

# Q1 2020 Financial Summary Conference Call

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April 27, 2020

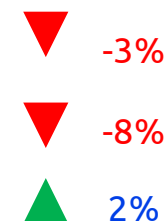
Doha, Qatar

# Consolidated Income Statement – Q1

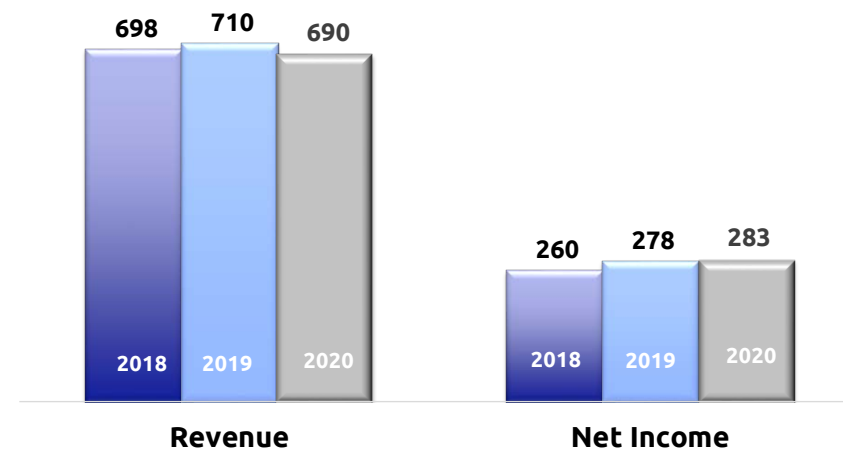
(All amounts in QR Millions)

	2018	2019	2020
<b>Operating Revenue</b>	<b>698</b>	<b>710</b>	<b>690</b>
Salaries, Wages and Other Benefits	(137)	(149)	(153)
Operating Supplies and Expenses	(226)	(218)	(203)
Rent Expenses	(5)	(3)	(2)
Depreciation and Amortisation	(80)	(93)	(92)
Provision of Impairment of Trade Receivables	(14)	1	(10)
Other Operating Expenses	(33)	(32)	(30)
<b>Operating Expenses</b>	<b>(495)</b>	<b>(494)</b>	<b>(490)</b>
<b>Operating Profit</b>	<b>203</b>	<b>216</b>	<b>200</b>
Finance Costs	(42)	(29)	(24)
Finance Income	20	10	6
Net Gain on Disposal of Property, Vessels & Equipment	1	0	4
Net Gain on Disposal of Investment Property	-	-	31
Share of Results of Associates	67	84	104
Share of Results of Joint Arrangements	47	39	62
Net Gain on Foreign Exchange	3	(0)	(1)
Impairment of Vessels & Contract Work in Progress	(41)	(42)	(99)
Miscellaneous Income	1	-	-
<b>Non-Operating Profit</b>	<b>57</b>	<b>62</b>	<b>84</b>
<b>Profit for the Period</b>	<b>260</b>	<b>278</b>	<b>284</b>
Non-controlling interest	0	0	(0)
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>260</b>	<b>278</b>	<b>283</b>

- Revenue
- Operating Profit
- Net Profit



*%s shown vs 2019*



# Activities by Segment



## Maritime & Logistics

- Port Services
- Container Shipping
- Warehousing & Logistics
- Bulk Shipping
- Shipyard
- Shipping Line Agencies



## Offshore

- Vessel Charter & Operations
- Diving & Subsea Services
- Construction and Maintenance Services
- Well Services
- Harbor Marine Operations



## Gas & Petrochem

- LNG Transport
- LPG Transport
- Crude , Chemicals & CPP Transport
- Wholly Owned Product/Gas Carriers



## Trading

- Heavy Equipment and Truck Agency
- Bunker Distribution
- Marine Engine and Lubricants Agency
- Travel & Tourism Agency



