

# Mannai Corporation QPSC

## FY'19 Financial Summary

# Disclaimer

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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:

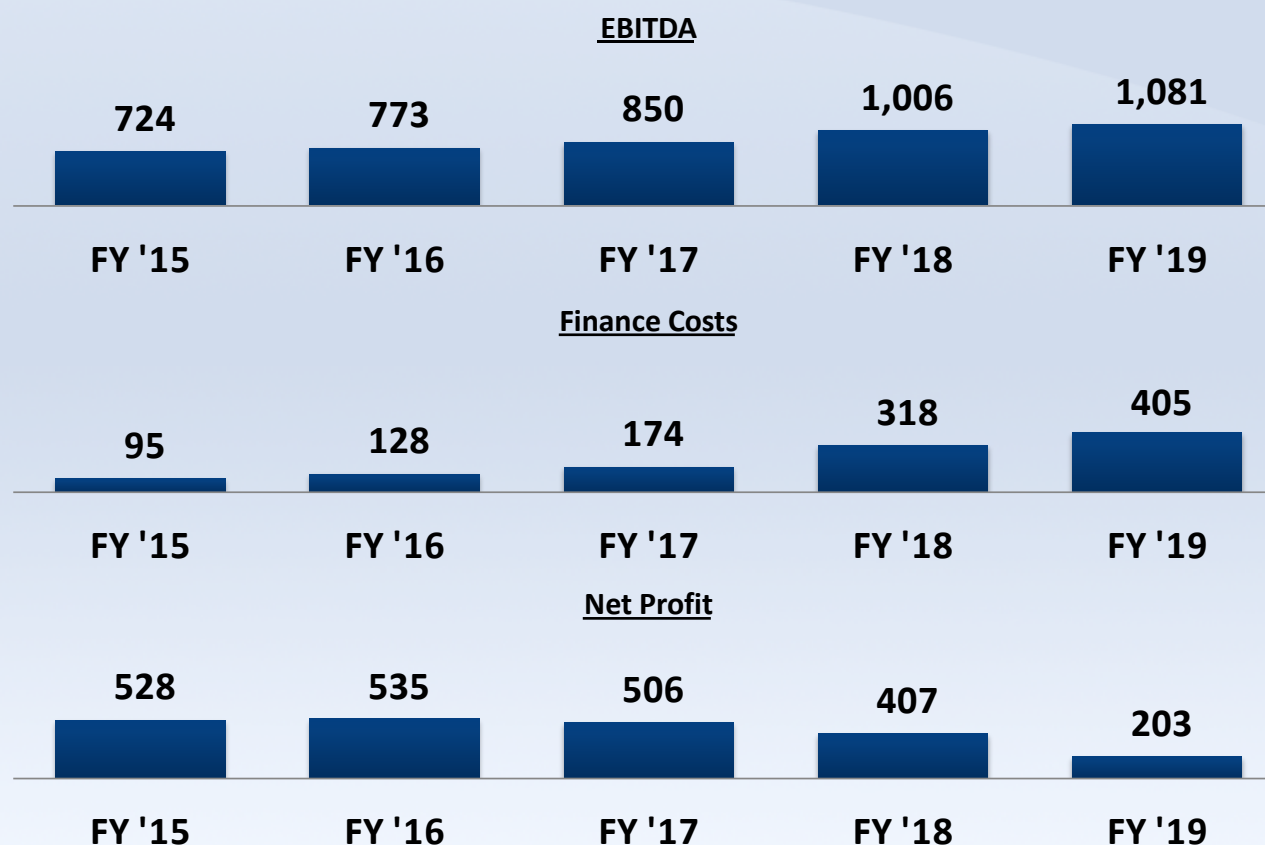
- Future sales growth
- Market acceptance of our product and service offerings
- Our ability to secure adequate financing or equity capital to fund our operations
- Our ability to enter into strategic alliances or transactions
- Regulatory approval processes
- Changes in technology
- Price competition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

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## Underlying EBITDA Growth of 11% Impacted by Financial Leverage

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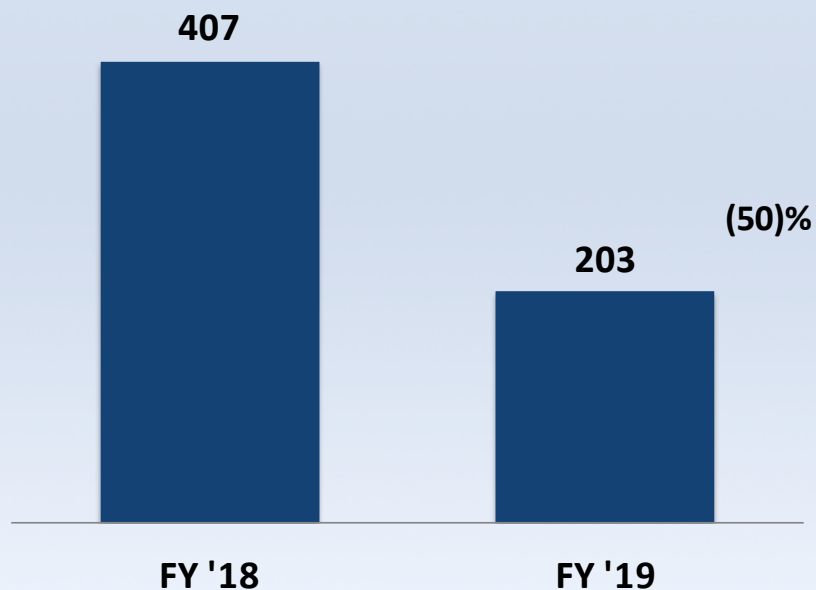


- Consistent EBITDA growth averaging 11% over 5 years
- Acquisition strategy funded by leverage has increased finance costs by 310m per year
- Increased finance costs primary driver of decline in net profit

## Net Profits Impacted by Higher Finance Costs and Damas Provisions

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### Net Profit



- ICT Qatar Up 8% to 228m; strong year of orders and revenue growth across all business units
- Gfi Informatique profits up 7% to 175m; IT delivers 94% of Group EBIT
- Gain on sale of investment boosted FY '18 by 81m
- Damas loss of 126m driven by weak trading and one-off provisions
- Finance costs increase by 87m to 405m, up 27%, driven by acquisition borrowings and higher interest rates
- Auto and Other Qatar flat as softness in economy impacts projects-related businesses

