

FOR IMMEDIATE RELEASE

Gulf International Services reports revenue of QR 1.4 billion for the six-month period ended 30 June 2021

- *Group's net loss amounted to QR 0.8 million for the six-month period ended 30 June 2021*
- *Group's performance continued to be impacted by challenging global macroeconomic conditions carried forward from last year*
- *Gulfdрил JV becomes fully operational with deployment of remaining three rigs during Q2-21*
- *Aviation and Insurance segments reported improved set of results*
- *Cost optimization pivot implemented last year, continue to offset to an extent impacts of external challenges*

Doha, Qatar; 5 August 2021: Gulf International Services ("GIS" or "the Group"; QE ticker: GISS), today reported a net loss of QR 0.8 million for the six-month period ended 30 June 2021.

Macroeconomic updates

Oil and gas industry continue to show positive signs of recovery with constructive macroeconomic drivers, on the back of effective vaccination campaigns leading to ease of lockdown restrictions in major markets linking to heightened economic activity.

However, the post-pandemic recovery within the Group remained uneven, with Aviation and Insurance segments reported improved set of results, while the macroeconomic tailwinds were not immediately felt within the drilling segment, which continue to remain under pressure, engulfed with rig suspensions and depressed rig day-rates. With revised rig day-rates for off shore fleet and Gulfdрил JV's fleet becoming fully operational, the drilling segment is expected to improve on its performance matrix entering into second half of this year.

Business performance updates and outlook

Drilling segment

Since the start of pandemic, Group's drilling segment had undergone rate reduction, together with suspension of certain rigs within onshore fleet, which brought an additional layer of challenges to the segment.

However, on a positive note, a key milestone has been achieved by Gulfdrill JV with the deployment of the remaining three jack-up premium rigs; “Java Star”, “W-Castor” and “W-Tucana” during Q2-21. Going forward, with all the five JV rigs being operational, would result in additional revenue streams for the segment and improved operational cash flows for GDI.

Moreover, starting from July’21, the new rig day-rates applicable for off shore fleet will take effect, which is expected to positively impact the segment’s topline.

Aviation segment

Performance of the aviation segment improved compared to last year. COVID-19 related travel restrictions, which affected the transport demand last year for the oil and gas companies remained relaxed during the period. As a result, higher flying hours were recorded on an overall basis, which affected the overall segment’s performance. Additional topline contributions from MRO business were also recorded, as a new contract was awarded to GHC during the current year. Furthermore, contracts in Libya and Angola has been successfully extended.

With an intent of upgrading its current fleet to ensure retention of its existing customers and to maintain a core fleet that has the latest aircraft technology, the segment successfully added one new helicopter (AW139) to the domestic fleet during Q2-21. With certain in-house upgrades in line with client’s specifications, the new aircraft will replace an existing helicopter on a domestic contract, with the existing helicopter is intended to be marketed in the international market.

Insurance segment

The insurance segment managed to build up on the strong performance achieved throughout the period by further expanding both the medical and general lines of business, coupled with successful renewal of major contracts and additional coverage obtained for major contracts within the energy segment. Additionally, the segment continue to expand its footprints within the domestic SME market, specifically within medical line of business and added new clients during the period.

Catering

Restrictions and lockdowns imposed by the Government and clients continue to impact segment’s performance. However, despite stiff market challenges, the Company was able to win new contracts within the manpower segment during the year.

Financial Performance – 1H-21 vs 1H-20

Key financial performance indicators	1H-21	1H-20	Variance (%)
Revenue (QR’ million)	1,432	1,559	-8%
Net profit / (loss) (QR’ million)	-0.8	54	-101%
EBITDA (QR’ million)	245	361	-32%
Earnings per share (QR)	-0.0004	0.0291	-101%

Group’s revenue for the six-month period ended 30 June 2021 amounted to QR 1.4 billion, a reduction of 8% compared to 1H-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 245 million, while the Group posted a net loss of QR 0.8 million for the six-month period ended 30 June 2021. The decline in Group revenues led to an overall decline in bottom line profitability.

