

FY 2014 Financials Conference Call

Mar 2nd, 2015

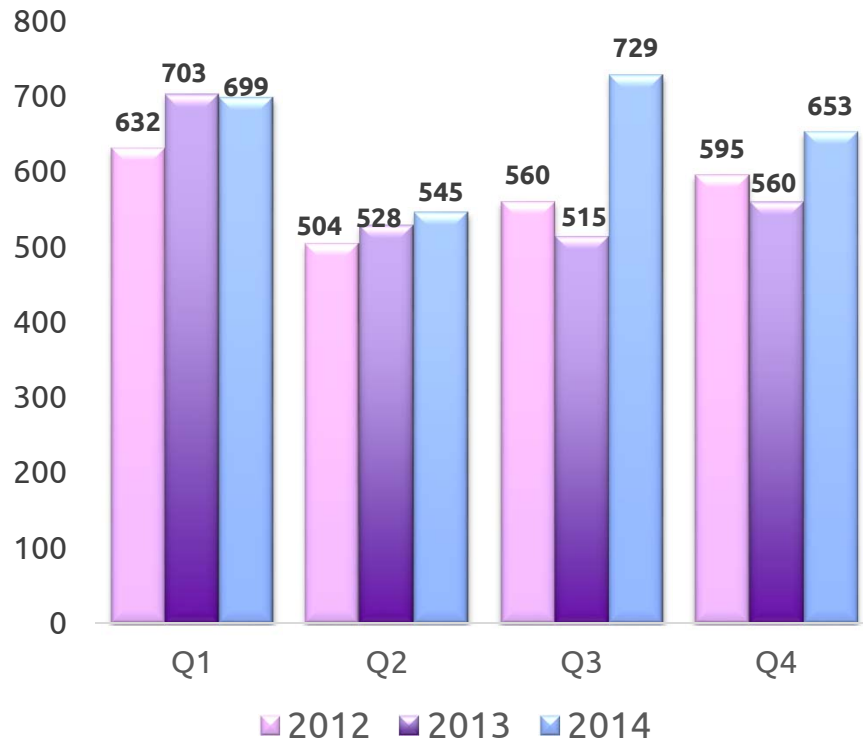
Doha, Qatar



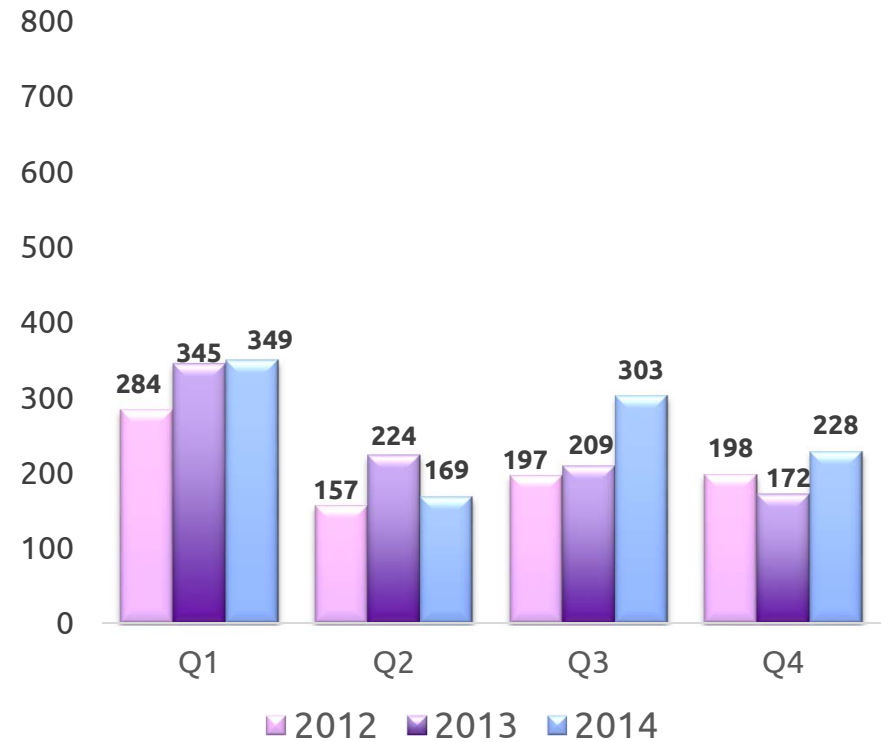
Quarterly Financial Highlights

(All amounts in QR Millions)

