

Mannai Corporation QSC

FY'14 Financial Summary



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

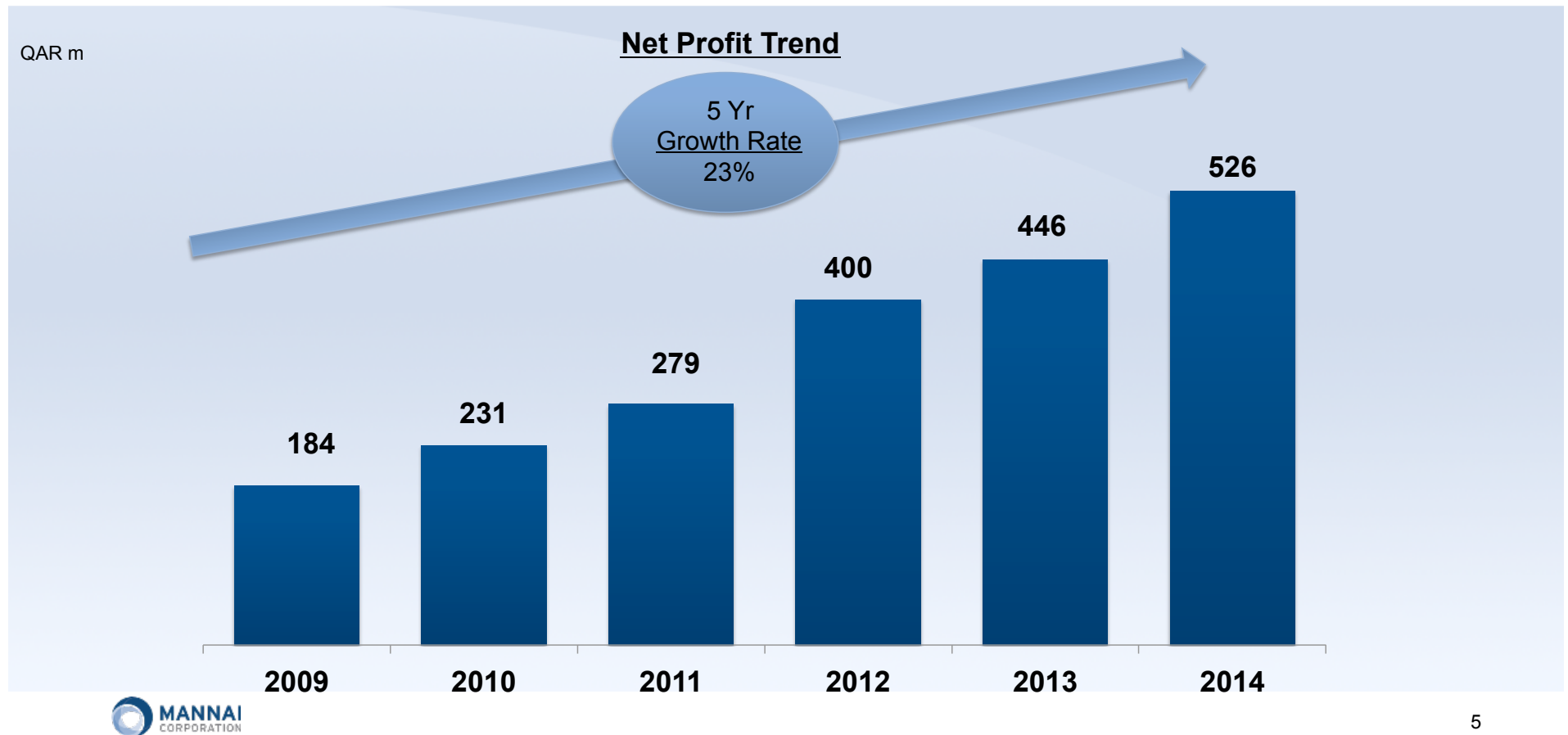


Financial Highlights

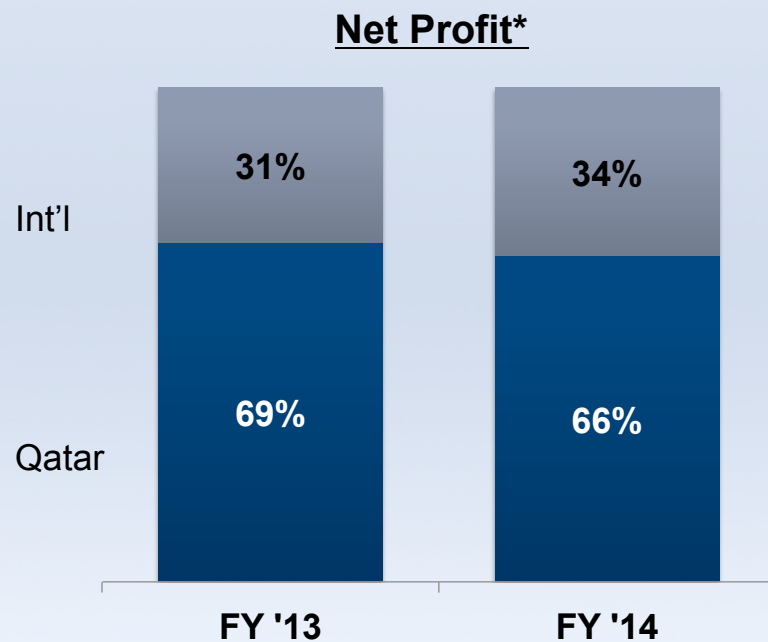
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	FY 2013	FY 2014		
Net Profit	446m	526m	18%	▲
Revenues	5,614m	5,940m	6%	▲
Gross Profit %	20.4%	20.3%	(0.1)pts	▼
Net Profit %	7.9%	8.9%	1.0 pts	▲
Average Capital Employed	4,452m	4,588m	3%	▲
Earnings Per Share	9.78	11.54	18%	▲
Return on Equity	20%	24%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

