

Gulf International Services (GISS)

Recommendation	OUTPERFORM	Risk Rating	R-4
Share Price	QR2.167	Target Price	QR2.900
Implied Upside	33.8%	Old Price Target	QR3.900

Updating Model & Lowering Target Price; Reiterate Outperform Rating

We are lowering our TP to QR2.90 after updating our model factoring in 1Q2026 results and the ongoing regional unrest. Since the war began, GISS stock has declined 17%, underperforming the QSE Index that is down 5%. We anticipate a lull in earnings in the near term as offshore drilling has been temporarily scaled back, with several rigs suspended at the direction of QatarEnergy. Moreover, domestic aviation demand has also been affected and we expect knock-on effects on Al Koot's energy insurance/reinsurance business and Amwaj's catering/manpower services. As a result, we expect group revenue to fall 15% and earnings to decline 37% in 2026. Earnings should reach their nadir in 2Q2026, with the drilling segment expected to dip into a loss from almost break-even in the first quarter. However, we expect sequential recovery in profitability from 3Q2026 assuming operations start to progressively achieve increasing levels of normalcy from July onward. We note our estimates are subject to significant risk given a backdrop of exceptionally high uncertainty, driven by the ongoing conflict. Moreover, management has not publicly disclosed details beyond 1Q2026's financial/operational update. **If the Strait of Hormuz remains restricted into 2H2026, our estimates could come under further pressure.** Moreover, given GISS's relatively high operating leverage, we could be underestimating pressure on margins even under current sales assumptions. **On the flip side, we note given the stock's relative underperformance relative to the index since this conflict started, a snap-back recovery in GISS's share price could be rapid once we get an indication that the situation is normalizing.** Several notable catalysts remain on the horizon, including a potential listing of a portion of Al Koot, which could happen once the new Seha program is rolled out later this year/next year. Amwaj is also looking at a potential listing. **It is important to note that we remain bullish on GISS and our TP revision reflects a higher CoE assumption given the ongoing conflict. Management has done an exceptional job turning the business around, especially the drilling segment, with its debt restructuring and acquisition of 3 offshore rigs targeted at the massive NF Expansion program. GISS has delivered on significant earnings growth, moving from a loss of QR318.5mn in 2020 to earnings of QR678.0mn in 2025. We expect the stock to rapidly appreciate once the situation begins to normalize.**

Highlights

- GISS reported 1Q2026 earnings of QR75.6mn, bang in-line with our estimate of QR75.6mn, although profits fell 65.9% YoY and 27.5% QoQ. Revenue of QR1,042.3mn beat our model by 6.3%, driven by a stronger-than-expected drilling top-line. However, the revenue beat did not translate into earnings upside, as COGS exceeded our estimate by 8.7%, resulting in a 4.8% gross profit miss and a 3.2% EBITDA miss. Segmentally, drilling and catering were better-than-expected, offsetting aviation and insurance. *Please see page 3 for details.*
- We expect drilling PBT to decline to QR45.5mn in 2026 from QR219.9mn in 2025, before snapping back to QR232.0mn in 2027. From March 4, GDI has temporarily scaled back offshore operations, with several rigs suspended at the direction of clients. We assume that offshore drilling resumes in a limited manner in the latter part of 2Q2026 and progressively picks up momentum in 2H2026. Blended offshore utilization is modeled to drop to 63% in 2026 (from 93% in 2025) for GDI's wholly-owned offshore fleet of 10 jackups (including 3 involved in the NF Expansion). Another Chinese jackup leased for the NF should show similar utilization in 2026. We assume the offshore fleet to crank up to almost full utilization next year and the 2nd leased Chinese rig (offline since September 2025), or an equivalent asset, to come online in 2nd half of next year. The onshore fleet (4 operating and 3 expected uncontracted for all of 2026) has remained stable throughout the conflict and we are modeling in all 7 onshore rigs in 2027. We still expect 2 new lift boats to come online in late 2027/early 2028. *Please see page 2 for key drilling model assumptions.*
- Aviation should exhibit relatively stronger performance with segment PBT declining to QR243.1mn in 2026 from QR294.1mn in 2025; growth should resume in 2027 with modeled earnings of QR255.8mn. As expected, domestic demand and flying hours weakened in the month of March as the conflict started. Like drilling, we expect sequentially lower earnings in 2Q2026 in the aviation segment because of softness in Qatar-related operations (44% of 2025 aviation top-line). GHC has embarked on a 10-AW-139 replacement program, with six already delivered by last year; we still model in the remaining 4 AW-139s equally over 2026-2029. Five additional AW-139s are also expected over 2027-2028 and two AW-189s should be delivered by 3Q2027. Our model assumes moderate delays vs. the original expansion timelines given the ongoing conflict.
- Continued traction in medical should drive insurance results; new Seha phase 1 followed by an IPO remain major catalysts despite being pushed out given the current conflict. Several medical policies are expected to be renewed in 2Q2026 and while higher net claims are a drag, profitability could improve as pace of procedures (especially elective ones) could be subdued. While the timing remains uncertain for the new Seha phase 1, Al Koot remains a major beneficiary. Moreover, we expect Al Koot's listing to be conducted post Seha phase 1 to benefit from multiples' uplift.

