

H1 2018 Financial Summary Conference Call

August 2, 2018

Doha, Qatar

Interim Consolidated Income Statement – H1

(All amounts in QR Millions)

	2016	2017	2018
Operating Revenue	1,387	1,146	1,254
Salaries, Wages and Other Benefits	(325)	(262)	(270)
Operating Supplies and Expenses	(438)	(456)	(464)
Rent Expenses	(8)	(7)	(8)
Depreciation and Amortisation	(162)	(175)	(163)
Other Operating Expenses	(77)	(75)	(90)
Operating Expenses	(1,009)	(975)	(996)
Operating Profit	378	170	258
Finance Costs	(86)	(100)	(85)
Finance Income	82	84	36
Net Gain on Disposal of Property, Vessels & Equipment	2	(1)	1
Share of Results of Associates	158	129	140
Share of Results of Joint Arrangements	17	44	82
Impairment of Available-for-Sale Investments	-	(21)	-
Net Gain on Foreign Exchange	3	(2)	3
Impairment of Vessels & Contract Work in Progress	-	(48)	(140)
Miscellaneous Income	2	20	2
Non-Operating Profit	178	105	38
Profit for the Period	556	275	296
Non-controlling interest	(3)	(8)	1
Net Profit Attributable To Equity Holders Of The Parent	553	267	297