Continued Track Record of Solid Double Digit Growth



Damas Driving Increase In International Profits

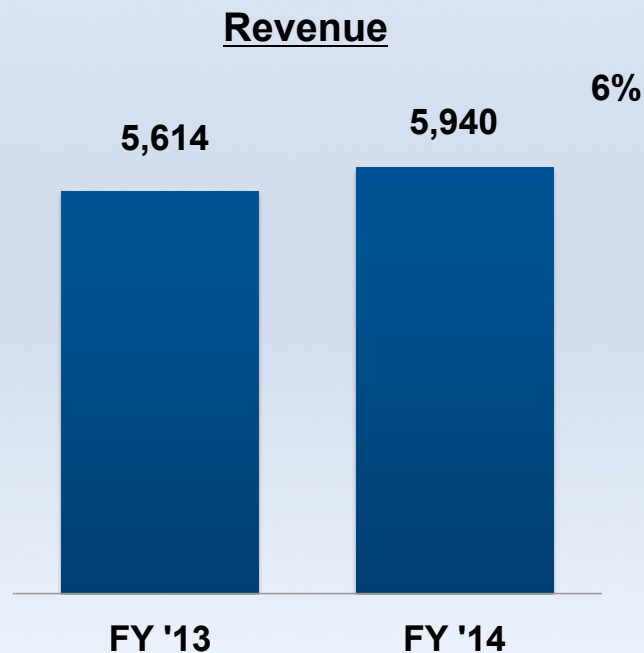


- 31% of core profit derived overseas
- Core growth in Damas has offset reduction in Axiom's contribution

*Net Profit before significant items

Qatar Revenues Up 27% Offsetting Impacted of Gold

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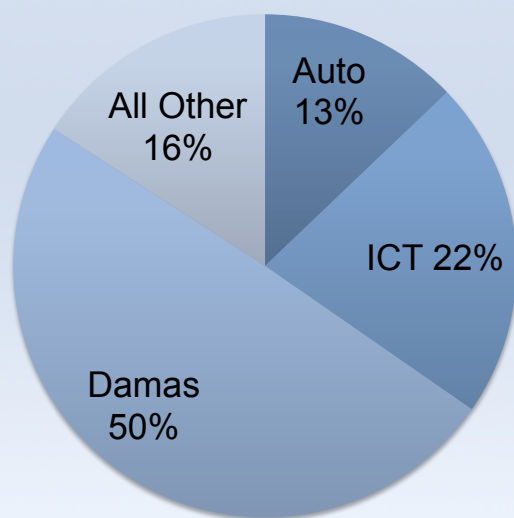


- Group revenue impacted by drop in gold price and demand, down by 27%, lowering Damas Revenue by 445m (16%)
- Excluding gold; revenues increased by 21%
- Qatar revenues Up 27%; driven by business exposed to infrastructure investment; ICT up 29%; Heavy Equipment up 51% , Geotechnical up 32% & Energy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

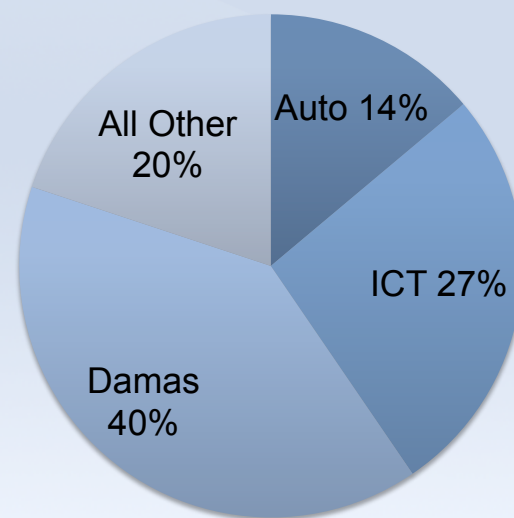
Damas Revenue Contribution Falls to 40% as a Result of Gold

Revenue Mix

FY '13



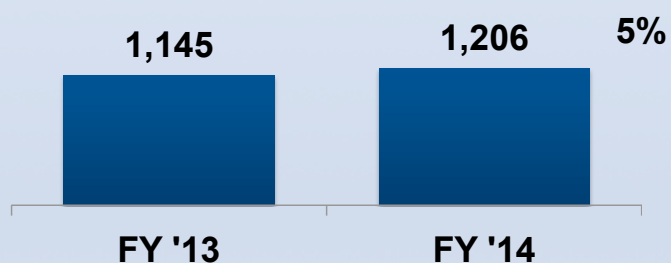
FY '14



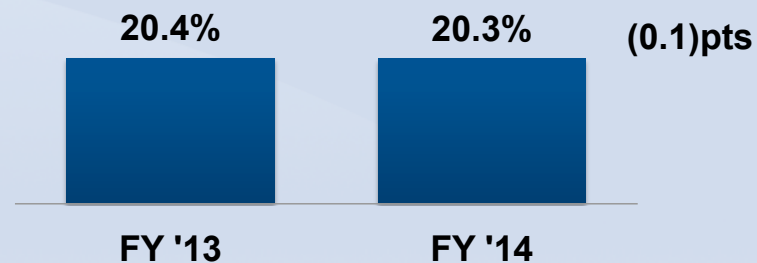
Damas Mix Shift Supporting Stable Gross Margin Across Group