Catalysts

- We expect the stock to bounce back rapidly once the regional unrest nears an end.

Recommendation, Valuation and Risks

- Recommendation & valuation:** We rate GISS an Outperform but lower our TP to QR2.900. Our new target factors in our updated estimates and a higher CoE due to the ongoing regional conflict.
- Risks:** If this conflict prolongs/SoH remains closed beyond July, our forecasts could be too high. Oil price volatility can hurt operations and rig rate renegotiation efforts. Debt levels are high (2026e total debt: QR5.1bn/3.3x net-debt-to-EBITDA) but manageable in light of 1.2x/2.3x interest coverage (2026e/2027e) by the drilling segment. Decline in rig rates/utilizations could pressure shares. GISS also faces concentration risk given its exposure to QatarEnergy/affiliates.

Key Data

Current Market Price (QR)	2.167
Dividend Yield (%)	4.6
Bloomberg Ticker	GISS QD
ADR/GDR Ticker	N/A
Reuters Ticker	GISS.QA
ISIN	QA000A0Q6LH4
Sector*	Industrials
52wk High/52wk Low (QR)	3.434/1.963
3-m Average Volume ('mn)	5.5
Mkt. Cap. (\$ bn/QR bn)	1.1/4.0
EV (\$ bn/QR bn)	2.3/8.5
Shares Outstanding (bn)	1.9
FO Limit* (%)	100.0
Institutional FO* (%)	9.9
1-Year Total Return (%)	(30.8)
Fiscal Year End	December 31

Source: Bloomberg (as of May 13, 2026), *Qatar Exchange (as of May 13, 2026); Note: FO is foreign ownership

Key Financial Data and Estimates

	2025	2026	2027	2028
Revenue (QR mn)	4,493	3,839	4,629	4,928
EPS (QR)	0.365	0.228	0.338	0.393
P/E	5.9	9.5	6.4	5.5
DPS (QR)	0.100	0.100	0.110	0.130
Dividend Yield	4.6%	4.6%	5.1%	6.0%

Source: Company data, QNB FS Research

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Valuation – Our Price Target Implies 33.8% Appreciation Potential

Our target price of QR2.900/share implies an upside of 33.8% from the current market price. We value GISS using a Sum-Of-The-Parts (SOTP) methodology, which comprises of separate DFC-based models for its drilling and aviation segments. We value the insurance segment and the company's 30% stake in Amwaj's catering operations using P/E multiples.

Valuation Summary

Segment	Methodology	Equity Value	EV/Share	TP/Share	% Of TP
Drilling	DCF	2,839	1.528	1.713	59%
Aviation	DCF	2,415	1.300	1.487	52%
Insurance	P/E - 12x 2027 EPS	1,250	0.673	0.762	26%
Catering	P/E - 10x 2027 EPS	263	0.142	0.160	6%
Conglomerate Discount @ 30%		(2,030)	(1.093)	(1.237)	-43%
GISS		4,738	2.500	2.900	100%

