

Gulf International Services

Investor Relations Presentation

30 June 2020

DISCLAIMER

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this presentation, “GIS” and “the Group” are sometimes used for convenience in reference to Gulf International Services Q.P.S.C.

This presentation 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 Q.P.S.C.'s accounting year follows the calendar year. No adjustment has been made for leap years. 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



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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

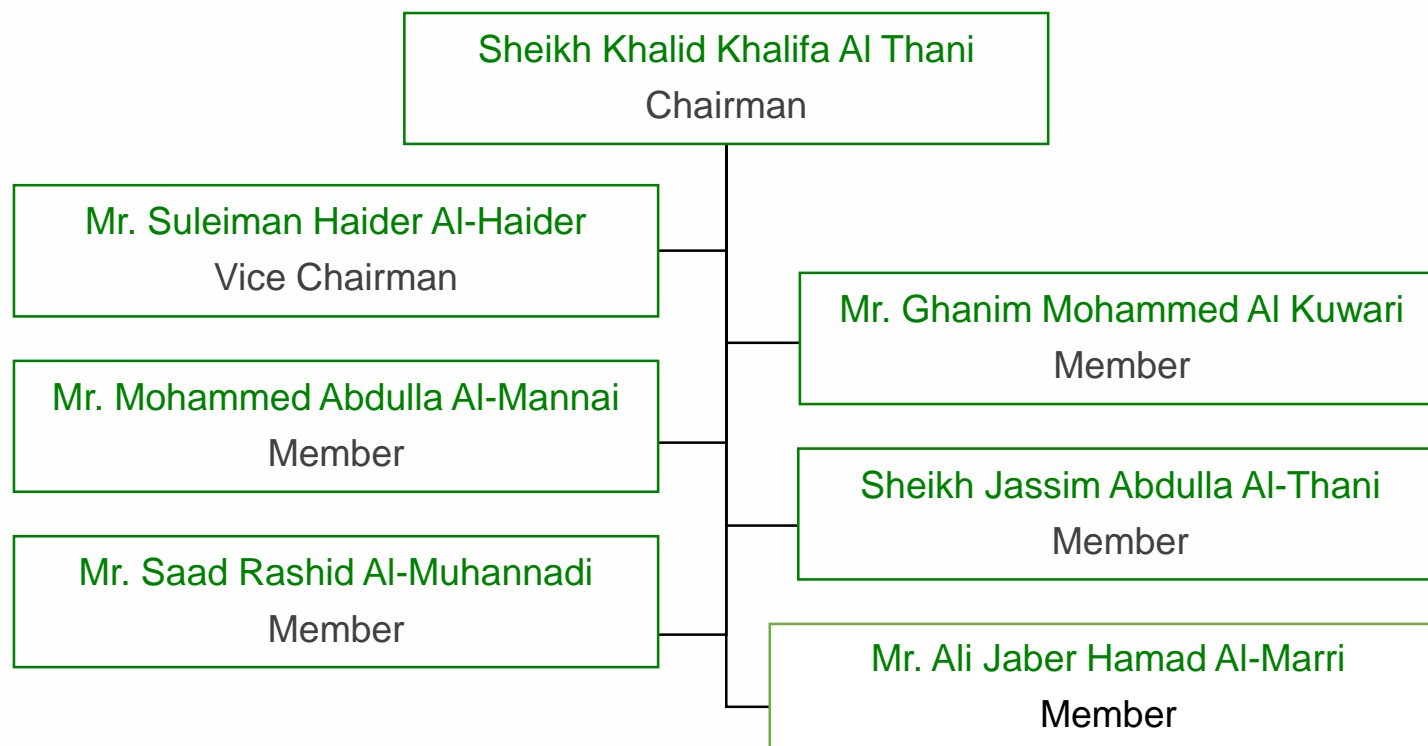
- Through group companies, Gulf International Services operates in four distinct segments - **insurance and reinsurance**, **drilling**, **helicopter transportation** and **catering services**.
- Qatar Petroleum owns 10% of GIS shares, and General Retirement and Social Insurance Authority owns ~22.5%.