Revenue



Net Profit

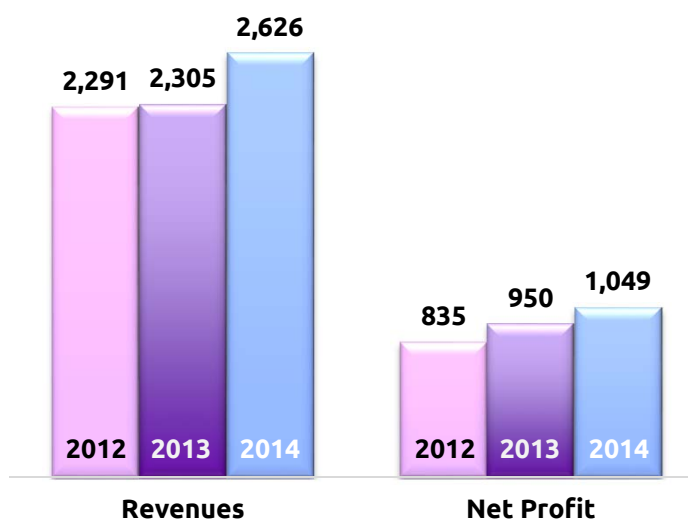


Statement of Income, Consolidated

(All amounts in QR Millions)

	2012	2013	2014	Variance
OPERATING REVENUE	2,291	2,305	2,626	321
Salaries, Wages and Benefits	(564)	(615)	(634)	(19)
Operating Supplies and Expenses	(773)	(626)	(845)	(220)
Rent Expenses	(55)	(57)	(61)	(5)
Depreciation and Amortisation	(251)	(229)	(264)	(35)
Impairment of vessels & equipment	0	(8)	(36)	(28)
Other Operating Expenses	(88)	(126)	(136)	(10)
OPERATING EXPENSES	(1,729)	(1,661)	(1,978)	(317)
OPERATING PROFIT	562	644	648	4
Finance Costs	(52)	(42)	(42)	(1)
Finance Income	69	68	60	(7)
Gain on Disposal of Property, Vessels and Equipment	5	14	0	(14)
Share of Results of Associates	228	242	281	39
Share of Results of JV's	4	8	61	
Impairment of Avail-for-Sale Investment	(30)	0	0	
Miscellaneous Income	52	14	43	29
NON OPERATING PROFIT	275	304	403	99
NET INCOME	837	948	1,051	103
Non-controlling interest	(1)	2	(2)	(4)
PROFIT FOR THE PERIOD	835	950	1,049	99

