

H1 2015 Financials Conference Call

Aug 3rd, 2015

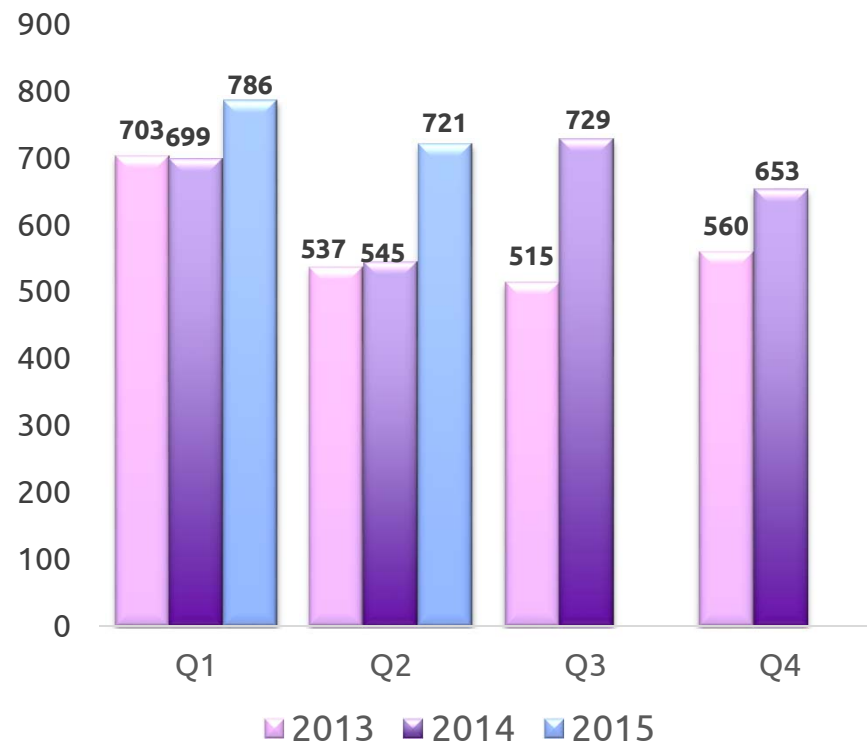
Doha, Qatar



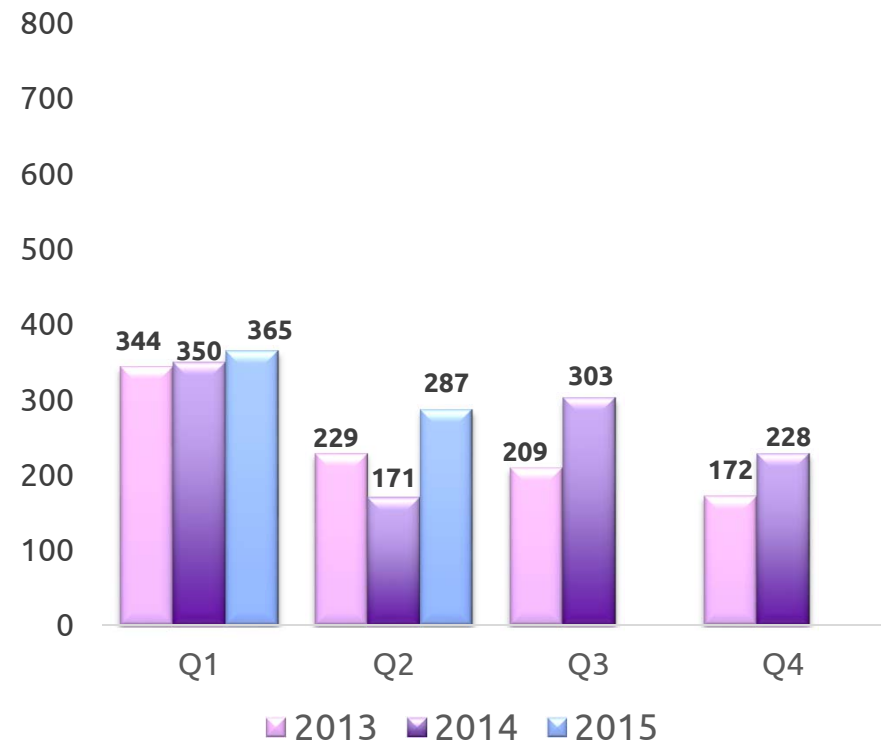
Quarterly Financial Highlights

(All amounts in QR Millions)