- 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 oil & gas drilling services.
- 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.
- 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.

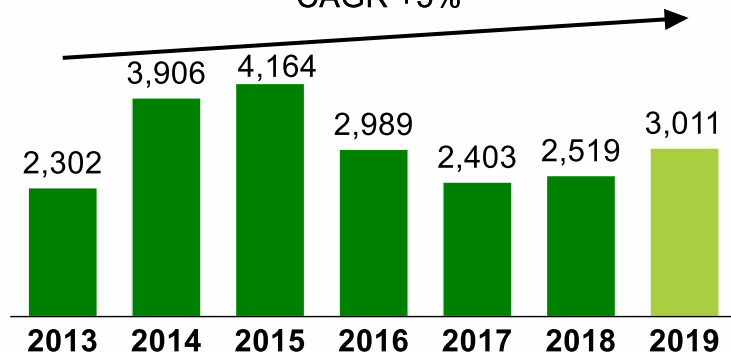


Results at a glance (2013-2019)

Results at a Glance (2013-2018)

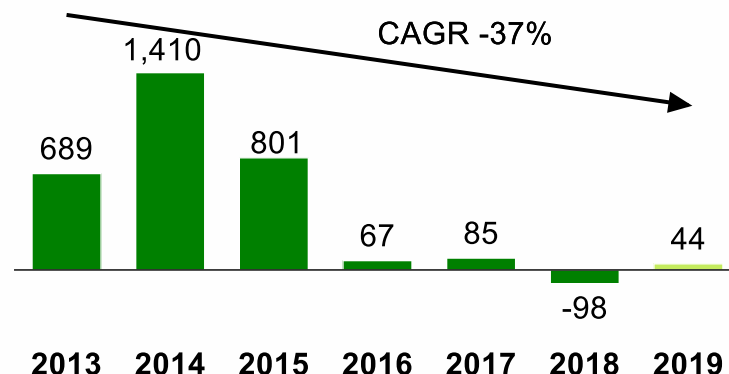
Revenue (QR million)

CAGR +5%



Net profit (QR million)

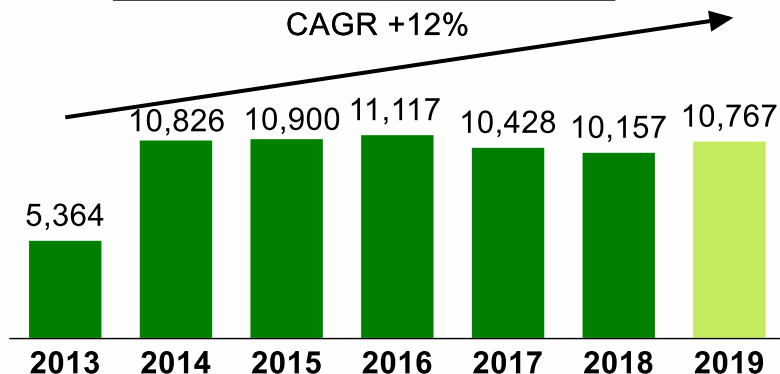
CAGR -37%



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 due to financing for the acquisition of remaining stake in GDI, as well as new drilling assets.

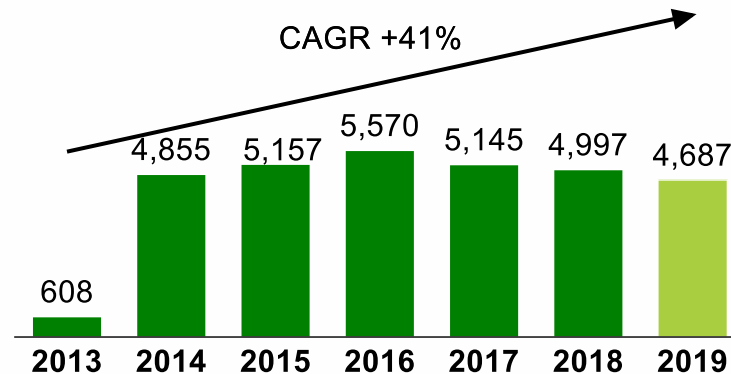
Total Assets (QR million)