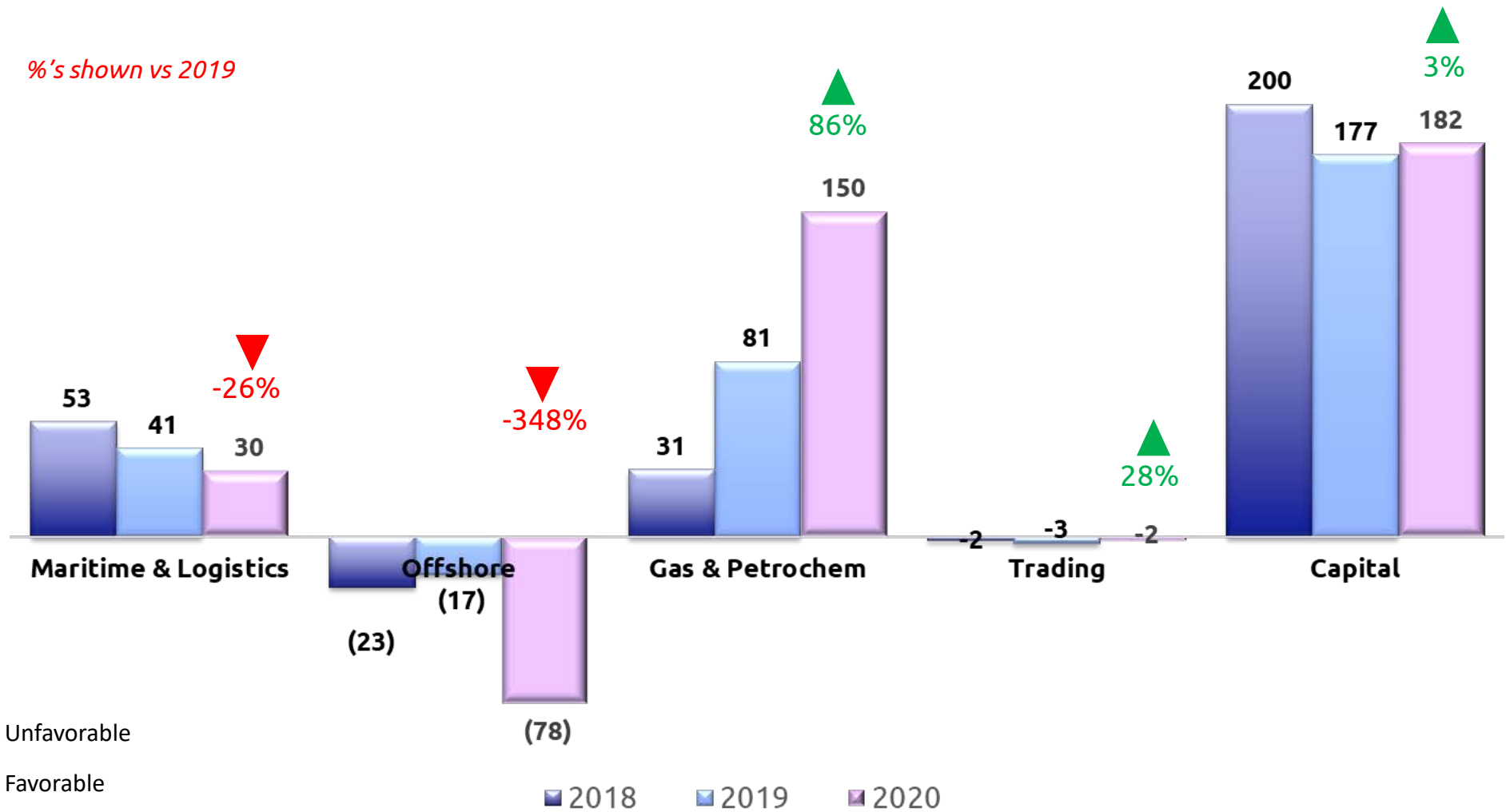
## Capital

- Real Estate Development and Management
- Strategic and Financial Investments

# Net Profit, by Segment – Q1

(All amounts in QR Millions)