Source: Company data, QNB FS Research

Rig Rate/Utilization Assumptions

	2025	2026	2027	2028	2029	2030
Existing Fleet - GDI						
7 Offshore Rigs - Blended Rate \$k/d	76	75	75	75	75	75
7 Offshore Rigs - Average Utilization	91%	63%	99%	99%	91%	93%
New Fleet - Gulf Jackup						
3 Offshore Rigs - Blended Rate \$k/d	117	115	115	115	115	115
3 Offshore Rigs - Average Utilization	96%	63%	99%	99%	99%	85%
Total Fleet						
10 Offshore Rigs - Blended Rate \$k/d	89	87	87	87	87	86
10 Offshore Rigs - Average Utilization	93%	63%	99%	99%	93%	91%
7 Onshore Rigs - Blended Rate \$k/d	22	22	22	22	22	22
7 Onshore Rigs - Average Utilization	74%	53%	89%	91%	99%	99%

Source: QNB FS Research; Note: Gulf Jackup rigs are assumed fully-consolidated in 3Q2024

1Q2026 Review: Revenue Beat Fails To Flow Through; Drilling Better Than Feared But Aviation/Insurance Margins Drag

Gulf International Services reported 1Q2026 net profit of QR75.6mn, bang in-line with our estimate of QR75.6mn, but down sharply 65.9% YoY and 27.5% QoQ. Revenue came in at QR1,042.3mn, 6.3% ahead of our estimate of QR980.2mn, although still down 8.5% YoY and 4.2% QoQ. EPS was QR0.0407, matching our estimate, but also down 65.9% YoY and 27.5% QoQ.

The top-line beat was driven almost entirely by drilling, but the revenue upside did not convert into earnings outperformance because COGS came in 8.7% above our estimate. As a result, gross profit missed our forecast by 4.8% and EBITDA missed by 3.2%; however, EBIT exceeded by 2.8%. Net income was ultimately in line because the positive variance in drilling PBT and catering contribution offset weaker aviation and insurance profitability. **Net-net, fueled by drilling, GISS delivered a QR62.1mn revenue beat, but COGS was QR70.4mn higher than expected, leaving gross profit QR8.3mn below our forecast. EBITDA was QR8.4mn below estimate, while net income was effectively in line.**

- The drilling revenue beat of QR81.8mn more than offset the aviation revenue miss of QR26.8mn; moreover, insurance revenue also posted a beat of QR7.1mn. However, drilling revenue still declined materially YoY and QoQ, consistent with management's commentary that several offshore rigs were suspended, several onshore rigs remained off contract and one lift boat was under scheduled major maintenance during the quarter.
- The biggest positive surprise was drilling PBT, where the segment posted an almost break-even figure versus our expected loss of QR38.2mn, implying a QR38.0mn positive variance. We were decidedly more guarded regarding the earnings hit to drilling due to regional unrest vs. what eventually played out during the quarter. Aviation PBT of QR52.3mn missed our estimate by 33.9%, while insurance PBT of QR19.8mn missed by 29.5%. Catering-related contribution was QR7.8mn, beating our estimate of QR5.1mn by 51.2%, although it declined 13.9% YoY and 44.1% QoQ.

Management commentary on the 1Q2026 call supports this mixed read-through: (1) offshore drilling activity was temporarily scaled back as several rigs were suspended at the company's client's (QatarEnergy) direction; (2) aviation faced lower domestic flying activity and reduced MRO spare-part sales; (3) insurance revenue benefited from medical business growth but profitability was weighed down by higher medical claims and lower investment income; and (4) catering revenue improved but profit declined due to higher direct costs and costs normalization.