CAGR +12%



Total Debt (QR million)

CAGR +41%

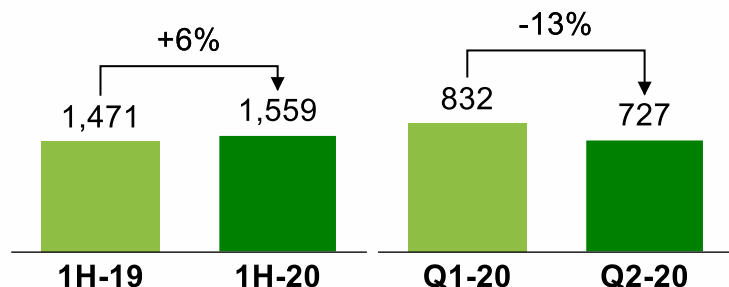


Results at a glance (For the period ended 30 June 2020)

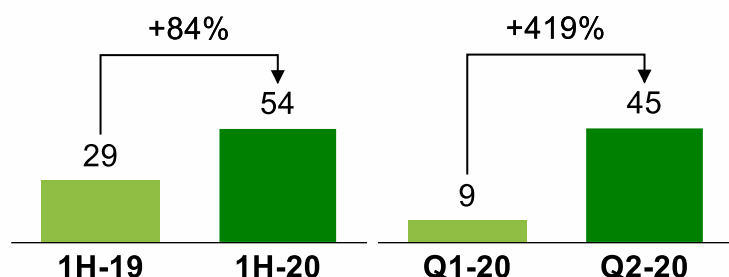
Results at a Glance

For the period ended 30 June 2020

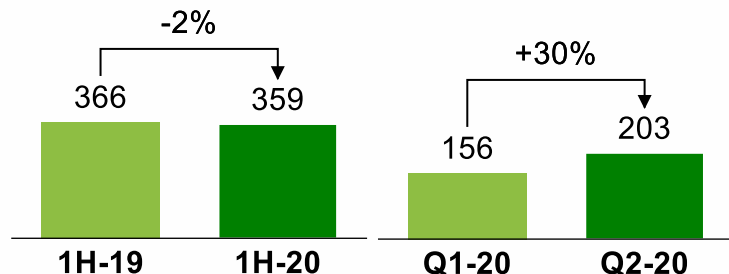
Revenue (QR million)



Net profit (QR million)



EBITDA (QR million)



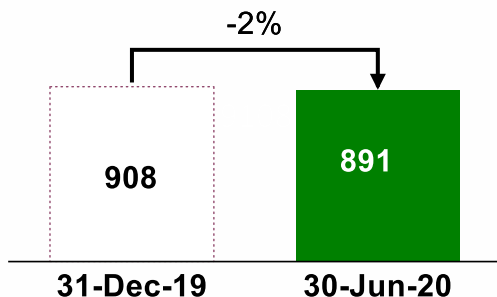
- 1H-20 vs 1H-19: Strong revenue growth amid capturing growth opportunities, expanding market share and major renewals of contracts across different segments.
- Q2-20 vs Q1-20: Decline in revenue, mainly due to macroeconomic headwinds, amid COVID-19 lockdowns leading to depressed economic activity, and oil price volatilities building negative sentiments in the oil and gas services industry worldwide.
- 1H-20 vs 1H-19: Improved net profit, mainly due to improved revenues and reduced costs, specially finance costs. The growth in profitability was partially offset by unrealized losses incurred on the investment portfolio.
- Q2-20 vs Q1-20: Improved net profits mainly on account of significant recoveries made in relation to unrealized revaluation losses incurred on the Group's investment portfolio in Q1-20, due to improved performance of the financial markets in Q2-20.
- 1H-20 vs 1H-19: EBITDA down compared to last year mainly due to the impact of unrealized losses incurred on investment portfolio within the insurance segment, partially offset by improved revenues.
- Q2-20 vs Q1-20: EBITDA improved due to recoveries made on unrealized revaluation losses incurred on the Group's investment portfolio.