%s shown vs 2019



# Statement of Income, by Segment – Q1 2020

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
<b>Operating Revenue</b>	<b>248</b>	<b>203</b>	<b>78</b>	<b>56</b>	<b>200</b>	<b>-</b>	<b>(95)</b>	<b>690</b>
Salaries, Wages and Other Benefits	(85)	(19)	(7)	(3)	(2)	(38)	-	(153)
Operating Supplies and Expenses	(179)	(23)	(3)	(50)	(28)	(3)	83	(203)
Rent Expenses	(10)	(0)	(0)	(0)	(1)	(2)	12	(2)
Depreciation and Amortisation	(8)	(51)	(17)	(0)	(15)	(0)	-	(92)
Provision of Impairment of Trade Receivables	(5)	(4)	-	(1)	0	(0)	-	(10)
Other Operating Expenses	(14)	(9)	(1)	(1)	(2)	(4)	0	(30)
Fleet & Technical Expense Allocation	66	(57)	(9)	-	-	-	-	0
Expense Allocation from Milaha Corporate	(30)	(6)	(3)	(4)	(4)	47	-	(0)
<b>Operating Profit</b>	<b>(18)</b>	<b>33</b>	<b>38</b>	<b>(2)</b>	<b>149</b>	<b>(0)</b>	<b>0</b>	<b>200</b>
Finance Costs	(3)	(13)	(9)	-	(0)	-	1	(24)
Finance Income	0	0	4	0	3	0	(1)	6
Net Gain on Disposal of Property, Vessels & Equipment	2	2	-	0	-	-	-	4
Net Gain on Disposal of Investment Property	-	-	-	-	31	-	-	31
Share of Results of Associates	1	-	103	-	0	-	-	104
Share of Results of Joint Arrangements	48	-	15	-	-	-	-	62
Net Gain on Foreign Exchange	0	(1)	(0)	(0)	(0)	0	-	(1)
Impairment of Vessels and Contract Work in Progress	-	(99)	-	-	-	-	-	(99)
<b>Profit for the Period</b>	<b>30</b>	<b>(78)</b>	<b>150</b>	<b>(2)</b>	<b>183</b>	<b>0</b>	<b>0</b>	<b>284</b>
Non-controlling interest	-	-	-	-	(0)	-	-	(0)
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>30</b>	<b>(78)</b>	<b>150</b>	<b>(2)</b>	<b>182</b>	<b>0</b>	<b>0</b>	<b>283</b>

# Statement of Income, by Segment – Q1 2019

(All amounts in QR Millions)

	Maritime & Logistics	Offshore	Gas & Petrochem	Trading	Capital	Corporate	Eliminations/ Adjustments	Consolidated
<b>Operating Revenue</b>	<b>231</b>	<b>188</b>	<b>80</b>	<b>57</b>	<b>233</b>	<b>-</b>	<b>(79)</b>	<b>710</b>
Salaries, Wages & Benefits	(88)	(16)	(6)	(4)	(1)	(33)	-	(149)
Operating Supplies & Expenses	(158)	(34)	(4)	(51)	(36)	(2)	67	(218)
Rent	(11)	(1)	(0)	(1)	(0)	(2)	12	(3)
Depreciation & Amortization	(8)	(46)	(22)	(0)	(16)	(1)	-	(93)
Provision of Impairment of Trade Receivables	2	(1)	-	(1)	0	0	-	1
Other Operating Expenses	(14)	(7)	(5)	(0)	(2)	(4)	0	(32)
Fleet & Technical Expense Allocation	72	(58)	(14)	-	-	-	-	(0)
Expense Allocation from Milaha Corporate	(27)	(4)	(3)	(3)	(4)	42	-	(0)
<b>Operating Profit</b>	<b>-</b>	<b>21</b>	<b>26</b>	<b>(3)</b>	<b>173</b>	<b>(0)</b>	<b>(0)</b>	<b>216</b>
Finance Costs	(5)	(17)	(9)	-	(0)	-	1	(29)
Finance Income	-	3	4	0	4	0	(1)	10
Net Gain on Disposal of Property, Vessels & Equipment	0	-	-	-	-	-	-	0
Net Gain on Disposal of Investment Property	-	-	-	-	-	-	-	-
Share of Results of Associates	2	-	82	-	0	-	-	84
Share of Results of Joint Arrangements	48	-	(9)	-	-	-	-	39
Net Gain on Foreign Exchange	0	(0)	(0)	(0)	-	(0)	-	(0)
Impairment of Vessels and Contract Work in Progress	(4)	(24)	(13)	-	-	-	-	(42)
<b>Profit for the Period</b>	<b>41</b>	<b>(17)</b>	<b>81</b>	<b>(3)</b>	<b>177</b>	<b>(0)</b>	<b>(0)</b>	<b>278</b>
Non-controlling interest	-	-	-	-	0	-	-	0
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>41</b>	<b>(17)</b>	<b>81</b>	<b>(3)</b>	<b>177</b>	<b>(0)</b>	<b>(0)</b>	<b>278</b>

