

Mannai Corporation QSC

Overview & Update Arqaam Capital Investors Conference

**Meydan, Dubai
September 2014**



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Mannai Corporation Q.S.C. cautions investors that certain statements contained in this document state Mannai Corporation's management's intentions, hopes, beliefs, expectations, or predictions of the future and, as such, are forward-looking statements.

Mannai Corporation management wishes to further caution the reader that forward-looking statements are not historical facts and are only estimates or predictions. Actual results may differ materially from those projected as a result of risks and uncertainties including, but not limited to:

- Future sales growth
- Market acceptance of our product and service offerings
- Our ability to secure adequate financing or equity capital to fund our operations
- Our ability to enter into strategic alliances or transactions
- Regulatory approval processes
- Changes in technology
- Price competition
- Other market conditions and associated risks

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The Mannai Corporation undertakes no obligation to update publicly or otherwise any forward-looking statements, whether as a result of future events, new information, or otherwise.

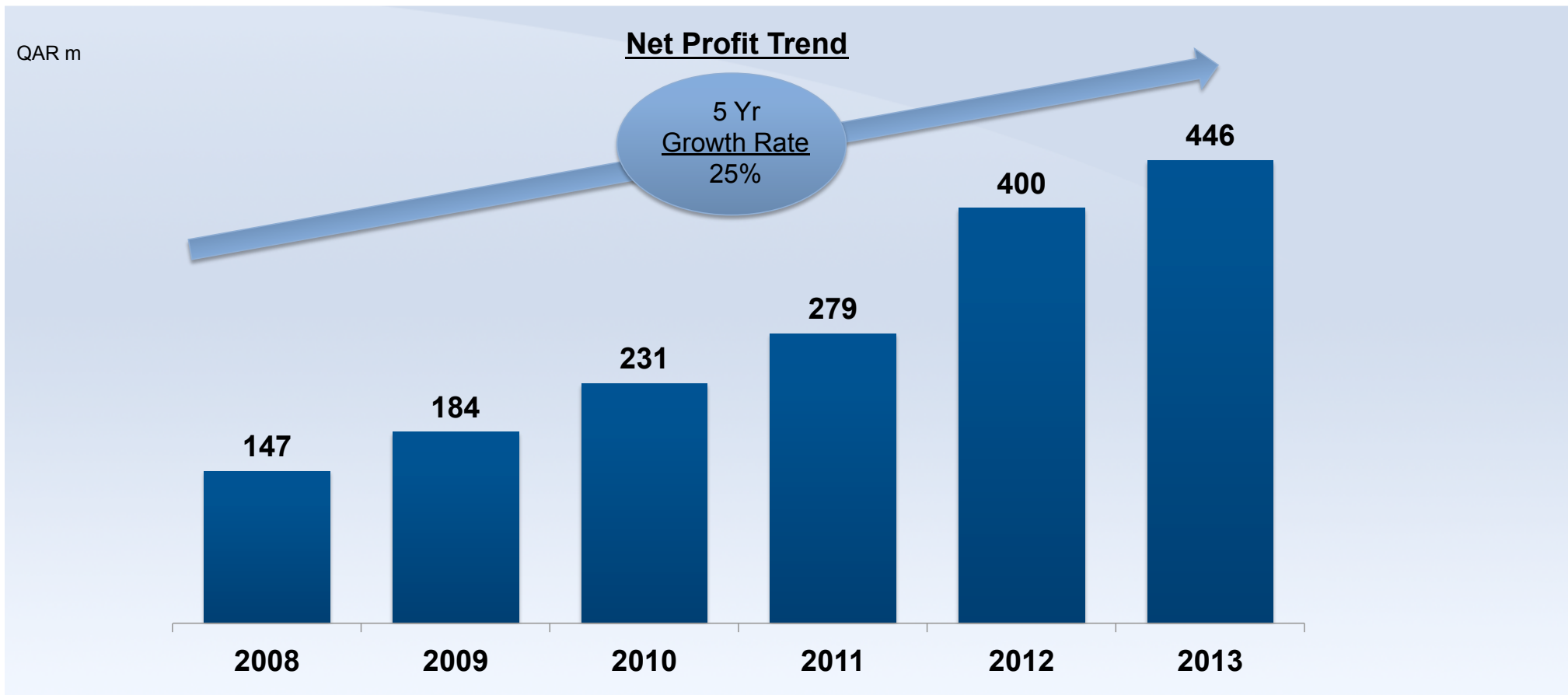
A Brief History

The Mannai Group was founded in 1951. Mannai Corporation's core activities include engineering services to the oil & gas sector, automotive and heavy equipment distribution and service, information and communication technology, office systems, medical equipment, home appliances and electronics, logistics and warehousing, geotechnical, geological, environmental and material testing services, facilities maintenance and management service, travel services, trading and representation.

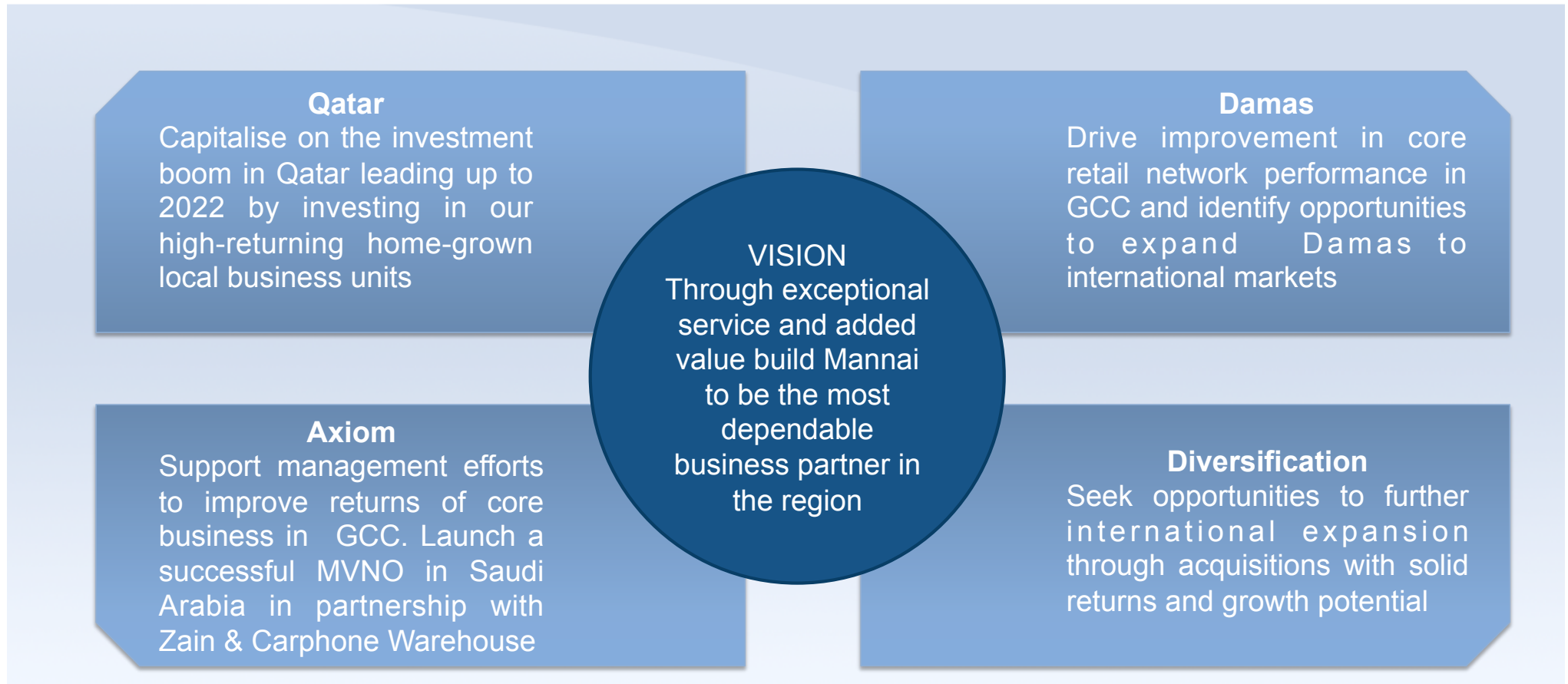
In 2011, Mannai expanded within the GCC through the acquisition of a 35% share of Axiom Telecom and in 2012, a 66% share of Damas Jewellery, increasing to 100% in 2014.