Results at a Glance

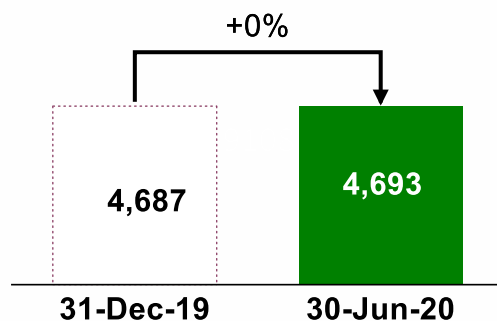
For the period ended 30 June 2020

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



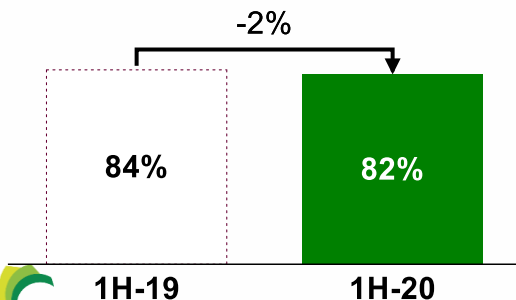
Cash balance slightly decreased compared to last year.

Total Debt (QR million)



Total debt witnessed a slight increase, mainly due to loan drawdown by GDI.

Contract Rig Utilization (Av. %)

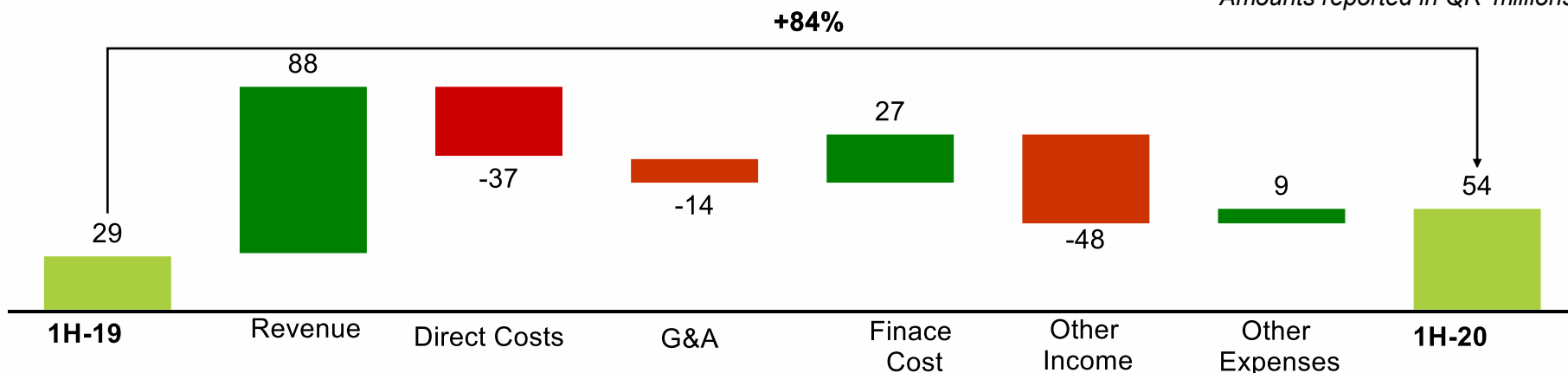


Rig utilization down by 2%, mainly due to lower operating days in relation to on-shore and off-shore rigs.

Net Profit

For the period ended 30 June 2020

Amounts reported in QR' millions



- **Revenue:** Increased compared to last year by 6%. All segments reported a positive variance, with exception of the drilling segment, mainly due to lower operating days.
- **Direct Costs:** Costs at the Group level increased by 3%:
 - **Drilling:** cost reduction of 6% due to optimization measures;
 - **Aviation:** up by 8% corresponding to the overall growth in revenue;
 - **Insurance:** increased mainly due higher reinsurance costs offset by lower net claims;
 - **Catering:** increase by 8% as a result of higher staff and salaries costs relating to manpower contracts.
- **G&A Expenses:** Increased by 15% mainly due to increase in G&A expenses relating to aviation segment, in relation to management fees paid for Libyan operations, and certain consultancy costs paid at the head office level. The increase in G&A Expenses was partially offset by cost savings in the drilling segment amid cost optimization drive.
- **Finance Costs:** Down by 21%, primarily as a result of lower interest rates;
- **Other Income:** Significant reduction in other income, primarily impacted by the insurance segment as a result of lowered investment income on account of unrealized losses incurred on the investment portfolio.
- **Other Expenses:** Reduced mainly due to a loss booked in Q1-2019, pertaining to disposal Al-Doha rig spare parts.