- Revenue Up **+14%**
- Operating Profit Flat
- Net Profit Up **+10%**

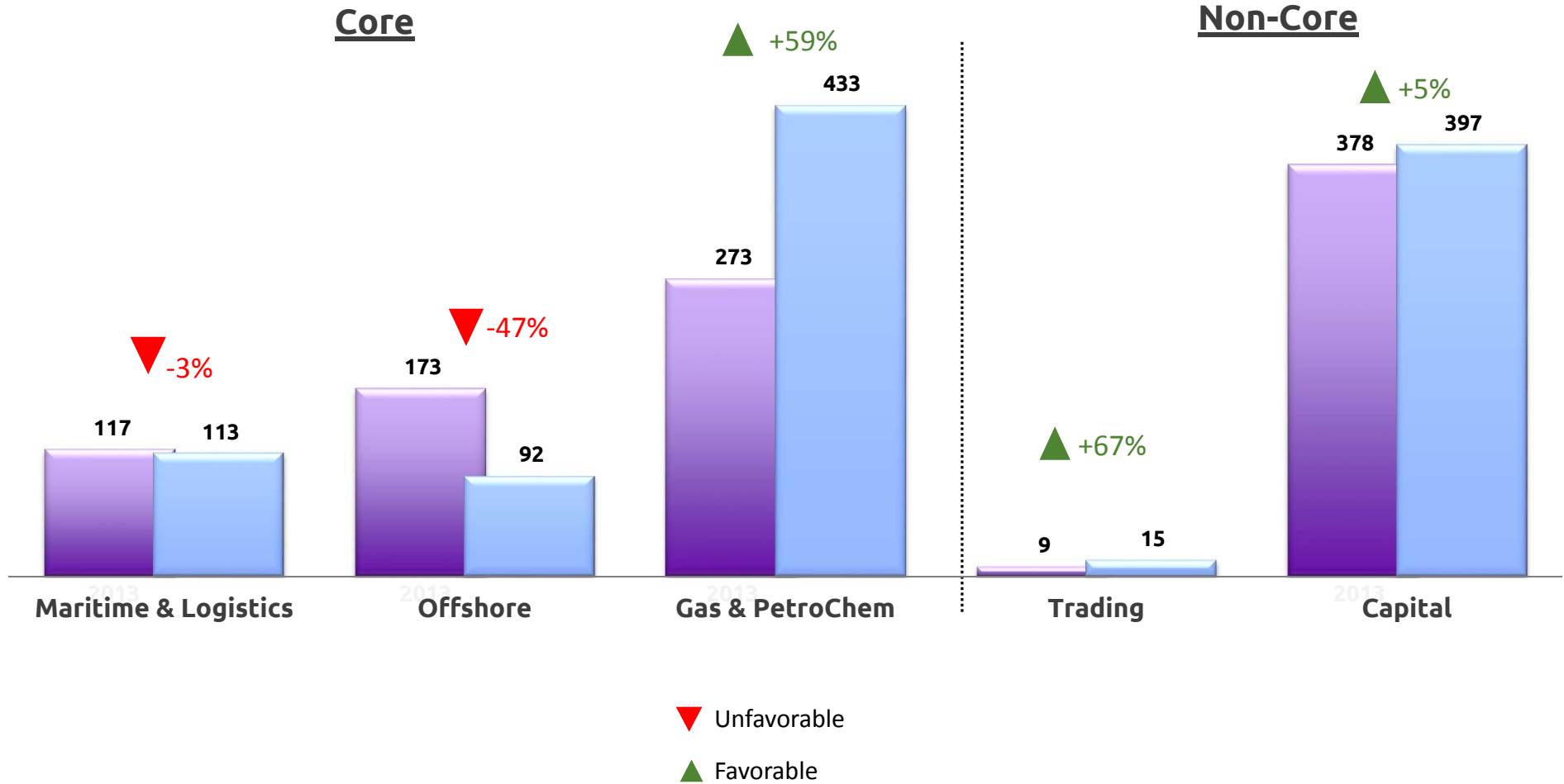


Activities by Segment

Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital
<ul style="list-style-type: none"> • Port Services • Container Shipping • Warehousing & Logistics • Bulk Shipping • Shipyard • Shipping Line Agencies 	<ul style="list-style-type: none"> • Vessel Charter & Operations • Diving & Subsea Services • Construction and Maintenance Services 	<ul style="list-style-type: none"> • LNG Transport • LPG Transport • Crude , Chemicals & CPP Transport • Wholly Owned Product/Gas Carriers • Harbor Marine Operations 	<ul style="list-style-type: none"> • Heavy Equipment and Truck Agency • Bunker Distribution • Marine Engine and Lubricants Agency • Travel & Tourism Agency 	<ul style="list-style-type: none"> • Real Estate Development and Management • Strategic and Financial Investments

Net Income, by Segment

(All amounts in QR Millions)



