

FOR IMMEDIATE RELEASE

## Gulf International Services reports a net profit of QR 168 million for the six-month period ended 30 June 2022

- *Group's revenue reached QR 1.7 billion for the six-month period ended 30 June 2022, improved by 21% versus 1H-21*
- *1H-22 EBITDA of QR 398 million, higher by 63% compared to 1H-21*
- *Earnings per share of QR 0.0903 for the six-month period ended 30 June 2022*
- *All operating segments reported improved set of results*

**Doha, Qatar; 11 August 2022:** Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net profit of QR 168 million for the six-month period ended 30 June 2022, with an earnings per share of QR 0.0903.

### Business updates

#### - *Drilling segment*

New contracts are won in KSA & Maldives for liftboats, building international footprints for the segment, while enhancing asset utilization, as both the liftboats remained operational throughout 2Q-22. This was in addition to continued positive impacts on the segment's performance for 1H-22, from new rig day-rates for the offshore fleet applied starting from the mid of last year and redeployment of two previously suspended onshore rigs during 3Q-21. The segment had successfully renewed contracts for certain offshore rigs with an extended term ranging from 2 to 5 years, improving segment's future financial position.

During 2Q-22, the segment successfully completed a largescale overhaul of an offshore rig. Such preventive maintenance overhauls are essential to ensure HSE standards, rig life, asset integrity and reliability with an intent to maintain long-term operational efficiency, leading to optimum utilization of assets.

#### - *Aviation segment*

Aviation segment continues to witness improved business performance with better flying activity within both domestic and international operations. Also, contributions from MRO & international business continue to support the segment performance.

During 2Q-22, international operations witnessed further growth from Angola's contract revision with better terms on account of better asset utilization. An aircraft was mobilized to the Angolan fleet from the Qatari fleet to cover the additional flying hours as per the new contract. Also, another aircraft was mobilized to the Turkish fleet from Qatar to meet the upcoming increased demand from the market.

#### - *Insurance segment*

Insurance segment managed to build up its strong performance by further expanding its general line of business. However, the medical insurance business witnessed loss of certain contracts. Efforts are underway to explore new opportunities within domestic retail and SME markets. Performance of the segment investment portfolio remained wavered due to volatilities in capital markets.

#### - *Catering*

Catering segment improved its performance on the back of realizations from the new contract won during last year. Additionally, certain contracts have been renewed within the manpower segment, with broader scope improving overall service volumes for the segment. Moreover, the segment was able to demonstrate improved performance, as industry specific pandemic-linked restrictions gradually started to subside.

**Financial Performance – 1H-22 vs 1H-21**

Key financial performance indicators	1H-22	1H-21	Variance (%)
Revenue (QR' million)	1,738	1,432	+21%
Net profit / (loss) (QR' million)	168	-1	+21,949%
EBITDA (QR' million)	398	245	63%
Earnings per share (QR)	0.0903	(0.0004)	+21,949%

Group's revenue for the six-month period ended 30 June 2022 amounted to QR 1.7 billion, with an increase of 21% compared to the same period of last year. Revenue growth from the aviation, drilling and catering segments led to an overall increase in the Group revenue. This was partially offset by a negative growth noted in revenue from the insurance segment.

The Group reported an EBITDA of QR 398 million and recorded a net profit of QR 168 million for the six-month period ended 30 June 2022. Growth in Group revenues led to an overall increase in net earnings. On the other hand, the Group's direct costs increased by 7%, mainly linked to increased commercial activity.

1H-22 Group's finance cost increased by 7% to reach QR 70 million, against a backdrop of higher interest rates. General and administrative expenses also increased by 3% mainly attributable to the insurance segment. Foreign currency revaluation losses from GHC's Turkish subsidiary also contributed negatively to the Group's profitability.

Moreover, performance of the insurance segment investment portfolio was negatively impacted amid volatilities in capital markets, and a decline of QR 17 million (-68%) was noted on account of investment income<sup>1</sup> versus 1H-21. This decline was mainly linked to the unrealized losses booked on revaluation of held for trading investment securities.

**Financial Performance – 2Q-22 vs 1Q-22**

Key financial performance indicators	2Q-22	1Q-22	Variance (%)
Revenue (QR' million)	903	835	+8%
Net profit / (loss) (QR' million)	85	83	+1%
EBITDA (QR' million)	200	198	+1%
Earnings per share (QR)	0.0455	0.0448	+1%

Revenue for 2Q-22 increased by 8% compared to 1Q-22, mainly on account of better revenue reported from the insurance, aviation and catering segments, which was slightly offset by negative movement in the topline from the drilling segment.

Net profit for 2Q-22 slightly increased by 1% compared to 1Q-22. Minimal growth in the Group net profit was reported as the negative movements in profitability from insurance, drilling and catering segments, predominantly offset the aviation segment's continued growth in bottom-line profitability.

**Financial position**

Key performance indicators	As at 30-Jun-22	As at 31-Dec-21	Variance (%)
Cash and short-term investments (QR' million)	815	698	+17%
Total Assets (QR' billion)	10.3	9.9	+4%
Total Debt (QR' billion)	4.29	4.33	-1%

The Group total assets remained relatively flat during the reporting period compared to last year and stood at QR 10.3 billion as at 30 June 2022. Cash and short-term investments stood at QR 815 million, up by 17% compared to 31 December 2021.