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Gross Profit



Gross Margin %

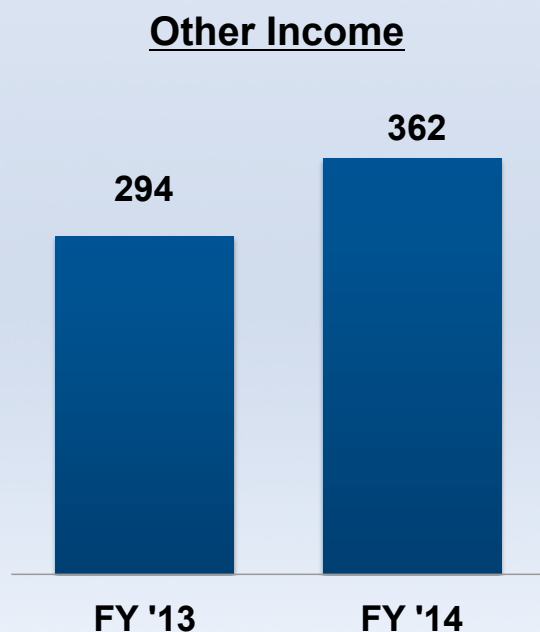


- Auto Group dilution driven by mix shift to new vehicles
- ICT holding margins in high growth, competitive market
- Damas margins improved as a result of continued mix shift towards non-gold; 29% after adjusting for significant items
- All Other gross margin impacted by accounting for insurance claim

	<u>2014%</u>	<u>V pts</u>
Auto	19.6%	(0.4) pts
ICT	12.3%	0.0 pts
Damas	26.1%	3.7 pts
All Other	20.0%	(5.5) pts

Other Income Increase Due to Further Damas Recoveries

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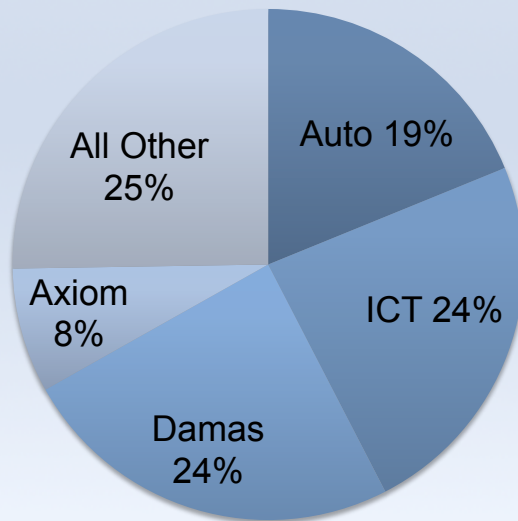


- Other Income driven by significant items in Damas; recoveries of previously provisioned receivables in Damas of 301m, up from 204m in FY'13
- Majority of legacy Damas receivables collected; reduced level expected in future
- Investment properties contributed 20m in FY'14, down from 44m in FY'13

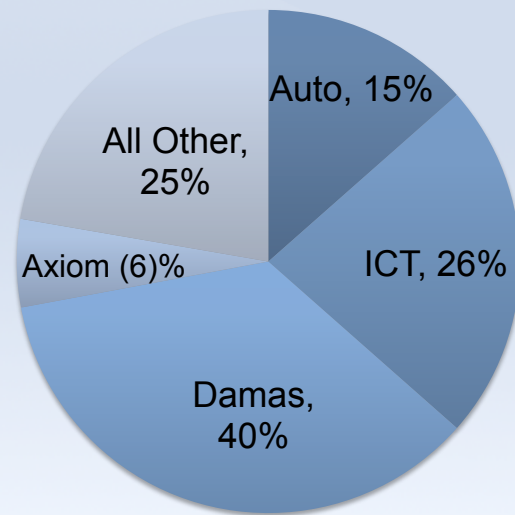
Strong Damas Result Drives Major Share of Net Profit

