

# H1 2019 Financial Summary Conference Call

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July 30, 2019

Doha, Qatar

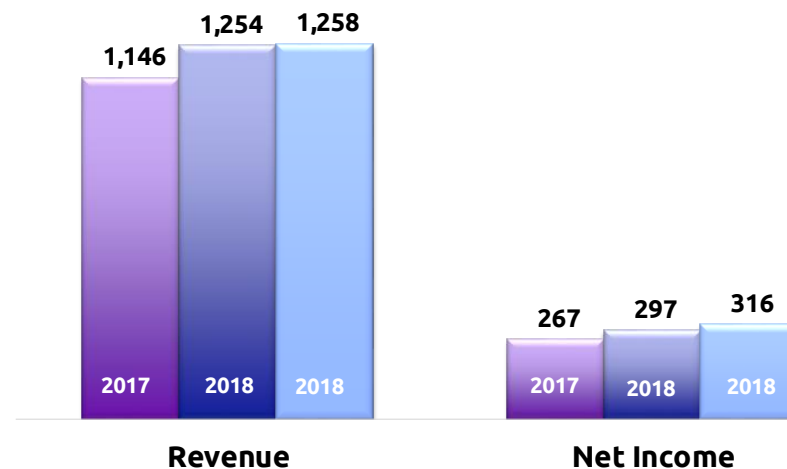
# Consolidated Income Statement – H1

(All amounts in QR Millions)






	2017	2018	2019
<b>Operating Revenue</b>	<b>1,146</b>	<b>1,254</b>	<b>1,258</b>
Salaries, Wages and Other Benefits	(262)	(270)	(292)
Operating Supplies and Expenses	(456)	(464)	(480)
Rent Expenses	(7)	(8)	(5)
Depreciation and Amortisation	(175)	(163)	(181)
Provision of Impairment of Trade Receivables	(1)	(20)	(6)
Other Operating Expenses	(74)	(70)	(65)
<b>Operating Expenses</b>	<b>(975)</b>	<b>(996)</b>	<b>(1,028)</b>
<b>Operating Profit</b>	<b>170</b>	<b>258</b>	<b>230</b>
Finance Costs	(100)	(85)	(59)
Finance Income	84	36	18
Net Gain on Disposal of Property, Vessels & Equipment	(1)	1	7
Share of Results of Associates	129	140	172
Share of Results of Joint Arrangements	44	82	97
Impairment of Available-for-Sale Investments	(21)	-	-
Net Gain on Foreign Exchange	(2)	3	0
Impairment of Vessels & Contract Work in Progress	(48)	(140)	(154)
Miscellaneous Income	20	2	3
<b>Non-Operating Profit</b>	<b>105</b>	<b>38</b>	<b>86</b>
<b>Profit for the Period</b>	<b>275</b>	<b>296</b>	<b>316</b>
Non-controlling interest	(8)	1	0
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>267</b>	<b>297</b>	<b>316</b>