- Revenue Up 9%
- Operating Profit Up 51%
- Net Profit Up 11%



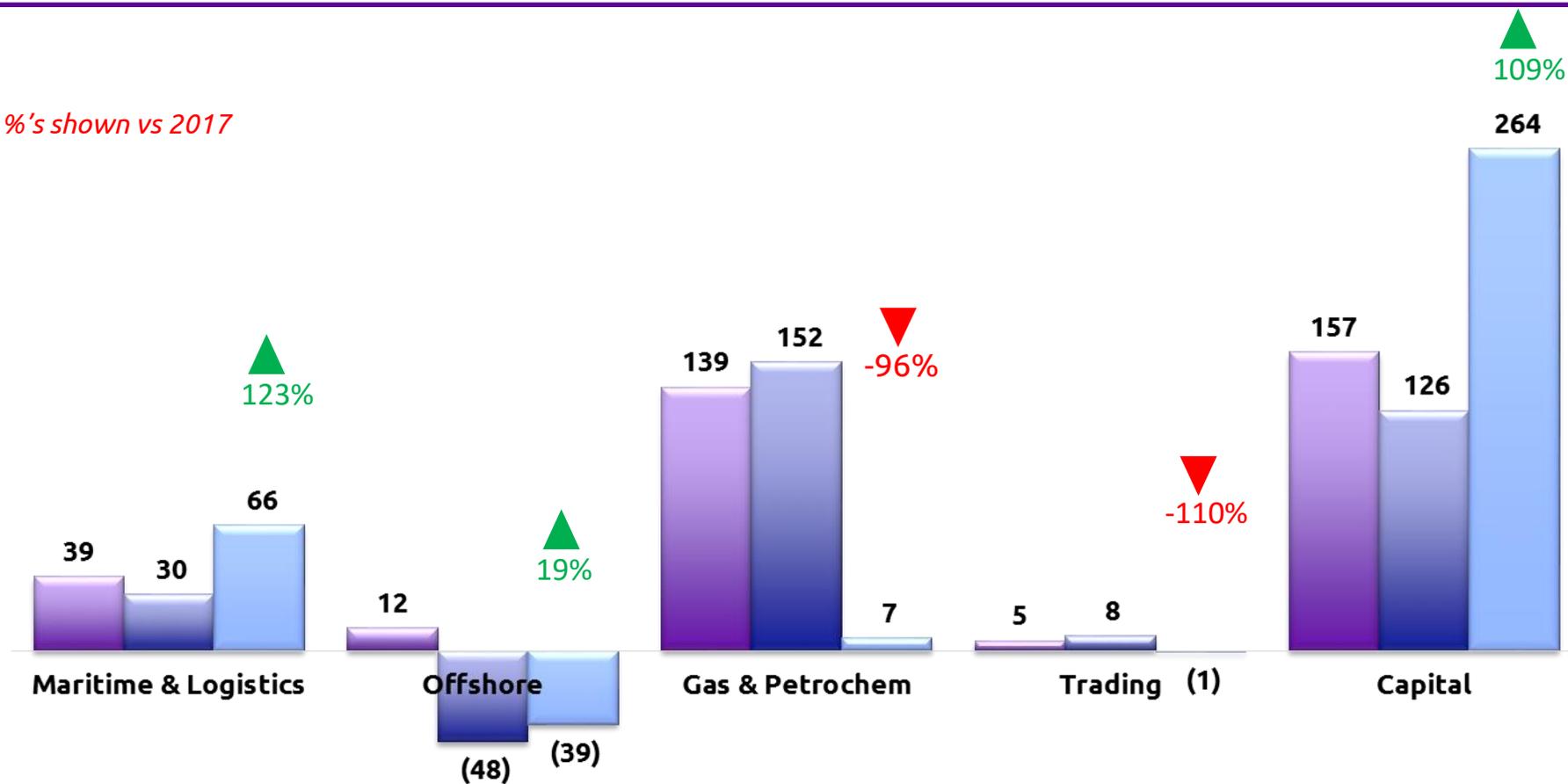
Activities by Segment

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 • Well 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 2017



▼ Unfavorable

▲ Favorable

■ 2016 ■ 2017 ■ 2018

Statement of Income, by Segment – H1 2018

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	473	223	190	149	356	-	(137)	1,254
Salaries, Wages & Benefits	(65)	(82)	(53)	(8)	(4)	(60)	-	(270)
Operating Supplies & Expenses	(300)	(55)	(26)	(132)	(58)	(2)	109	(464)
Rent	(23)	(4)	(1)	(1)	(3)	(5)	27	(8)
Depreciation & Amortization	(15)	(56)	(61)	(0)	(29)	(2)	-	(163)
Other Operating Expenses	(32)	(27)	(12)	(2)	(5)	(12)	0	(90)
Fleet & Technical Expense Allocation	(18)	-	18	-	-	-	-	-
Expense Allocation from Milaha Corporate	(36)	(14)	(15)	(7)	(7)	80	-	(0)
Operating Profit	(16)	(15)	39	(2)	251	0	0	258
Finance Costs	(15)	(29)	(25)	-	(21)	-	6	(85)
Finance Income	0	5	7	1	29	-	(6)	36
Net Gain on Disposal of Property, Vessels & Equipment	0	0	1	0	(0)	(0)	-	1
Share of Results of Associates	0	-	139	-	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	-	-	-	-	-	-	-	-
Profit for the Period	66	(39)	7	(1)	263	(0)	0	296
Non-controlling interest	-	-	-	-	1	-	-	1
Net Profit Attributable To Equity Holders Of The Parent	66	(39)	7	(1)	264	(0)	0	297

Statement of Income, by Segment – H1 2017

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	391	239	194	162	276	-	(116)	1,146
Salaries, Wages & Benefits	(62)	(79)	(50)	(8)	(4)	(60)	-	(262)
Operating Supplies & Expenses	(240)	(49)	(28)	(136)	(105)	(3)	104	(456)
Rent	(4)	(5)	(0)	(1)	(2)	(6)	12	(7)
Depreciation & Amortization	(31)	(57)	(67)	(0)	(18)	(2)	-	(175)
Other Operating Expenses	(14)	(24)	(19)	(2)	(6)	(11)	0	(75)
Fleet & Technical Expense Allocation	(20)	-	20	-	-	-	-	-
Expense Allocation from Milaha Corporate	(36)	(16)	(15)	(8)	(7)	82	-	0
Operating Profit	(16)	10	35	6	135	0	(0)	170
Finance Costs	(6)	(18)	(26)	-	(53)	-	2	(100)
Finance Income	0	2	8	2	74	-	(2)	84
Net Gain on Disposal of Property, Vessels & Equipment	(3)	3	-	(0)	-	-	-	(1)
Share of Results of Associates	1	-	128	-	(0)	-	-	129
Share of Results of Joint Arrangements	57	-	(13)	-	-	-	-	44
Impairment of Available-for-Sale Investments	-	-	-	-	(21)	-	-	(21)
Net Gain on Foreign Exchange	(0)	(0)	(1)	0	(0)	(0)	-	(2)
Impairment of Vessels and Contract Work in Progress	(3)	(45)	-	-	-	-	-	(48)
Miscellaneous Income	0	-	20	-	0	-	-	20
All Other Non-Operating Expenses	-	-	-	-	-	-	-	-
Profit for the Period	30	(48)	152	8	134	0	(0)	275
Non-controlling interest	-	-	-	-	(8)	-	-	(8)
Net Profit Attributable To Equity Holders Of The Parent	30	(48)	152	8	126	0	(0)	267