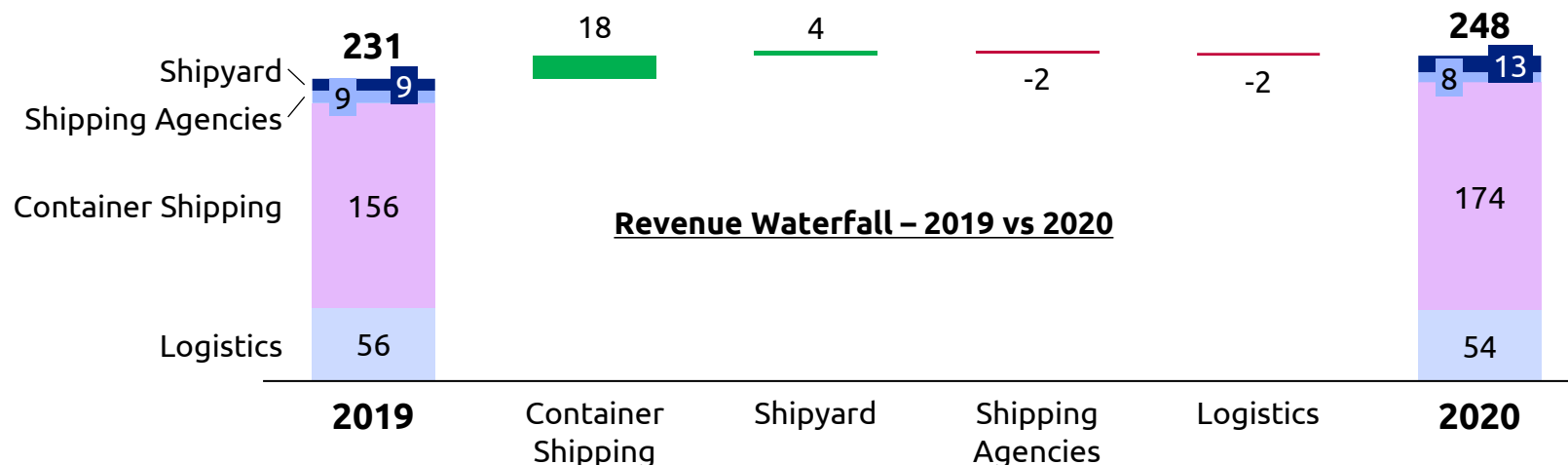
# Segment Performance – Q1

(All amounts in QR Millions)

## 7% Increase in Revenue and 26% decline in Net Profit

- **Revenue increase primarily coming from Container Shipping unit**
  - Double-digit TEU volume increase from Black Sea service that commenced mid-Q1 2019 drove up revenues
- **Operating Expenses are up QR (35)M**
  - (21)m increase in Operating Supplies & Expenses tied to revenue increase in Container Shipping and Shipyard
  - (7)m swing in Provision for Bad Debt
- **Non-Operating Income is up QR 7M**
  - Bulk Shipping vessel impairments decreased by QR 4m
  - Gain on Sale of sold Container Shipping vessel of QR 2m

	2018	2019	2020
<b>Operating Revenue</b>	<b>256</b>	<b>231</b>	<b>248</b>
Salaries, Wages and Other Benefits	(77)	(88)	(85)
Operating Supplies and Expenses	(173)	(158)	(179)
Rent Expenses	(13)	(11)	(10)
Depreciation and Amortisation	(7)	(8)	(8)
Provision of Impairment of Trade Receivables	(5)	2	(5)
Other Operating Expenses	(12)	(14)	(14)
Fleet & Technical Expense Allocation	65	72	66
Expense Allocation from Milaha Corporate	(27)	(27)	(30)
<b>Operating Expenses</b>	<b>(248)</b>	<b>(231)</b>	<b>(266)</b>
<b>Operating Profit</b>	<b>8</b>	<b>-</b>	<b>(18)</b>
<b>Non-Operating Income/(Expense)</b>	<b>45</b>	<b>41</b>	<b>48</b>
<b>Profit for the Period</b>	<b>53</b>	<b>41</b>	<b>30</b>