- Revenue ▲ 0.3%
- Operating Profit ▼ -11%
- Net Profit ▲ 6%

*%s shown vs 2018*



# Activities by Segment

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

**\*\*Note:** beginning 2019, the Company made two organizational changes as follows:

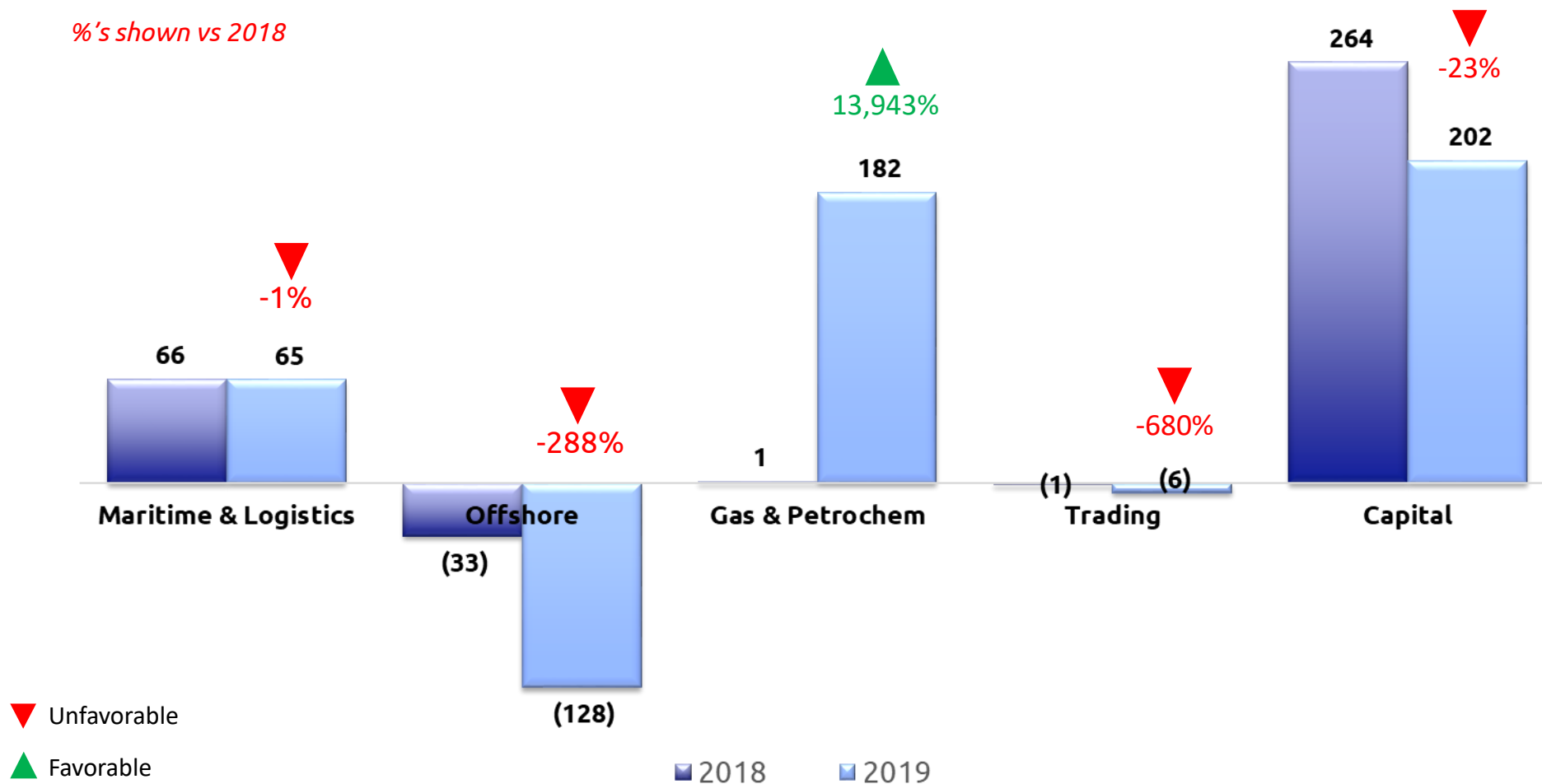
1. Moved Harbor Marine operations to the Offshore segment, out of the Gas & Petrochem segment
2. Moved Ship Management (Fleet & Technical) to the Maritime & Logistics segment, out of the Gas & Petrochem segment

These changes have no impact at the Company level. Subsequent slides are reflective of this and are shown on a comparative basis.

# Net Profit, by Segment – H1

(All amounts in QR Millions)