Segmental Details

- **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 & 2021.



Segmental Details

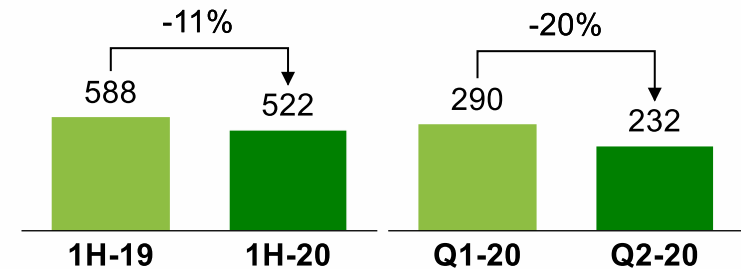
For the period ended 30 June 2020

Drilling Segment

- 1H-20 revenue of QR 522 million, down by 11% on 1H-19 mainly due to the decline in rig utilization rates. The decline in utilization rates caused an overall decline in on-shore revenue by 29% and off-shore revenue by 4%.
- The negative growth in revenue was partially offset by additional revenue streams from the GulfDrill JV, as the first out of six rigs has already commenced operations from 29 March 2020.
- Q2-20 revenue of QR 232 million, down by 20% on Q1-20, mainly due to the decline in rig utilization rates.

Revenue

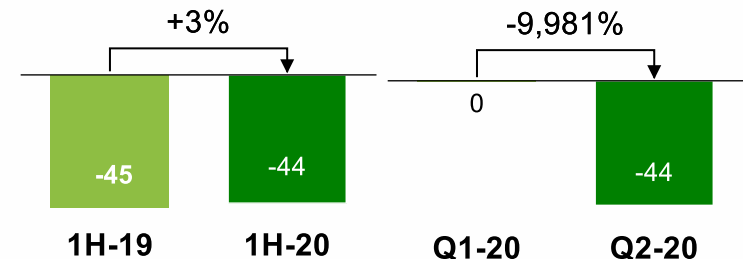
QR million



- 1H-20 net loss of QR 44 million, recovered by 3% on 1H-19 mainly due to the improved costs on account of optimization initiatives, mainly offset by the decline in revenues. The segment profitability was also slightly supported by the new revenue streams from GulfDrill JV and lower finance costs due to declining interest rates.
- Q2-20 profitability showed a negative growth compared to Q1-20, mainly due to the decline in revenue.

Net Loss (before taxes)