Statement of Income, by Segment – FY 2014

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	925	587	268	396	631	-	(181)	2,626
Salaries, Wages and Benefits	(195)	(199)	(87)	(17)	(10)	(127)	1	(634)
Operating Supplies and Expenses	(370)	(116)	(50)	(336)	(127)	(5)	158	(845)
Rent Expenses	(7)	(7)	(3)	(2)	(51)	(11)	21	(61)
Depreciation and Amortisation	(59)	(98)	(70)	(1)	(31)	(5)	-	(264)
Other Operating Expenses	(48)	(61)	(36)	(3)	(12)	(13)	2	(172)
Fleet & Technical Expense Allocation	(58)	-	58	-	-	-	-	-
Expense Allocation from Milaha Corporate	(69)	(29)	(23)	(22)	(20)	163	-	(0)
OPERATING PROFIT	119	77	57	14	380	1	(0)	648
Finance Costs	(9)	(8)	(7)	-	(19)	-	-	(42)
Finance Income	-	0	24	1	35	-	-	60
Gain on Disposal of Property, Vessels and Equipment	1	(2)	-	0	1	-	-	0
Share of Results of Associates & JV's	1	-	339	-	1	-	-	342
Miscellaneous Income	0	26	18	0	0	(1)	-	43
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	113	92	433	15	398	(0)	(0)	1,051
Non-controlling interest	-	-	-	-	(2)	-	-	(2)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	113	92	433	15	397	(0)	(0)	1,049

Statement of Income, by Segment – FY 2013

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	834	595	179	281	611	-	(196)	2,305
Salaries, Wages and Benefits	(178)	(191)	(82)	(15)	(15)	(134)	1	(615)
Operating Supplies and Expenses	(311)	(80)	(56)	(230)	(116)	(7)	174	(626)
Rent Expenses	(5)	(6)	(2)	(1)	(50)	(12)	20	(57)
Depreciation and Amortisation	(62)	(76)	(56)	(1)	(32)	(3)	-	(229)
Other Operating Expenses	(32)	(42)	(23)	(3)	(20)	(15)	1	(134)
Fleet & Technical Expense Allocation	(57)	-	57	-	-	-	-	-
Expense Allocation from Milaha Corporate	(74)	(29)	(27)	(22)	(24)	176	-	-
OPERATING PROFIT	115	171	(10)	9	355	4	(0)	644
Finance Costs	(10)	(7)	(7)	-	(18)	-	-	(42)
Finance Income	-	0	32	0	35	0	-	68
Gain on Disposal of Property, Vessels and Equipment	11	3	-	-	3	(3)	-	14
Share of Results of Associates & JV's	0	-	249	-	1	-	-	250
Miscellaneous Income	(0)	6	9	0	0	(1)	-	14
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	117	173	273	9	377	(0)	(0)	948
Non-controlling interest	-	-	-	-	2	-	-	2
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	117	173	273	9	378	(0)	(0)	950

Segment Performance

(All amounts in QR Millions)



➤ 11% Revenue Growth and -3% Net Profit Decline vs 2013

- **Revenue** increase of QR 91M driven by:
 - 15% increased TEU volumes at Doha Port
 - 8% increased Import volumes in Container Shipping
 - Increase in Bulk Shipping Chartering-Out activities
- OFFSET BY**
- **Operating Expenses** increased by QR (87)M driven by:
 - Volume-related expenses (manpower at Port, Port Charges at Container Shipping)
 - Chartering-In of vessels in Bulk Shipping Unit
 - Vessel Impairments of QR 8M
- **Non-Operating Income** showing QR (10)M less in Gains on Sale of Assets

	FY 2014	FY 2013
OPERATING REVENUE	925	834
Salaries, Wages and Benefits	(195)	(178)
Operating Supplies and Expenses	(370)	(311)
Rent Expenses	(7)	(5)
Depreciation and Amortisation	(59)	(62)
Impairment of vessels & equipment	(16)	(8)
Other Operating Expenses	(32)	(24)
Fleet & Technical Expense Allocation	(58)	(57)
Expense Allocation from Milaha Corporate	(69)	(74)
OPERATING EXPENSES	(806)	(719)
OPERATING PROFIT	119	115
NON - OPERATING INCOME/EXPENSE	(6)	1
PROFIT FOR THE PERIOD	113	117