%s shown vs 2018



# Statement of Income, by Segment – H1 2019

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
<b>Operating Revenue</b>	<b>459</b>	<b>366</b>	<b>140</b>	<b>140</b>	<b>308</b>	<b>-</b>	<b>(155)</b>	<b>1,258</b>
Salaries, Wages & Benefits	(174)	(33)	(13)	(8)	(3)	(61)	-	(292)
Operating Supplies & Expenses	(336)	(60)	(9)	(135)	(65)	(5)	131	(480)
Rent	(22)	(2)	0	(1)	(1)	(4)	24	(5)
Depreciation & Amortization	(15)	(89)	(43)	(0)	(33)	(1)	-	(181)
Provision of Impairment of Trade Receivables	(2)	(3)	-	(2)	0	0	-	(6)
Other Operating Expenses	(28)	(17)	(12)	6	(4)	(9)	0	(65)
Fleet & Technical Expense Allocation	145	(118)	(28)	-	-	-	-	(0)
Expense Allocation from Milaha Corporate	(53)	(8)	(6)	(6)	(7)	81	-	0
<b>Operating Profit</b>	<b>(26)</b>	<b>36</b>	<b>30</b>	<b>(6)</b>	<b>196</b>	<b>(0)</b>	<b>0</b>	<b>230</b>
Finance Costs	(9)	(33)	(18)	-	(1)	-	2	(59)
Finance Income	-	6	8	0	6	0	(2)	18
Net Gain on Disposal of Property, Vessels & Equipment	1	-	7	0	-	-	-	7
Share of Results of Associates	2	-	170	-	0	-	-	172
Share of Results of Joint Arrangements	101	-	(4)	-	-	-	-	97
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
Net Gain on Foreign Exchange	0	(0)	(0)	0	-	0	-	0
Impairment of Vessels and Contract Work in Progress	(4)	(137)	(13)	-	-	-	-	(154)
Miscellaneous Income	-	-	3	-	0	-	-	3
All Other Non-Operating Expenses	-	-	-	-	-	-	-	-
<b>Profit for the Period</b>	<b>65</b>	<b>(128)</b>	<b>182</b>	<b>(6)</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>316</b>
Non-controlling interest	-	-	-	-	0	-	-	0
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>65</b>	<b>(128)</b>	<b>182</b>	<b>(6)</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>316</b>

# Statement of Income, by Segment – H1 2018

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
<b>Operating Revenue</b>	<b>473</b>	<b>268</b>	<b>145</b>	<b>149</b>	<b>356</b>	<b>-</b>	<b>(137)</b>	<b>1,254</b>
Salaries, Wages & Benefits	(153)	(33)	(13)	(8)	(4)	(60)	-	(270)
Operating Supplies & Expenses	(333)	(36)	(11)	(132)	(58)	(2)	109	(464)
Rent	(25)	(2)	(0)	(1)	(3)	(5)	27	(8)
Depreciation & Amortization	(16)	(68)	(48)	(0)	(29)	(2)	-	(163)
Provision of Impairment of Trade Receivables	(11)	(10)	(0)	(0)	1	0	-	(20)
Other Operating Expenses	(33)	(11)	(6)	(1)	(6)	(12)	0	(70)
Fleet & Technical Expense Allocation	130	(102)	(28)	-	-	-	(0)	(0)
Expense Allocation from Milaha Corporate	(49)	(9)	(8)	(7)	(7)	80	-	(0)
<b>Operating Profit</b>	<b>(17)</b>	<b>(4)</b>	<b>30</b>	<b>(2)</b>	<b>251</b>	<b>0</b>	<b>0</b>	<b>258</b>
Finance Costs	(15)	(35)	(19)	-	(21)	-	6	(85)
Finance Income	0	5	7	1	29	-	(6)	36
Net Gain on Disposal of Property, Vessels & Equipment	0	1	-	0	(0)	(0)	-	1
Share of Results of Associates	1	-	138	-	1	-	-	140
Share of Results of Joint Arrangements	97	-	(15)	-	-	-	-	82
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
Net Gain on Foreign Exchange	(0)	(0)	(0)	0	3	(0)	-	3
Impairment of Vessels and Contract Work in Progress	-	-	(140)	-	-	-	-	(140)
Miscellaneous Income	0	-	1	-	0	-	-	2
All Other Non-Operating Expenses	-	-	-	-	-	-	-	-
<b>Profit for the Period</b>	<b>66</b>	<b>(33)</b>	<b>1</b>	<b>(1)</b>	<b>263</b>	<b>(0)</b>	<b>0</b>	<b>296</b>
Non-controlling interest	-	-	-	-	1	-	-	1
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>66</b>	<b>(33)</b>	<b>1</b>	<b>(1)</b>	<b>264</b>	<b>(0)</b>	<b>0</b>	<b>297</b>