Net Profit Mix

FY '13



FY '14

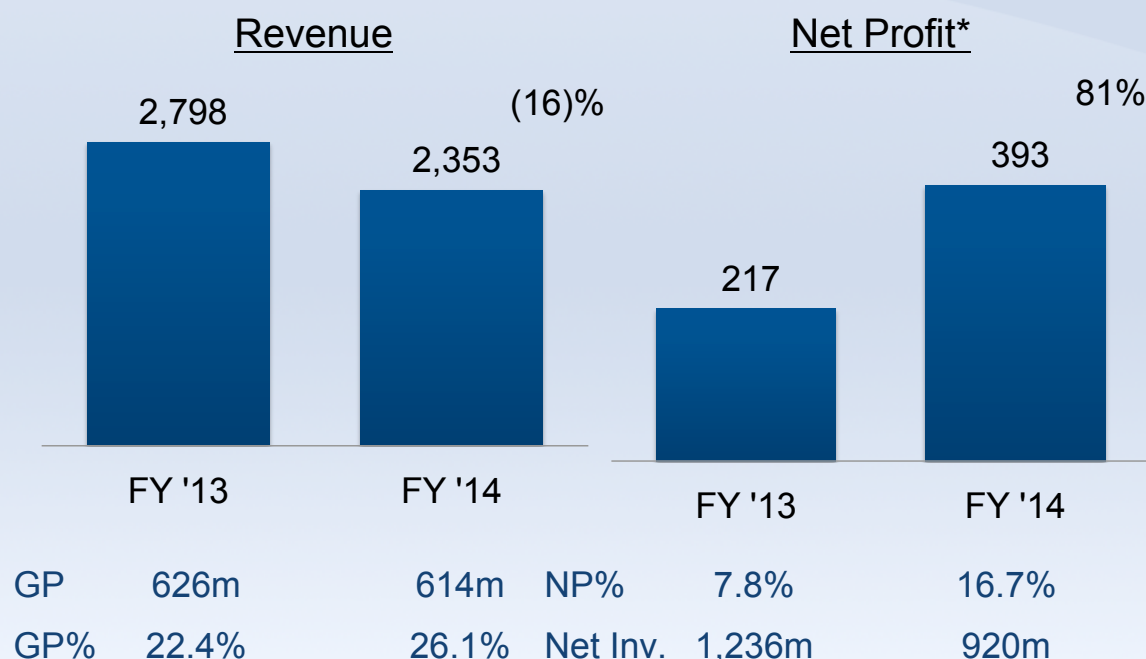


*Profit before significant items, headquarter expenses and directors fees

Damas Jewellery

damas

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- 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

*after non-controlling interest

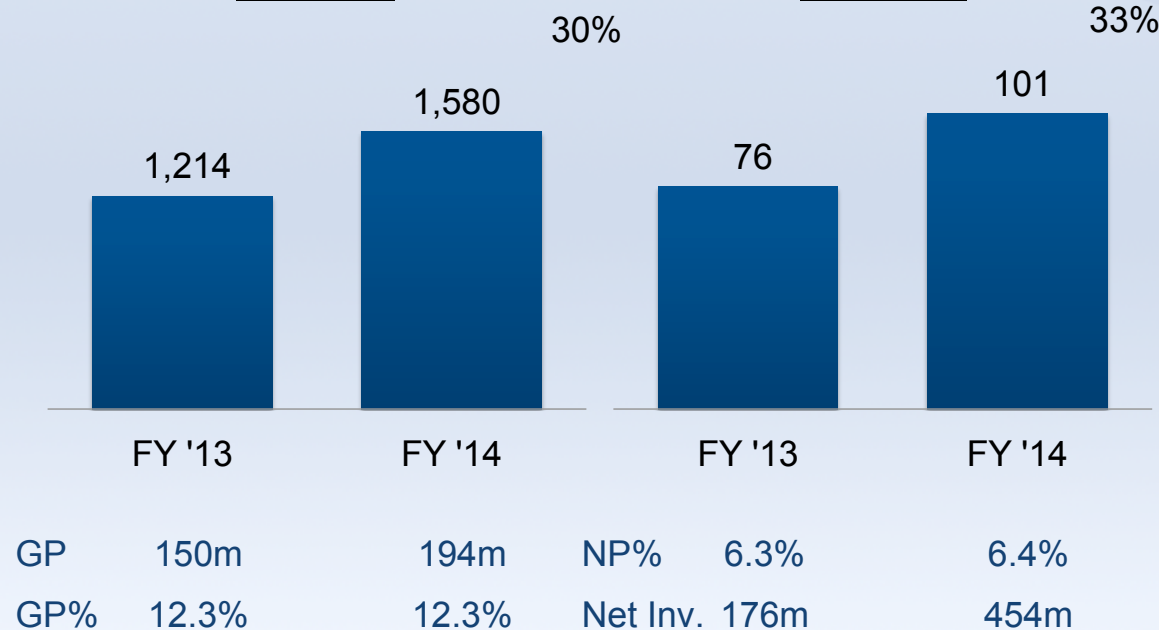
Information & Communication Technology Group



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Revenue

Net Profit



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

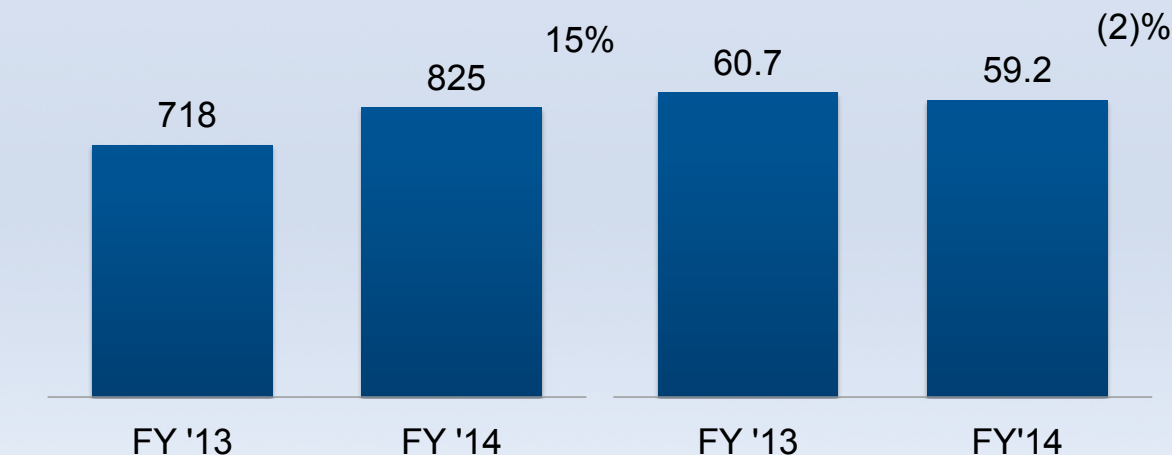
Auto Division



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Revenue

Net Profit



GP	144m	161m	NP%	8.5%	7.2%
GP%	20.0%	19.6%	Net Inv.	219m	300m

- 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

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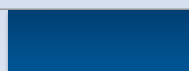
Share of Associate Net Profit*

