

Q1 2015 Financials Conference Call

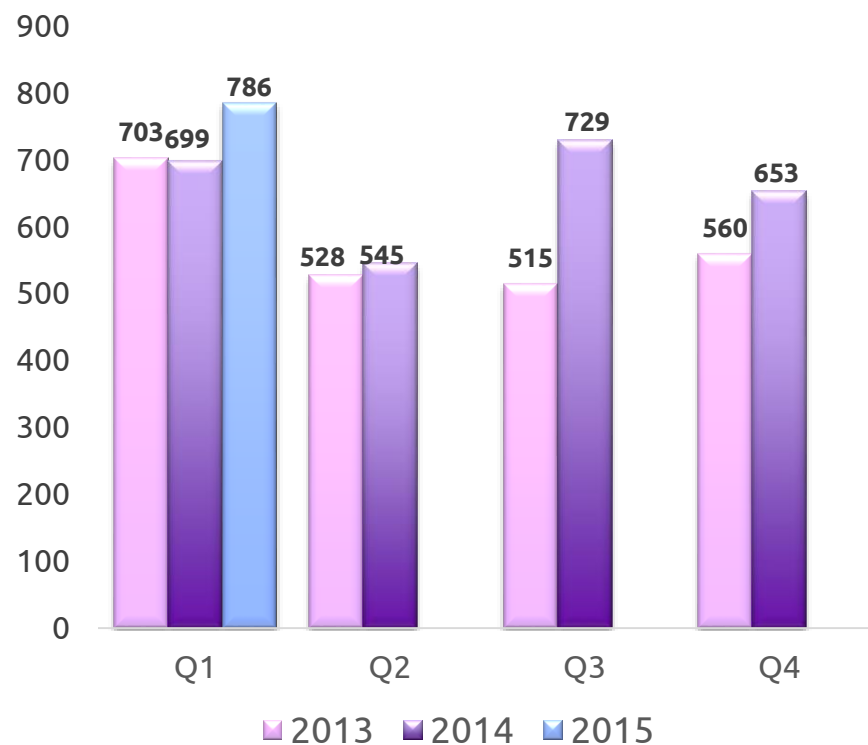
April 30th, 2015

Doha, Qatar

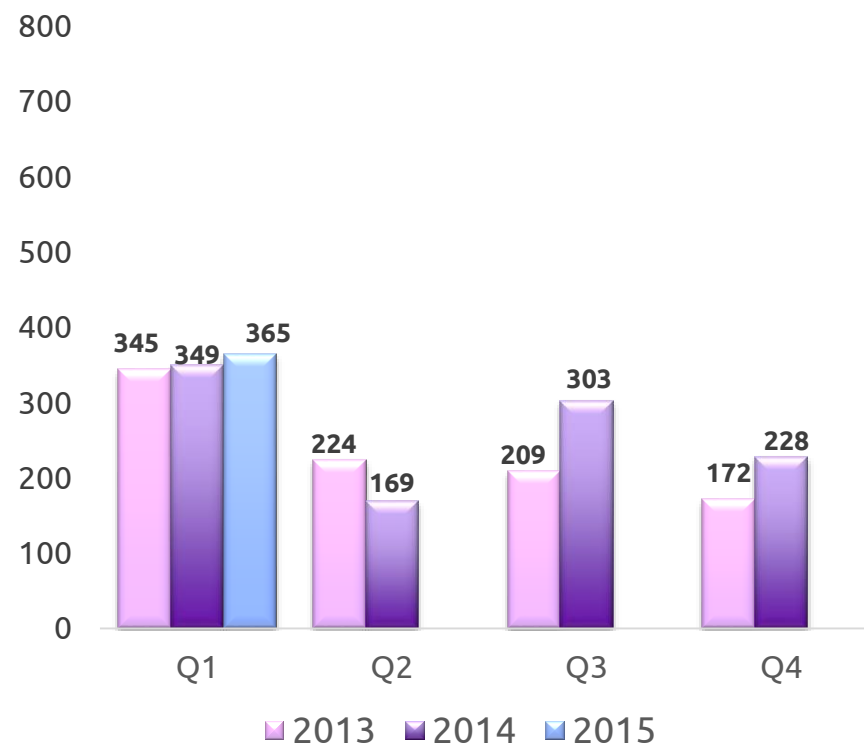
Quarterly Financial Highlights

(All amounts in QR Millions)

