Mannai Corporation QSC

Overview & Update

11th Annual EFG Hermes One-on-One Conference

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Disclaimer

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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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.



Continued Track Record of Solid Double Digit Growth



Strategic Priorities

Qatar

Capitalise on the investment boom in Qatar leading up to 2022 by investing in our highreturning home-grown local business units

Axiom

Support management efforts to improve returns of core business. Launch a successful MVNO or branded-SIM in Saudi Arabia in partnership with Zain & Carphone Warehouse

VISION Through exceptional service and added value build Mannai to be the most dependable business partner in the region

Damas

Drive improvement in core retail network performance in GCC and identify opportunities to expand Damas to international markets

Diversification

Seek opportunities to further international expansion through acquisitions with solid returns and growth potential

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 distributer 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
 <u>Heavy Equipment</u>
- 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 <u>Mannai Air Travel</u>
- 2nd largest travel agent in Qatar specialising in Corporate travel, GSA for FlyDubai and Visa Processing Services <u>Manweir</u>
- Service & Repair workshop for Oil & Gas, Petrochemical & Marine Industries
- **Cofely Besix Mannai Facility Management**
- Provision facilities management services to top companies in Qatar <u>Qatar Logistics</u>
- Freight Forwarding, Third Party Logistics and Relocations

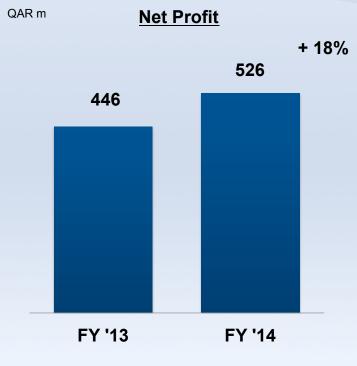


Our Customers





Strong Growth In FY'14 Net Profits; Up 18% To 526m



- Full year results up 18% driven by Damas
 - ICT Group continues to deliver solid growth, up 33% across the year
 - Qatar business units buoyed by infrastructure investments, with double digit growth in Heavy Equipment, Energy & Industrial Markets and Industrial Supplies
 - Covered 79m drop Axiom contribution from 25m to (54)m loss
 - Net profit Up 38%, excluding Axiom



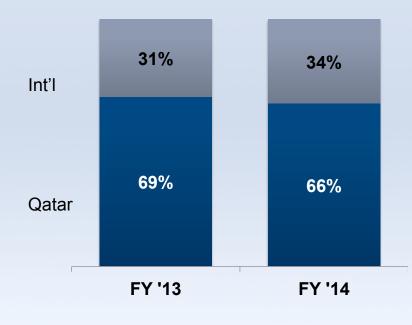
Financial Highlights

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	FY 2013	FY 2014		
Net Profit	446m	526m	18%	
Revenues	5,614m	5,940m	6%	
Gross Profit %	20.4%	20.3%	(0.1)pts	•
Net Profit %	7.9%	8.9%	1.0 pts	
Average Capital Employed	4,452m	4,588m	3%	
Earnings Per Share	9.78	11.54	18%	
Return on Equity	20%	24%	4 pts	
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Damas Driving Increase In International Profits



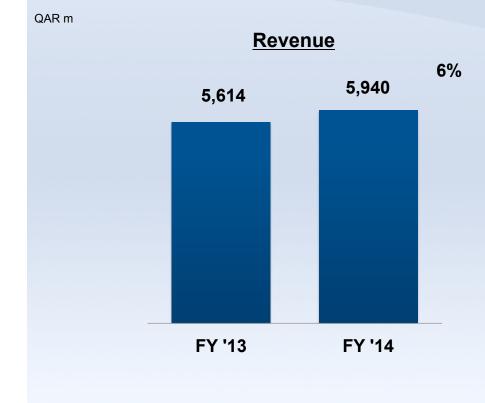
Net Profit*

- 31% of core profit derived overseas
- Core growth in Damas has offset reduction in Axiom's contribution