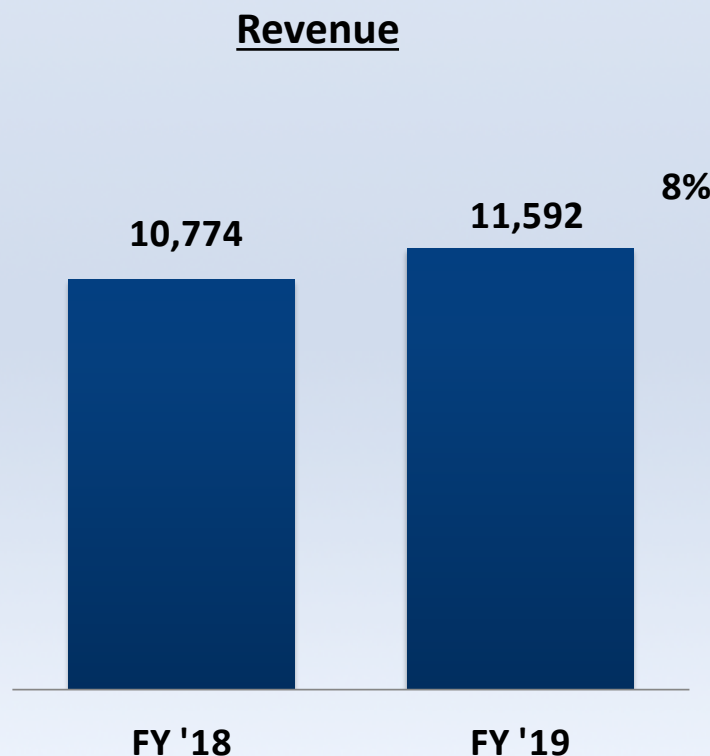
## Financial Highlights

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	<u>FY'18</u>	<u>FY'19</u>		
Revenues	10,774m	11,592m	8%	▲
EBITDA	1,006	1,081	8%	▲
General & Admin Expenses	1,254	1,126	(10)%	▼
Selling & Distribution Expenses	514	471	(8)%	▼
Finance Cost	318	405	27%	▲
Net Profit	407m	203m	(50)%	▼
Capital Employed	8,384m	8,197m	(2)%	▼
Earnings Per Share	0.89	0.44	(50)%	▲

## Revenues Up 8% Driven by IT Segment Growth of 12%

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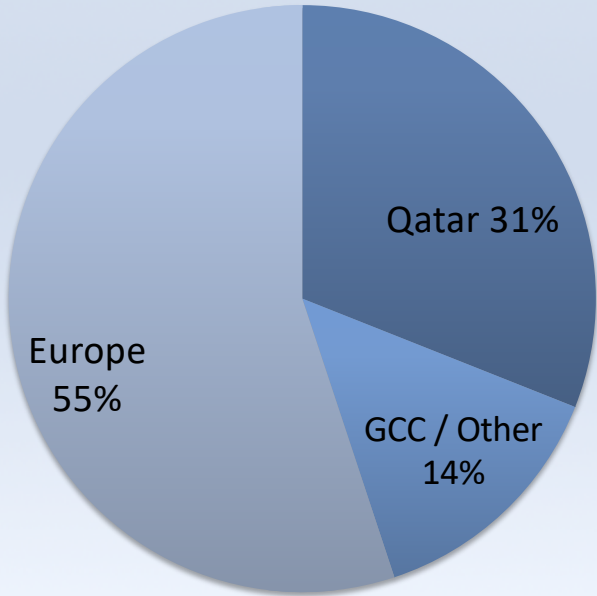


- ICT Qatar revenues up 21% to 2,656m driven by large government-related orders
- Gfi revenues up 8% to 6,523m
- IT Revenues growth of 12% increases share to 79% of group revenues
- Damas revenues down 10% as soft UAE trading conditions continue
- Other Qatar revenues fall 4% due to continued pressure on projects-based revenues; Auto down 4% due to Heavy Equipment, Geotechnical down 17%, Engineering down 9%, Logistics down 11%

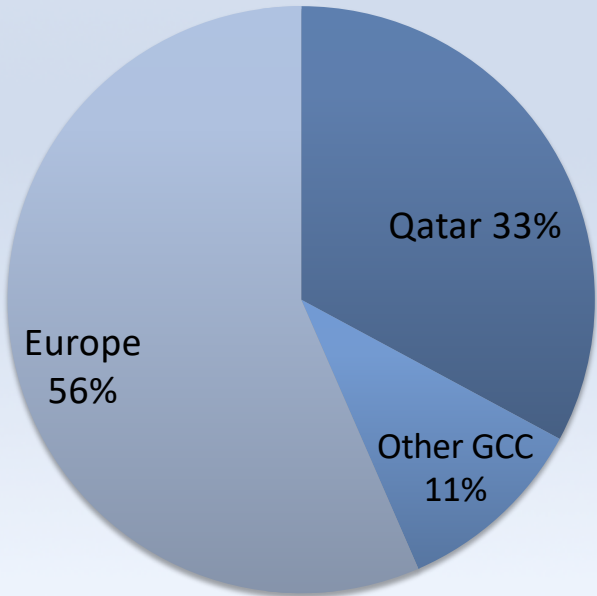
# Gfi Informatique Drives Geographic Diversification of Revenues

Revenue Mix

FY '18

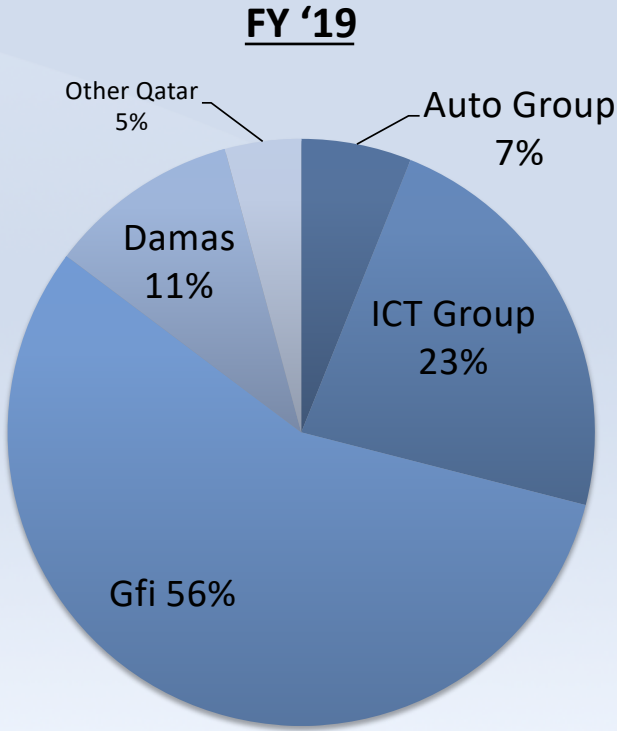
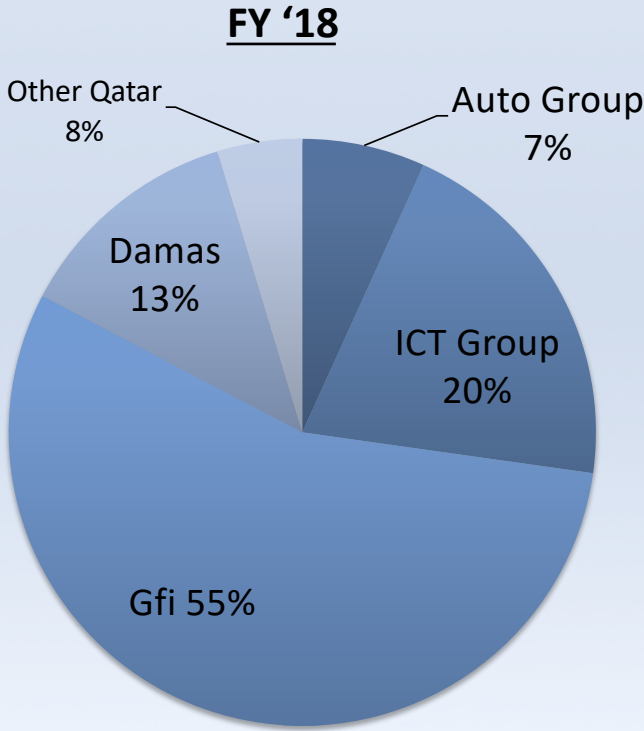