1Q2026 Key Comparisons

	1Q2025A	4Q2025A	1Q2026A	1Q2026E	A Vs. E	YoY	QoQ
Revenue	1,139.7	1,088.2	1,042.3	980.2	6.3%	-8.5%	-4.2%
Drilling	499.2	417.0	374.6	292.9	27.9%	-25.0%	-10.2%
Aviation	321.8	290.5	302.6	329.4	-8.1%	-6.0%	4.2%
Insurance	318.8	380.8	365.1	357.9	2.0%	14.5%	-4.1%
COGS	842.5	907.9	877.5	807.1	8.7%	4.1%	-3.4%
Gross Profit	297.2	180.3	164.8	173.1	-4.8%	-44.5%	-8.6%
Gross Margin	26.1%	16.6%	15.8%	17.7%			
SG&A	54.9	82.0	58.2	67.3	-13.5%	5.9%	-29.0%
Net Insurance Finance Income/Expense	4.3	(15.4)	2.0	4.7	-56.9%	-53.0%	N/M
Total Other Income	13.4	41.2	(5.1)	(5.3)	-3.7%	N/M	N/M
Net Finance Income(Expense)	(43.7)	(34.1)	(39.2)	(36.6)	7.1%	-10.2%	15.2%
Taxes	(10.9)	(7.8)	(0.7)	(3.3)	-79.1%	-93.6%	-91.1%
Discontinued Operations, Non-Recurring Items/Minorities	0.0	0.0	0.0	0.0			
Share of Profits From Equity-Accounted Investees - Drilling	0.0	0.0	0.0	0.0			
Share of Profits From Equity-Accounted Investees - Aviation	7.5	8.2	4.2	5.2	-19.7%	-44.4%	-48.9%
Share of Profits From Equity-Accounted Investees - Catering	9.0	13.9	7.8	5.1	51.2%	-13.9%	-44.1%
Share of Profits From Equity-Accounted Investees - Others							
Net Income	222.0	104.3	75.6	75.6	0.0%	-65.9%	-27.5%
Net Margin	19.5%	9.6%	7.3%	7.7%			
Drilling - PBT	82.7	2.2	(0.2)	(38.2)	-99.6%	N/M	N/M
Margin	16.6%	0.5%	0.0%	-13.0%			
Aviation - PBT	108.7	59.2	52.3	79.1	-33.9%	-51.9%	-11.7%
Margin	33.8%	20.4%	17.3%	24.0%			
Insurance - PBT	28.7	32.2	19.8	28.0	-29.5%	-31.0%	-38.6%
Margin	9.0%	8.5%	5.4%	7.8%			
Corporate/Other/Taxes	1.9	10.7	3.7	6.7	-44.2%	95.4%	-65.2%
EBITDA	408.7	314.4	254.0	262.5	-3.2%	-37.8%	-19.2%
EBIT	272.2	161.6	113.5	110.5	2.8%	-58.3%	-29.7%
EPS	0.119	0.056	0.041	0.041	0.0%	-65.9%	-27.5%

Source: Company data, QNB FS Research

1Q2026 Segment Review: Near-Term Visibility Remains Limited Given The Regional Conflict

Drilling: Better Than Feared, But Visibility Remains The Key Debate

Drilling revenue came in at QR374.6mn, 27.9% above our estimate, although it declined 25.0% YoY and 10.2% QoQ. Drilling gross profit was also significantly better than our model, while PBT was a small loss of QR0.2mn, significantly better than our expected loss of QR38.2mn.

Despite management confirming that offshore activity was temporarily scaled back due to client-directed rig suspensions and that several onshore rigs were off contract, segment profitability was materially better than our model assumed. Management also noted that onshore drilling operations remained stable and that GDI continues to focus on optimizing utilization and maintaining readiness for when market conditions improve.

Despite the beat in 1Q2026, near-term visibility remains clouded. The segment remains down materially YoY and QoQ and we do not have color as to when offshore drilling activity will return to normal.

We are now in mid-May and given the current situation, we estimate profitability could possibly dip more into the red for the 2nd quarter.

Aviation: Revenue Miss And Margin Pressure Continue

Aviation revenue was QR302.6mn, 8.1% below our estimate, down 6.0% YoY but up 4.2% QoQ. Aviation PBT was QR52.3mn, 33.9% below our estimate and down 51.9% YoY/11.7% QoQ.

Management attributed the YoY revenue decline to lower MRO activity, particularly reduced spare-part sales, and lower domestic flying hours, with domestic aviation activity maintained at minimum levels. International activity, particularly Libya, partially offset the decline. Sequentially, revenue improved due to higher MRO contribution from engine repair activity, which was somewhat offset by lower revenue from the domestic segment due to lower flight demand during the month of March. Profitability, however, declined due to the absence of a prior-quarter receivable provision reversal and a net monetary loss from hyperinflation accounting related to Redstar Aviation Turkey.

Aviation demand in Qatar (44% of 2025 aviation top-line) could be subdued in the near term as the regional conflict persists. The saving grace could be international strength and MRO.

Insurance: Medical Segment Showing Momentum, But Profit Conversion Weak

Insurance revenue was QR365.1mn, 2.0% ahead of our estimate and up 14.5% YoY, confirming that the medical business continues to provide top-line support. However, insurance PBT was QR19.8mn, 29.5% below our estimate and down 31.0% YoY. Revenue and PBT were down 4.1% YoY and 38.6% QoQ, respectively.

