



# Gulf International Services: Diversified Energy Services Leader

Gulf International Services QPSC operates as a Qatar-based holding company across four key segments: Drilling, Aviation, Insurance, and Catering.

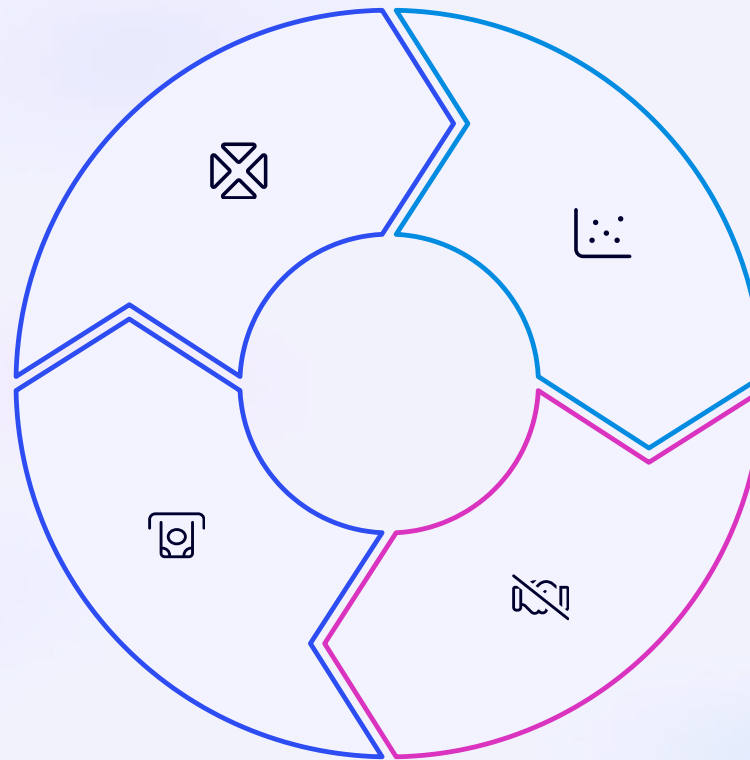
May - 2025

**Recommendation: Buy**

**Fair Value: 3.75 - 4.22 QAR**

**Growth Potential**  
Continued improvement in drilling operations and lower debt expenses

**Shareholder Returns**  
Attractive dividend yield and valuation metrics



**Margin Expansion**  
Enhanced profit margins as revenues rise against fixed costs

**Strategic Initiatives**  
Potential fifth rig contract and Al Koot Insurance listing

# Company Overview



## Drilling

Gulf Drilling International operates 15 drilling rigs, 1 jack up accommodation barge, and 2 lift boats.



## Aviation

Gulf Helicopters Company provides transportation services, offshore/onshore transport, and seismic support.



## Insurance

Al Koot Insurance engaged in the the business of medical and general insurance and reinsurance activities, in addition to vehicle insurance & individual insurance against the risk of death and accidents.



# Ownership Structure

16.71%

General Retirement & Pension

Major institutional investor

10.65%

Qatar Investment Authority

Sovereign wealth fund

10%

Qatar Petroleum

National oil company

5.15%

Military Pension Fund

Government pension entity

The ownership structure shows Gulf International Services' distribution among key stakeholders, with public float representing the largest portion at 49.2%, followed by pension funds totaling 21.86%, and government entities holding 20.65%.

# Key Financial Indicators

**P/E Ratio: 7.9**

Attractive valuation compared to industry peers

**Dividend Yield: 5.2%**

Competitive return for shareholders

**Price-to-Book: 1.47**

Trading above book value

**Market Cap: \$6.09B**

Significant market presence

## Per Share Metrics

0.38

Earnings Per Share

0.42

EPS (Trailing 12 Months)

0.17

Dividend Per Share

2.23

Book Value Per Share

1.57

Revenue Per Share

# Financial Health

## Liquidity

Current Ratio: 1.8

Quick Ratio: 1.2

Strong short-term financial position

## Leverage

Debt/Assets: 47.6%

Debt/Common Equity: 136.2%

high leverage

## Profitability

Return on Equity: 17.76%

Return on Assets: 6.34%

Strong returns on investment



# Executive Summary

1

## Financial Performance

GISS reported a net profit of QAR 222 million (38% increase) for the three months ending March 31, 2025, a decade high.

2

## Profitability Drivers

Full integration of Gulf Drill/Jack Up, higher day rates, increased MRO revenue in aviation, and higher insurance premiums.

3

## Drilling Sector

QAR499 million revenue (41% increase) driven by offshore revenue from jack-up rigs. Lift boat and barge sector also contributed. One rig has not had a contract since 2024. Profitability affected by oil prices.

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## Aviation Sector

19% revenue growth due to MRO and Redstar's increased flying hours. Concluded some international contracts. Nine percent rise in net profit driven by growth in international MRO sectors. Incorporated four additional aircraft, with five helicopters acquired.

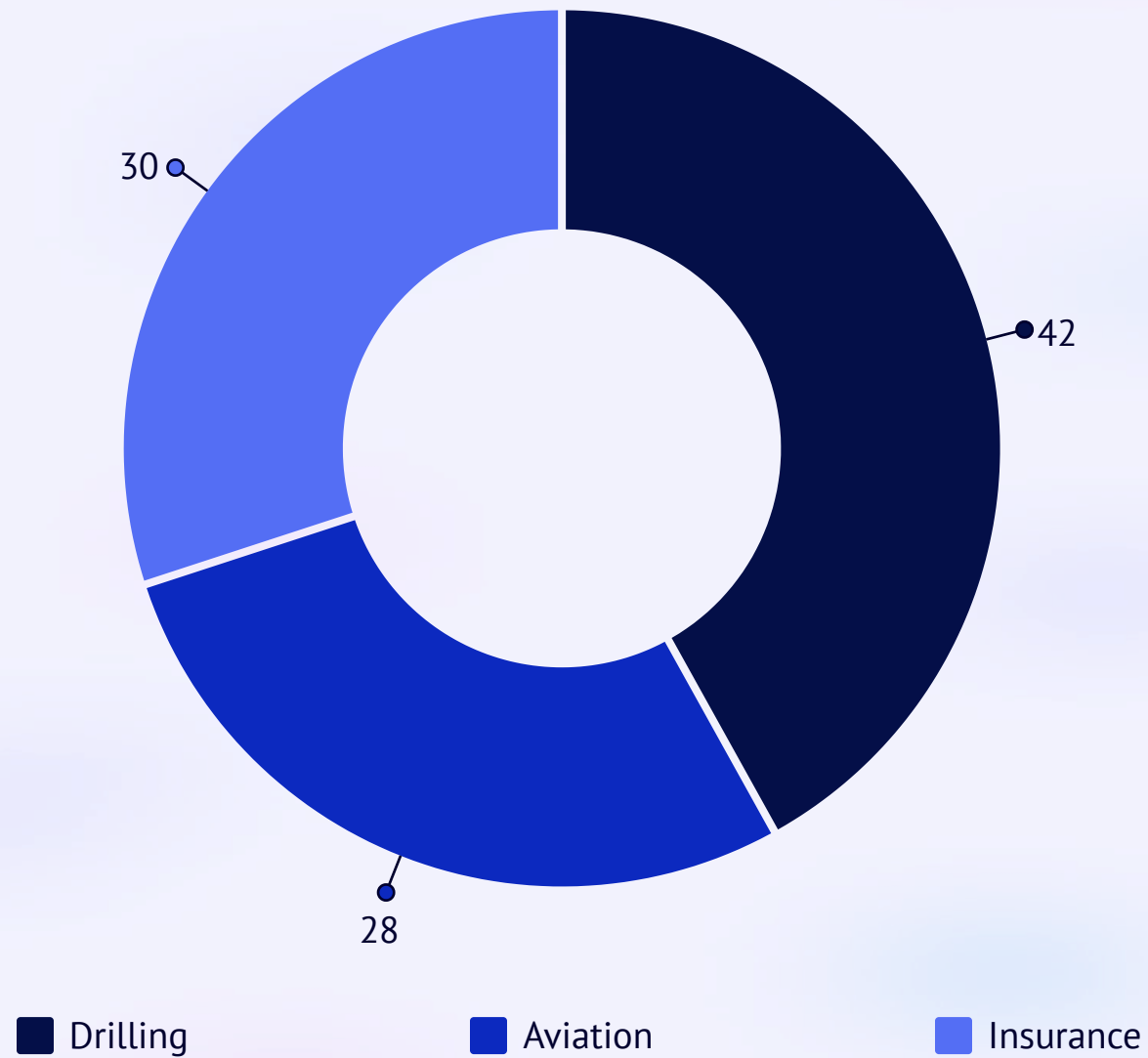
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## Insurance Segment