Mannai is listed on Qatar Exchange and employs around 6,000 people.

Track Record of Solid Double Digit Growth



Strategic Priorities



Major Business Units

Damas Jewellery

- Largest Jewellery retailer in GCC with over 230 owned and managed retail outlets
- 100% owned by Mannai since January 2014

Information & Communication Technology

- Leading systems integrator in for major international IT partners
- Majority market share across Cisco, HP and Oracle

Auto Group

- Sales & aftersales of GMC, Cadillac and Subaru in Qatar; Chevrolet, Opel and Toyota in Turkey
- Specialising in premium SUV/Pick-Up models; Sierra, Yukon and Escalade

Axiom Telecom

- Largest mobile phone retailer and distributor in the GCC with 575 outlets
- Mannai acquired 35% stake in 2011

Diverse Qatar Operations

Gulf Laboratories

- Leading Geotechnical & Material Testing Company established in Qatar during the 1970s

Heavy Equipment

- Distribution of JCB, Grove Cranes, ThermoKing, Daewoo Bus, DAF Trucks, TCM forklifts & Massey Ferguson

Home Appliance and Electronics

- Wholesale and Retail distribution of Toshiba Electronics, Moulinex, White Westinghouse and Seiko

Energy & Industrial Markets

- Representation of international partners in Oil & Gas, Utilities, HVAC & Infrastructure

Industrial Supplies and Building Materials

- Distribution of industrial tools, welding material, specialised waterproofing material; Siemens turbine services

Mannai Air Travel

- 2nd largest travel agent in Qatar specialising in Corporate travel, GSA for FlyDubai and Visa Processing Services

Manweir

- Service & Repair workshop for Oil & Gas, Petrochemical & Marine Industries

Cofely Besix Mannai Facilities Management

- Provision facilities management services to top companies in Qatar

Qatar Logistics

- Freight Forwarding, Third Party Logistics and Relocations

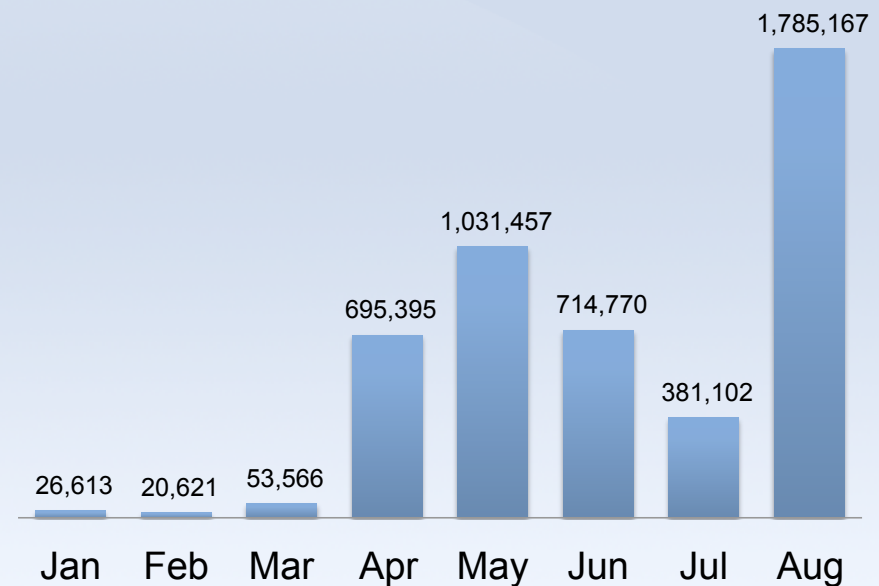
Our Customers



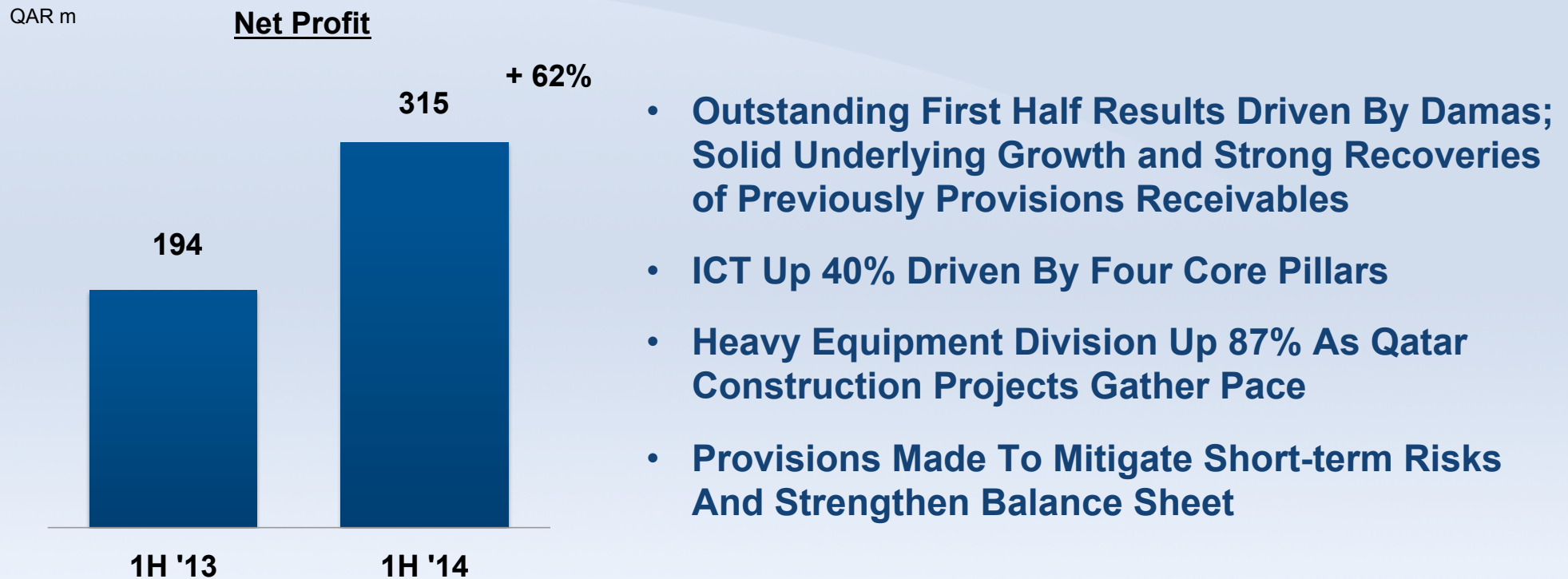
Share Liquidity Update

- Entered into agreement with “The Group” to provide liquidity provision services for Mannai shares
- Costs incurred borne by Mannai
- Significant increase in monthly trading volume; 36% of all trades have involved the liquidity provider
- Number of shareholders doubled since April 2014