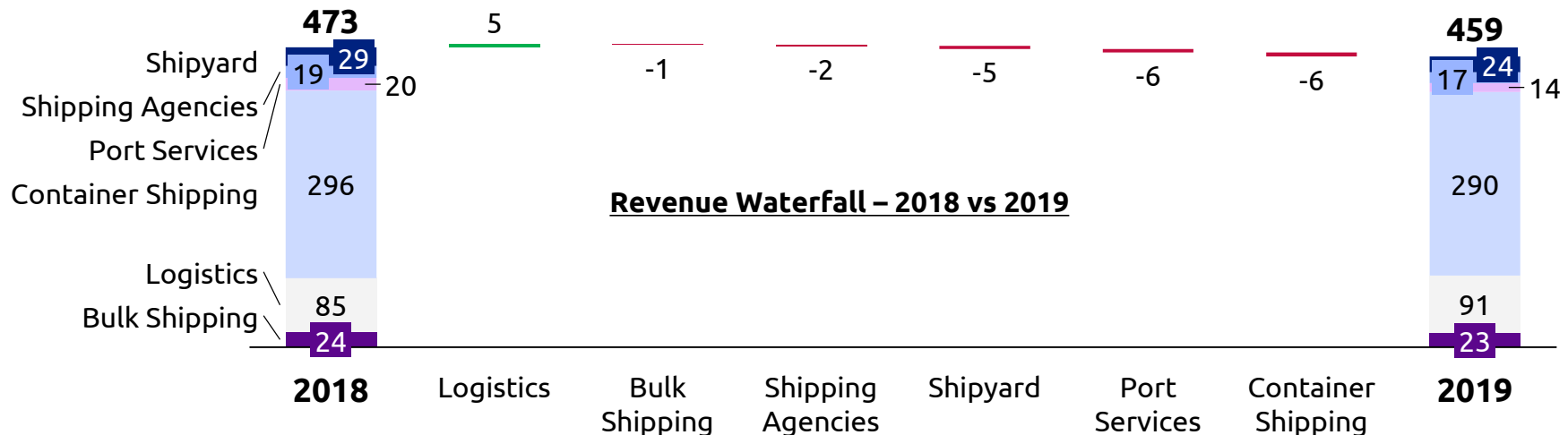
# Segment Performance – H1

(All amounts in QR Millions)

## 3% Decline in Revenue and 1% decline in Net Profit

- **Revenue drop driven by Container, Port and Shipyard units**
  - Drop in Container Shipping attributable to reduction in rates
  - Drop in Ports due to decline in ancillary services provided in 2018
  - Shipyard decline due to drop in capacity due to repairs of facility
- **Operating Expenses are down QR 4M**
  - Salaries & Wages increase tied to increased Offshore crew wages (offset is in Fleet & Tech allocation line, which goes to Offshore)
- **Non-Operating Income is up QR 8M**
  - Milaha's QTerminals share increased by QR 4M
  - Bulk Shipping vessel impairment increased by QR (4)M
  - Finance Cost decreased by QR 7M due to loan principal reduction

	2018	2019
<b>Operating Revenue</b>	<b>473</b>	<b>459</b>
Salaries, Wages and Other Benefits	(153)	(174)
Operating Supplies and Expenses	(333)	(336)
Rent Expenses	(25)	(22)
Depreciation and Amortisation	(16)	(15)
Provision of Impairment of Trade Receivables	(11)	(2)
Other Operating Expenses	(33)	(28)
Fleet & Technical Expense Allocation	130	145
Expense Allocation from Milaha Corporate	(49)	(53)
<b>Operating Expenses</b>	<b>(489)</b>	<b>(485)</b>
<b>Operating Profit</b>	<b>(17)</b>	<b>(26)</b>
<b>Non-Operating Income/(Expense)</b>	<b>83</b>	<b>91</b>
<b>Profit for the Period</b>	<b>66</b>	<b>65</b>