Revenue



Net Profit

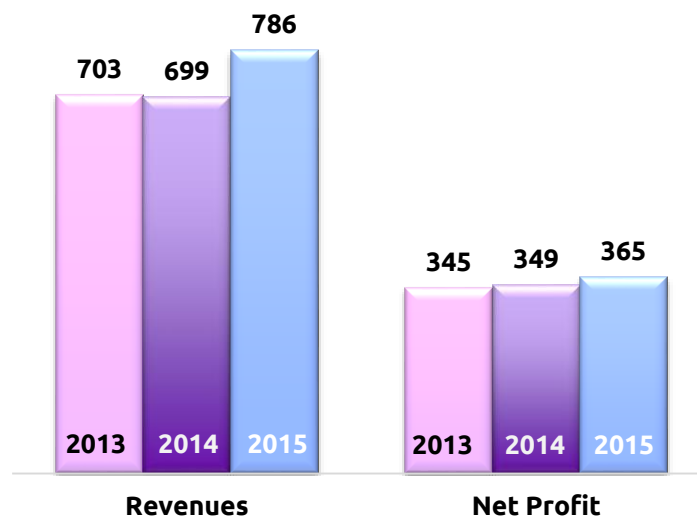


Statement of Income, Consolidated

(All amounts in QR Millions)

	2013	2014	2015
OPERATING REVENUE	703	699	786
Salaries, Wages and Benefits	(150)	(155)	(167)
Operating Supplies and Expenses	(170)	(169)	(233)
Rent Expenses	(15)	(15)	(5)
Depreciation and Amortisation	(59)	(60)	(73)
Other Operating Expenses	(27)	(27)	(29)
OPERATING EXPENSES	(420)	(426)	(506)
OPERATING PROFIT	283	273	279
Finance Costs	(8)	(7)	(16)
Finance Income	13	14	21
Gain on Disposal of Property, Vessels and Equipment	5	1	(0)
Share of Results of Joint Ventures	51	4	8
Share of Results of Associates	0	64	72
Net Gain on Foreign Exchange	0	1	1
Miscellaneous Income	0	1	0
NON OPERATING PROFIT	61	77	86
NET INCOME	344	350	365
Non-controlling interest	1	(0)	(0)
PROFIT FOR THE PERIOD	345	349	365

