

H1 2016 Financials Conference Call

Aug 4th, 2016

Doha, Qatar

Consolidated Income Statement – H1 2016

(All amounts in QR Millions)

OPERATING REVENUE

2014	2015	2016
1,244	1,507	1,387

Salaries, Wages and Benefits
Operating Supplies and Expenses
Rent Expenses
Depreciation and Amortisation
Impairment of vessels and an equipment
Other Operating Expenses

(309)	(342)	(325)
(387)	(467)	(444)
(29)	(8)	(8)
(122)	(144)	(162)
0	(38)	0
(61)	(66)	(77)

OPERATING EXPENSES

(907)	(1,065)	(1,016)
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OPERATING PROFIT

337	442	371
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Finance Costs
Finance Income
Share of Results of Associates
Share of Results of Joint Ventures
All Other Non-Operating Expenses

(17)	(36)	(86)
30	48	82
143	162	158
21	20	24
6	16	6

NON OPERATING PROFIT

183	210	184
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PROFIT FOR THE PERIOD

520	652	556
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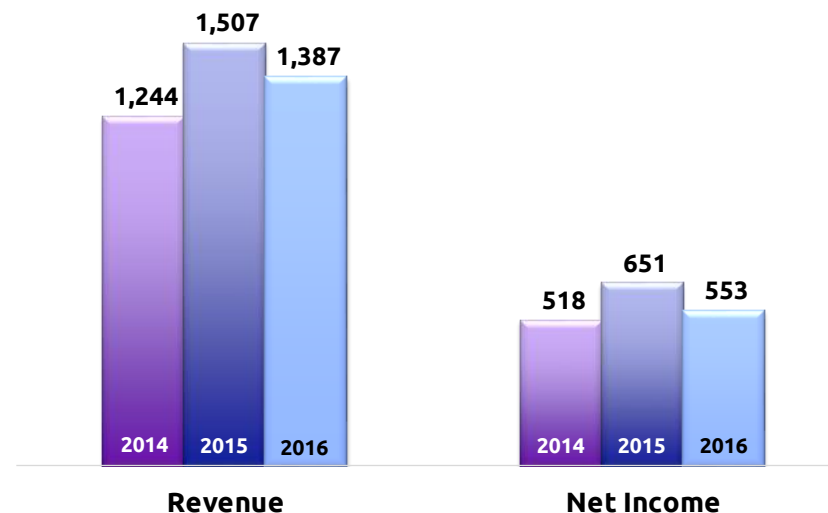
Non-controlling interest

(2)	(1)	(3)
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NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

518	651	553
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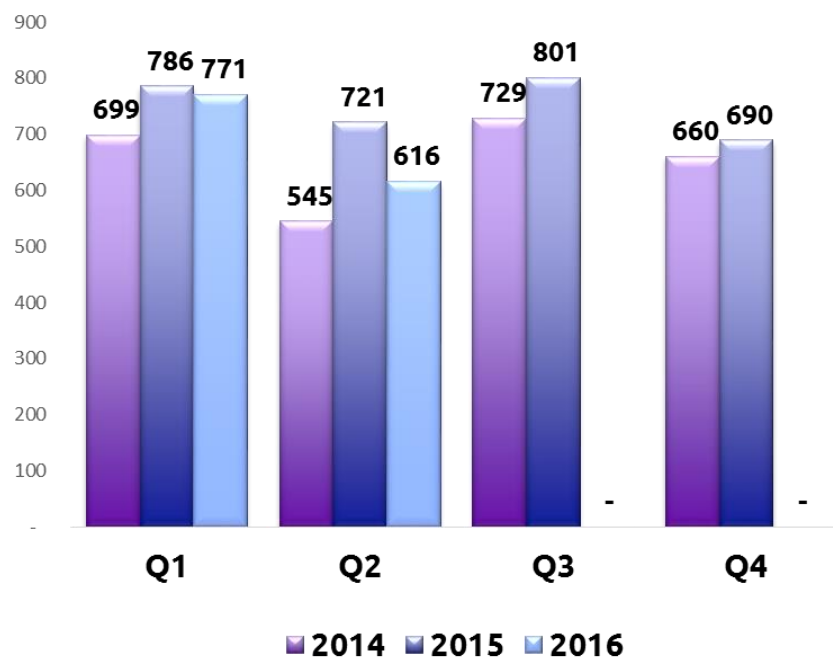
- Revenue Down (8.0)%
- Operating Profit Down (16.0)%
- Net Profit Down (15.1)%