37.1



FY ' 13

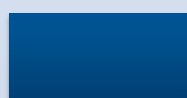
(12.2)



FY ' 14

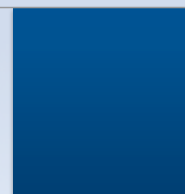
Net Profit Contribution

25.4



FY '13

(53.5)



FY '14

Net Inv. 1,167

1,104

- 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

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

Energy & Industrial Markets



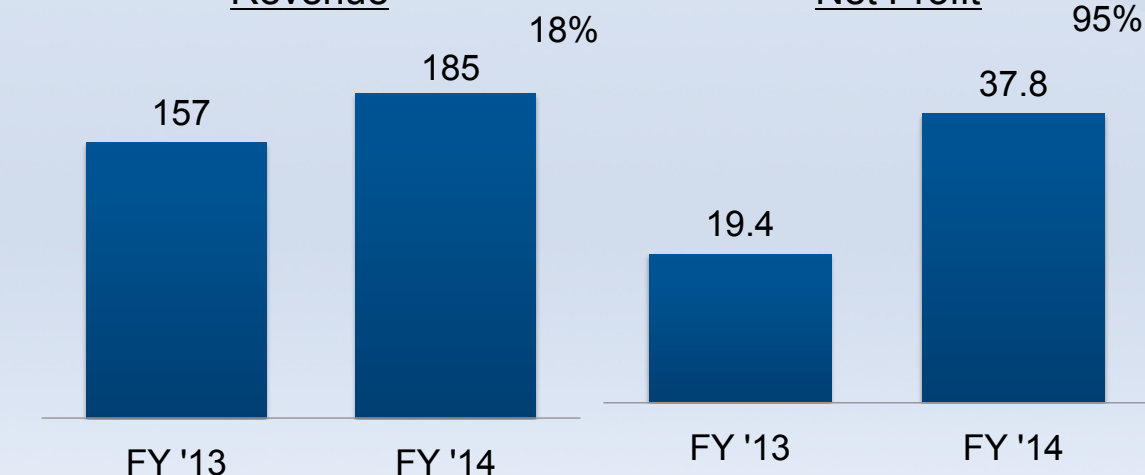
TOSHIBA



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Revenue

Net Profit



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

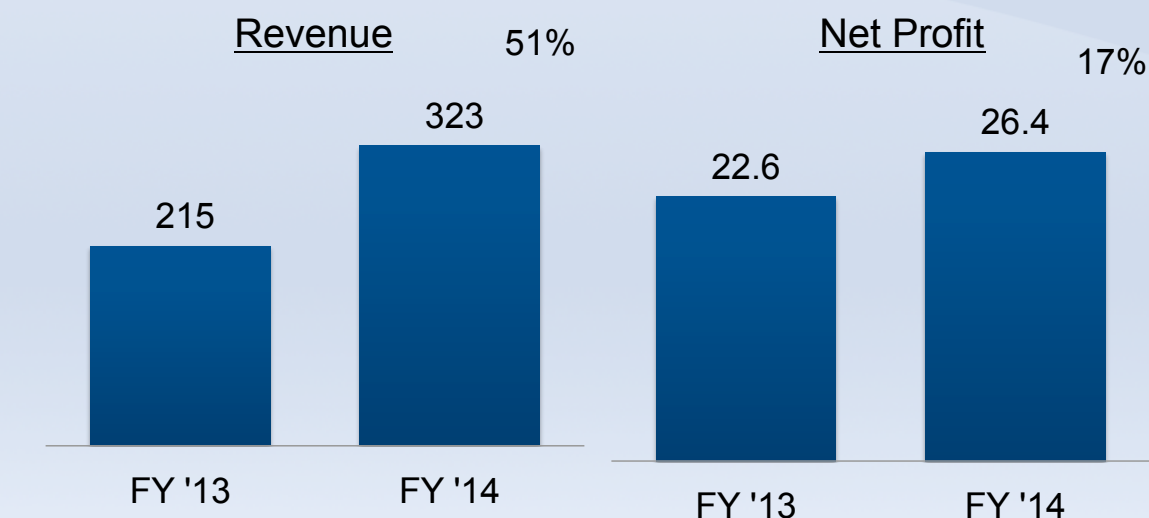
GP	31.9m	51.6m	NP%	12.4%	20.5%
GP%	20.4%	27.9%	Net Inv.	41m	70m

