

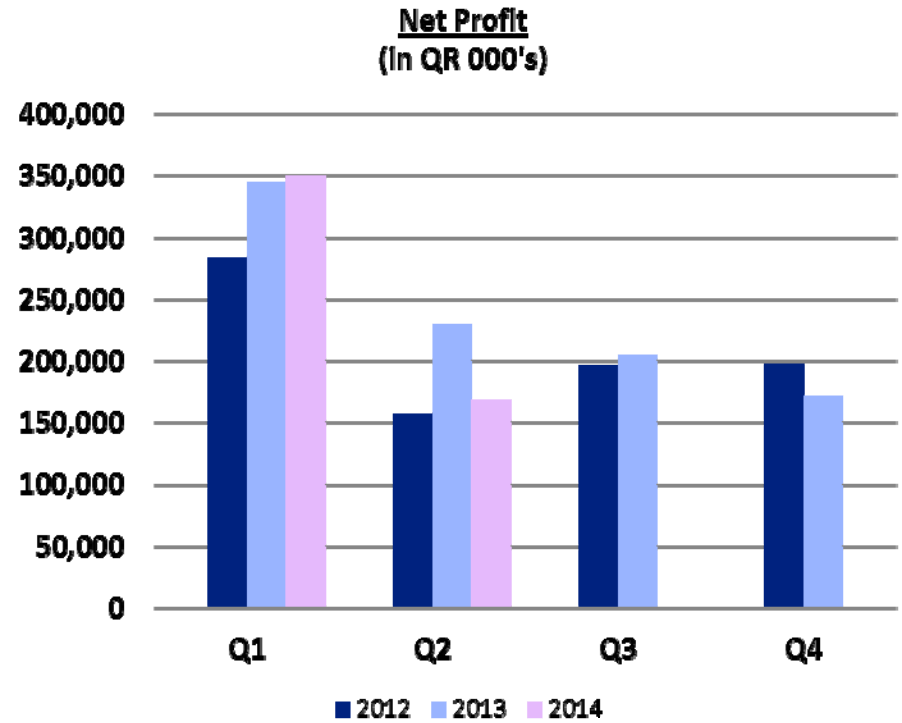
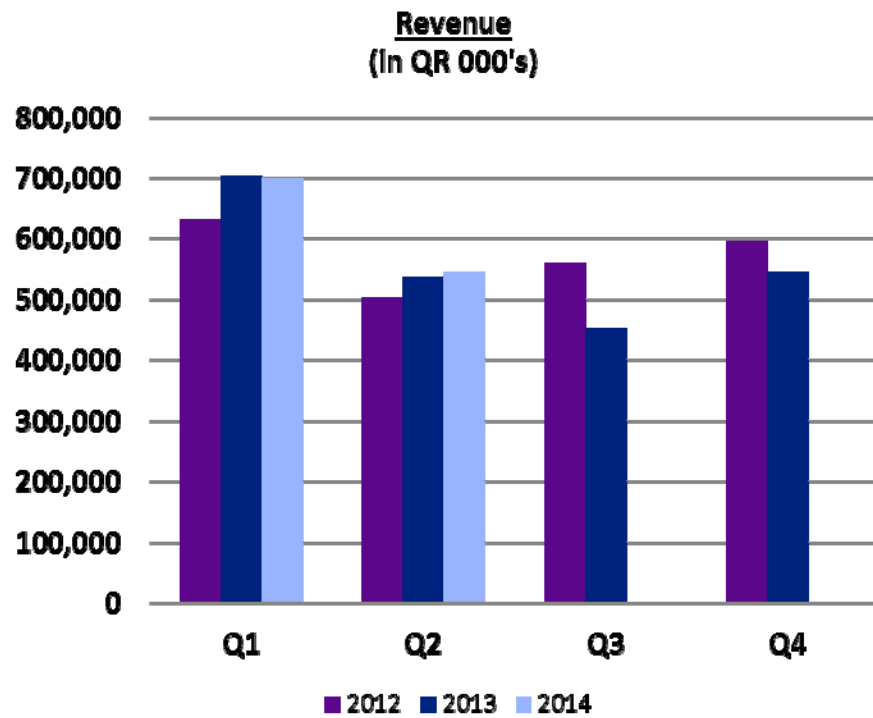
H1 2014 Financials Conference Call

Jul 23rd, 2014

Doha, Qatar



Key Financial Highlights



H1 2014 vs H1 2013

(All amounts in QR 000's, unless otherwise noted)