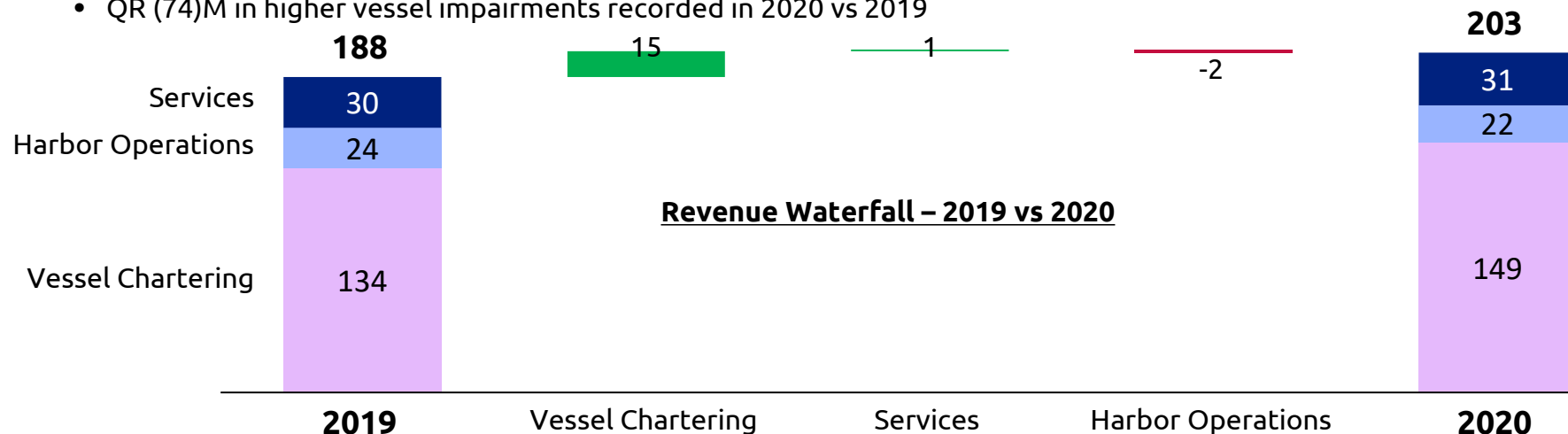
# Segment Performance – Q1

(All amounts in QR Millions)

## 8% Increase in Revenue and 348% decline in bottom line

- **Revenue increase mainly from Vessel Chartering**
  - Average utilization for regional fleet increased from 79% in Q1 2019 to 81% in Q1 2020; Liftboat (working in Africa) utilization increased due to nonrecurrence of one-time mechanical breakdown that occurred in Q1 2019
  - Additional increase in 3<sup>rd</sup> party chartered-in vessel revenue
- **Operating Expenses increased by QR (3)M**
  - Reduction in Operating Supplies & Expenses was offset by higher crew salaries & wages (due to higher utilization), and increased (right-of-use) depreciation of chartered-in vessels (IFRS 16)
- **Non-Operating Expenses increased by QR (72)M**
  - QR (74)M in higher vessel impairments recorded in 2020 vs 2019

	2018	2019	2020
<b>Operating Revenue</b>	<b>127</b>	<b>188</b>	<b>203</b>
Salaries, Wages and Other Benefits	(15)	(16)	(19)
Operating Supplies and Expenses	(17)	(34)	(23)
Rent Expenses	(1)	(1)	(0)
Depreciation and Amortisation	(33)	(46)	(51)
Provision of Impairment of Trade Receivables	(9)	(1)	(4)
Other Operating Expenses	(6)	(7)	(9)
Fleet & Technical Expense Allocation	(52)	(58)	(57)
Expense Allocation from Milaha Corporate	(5)	(4)	(6)
<b>Operating Expenses</b>	<b>(138)</b>	<b>(167)</b>	<b>(170)</b>
<b>Operating Profit</b>	<b>(11)</b>	<b>21</b>	<b>33</b>
<b>Non-Operating Income/(Expense)</b>	<b>(12)</b>	<b>(38)</b>	<b>(110)</b>
<b>Profit for the Period</b>	<b>(23)</b>	<b>(17)</b>	<b>(78)</b>