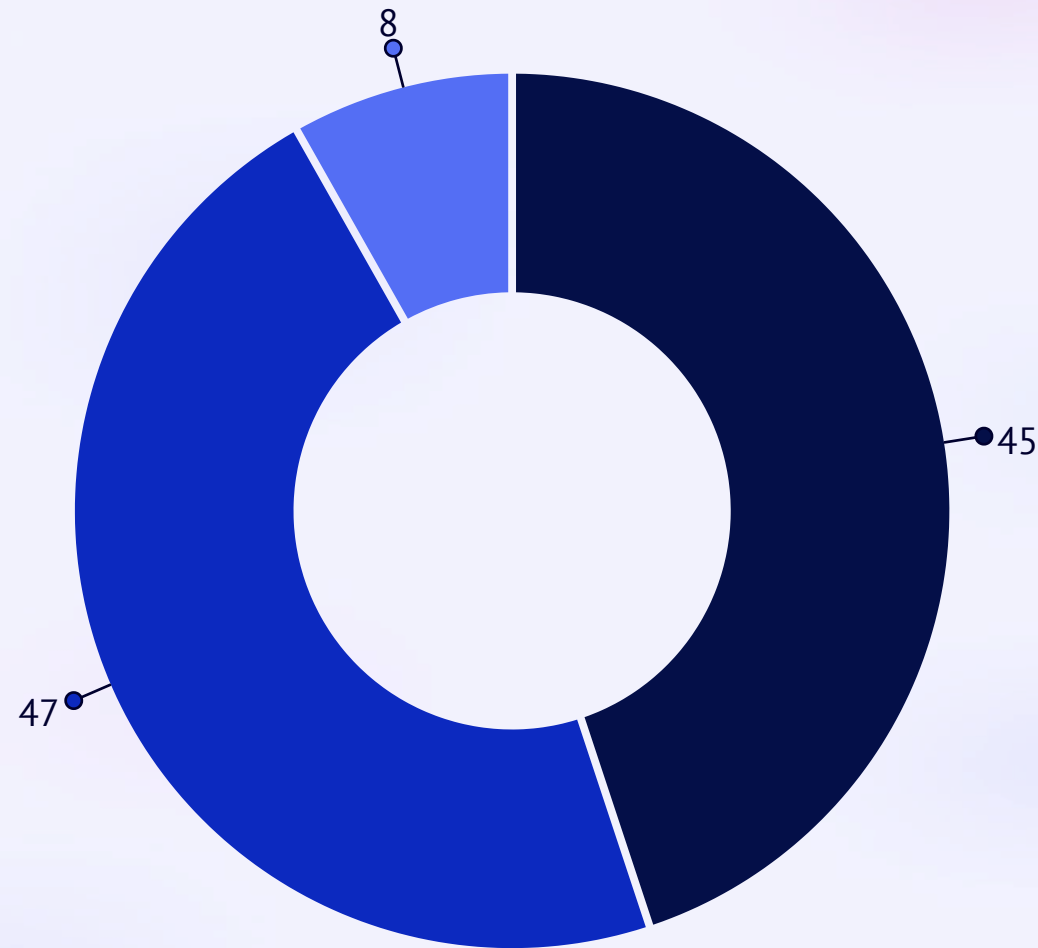
Increased revenue margins due to new medical contracts. Net earnings fell 8% year-over-year due to reduced investment income. Implementation of compulsory health insurance legislation is expected to enhance revenue.



# Revenue breakdown by segment %



# Profit breakdown by segment %



■ Drilling

■ Aviation

■ Insurance

The pie chart shows Gulf International Services' profit distribution across business segments. Aviation represents the largest portion at 47%, closely followed by Drilling at 45%, while Insurance contributes 8% to the company's profit.

# Q1 2025 Financial Highlights

## Net Profit

QAR 222 million, up 38% year-over-year

One of the highest quarterly results in a decade

## Drilling Revenue

QAR 499 million, up 41% year-over-year

Driven by acquisition of three jack-up rigs

## Aviation Growth

19% revenue increase year-over-year

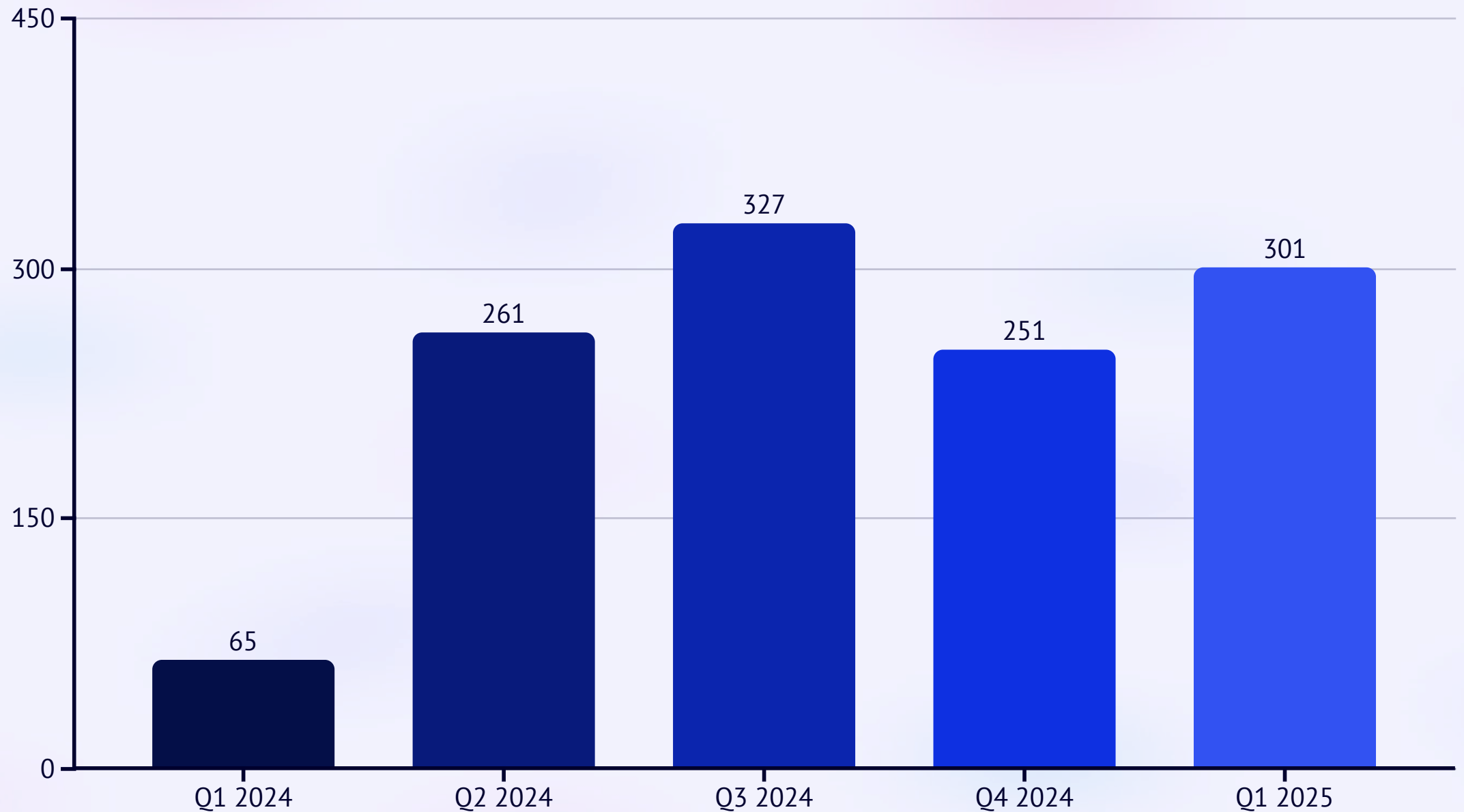
Improved MRO earnings and increased flying hours