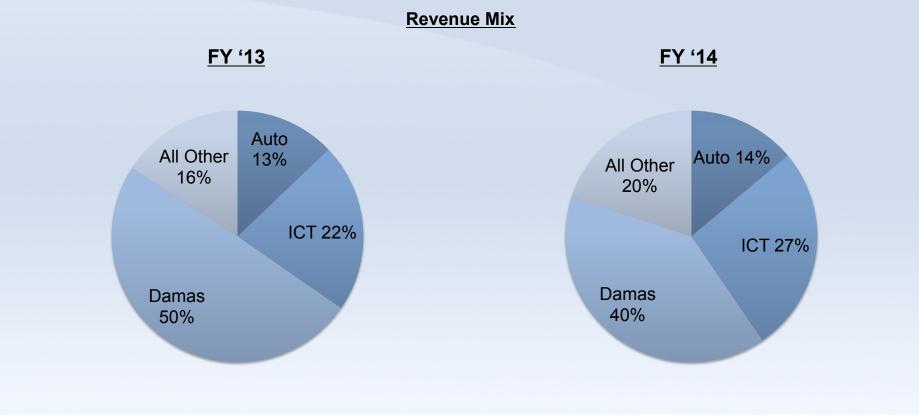
*Net Profit before significant items



Qatar Revenues Up 27% Offsetting Impacted of Gold



- Group revenue impacted by drop in gold price and demand, down by 27%, lowering Damas Revenue by 445m (16%)
- Excluding gold; revenues increased by 21%
- Qatar revenues Up 27%; driven by business exposed to infrastructure investment; ICT up 29%; Heavy Equipment up 51%, Geotechnical up 32% & Energy & Industrial Markets up 18%



Damas Revenue Contribution Falls to 40% as a Result of Gold

Damas Mix Shift Supporting Stable Gross Margin Across Group

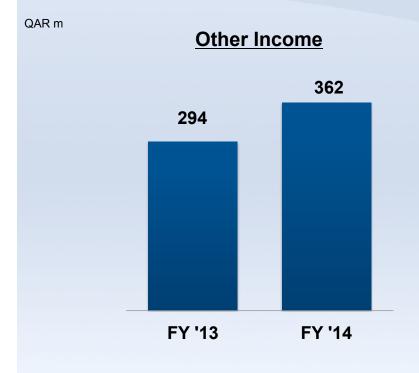


- Auto Group dilution driven by mix shift to new vehicles
- ICT holding margins in high growth, competitive market
- Damas margins improved as a result of continued mix shift towards non-gold; 29% after adjusting for significant items
- All Other gross margin impacted by accounting for insurance claim



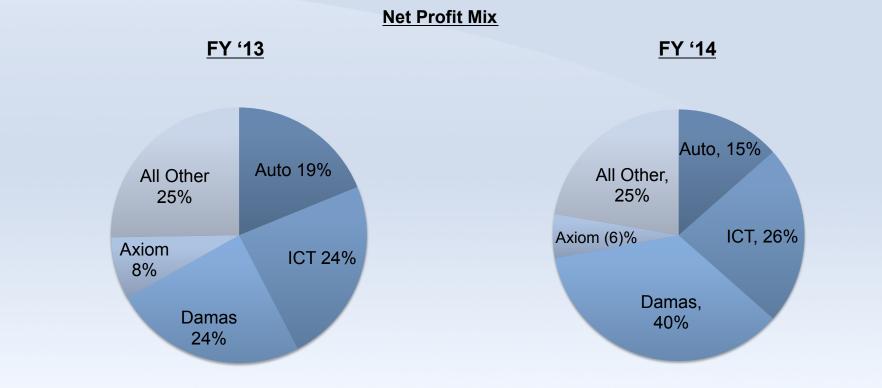


Other Income Increase Due to Further Damas Recoveries



- Other Income driven by significant items in Damas; recoveries of previously provisioned receivables in Damas of 301m, up from 204m in FY'13
- Majority of legacy Damas receivables collected; reduced level expected in future
- Investment properties contributed 20m in FY'14, down from 44m in FY'13