Shares Traded by month - 2014



Strong Growth In 1H Net Profits; Up 62% To 315m

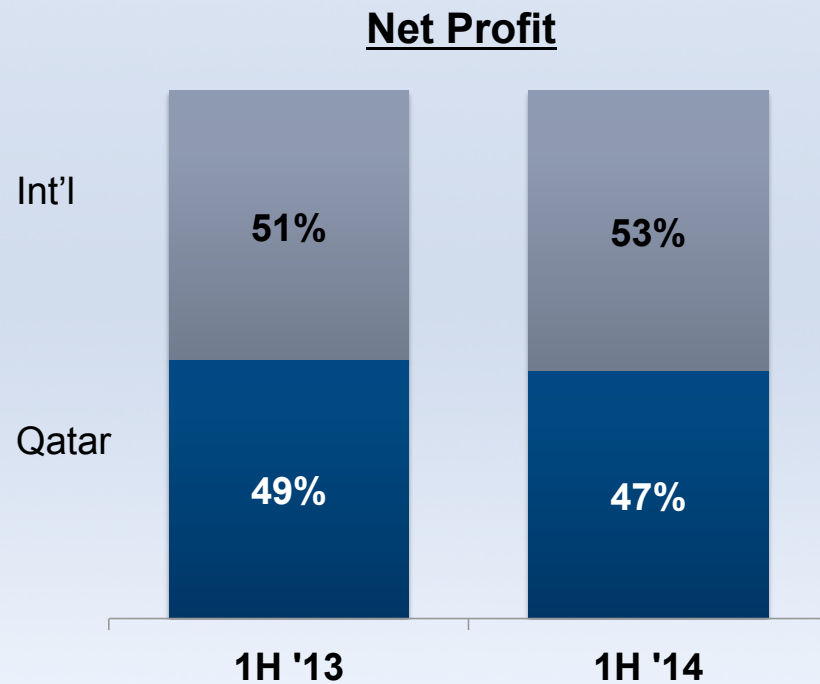


Financial Highlights

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	1H 2013	1H 2014		
Net Profit	194m	315m	62%	▲
Revenues	2,946m	2,805m	(5)%	▼
Gross Profit %	18.8%	19.3%	0.5 pts	▲
Net Profit %	6.6%	11.2%	4.6 pts	▲
Capital Employed	4,424m	4,448m	0.5%	▲
Earnings Per Share	4.25	6.91	63%	▲
Return on Equity	18%	32%	14 pts	▲

Damas Driving Increase In International Profits

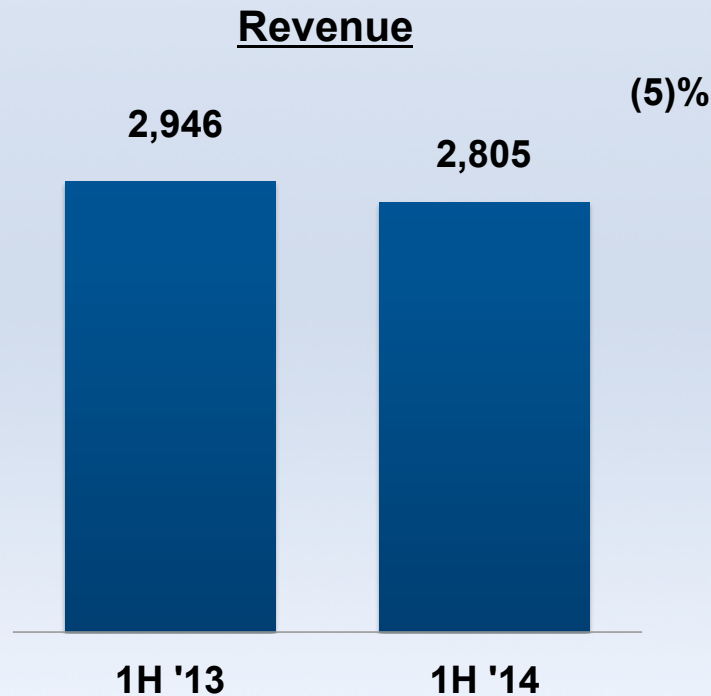


- 53% of profit derived overseas
- Core Growth in Damas is offsetting fall in Axiom Contribution

*Profit before significant items

Top-Line Growth Impacted by Gold Price and Demand

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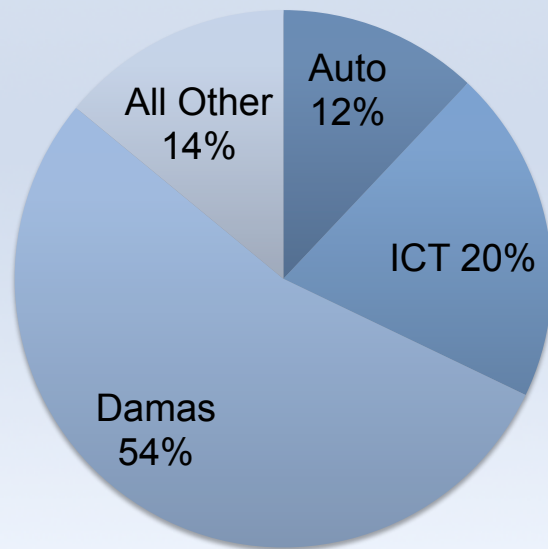


- Revenue impacted by Drop in Gold Price and Underlying Demand, lowering Damas Revenue by 410m (25%); Higher margins resulted in only (24)m loss to Gross Profit
- Excluding Gold; Revenues up 16%
- Qatar Revenues Up 14%; driven by business exposed to infrastructure investments; ICT up 22%; Heavy Equipment up 87% to 142m; Geotechnical up 42%

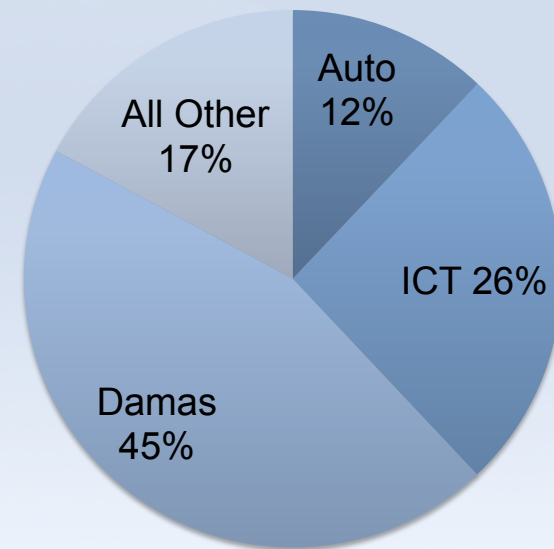
Damas Revenue Contribution falls to 45% as a result of Gold

Revenue Mix

1H '13



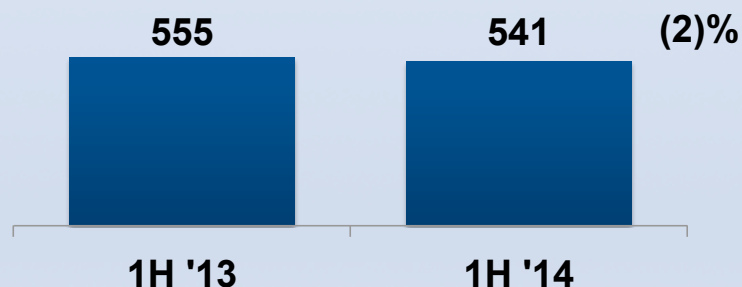
1H '14



Improvement in Gross Margin Across 3 Key Businesses

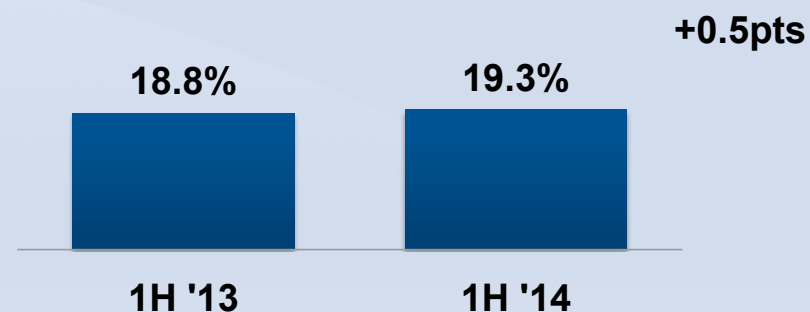
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Gross Profit



