

FOR IMMEDIATE RELEASE

Gulf International Services reports revenue of QR 705 million for the three-month period ended 31 March 2021

- *Net loss amounted to QR 5.5 million for the three-month period ended 31 March 2021*
- *Top line performance continued to be impacted by challenging global macroeconomic conditions carried forward from last year*
- *EBITDA amounted to QR 112 million for the three-month period ended 31 March 2021*
- *Total assets stood at QR 10.4 billion as of 31 March 2021*
- *Cost optimization initiatives implemented last year, continued to offset to an extent impacts of challenging external conditions*

Doha, Qatar; 29 April 2021: Gulf International Services (“GIS” or “the Group”; QE ticker: GISS), today reported a net loss of QR 5.5 million for three-month period ended 31 March 2021.

Macroeconomic environment

During Q1-21, oil and gas industry showed early signs of recovery, amid cautious global optimism arising from the vaccine rollout and ease of lockdown restrictions in major markets. However, the pace of economic recovery depends on the pandemic's impact to filter through with subdued external demand for energy and the related services for the remainder of the year, before the wider spread of vaccine benefits spur greater global economic activity.

Nevertheless, the positive signs of economic recovery were not immediately felt within the Group's operating segments.

Financial Performance – Q1-21 vs Q1-20

Key financial performance indicators	Q1-21	Q1-20	Variance (%)
Revenue (QR' million)	705	832	-15%
Net profit / (loss) (QR' million)	-5.5	8.7	-163%
EBITDA (QR' million)	112	156	-28%
Earnings per share (QR)	-0.003	0.005	-164%

Group's revenue for the three-month period ended 31 March 2021 amounted to QR 705 million, a reduction of 15% compared to Q1-20. Revenue growth from insurance segment was entirely offset by reduction in revenue from all the other segments.

The Group reported an EBITDA of QR 112 million for the period ended 31 March 2021, while the Group posted a net loss of QR 5.5 million for the three-month period ended 31 March 2021.

Topline performance of the Group continued to be impacted by the external challenges affecting the Group since the pandemic. The drilling segment remained under pressure with ongoing suspension of rigs, coupled with lower rig day-rates, which were implemented during mid of 2020. Flying hours within the aviation segment witnessed a reduction compared to Q1-20, mainly due to actual recovery in oil and gas services being slower than expected, affecting the overall flight demand from clients. As for the catering segment, restrictions and lockdowns imposed by the Government and clients led to impact revenues and financial performance. On the other hand, insurance segment continued its positive trajectory, while building on premiums on the back of segment's market expansion strategies and successful contract renewals coupled with favorable pricing terms.

Finance cost for Q1-21 decreased by 41%, to reach QR 30 million, compared to QR 51 million in Q1-20, on the back of the drop in interest rates. Similarly, general and administrative expenses declined by 16% on account of continued optimization drive.

Moreover, the performance of Group's investment portfolio was positively impacted due to recovery in capital markets, and a recovery amounting to QR 55 million was noted on account of unrealized gains on revaluation of investment securities, when comparing current period's investment portfolio performance with Q1-20.

Financial Performance – Q1-21 vs Q4-20

Key financial performance indicators	Q1-21	Q4-20	Variance (%)
Revenue (QR' million)	705	732	-4%
Net profit / (loss) (QR' million)	-5.5	-367	98%
EBITDA (QR' million)	112	82	36%
Earnings per share (QR)	-0.003	-0.198	98%

Revenue for Q1-21 represented a moderate decrease of 4%, compared to Q4-20, mainly on account of negative growth in revenue from aviation segment, due to reduction in revenue from Turkish subsidiary RSA, while MRO revenue remained lower due to completion of a project carried out during the previous quarter.

Net loss for Q1-21 reduced by 98% compared to Q4-20. The significant reduction in net loss was mainly due to the one-off, non-cash impairment provision amounting to QR 308 million recorded during Q4-20 in relation to certain drilling and aviation assets.

Financial position

Key performance indicators	As at 31-Mar-21	As at 31-Dec-20	Variance (%)
Cash and cash equivalents (QR' million)	753	691	+9%
Total Assets (QR' billion)	10.4	10.0	+5%
Total Debt (QR' billion)	4.4	4.4	0%

The Group's total assets increased by 5% during the year, to reach QR 10.4 billion as at 31 March 2021, compared to last year. On the liquidity front, the closing cash, including short-term investments, stood at QR 753 million, up by 8% as compared to 31 December 2020. The total debt at Group level stood at QR 4.4 billion as at 31 March 2021.

The current levels of debt continue to impact the Group's net earnings, as finance cost is one of the key cost ingredients and especially limits the drilling segment's profitability, considering major amount of Group's debt relates to the drilling segment. Continued efforts are underway to achieve the targeted direction in relation the funding strategy, which could lead to an optimum funding levels with an efficient and effective interest cover for the Group.