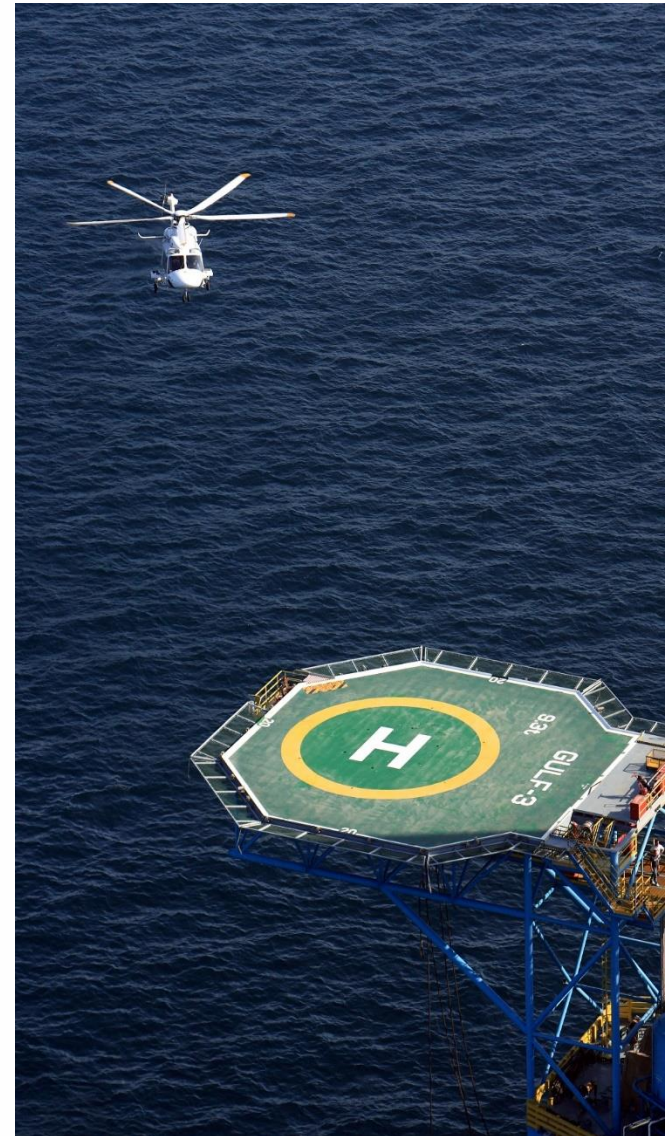
QR million



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 **55 aircrafts**;
- **GHC has 3 Direct subsidiaries:**
 - **Al Maha Aviation Company:** 92% ownership.
 - **Redstar Havacilik Hizmetleri A.S. In Turkey:** 49% ownership
 - **United Helicharters Pvt Ltd (90%), India**
- **GHC has also investment in joint ventures in the following countries:**
 - **Gulf Med Aviation Services Ltd (49%), Malta**
 - **Air Ocean Maroc (49%), Morocco**



Segmental Details

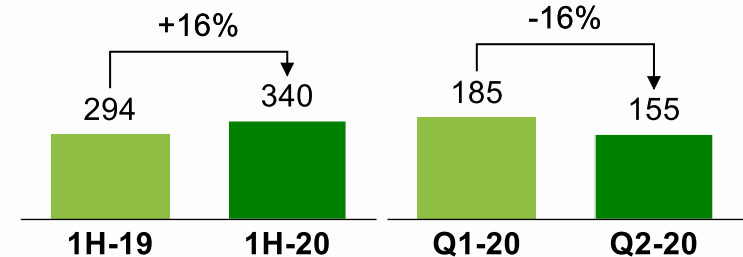
For the period ended 30 June 2020

Aviation Segment

- 1H-20 revenue, up by 16% on 1H-19 as the revenue across all the aviation business segments reported a positive variance. International business showed a growth of 25% due to contracts from Angola and South Africa and additional revenues from Red Star Aviation. Domestic revenue increased by 7% due to the revision of contract rates for the years 2018-19 booked in the current year, with an addition of one new aircraft within the Qatar's Oil and Gas operations. Also, MRO revenue increased by 46% mainly from a new contract in Kuwait.
- Decline in Q2-20 revenue as compared to Q1-20, was mainly due to the decline in overall flying hours within both domestic and international operations compared to the last quarter, because of the lockdown situation due to COVID-19 pandemic.
- Variation in aviation segment's profitability for 1H-20 and Q2-20 was mainly aligned with the overall movements in the segment's revenue compared to the 1H-19 and Q1-20, respectively, except for the one-off capital gain of QR 268 million booked in Q2-20, arising on account of capital gain on transfer of a land and building by Gulf Helicopters Company to GIS, as a part of distribution of dividends in kind.