- Revenue Up **+12%**
- Operating Profit up **+2%**
- Net Profit Up **+4%**

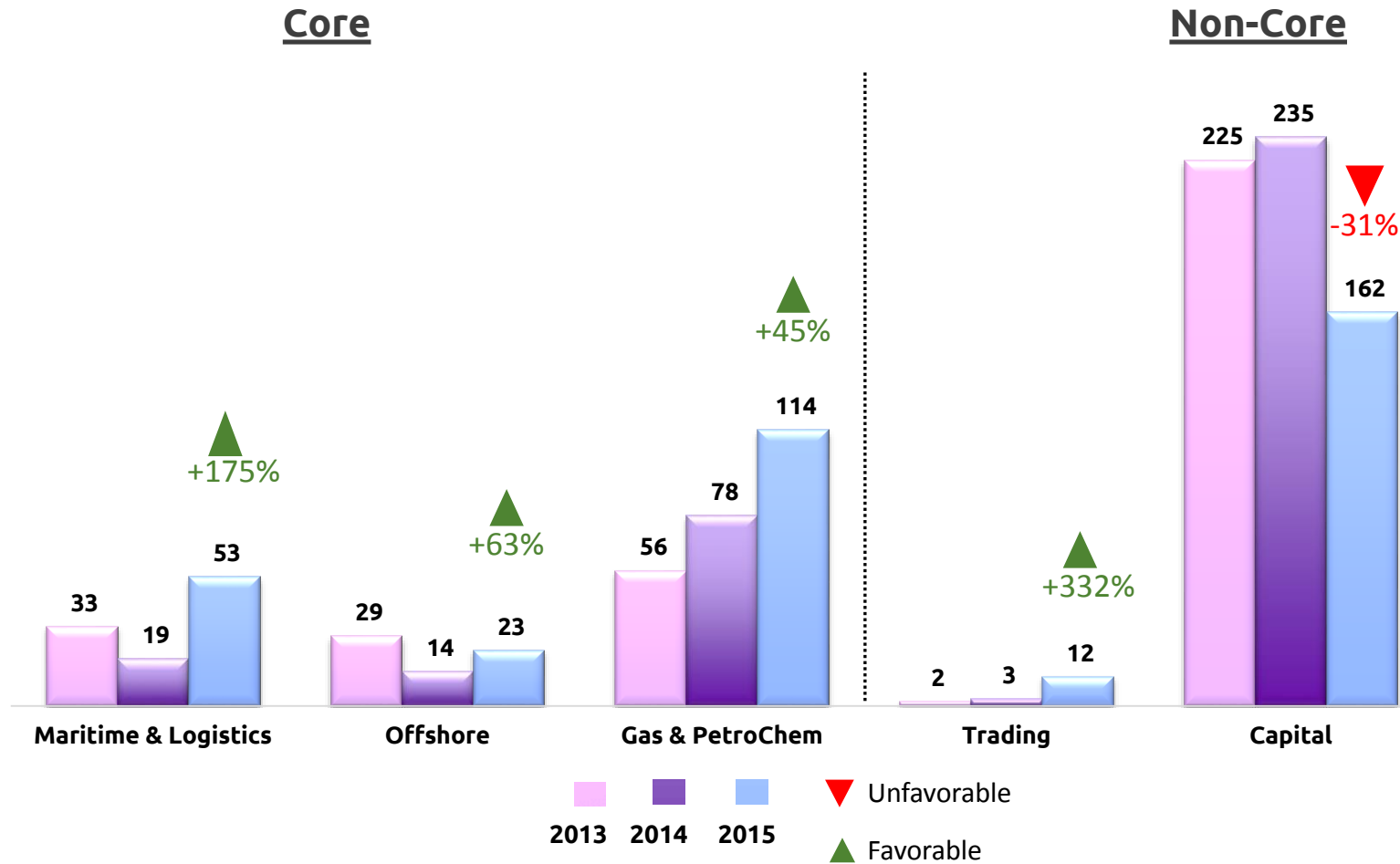


Activities by Segment

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 – Q1

(All amounts in QR Millions)



Statement of Income, by Segment – Q1 2015

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	257	162	77	127	218	-	(54)	786
Salaries, Wages and Benefits	(49)	(59)	(21)	(5)	(3)	(32)	1	(167)
Operating Supplies and Expenses	(99)	(32)	(8)	(106)	(35)	(1)	48	(233)
Rent Expenses	(2)	(1)	(1)	(1)	(1)	(2)	4	(5)
Depreciation and Amortisation	(15)	(28)	(20)	(0)	(9)	(1)	-	(73)
Other Operating Expenses	(6)	(10)	(6)	(1)	(3)	(3)	1	(29)
Fleet & Technical Expense Allocation	(16)	-	16	-	-	-	-	-
Expense Allocation from Milaha Corporate	(17)	(7)	(6)	(4)	(4)	38	-	0
OPERATING PROFIT	52	24	30	11	162	(0)	0	279
Finance Costs	(2)	(3)	(2)	-	(1)	(9)	-	(16)
Finance Income	0	0	5	1	1	15	-	21
Interest Inc/Exp Allocation from Corporate	3	1	1	1	1	(6)	-	-
Gain on Disposal of Property, Vessels and Equipment	(0)	-	-	-	(0)	-	-	(0)
Share of Results of Joint Ventures	-	-	8	-	-	-	-	8
Share of Results of Associates	0	-	71	-	0	-	-	72
Net Gain on Foreign Exchange	0	0	1	0	(0)	0	-	1
Miscellaneous Income	-	-	0	-	-	-	-	0
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	53	23	114	12	163	0	0	365
Non-controlling interest	-	-	-	-	(0)	-	-	(0)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	53	23	114	12	162	0	0	365

Statement of Income, by Segment – Q1 2014

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
Operating Revenue	205	120	55	80	291	-	(52)	699
Salaries, Wages and Benefits	(49)	(43)	(22)	(4)	(3)	(36)	2	(155)
Operating Supplies and Expenses	(83)	(24)	(11)	(66)	(26)	(2)	44	(169)
Rent Expenses	(1)	(2)	(1)	(0)	(12)	(3)	5	(15)
Depreciation and Amortisation	(14)	(20)	(16)	(0)	(9)	(1)	-	(60)
Other Operating Expenses	(7)	(9)	(6)	(0)	(2)	(3)	1	(27)
Fleet & Technical Expense Allocation	(13)	-	13	-	-	-	-	-
Expense Allocation from Milaha Corporate	(19)	(8)	(7)	(6)	(6)	46	-	0
OPERATING PROFIT	19	15	4	3	232	(0)	0	273
Finance Costs	(2)	(2)	(1)	-	(1)	(1)	-	(7)
Finance Income	-	0	6	0	3	4	-	14
Interest Inc/Exp Allocation from Corporate	1	1	1	0	0	(3)	-	(0)
Gain on Disposal of Property, Vessels and Equipment	1	-	-	-	-	-	-	1
Share of Results of Joint Ventures	-	-	4	-	-	-	-	4
Share of Results of Associates	0	-	63	-	0	-	-	64
Net Gain on Foreign Exchange	0	0	1	(0)	0	0	-	1
Miscellaneous Income	-	-	0	-	0	-	-	1
Impairment of Available-for-Sale Investments	-	-	-	-	-	-	-	-
PROFIT FOR THE PERIOD	19	14	78	3	235	0	0	350
Non-controlling interest	-	-	-	-	(0)	-	-	(0)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	19	14	78	2.78	235	0	0	349