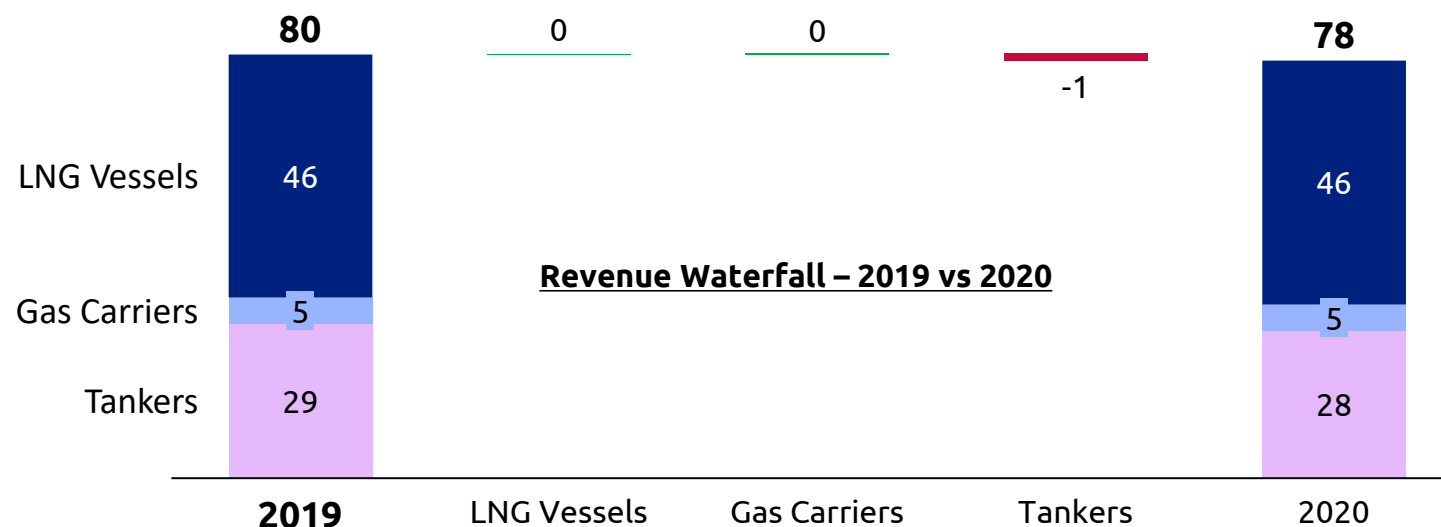
# Segment Performance – Q1

(All amounts in QR Millions)

## 1% Decline in Revenue and 86% Increase in Net Profit

- **Revenue slightly down**
  - 2 Tankers were sold in 2019, and hence lower revenue; however, higher market rates offset most of the drop
- **Operating Expenses down QR 14M**
  - Less vessels (2 less Tankers + 1 less Gas Carrier) reduced costs
- **Non-Operating Income up QR 57M**
  - QR 13m in lower vessel impairments
  - QR 20m in higher Nakilat income
  - QR 24m in increased JV income (mainly from VLGC JV)

	2018	2019	2020
<b>Operating Revenue</b>	<b>75</b>	<b>80</b>	<b>78</b>
Salaries, Wages and Other Benefits	(6)	(6)	(7)
Operating Supplies and Expenses	(6)	(4)	(3)
Rent Expenses	(0)	(0)	(0)
Depreciation and Amortisation	(24)	(22)	(17)
Other Operating Expenses	(4)	(5)	(1)
Fleet & Technical Expense Allocation	(14)	(14)	(9)
Expense Allocation from Milaha Corporate	(5)	(3)	(3)
<b>Operating Expenses</b>	<b>(59)</b>	<b>(54)</b>	<b>(40)</b>
<b>Operating Profit</b>	<b>16</b>	<b>26</b>	<b>38</b>
<b>Non-Operating Income/(Expense)</b>	<b>15</b>	<b>55</b>	<b>112</b>
<b>Profit for the Period</b>	<b>31</b>	<b>81</b>	<b>150</b>