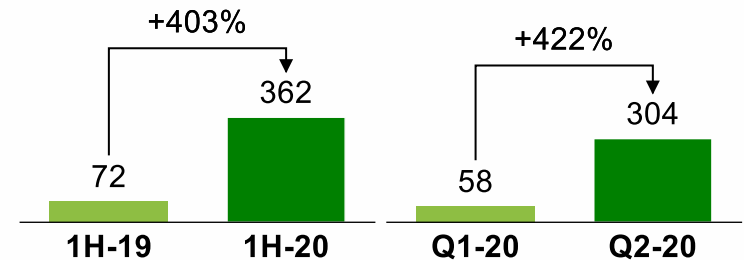
Revenue

QR million

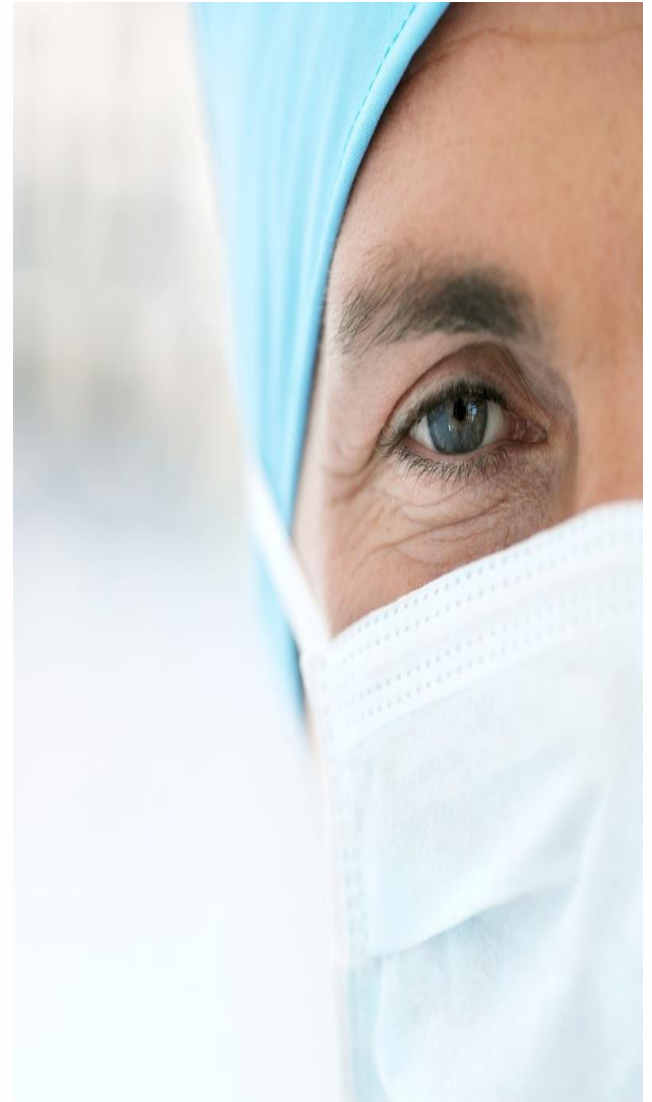


Net Profit (before taxes)

QR million



- **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

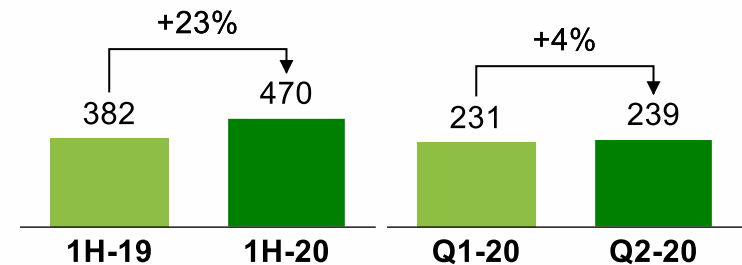
For the period ended 30 June 2020

Insurance Segment

- Revenue within the insurance segment for 1H-20, increased significantly by 23%, as compared 1H-19, to reach QR 470 million. Segment revenue grew strongly on the back of successful renewal of policies, along with improved pricing terms on all major accounts within the medical segment, which provided an assurance of continued revenue streams over the year. Moreover, the segment was further able to add new clients within its medical line of business.
- Q2-20 vs Q1-20; growth trends continued on the same lines as discussed above.
- 1H-20 vs 1H-19: Segment net profitability was mainly impacted by negative unrealized mark-to-market movements in the investment portfolio during the first quarter of the year, as a result of the market volatilities amid COVID-19 outbreak. Furthermore, the growth in profitability was also supported by lower net claims compared to 1H-19 by 37%. This was driven by the impact of COVID-19 lockdowns that reduced the doctor's consultations and minor medical procedures, causing a reduction in medical insurance claims.
- Q2-20 vs Q1-20: During the second quarter, the investment portfolio showed a positive trajectory, with a significant recovery of the financial markets and strategic re-allocation of the portfolio, which led to a positive movement by 172% on unrealized mark-to-market losses incurred in Q1-20 and led the overall growth in profitability.