Heavy Equipment Division

GROVE®



QAR m



- 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

GP	40m	49m	NP%	10.5%	8.2%
GP%	18.6%	15.2%	Net Inv.	93m	157m

Industrial Supplies and Building Materials

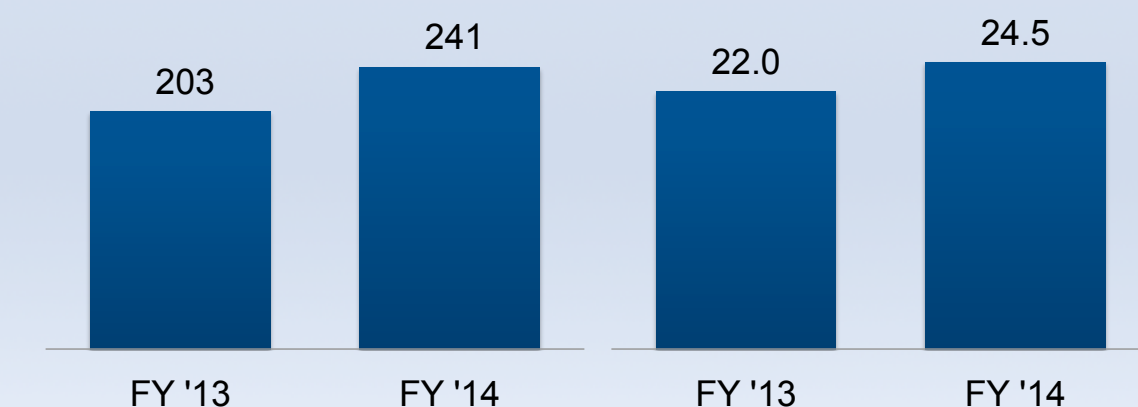
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Revenue

19%

Net Profit

11%



- Revenues up 19% driven by Turbine repair services
- Gross Margin % fall as a result of sales mix within turbine repairs
- Strong double digit growth in high margin Industrial Tools & Welding segment

GP	34.3m	36.8m	NP%	10.8%	10.2%
GP%	16.9%	15.3%	Net Inv.	50m	73m

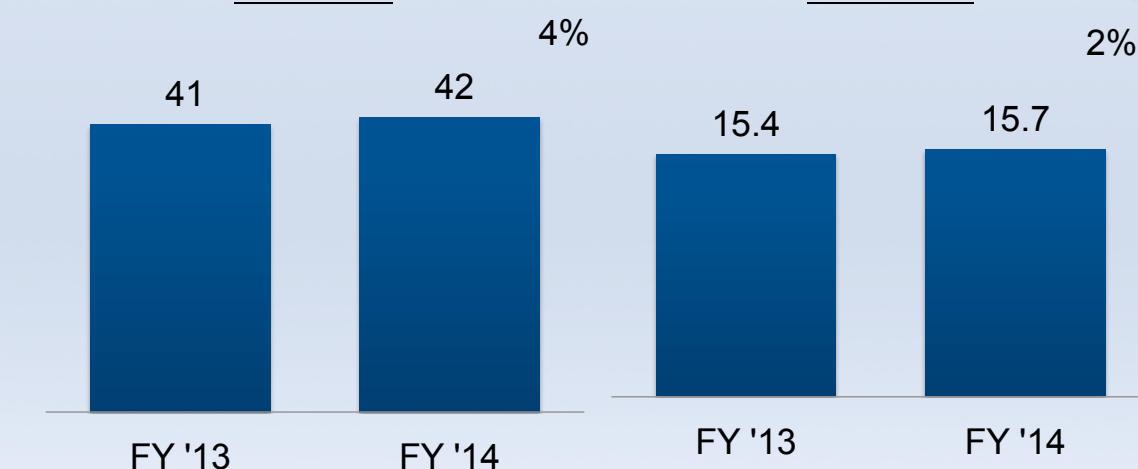
Travel Division



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Revenue

Net Profit



GP	40m	40m	NP%	37.8%	37.2%
GP%	99%	94%	Net Inv.	42m	46m

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



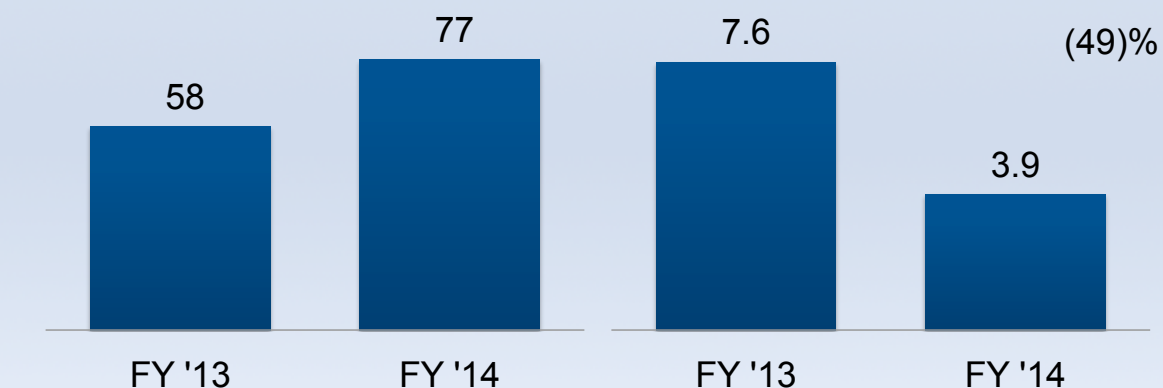
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Revenue