## Insurance Performance

Increased revenue margins from new medical contracts

8% decrease in net earnings due to reduced investment income

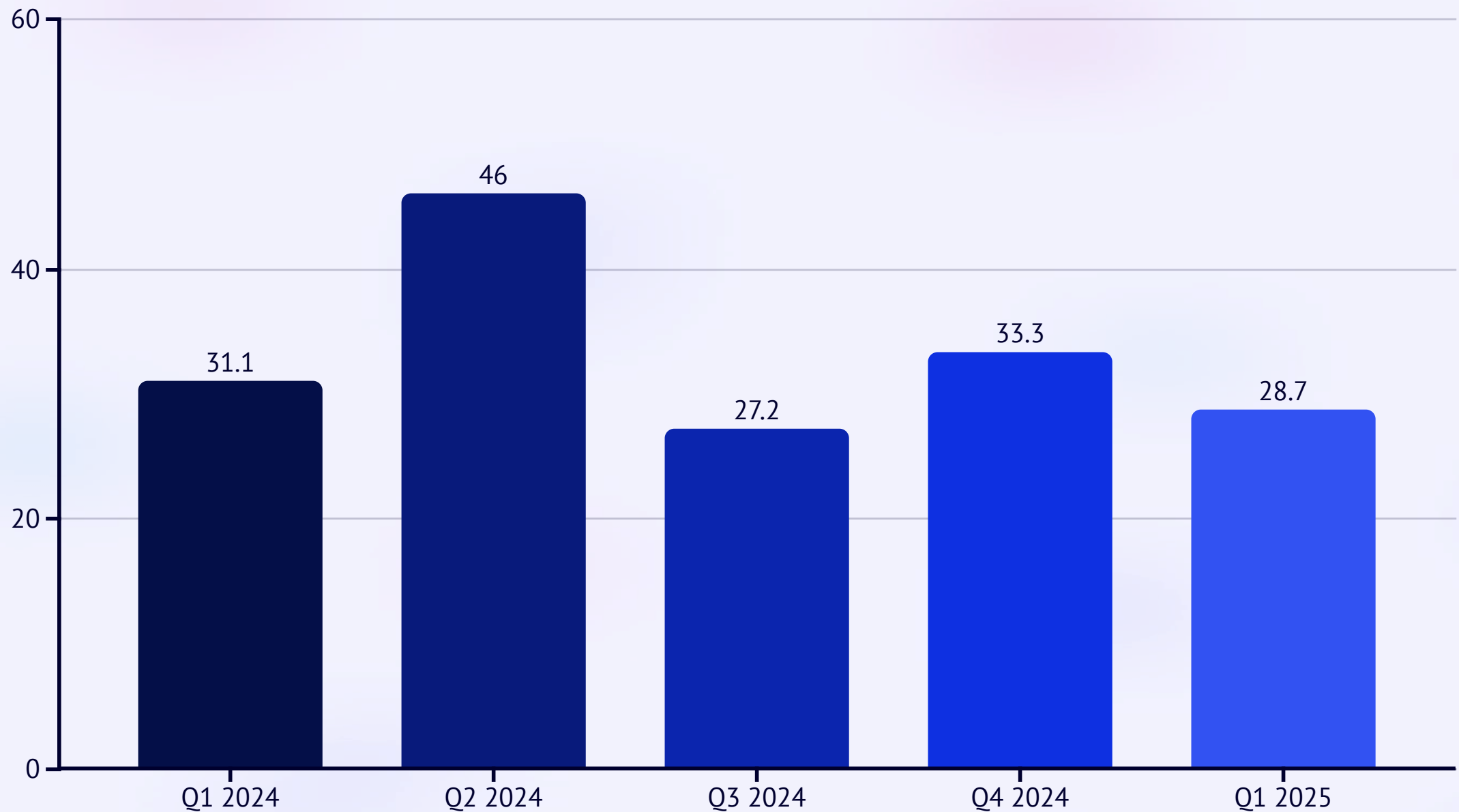
# Drilling Segment Profit (QAR m)



# Aviation Segment Profit (QAR m)



# Insurance Segment Profit (QAR m)



· The GISS plans to list part of its insurance subsidiary, Al Koot Insurance, on the Qatar Stock Exchange by 2025, but the share percentage and price are not yet disclosed.

# 2025 Projected Performance

Segment	Q1 2025 (Actual)	Q2 2025 (Est)	Q3 2025 (Est)	Q4 2025 (Est)
Drilling	82.73	90	88	84
Aviation	108.7	94	91	40.3
Insurance	28.7	42	50	40





# Drilling Segment Overview

## History

Established in 2004 as a joint venture between Qatar Energy (60%) and Japan Drilling Company (40%).

Became wholly owned by GIS in 2014.

## Strategic Partnerships

Formed a 50-50 joint venture with Seadrill Limited called 'Gulf Drill JV' for the North Field Expansion project.

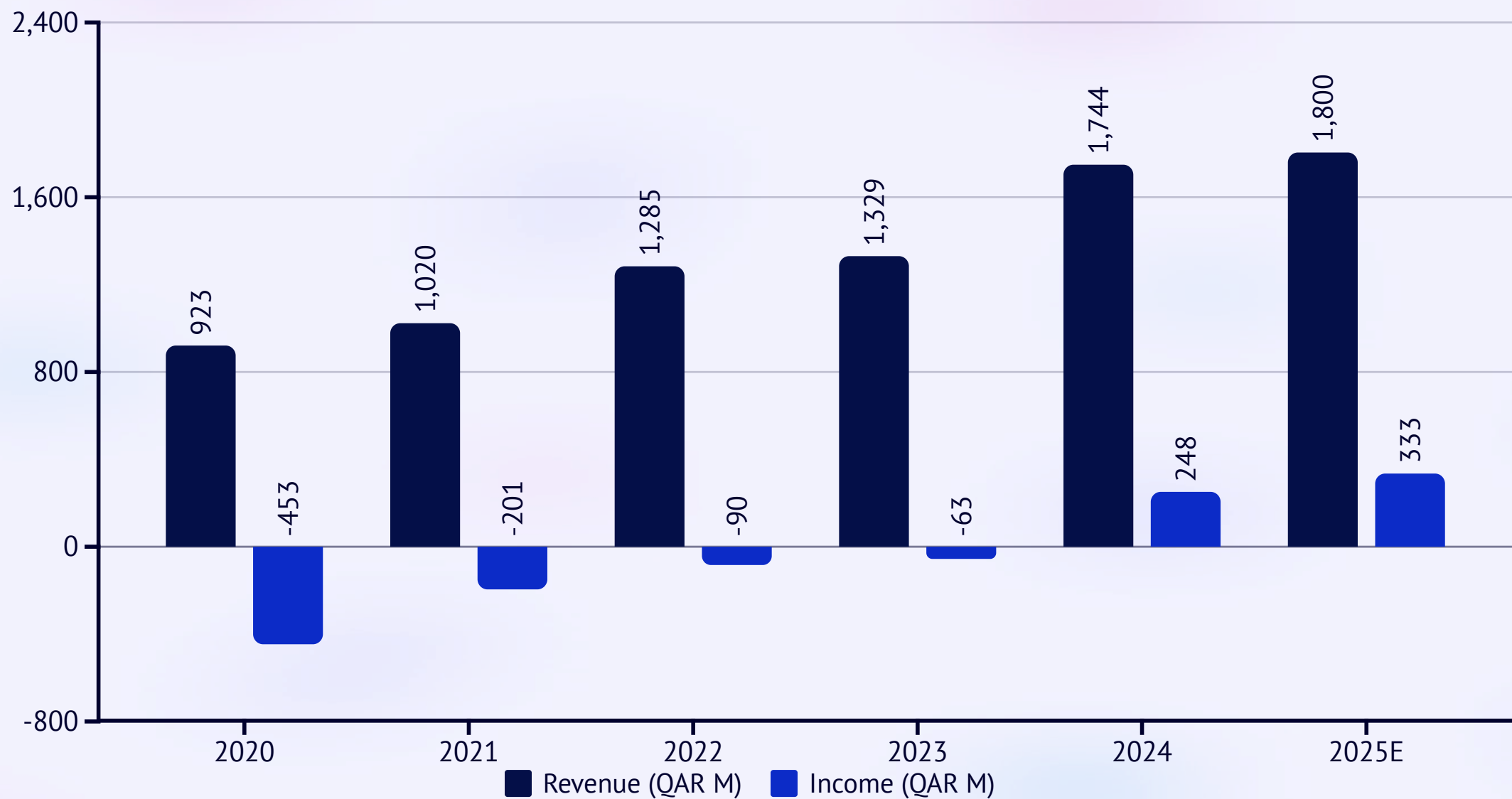
In 2024, GDI obtained the final 50% share of 'Gulf Drill JV' and also acquired the three Seadrill Jack-Up Rigs fleet located in Qatar. Consequently, Gulf Drill is now a wholly owned subsidiary of GDI.

## Current Position

Leading drilling company in Qatar with a focus on safety and efficiency.

Assets include 10 offshore rigs, 7 onshore rigs, 1 accommodation jack-up, and 2 lift boats.

# Drilling Segment Financial Performance





# Drilling Rig Utilization %

Gulf International Services has demonstrated exceptional operational efficiency in its drilling segment, with utilization rates consistently improving over the past four years. This upward trend reflects the company's strategic focus on operational effectiveness, fleet optimization, and strong client relationships in Qatar's energy sector.



The remarkable improvement from 81% to 98% utilization over four years demonstrates GIS's commitment to operational excellence and positions the drilling segment as a highly efficient contributor to the company's overall performance. This trend is expected to continue as the company leverages its expertise in Qatar's expanding energy infrastructure projects.