Management indicated that revenue growth was driven by the medical line of business, including earned premiums from major prior-year policies, renewal of key contracts at higher premium rates and new medical contracts. The profit weakness was attributed to higher net claims in the medical segment and lower investment income due to unfavorable capital market conditions. Sequentially, top-line fell as several policies expired and are expected to be renewed in 2Q2026. Lower revenue and investment income also put pressure on QoQ profitability.

While insurance continues to benefit from traction in the medical segment, Al Koot's energy business could come under pressure in the near-term. Margins could also come under pressure given high loss ratios in the medical segment and volatile capital markets.

Catering Contribution: Better -Than-Expected Vs. Our Model, But Down YoY & QoQ

Catering earnings came in at QR7.8mn, ahead of our estimate of QR5.1mn by 51.2%, but declined 13.9% YoY and 44.1% QoQ.

The catering segment's share of revenue increased ~4% YoY, but share of net profit declined 13.9% YoY due to higher direct costs; sequentially, share of revenue increased ~2%, while share of profit declined significantly, mainly reflecting cost normalization after prior-period costs reversal.

While the catering segment was not a drag relative to our estimate, on an absolute basis, the YoY and QoQ decline in profits reinforces that cost discipline remains important even after the Amwaj/Shaqab/Atyab combination has created a stronger local catering platform.

Ratio Analysis

Key Ratios & Valuation Metrics

Particulars	2020	2021	2022	2022*	2023	2024	2025	2026	2027	2028	2029	2030
Growth Rates												
Revenue	(0.4%)	3.1%	18.6%	(1.9%)	16.6%	17.4%	8.2%	(14.6%)	20.6%	6.5%	1.1%	0.1%
Gross Profit	(18.2%)	4.3%	94.1%	78.0%	7.0%	41.2%	5.6%	(33.9%)	46.5%	11.6%	4.9%	(4.8%)
EBITDA	(20.5%)	(7.8%)	53.3%	60.7%	6.1%	47.9%	11.0%	(22.9%)	23.7%	11.5%	5.2%	(0.6%)
EBIT	(47.0%)	14.0%	177.9%	198.0%	14.1%	54.7%	5.6%	(35.8%)	35.6%	12.8%	6.1%	(5.3%)
PAT/EPS	N/M	N/M	435.5%	458.0%	21.2%	94.1%	(4.6%)	(37.5%)	48.2%	16.2%	7.5%	(5.3%)
DPS	N/A	N/A	N/M	N/M	50.0%	13.3%	(41.2%)	0.0%	10.0%	18.2%	7.7%	7.1%
CFPS	(48.5%)	19.4%	66.0%	66.0%	18.6%	(1.8%)	11.2%	5.1%	17.1%	13.7%	6.7%	(0.3%)
FCFPS	(57.7%)	19.5%	72.0%	72.0%	11.9%	N/M	N/M	37.2%	(25.0%)	38.9%	23.9%	10.3%
Operating Ratios												
Gross Margin	11.1%	11.2%	18.4%	20.3%	18.6%	22.4%	21.9%	16.9%	20.6%	21.6%	22.4%	21.3%
Gross Margin, Excluding Depreciation & Amortization	25.3%	22.8%	28.2%	31.8%	28.8%	34.2%	34.9%	31.6%	34.2%	35.6%	36.8%	36.5%
EBITDA Margin	19.2%	17.2%	22.2%	28.1%	25.5%	32.2%	33.0%	29.8%	30.6%	32.0%	33.3%	33.1%
EBIT Margin	4.6%	5.1%	12.0%	15.6%	15.3%	20.1%	19.6%	14.8%	16.6%	17.6%	18.4%	17.5%
Net Margin	(10.6%)	1.8%	7.9%	10.0%	10.4%	17.1%	15.1%	11.0%	13.6%	14.8%	15.8%	14.9%
Finance Ratios												
Debt-Equity Ratio	1.4	1.3	1.2	1.2	1.2	1.3	1.2	1.0	0.9	0.8	0.7	0.7
Net Debt-Equity Ratio	1.2	1.1	0.9	0.9	0.8	1.0	0.9	0.8	0.6	0.5	0.3	0.1
Net Debt-to-Capital	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.2	0.1
Debt-to-EBITDA	7.7	8.2	5.3	5.2	4.9	4.2	3.6	4.4	3.5	3.1	2.9	2.7
Net Debt-to-EBITDA	6.5	6.8	3.9	3.8	3.5	3.3	2.9	3.3	2.4	1.7	1.2	0.6
Interest Coverage	0.9	1.2	2.4	2.6	2.5	4.2	3.9	2.9	4.1	4.7	5.1	5.0
Return Ratios												
ROIC	1.8%	2.1%	5.6%	5.9%	6.6%	8.5%	8.8%	5.7%	7.5%	8.1%	8.3%	7.7%
ROE	-9.8%	1.7%	8.1%	8.4%	9.7%	16.8%	14.7%	8.7%	11.9%	12.5%	12.3%	10.9%
ROA	-3.2%	0.5%	2.7%	3.0%	3.6%	5.9%	5.9%	3.7%	5.2%	5.8%	6.0%	5.6%
FCF Yield	6.7%	8.0%	13.7%	13.7%	15.3%	-18.3%	16.3%	22.3%	16.7%	23.2%	28.8%	31.7%
Liquidity Ratios												
Current Ratio	1.2	1.3	1.0	1.0	1.8	1.8	2.1	2.3	2.4	2.6	3.0	3.3
Quick Ratio	1.1	1.2	0.9	0.9	1.6	1.6	1.8	2.0	2.1	2.3	2.7	3.0
Valuation												
EV/Sales	2.4	2.2	1.8	2.2	1.8	1.8	1.6	1.7	1.4	1.2	1.0	0.8
EV/EBITDA	12.3	12.9	7.9	7.7	7.0	5.6	4.9	5.9	4.5	3.6	2.9	2.4
EV/EBIT	50.6	42.9	14.6	13.8	11.7	8.9	8.3	11.8	8.2	6.6	5.3	4.5
P/E	N/M	74.3	13.9	13.3	11.0	5.7	5.9	9.5	6.4	5.5	5.1	5.4
P/CF	9.6	8.1	4.9	4.9	4.1	4.2	3.8	3.6	3.1	2.7	2.5	2.5
P/BV	1.2	1.2	1.1	1.1	1.1	1.0	0.9	0.8	0.8	0.7	0.6	0.6
Dividend Yield	0.0%	0.0%	4.6%	4.6%	6.9%	7.8%	4.6%	4.6%	5.1%	6.0%	6.5%	6.9%
FCF Yield	6.7%	8.0%	13.7%	13.7%	15.3%	(18.3%)	16.3%	22.3%	16.7%	23.2%	28.8%	31.7%