- Inventory Provisions in Damas reduce Gross Profit by 110m; Prior year impacted by loss on unhedged Gold of 40m
- Excluding significant items, Gross Profit up 10% and Gross Margin is 23%
- All Other Gross Profit impacted by drop in high margin Home Appliance Sales as a result of Warehouse Fire & Heavy Equipment Mix

Gross Margin %

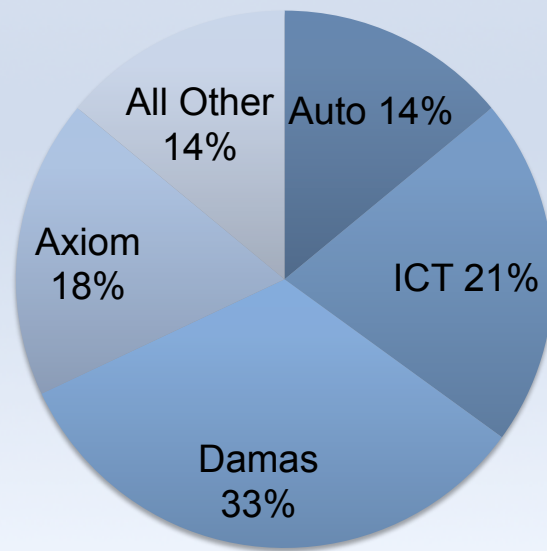


	<u>2014%</u>	<u>V pts</u>
Auto	21.2%	1.8 pts
ICT	13.6%	0.8 pts
Damas	20.5%	1.3 pts
All Other	23.3%	(1.7) pts

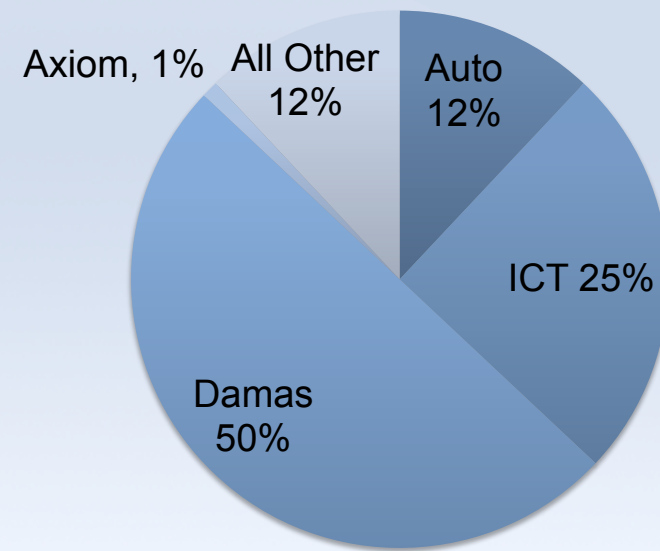
Strong Damas result increases share to half of group profits

Net Profit Mix

1H '13



1H '14

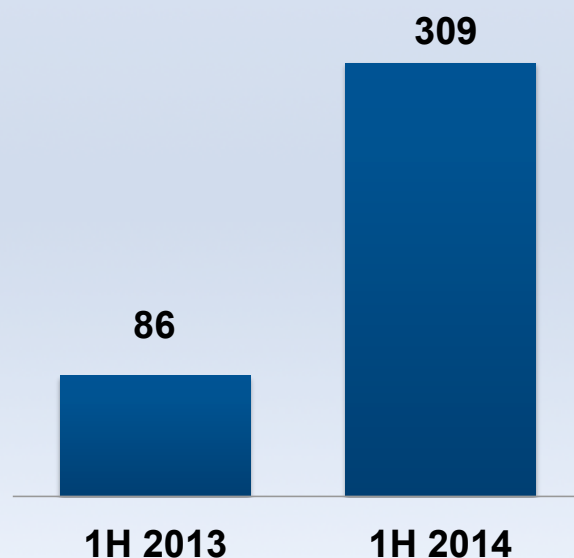


*Profit before significant items and directors fees

Other Income Increases Due to Continued Damas Recoveries

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Other Income



- Other Income driven by significant items in Damas; recoveries of previously provisioned receivables in Damas of 273m, up from 69m in 1H'13
- Gain on sale of land and properties contributed 20m in 1H'14
- Resolution and collection of legacy receivables continues

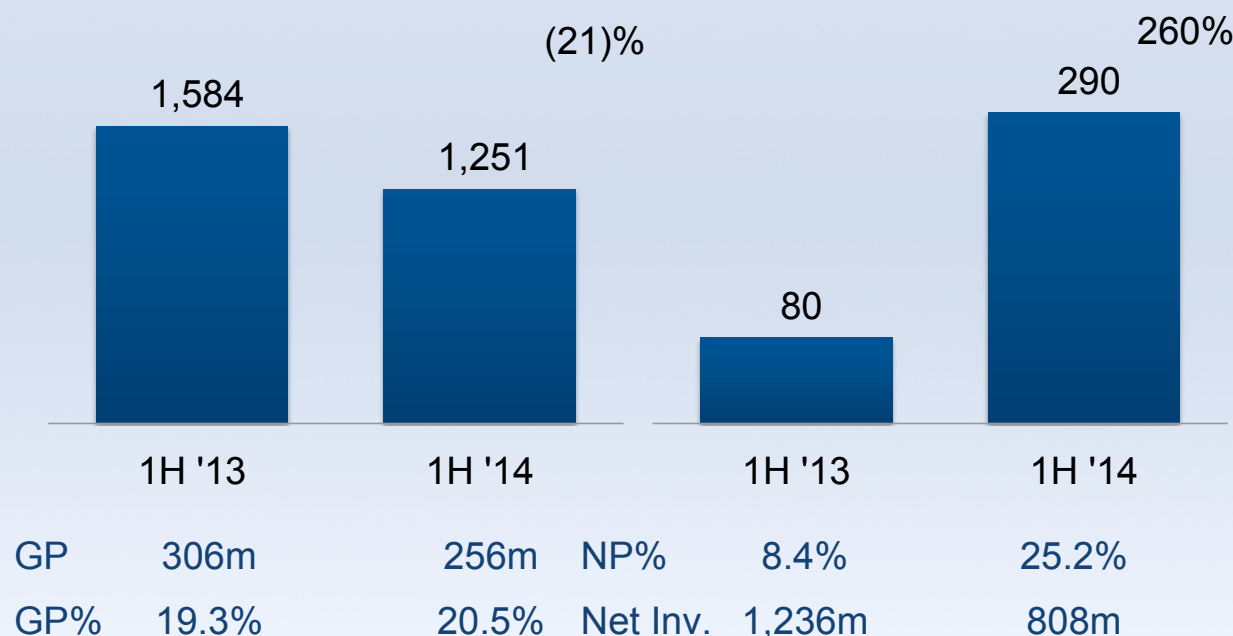
Damas Jewellery



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Revenue

Net Profit*



- Drop in Gold price and macro factors reducing demand lowers Gold Revenues by 39% or 410m to 643m
- Non-Gold Revenues up 11% in line with strategy of increasing non-gold mix and gross margin
- 16 new shops opened in 1H'14 driving growth in group in Selling & Distribution Expenses
- Gross Profits up 24m & GP% of 29%, after adjusting for one-off 110m provision for slow-moving inventories & 40m for Gold Losses in 2013
- Acquisition of remaining minority interest in Jan 2014 increases 1H net profit contribution; 3.4m of one-off acquisition expenses
- Double digit growth in core earnings