# Aviation Segment Overview

## Global Presence

Premier provider of commercial aviation services worldwide.

Operations across Europe, Africa, and the Middle East.

Fleet of 65 aircraft.

## Subsidiaries

Al Maha Aviation Company

Redstar Havacilik Hizmetleri A.S. (Turkey)

Gulf Helicopters Investment & Leasing Company (Morocco)

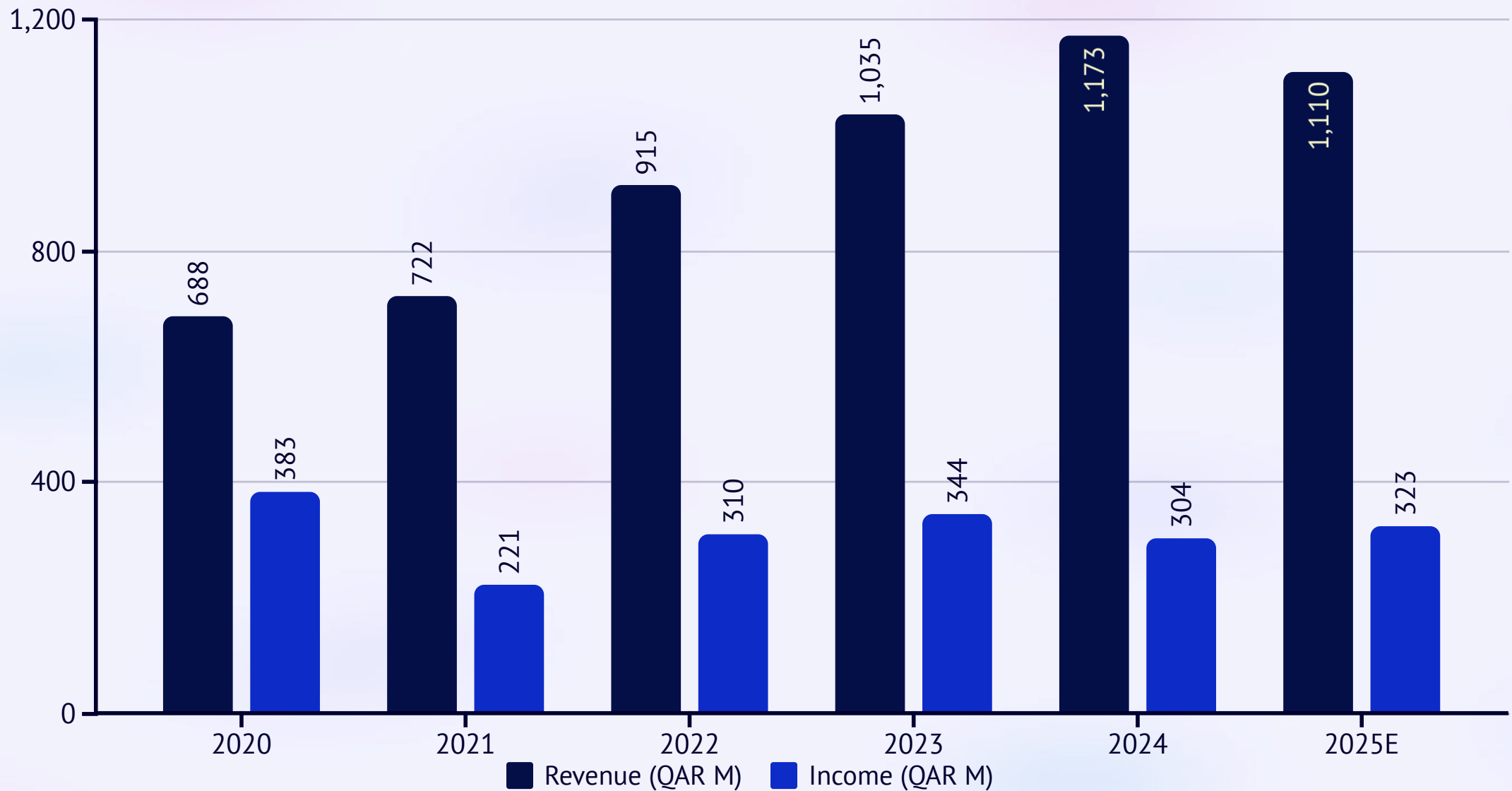
## Strategic Investments

49% interest in Air Ocean Maroc

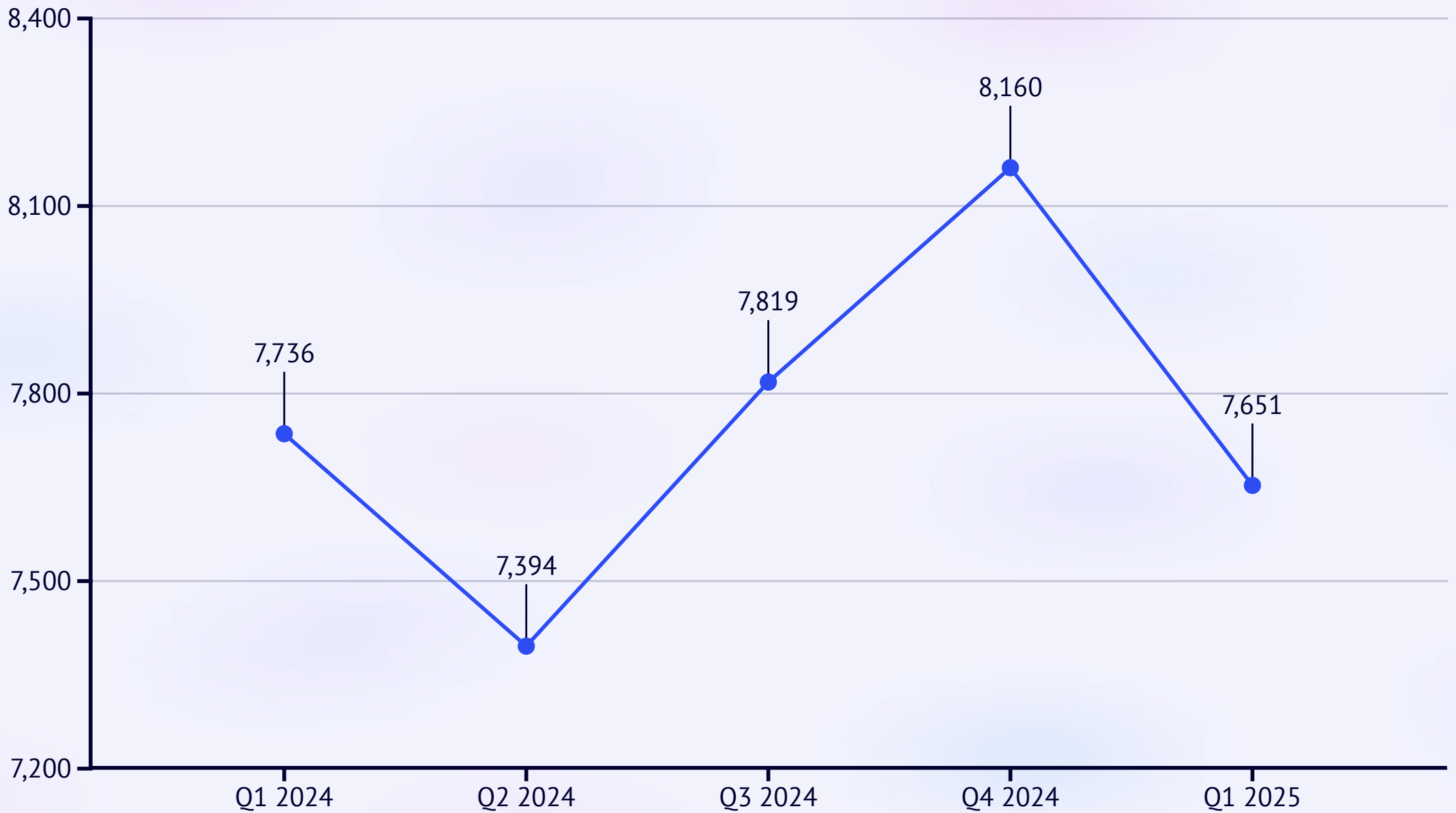
Recently sold United Helicharters Private Limited

Acquired five new helicopters with option for five more

# Aviation Segment Financial Performance



# Aviation Flying Hours



# Aviation Revenue by Country







# Insurance Segment Overview

## History

Alkoot Insurance was founded in 2003, specializing in medical, general, and vehicle insurance.

Transferred from Qatar Energy to GIS in 2008.

## Business Evolution

Became a fully commercial insurance and reinsurance entity by 2016.