Source: Company data, QNB FS Research

Detailed Financial Statements

Income Statement

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	3,033.6	3,538.5	4,153.6	4,493.3	3,838.9	4,628.7	4,928.5	4,981.7	4,986.2
Drilling	1,231.9	1,329.3	1,743.9	1,908.3	1,189.8	1,829.0	1,984.8	1,940.8	1,863.3
Aviation	913.8	1,035.2	1,173.4	1,200.2	1,164.1	1,229.6	1,312.5	1,359.3	1,397.3
Insurance	887.8	1,173.9	1,236.3	1,384.8	1,485.0	1,570.1	1,631.2	1,681.6	1,725.5
COGS	2,416.8	2,878.8	3,222.4	3,510.3	3,188.8	3,676.6	3,866.3	3,867.8	3,925.7
Drilling	1,137.6	1,126.1	1,257.8	1,364.2	956.7	1,335.9	1,436.7	1,370.5	1,373.6
Aviation	540.9	628.0	809.7	880.9	849.0	893.7	950.6	981.1	1,005.1
Insurance	782.0	1,103.7	1,150.7	1,261.2	1,379.6	1,442.9	1,474.6	1,511.8	1,542.6
Corporate/Other	(43.7)	21.0	4.2	3.9	3.6	4.1	4.3	4.3	4.4
Gross Profit	616.7	659.7	931.3	983.0	650.1	952.1	1,062.2	1,114.0	1,060.5
Gross Margin	20.3%	18.6%	22.4%	21.9%	16.9%	20.6%	21.6%	22.4%	21.3%
Drilling	94.3	203.2	486.1	544.1	233.0	493.1	548.0	570.3	489.7
Gross Margin	7.7%	15.3%	27.9%	28.5%	19.6%	27.0%	27.6%	29.4%	26.3%
Aviation	372.9	407.3	363.7	319.3	315.2	336.0	361.9	378.2	392.3
Gross Margin	40.8%	39.3%	31.0%	26.6%	27.1%	27.3%	27.6%	27.8%	28.1%
Insurance	105.8	70.2	85.7	123.5	105.4	127.2	156.6	169.8	182.9
Gross Margin	11.9%	6.0%	6.9%	8.9%	7.1%	8.1%	9.6%	10.1%	10.6%
SG&A	166.1	192.5	199.0	250.7	226.5	271.7	290.8	292.5	291.0
Net Insurance Finance Income/Expense	(11.2)	9.9	20.9	(6.1)	5.9	6.2	6.4	6.6	6.8
Total Other Income	2.9	45.7	44.2	94.9	99.7	39.5	42.3	41.8	40.7
Net Finance Income (Expense)	(144.6)	(148.1)	(126.6)	(170.4)	(142.0)	(137.2)	(132.9)	(130.6)	(123.5)
Net Finance Income (Expense) - Subsidiaries Ex. Drilling	23.4	42.2	45.0	21.6	17.0	13.2	9.4	5.5	4.4
Net Finance Income (Expense) - Unallocated	10.3	26.6	23.5	15.3	12.1	9.3	6.7	3.9	3.1
Finance Income - Drilling	1.2	0.2	0.0	4.5	7.1	7.4	7.8	8.1	8.5
Finance Expense - Drilling	(179.4)	(217.1)	(195.1)	(211.8)	(178.2)	(167.2)	(156.7)	(148.1)	(139.5)
Taxes	(13.9)	(9.1)	(18.2)	(27.2)	(6.3)	(8.3)	(9.5)	(10.1)	(10.0)
Discontinued Operations, Non-Recurring Items/Minorities	0.8	(24.1)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Share of Profits From Equity-Accounted Investees - Drilling		18.9	11.6	0.0	0.0	0.0	0.0	0.0	0.0