Revenue



Net Profit

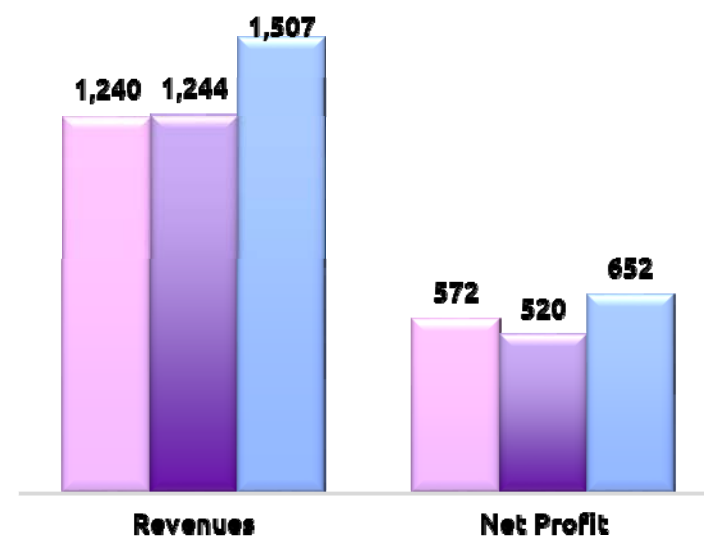


Statement of Income, Consolidated

(All amounts in QR Millions)

	2013	2014	2015
OPERATING REVENUE	1,240	1,244	1,507
Salaries, Wages and Benefits	(307)	(309)	(342)
Operating Supplies and Expenses	(288)	(387)	(467)
Rent Expenses	(33)	(29)	(8)
Depreciation and Amortisation	(115)	(122)	(144)
Other Operating Expenses	(55)	(61)	(104)
OPERATING EXPENSES	(798)	(907)	(1,065)
OPERATING PROFIT	442	337	442
Finance Costs	(25)	(17)	(36)
Finance Income	31	30	48
Gain on Disposal of Property, Vessels and Equipment	10	2	2
Share of Results of Joint Ventures	(5)	21	20
Share of Results of Associates	113	143	162
Net Gain on Foreign Exchange	0	2	1
Miscellaneous Income	6	2	12
NON OPERATING PROFIT	130	183	210
PROFIT FOR THE PERIOD	572	520	652
Non-controlling interest	1	(2)	(1)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	574	518	651