Launched the motor insurance segment in April 2024.

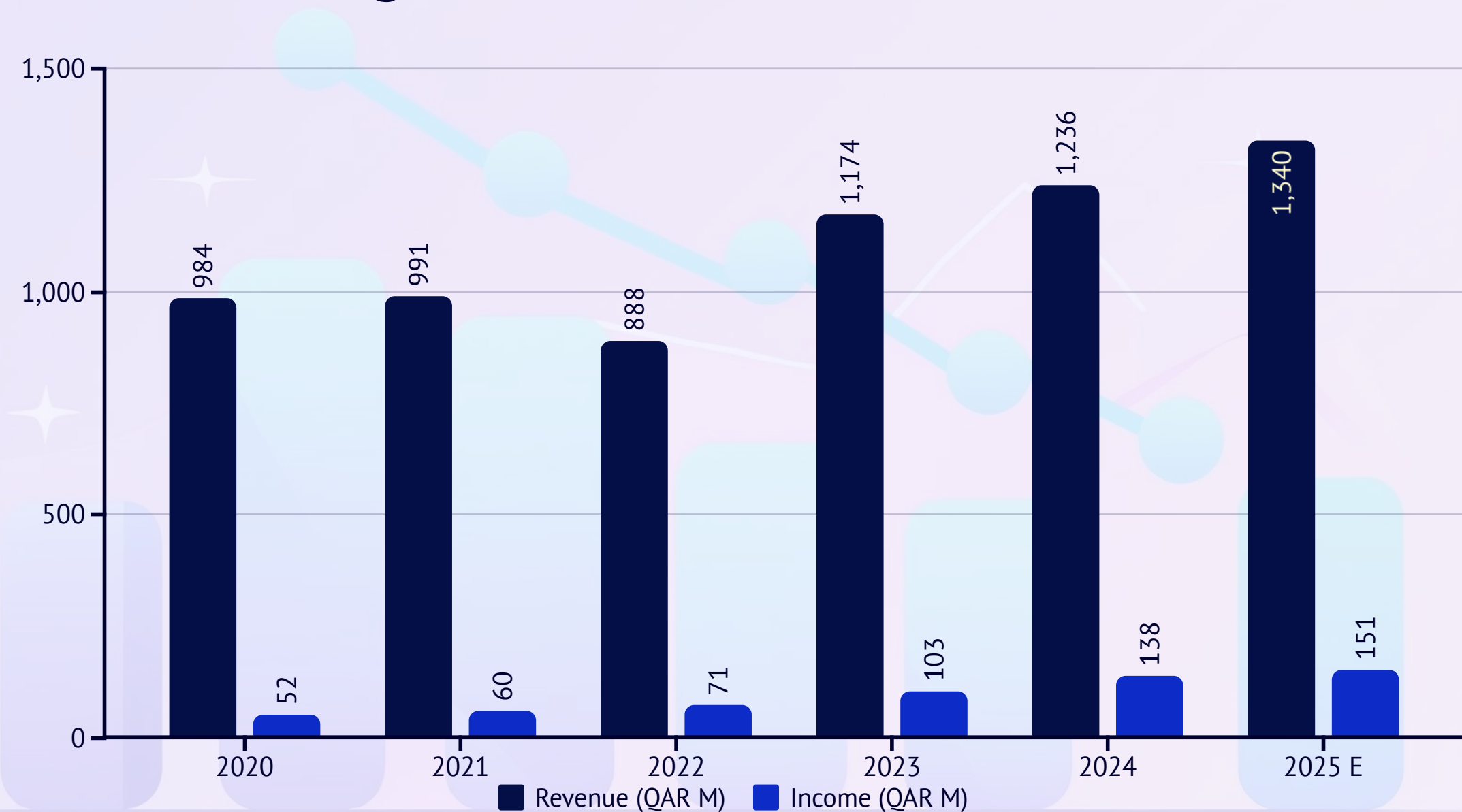
## Market Position

Strong client base in medical and energy sectors.

One of Qatar's largest insurance providers.

Planned listing on the Qatar Stock Exchange.

# Insurance Segment Financial Performance



# SWOT Analysis: Strengths

## Diverse Service Offerings

Multiple sectors (drilling, aviation, insurance) mitigate reliance on single income source.

## Strong Market Position

Leading service provider with established relationships with major clients.

## Exclusive Aviation Services

Only company in Qatar offering oil and gas helicopter services.

## Government Support

Benefits from Qatar Energy assistance and government initiatives.

# SWOT Analysis: Weaknesses

## High Operating Costs

Drilling and oilfield services require large capital and operating investments.

## Oil Sector Dependence

Susceptible to industry downturns and oil price variations.

## Regulatory Risks

Changes to regional laws or environmental standards may affect operations.

# SWOT Analysis: Opportunities

## Growing Energy Demand

Increasing global and regional consumption will drive higher demand for services.

## Market Expansion

Prospects for extending services into adjacent nations or renewable energy fields.

## Strategic Mergers

Potential for acquisitions or collaborations to improve capabilities and market presence.

# SWOT Analysis: Threats

## Oil Price Volatility

Demand for services and investments directly impacted by oil price changes.

## Geopolitical Risks

Regional conflicts or political instability may disrupt operations and supply chains.

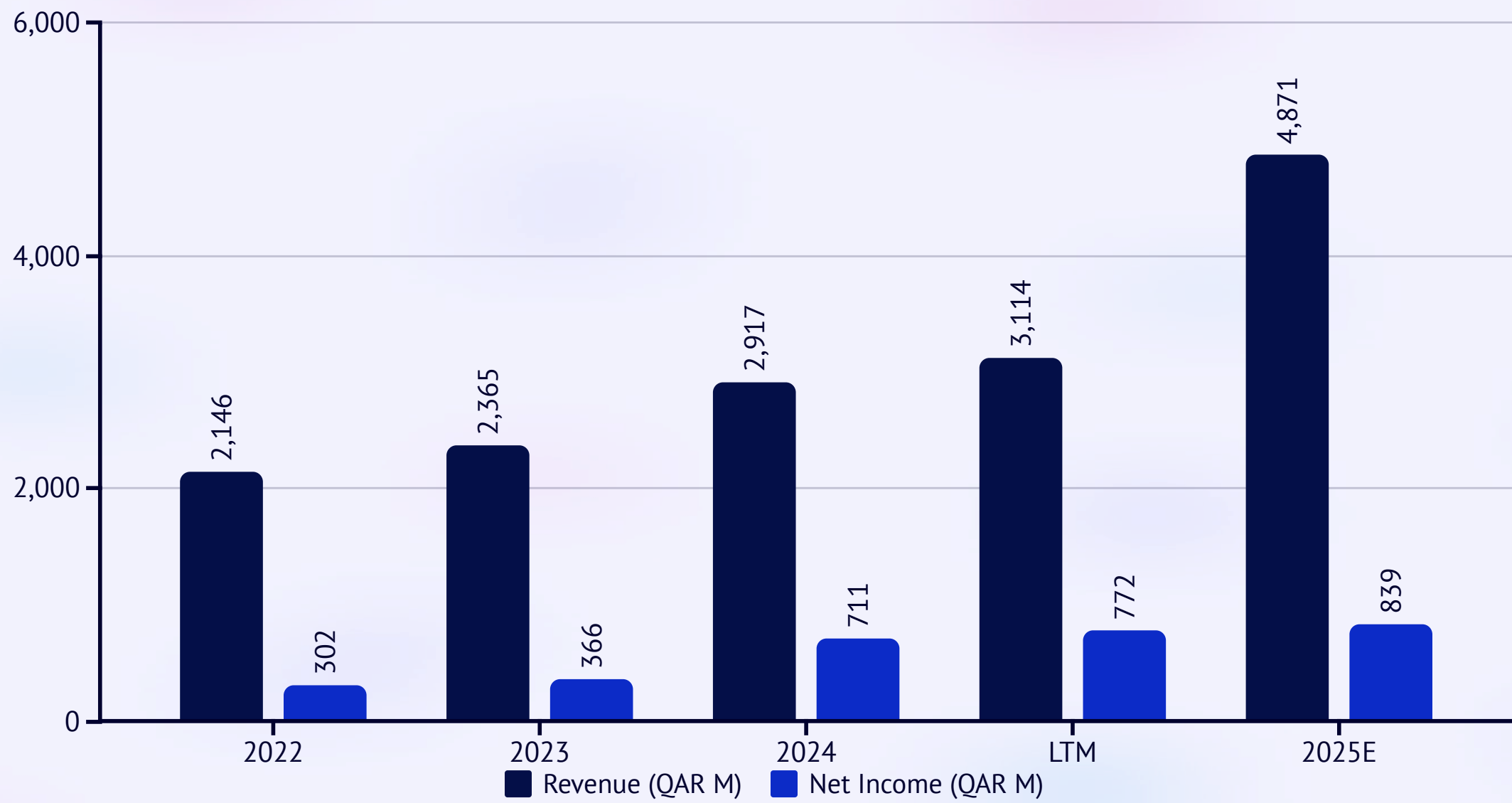
## Environmental Regulations

Increased scrutiny and regulations may result in more expenses or limitations.