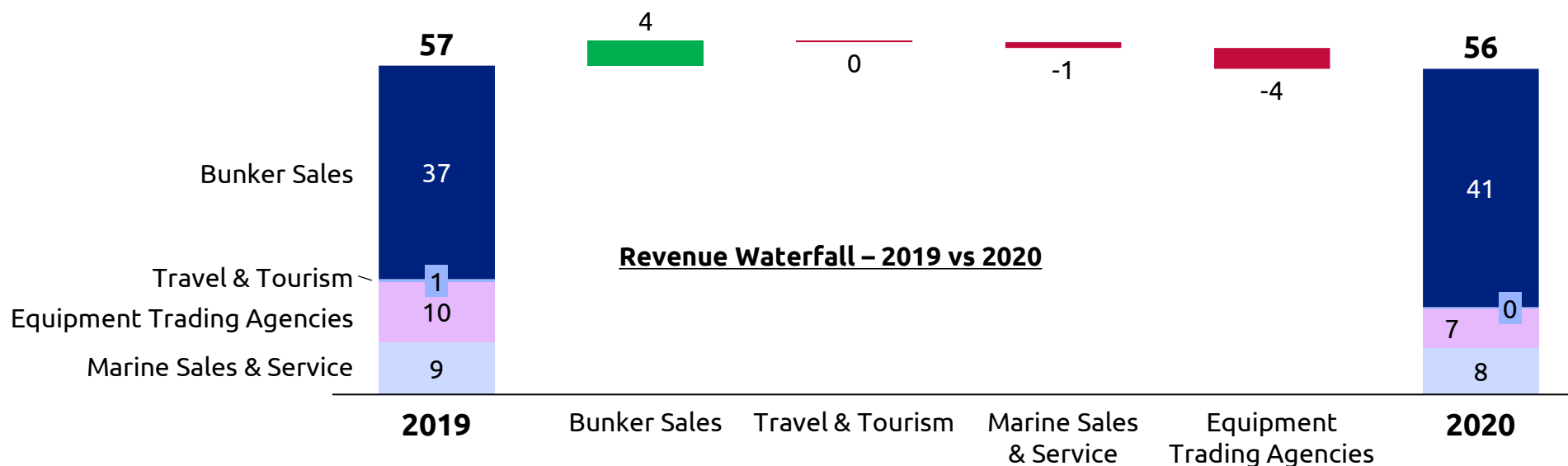
# Segment Performance – Q1

(All amounts in QR Millions)

## 1% Decline in Revenue and 28% increase in bottom line

- Slight increase in gross margins in the Bunker and Equipment Trading Agencies units drove a reduction in net loss

	2018	2019	2020
<b>Operating Revenue</b>	<b>79</b>	<b>57</b>	<b>56</b>
Salaries, Wages and Other Benefits	(4)	(4)	(3)
Operating Supplies and Expenses	(71)	(51)	(50)
Rent Expenses	(1)	(1)	(0)
Depreciation and Amortisation	(0)	(0)	(0)
Provision of Impairment of Trade Receivables	(1)	(1)	(1)
Other Operating Expenses	(1)	(0)	(1)
Expense Allocation from Milaha Corporate	(4)	(3)	(4)
<b>Operating Expenses</b>	<b>(81)</b>	<b>(60)</b>	<b>(59)</b>
<b>Operating Profit</b>	<b>(2)</b>	<b>(3)</b>	<b>(2)</b>
<b>Non-Operating Income/(Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit for the Period</b>	<b>(2)</b>	<b>(3)</b>	<b>(2)</b>



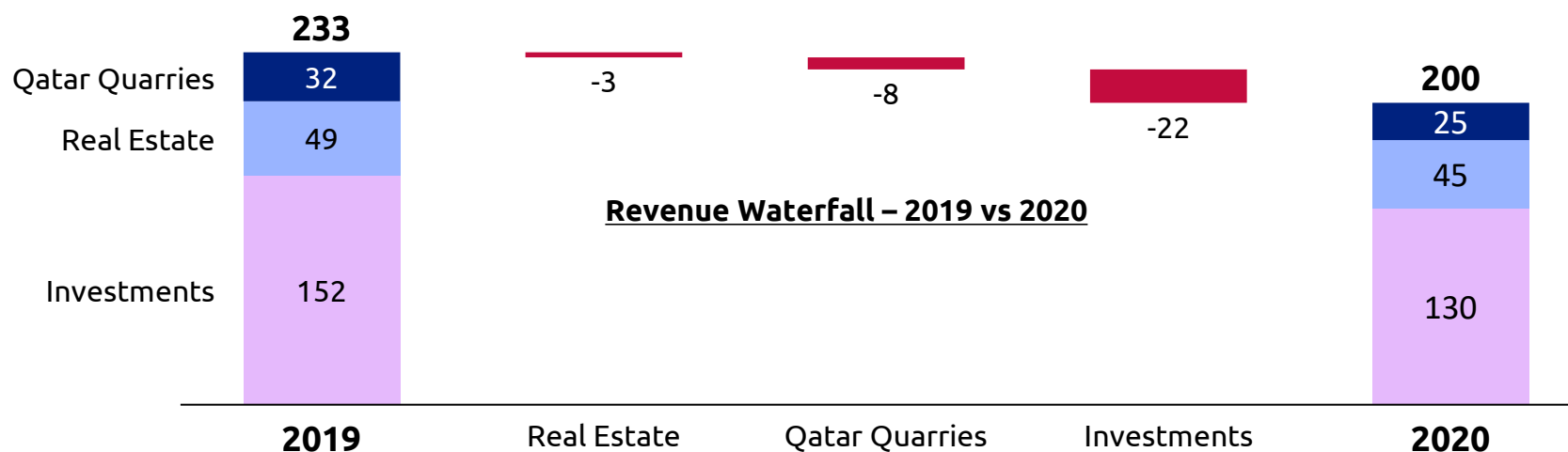
# Segment Performance – Q1

(All amounts in QR Millions)