- Revenue Up **+21%**
- Operating Profit up **+31%**
- Net Profit Up **+26%**



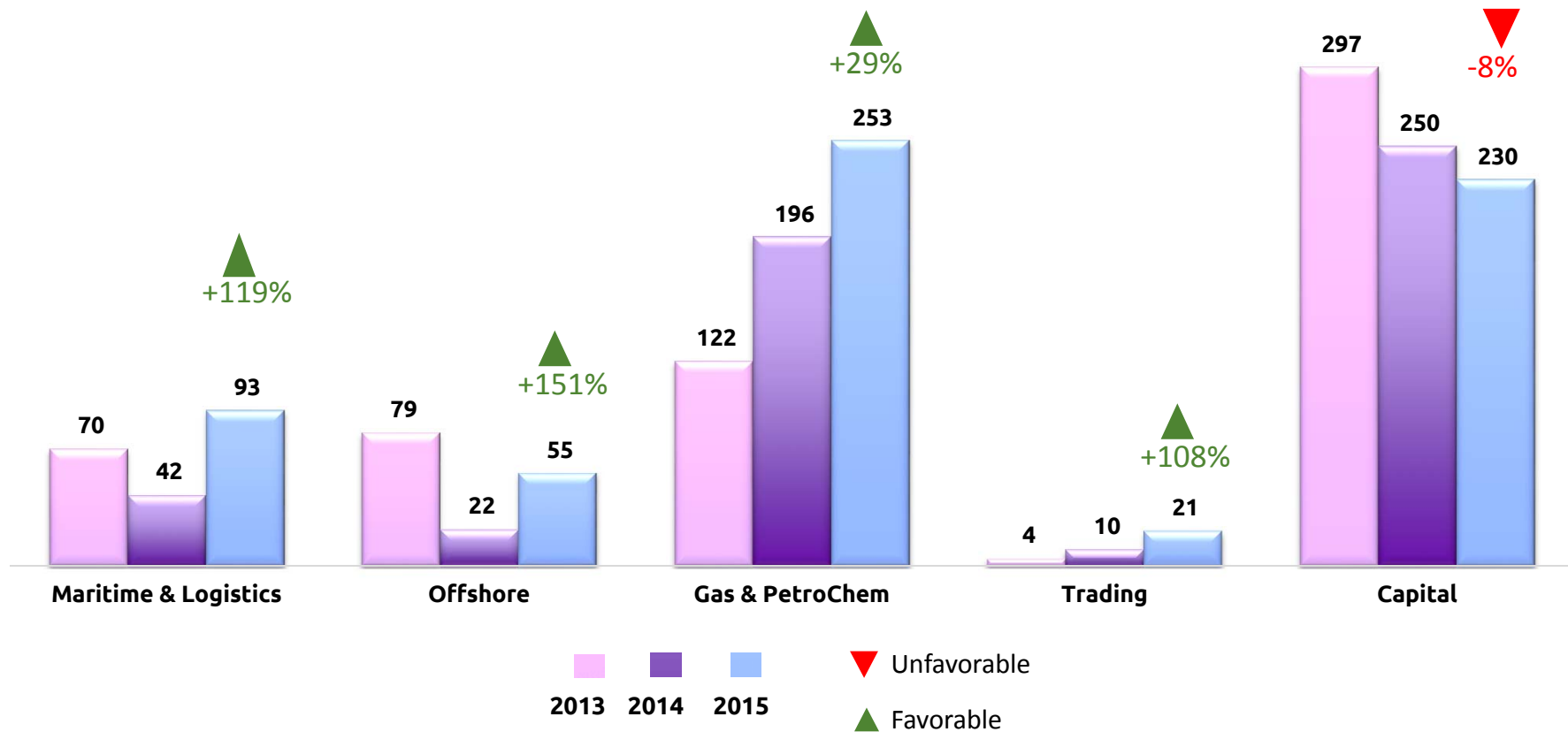
Activities by Segment

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 – H1

(All amounts in QR Millions)

%s shown vs 2014



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)
Other Operating Expenses	(51)	(22)	(19)	(1)	(6)	(6)	0	(104)
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)	-	(2)	(20)	-	(36)
Finance Income	0	0	12	1	2	33	-	48
Treasury Interest Income	6	3	2	1	2	(14)	-	0
Gain on Disposal of Property, Vessels and Equipmen	(2)	4	-	-	(0)	0	-	2
Share of Results of Joint Ventures	-	-	20	-	-	-	-	20
Share of Results of Associates	1	-	161	-	0	-	-	162
Net Gain on Foreign Exchange	0	0	1	0	(0)	0	-	1
Miscellaneous Income	0	-	12	-	0	-	-	12
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	93	55	253	21	230	0	(0)	652
Non-controlling interest	-	-	-	-	(1)	-	-	(1)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	93	55	253	21	229	0	(0)	651



Statement of Income, by Segment – H1 2014

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	432	234	121	196	372	-	(112)	1,244
Salaries, Wages and Benefits	(98)	(86)	(43)	(9)	(5)	(73)	4	(309)
Operating Supplies and Expenses	(179)	(44)	(26)	(164)	(66)	(3)	96	(387)
Rent Expenses	(3)	(3)	(1)	(1)	(25)	(6)	10	(29)
Depreciation and Amortisation	(29)	(43)	(31)	(1)	(16)	(3)	-	(122)
Other Operating Expenses	(13)	(19)	(15)	(1)	(5)	(8)	2	(61)
Fleet & Technical Expense Allocation	(28)	-	28	-	-	-	-	-
Expense Allocation from Milaha Corporate	(39)	(15)	(14)	(12)	(12)	92	-	0
OPERATING PROFIT	43	24	19	9	243	(0)	(0)	337
Finance Costs	(4)	(3)	(2)	-	(2)	(5)	-	(17)
Finance Income	-	0	12	0	6	11	-	30
Treasury Interest Income	3	1	1	1	1	(6)	-	-
Gain on Disposal of Property, Vessels and Equipmen	1	0	-	-	2	-	-	2
Share of Results of Joint Ventures	-	-	21	-	-	-	-	21
Share of Results of Associates	0	-	142	-	1	-	-	143
Net Gain on Foreign Exchange	0	0	1	0	0	0	-	2
Miscellaneous Income	-	-	2	-	-	-	-	2
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	42	22	196	10	250	0	(0)	520
Non-controlling interest	-	-	-	-	(2)	-	-	(2)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	42	22	196	10	248	0	(0)	518



Segment Performance – H1

(All amounts in QR Millions)