32%

Net Profit

(49)%

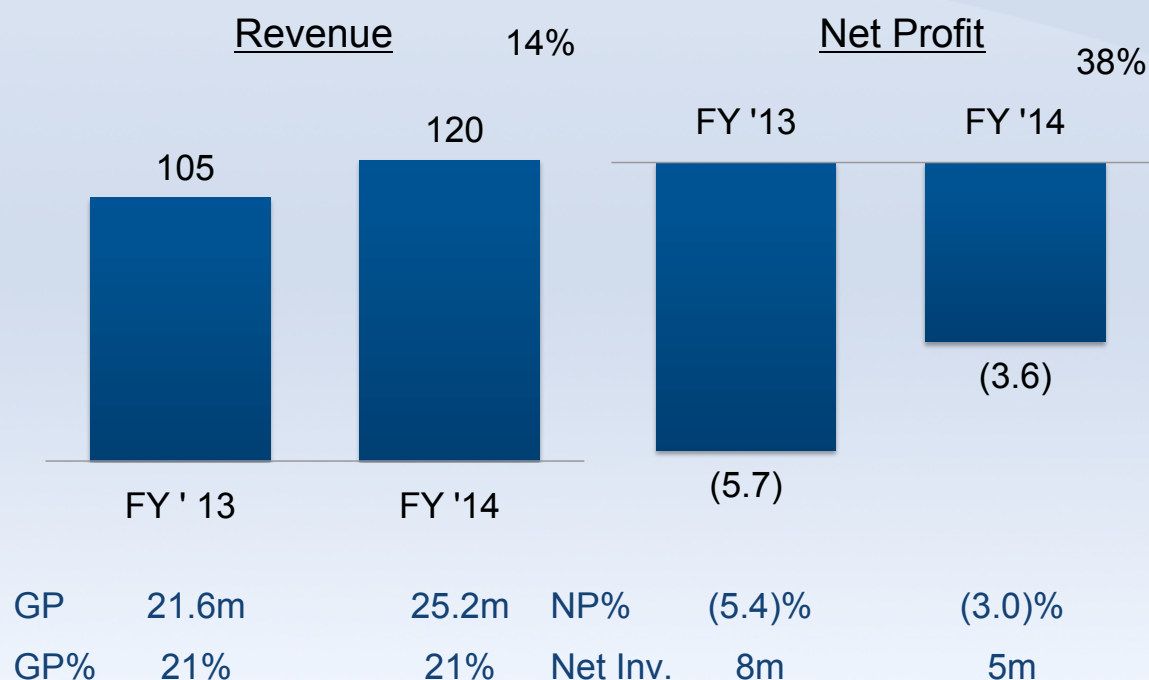


- FY'14 Orders of 113m driven by infrastructure projects in Qatar; driving revenue growth of 32%
- Profits fell 49% as a result of execution challenges on one specific Qatar project and wind-down of Oman division
- Launched Joint Venture in Land Surveys to compliment product suite; profitable in first year of operation

GP	23.3m	25.1m	NP%	35.6%	5.0%
GP%	40%	33%	Net Inv.	24m	24m

Engineering

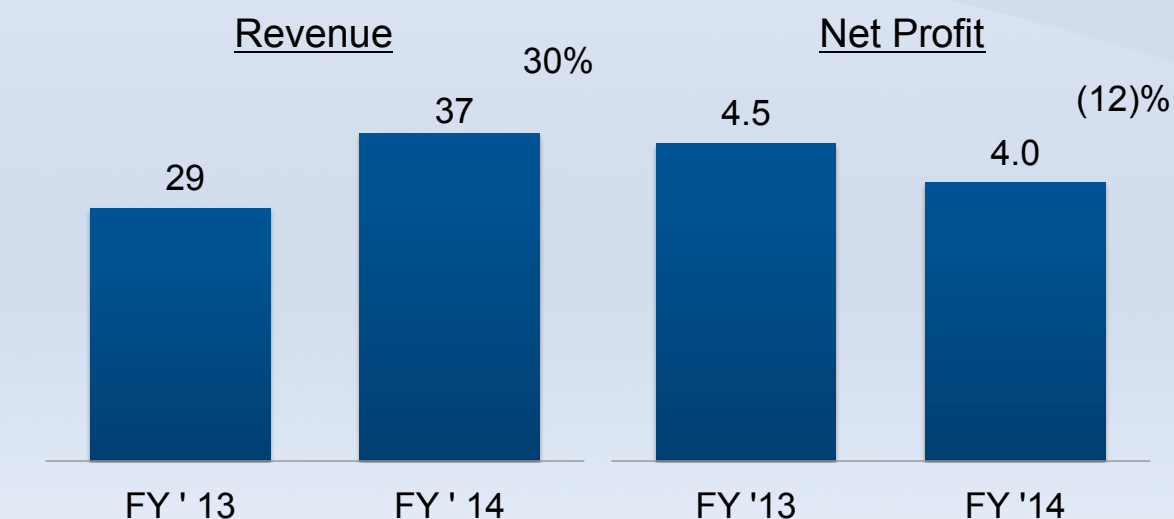
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- Revenues up 14% as new business flows to new Ras Laffan facility
- Management team starting to get traction on turnaround. New sales structure in place and improving pipeline
- Market still challenging with overcapacity
- Fostering on new partnerships 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