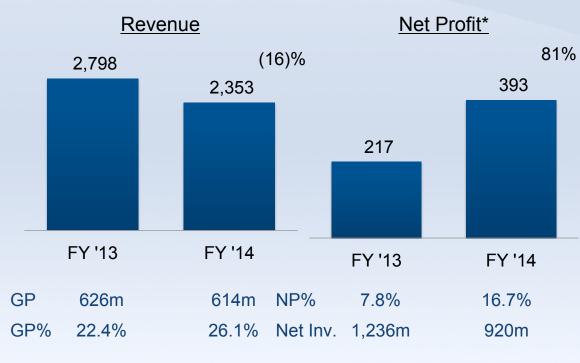


Strong Damas Result Drives Major Share of Net Profit

*Profit before significant items, headquarter expenses and directors fees



Damas Jewellery



*after non-controlling interest

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damas

- Strong profit contribution from acquisition of minority interests and one-off recoveries; coupled with 30% growth in core earnings
- FY'13 Gold Revenues down 484m or 27% to 1,311m; Non-Gold Revenues up 4% in line with strategy of increasing non-gold mix
- Gross Profits up 8m & Gross Margin of 29%, after adjusting for one-off inventory provision of 60m and Gold Losses in 2013 of 40m
- 25 new stores opened in FY'14 primarily in UAE, contributing to growth in Group selling expenses
- Further one-off impairments and provisions of 20m recorded in FY'14

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Information & Communication Technology Group

Net Profit Revenue 33% 30% 101 1.580 76 1,214 FY '13 FY '14 FY '13 FY '14 GP 150m 194m NP% 6.3% 6.4% GP% 12.3% 12.3% Net Inv. 176m 454m

 Continued double-digit growth across all 4 Pillars; 1.9B of Orders in FY'14 & 1.5B Backlog

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CISCO

• Orders stretch full spectrum of government and private sector in Qatar, including landmark projects in sports, transportation, infrastructure and security

Increased working capital levels as a result of surge in projects

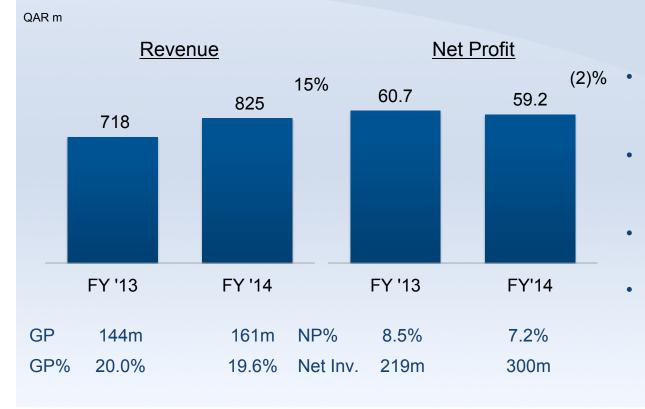
• Stable margins in very competitive market driven by efficiency gains

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Microsoft[•]



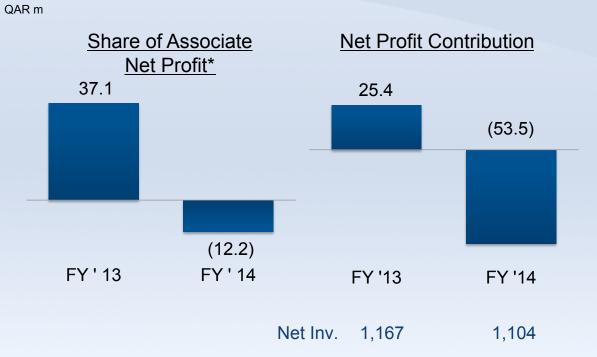
Auto Division



- Auto revenues up 15% as a result of 2H'14 launch of new Yukon & Escalade models
- Launched new dealerships in Turkey; opened 2 Opel and 1 Toyota dealership in Istanbul
- Stable margins despite strong sales mix shift to new vehicles
- Net Profits down 2% as a result of reduced productivity due to GM recalls & Turkey start-up expenses

axiom telecom Barinus Comunication

Axiom Telecom



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



- Axiom profits impacted by significant revenue drop from Blackberry
- Aggressive pricing by Samsung to maintain market shares resulted in further gross profit weakness
- One-off impairment of 29m to acquisition-related intangibles in recorded in FY'14
- Actions taken by management to improve profitability & recovery underway
- Still actively pursuing MVNO licence or branded SIM in KSA