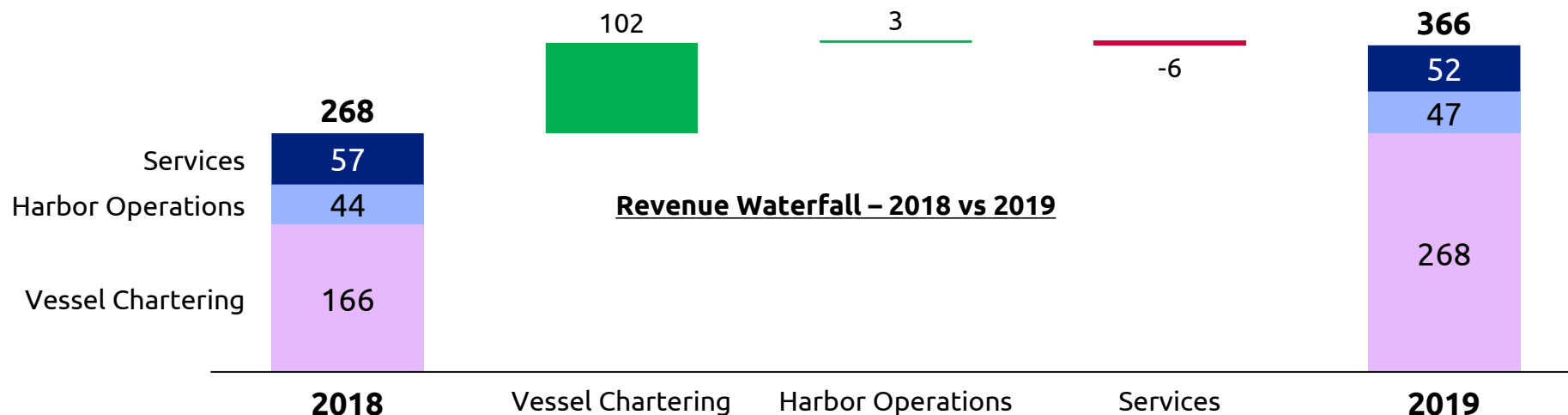
# Segment Performance – H1

(All amounts in QR Millions)

## 37% Increase in Revenue and 288% decline in bottom line

- **Revenue increase mainly from Vessel Chartering**
  - Average utilization increased from 71% in 2018 to 78% in 2019
  - Liftboat operational in Africa beginning H2 2018, hence YoY gain
  - New vessel additions in H2 2018 added to top-line growth
- **Operating Expenses increased by (58)M**
  - Additional Crewing, Fleet & Technical and Depreciation expenses tied to new vessel chartering & additions in H2 2018
  - Operating Supplies & Expenses correlated to revenue increase
- **Non-Operating Expenses increased by QR (135)M**
  - QR (137)M in higher vessel impairment recorded in 2019 vs 2018

	2018	2019
<b>Operating Revenue</b>	<b>268</b>	<b>366</b>
Salaries, Wages and Other Benefits	(33)	(33)
Operating Supplies and Expenses	(36)	(60)
Rent Expenses	(2)	(2)
Depreciation and Amortisation	(68)	(89)
Provision of Impairment of Trade Receivables	(10)	(3)
Other Operating Expenses	(11)	(17)
Fleet & Technical Expense Allocation	(102)	(118)
Expense Allocation from Milaha Corporate	(9)	(8)
<b>Operating Expenses</b>	<b>(272)</b>	<b>(330)</b>
<b>Operating Profit</b>	<b>(4)</b>	<b>36</b>
<b>Non-Operating Income/(Expense)</b>	<b>(29)</b>	<b>(164)</b>
<b>Profit for the Period</b>	<b>(33)</b>	<b>(128)</b>