*after non-controlling interest

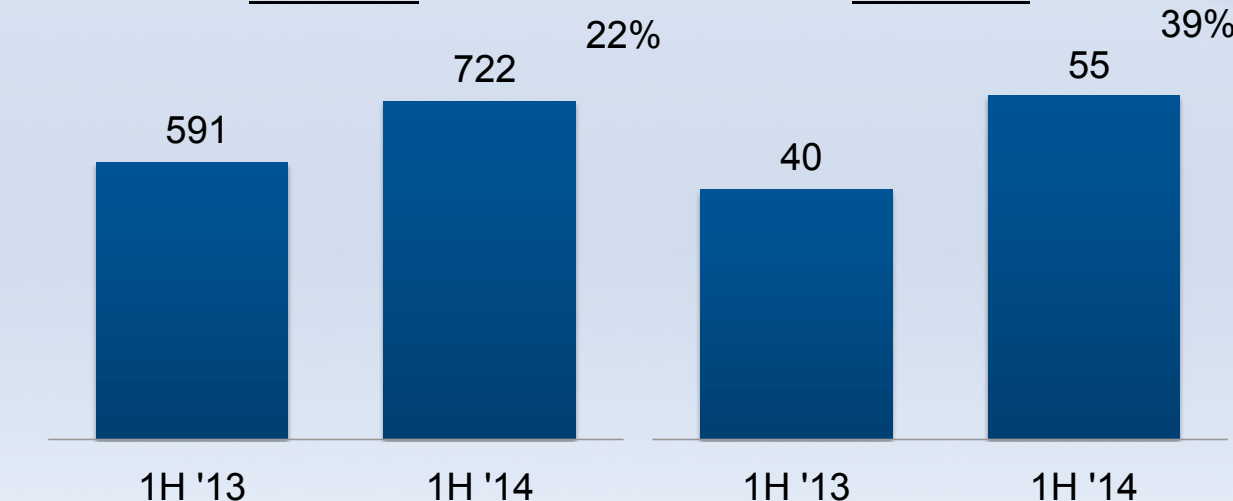
Information & Communication Technology Group



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Revenue

Net Profit



GP	76m	98m	NP%	6.7%	7.7%
GP%	12.8%	13.6%	Net Inv.	171m	96m

- Growth across all 4 Pillar Product Lines; CISCO Networking, HP, Oracle and Hardware. 852m of Orders YTD across major product lines.
- Outstanding growth in networking driven by Qatar project development
- Growing margins in competitive market through management of direct costs
- Good Cost Management resulting 1pt. improvement to Net Profit margins

Auto Division



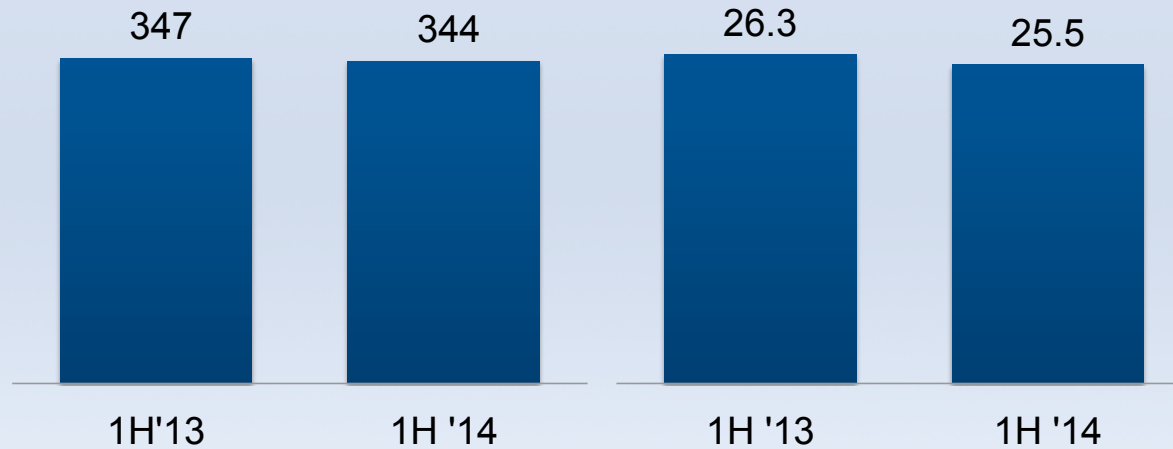
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Revenue

(1)%

Net Profit

(3)%



- Auto sales down (1)% due to reduced demand for Yukon/ Escalade pending new model in Q3'14
- Solid sales in Pick-ups, assisted by new Sierra model in 2H'13
- Double digit growth in after-sales divisions, parts and service as car fleet grows

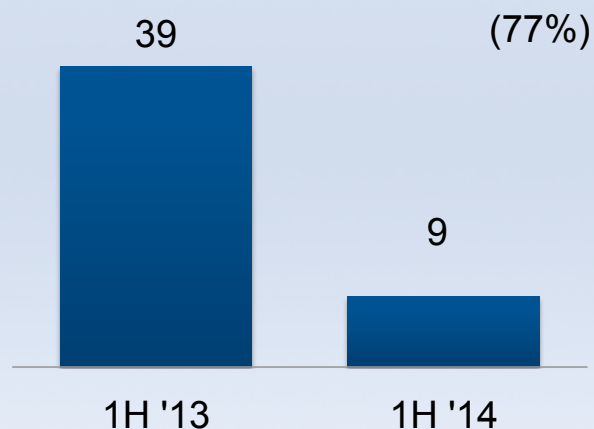
GP	67m	73m	NP%	7.6%	7.3%
GP%	19.4%	21.2%	Net Inv.	219m	322m

Axiom Telecom

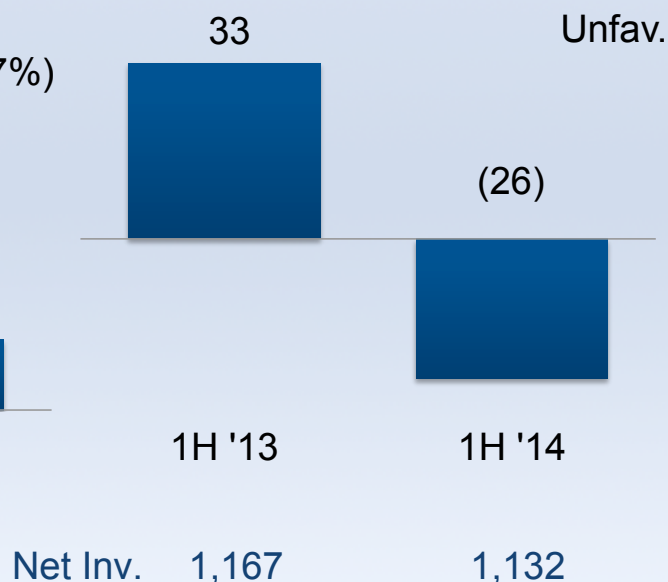


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Share of Associate Net Profit*



Net Profit Contribution



- Axiom profits impacted by significant mix shift from higher margin Blackberry to lower margin handset sales
- One-off impairment of 29m to acquisition-related intangibles within investment
- Actions being taken by management to improve profitability of core retail business
- Active in approval process for third MVNO licence in KSA