Operational and financial performance highlights by segments

Drilling:

Key performance indicators	Q1-21	Q1-20	Q4-20	Variance (%) [Q1-21 vs Q1-20]	Variance (%) [Q1-21 vs Q4-20]
Revenue (QR' million)	198	290	200	-32%	-1%
Net profit / (loss) (QR' million)	-72	-0.4	-333	-16,667%	+78%

The segment reported a revenue of QR 198 million for the three-month period ended 31 March 2021, down by 32% compared to last year. The reduction in revenue was primarily due to the ongoing rig suspension within the onshore fleet. In addition, the rig day-rates, with effect from July 2020, has been repriced with reduced rates and currently remained at the same levels for Q1-21.

The segment reported a net loss of QR 72 million, compared to a net loss of QR 0.4 million for Q1-20. This notable increase in net loss was primarily attributed to negative growth in revenue. However, this negative growth was partially offset by savings in general and administrative expenses and reduction in operating costs, as part of the ongoing cost optimization drive. In addition, the segment also benefited from lower interest rates, with a QR 20 million decline in segment's finance cost, compared to Q1-20.

Although, revenue for Q1-21 versus Q4-20 slightly declined by 1%, the bottom-line performance recorded a recovery, amid overall reduction in OPEX expenditures, along with the absence of any impairment provisions during Q1-21. Net losses recovered by 35%, when Q1-21 bottom-line results were compared to Q4-20, excluding the impact of one-off impairment expense.

Aviation:

Key performance indicators	Q1-21	Q1-20	Q4-20	Variance (%) [Q1-21 vs Q1-20]	Variance (%) [Q1-21 vs Q4-20]
Revenue (QR' million)	165	185	198	-11%	-17%
Net profit / (loss) (QR' million)	50	58	-39	-15%	+228%

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

Aviation segment reported a total revenue of QR 165 million for the three-month period ended 31 March 2021, down by 11% compared to Q1-20. The negative growth in revenue was mainly on the back of ongoing impact of COVID-19 restrictions, affecting the flight demand, both domestically and internationally, as the actual recovery in terms of flying hours has been slower than expected during Q1-21.

The segment net profit, reached QR 50 million, representing a reduction of 15% compared to Q1-20. The reduction in net profits was primarily related to lower operating profits, amid decline in revenue.

Segment revenue for Q1-21 versus Q4-20 declined by 17%, amid reduction in revenues from the Turkish subsidiary and lowered MRO revenues. On the other hand, Q1-21 profitability improved significantly in comparison to Q4-20's bottom-line performance, due to absence of any impairment provisions in Q1-21, as compared to Q4-20. Excluding the impact of one-off impairment losses booked in Q4-20, the net profits had grown by 2% in Q1-21 versus Q4-20.

Insurance:

Key performance indicators	Q1-21	Q1-20	Q4-20	Variance (%) [Q1-21 vs Q1-20]	Variance (%) [Q1-21 vs Q4-20]
Revenue (QR' million)	256	231	246	+11%	+4%
Net profit / (loss) (QR' million)	15	-45	17	+134%	-11%

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

Revenue within the insurance segment for the three-month period ended 31 March 2021, increased by 11%, as compared to Q1-20, to reach QR 256 million. The growth in revenue was mainly due to higher premiums from the general insurance segment.

The segment net profit for Q1-21, increased by 134% compared to Q1-20, to reach QR 15 million. The strong growth in bottom line profitability was mainly supported by significant improvement in premiums, in addition to strong recovery within the investment portfolio on the back of recovery in capital markets. Unrealized gain on revaluation of investment portfolio contributed QR 55 million towards the segment's bottom line earnings for Q1-21 in comparison to Q1-20.

Segment revenue for Q1-21 versus Q4-20 increased by 4%, as the medical insurance business continued to gain momentum. On the other hand, Q1-21 profitability declined by 11% in comparison to Q4-20, as the actual claims incurred for Q1-21 increased by 31% and the unrealized gain on revaluation of investment portfolio declined by 79%.

Catering:

Key performance indicators	Q1-21	Q1-20	Q4-20	Variance (%) [Q1-21 vs Q1-20]	Variance (%) [Q1-21 vs Q4-20]
Revenue (QR' million)	86	126	89	-31%	-3%
Net profit / (loss) (QR' million)	-0.5	8	-6	-107%	-90%

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

Catering segment reported a revenue of QR 86 million, with a decline of 31% compared to Q1-20. This was mainly as a result of lowered number of meals served across majority of catering locations, due to COVID-19 restrictions and lockdowns imposed, in addition to demobilization of some contracts within both the manpower and catering contracts during Q4-20.

The segment reported a net loss of QR 0.5 million for three-month period ended 31 March 2021, compared to a net profit of QR 8 million for Q1-20, mainly due to lowered margins and declining revenues.

Other matters

The Board of Directors in its meeting held on 29th April 2021, unanimously approved the appointment of Mr. Saad Rashid Al-Muhannadi 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 financial results, business outlook and other matters on Thursday, 6th May 2021 at 12:30 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 of 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. 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