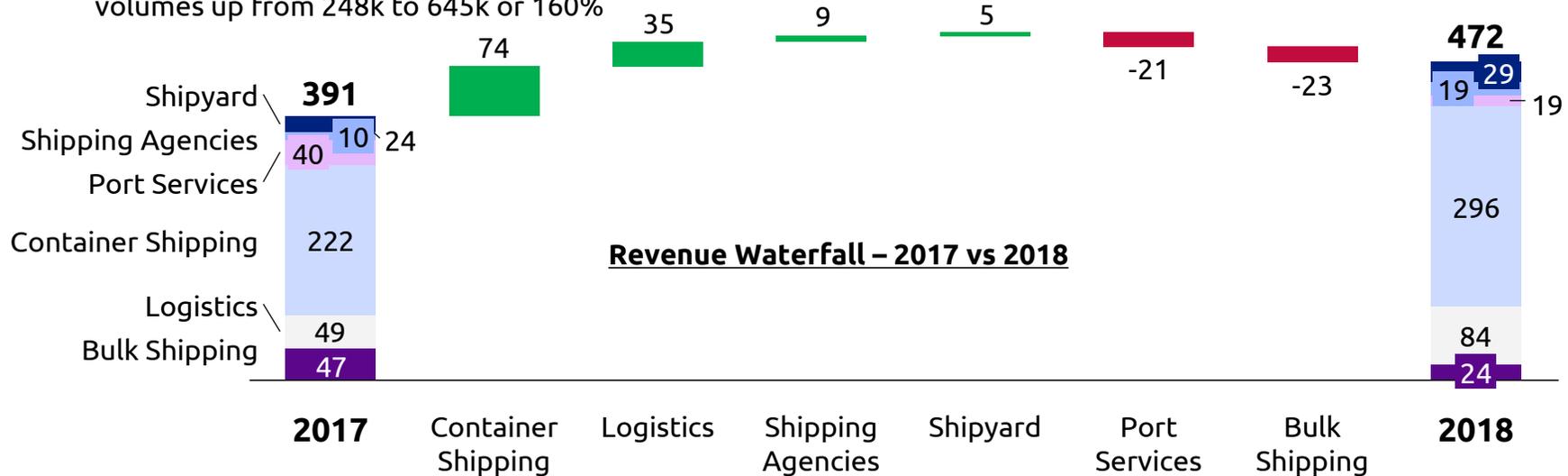
Segment Performance – H1

(All amounts in QR Millions)

21% Increase in Revenue and 123% Increase in Net Profit

- **Revenue increase driven by Container Shipping & Logistics units**
 - Container Shipping volumes are down 15%, but rates are higher due to longer distance routes (UAE replaced with Oman/India/etc)
 - Logistics increase driven by freight forwarding unit & warehousing
- **Operating Expenses are up QR (82)M**
 - Operating Supplies & Expenses increase driven by associated costs related to revenue increase in Container Shipping & Logistics
 - Rent expense increase tied to opening of Logistics' warehouses
- **Non-Operating Income is up QR 36M**
 - Milaha's QTerminals share increased by QR 40M vs 2017. TEU volumes up from 248k to 645k or 160%