FY '19



# Gfi & ICT Qatar Drives IT Mix to 79% of Group Revenues

Revenue Mix

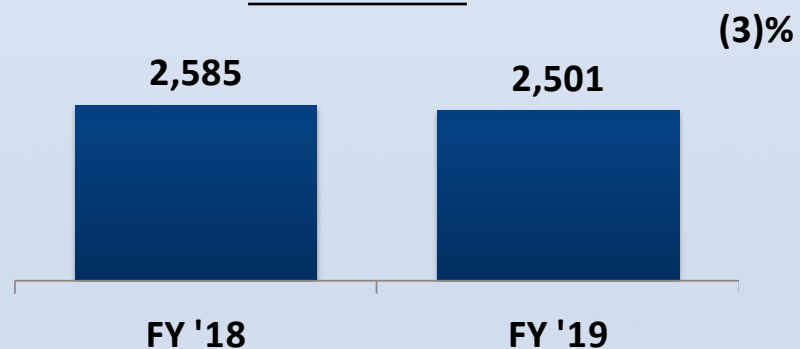




## Gross Profits Impacted by Damas

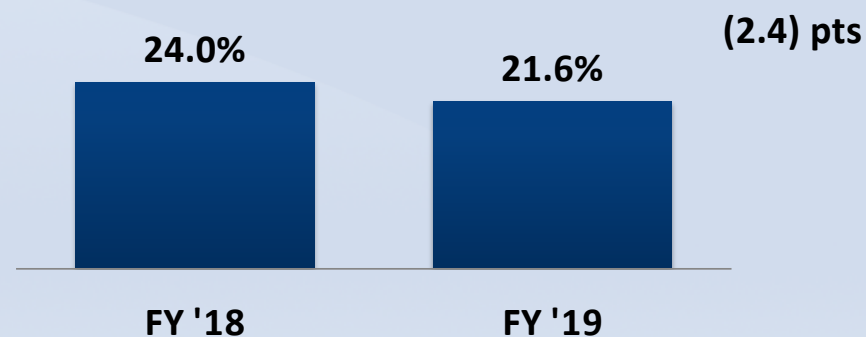
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### Gross Profit



- Decrease in Gross Profit driven by Damas down 39%, Offset by ICT up 58m, up 17%
- Damas margins impacted by trading conditions and one-off provisions
- Gfi impacted by RealDolmen acquisition in Belgium
- Auto improvement due to shift in mix from lower margin Heavy Equipment

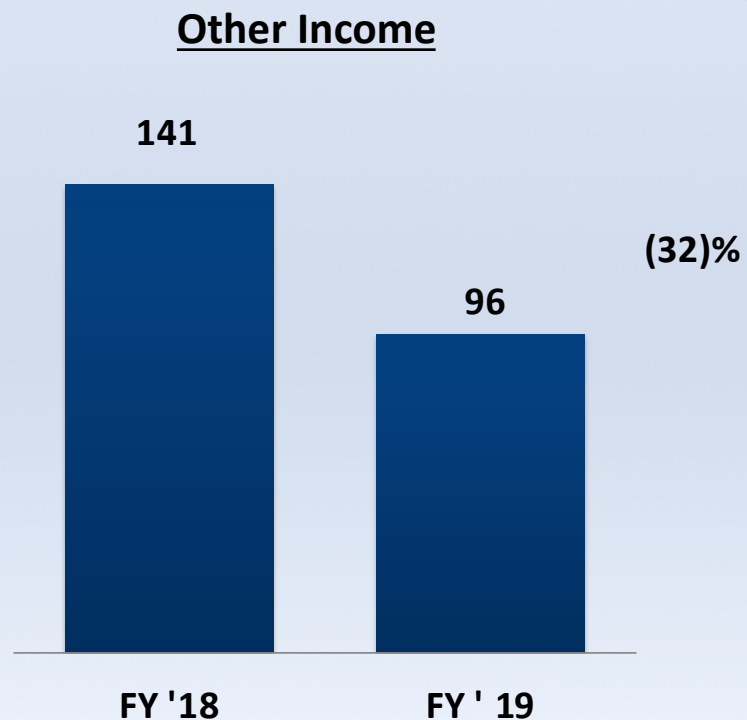
### Gross Margin %



	<u>FY '19</u>	<u>V pts</u>
Gfi	23.8%	(2.0) pts
ICT	14.9%	(0.4) pts
Auto	22.7%	1.7 pts
Damas	19.2%	(9.3) pts
All Other	32.8%	(0.5) pts

## Other Income Decrease Due to One-off Gain Recognised in 2018

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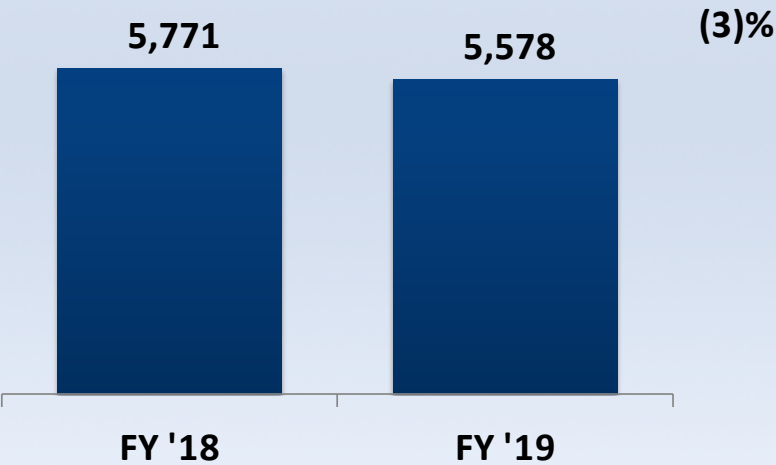