Segment Performance

(All amounts in QR Millions)



➤ **3% Decline in Revenues and 47% Decline in Net Profit vs 2013**

- **Revenue** decrease of QR (8)M driven by:
 - Large drop in our key Diving unit due to lower utilization of vessels related to:
 - Unexpected extended drydocking in Q1
 - Q1 Unplanned maintenance breakdowns
 - Off contract vessels
 - Partially offset by increases in our Construction & Mtc/Other vessels driven by higher utilization & new vessel additions
- **Operating Expenses** increase of QR (87)M mainly from:
 - QR 20M Impairment related to aged diving system
 - QR 23M in higher depreciation from new vessels
 - QR 36M in higher operating supplies related to new vessel additions

	FY 2014	FY 2013
OPERATING REVENUE	587	595
Salaries, Wages and Benefits	(199)	(191)
Operating Supplies and Expenses	(116)	(80)
Rent Expenses	(7)	(6)
Depreciation and Amortisation	(98)	(76)
Impairment of vessels & equipment	(20)	-
Other Operating Expenses	(42)	(42)
Fleet & Technical Expense Allocation	-	-
Expense Allocation from Milaha Corporate	(29)	(29)
OPERATING EXPENSES	(511)	(424)
OPERATING PROFIT	77	171
NON - OPERATING INCOME/EXPENSE	15	1
PROFIT FOR THE PERIOD	92	173

Segment Performance

(All amounts in QR Millions)



➤ 49% Growth in Revenues and 58% Growth in Net Profit vs 2013

- **Revenue** increase of QR 89M driven by:
 - Additional revenue from Harbor vessels that we have been taking possession of throughout 2013/2014
 - Uptick in Product Tanker rates compared to 2013
- **Operating Expenses** increase of QR (30)M from:
 - Additional Harbor vessel expenses, including depreciation
- **Non-Operating Income** increase of QR 91M from our share of JV's and associates, including:
 - +QR 48M from Nakilat
 - +QR 54M from Gulf LPG

	FY 2014	FY 2013
OPERATING REVENUE	268	179
Salaries, Wages and Benefits	(87)	(82)
Operating Supplies and Expenses	(50)	(56)
Rent Expenses	(3)	(2)
Depreciation and Amortisation	(70)	(56)
Other Operating Expenses	(36)	(23)
Fleet & Technical Expense Allocation	58	57
Expense Allocation from Milaha Corporate	(23)	(27)
OPERATING EXPENSES	(210)	(190)
OPERATING PROFIT	57	(10)
NON - OPERATING INCOME/EXPENSE	375	284
PROFIT FOR THE PERIOD	433	273



Segment Performance

(All amounts in QR Millions)



➤ **41% Growth in Revenues and 68% Growth in Net Profit vs 2013**

- **Revenue** increase of QR 115M driven by:
 - Higher heavy equipment sales
 - Higher Bunker Sales

- **Operating Expenses** increase of QR 109M driven by:
 - Higher heavy equipment cost of goods sold
 - Higher Bunker cost of goods sold

	FY 2014	FY 2013
OPERATING REVENUE	396	281
Salaries, Wages and Benefits	(17)	(15)
Operating Supplies and Expenses	(336)	(230)
Rent Expenses	(2)	(1)
Depreciation and Amortisation	(1)	(1)
Other Operating Expenses	(3)	(3)
Fleet & Technical Expense Allocation	-	-
Expense Allocation from Milaha Corporate	(22)	(22)
OPERATING EXPENSES	(382)	(273)
OPERATING PROFIT	14	9
NON - OPERATING INCOME/EXPENSE	1	0
PROFIT FOR THE PERIOD	15	9



Segment Performance

(All amounts in QR Millions)