*35% of Axiom profits before impairment of acquisition-related intangibles

Heavy Equipment Division

GROVE



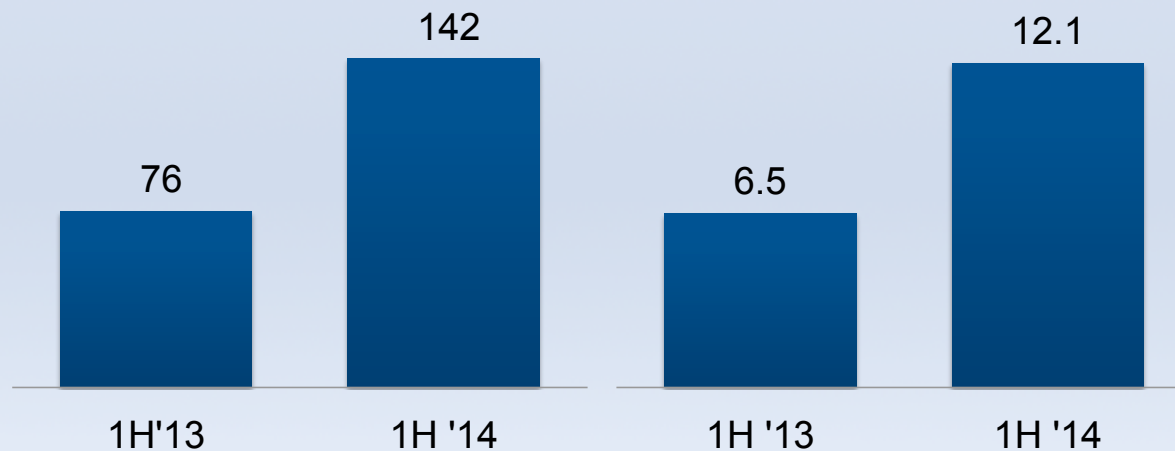
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Revenue

87%

Net Profit

86%

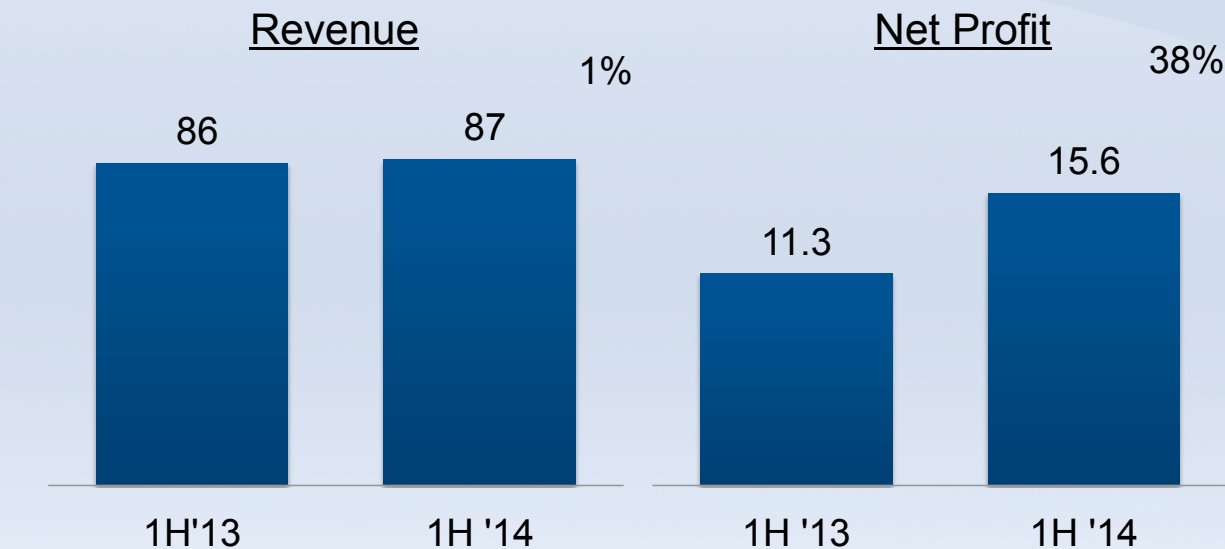


- Heavy Equipment growth driven by recent award of contracts for Qatar infrastructure projects
- Competitive tender process and product mix impacting gross margins
- Managing costs well to maintain net profit margins

GP	15m	23m	NP%	8.5%	8.5%
GP%	19.3%	16.5%	Net Inv.	93.4m	88.1m

Energy and Industrial Markets

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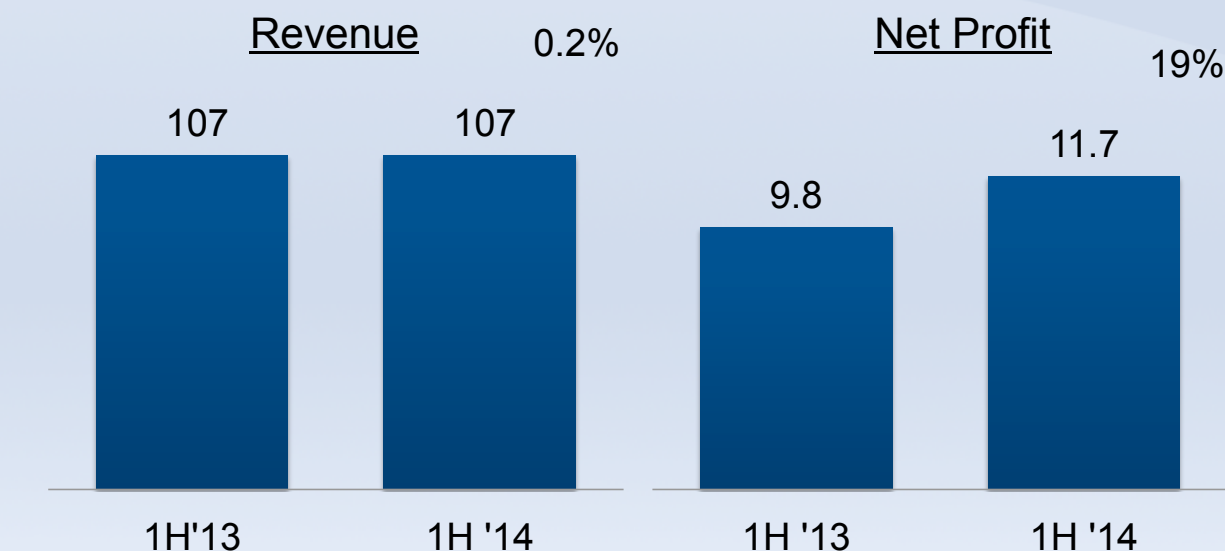


GP	17m	22m	NP%	13.3%	17.9%
GP%	19.6%	25.3%	Net Inv.	41m	51m

- Gross Profits up 31% driven by increased commission-based sales activity not reflected in revenue lines
- Strong orders and sales for Toshiba and SKM in HVAC division; growing Order backlog
- Strong partnership with Saint-Gobain; recent awards for infrastructure projects drive commission earning prospects

Industrial Supplies and Building Materials

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- Flat revenue due to timing of Turbine repair services
- Strong double digit growth in Building and Waterproofing Materials and Industrial Tools
- Improvement in margins across all product lines