- One-off gain on sale of investment recognised in FY '18 for 81m is the primary driver of decrease in FY '19
- Gain on disposal of investment property of 17m recognised in FY '19

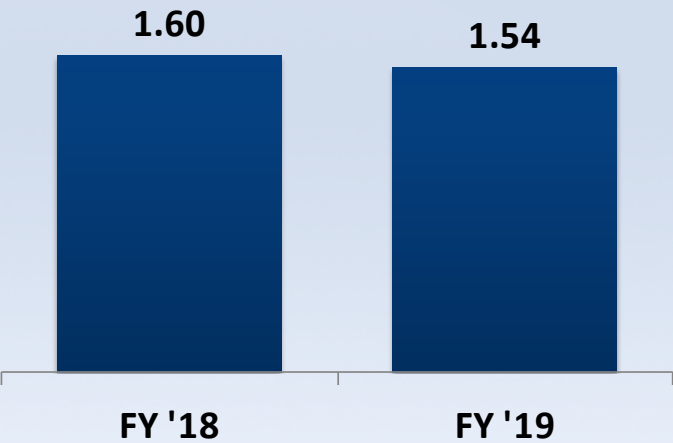
# Debt Reduction Driven by Strong Cash Flows and Working Capital Reduction

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Net Debt

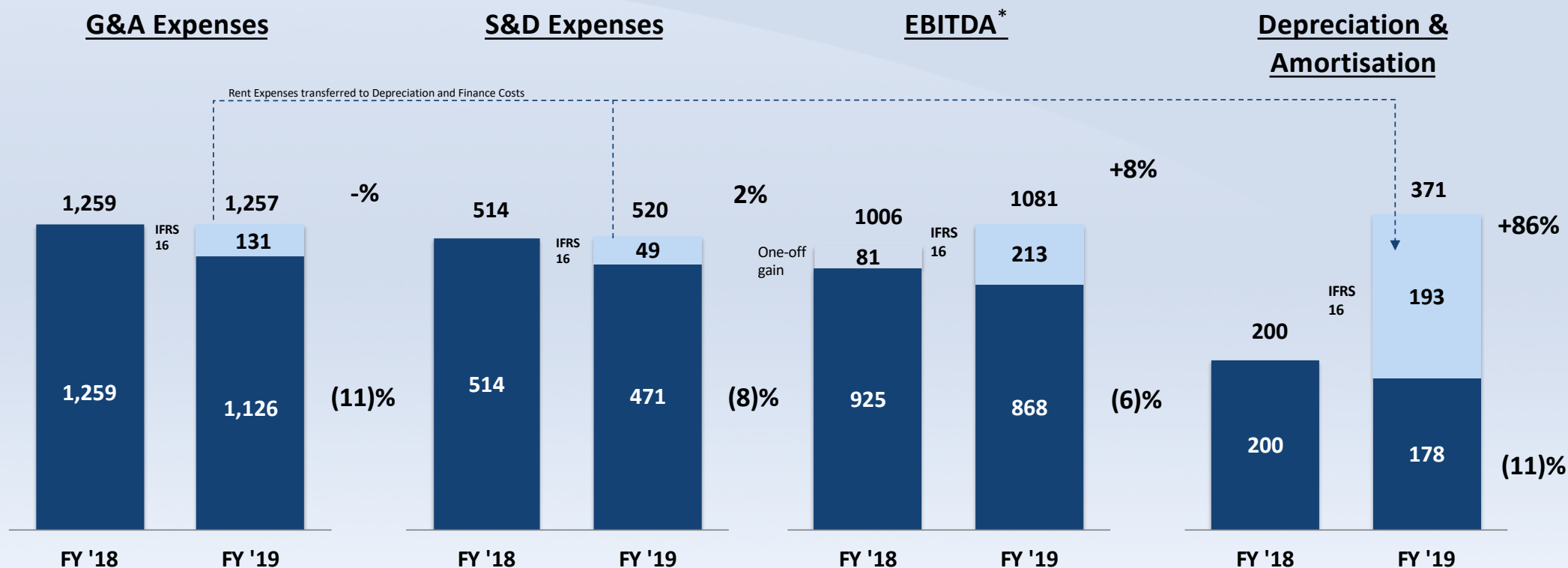


Gearing Ratio



# IFRS16 Impact on Key Income Statement Lines

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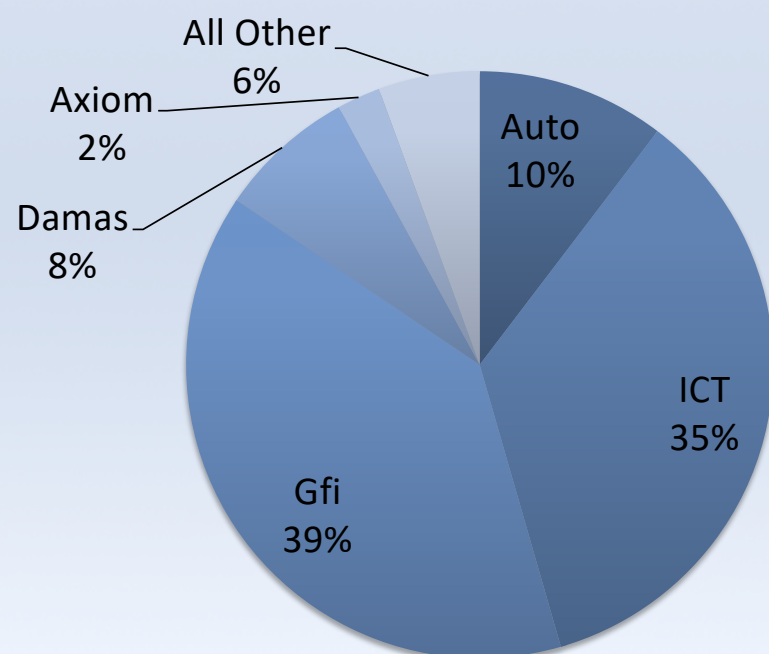


\*Additional 33m reduction in Direct Costs, Increase of 21.6m in Finance Costs and overall Net Profit impact of (1.4)m