Energy & Industrial Markets

Net Profit Revenue 95% 18% 185 37.8 157 19.4 FY '13 FY '14 FY '13 FY '14 GP 31.9m 51.6m NP% 12.4% 20.5% GP% 20.4% 27.9% Net Inv. 41m 70m

 Strong partnership with Saint-Gobain PAM; recent awards for mega-reservoir pipeline projects drive gross profits up 62% to 52m

TOSHIBA

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SAINT-GOBAIN PAM

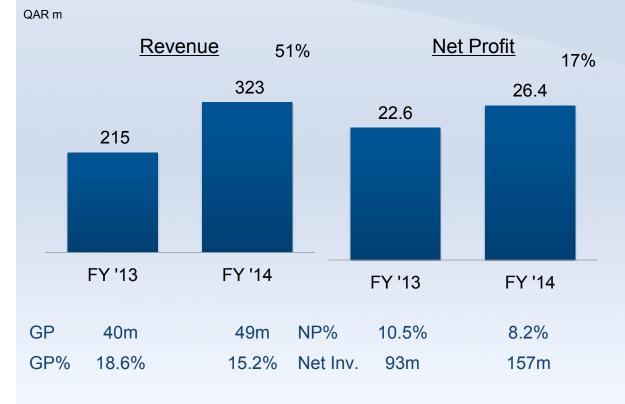
- Double digit growth in HVAC division driven by Toshiba and SKM
- FY'14 orders of 323m across business unit drives strong order backlog & earning prospects



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Heavy Equipment Division

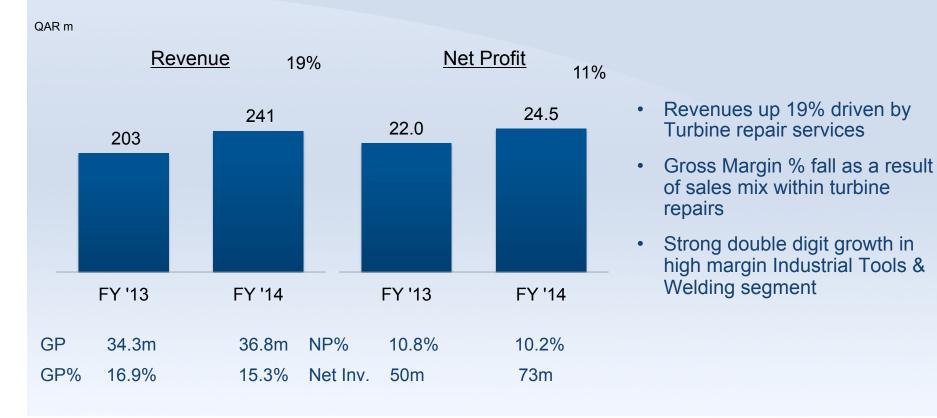




- Heavy Equipment revenue growth of 51% driven by Qatar infrastructure projects
- JCB unit sales increased 31% and Grove cranes sales increased 46%; improving market share levels across year
- Gross margin down as a result of sales mix and competitive market, resulting in a 17% growth in net profit



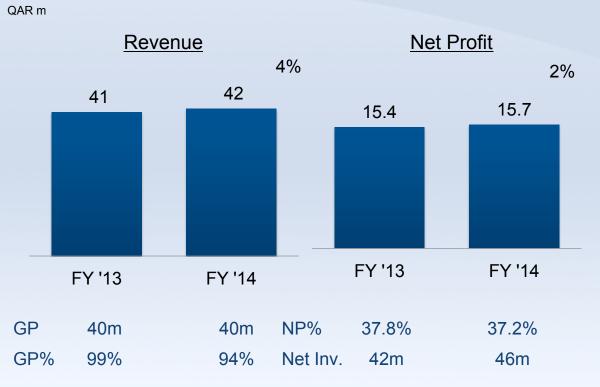
Industrial Supplies and Building Materials





Travel Division

MANNAI



 Revenues and profits impacted by changes to UK visa requirements for Qataris, coupled with additional costs for new processing centre serving UK, Australia & Canada