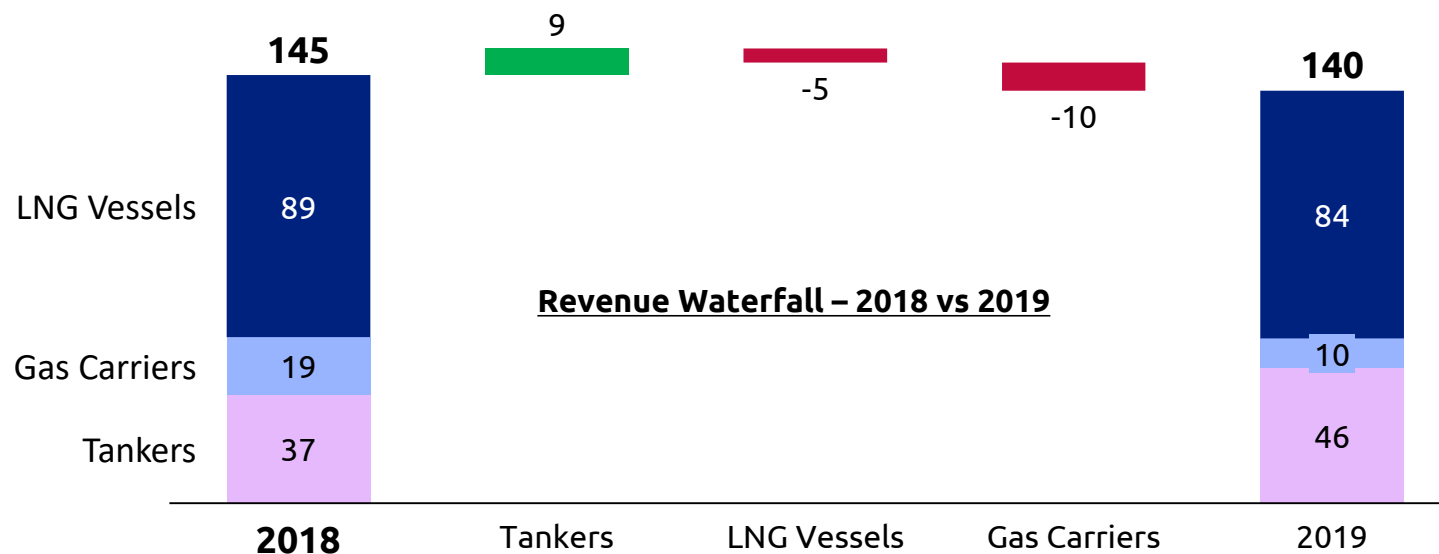
# Segment Performance – H1

(All amounts in QR Millions)

## 3% Decline in Revenue and +1000% Increase in Net Profit

- **Slight revenue drop**
  - Higher tanker market rates drove up Tankers unit
  - Gas Carriers reduction due to reduced rates and utilization
  - LNG Vessels reduction due to a scheduled dry docking in Q2 2019
- **Overall Operating Expenses reduced marginally**
- **Non-Operating Income up QR 180M**
  - QR 127M in lower vessel impairments
  - QR 33M in higher Nakilat income
  - QR 11M in increased JV income (mainly from VLGC JV)

	2018	2019
<b>Operating Revenue</b>	<b>145</b>	<b>140</b>
Salaries, Wages and Other Benefits	(13)	(13)
Operating Supplies and Expenses	(11)	(9)
Rent Expenses	(0)	0
Depreciation and Amortisation	(48)	(43)
Provision of Impairment of Trade Receivables	(0)	-
Other Operating Expenses	(6)	(12)
Fleet & Technical Expense Allocation	(28)	(28)
Expense Allocation from Milaha Corporate	(8)	(6)
<b>Operating Expenses</b>	<b>(116)</b>	<b>(110)</b>
<b>Operating Profit</b>	<b>30</b>	<b>30</b>
<b>Non-Operating Income/(Expense)</b>	<b>(28)</b>	<b>152</b>
<b>Profit for the Period</b>	<b>1</b>	<b>182</b>