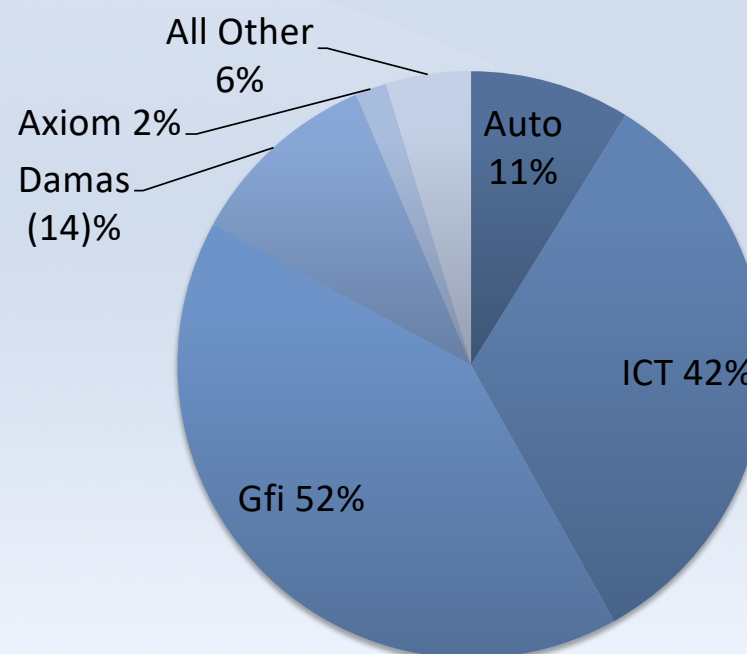
## Gfi and ICT Growth Increases IT Segment to 76%

### Profit Mix\*

FY '18



FY '19



\*Profit Before Interest and Tax (EBIT), excluding Other Segment (primarily HQ expenses and director's fees)

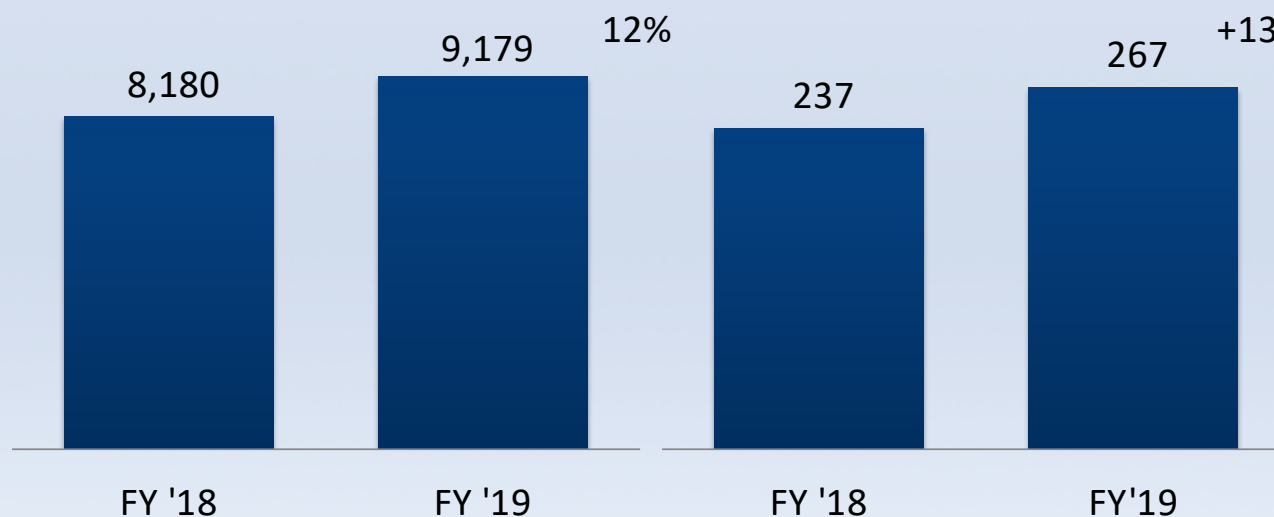
# Information Technology



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## Revenue

## Net Profit



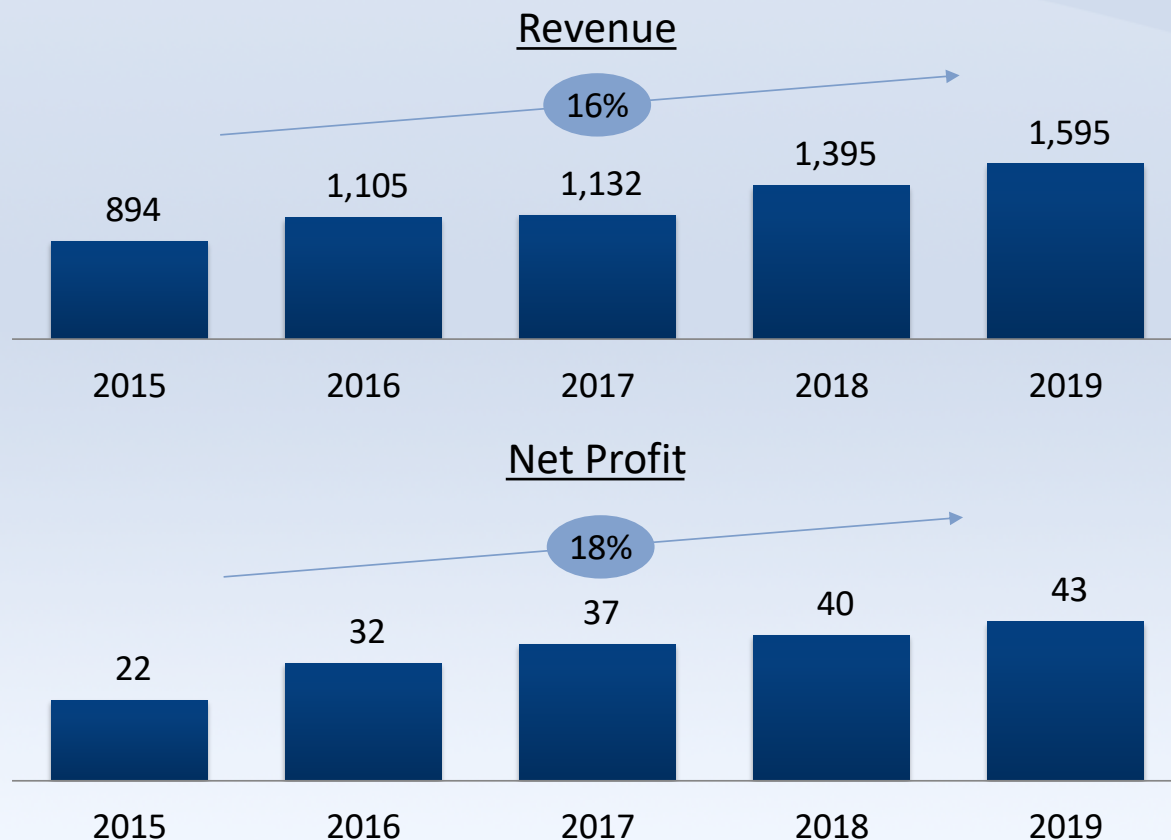
- Qatar Revenues up 31% and Gfi Revenues up 8%
- Strong orders in Qatar driven by large government contracts; leading to margin pressure
- Finance Costs up 49m or 24% due to Gfi acquisition funding and increased working capital driven by revenue growth

GP	1,878m	1,948m	NP%	2.9%	2.9%
GP%	23.0%	21.2%	Cap. Emp.	2,032m	2,091m

# Gfi Informatique : European Leader in Digital Services & Solutions



(Euro €m)