	2016	2017	2018
Operating Revenue	512	391	473
Salaries, Wages and Other Benefits	(106)	(62)	(65)
Operating Supplies and Expenses	(222)	(240)	(300)
Rent Expenses	(4)	(4)	(23)
Depreciation and Amortisation	(21)	(31)	(15)
Other Operating Expenses	(16)	(14)	(32)
Fleet & Technical Expense Allocation	(28)	(20)	(18)
Expense Allocation from Milaha Corporate	(36)	(36)	(36)
Operating Expenses	(432)	(407)	(489)
Operating Profit	79	(16)	(16)
Non-Operating Income/(Expense)	(4)	46	82
Profit for the Period	75	30	66



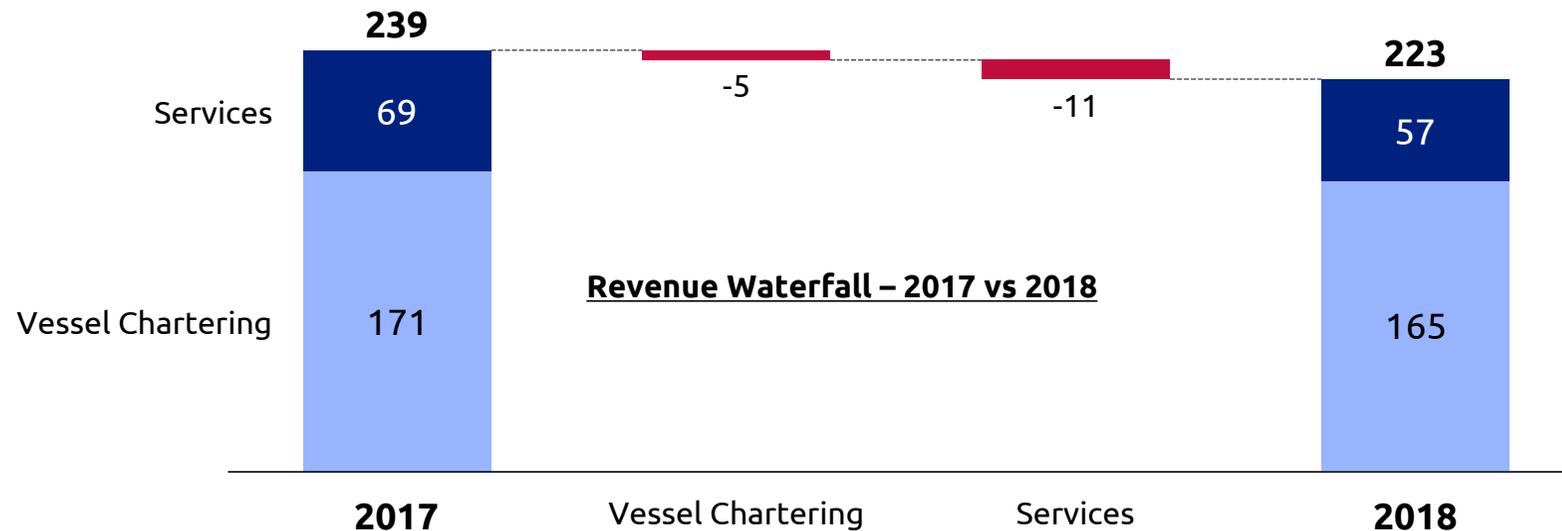
Segment Performance – H1

(All amounts in QR Millions)

7% Decline in Revenue and 19% Increase in bottom line

- Revenue decline in both Vessel Chartering and Services mainly due to rate discounts applied in Q2 2017
 - Average utilization increased from 71% in 2017 to 76% in 2018
- Non-Operating Expenses decreased by 34M
 - No vessel impairments recorded in 2018, whereas in 2017 QR (45)M of impairments booked