Finance cost for 1H-21 decreased by 34%, to reach QR 65 million, compared to QR 98 million in 1H-20, on the back of the drop in interest rates. Similarly, general and administrative expenses declined by 10% on account of continued optimization drive.

Moreover, strategic investments repositioning in both equities and fixed income asset classes coupled with recovery in capital markets resulted in a recovery amounting to QR 44 million on account of unrealized gains on revaluation of investment securities, when comparing current period's investment portfolio performance with 1H-20.

Financial Performance – Q2-21 vs Q1-21

Key financial performance indicators	Q2-21	Q1-21	Variance (%)
Revenue (QR' million)	727	705	+3%
Net profit / (loss) (QR' million)	4.8	-5.5	+186%
EBITDA (QR' million)	133	112	+19%
Earnings per share (QR)	0.003	-0.003	+186%

Revenue for Q2-21 represented a moderate increase of 3%, compared to Q1-21, mainly on account of growth in revenue from aviation and drilling segments, offset by decline in revenue from insurance. The overall growth in Q2-21 revenue versus Q1-21 was mainly attributed to improved flying hours with better MRO activities within the aviation segment and deployment of three new rigs within the fleet of Gulfdrill JV during Q2-21.

Net profit for Q2-21 amounted to 4.8 million increased by 186% compared to Q1-21. The improvement was mainly due to constructive growth in bottom-line profitability across all the segments, on account of healthier topline by certain segments. However, higher interest rates contributed negatively towards the bottom-line.

Financial position

Key performance indicators	As at 30-Jun-21	As at 31-Dec-20	Variance (%)
Cash and cash equivalents (QR' million)	718	691	+4%
Total Assets (QR' billion)	10.5	10.0	+5%
Total Debt (QR' billion)	4.5	4.4	+0.5%

The Group's total assets increased by 5% during the year, to reach QR 10.5 billion as at 30 June 2021, compared to last year. On the liquidity front, the closing cash, including short-term investments, stood at QR 718 million, up by 4% as compared to 31 December 2020.

Total debt at Group level stood at QR 4.5 billion as at 30 June 2021. Current levels of debt continue to impact the Group's bottom line earnings. Continued efforts are underway to achieve a sustainable 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	1H-21	1H-20	Variance (%) [1H-21 vs 1H-20]	Q2-21	Q1-21	Variance (%) [Q2-21 vs Q1-21]
Revenue (QR' million)	440	522	-16%	242	198	+22%
Net profit / (loss) (QR' million)	-132	-44	-201%	-60	-72	+17%

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

The segment reported a revenue of QR 440 million for the six-month period ended 30 June 2021, down by 16% compared to last year. The reduction in revenue was primarily due to the ongoing rig suspension within the onshore fleet. In addition, rig day-rates continued to remain depressed since July'20. This was partially offset by the deployment of three additional rigs as part of the Gulfdrill JV's fleet during Q2-21, on account of rig management fee reported as part of segmental revenue.

The segment reported a net loss of QR 132 million, compared to a net loss of QR 44 million for 1H-20. This notable increase in net loss was primarily attributed to negative growth in revenue. However, this was partially offset by lower interest rates, with a QR 31 million decline in segment's finance cost was noted compared to 1H-20.

Segment revenue for Q2-21 versus Q1-21 increased by 22% to reach QR 242 million compared to Q1-21. The increase in revenue was mainly on the back of deployment of three new rigs under Gulfdrill JV. The overall growth in segmental revenue for Q2-21 translated into better bottom-line performance for the segment versus Q1-21.