## 14% Decline in Revenue and 3% increase in Net Profit

- **QR (33)M decrease in Revenue mainly from Investments:**
  - QR (9)m decrease in dividend income
  - QR (13)m decrease from residual HFT portfolio returns that is now fully liquidated
  - QR (8)m decrease in Qatar Quarries sales
  - QR (3)m decrease in Real Estate income
- **Overall Operating Expenses decreased QR (9)m due to a decrease in Qatar Quarries Cost of Goods Sold**
- **Non-Operating Income up QR 30M**
  - QR 31M Gain on Sale of vacant plot of land

	2018	2019	2020
<b>Operating Revenue</b>	<b>255</b>	<b>233</b>	<b>200</b>
Salaries, Wages and Other Benefits	(2)	(1)	(2)
Operating Supplies and Expenses	(39)	(36)	(28)
Rent Expenses	(2)	(0)	(1)
Depreciation and Amortisation	(14)	(16)	(15)
Provision of Impairment of Trade Receivables	0	0	0
Other Operating Expenses	(2)	(2)	(2)
Expense Allocation from Milaha Corporate	(4)	(4)	(4)
<b>Operating Expenses</b>	<b>(63)</b>	<b>(60)</b>	<b>(51)</b>
<b>Operating Profit</b>	<b>192</b>	<b>173</b>	<b>149</b>
<b>Non-Operating Income/(Expense)</b>	<b>8</b>	<b>4</b>	<b>34</b>
<b>Profit for the Period</b>	<b>200</b>	<b>177</b>	<b>183</b>
Non-controlling interest	0	0	(0)
<b>Net Profit Attributable To Equity Holders Of The Parent</b>	<b>200</b>	<b>177</b>	<b>182</b>



# Outlook



## ➤ QTerminals

- Expect volume declines at Hamad port due to COVID19 over the short-term up until and when global shipping flows normalize

## ➤ Container Shipping

- Despite demand disruptions due to COVID19, declines in shipping rates have been somewhat mitigated by ship owners and charterers reducing sailings; the rest-of-year outlook, however is unpredictable
- Decline in Container Shipping volumes expected over the short-term up until and when global shipping flows normalize

## ➤ Ramp-up of utilization in Milaha Logistics City warehouses continuing



# Outlook

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- Offshore Support Vessels
  - Expect to see continued operational strengthening in 2020 on both the Vessel Chartering and Services side.
- Harbor marine vessels
  - Expect stable revenue throughout the year
- No major impact from COVID19, aside from marginal increases in crew-related costs due to travel restrictions and added safety precautions
- Impact, if any from downturn in oil prices will depend on how long oil demand remains depressed and price of oil and how that drives oil majors spend

# Outlook



- VLGCs:
  - Charter rates well above same period last year. Cautiously optimistic about rest of year.
- Jointly & Fully owned LNG carriers
  - Fairly stable earnings due to long term fixed nature of contracts
- 2 Fully-owned product tankers + 1 crude carrier
  - All trading on spot and exposed to market volatility; outlook unpredictable
- 1 Fully-owned gas / ammonia carrier
  - Vessel on time charter through mid-2020; outlook unpredictable
- Results from Associates - expect stable growth from Nakilat share.
- No major impact from COVID19, aside from marginal increases in crew-related costs due to travel restrictions and added safety precautions



# Outlook

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- Expect difficult rest of year as COVID19 has impacted demand. Internal cost savings initiatives are underway.

# Outlook

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- Limited Investments volatility
  - All of Held for Trading Portfolio liquidated
- Mixed results expected for Real Estate holdings
  - Existing properties to face pressure on rates
  - New villa compound construction in Ain Khaled complete, yet still awaiting government approvals, which COVID19 has delayed. Ongoing marketing efforts.