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MANNAI AIR TRAVEL

flydubai•

- Growth in underlying travel volumes, offsetting margin pressure from corporate travel services
- FlyDubai agency continues to drive strong growth as it increases its number of routes

Geotechnical Services

QAR m Net Profit Revenue 32% 77 7.6 (49)% 58 3.9 FY '13 FY '14 FY '13 FY '14 GP 23.3m 25.1m NP% 35.6% 5.0% GP% 24m 40% 33% Net Inv. 24m

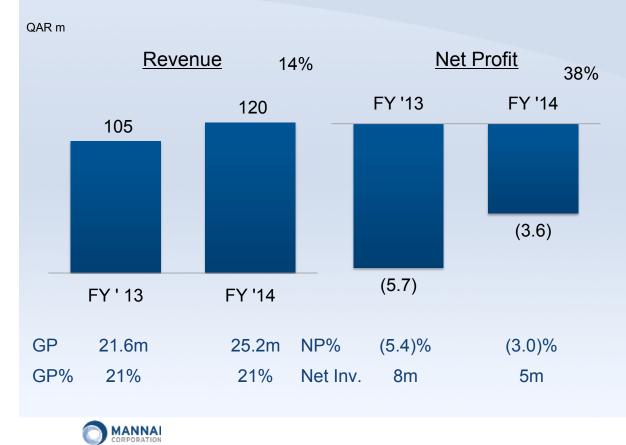


- Profits fell 49% as a result of execution challenges on one specific Qatar project and wind-down of Oman division
- Launched Joint Venture in Land Surveys to compliment product suite; profitable in first year of operation





Engineering

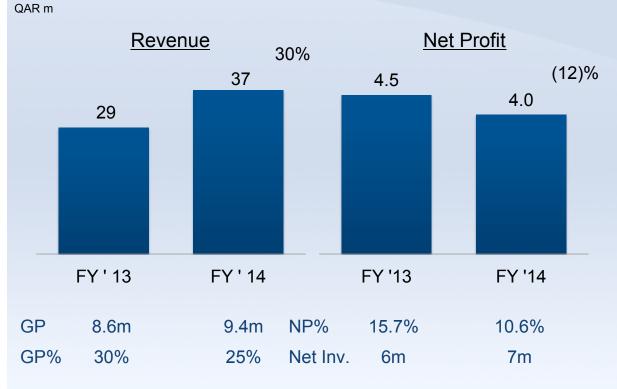




- MANWEIR LLC MANNAI CORPORATION OSC
- Revenues up 14% as new business flows to new Ras Laffan facility
- Management team starting to get traction on turnaround. New sales structure in place and improving pipeline
- Market still challenging with overcapacity
- Fostering on new partnerships and alliances to develop new revenue streams to fill increased capacity
- Diversification to other segments under scrutiny to mitigate risks in Oil & Gas market

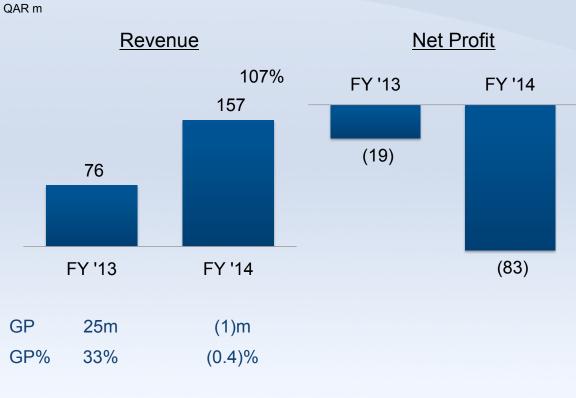


Logistics



- Revenues increase as a result of increasing pricing to reflect market rates
- Overall profitability impacted by loss of Qatar Logistics warehouse at Salwa industrial area
- Focus primarily on internal Mannai business until new warehouse facility completed

Others



- Reduced revenue due to impact of warehouse fire on Home Appliance and Electronics Division
- Insurance claim accounting for lost inventory grosses up revenue & direct costs with no gross profit impact; reducing gross margin %
- One-off expenses and provisions of 37m booked in 1H'14