<sup>1</sup> Investment income includes dividend income, capital gains, unrealized gain / loss on revaluation of held for trading investment securities and finance income.

Total debt at the Group level amounted to QR 4.3 billion as at 30 June 2022. Current levels of debt continue to weigh on the Group net earnings, as finance cost is one of the key cost element, and specifically limits the drilling segment ability to accomplish its desired profitability. GIS management is in continuous discussion with different key stakeholders to restructure the debt with an aim to provide greater flexibility to manage liquidity and ease pressure on the Group's financial position.

### Operational and financial performance highlights by segment

#### Drilling:

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Revenue (QR' million)	632	440	+43%	311	321	-3%
Net loss (QR' million)	(23)	(132)	-82%	(13)	(10)	+34%

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

The Drilling segment reported a revenue of QR 632 million for the six-month period ended 30 June 2022, up by 43% compared to 1H-21. The revenue growth has largely been linked to the new rig day-rates implemented for the offshore fleet since the mid of last year (July'21). Also, redeployment of the two onshore suspended rigs (GDI-5 and GDI-7) during 3Q-21, positively contributed to the topline performance. Moreover, full deployment of Gulfdriill JV's fleet during 2Q-21, had a positive impact on the segment revenue for 1H-22 on account of comparatively higher management fees.

The segment reported a net loss of QR 23 million for the six-month period ended 30 June 2022, compared to a net loss of QR 132 million for 1H-21. Reduction in losses was mainly attributed to growth in segmental revenue.

On a quarter-on-quarter basis, losses for the segment slightly increased by QR 3 million mainly due to slightly lesser revenues which declined by 3% versus 1Q-22. Decline in the segment revenue was mainly linked to successful completion of large-scale overhaul of an offshore rig during the current quarter, which affected the overall rig utilization for 2Q-22 in comparison to 1Q-22.

#### Aviation:

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Revenue (QR' million)	441	338	+31%	235	206	+14%
Net profit (QR' million)	163	111	+47%	84	79	+7%

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

The Aviation segment reported a total revenue of QR 441 million for the six-month period ended 30 June 2022, with an increase of 31% compared to 1H-21. The increase was mainly attributed to higher flying activity recorded within both 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 net profit reached QR 163 million, representing an increase of 47% compared to 1H-21, mainly on account of growth in revenue, despite the impacts of currency devaluation from Turkish subsidiary.

The segment revenue for 2Q-22 versus 1Q-22 increased by 14%, mainly due to continued improvement in domestic flying hours, higher revenue from the Turkish subsidiary and additional revenue from the Angola operations due to renewal of contract with better terms and an additional aircraft. Q2-22 profitability also increased by 7% mainly due to positive sequential revenue growth and slightly lower foreign currency revaluation losses from the Turkish subsidiary.

**Insurance:**

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Revenue (QR' million)	417	481	-13%	222	195	+14%
Net profit (QR' million)	35	33	+7%	16	19	-13%

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

Revenue within the insurance segment for the six-month period ended 30 June 2022, decreased by 13% as compared to 1H-21, to reach QR 417 million. The decline in revenue was mainly linked to loss of two insurance contracts within the medical line of business. This 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 scope.

On the contrary, the segment net earnings increased by 7% as compared to 1H-21, to reach QR 35 million. The growth in bottom line profitability was mainly supported by an overall decline in claims, which decreased by 48% on a year-on-year basis. On the contrary, negative performance of the segment's investment portfolio amid volatilities in capital markets weighed on the segment's profitability. A decline of QR 17 million (-68%) noted on account of investment income<sup>2</sup> for 1H-22 versus 1H-21. This decline was predominantly linked to the unrealized losses booked on revaluation of held for trading investment securities.

The segment revenue for 2Q-22 versus 1Q-22 increased by 14%, mainly due to renewal of certain medical insurance contracts with better pricing terms and higher volumes. However, the segment profitability for 2Q-22 declined by 13% in comparison to 1Q-22, mainly due to significantly lesser investment income reported during 2Q-22 versus 1Q-22. A decline of QR 72 million was noted on account of investment income<sup>2</sup> versus 1Q-21. This was predominantly linked to the unrealized losses booked on revaluation of held for trading investment securities.

**Catering:**

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Revenue (QR' million)	249	172	+44%	136	113	+20%
Net profit / (loss) (QR' million)	(1)	(9)	+88%	(1)	0.1	-1,372%

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

The catering segment reported a revenue of QR 249 million, an increase of 44% as compared to 1H-21. Revenue increase was mainly due to the growth in revenue within the manpower segment, on the back of realizations from a new contract won during last year. Additionally, certain contracts have been renewed within manpower segment, with broader scope improving overall service volumes for the segment. The segment was able to significantly reduce its losses and reported a net loss of QR 1 million for the six-month period ended 30 June 2022 compared to a net loss of QR 9 million for 1H-21, mainly due to higher revenues and better margins.

On a quarter-on-quarter basis, catering segment witnessed an increase in revenue during 2Q-22 due to improved revenue from the manpower services business. Segmental revenue grew by 20% versus 1Q-22. On the hand, the segment reported a net loss for 2Q-22, mainly due to higher operational costs pertaining to mobilization of a manpower contract won last year.

**Earnings Call**

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Tuesday, 16 August 2022 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.

-Ends-

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

## 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.

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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