
# Segmental Details

## 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**

### Update on Segment performance

The aviation segment reported a moderate growth compared to the last year, driven mainly by its international division that secured short-term contracts in Pakistan and South Africa, and supported by higher revenues by its Turkish subsidiary. The domestic aviation business, primarily comprising of Oil & Gas services and VIP services, continued its positive business trajectory. Furthermore, the acquisition of 49% stake in Air Ocean Maroc is set to reignite growth within the segment going forward.





# 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

### Update on Segment performance

The insurance segment improved against a backdrop of expansion in the core energy business. Also, the ongoing market expansion strategy by the Group's medical business acted as a critical catalyst in securing a large number of corporate clients. Notably, the segment secured three major contracts during the first nine months of the year. In a bid to minimize the risk associated with medical insurance claims, the Group entered into a reinsurance model, wherein the claim settlement process would be carried out more efficiently.



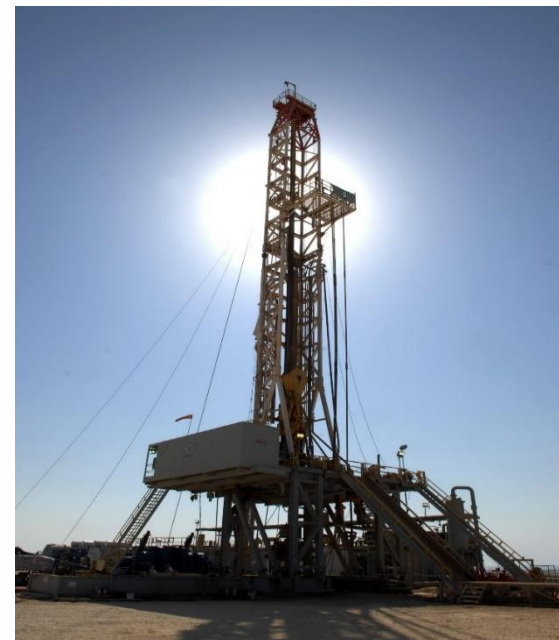




# Segmental Details

## 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.



### Update on Segment performance

The performance of the drilling segment was fueled by the offshore sector with the successful deployment of the new offshore drilling rig, 'West Tucana', contracted via a strategic partnership.

Furthermore, the segment continued to focus on maximum utilization of its assets such as the deployment of the lift-boat 'Rumailah' at the beginning of the year, after undergoing repair services. As a result of improved activities, the segment on overall basis was able to reduce the net loss in the first nine months of this year, when compared to the same period last year.







# 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

### Update on Segment performance

The Group's catering segment was impacted due to the demobilization of major contracts and a reduction in labour accommodation occupancy. However, the segment continues to explore opportunities from both industrial and non-oil and gas sectors.



---

---

# 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

For further information, [Gulf International Services](#) can be contacted as follows:

Telephone: (974) 4013 2080

Fax: (974) 4013 9750

Email: [gis@qp.com.qa](mailto:gis@qp.com.qa)

Address: PO Box 3212, Doha, State of Qatar

Please refer to [www.gis.com.qa](http://www.gis.com.qa) for the latest information, publications, press releases and presentations about Gulf international Services and the GIS group of companies.