	2014	2013	Variance
OPERATING REVENUE	1,244,011	1,240,041	3,970
Salaries, Wages & Benefits	(308,611)	(306,735)	(1,876)
Operating Supplies & Expenses	(386,699)	(288,143)	(98,556)
Rent Expense	(28,824)	(33,074)	4,250
Depreciation & Amortization	(121,687)	(114,673)	(7,014)
Other Operating Expenses	(59,138)	(54,999)	(4,139)
OPERATING EXPENSES	(904,959)	(797,624)	(107,335)
OPERATING PROFIT	339,052	442,417	(103,365)
Finance Costs	(16,623)	(25,036)	8,413
Finance Income	29,605	31,313	(1,708)
Profit on disposal of Property, Vessels & Equip	2,252	9,501	(7,249)
Share Results of Associates	142,950	113,506	29,444
Share Results of JV's	21,349	(5,327)	26,676
Misc Income	1,670	5,967	(4,297)
NON-OPERATING INCOME/(EXPENSE)	181,203	129,924	51,279
NET INCOME	520,255	572,341	(52,086)
Non-Controlling Interest	(1,969)	1,413	(3,382)
PROFIT FOR THE PERIOD	518,286	573,754	(55,468)

■ Revenue Up **+0.3%**

■ Operating Profit Down **-23%**

■ Net Profit Down **-10%**



Pillar Overview

- **Milaha Maritime & Logistics**

- Port Services
- Container Shipping
- Logistics
- Bulk Shipping
- Asset Management
- Shipyard
- Shipping Agencies

- **Milaha Offshore**

- Halul Offshore Services

- **Milaha Gas & Petrochem**

- 30% Share of Nakilat
- Qatar Shipping (maritime activities only)

- **Milaha Trading**

- Travel & Tourism
- Equipment Trading Agency
- Marine Equipment Sales & Service
- Bunker Sales
- Service/Repair Center

- **Milaha Capital**

- Equities Portfolio
- Real Estate Investments
- 50% Share of Qatar Quarries

Consolidated Statement of Income, by Pillar – H1 2014

(All amounts in QR 000's, unless otherwise noted)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	432,195	234,487	120,882	196,299	371,788	-	(111,640)	1,244,011
Salaries, Wages and Benefits	(98,605)	(86,309)	(42,746)	(8,599)	(4,763)	(72,056)	4,467	(308,611)
Operating Supplies and Expenses	(178,907)	(44,125)	(26,137)	(164,015)	(65,702)	(3,334)	95,521	(386,699)
Rent Expenses	(3,059)	(3,378)	(1,148)	(945)	(24,939)	(5,499)	10,144	(28,824)
Depreciation and Amortisation	(28,731)	(42,746)	(30,733)	(615)	(16,278)	(2,584)	-	(121,687)
Other Operating Expenses	(13,413)	(18,756)	(14,257)	(1,258)	(5,240)	(7,722)	1,508	(59,138)
Fleet & Technical Expense Allocation	(27,890)	-	27,890	-	-	-	-	-
Expense Allocation from Milaha Corporate	(38,569)	(14,986)	(13,906)	(11,678)	(12,056)	91,195	-	-
OPERATING PROFIT	43,021	24,187	19,845	9,189	242,810	-	-	339,052
Finance Costs	(4,351)	(3,374)	(2,280)	-	(6,618)	-	-	(16,623)
Finance Income	-	22	12,461	176	16,946	-	-	29,605
Gain on Disposal of Property, Vessels and Equipment	701	14	-	-	1,537	-	-	2,252
Share of Results of Associates & JV's	226	-	163,378	-	695	-	-	164,299
Miscellaneous Income	-	-	1,670	-	-	-	-	1,670
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	39,597	20,849	195,074	9,365	255,370	-	-	520,255
Non-controlling interest					(1,969)			(1,969)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	39,597	20,849	195,074	9,365	253,401	-	-	518,286

Consolidated Statement of Income, by Pillar – H1 2013

(All amounts in QR 000's, unless otherwise noted)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	429,900	290,014	81,398	137,038	420,770	-	(119,079)	1,240,041
Salaries, Wages and Benefits	(91,241)	(93,197)	(39,759)	(7,745)	(7,766)	(67,027)	-	(306,735)
Operating Supplies and Expenses	(166,457)	(41,919)	(15,881)	(111,893)	(64,548)	(2,371)	114,926	(288,143)
Rent Expenses	(2,186)	(2,606)	(856)	(639)	(24,971)	(5,969)	4,153	(33,074)
Depreciation and Amortisation	(31,455)	(38,701)	(26,805)	(640)	(15,750)	(1,322)	-	(114,673)
Other Operating Expenses	(12,080)	(16,491)	(10,597)	(1,063)	(7,448)	(7,320)	-	(54,999)
Fleet & Technical Expense Allocation	(25,540)	-	25,540	-	-	-	-	-
Expense Allocation from Milaha Corporate	(35,570)	(13,790)	(12,795)	(10,745)	(11,094)	83,994	-	1
OPERATING PROFIT	65,371	83,310	245	4,313	289,193	(15)	-	442,418
Finance Costs	(4,964)	(5,113)	(2,354)	-	(12,605)	-	-	(25,036)
Finance Income	-	787	11,264	51	19,208	3	-	31,313
Gain on Disposal of Property, Vessels and Equipment	9,319	170	-	-	-	12	-	9,501
Share of Results of Associates & JV's	(17)	-	107,450	-	746	-	-	108,179
Miscellaneous Income	-	-	5,497	-	470	-	-	5,967
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	69,709	79,154	122,102	4,364	297,012	0	-	572,342
Non-controlling interest	-	-	-	-	1,413	-	-	1,413
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	69,709	79,154	122,102	4,364	298,425	0	-	573,755