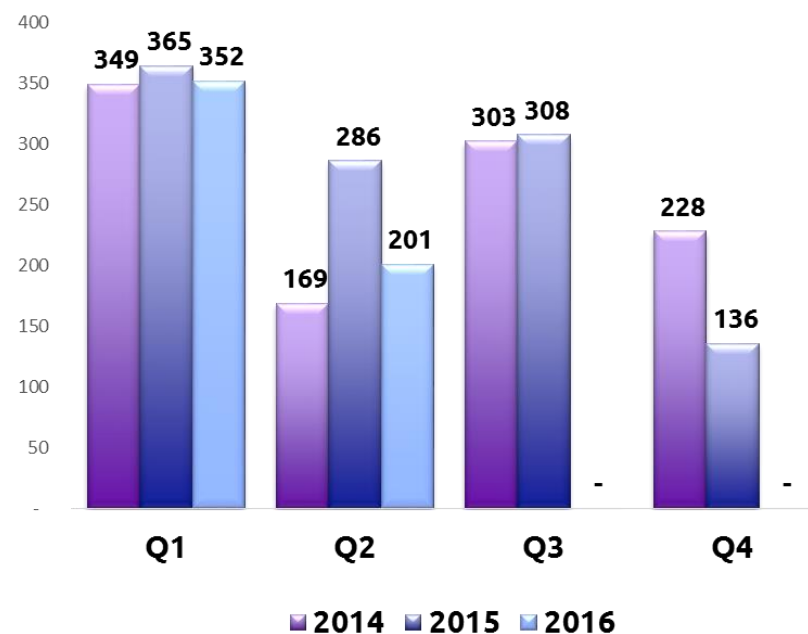
Quarterly Financial Highlights

(All amounts in QR Millions)