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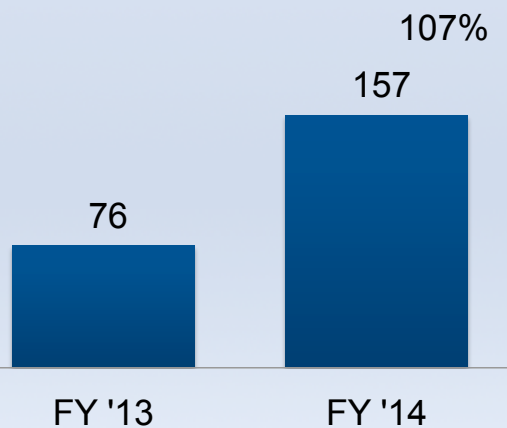
- Revenues increase as a result of increasing pricing to reflect market rates
- Overall profitability impacted by loss of Qatar Logistics warehouse at Salwa industrial area
- Focus primarily on internal Mannai business until new warehouse facility completed

GP	8.6m	9.4m	NP%	15.7%	10.6%
GP%	30%	25%	Net Inv.	6m	7m

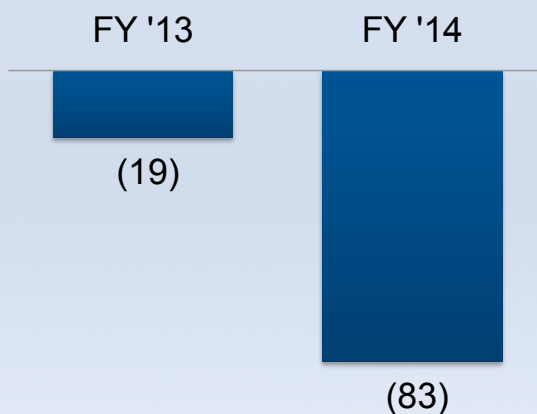
Others

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Revenue



Net Profit



GP	25m	(1)m
GP%	33%	(0.4)%

- 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

Normalisation of key lines for significant items

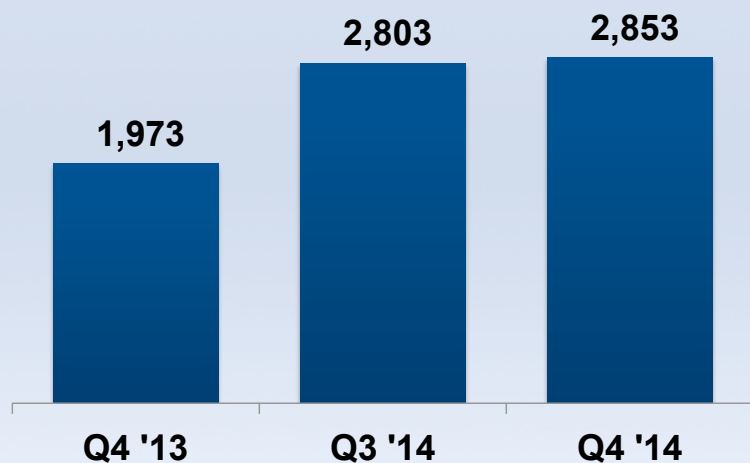
	3Q YTD'14	3Q YTD'13	VL%Y	Q4'14	Q4'13	VL%Y	FY'14	FY'13	VL%Y
Gross Profit	815.0	798.4	2%	390.7	346.6	13%	1,205.7	1,145.0	5%
Gold Loss		40.1						40.1	
Inventory Provisions	110.0			(49.7)			60.3		
Norm. Gross Profit	925.0	838.5	10%	341.0	346.6	(2%)	1,266.0	1,185.1	7%
Other Income	317.1	173.9	82%	45.1	120.5	(63%)	362.2	294.4	23%
Gain on Sale/Revaluation of Properties	19.6				43.8		19.6	43.8	
Damas Recoveries	273.2	147.4		28.0	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)		-	(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)		(57.8)	(67.4)		(171.5)	(138.2)	
Norm. Net Profit	264.2	219.4	20%	90.7	88.4	3%	354.9	307.8	15%

- Exceptional recoveries from Damas drives high level of one-offs in other income
- Steps taken to strengthen balance sheet and mitigate short-term risks; strengthening inventory provisions and impairment of acquisition-related intangibles reduces Gross Profit and increase G&A expense
- Underlying core profits up 15%, offsetting axiom headwinds

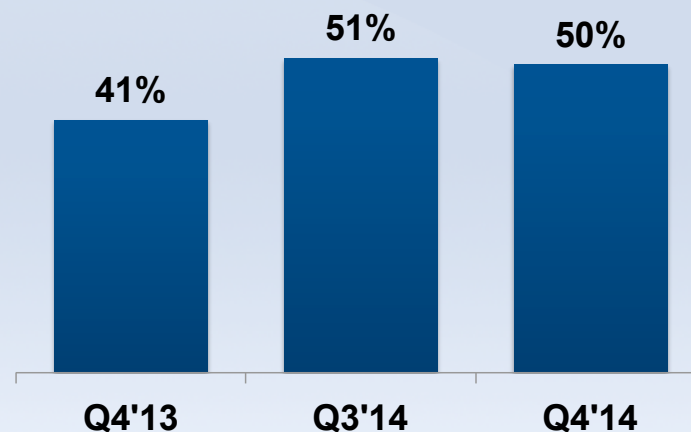
Increased Debt Levels to Fund Acquisition of Damas Minorities & Project-Driven Growth in Qatar

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Net Debt



Net Debt to Total Capital*



*Total Capital adjusted for Acquisition Reserves

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