- Initial investment of 51% in 2016, remaining stake purchased in 2017 and 2018
- Growth through acquisitions; largest in Spain and Belgium
- Net Profit doubles in 4 years
- Additional acquisition in Spain announced Dec 2019; subject to regulatory approvals
- Will continue to pursue its strategic plan to become a leader in IT services and solutions in the EMEA

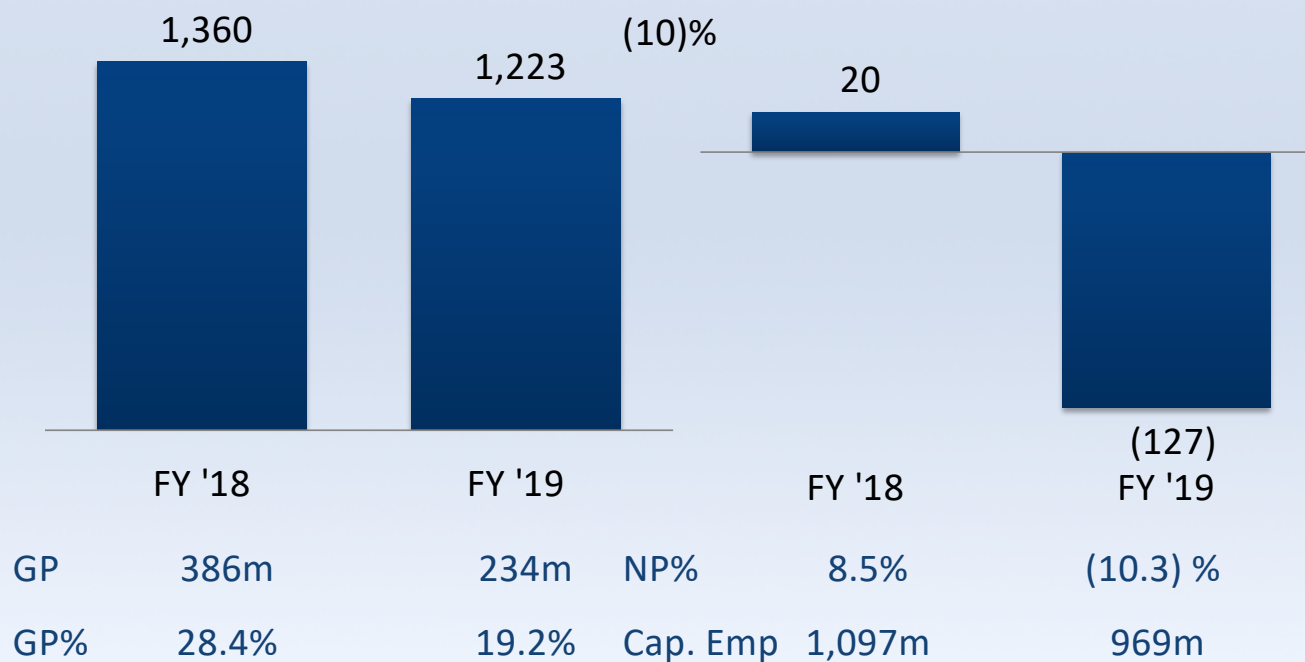
## Damas Jewellery

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### Revenue

### Net Profit



- Revenue decline as retail conditions continue to impact sales
- Repositioning of brand and store rationalisation leading to provisions for inventory and store impairments



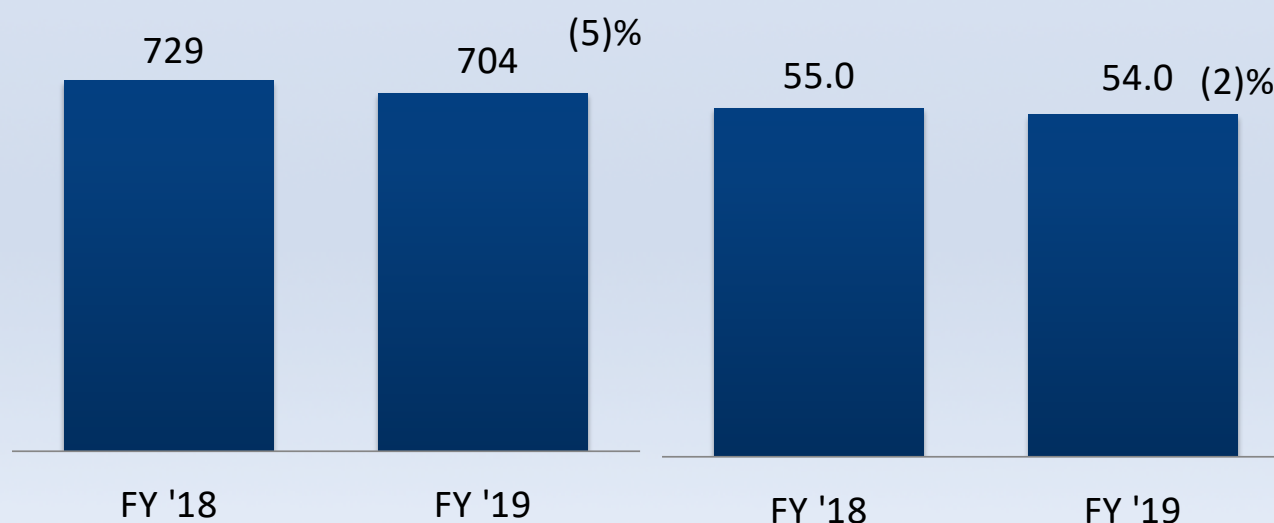
## Auto Division



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### Revenue

### Net Profit



- Reduction in sales driven by heavy equipment down 25% due to slow projects activity
- Offset uptick in new vehicle sales, up 8%, driven by launch of new Sierra pick-up models

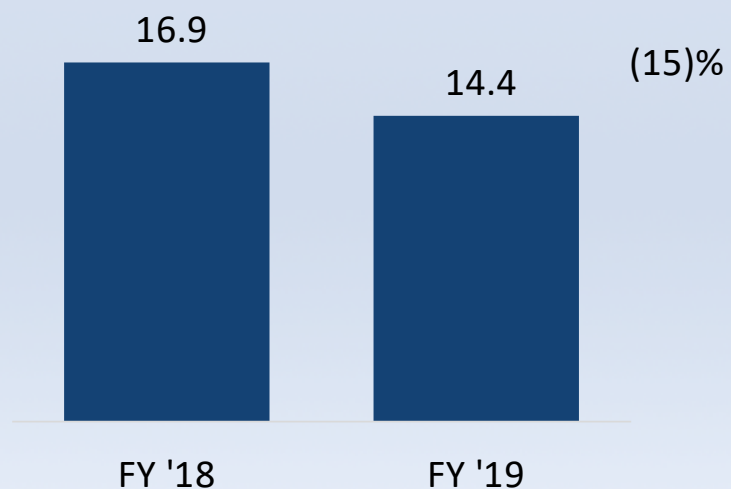
GP	152.9m	159.7m	NP%	7.6%	7.7%
GP%	21.0%	22.7%	Cap. Emp.	528m	468m