Aviation:

Key performance indicators	1H-21	1H-20	Variance (%) [1H-21 vs 1H-20]	Q2-21	Q1-21	Variance (%) [Q2-21 vs Q1-21]
Revenue (QR' million)	338	340	-1%	173	165	+5%
Net profit / (loss) (QR' million)	111	94	+18%	62	50	+25%

Note: Segment profits have been reported before impact of income taxes and one-off non-cash capital gain of QR 268 million recognized during Q2-20

Aviation segment reported a total revenue of QR 338 million for the six-month period ended 30 June 2021, down by 1% compared to 1H-20. This reduction in revenue was mainly due to the lower revenue from international segment. This was partially offset by increase in MRO revenue owing to a new contract won domestically and improved flying activity on an overall basis.

The segment net profit, reached QR 111 million, representing an increase of 18% compared to 1H-20. The increase in the bottom-line profitability was mainly supported by realized savings in operating costs, due to lower repair and maintenance costs. This was slightly offset by overall decline in topline for the segment.

Segment revenue for Q2-21 versus Q1-21 increased by 5%, mainly due to improved flying activity and MRO related revenue. Q2-21 profitability improved by 25% in comparison to previous quarter's bottom-line performance, mainly on the back of positive revenue growth.

Insurance:

Key performance indicators	1H-21	1H-20	Variance (%) [1H-21 vs 1H-20]	Q2-21	Q1-21	Variance (%) [Q2-21 vs Q1-21]
Revenue (QR' million)	481	470	+2%	225	256	-12%
Net profit / (loss) (QR' million)	33	12	+161%	17	15	+13%

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

Revenue within the insurance segment for the six-month period ended 30 June 2021, increased by 2%, as compared to 1H-20, to reach QR 481 million. The growth in revenue was mainly due to higher premiums from the general insurance segment. The general insurance segment has performed well during the year, where, major clients has been retained and renewed with enhanced coverage and prices. Moreover, the segment further expanded its international footprints by winning new energy contracts in Africa, Middle East and other Asian countries.

The medical business on the other hand witnessed a reduction in terms of premiums compared to last year mainly due to non-renewal, however, bottom-line profitability would remain unaffected. On a positive side and despite lower medical premium, new SME clients have been added to the medical portfolio.

The segment net profit for 1H-21, increased by 161% compared to 1H-20, to reach QR 33 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 40 million towards the segment's bottom line earnings for 1H-21 in comparison to 1H-20.

In terms of claims, there had been an increase compared to the previous period, especially within the medical line of business driven by ease of restrictions.

Segment revenue for Q2-21 versus Q1-20 decreased by 12%, mainly due to lesser premiums with certain policies being expired without renewal. On the other hand, Q2-21 profitability improved by 13% in comparison to Q1-21, on the back of higher investment income and lowered claims, partially offset by decline in segmental revenue.

Catering:

Key performance indicators	1H-21	1H-20	Variance (%) [1H-21 vs 1H-20]	Q2-21	Q1-21	Variance (%) [Q2-21 vs Q1-21]
Revenue (QR' million)	172	227	-24%	86	86	+0.3%
Net profit / (loss) (QR' million)	-9	5	-302%	-9	-0.5	-1,532%

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

Catering segment reported a revenue of QR 172 million, with a decline of 24% compared to 1H-20. This was mainly as a result of lowered number of meals served across majority of catering locations, due to COVID-19 restrictions. This was in addition to demobilization of some contracts within both manpower and catering contracts during Q4-20, which affected the overall growth of segmental revenue for 2021. Reduction in revenue has been partially offset as new contracts are won within manpower segment and higher occupancy levels achieved in the accommodation camps.

The segment reported a net loss of QR 9 million for six-month period ended 30 June 2021, compared to a net profit of QR 5 million for 1H-20, mainly due to lowered margins and declining revenues.

Segment revenue for Q2-21 remained flat versus Q1-21, however, profitability declined on account of higher operational cost.

Earnings Call

GIS will host an IR earnings call with investors to discuss its financial results, business outlook and other matters on Monday, 9th August 2021 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.

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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