	3Q YTD'14 30	Q YTD'13	VLY%	Q4'14	Q4'13	VLY%	FY'14	FY'13	VLY%
Gross Profit	815.0	798.4	2%	390.7	346.6	13%	1,205.7	1,145.0	5%
Gold Loss		40.1						40.1	
Inventory Provisions	110.0			(49.7)			60.3		
Norm. Gross Profit	925.0	838.5	10%	341.0	346.6	(2%)	1,266.0	1,185.1	7%
Other Income	317.1	173.9	82%	45.1	120.5	(63%)	362.2	294.4	23%
Gain on Sale/Revaluation of Properties	19.6	175.5	02/0	45.1	43.8	(0370)	19.6	43.8	2370
Damas Recoveries	273.2	147.4		28.0	43.8 56.2		301.2	203.6	
Norm. Other Income	24.3	26.5	(8%)	17.1	20.5	(17%)	41.4	47.0	(12%)
Share of Profit from Assoc. & JVs	15.2	84.9	(82%)	(1.3)	(4.3)	(70%)	13.9	80.6	(83%)
Impairment to Axiom Intangible	28.7						28.7		
Norm. Share of Profit	43.9	84.9	(48%)	(1.3)	(4.3)	(70%)	42.6	80.6	(47%)
General & Administrative Expenses	329.6	282.6	17%	115.4	127.9	(10%)	445.0	410.5	8%
Expenses Related to Damas Acquisition	3.4						3.4		
Adj. for one-off Provisions	37.0			19.9	27.2		56.9	27.2	
Norm. G&A Expense	289.2	282.6	2%	95.5	100.8	(5%)	384.7	383.3	0%
Minority Interest	0.1	73.7	(100%)	0.3	19.3	(98%)	0.4	93.0	(100%)
Adj. for Significant Items	-	(36.5)	(,		(5.4)	(00)-1	-	(41.9)	()
Norm. Minority Interest	0.1	37.2	(100%)	0.3	13.9	(98%)	0.4	51.1	(99%)
Net profit	377.9	290.2	30%	148.5	155.8	(5%)	526.4	446.1	18%
Adj. for Significant Items	(113.7)	(70.8)	3070	(57.8)	(67.4)	(570)	(171.5)	(138.2)	10/0
Norm. Net Profit		. ,	20%		88.4	3%		, ,	150/
NOTIII. NEL PTOIL	264.2	219.4	20%	90.7	88.4	5%	354.9	307.8	15%

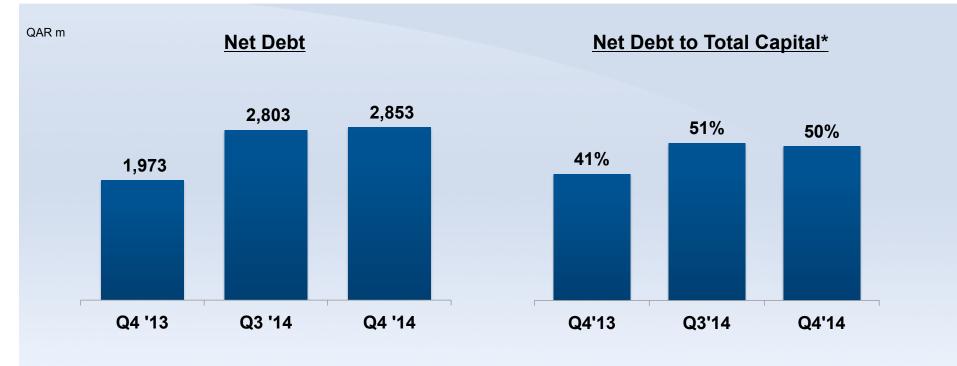


• Steps taken to strengthen balance sheet and mitigate short-term risks; strengthening inventory provisions and impairment of acquisitionrelated intangibles reduces Gross Profit and increase G&A expense

 Underlying core profits up 15%, offsetting axiom headwinds



Increased Debt Levels to Fund Acquisition of Damas Minorities & Project-Driven Growth in Qatar



*Total Capital adjusted for Acquisition Reserves



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; 14% of shares have turned over since inception in May
- Number of shareholders has doubled with significant increase in international shareholders





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