	2016	2017	2018
Operating Revenue	292	239	223
Salaries, Wages and Other Benefits	(93)	(79)	(82)
Operating Supplies and Expenses	(60)	(49)	(55)
Rent Expenses	(3)	(5)	(4)
Depreciation and Amortisation	(57)	(57)	(56)
Other Operating Expenses	(27)	(24)	(27)
Expense Allocation from Milaha Corporate	(16)	(16)	(14)
Operating Expenses	(255)	(229)	(238)
Operating Profit	37	10	(15)
Non-Operating Income/(Expense)	(10)	(58)	(24)
Profit for the Period	27	(48)	(39)



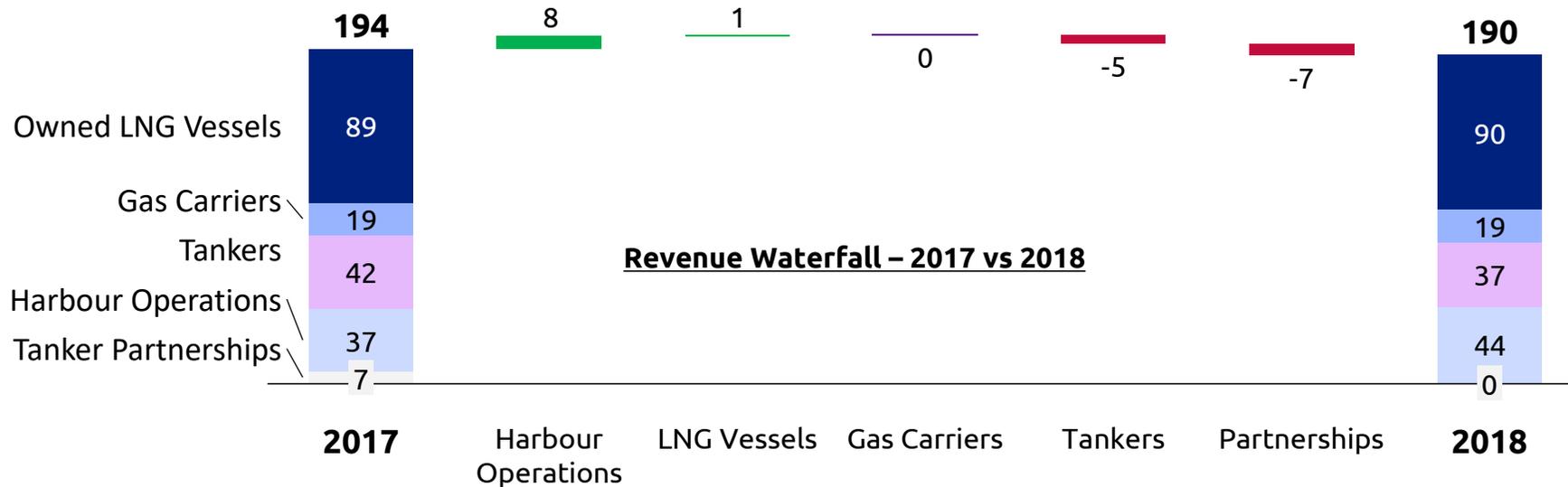
Segment Performance – H1

(All amounts in QR Millions)

2% Decline in Revenue and 96% Decline in Net Profit

- Revenue decline coming mainly from owned/partnered Tankers due to reduced shipping rates
- Non-Operating Income down QR (150)M
 - QR (140)M in vessel impairments booked in 2018
 - QR (19)M related to Harbour Operations one-time Penalty Income recorded in Q1 2017
 - QR 11M in higher Nakilat income

	2016	2017	2018
Operating Revenue	237	194	190
Salaries, Wages and Other Benefits	(52)	(50)	(53)
Operating Supplies and Expenses	(29)	(28)	(26)
Rent Expenses	(2)	(0)	(1)
Depreciation and Amortisation	(64)	(67)	(61)
Other Operating Expenses	(21)	(19)	(12)
Fleet & Technical Expense Allocation	28	20	18
Expense Allocation from Milaha Corporate	(13)	(15)	(15)
Operating Expenses	(153)	(159)	(150)
Operating Profit	84	35	39
Non-Operating Income/(Expense)	163	117	(33)
Profit for the Period	247	152	7