➤ +27% Revenue Growth and +119% Net Profit Growth vs 2014

- **Revenue** increase of QR 116M driven by:
 - Reduced free waiting time at Doha Port (from 10 days to 3) that drove increased Revenues
 - 21% increase in TEU volume at Doha Port
 - 17% increased volumes in Container Shipping
 - Increases across the board in Logistics and Shipping Line Agencies units
 - Increase in Bulk Shipping Chartering-Out activities
- **Operating Expenses** increased by QR (68)M driven by:
 - QR (37)M Bulk vessel impairment
 - Volume-related expenses (manpower at Port, Port-related Charges at Container Shipping)
 - Chartering-In of vessels in Container Shipping unit
 - Chartering-In of vessels in Bulk Shipping Unit

	2013	2014	2015
OPERATING REVENUE	430	432	548
Salaries, Wages and Benefits	(91)	(98)	(100)
Operating Supplies and Expenses	(166)	(179)	(208)
Rent Expenses	(2)	(3)	(5)
Depreciation and Amortisation	(31)	(29)	(28)
Other Operating Expenses	(12)	(13)	(51)
Fleet & Technical Expense Allocation	(26)	(28)	(32)
Expense Allocation from Milaha Corporate	(36)	(39)	(33)
OPERATING EXPENSES	(365)	(389)	(457)
OPERATING PROFIT	65	43	92
NON - OPERATING INCOME/EXPENSE	4	(1)	1
PROFIT FOR THE PERIOD	70	42	93
Operating Profit Margin %	15%	10%	17%

Segment Performance – H1

(All amounts in QR Millions)



- **+41% Revenue Growth and +151% Net Profit Growth vs 2014**
 - **Revenue** increase of QR 96 M driven by:
 - Increases in our Diving unit, including vessel, manpower, and equipment revenues from new vessel (Shaddad)
 - Increases in our Commercial unit, from new vessels added to the fleet in 2014
 - **Operating Expenses** increase of QR (65)M mainly from:
 - New vessel-related costs – crewing, depreciation, maintenance expenses

	2013	2014	2015
OPERATING REVENUE	290	234	331
Salaries, Wages and Benefits	(93)	(86)	(121)
Operating Supplies and Expenses	(42)	(44)	(59)
Rent Expenses	(3)	(3)	(3)
Depreciation and Amortisation	(39)	(43)	(57)
Other Operating Expenses	(16)	(19)	(22)
Fleet & Technical Expense Allocation	-	-	-
Expense Allocation from Milaha Corporate	(14)	(15)	(15)
OPERATING EXPENSES	(207)	(211)	(276)
OPERATING PROFIT	83	24	54
NON - OPERATING INCOME/EXPENSE	(4)	(2)	1
PROFIT FOR THE PERIOD	79	22	55
Operating Profit Margin %	29%	10%	16%



Segment Performance – H1

(All amounts in QR Millions)



➤ +26% Revenue Growth and +29% Net Profit Growth vs 2014

- **Revenue** increase of QR 31M driven by:
 - Full year effect of Harbor vessels that we took possession of during 2014
 - Increase in Product Tanker & Gas carrier rates compared to 2014

- **Operating Expenses** flat overall, with lower vessel repairs, maintenance and operating expenses offsetting higher depreciation incurred on new harbor vessels

- **Non-Operating Income** increase of QR 26M ,mainly from our share of JV's and associates, including:
 - +QR 14M from Nakilat
 - +QR 13M from LNG JV's

	2013	2014	2015
OPERATING REVENUE	81	121	152
Salaries, Wages and Benefits	(40)	(43)	(42)
Operating Supplies and Expenses	(16)	(26)	(19)
Rent Expenses	(1)	(1)	(2)
Depreciation and Amortisation	(27)	(31)	(40)
Other Operating Expenses	(11)	(15)	(19)
Fleet & Technical Expense Allocation	26	28	32
Expense Allocation from Milaha Corporate	(13)	(14)	(12)
OPERATING EXPENSES	(81)	(102)	(102)
OPERATING PROFIT	0	19	50
NON - OPERATING INCOME/EXPENSE	122	177	203
PROFIT FOR THE PERIOD	122	196	253
Operating Profit Margin %	0%	15%	33%



Segment Performance – H1

(All amounts in QR Millions)



- **+24% Revenue Growth and +108% Net Profit Growth vs 2014**
 - **Revenue** increase of QR 48M driven by:
 - Higher heavy equipment sales tied to infrastructure projects
 - Partially Offset by lower Bunker Revenue
 - **Operating Expenses** increase of QR (39)M driven by:
 - Higher heavy equipment cost of goods sold
 - Partially Offset by lower Bunker cost of sales