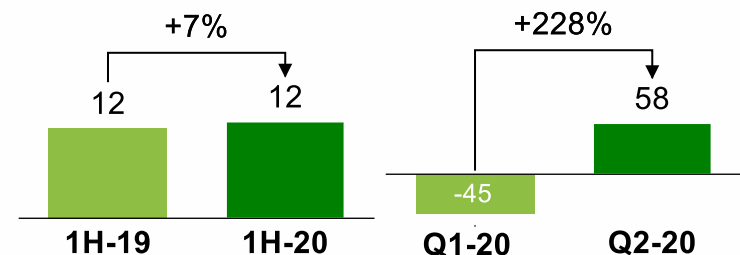
Revenue

QR million



Net profit / (loss) (before taxes)

QR million



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



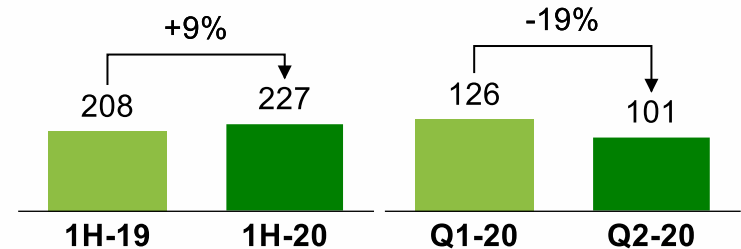
Segmental Details

For the period ended 30 June 2020

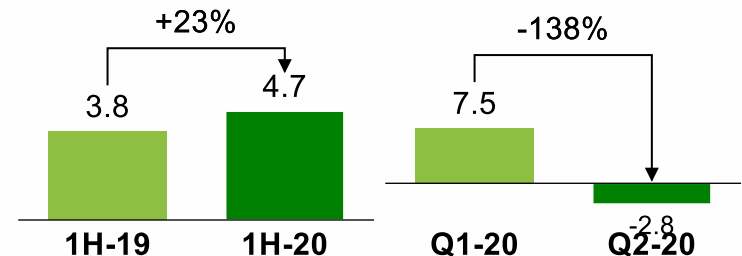
Catering Segment

- 1H-20 vs 1H-19: Increase in revenue was mainly driven by higher revenue across the manpower and accommodation segments, on the back of new contract and higher occupancy levels. Revenue partially offset by reduction within the catering segment, mainly impacted by the COVID-19 restrictions imposed, which led to lower number of meals being served across majority of the catering locations.
- Q2-20 vs Q2-19: Catering segment impacted by restriction imposed amid COVID-19 pandemic causing lower number of meals served across all catering location with lower number of employees attending the offices. Moreover, manpower segment impacted as a result of reduction of number of manpower levels in majority of locations.
- 1H-20 vs 1H-19: Growth in profitability was in line with the overall growth in revenue.
- Q2-20 vs Q2-19: Decline mainly due to overall reduction in the Q2-20 revenue as compared to Q1-19.

Revenue QR million



Net Profit / (loss) (before taxes) QR million



Optimization updates

Optimization updates

- Given the current difficult market and macroeconomic outlook, the Group has further strengthen on its optimization initiatives to withstand against external pressures and decisions were made to optimize cost;
- Major areas focused by the Group companies includes:
 - Manpower costs
 - Spares and equipment / external services
 - Corporate and Public relations expenditures
- The implementation of the optimization plan began in June 2020 and the effects of the same expected to be realized in the subsequent quarters.
- Although, the Group have taken the above listed initiatives, however, due to Covid-19 some of the costs were unavoidable.

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.