Revenue



Net Profit



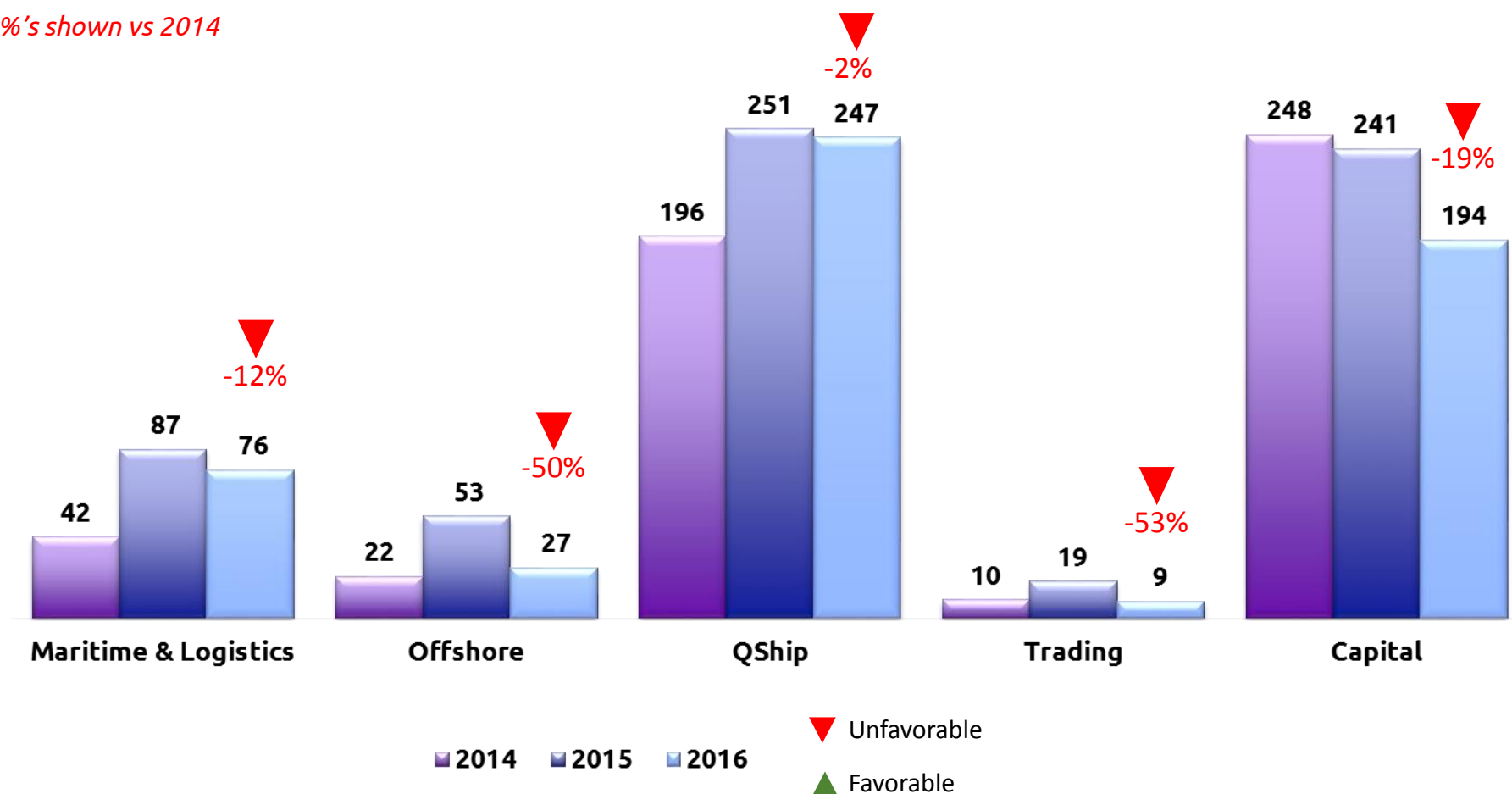
Activities by Segment

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 Profit, by Segment – H1

(All amounts in QR Millions)

%'s shown vs 2014



Statement of Income, by Segment – H1 2016

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	512	292	237	185	259	-	(99)	1,387
Salaries, Wages and Benefits	(106)	(93)	(52)	(10)	(3)	(60)	0	(325)
Operating Supplies and Expenses	(222)	(60)	(36)	(157)	(54)	(5)	89	(444)
Rent Expenses	(4)	(3)	(2)	(1)	(2)	(5)	10	(8)
Depreciation and Amortisation	(21)	(57)	(64)	(0)	(18)	(2)	(0)	(162)
Impairment of an Equipment	-	-	-	-	-	-	-	-
Other Operating Expenses	(15)	(27)	(21)	(2)	(5)	(8)	(0)	(77)
Fleet & Technical Expense Allocation	(28)	-	28	-	-	-	-	-
Expense Allocation from Milaha Corporate	(36)	(16)	(13)	(8)	(7)	80	-	0
OPERATING PROFIT	80	36	77	7	170	(0)	0	371
Finance Costs	(5)	(12)	(30)	-	(39)	-	-	(86)
Finance Income	0	0	14	2	66	-	-	82
(Loss) Gain on Disposal of Property, Vessels and Equipment	0	2	-	-	-	-	-	2
Share of Results of Joint Ventures	-	-	24	-	-	-	-	24
Share of Results of Associates	1	-	157	-	0	-	-	158
Net (Loss) Gain on Foreign Exchange	(0)	(0)	3	(0)	(0)	0	-	3
Amounts relating to step-up acquisition of associates	-	-	-	-	-	-	-	-
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
Miscellaneous Income	0	-	2	-	(0)	-	-	2
PROFIT FOR THE PERIOD	76	27	247	9	197	(0)	0	556
Non-controlling interest	-	-	-	-	(3)	-	-	(3)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	76	27	247	9	194	(0)	0	553

Statement of Income, by Segment – H1 2015

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	548	331	152	244	343	-	(111)	1,507
Salaries, Wages and Benefits	(100)	(121)	(42)	(10)	(5)	(64)	0	(342)
Operating Supplies and Expenses	(208)	(59)	(19)	(205)	(75)	(3)	102	(467)
Rent Expenses	(5)	(3)	(2)	(1)	(2)	(4)	9	(8)
Depreciation and Amortisation	(28)	(57)	(40)	(0)	(18)	(2)	-	(144)
Impairment of an Equipment	(38)	-	-	-	-	-	-	(38)
Other Operating Expenses	(12)	(22)	(19)	(1)	(6)	(6)	0	(66)
Fleet & Technical Expense Allocation	(32)	-	32	-	-	-	-	-
Expense Allocation from Milaha Corporate	(33)	(15)	(12)	(8)	(9)	78	-	(0)
OPERATING PROFIT	92	54	50	18	228	(0)	(0)	442
Finance Costs	(4)	(6)	(4)	-	(21)	-	-	(36)
Finance Income	0	0	12	1	35	(0)	-	48
(Loss) Gain on Disposal of Property, Vessels and Equipment	(2)	4	-	-	(0)	0	-	2
Share of Results of Joint Ventures	-	-	20	-	-	-	-	20
Share of Results of Associates	1	-	161	-	0	-	-	162
Net (Loss) Gain on Foreign Exchange	0	0	1	0	(0)	0	-	1
Amounts relating to step-up acquisition of associates	-	-	-	-	-	-	-	-
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
Miscellaneous Income	(0)	-	12	-	0	-	-	12
PROFIT FOR THE PERIOD	87	53	251	19	242	0	(0)	652
Non-controlling interest	-	-	-	-	(1)	-	-	(1)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	87	53	251	19	241	0	(0)	651