GP	16.3m	17.4m	NP%	9.2%	11.0%
GP%	15.3%	16.3%	Net Inv.	50m	44m

Travel Division



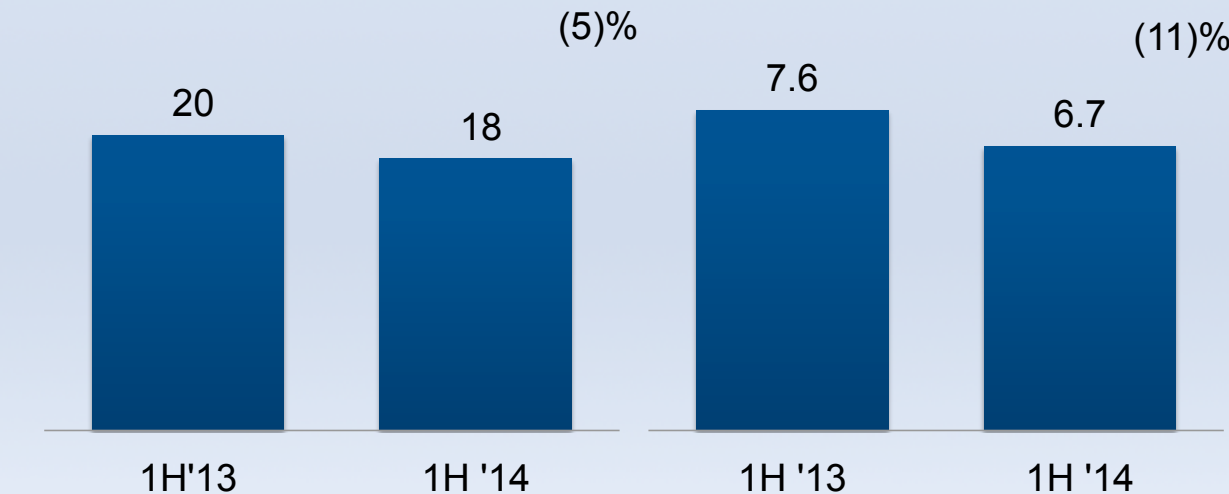
MANNAI AIR TRAVEL
MANNAI CORPORATION QSC

flydubai

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Revenue

Net Profit

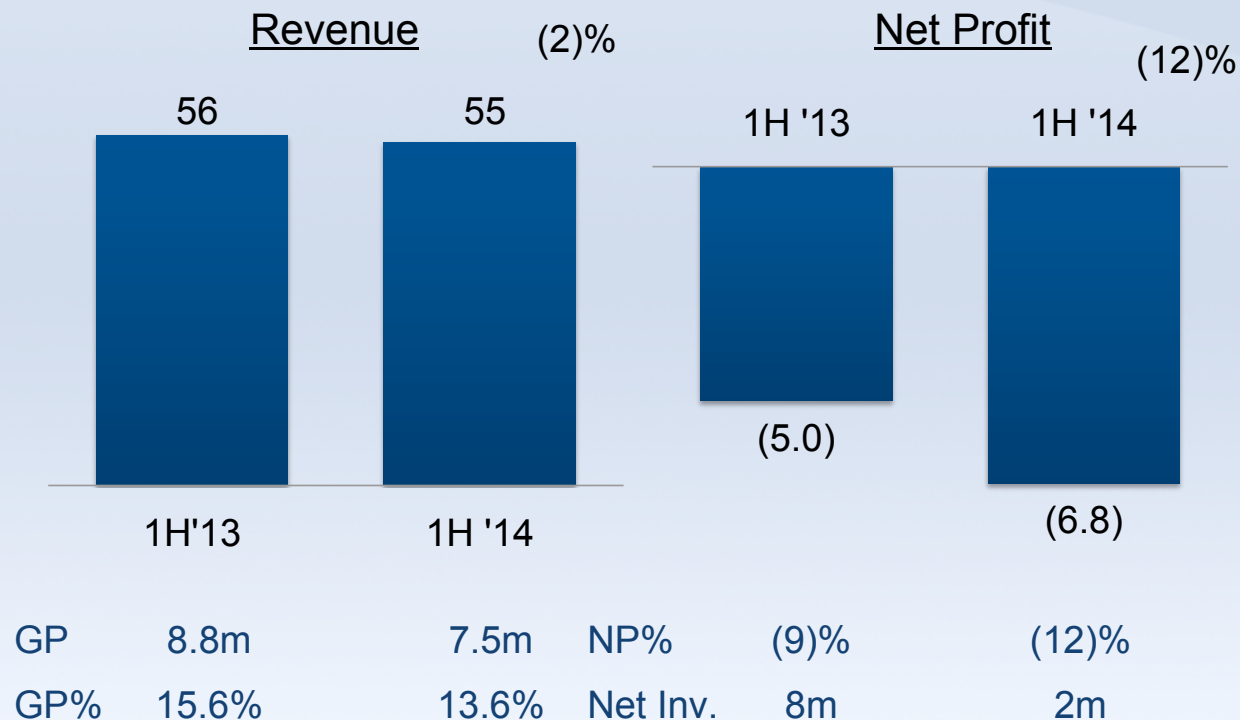


GP	19.3m	18.6m	NP%	39%	37%
GP%	98%	102%	Net Inv.	42m	50m

- Revenues impacted changes to UK visa requirements for Qatar citizens
- New Visa processing centre opened in Doha serving UK and Australia; strong improvement in non-Qatari applicants to support future growth
- Strong double-digit growth in travel volumes offsetting ongoing pressure on corporate travel service fees
- Double digit growth from FlyDubai agency; new routes to India added in 2014

Engineering

QAR m



- Losses in 2013 and 2014 due to new Ras Laffan facility inaugurated in 1H'13
- Challenging market and pricing due to overcapacity
- New management team in place and increased business development resourcing to improve sales prospecting
- Fostering on new partnerships and alliances to develop new revenue streams to fill increased capacity

Geotechnical Services



QAR m

Revenue

25

37

49%

Net Profit

2.1

2.8

35%

1H'13

1H '14

1H '13

1H '14

GP	9.5m	13.0m	NP%	8.3%	7.5%
GP%	38%	35%	Net Inv.	23.9m	32.7m

- Strong growth and growing sales pipeline driven by Qatar project activity
- Launched Joint Venture in Land Surveys
- Contract wins for ground investigation with Doha Metro and Oman Rail
- Contract awards YTD exceed 2013 revenue