## Competition

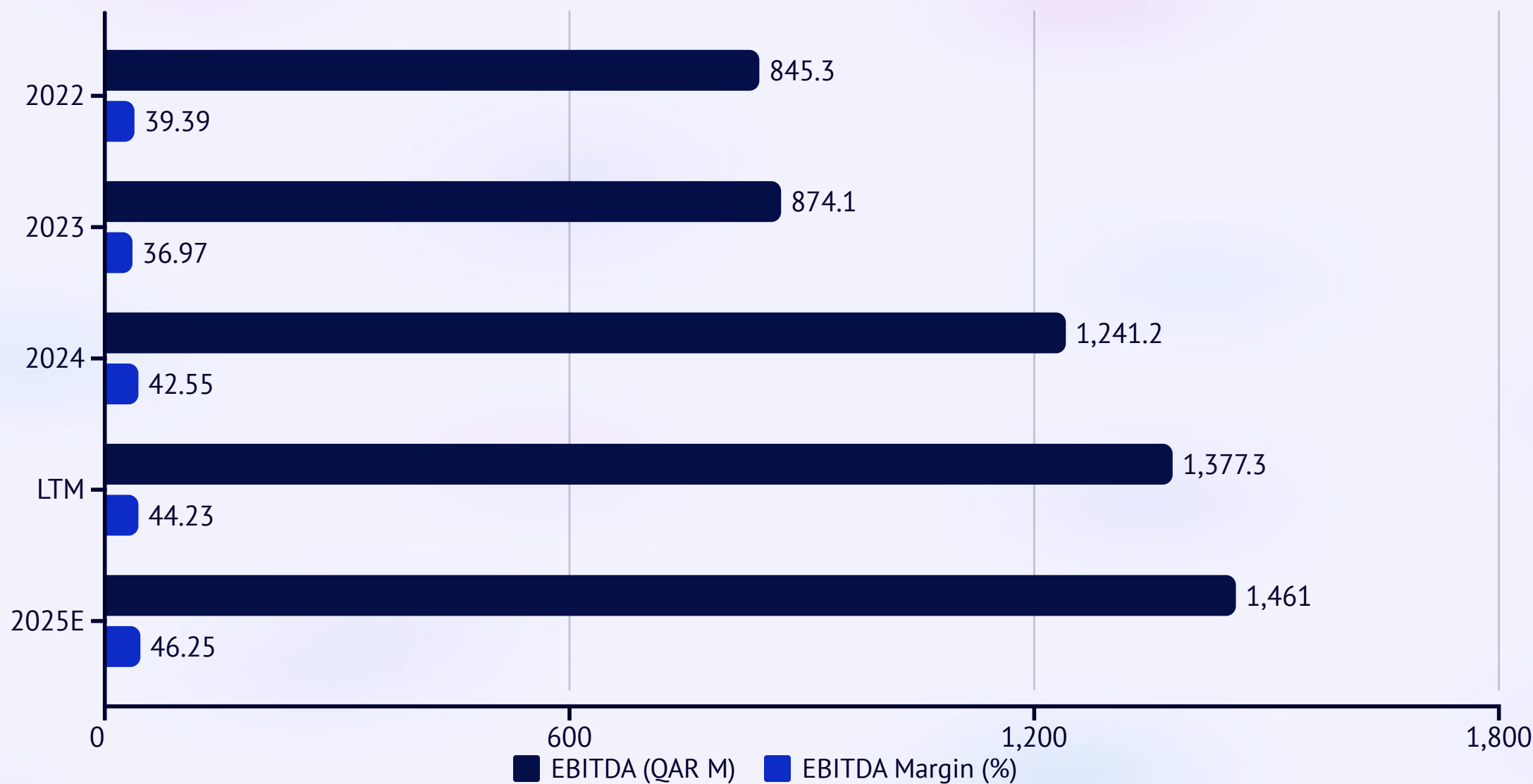
Domestic and foreign service providers may cause market share loss and price pressure.

# Financial Performance Overview

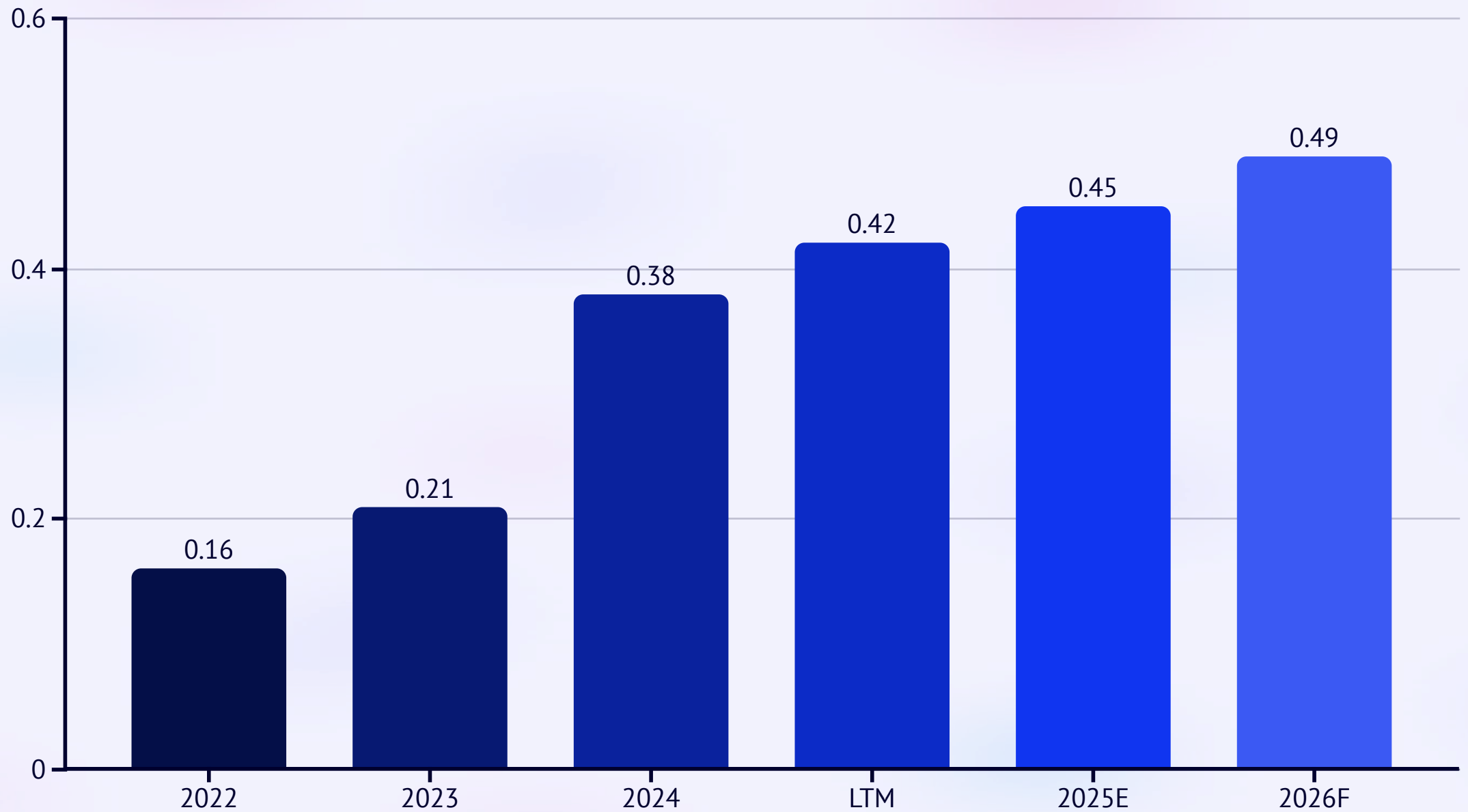




# EBITDA Performance



# Earnings Per Share Growth



# Debt Ratios Trend

	2021	2022	2023	2024
Common Equity/Total Assets	32.83	36.09	36.57	34.96
Long-Term Debt/Equity	113.9	72.78	111.42	125.69
Net Debt/Equity	99.86	79.29	73.12	94.15
Net Debt/Capital	49.96	44.23	42.24	48.49



## Financing Strategy

The operational characteristics of the company and its involvement in various activities require significant investments and financing needs that cannot be fulfilled solely by shareholders' equity. As a result, it is clear that the company relies on debt as a component of its financing strategy.