Share of Profits From Equity-Accounted Investees - Aviation		1.0	12.1	15.4	17.3	17.9	18.6	19.3	20.0
Share of Profits From Equity-Accounted Investees - Catering	17.6	4.9	35.0	39.1	25.8	29.8	33.7	36.6	39.9
Share of Profits From Equity-Accounted Investees - Others		0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0
Net Income	302.3	366.3	711.0	678.0	423.9	628.3	730.0	785.0	743.4
Net Margin	10.0%	10.4%	17.1%	15.1%	11.0%	13.6%	14.8%	15.8%	14.9%
Drilling - PBT	(90.0)	(63.4)	248.2	219.9	45.5	232.0	289.1	322.7	255.4
Margin	-7.3%	-4.8%	14.2%	11.5%	3.8%	12.7%	14.6%	16.6%	13.7%
Aviation - PBT	309.5	343.5	303.7	294.1	243.1	255.8	271.8	280.3	289.9
Margin	33.9%	33.2%	25.9%	24.5%	20.9%	20.8%	20.7%	20.6%	20.7%
Insurance - PBT	71.2	102.7	137.6	138.8	103.1	123.9	153.3	166.9	180.5
Margin	8.0%	8.7%	11.1%	10.0%	6.9%	7.9%	9.4%	9.9%	10.5%
Corporate/Other/Taxes	11.6	(16.5)	21.5	25.1	32.2	16.7	15.9	15.2	17.7
EBITDA	851.9	903.9	1,337.0	1,483.7	1,143.9	1,414.6	1,577.1	1,659.0	1,648.2
EBITDA Margin	28.1%	25.5%	32.2%	33.0%	29.8%	30.6%	32.0%	33.3%	33.1%
Drilling	369.1	418.3	823.6	890.0	644.1	864.4	960.2	991.6	945.7
EBITDA Margin	30.0%	31.5%	47.2%	46.6%	54.1%	47.3%	48.4%	51.1%	50.8%
Aviation	388.4	415.2	409.6	429.2	391.7	433.3	468.8	504.4	524.1
EBITDA Margin	42.5%	40.1%	34.9%	35.8%	33.6%	35.2%	35.7%	37.1%	37.5%
Insurance	68.1	65.3	79.8	117.9	71.8	91.2	119.1	131.1	143.1
EBITDA Margin	7.7%	5.6%	6.5%	8.5%	4.8%	5.8%	7.3%	7.8%	8.3%
Corporate/Other	26.4	0.2	(10.9)	7.5	10.5	(4.0)	(4.8)	(4.7)	(4.7)
EBIT	473.3	539.8	835.1	881.7	566.3	767.7	866.0	919.1	870.1
EBIT Margin	15.6%	15.3%	20.1%	19.6%	14.8%	16.6%	17.6%	18.4%	17.5%
Drilling	88.3	155.7	443.3	427.2	216.6	391.7	438.0	462.7	386.4
EBIT Margin	7.2%	11.7%	25.4%	22.4%	18.2%	21.4%	22.1%	23.8%	20.7%
Aviation	306.2	333.1	300.3	305.3	257.8	275.8	297.1	311.0	323.4
EBIT Margin	33.5%	32.2%	25.6%	25.4%	22.1%	22.4%	22.6%	22.9%	23.1%
Insurance	0.0	61.0	75.1	112.1	65.5	84.5	112.2	124.0	135.8
EBIT Margin	0.0%	5.2%	6.1%	8.1%	4.4%	5.4%	6.9%	7.4%	7.9%
Corporate/Other	78.9	(10.0)	16.4	37.0	26.5	15.7	18.7	21.4	24.6
EPS	0.163	0.197	0.383	0.365	0.228	0.338	0.393	0.422	0.400
DPS	0.100	0.150	0.170	0.100	0.100	0.110	0.130	0.140	0.150