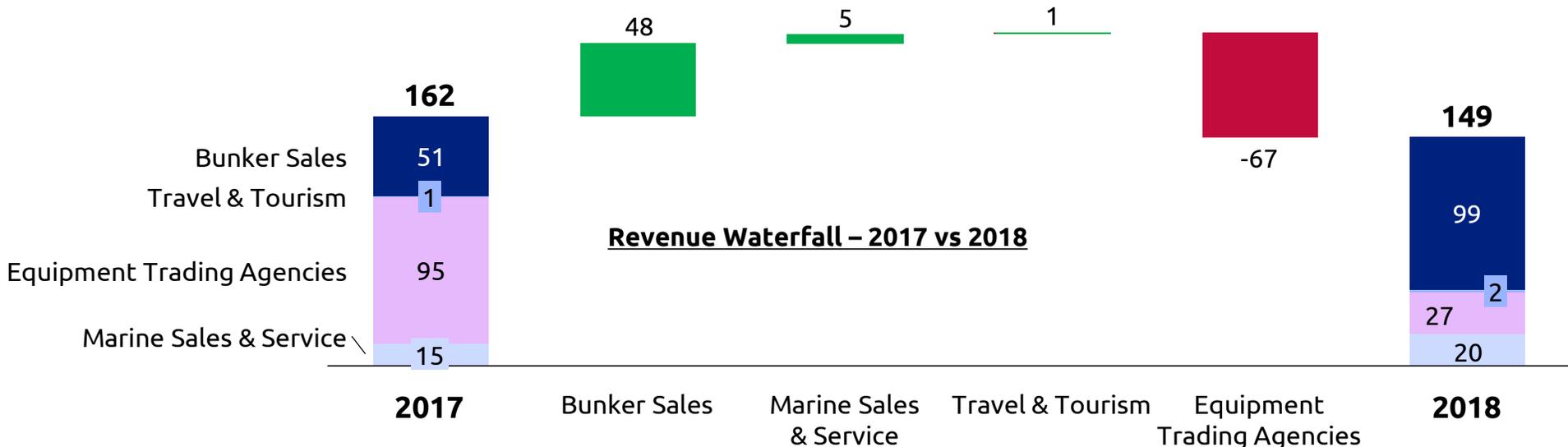
Segment Performance – H1

(All amounts in QR Millions)

8% Decline in Revenue and QR 9M Decline in Net Profit

- Large drop in sales of heavy equipment more than offset increase in bunker sales
- Drop in revenue had a knock-on effect drop in associated Cost-of-Goods-Sold

	2016	2017	2018
Operating Revenue	185	162	149
Salaries, Wages and Other Benefits	(10)	(8)	(8)
Operating Supplies and Expenses	(157)	(136)	(132)
Rent Expenses	(1)	(1)	(1)
Depreciation and Amortisation	(0)	(0)	(0)
Other Operating Expenses	(2)	(2)	(2)
Expense Allocation from Milaha Corporate	(8)	(8)	(7)
Operating Expenses	(178)	(155)	(150)
Operating Profit	7	6	(2)
Non-Operating Income/(Expense)	2	2	1
Profit for the Period	9	8	(1)