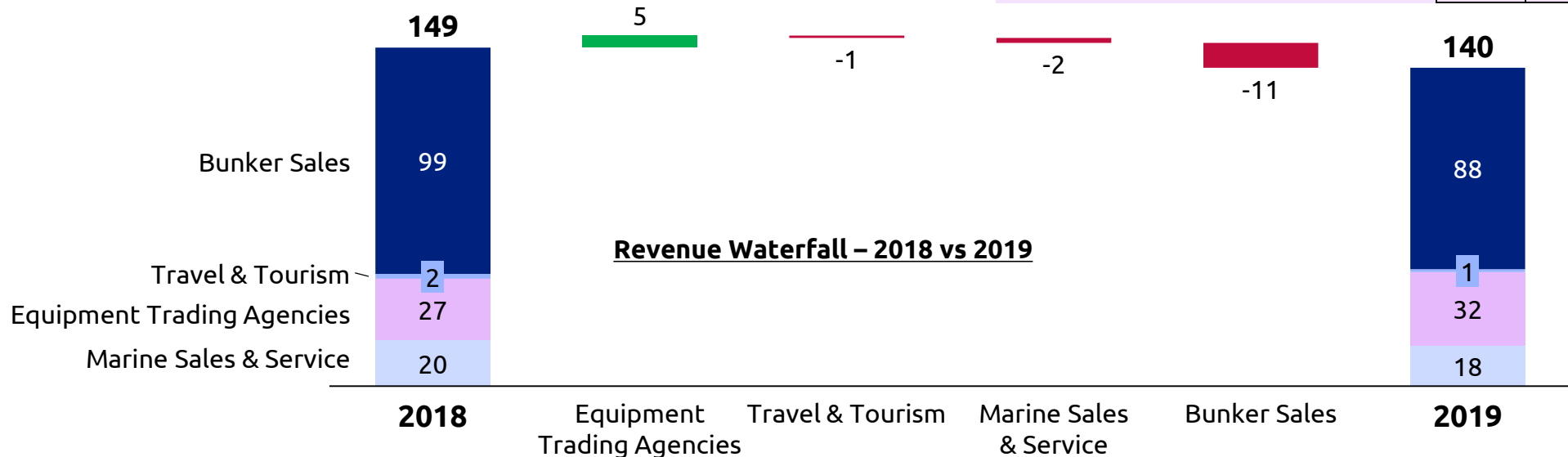
# Segment Performance – H1

(All amounts in QR Millions)

## 6% Decline in Revenue and 680% decline in bottom line

- Large drop in bunker sales, partially offset by increased sales of heavy equipment

	2018	2019
<b>Operating Revenue</b>	<b>149</b>	<b>140</b>
Salaries, Wages and Other Benefits	(8)	(8)
Operating Supplies and Expenses	(132)	(135)
Rent Expenses	(1)	(1)
Depreciation and Amortisation	(0)	(0)
Provision of Impairment of Trade Receivables	(0)	(2)
Other Operating Expenses	(1)	6
Expense Allocation from Milaha Corporate	(7)	(6)
<b>Operating Expenses</b>	<b>(150)</b>	<b>(146)</b>
<b>Operating Profit</b>	<b>(2)</b>	<b>(6)</b>
<b>Non-Operating Income/(Expense)</b>	<b>1</b>	<b>0</b>
<b>Profit for the Period</b>	<b>(1)</b>	<b>(6)</b>