Segment Performance – H1

(All amounts in QR Millions)



➤ 7% Decline in Revenue and 12% Decline in Net Profit vs 2015

- **Revenue** decreased by QR (37)M driven by:
 - Drop in Port Services (42)M, driven by lower storage, general cargo and RORO revenue, partially offset by higher container volumes revenue
Partially Offset by
 - +16M from increased volumes in Container Shipping, albeit at lower rates
- **Operating Expenses** decreased by QR 26M driven by:
 - 2015 Bulk Shipping impairment not recurring in 2016 (QR 38M)
Partially Offset by
 - Volume-related expenses (Terminal/Port-related Charges at Container Shipping), including additional chartering-in of vessels in Container Shipping unit

	2014	2015	2016
OPERATING REVENUE	432	548	512
Salaries, Wages and Benefits	(98)	(100)	(106)
Operating Supplies and Expenses	(179)	(208)	(222)
Rent Expenses	(3)	(5)	(4)
Depreciation and Amortisation	(29)	(28)	(21)
Other Operating Expenses	(13)	(12)	(15)
Fleet & Technical Expense Allocation	(28)	(32)	(28)
Expense Allocation from Milaha Corporate	(39)	(33)	(36)
OPERATING EXPENSES	(389)	(457)	(431)
OPERATING PROFIT	43	92	80
NON - OPERATING INCOME/EXPENSE	(1)	(5)	(4)
PROFIT FOR THE PERIOD	42	87	76

Segment Performance – H1

(All amounts in QR Millions)



➤ **12% Decline in Revenue and 50% Decline in Net Profit vs 2015**

- **Revenue** decreased by QR (39)M driven by:
 - Late mobilization of diving vessel (Halul 41)
 - Lower utilization & rate pressure in our Commercial unit
- **Operating Expenses** decreased by QR 20 M driven by:
 - Lower Salaries for crew & personnel, due to lower utilizations

	2014	2015	2016
OPERATING REVENUE	234	331	292
Salaries, Wages and Benefits	(86)	(121)	(93)
Operating Supplies and Expenses	(44)	(59)	(60)
Rent Expenses	(3)	(3)	(3)
Depreciation and Amortisation	(43)	(57)	(57)
Other Operating Expenses	(19)	(22)	(27)
Expense Allocation from Milaha Corporate	(15)	(15)	(16)
OPERATING EXPENSES	(211)	(276)	(256)
OPERATING PROFIT	24	54	36
NON - OPERATING INCOME/EXPENSE	(2)	(2)	(10)
PROFIT FOR THE PERIOD	22	53	27

Segment Performance – H1

(All amounts in QR Millions)



➤ **+56% Revenue Growth and 2% Net Profit Decline vs 2015**

- **Revenue** increase of QR 85M driven by:
 - Additional revenue +87M from 2 LNG vessels we fully acquired (from 40% to 100%) in Q3 2015
 - Additional revenue of +8M from higher utilization in Port Marine Operations
 - Lower revenue of (11)M from Product Tankers
- **Operating Expenses** up QR (59)M
 - Mainly attributable to increased expenses from 2 LNG vessels we full acquired
- **Non-Operating Income** decrease of QR (32)M
 - QR (26)M in increased Finance Expense for 2 LNG's

	2014	2015	2016
OPERATING REVENUE	121	152	237
Salaries, Wages and Benefits	(43)	(42)	(52)
Operating Supplies and Expenses	(26)	(19)	(36)
Rent Expenses	(1)	(2)	(2)
Depreciation and Amortisation	(31)	(40)	(64)
Other Operating Expenses	(15)	(19)	(21)
Fleet & Technical Expense Allocation	28	32	28
Expense Allocation from Milaha Corporate	(14)	(12)	(13)
OPERATING EXPENSES	(102)	(102)	(160)
OPERATING PROFIT	19	50	77
NON - OPERATING INCOME/EXPENSE	177	201	169
PROFIT FOR THE PERIOD	196	251	247