	2013	2014	2015
OPERATING REVENUE	137	196	244
Salaries, Wages and Benefits	(8)	(9)	(10)
Operating Supplies and Expenses	(112)	(164)	(205)
Rent Expenses	(1)	(1)	(1)
Depreciation and Amortisation	(1)	(1)	(0)
Other Operating Expenses	(1)	(1)	(1)
Fleet & Technical Expense Allocation	-	-	-
Expense Allocation from Milaha Corporate	(11)	(12)	(8)
OPERATING EXPENSES	(133)	(187)	(226)
OPERATING PROFIT	4	9	18
NON - OPERATING INCOME/EXPENSE	0	1	3
PROFIT FOR THE PERIOD	4	10	21
Operating Profit Margin %	3%	5%	7%



Segment Performance – H1

(All amounts in QR Millions)



➤ 8% Decline in Revenues and 8% Decline in Net Profit vs 2014

- **Revenue** decreased QR (29)M , driven by
 - +QR (38)M lower from Held-for-Trading portfolio impacted by local equity market drop
 - +QR 14M in increased dividends
 - +QR 7M increase from our 50% stake in Qatar Quarries
 - (11)M in lost revenue from subleasing part of old Milaha HQ during H1 2014
- **Operating Expenses** decrease of QR 14M, driven by:
 - +QR 23M lower Milaha HQ Rent Expense after moving to owned location
 - Partially Offset by an increase of QR(7)M in Qatar Quarries additional Cost of Goods Sold

OPERATING REVENUE	421	372	343
Salaries, Wages and Benefits	(8)	(5)	(5)
Operating Supplies and Expenses	(65)	(66)	(75)
Rent Expenses	(25)	(25)	(2)
Depreciation and Amortisation	(16)	(16)	(18)
Other Operating Expenses	(7)	(5)	(6)
Expense Allocation from Milaha Corporate	(11)	(12)	(9)
OPERATING EXPENSES	(132)	(129)	(115)
OPERATING PROFIT	289	243	228
NON - OPERATING INCOME/EXPENSE	8	7	2
PROFIT FOR THE PERIOD	297	250	230
Non-controlling interest	1	(2)	(1)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	298	248	229
Operating Profit Margin %	69%	65%	67%



Outlook



- Macro: Expect trade volumes to remain strong with positive impact on revenues across most business units in the segment
- Ports: Expect that additional revenue realized in H1 2015 from change in free yard storage tariff from 10 days to 3, will continue throughout the year and expect container volumes to continue to increase, which will also have a positive impact on port revenues
 - Decision on Hamad Port concession expected any day
- Container Shipping: Increased volumes expected, but with that comes increased competition. Early signs from India service are positive.
- Logistics: Focus on continuing to drive top line growth



Outlook



- Macro: Global offshore marine market downturn continues as E&P capex is slashed in response to lower oil prices; downward pressure on day rates and utilization likely
- At this stage, still expect a much stronger year overall relative to 2014 despite downturn
 - Full year revenues on DSV Shaddad to boost diving services unit
 - Deployment of new vessels received in 2014
- Management remains focused on maximizing utilization and improving efficiency
- Expect to take delivery of 1 PSV (Q3) + 1 PSV (Q4) + 2 Liftboats (Q4) in 2015, subject to delivery delays
- Targeting continued expansion in GCC and outside the region

Outlook



- VLGCs: Have been put on long term charter in strong market; limited volatility
- Jointly owned LNG carriers: limited fluctuation due to long term fixed nature of contracts; impact of increasing stake in 2 LNG carriers from 40% to 100% will hit H2 numbers, with a shift in reporting from investment in associates to full consolidation
- Fully-owned product tankers + 1 crude carrier: Earnings on average expected to remain strong through 2015 as rates remain above 2014 average levels across the fleet.
- Fully-owned gas / ammonia carriers: 1 vessel on time charter till 2018; 1 on charter till mid 2016
- Harbor marine vessels: 19-vessel QP harbor marine operations 20 year contract started, therefore full impact for 2015

Outlook



- Expect a strong year overall driven by sales of trucks and heavy equipment tied to infrastructure projects, but quarterly results could be patchy due to nature of sales cycles

Outlook



- Listed portfolio performance strongly correlated to Qatar Exchange performance and volatility
- Real estate to continue to realize savings to bottom line from moving HQ to owned facility vs leased (occurred early Q4 2014); H2 should see small revenue bump from renting out commercial showroom space in Ein Khaled