## Equity to Assets Ratio

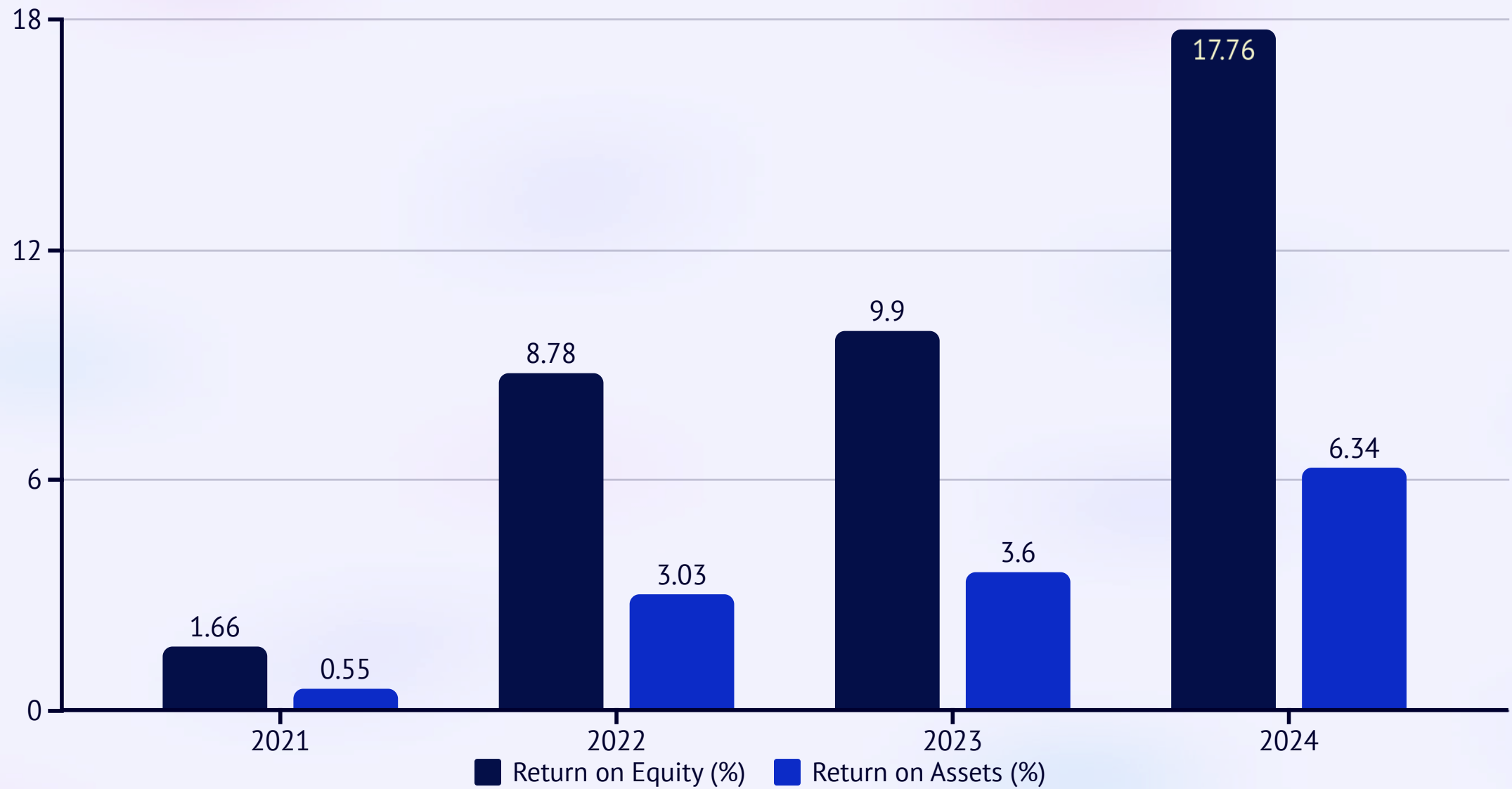
The proportion of shareholders' equity to total assets attained 35%, indicating that for every riyal spent on acquiring assets, 0.35 riyals were sourced from shareholders' equity and 0.65 riyals were derived from debt.



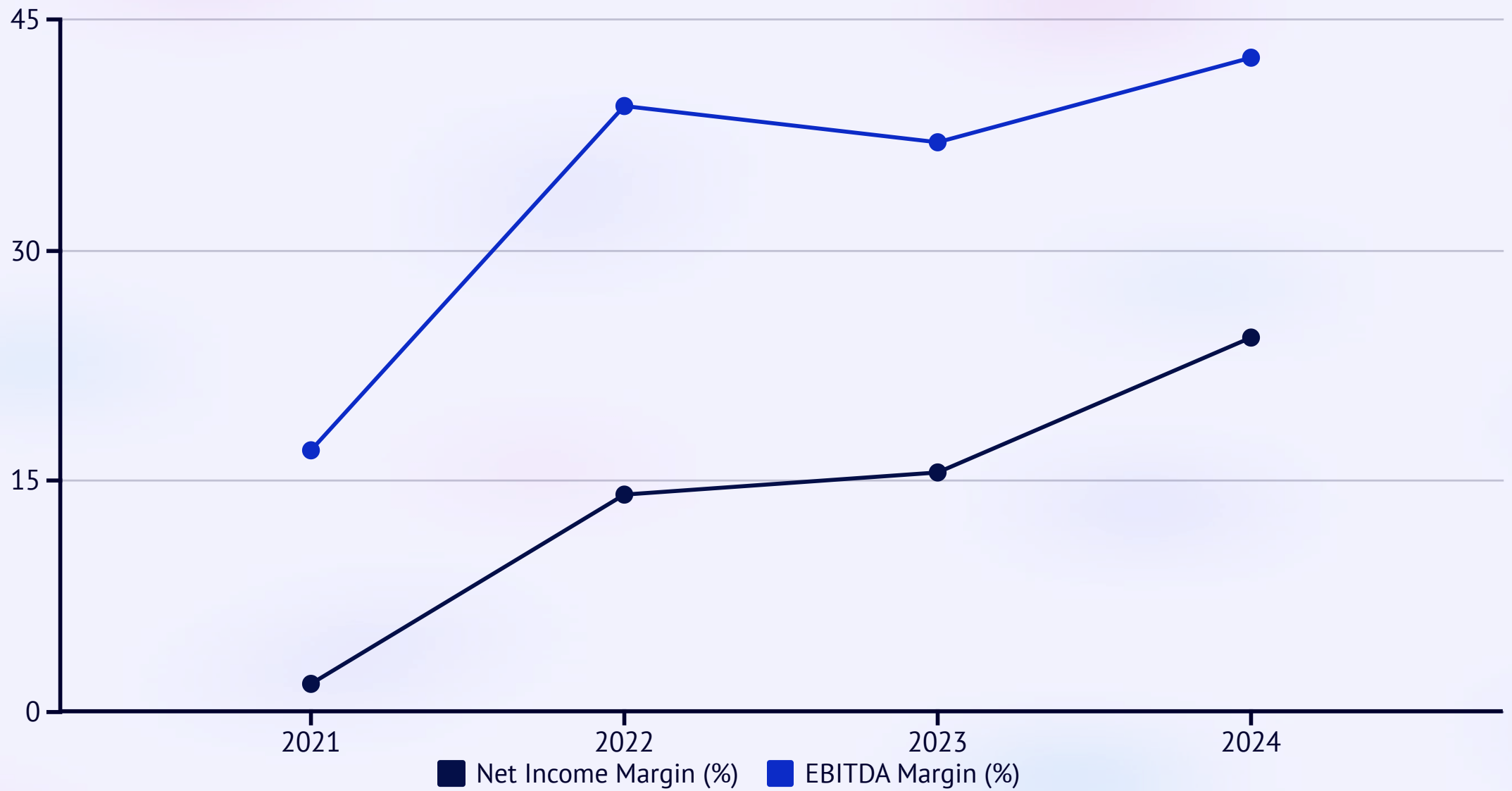
## Risk Assessment

In 2024, the net debt to equity ratio hit 95%, indicating a potential risk; nevertheless, it is consistent with industry norms when compared to GISS's competitors.