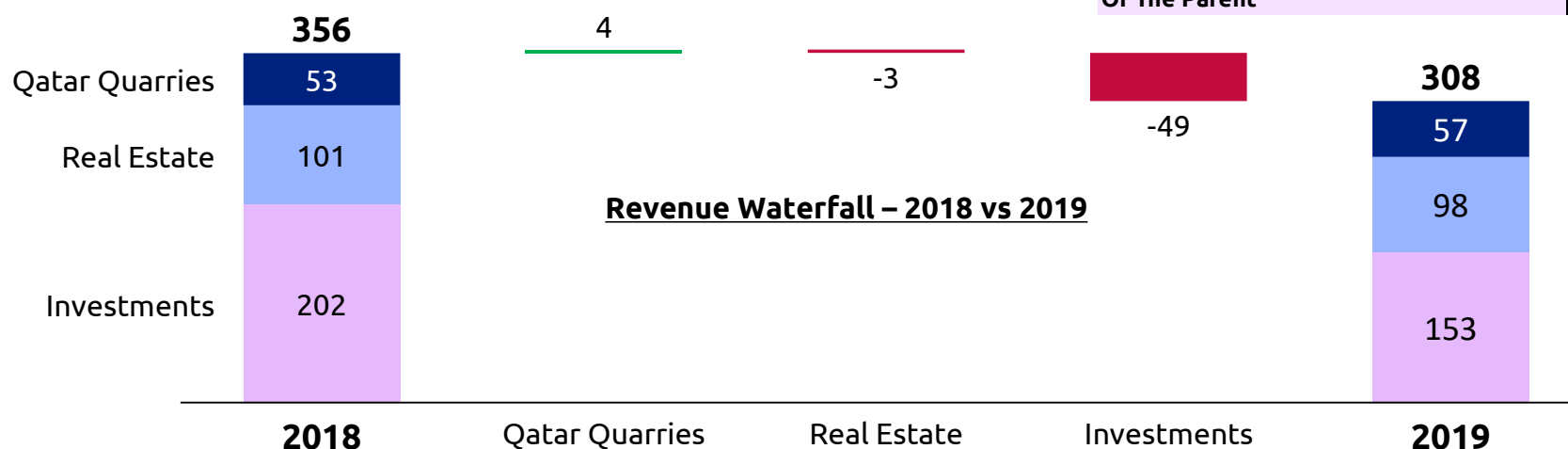
# Segment Performance – H1

(All amounts in QR Millions)

## 14% Decline in Revenue and 23% decline in Net Profit

- **QR (49)M decrease in Revenue mainly from Investments:**
  - QR (24)M decrease in dividend income mainly from HFT portfolio
  - QR (25)M decrease in HFT gains

Above both related to liquidation of HFT Investment portfolio and reallocation of funds to increase Nakilat stake (Feb 2019) from 30 to 36%
- **Overall Operating Expenses increased marginally, with majority tied to an increase in Qatar Quarries Cost of Goods Sold**
- **Non-Operating Income down QR (6)M, mainly due to FX Gains recorded in 2018**



	2018	2019
<b>Operating Revenue</b>	<b>356</b>	<b>308</b>
Salaries, Wages and Other Benefits	(4)	(3)
Operating Supplies and Expenses	(58)	(65)
Rent Expenses	(3)	(1)
Depreciation and Amortisation	(29)	(33)
Provision of Impairment of Trade Receivables	1	0
Other Operating Expenses	(6)	(4)
Expense Allocation from Milaha Corporate	(7)	(7)
<b>Operating Expenses</b>	<b>(105)</b>	<b>(112)</b>
<b>Operating Profit</b>	<b>251</b>	<b>196</b>
<b>Non-Operating Income/(Expense)</b>	<b>12</b>	<b>6</b>
<b>Profit for the Period</b>	<b>263</b>	<b>202</b>
Non-controlling interest	1	0
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>264</b>	<b>202</b>

# Outlook

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- Expect limited volume volatility at Hamad port, keeping QTerminals income relatively steady
- Expect container feeder margins to remain under pressure as geographic network footprint expands; realized benefits will lag costs incurred
- Ramp-up of utilization in Milaha Logistics City warehouses continuing

# Outlook

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- Offshore Support Vessels: we expect to see year-over-year revenue and operating profit growth as a result of:
  - Full year impact from Liftboat which is employed in W Africa (began end of June 2018)
  - Commencement of new projects that began in H2 2018
- Harbor marine vessels: expect stable revenue throughout the year

# Outlook



- VLGCs: charter rates improved substantially in Q2. Cautiously optimistic about rest of year.
- Jointly & Fully owned LNG carriers: fairly stable earnings due to long term fixed nature of contracts
- Fully-owned product tankers + 1 crude carrier: all trading on spot and exposed to market volatility; outlook remains uncertain
- Fully-owned gas / ammonia carriers: one vessel on time charter, one is on spot.
- Results from Associates: expect growth from additional 6% stake in Nakilat

# Outlook

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- Expect challenging outlook for this segment rest of year.

# Outlook

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- Limited Investments volatility:
  - Majority of Held for Trading Portfolio liquidated and used to acquire additional 6% Nakilat stake Feb 2019
- Given diverse nature of Real Estate holdings, expect stable returns
  - Villa compound in Ein Khaled on track to open Q3 2019