# Axiom Telecom



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## Share of Profit



- Underlying trends in core UAE and KSA business encouraging as management continue to re-align business to existing market conditions
- Profits impacted by investment in new online business channel

# Energy and Industrial Markets

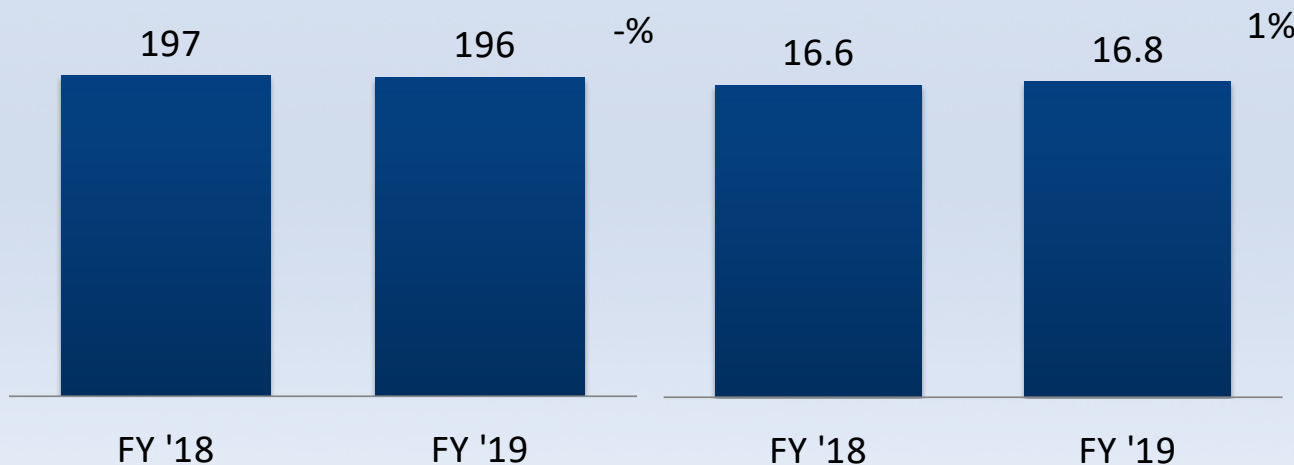
SIEMENS TOSHIBA



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## Revenue

## Net Profit



- Market affected by run-off of mega projects in Qatar and limited new projects
- Revenues driven by ongoing demand for HVAC and parts, repair and services in energy and industrial markets

GP	40.3m	38.7m	NP%	8.4%	8.6%
GP%	20.4%	19.7%	Cap. Emp.	45m	35m

# Travel Division



MANNAI AIR TRAVEL  
MANNAI CORPORATION QSC

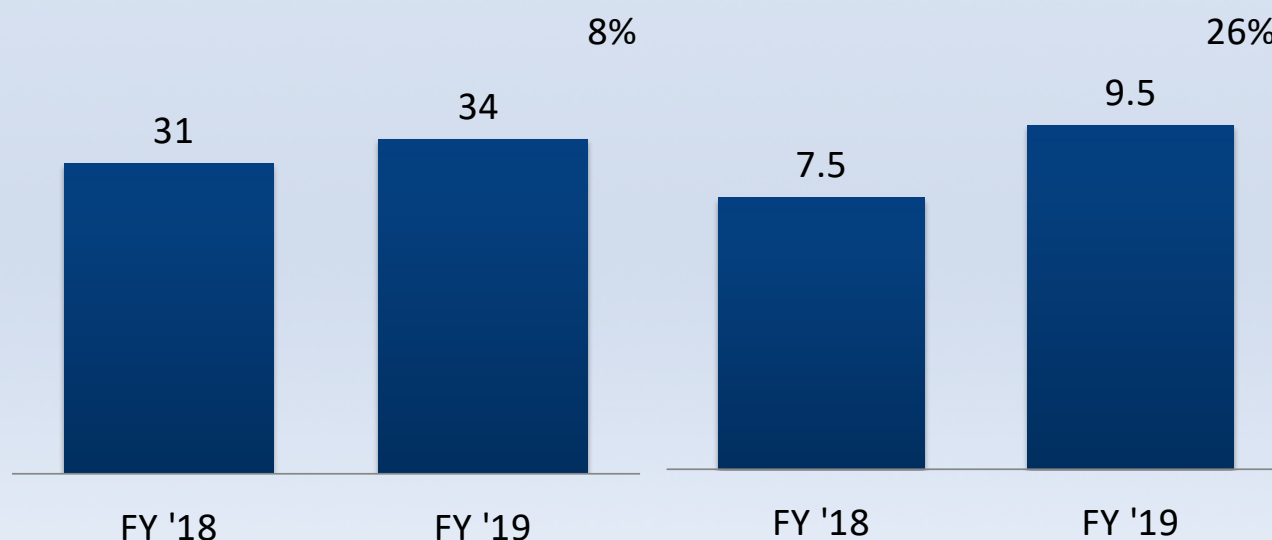


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## Revenue

## Net Profit



- Visa Processing Division drove growth with revenues up 51% as new missions opened in 2019
- Travel volumes up 4% compared to FY '18 helping revenues