➤ 3% Growth in Revenues and 5% Growth in Net Profit vs 2013

- **Revenue** increased QR 20M , driven by
 - +QR 20 M Realized/Unrealized profit in Held-for-Trading portfolio
 - +QR 18M Dividend growth
 - +QR 7M Qatar Quarries
 - +QR 4M in additional Real Estate Income

Partially offset by

- QR (29)M in lower Available for Sale investments

	FY 2014	FY 2013
OPERATING REVENUE	631	611
Salaries, Wages and Benefits	(10)	(15)
Operating Supplies and Expenses	(127)	(116)
Rent Expenses	(51)	(50)
Depreciation and Amortisation	(31)	(32)
Other Operating Expenses	(12)	(20)
Fleet & Technical Expense Allocation	-	-
Expense Allocation from Milaha Corporate	(20)	(24)
OPERATING EXPENSES	(251)	(256)
OPERATING PROFIT	380	355
NON - OPERATING INCOME/EXPENSE	19	22
PROFIT FOR THE PERIOD	398	377
Non-controlling interest	(2)	2
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	397	378



Outlook



- Macro: Expect continued volume growth from increased project activity in lead up to 2022 World Cup; positive impact on revenues across most business units in the segment
- Ports: Likely further restructuring at Doha Port to increase capacity to 750,000 TEUs; decision on NPP operator expected
- Container Shipping: Planned expansion of container feeder business beyond the UAE-Qatar sector, and further cost optimization of the network. Positive impact on bunker costs likely to be at least partially offset by lower rates
- Logistics: Stronger outlook for Logistics, with realization of full year revenues on new 2014 contracts; diversification of customer base to mitigate squeeze from oil & gas clients
- Shipyard: Slowdown in E&P activities likely to negatively impact Shipyard, however at least partially offset by targeting alternative customer base

Outlook



- Macro: Global market downturn underway as E&P capex is slashed in response to lower oil prices; significant uncertainty in short term
- Expect much stronger year overall than 2014 despite downturn
 - Full year revenues on DSV Shaddad to boost diving services unit
 - Deployment of new vessels received in 2014
 - Focus on maximizing utilisation and reduction in downtime through more efficient drydocking
 - Revamped onshore team + careful cost control
- Expect to take delivery of 4 – 6 new vessels in 2015 (subject to delivery delays)
- Targeting continued growth in Saudi Arabia and UAE
- Continuing to cautiously explore opportunities for expansion through partnerships and acquisitions; timing uncertain given market conditions



Outlook



- Positive outlook for 2015, as
- VLGCs: Rates expected to stabilise at lower levels than 2014 record highs; vessels put on time charter, therefore lower (but still high) profits than 2014 but no volatility
- Jointly owned LNG carriers: limited fluctuation due to long term nature of contracts
- Fully-owned product tankers: Earnings expected to be stronger than 2014, as LR2 / Aframax continue to see higher demand from lower oil price
- Fully-owned gas / ammonia carriers: 1 vessel on time charter till 2016; 1 on charter till mid 2015 with reasonable prospects for extension; potential weakening rates by mid year
- Harbor craft: 19-vessel order has been delivered fully and QP contract started, therefore full impact for 2015

Outlook



- Expect to maintain the strong momentum in 2015 for Navigation Trading Agencies (NTA) as sales of heavy duty trucks and earth moving equipment continue to grow, driven by ramp up in infrastructure project execution in Qatar
 - Positive knock-on effect on service
- Impact of lower oil prices on other (non-infrastructure) projects in Qatar uncertain at this time

Outlook



- Financial investments: Listed equity portfolio performance bound by Qatar Exchange performance and volatility
 - Lower energy prices may impact government spending over the course of 2015 and restrain equity market growth
- Real Estate investments: Expect bump in Real Estate rental revenues, largely from lease of newly developed commercial property (Milaha's new HQ) and from higher occupancy at existing residential property
 - Reduced expenses from vacating old Milaha HQ, which was leased