# Profitability Ratios



# Margin Performance



# Market Indicators

	2021	2022	2023	2024
Last Price	1.72	1.46	2.76	3.33
Market Capitalization	3,189.00	2,711.40	5,127.30	6,184.80
Dividends per Share	-	0.10	0.15	0.17
Dividend Payout Ratio	-	61.6	71.4	44.4
Dividend Yield	—	5.32%	3.62	4.51
Book Value per Share	1.75	1.95	2.03	2.28
Price/Book Value	0.98	0.75	1.36	1.46
P/E	59.17	8.99	13.13	8.7

# Stock Performance

## Performance

1 day	-1.91%	
1 week	-0.80%	
Current month	+4.70%	
1 month	+10.93%	
3 months	-5.17%	
6 months	+6.04%	
Current year	-3.00%	
1 year	+0.62%	
3 years	+73.55%	
5 years	+139.64%	
10 years	-59.09%	

## Annual variations

2025	-3.00%	
2024	+20.62%	
2023	+89.10%	
2022	-14.98%	
2021	+0.06%	
2020	-0.29%	
2019	+1.18%	
2018	-3.95%	
2017	-43.09%	
2016	-39.61%	
2015	-46.96%	



# Valuation

## 1. DCF

QAR millions		Projections					Terminal
		2025 E	2026 F	2027 F	2028 F	2029 F	
Profit before tax		729.4	774.0	797.0	810.0	825.0	810.7
(-) Net interest income/expense		(115)	(125)	(110)	(90)	(70)	(65)
(+) Depreciation & Armortization		620	650	625	620	600	590
<b>EBITDA</b>		<b>1,464</b>	<b>1,549</b>	<b>1,532</b>	<b>1,520</b>	<b>1,495</b>	<b>1,466</b>
(-) Tax		48	50	52	53	51	51
(-): Capex		685	750	600	500	500	500
(-): Change in NWC		180	150	110	100	100	100
<b>Free Cash Flow (FCF)</b>		<b>551</b>	<b>599</b>	<b>770</b>	<b>867</b>	<b>844</b>	<b>815</b>
<b>Terminal value</b>							<b>12,468</b>
WACC / Discount rate	9.73%					=	
Long-term growth rate	3.00%						
Timing of FCF (mid year)		0.50	1.00	2.00	3.00	4.00	4.50
<b>Present value of FCF</b>		<b>526</b>	<b>546</b>	<b>639</b>	<b>656</b>	<b>582</b>	<b>8,210</b>
<b>Enterprise value</b>	<b>11,160</b>						
Projection period	2,950	26.4%					
Terminal value	8,210	73.6%					
(-) Current net debt	3,985						
<b>Equity value</b>	<b>7,175</b>						
(/) Outstanding shares	1,858						
<b>Fair Value Per Share</b>	<b>3.86</b>						

		WACC			
		9.23%	9.73%	10.23%	
2.5%		3.95	3.54	3.18	
3.0%		4.33	3.86	3.46	
3.5%		4.78	4.24	3.78	

## 2. Earning Power

### Earnings Power Value

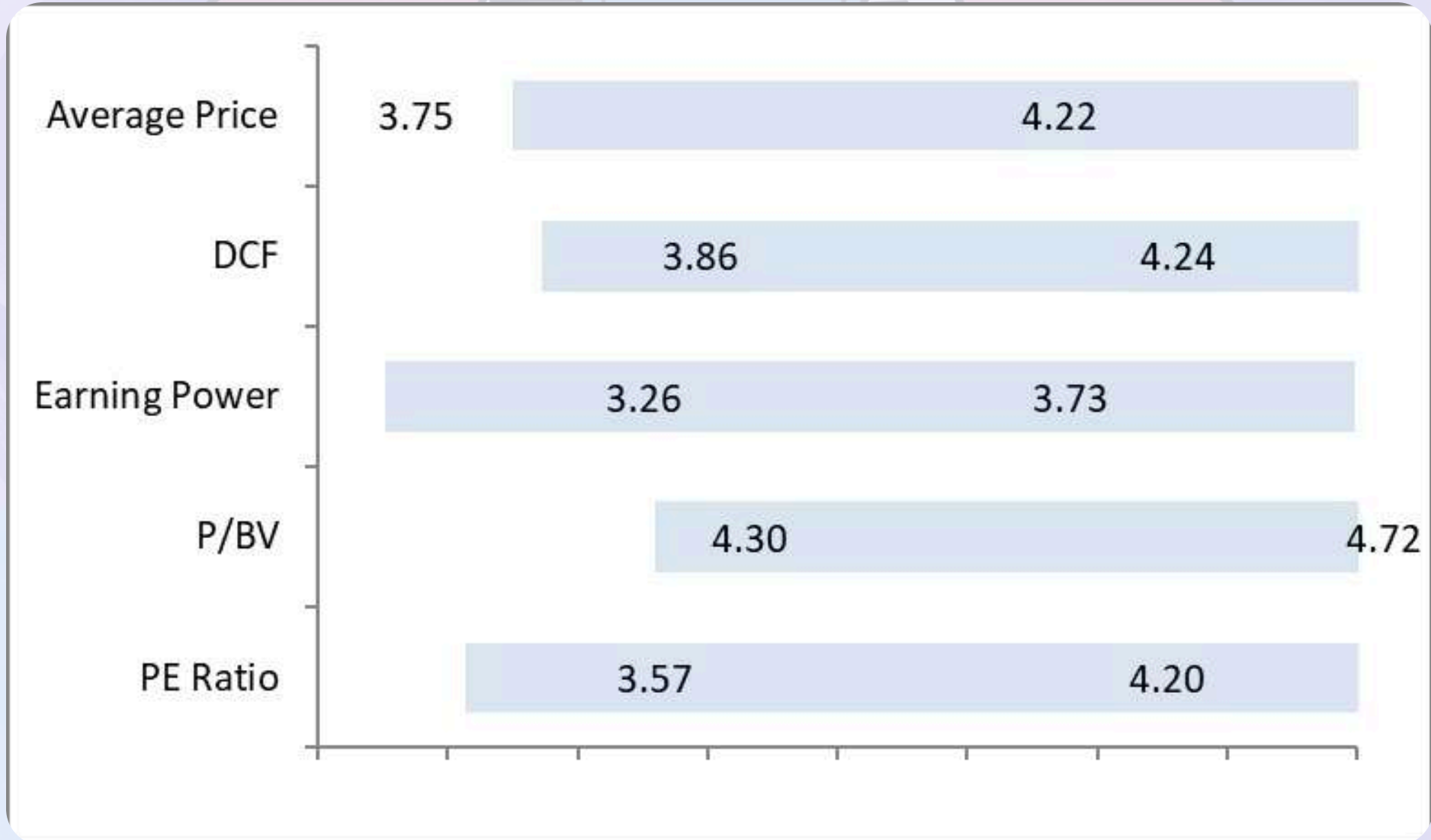
		2024	2025	2026	2027	2028
Revenue		2,917	3,985	4,185	4,250	3,850
Sustainable revenue	4,095					
Gross margin		22.00%	24.00%	25.00%	25.00%	25.00%
Sustainable gross margin	28.00%					
<b>Sustainable gross profit</b>	<b>1,147</b>					
Research & Development		11	14	16	18	22
Selling, G&A expense		197	255	275	270	240
<b>Total operating expenses</b>	<b>208</b>	<b>208</b>	<b>269</b>	<b>291</b>	<b>288</b>	<b>262</b>
% of Revenue		7.13%	6.75%	6.95%	6.78%	6.81%
(-) Maintenance operating expense	150					
<b>Normalized EBIT</b>	<b>997</b>					
Tax rate		24.56%	16.28%	15.94%	14.43%	13.30%
Selected tax rate	2.50%					
<b>After-tax Normalized EBIT</b>	<b>972</b>					
Capex		555	450	425	400	400
Depreciation & Amortization		650	600	550	500	380
<b>Difference</b>	<b>(90)</b>	<b>(95)</b>	<b>(150)</b>	<b>(125)</b>	<b>(100)</b>	<b>20</b>
(-) 5y Average Difference	(90)					
<b>Normalized Earnings</b>	<b>1,062</b>					
		<b>1st Scenario</b>	<b>2nd Scenario</b>			
Normalized Earnings	1,062	1,062	806			
(/) WACC	9.73%	9.73%	8.03%			
<b>Enterprise Value</b>	<b>10,911</b>	<b>10,911</b>	<b>10,037</b>			
(-) Net debt	3,985	3,985	3,985			
<b>Equity Value</b>	<b>6,926</b>	<b>6,926</b>	<b>6,052</b>			
(/) Outstanding shares	1,859	1,859	1,859			
<b>Fair price</b>	<b>3.73</b>	<b>3.73</b>	<b>3.26</b>			

Upside  
8.3%

Stock Price  
3.23 QAR

Fair Price  
3.49 QAR

# Valuation Summary



Equity

100

\$0,100

# Disclaimer



Qatar Securities Company has prepared this report to provide an unbiased analysis of the business's performance. It's important to note that the assessment is based on assumptions that may vary in interpretation and may not be entirely accurate. This document focuses on evaluating the company's financial status, not as a solicitation to buy or sell. There may be a conflict of interest since this stock is part of investment portfolios managed by Qatar Securities Company.

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