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Gulf International Services qsc

Press Release

For the period ended 30 June 2019

GIS posts net profit of QR 29 million for the period ended 30 June 2019

- Revenue of QR 1.5 billion for the period ended 30 June 2019.
- EBITDA of QR 366 million for the period ended 30 June 2019
- Total assets of QR 10.5 billion as at 30 June 2019.
- Closing cash (including short-term investments) of QR 892 million as at 30 June 2019.



Doha, Qatar • 4 August 2019 - Gulf International Services (“GIS” or “the group”; QE: GISS), one of the largest services groups in Qatar, with interests in a broad cross-section of industries, ranging from insurance and re-insurance, onshore and offshore drilling, accommodation barge, helicopter transportation, and catering services, has announced its financial results for the period ended 30 June 2019 with revenue of QR 1.5 billion, EBITDA of QR 366 million and net profit of QR 29 million.

Financial Results

Revenue and Net profit

The group’s revenue for the period ended 30 June 2019 was QR 1.5 billion compared to revenue of QR 1.3 billion in the previous year, up by 17%. The insurance segment was the largest source of revenue to GIS during this period. The group’s net profit amounted to QR 29 million, with earnings per share of QR 0.016, compared to net profit of QR 34 million and earnings per share of QR 0.018 in the previous year. The earnings per share of the prior period has been reported taking into effect the stock split transaction mandated by Qatar Financial Markets Authority. The overall reduction in the group's net profit was primarily affected by the insurance segment.

Revenue in the insurance segment has improved significantly versus last year as a result of securing a number of new major clients in both the medical and energy lines of business and regaining some of the previously lost businesses. On the other hand, due to the nature of the insurance business, the segment's operating cost has increased with the improved revenue, which has resulted in the segment reporting lower operating margins compared to last year. The impact of this decline was partially reduced by better performance of the segment's investment portfolio.

The drilling segment has reported a marginal growth in revenue, mainly due to the deployment of the new offshore drilling rig “West Tucana” contracted to Qatar Gas via a strategic partnership with Seadrill. In addition, the company will continue bidding for future contracts whenever an opportunity arises. The segment's net loss witnessed a year-on-year reduction of 15% despite an increase in financing cost, primarily due to increased revenue together with reduction in G&A expenses.

The aviation segment has reported a moderate growth in revenue compared to last year, mainly as a result of the growth of activities in the segment’s international operations supported by short-term contracts in Pakistan, Turkey and South Africa, while maintaining

its commercial aviation position locally. The growth in the international operations along with savings in G&A expenses contributed to the growth in net profit.

The catering segment, on the other hand, has reported a reduction in revenue due to the demobilization of major contracts and reduction in camps occupancy. However, the segment continues to actively seek opportunities from both industrial and non-oil and gas sectors. Net profit in the segment witnessed a year-on-year reduction of 24%, mainly due to reduced revenue from the catering and accommodation services.

Cash and Debt Position

The group's closing cash (including short-term investments) stood at QR 892 million as at 30 June 2019 with total debt of 4.8 billion. The drilling segment represents 92% of the group's debt.

Performance Improvement Efforts

GIS has embarked on a number of initiatives to improve financial and operational performance through optimizing costs and operations. The group is continuing the execution of some of the previously identified initiatives, which are in various stages of completion and are progressing well. These initiatives include the recently announced award of contracts by Qatar Petroleum to provide six premium jack up rigs for the North Field Expansion project in the drilling segment, the acquisition of a 49% stake in Air Ocean Maroc in the aviation segment, and winning three major insurance contracts in the medical insurance segment. In addition, the insurance segment has decided to share the medical insurance risk via reinsurance.

Additionally, the group was able to reduce its G&A expenses during the period by QR 15 million, or 14%, compared to the same period of 2018. GIS will continue the assessment of the group's operation to capture additional potential revenue enhancement and cost improvement opportunities.

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For more information about this press release, 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.

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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.

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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 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

Gulf International Services Q.P.S.C. was incorporated as a Qatari joint stock company on February 12, 2008 by Resolution Number 42 of 2008 of the State of Qatar's Ministry of Economy and Commerce, pursuant to its Memorandum and Articles of Association and Law Number 5 of 2002 concerning Commercial Companies. The authorised share capital is QR 2 billion with the issued share capital consisting of 148.7 million ordinary shares and 1 special share.

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.