Pillar Performance



➤ **+1% Revenue Growth and -43% Net Profit Decline vs 2013**

- Revenue increase of QR 2M driven by:
 - 9% increased TEU volumes at Doha Port
 - Increased Import volumes in our Container Shipping unit
 - Increase in Bulk Shipping unit Chartering-Out activities

OFFSET BY

- Much lower Container Shipping export volumes due to plant shutdown of major client
- Decline in Logistics & Ship Yard activities
- Operating expenses increased by QR (25)M mainly from volume related expenses (manpower at Port, Port Charges at Container Shipping) and charter-in of vessels
- QR (8.6)M less in Gains on Sale of Assets



Pillar Performance



➤ **-19% Decline in Revenues and -74% Decline in Net Profit vs 2013**

- Attributable to lower utilisation in Diving Operations unit from:
 - Unexpected extended drydocking of vessel in Q1
 - Q1 unplanned maintenance breakdowns, resulting in unplanned offhire
 - Off-contract vessels
- In Q2, operating costs incurred for new vessel which is not yet earning revenue



➤ **49% Growth in Revenues and 60% Growth in Net Profit vs 2013**

- Operating Revenue up from Harbor vessels that we have been taking possession throughout 2013, as well as uptick in Product Tanker rates
- Year over year gain of QR 56M in our share of JV's and associates, including:
 - +27M from Nakilat
 - +28M from Gulf LPG

Pillar Performance



➤ **43% Growth** in Revenues and **115% Growth** in Net Profit vs 2013

- Revenue growth driven by increased Equipment and Bunker Sales



➤ **-12% Decline** in Revenues and **-15% Decline** in Net Profit vs 2013

- QR (30)M – in Q1 2013, we recorded gain on sale of AFS investments which did not recur in 2014
- QR (36)M in lower Realized/Unrealized profit in Held-for-Trading portfolio
- +QR 3M in additional Real Estate Income
- +QR 20M Dividend growth



Outlook



- Overall, expect a stronger H2 than H1
- Across the segment, clear focus on recovery for rest of 2014; multiple initiatives identified and under execution to control costs and drive incremental revenue
- Export volumes expected to be back to normal in Q3, and therefore expect a stronger H2 for **Container Shipping**
- **Port Services** expecting significant improvement in H2
 - Volume improvement seen in Q2 vs. Q1; hopeful that trajectory will continue
 - Additional revenue streams identified to leverage fixed cost base

Outlook



- Overall, H2 expected to be significantly better than H1, however recovery insufficient to reach 2013 full year figures
- Deployment of new vessel DSV Shaddad in Q3 to provide a boost to both top and bottom line in **diving services** in H2
- New vessels (**PSV, AHTS**) being delivered towards end of 2014 to have marginal positive impact
- Targeting improved utilisation and careful rationalization of existing fleet (older vessels)
 - Targeting projects and tenders outside core markets

Outlook



- Expect rest of 2014 to continue to be strong overall
- **VLGC** rates expected to dampen on average (but still strong overall) the rest of the year
- **Jointly owned LNG carriers:** limited fluctuation due to long term nature of contracts
- **Fully-owned product tanker** earnings expected to weaken rest of 2014 as rates decline due to supply overhang, particularly of MR tankers
- **Fully-owned gas / ammonia carriers** expected to have stronger and steadier H2 as both now on time charter
- Expect to take delivery of 4 remaining **harbor craft** (pilot boats) in H2 and officially start 20-year QP harbor marine services contract

Outlook



- Expect to maintain the strong momentum in H2 as sales of trucks and heavy equipment continue to grow
- Strong pipeline of infrastructure projects being targeted that require heavy equipment



- Listed equity portfolio performance bound by Qatar Exchange performance and volatility
 - However, Q2 weakness already reversed in July