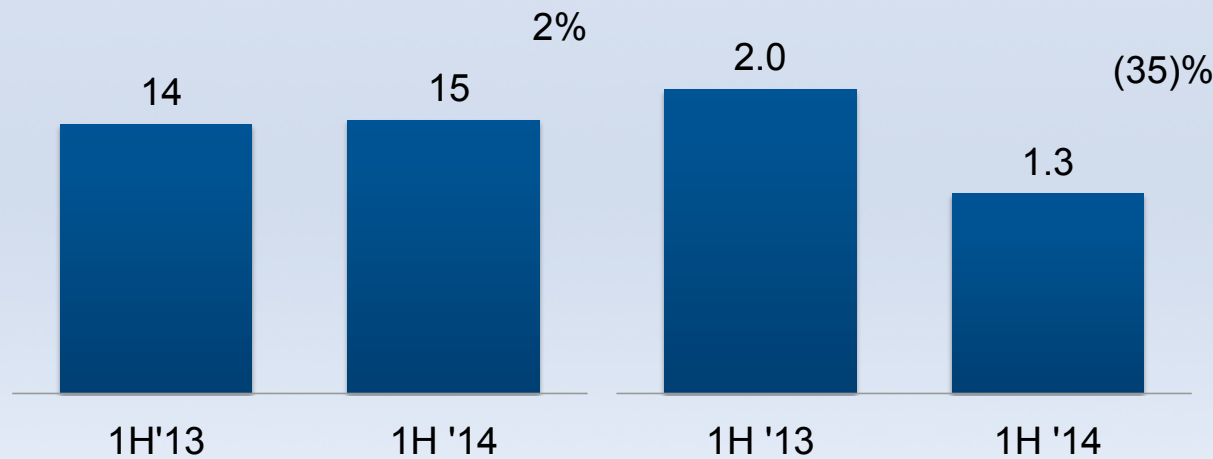
Logistics



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Revenue

Net Profit

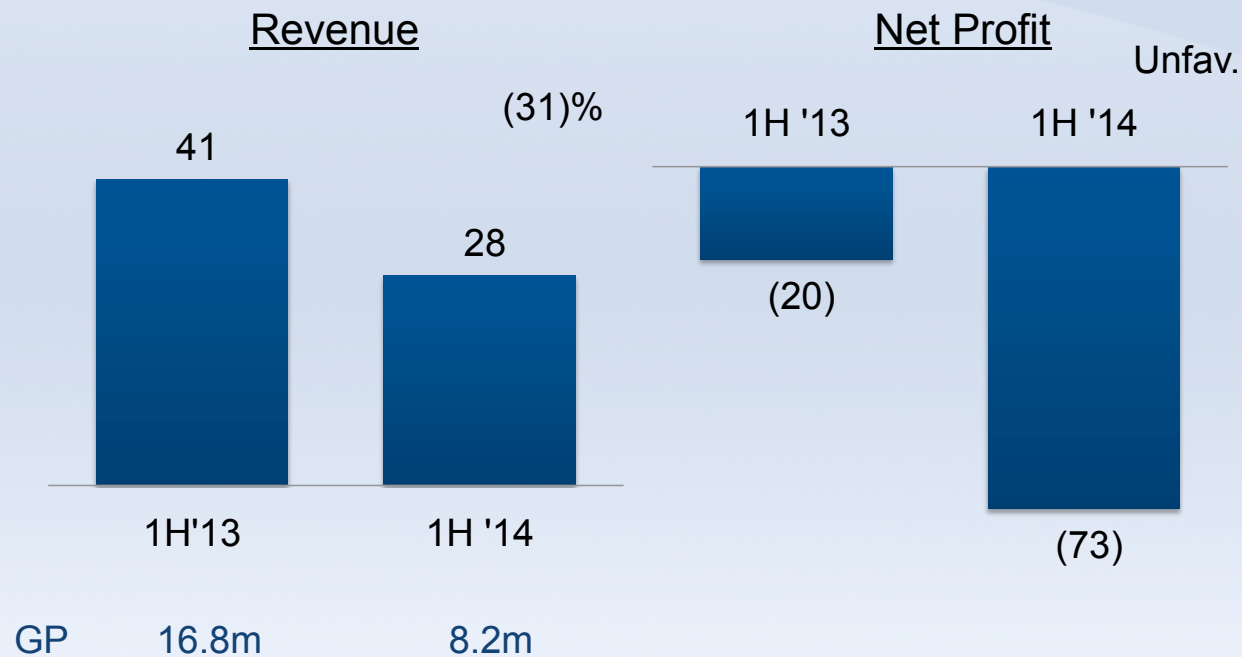


- Performance impacted by loss of Qatar Logistics warehouse at Salwa Industrial Zone
- Focus primarily on internal Mannai business until new warehouse facility completed

GP	4.1m	3.8m	NP%	14.1%	9.1%
GP%	28.5%	26.4%	Net Inv.	5.9m	7.2m

Others

QAR m



- Reduced revenue due to impact of warehouse fire on Home Appliance and Electronics Division
- One-off expenses and provisions of 37m booked during Q2 to proactively address short-term issues and strengthen balance sheet; software assets (10m); losses from fire (9m), loss on long-term service contract (8m) and other impairments (10)m

Normalisation of key lines for significant items

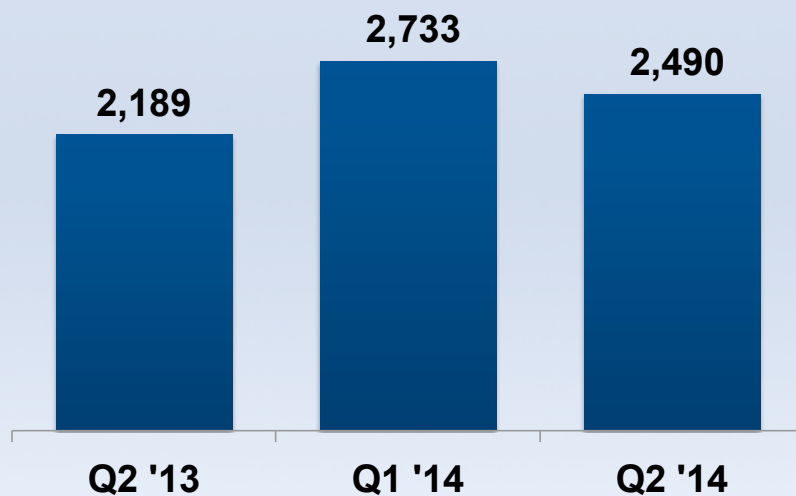
	<u>1H'14</u>	<u>1H'13</u>	<u>VLY%</u>
Gross Profit	541.3	550.0	(2)%
Loss on unhedged Gold		40.1	
Inventory Provisions	<u>110.0</u>		
Norm. Gross Profit	651.3	590.1	10%
Other Income	308.8	86.3	258%
Gain on sale of properties	(19.6)		
Recoveries of receivables	<u>(273.2)</u>	<u>(69.4)</u>	
Norm. Other Income	16.0	16.9	(5)%
Share of Profit from Assoc. & JVs	6.3	59.1	(89)%
Impairment to Axiom Intangible	<u>28.7</u>		
Norm. Share of Profit	35.0	59.1	(41)%
General & Administrative Expenses	236.9	188.1	26%
Expenses related to Damas acquisition	(3.4)		
Adj. for Significant Items	<u>(37.0)</u>		
Norm. G&A expenses	196.5	188.1	4%
Minority Interest	0.0	45.7	(100)%
Adj. for Significant Items	<u>0.0</u>	<u>(10.0)</u>	
	0.0	34.7	(100)%
Net profit	315.1	193.9	62%
Adj. for Significant Items	<u>(113.7)</u>	<u>(19.3)</u>	
Norm. Net Profit	201.4	174.6	15%

- Exceptional recoveries from Damas related to acquisition of minorities boost Other Income
- Steps taken to strengthen balance sheet and mitigate short-term risks; including strengthening inventory provisions and impairment of acquisition-related intangibles increase G&A expense
- Underlying core profits up 15%, offsetting axiom headwinds

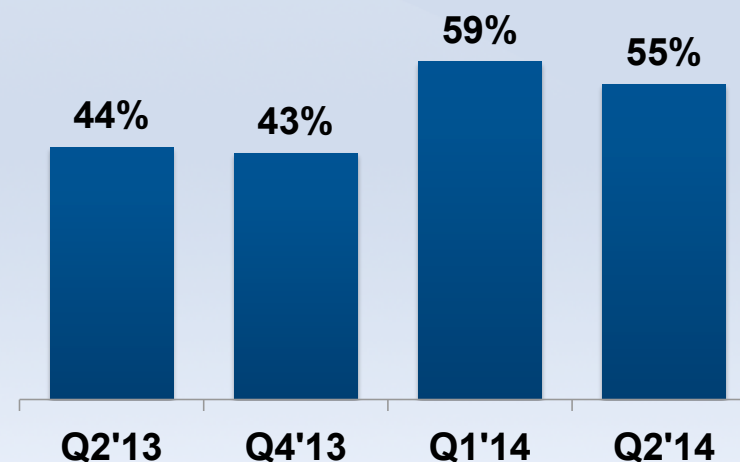
Reduced Net Debt following increase for the acquisition of the Damas minorities

QAR m

Net Debt



Net Debt to Total Capital



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