Source: Company data, QNB FS Research

Balance Sheet

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current Assets									
Cash & Cash Equivalents	1,143	1,296	1,240	1,025	1,304	1,633	2,096	2,837	3,515
Financial Investments	438	469	582	519	527	535	544	552	561
Insurance Contract/Accounts Receivables & Prepayments	1,026	1,042	1,206	884	866	967	1,014	1,038	1,053
Due From Related Parties	671	637	657	548	548	548	548	548	548
Inventories & Contract Assets	458	501	639	737	771	855	886	888	898
Total Current Assets	3,737	3,945	4,325	3,713	4,016	4,538	5,087	5,863	6,575
Non-Current Assets									
Financial Investments	307	368	349	567	540	540	540	540	540
Equity-Accounted Investees & Joint Ventures	28	390	395	440	448	458	468	480	492
Goodwill & Intangibles	304	-	-	-	-	-	-	-	-
Right of Use & Contract Assets	63	41	166	57	96	96	96	96	96
Property, Plant & Equipment	5,606	5,572	6,872	6,811	6,462	6,462	6,315	6,017	5,558
Non-Current Assets	6,307	6,372	7,783	7,874	7,546	7,555	7,419	7,132	6,685
Total Assets	10,043	10,316	12,107	11,587	11,562	12,093	12,506	12,995	13,259
Current Liabilities									
Short-Term Debt & Bank Overdraft	1,734	268	349	359	256	256	256	256	256
Insurance Payables, Accounts Payable & Accruals	1,800	1,933	1,894	1,354	1,401	1,540	1,597	1,623	1,660
Contract Liabilities & Lease Liabilities	49	5	166	39	41	41	41	41	41
Due to Related Parties	21	37	30	40	40	40	40	40	40
Current Liabilities	3,604	2,243	2,438	1,792	1,738	1,877	1,934	1,960	1,997
Non-Current Liabilities									
Employees EoS Benefits & Provision for Decommissioning Costs	158	81	81	89	91	91	91	91	91
Contract Liabilities, Lease Liabilities & Deferred Tax Liabilities	30	41	89	55	82	82	82	82	82
Long-Term Debt	2,662	4,180	5,266	5,037	4,797	4,745	4,577	4,496	4,240
Non-Current Liabilities	2,849	4,301	5,436	5,181	4,970	4,918	4,750	4,669	4,413
Total Liabilities	6,454	6,544	7,874	6,973	6,708	6,795	6,684	6,629	6,410
Shareholders' Equity									
Total Shareholder's Equity	3,590	3,773	4,233	4,614	4,855	5,297	5,823	6,366	6,850
Non-Controlling Interest	(0)	(0)	-	-	-	-	-	-	-
Total Shareholders' Equity	3,590	3,772	4,233	4,614	4,855	5,297	5,823	6,366	6,850
Liabilities & Shareholder's Equity	10,043	10,316	12,107	11,587	11,562	12,093	12,506	12,995	13,259

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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