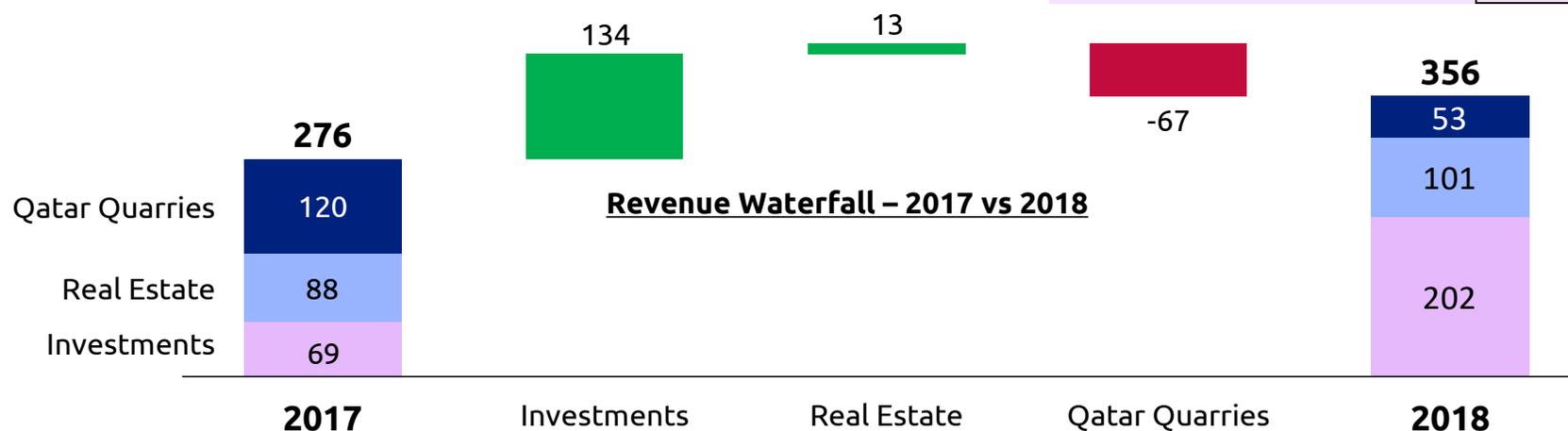
Segment Performance – H1

(All amounts in QR Millions)

29% Increase in Revenue and 109% Increase in Net Profit

- **QR 80M increase in Revenue broken out as follows:**
 - QR (67)M decrease in sales from Qatar Quarries associate
 - QR 100M increase in Held-for-Trading investment income
 - QR 38M increase in Dividend Income
- **Operating Expenses down QR 36M**
 - Lower Cost-of-Goods-Sold associated with Qatar Quarries offsetting higher depreciation on new Logistics' warehouses
- **Non-Operating Income up QR 13M, mainly attributable to QR (21)M impairment on Available-for-Sale Investments booked in 2017**

	2016	2017	2018
Operating Revenue	259	276	356
Salaries, Wages and Other Benefits	(3)	(4)	(4)
Operating Supplies and Expenses	(54)	(105)	(58)
Rent Expenses	(2)	(2)	(3)
Depreciation and Amortisation	(18)	(18)	(29)
Other Operating Expenses	(5)	(6)	(5)
Expense Allocation from Milaha Corporate	(7)	(7)	(7)
Operating Expenses	(89)	(141)	(105)
Operating Profit	169	135	251
Non-Operating Income/(Expense)	27	(1)	12
Profit for the Period	197	134	263
Non-controlling interest	(3)	(8)	1
Net Profit Attributable To Equity Holders Of The Parent	194	126	264



Outlook



Macro:

- Expect to see continued strong volumes at Hamad port in H2 2018
- Expect container feeder margins to be under pressure due to increases in the cost of bunker and competitive rate pressure
- Ramp-up of utilization at Al Thumama warehouses will contribute positively to the logistics segment

Outlook



Macro: Expect the fundamentals in the offshore market to gradually improve on the back of higher oil prices, declining OSV fleet supply and rising oil production.

- Operationally, we expect H2 2018 to start seeing increase in revenue as:
 - Liftboat commenced work in Nigeria (began end of June)
 - Commencement of new projects late in the year

Outlook



- VLGCs: charter rates remain depressed; expect remainder of 2018 to be challenging
- Jointly & Fully owned LNG carriers: limited fluctuation versus 2017 due to long term fixed nature of contracts
- Fully-owned product tankers + 1 crude carrier: all trading in spot market and exposed to multi-year low rates. Cautiously optimistic that rates have bottomed out.
- Fully-owned gas / ammonia carriers: one vessel renewed (albeit at lower rate) and will be on time charter rest of year; other is on spot.
- Harbor marine vessels: expect stable revenue rest of year

Outlook



- Expect a challenging year for this segment rest of year 2018

Outlook



- Listed portfolio performance strongly correlated to Qatar Exchange performance and volatility