Segment Performance – H1

(All amounts in QR Millions)



➤ **24% Decline in Revenue and 53% Decline in Net Profit vs 2015**

- **Revenue** decrease of QR (59)M driven by:
 - Lower heavy equipment sales due to slowdown in project activity
 - Lower Bunker Sales due to oil price drop vs 2015
- **Operating Expenses** decrease of QR 48M driven by:
 - Lower heavy equipment cost of goods sold
 - Lower Bunker cost of sales

	2014	2015	2016
OPERATING REVENUE	196	244	185
Salaries, Wages and Benefits	(9)	(10)	(10)
Operating Supplies and Expenses	(164)	(205)	(157)
Rent Expenses	(1)	(1)	(1)
Depreciation and Amortisation	(1)	(0)	(0)
Other Operating Expenses	(1)	(1)	(2)
Expense Allocation from Milaha Corporate	(12)	(8)	(8)
OPERATING EXPENSES	(187)	(226)	(178)
OPERATING PROFIT	9	18	7
NON - OPERATING INCOME/EXPENSE	1	1	2
PROFIT FOR THE PERIOD	10	19	9



Segment Performance – H1

(All amounts in QR Millions)



➤ 25% Decline in Revenue and 19% Decline in Net Profit vs 2015

- **Revenue** decreased QR (84)M, with:
 - QR (28)M from Held-for-Trading portfolio returns
 - QR (43)M in lower dividends
 - QR (19)M in lower Qatar Quarries Revenue
- **Operating Expenses** decrease of QR 25M, driven by:
 - +QR 22M in lower Qatar Quarries Cost of Goods Sold
- **Non-Operating Income** increase of QR 14M, driven by:
 - Increase in the net of Finance Income/Expense

	2014	2015	2016
OPERATING REVENUE	372	343	259
Salaries, Wages and Benefits	(5)	(5)	(3)
Operating Supplies and Expenses	(66)	(75)	(54)
Rent Expenses	(25)	(2)	(2)
Depreciation and Amortisation	(16)	(18)	(18)
Other Operating Expenses	(5)	(6)	(5)
Expense Allocation from Milaha Corporate	(12)	(9)	(7)
OPERATING EXPENSES	(129)	(115)	(89)
OPERATING PROFIT	243	228	170
NON - OPERATING INCOME/EXPENSE	7	14	27
PROFIT FOR THE PERIOD	250	242	197
Non-controlling interest	(2)	(1)	(3)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	248	241	194

Outlook



Macro:

- TEU volume growth still positive, but growth will slow down relative to historical double digit rates. Project/Bulk/RORO/Storage volumes & revenue down significantly – difficult to predict going forward, but expect weakness when compared with H2 2015.
- Despite increasing volumes, pricing pressure in Container Feeder unit to negatively impact margins
- Decision on Hamad Port concession still expected any day

Outlook



Macro: Global offshore marine market remains depressed as E&P capex is slashed in response to lower oil prices which will continue to negatively impact offshore activities; downward pressure on day rates and utilization is a reality

- In general, contract renewals are at lower rates; focus remains on maximizing utilization and improving efficiency

Outlook



- VLGCs: were put on long term charter in late 2014/early 2015; minimal volatility for 2016
- Jointly owned LNG carriers: limited fluctuation due to long term fixed nature of contracts
- Fully-owned LNG carriers: 2 that were fully acquired in Q3 2015 have long term contracts in place; limited fluctuation. Will not have “one-off” transaction-related expenses in 2016
- Fully-owned product tankers + 1 crude carrier: all trading in spot market, and rates have been downward trending for past few months
- Fully-owned gas / ammonia carriers: both vessels on time charter ending mid 2016; one renewed for additional 2 years; other one coming off time charter end of August and working to put on new time charter. Rates have come down past few months, so not expecting same level of earnings.
- Harbor marine vessels: expect little to no variance from prior year

Outlook



- Project slowdown has negatively impacted the unit; expect continued weakness ahead.

Outlook



- Listed portfolio performance strongly correlated to Qatar Exchange performance and volatility
- Expect a slight uptick in Real Estate unit, coming from leasing additional showrooms at Ein Khaled Commercial project