Segment Performance – Q1

(All amounts in QR Millions)



➤ +25% Revenue Growth and +175% Net Profit Growth vs 2014

- **Revenue** increase of QR 52 M driven by:
 - Reduced free waiting time at Doha Port (from 10 days to 3) that drove increased Revenues
 - 23% increase in TEU volume at Doha Port
 - 8% increased volumes in Container Shipping
 - Increase across the board in Logistics unit (warehousing, land transport, etc)
 - Increase in Bulk Shipping Chartering-Out activities
- **Operating Expenses** increased by QR (18)M driven by:
 - Volume-related expenses (manpower at Port, Port-related Charges at Container Shipping)
 - Chartering-In of vessels in Bulk Shipping Unit

	2013	2014	2015
OPERATING REVENUE	217	205	257
Salaries, Wages and Benefits	(43)	(49)	(49)
Operating Supplies and Expenses	(87)	(83)	(99)
Rent Expenses	(0)	(1)	(2)
Depreciation and Amortisation	(16)	(14)	(15)
Other Operating Expenses	(12)	(7)	(6)
Fleet & Technical Expense Allocation	(12)	(13)	(16)
Expense Allocation from Milaha Corporate	(18)	(19)	(17)
OPERATING EXPENSES	(187)	(186)	(205)
OPERATING PROFIT	30	19	52
NON - OPERATING INCOME/EXPENSE	3	0	1
PROFIT FOR THE PERIOD	33	19	53
Operating Profit Margin %	14%	9%	20%



Segment Performance – Q1

(All amounts in QR Millions)



➤ +35% Revenue Growth and +63% Net Profit Growth vs 2014

- **Revenue** increase of QR 42 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
 - Partially offset by a decreases in our Construction & Maintenance unit

- **Operating Expenses** increase of QR (33)M mainly from:
 - New vessel-related costs – crewing, depreciation, maintenance expense

	2013	2014	2015
OPERATING REVENUE	132	120	162
Salaries, Wages and Benefits	(45)	(43)	(59)
Operating Supplies and Expenses	(20)	(24)	(32)
Rent Expenses	(2)	(2)	(1)
Depreciation and Amortisation	(19)	(20)	(28)
Other Operating Expenses	(9)	(9)	(10)
Fleet & Technical Expense Allocation	-	-	-
Expense Allocation from Milaha Corporate	(7)	(8)	(7)
OPERATING EXPENSES	(102)	(105)	(138)
OPERATING PROFIT	30	15	24
NON - OPERATING INCOME/EXPENSE	(1)	(1)	(1)
PROFIT FOR THE PERIOD	29	14	23
Operating Profit Margin %	23%	13%	15%



Segment Performance – Q1

(All amounts in QR Millions)



➤ +39% Revenue Growth and +45% Net Profit Growth vs 2014

- **Revenue** increase of QR 22M driven by:
 - Full year effect of Harbor vessels that we took possession of during 2014
 - Uptick in Product Tanker & Gas carrier rates compared to 2014
- **Operating Expenses** decrease of 2M from lower vessel repairs & maintenance expenses, more than offsetting higher depreciation incurred on new harbor vessels
- **Non-Operating Income** increase of QR 10M ,mainly from our share of JV's and associates, including:
 - +QR 5M from Nakilat
 - +QR 4M from Gulf LPG

	2013	2014	2015
OPERATING REVENUE	42	55	77
Salaries, Wages and Benefits	(19)	(22)	(21)
Operating Supplies and Expenses	(7)	(11)	(8)
Rent Expenses	(0)	(1)	(1)
Depreciation and Amortisation	(15)	(16)	(20)
Other Operating Expenses	(6)	(6)	(6)
Fleet & Technical Expense Allocation	12	13	16
Expense Allocation from Milaha Corporate	(6)	(7)	(6)
OPERATING EXPENSES	(42)	(51)	(47)
OPERATING PROFIT	0	4	30
NON - OPERATING INCOME/EXPENSE	56	74	84
PROFIT FOR THE PERIOD	56	78	114
Operating Profit Margin %	0%	8%	39%