GP	26.7	28.8m	NP%	24.1%	26.0%
GP%	85.2%	85.3%	Cap. Emp.	18m	31m

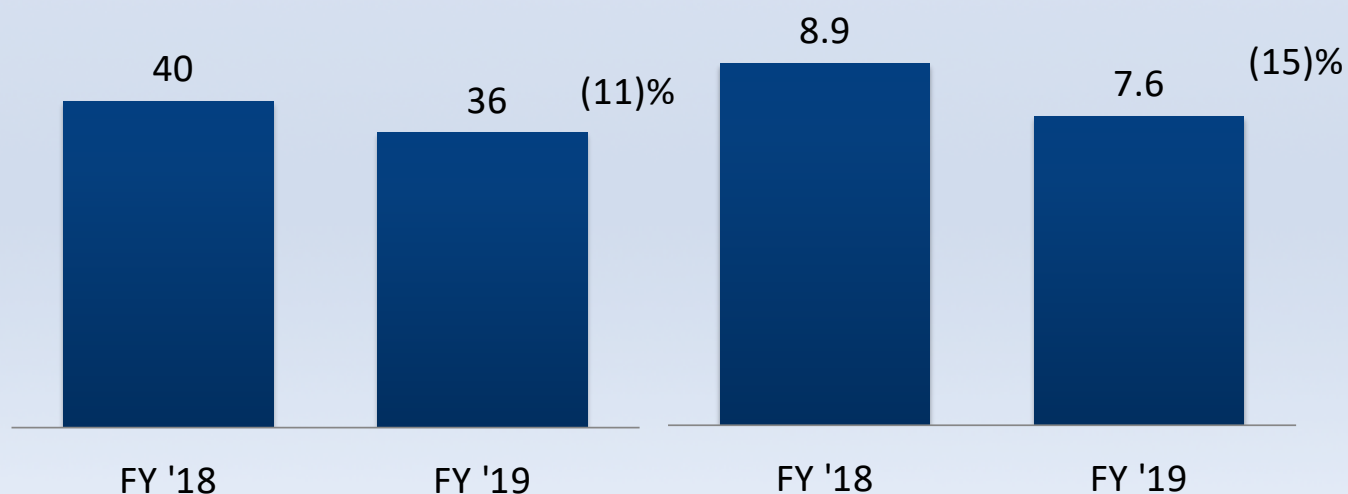
# Logistics



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## Revenue

## Net Profit



- Drop in warehouse storage pricing due to over supply in market
- Freight business decline during the year; expected to ramp up with FIFA2022 in coming 3 years

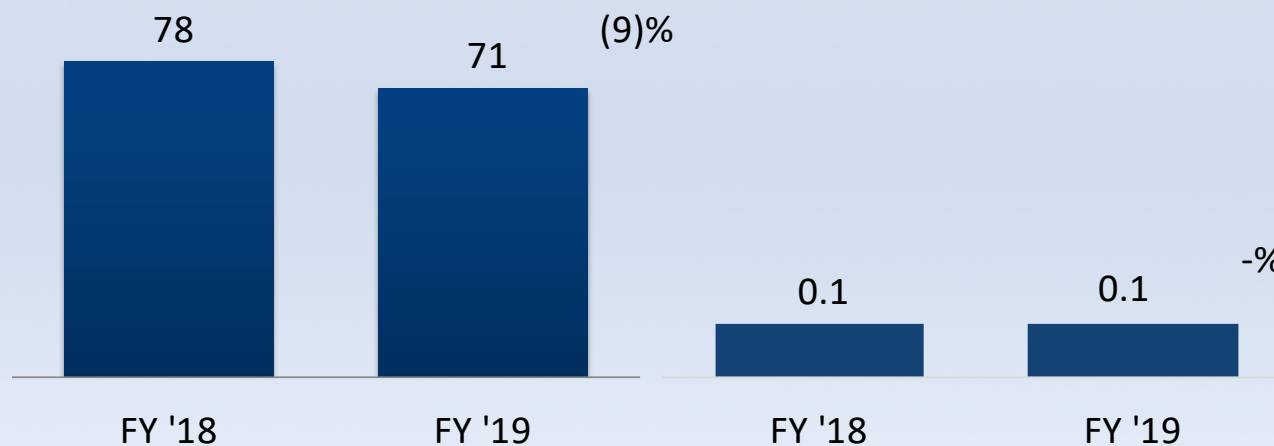
GP	15.1m	13.0m	NP%	21.8%	21.0%
GP%	36.9%	35.9%	Cap. Emp.	8m	11m

# Engineering

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## Revenue

## Net Profit



- Reduced shutdown activity & reduced demand compared to FY '18
- Improved operational and sales processes to have an impact in FY '20

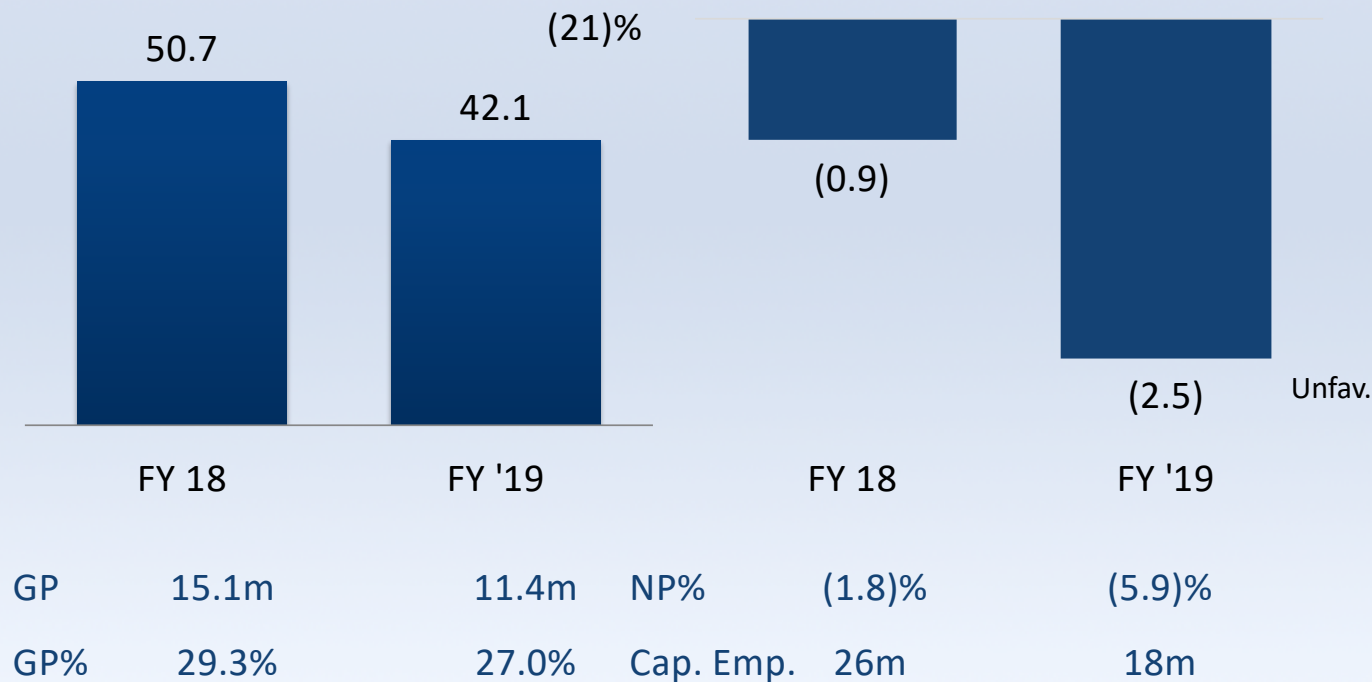
GP	15.3	10.7m	NP%	0.2%	0.1%
GP%	19.6%	15.1%	Cap. Emp.	5m	5m

## Geotechnical Services

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### Revenue

### Net Profit



- Fall in revenue as road-building and other mega-projects from 2014-2015 run-off
- Significant rightsizing of manpower during 2019
- Outlook for 2020 positive after 130m of orders achieved in 2019; driven by Ashghal geotechnical project
- Achieved certification from Kahramaa as first domestic specialized oil analysis laboratory; well positioned to benefit from Tawteen localisation initiative

# Mannai Corporation QSC

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