Segment Performance – Q1

(All amounts in QR Millions)



- **+59% Revenue Growth and +332% Net Profit Growth vs 2014**
 - **Revenue increase of QR 47M driven by:**
 - Higher heavy equipment sales tied to infrastructure projects
 - Partially Offset by lower Bunker Sales
 - **Operating Expenses** increase of QR 39M driven by:
 - Higher heavy equipment cost of goods sold
 - Partially Offset by lower Bunker cost of sales

	2013	2014	2015
OPERATING REVENUE	75	80	127
Salaries, Wages and Benefits	(4)	(4)	(5)
Operating Supplies and Expenses	(62)	(66)	(106)
Rent Expenses	(0)	(0)	(1)
Depreciation and Amortisation	(0)	(0)	(0)
Other Operating Expenses	(1)	(0)	(1)
Fleet & Technical Expense Allocation	-	-	-
Expense Allocation from Milaha Corporate	(5)	(6)	(4)
OPERATING EXPENSES	(73)	(77)	(116)
OPERATING PROFIT	2	3	11
NON - OPERATING INCOME/EXPENSE	0	0	1
PROFIT FOR THE PERIOD	2	3	12
Operating Profit Margin %	3%	3%	8%



Segment Performance – Q1

(All amounts in QR Millions)



➤ 25% Decline in Revenues and 31% Decline in Net Profit vs 2014

- **Revenue** decreased QR 73M , driven by
 - +QR (80)M lower from Held-for-Trading portfolio impacted by local equity market drop
 - +QR 5M in increased dividends
 - +QR 7M increase from our 50% stake in Qatar Quarries
 - (6)M in lost revenue from subleasing part of old Milaha HQ during Q1 2014

- **Operating Expenses** decrease of QR 2M, driven by:
 - +QR 11M lower Milaha HQ Rent Expense after moving to owned location
 - Partially Offset by an increase of QR(9) M in Qatar Quarries additional Cost of Goods Sold

	2013	2014	2015
OPERATING REVENUE	282	291	218
Salaries, Wages and Benefits	(4)	(3)	(3)
Operating Supplies and Expenses	(28)	(26)	(35)
Rent Expenses	(12)	(12)	(1)
Depreciation and Amortisation	(8)	(9)	(9)
Other Operating Expenses	(5)	(2)	(3)
Fleet & Technical Expense Allocation	-	-	-
Expense Allocation from Milaha Corporate	(6)	(6)	(4)
OPERATING EXPENSES	(62)	(59)	(56)
OPERATING PROFIT	220	232	162
NON - OPERATING INCOME/EXPENSE	4	3	1
PROFIT FOR THE PERIOD	224	235	163
Non-controlling interest	1	(0)	(0)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	225	235	162
Operating Profit Margin %	78%	80%	74%



Outlook



- Macro: Expect continued strong volume growth from increased project activity in lead up to 2022 World Cup; positive impact on revenues across most business units in the segment
- Ports: Expect that additional revenue realized in Q1 2015 from change in free yard storage tariff from 10 days to 3, will slowly dwindle down throughout year, as consignees find storage alternatives and/or collect cargo faster
 - Decision on Hamad Port concession expected soon
- Container Shipping: Increased volumes expected, but with that comes increased competition. India service looks promising; looking at options to further expand network
- Logistics: Focus on continuing to drive top line growth
- Shipyard: Planned restructuring and diversification of revenue base

Outlook



- Macro: Global offshore marine market downturn underway as E&P capex is slashed in response to lower oil prices; downward pressure on day rates and utilisation likely
- At this stage, still expect 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
 - 70% of vessels on long term charter
 - Focus on maintaining utilisation
- Expect to take delivery of 4 PSVs (H2) + 2 Liftboats (Q4) in 2015, with potential for some delivery delays
- Targeting continued expansion in KSA and into new markets both within 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 nature of contracts
- 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 2016; 1 on charter till mid 2015 with reasonable prospects for extension; potential weakening rates by mid year
- Harbor marine vessels: 19-vessel QP harbor marine operations 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
- Expect reasonable growth in other trading activities – bunker sales, travel agency, lubricants distribution

Outlook



- Listed portfolio performance strongly correlated to Qatar Exchange performance and volatility
- Real estate to continue to realize year-on-year savings from moving HQ to owned vs leased facility (occurred early Q4 2014)
 - Expect some revenue bump from renting out commercial space in new development in Ein Khaled