

GIS successfully accomplishes Amwaj's merger with Shaqab and Atyab to create largest local Qatari Champion in catering segment with sustainable value creation

- Merger of Amwaj will be with Atyab & selected entities of Shaqab effective from 1st Jan, 2023 ("Merger") subject to approval by the General Assembly meetings of all the respective shareholders and relevant regulatory approvals
- Ownership of Shaqab and Atyab to be transferred to Amwaj, Amwaj Catering Services Limited will become the merged entity ("Merged Entity")
- Post-Merger, Amwaj will have an effective shareholding of 30.0% held by GIS, 35.7% by Tamween and 34.3% by AQI
- The Merged Entity will create the largest local Qatari champion in specialized catering, camp management and manpower services

I. Background

Doha, Qatar; 20th February 2023: Gulf International Service Q.P.S.C. ("GIS"; QE Ticker: GISS), one of the region's largest oil & gas service providers, announced today that the Company's Board of Directors during its meeting on 13th Feb, 2023, has approved to call for the Extra-Ordinary General Assembly Meeting ("EGM") scheduled for 13th March, 2023 to obtain the shareholders' approval of the Merger. The proposed Merger of Amwaj Catering Services Limited ("Amwaj"), a wholly owned subsidiary of GIS, with selected entities of Shaqab Abela Catering Services Co. ("Shaqab") and Atyab Fruits and Vegetables ("Atyab") is intended to be effective from 1st January 2023. The Merger is an all-share combination of Amwaj with in-kind contribution from two new incumbent strategic merging shareholders (who are currently 100% joint owners of Shaqab & Atyab) namely – Tamween Capital W.L.L. ("Tamween") and Abela Qatar International W.L.L. ("AQI").

New strategic shareholders of Amwaj along with GIS have jointly agreed to make the Merger's effective date as the 1st January, 2023 and will enter into definitive shareholders agreement alongside appropriate regulatory approvals.

II. Merger Overview

a) Key Purpose of the Merger

- ✓ The Merger will create a catering national champion, and the combined entity will become the go-to player for all large-scale catering needs in Qatar and, potentially, in the wider region.
- ✓ The Merger will combine Amwaj's solid brand and strong client base with the incumbent shareholders' best-in-class management capabilities and proven track record.

b) SWOT Analysis of the Merger

Strengths:	Weaknesses:
• Ability to provide an integrated and diversified range of services to support corporate businesses in Qatar and critical energy sector offshore locations • Ability to fully serve major contracts within Qatar and the region on the back of the wider and integrated structure • Ability to increase operational efficiencies on the back of the achievement of larger economies of scale • Best-in-class operator with strong track record and solid shareholder backing • Proven management & Board expertise to achieve desired growth • Benefit of the presence of three shareholders with similar ownership allowing deadlocks to be avoided thanks to clearly defined rules in the shareholders agreement	• Revenue concentration on the oil & gas segment • Reliance on mostly short to medium-term contracts, with potential renewal risk • Potential impact on financial for operating in a high-inflation environment
Opportunities:	Threats:
• Explore untapped and unaccounted revenue and cost synergies, once integration is completed • Explore additional acquisitions to further consolidate a highly fragmented market • Explore an expansion in the region, if deemed feasible and profitable by the new management • Explore new operating segments of catering and manpower services	• Potential issues during the integration phase of the operations that could affect the quality of services (mitigated by a transition phase where each company will maintain a certain degree of operational independence) • Limited barriers to entry that could allow international players to compete

c) Merger Merits and Considerations

1. Merits of the Merger

- ✓ Create the largest Qatari entity providing industrial catering, camp and manpower services
- ✓ Bring the best-in-class management and industry experience under one umbrella
- ✓ Combined revenues and profitability are expected to improve on the back of operational and administrative synergies
- ✓ Value creation for GIS and its shareholders in short to medium term

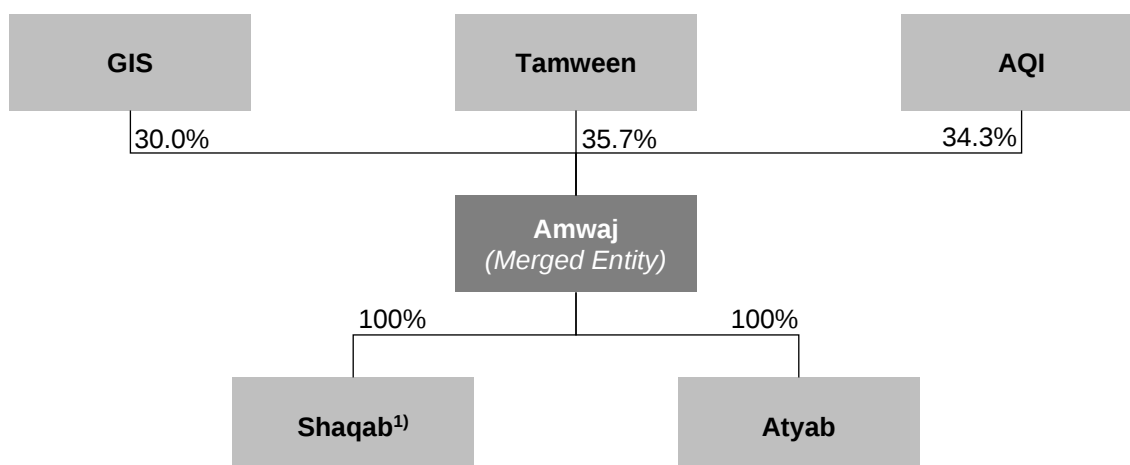
2. Considerations of the Merger

- ✓ GIS shareholding in merged entity will be lower in comparison to other 2 incumbent shareholders

- ✓ GIS to report share of profit from JV / associates based on equity accounting principle of International Financial Reporting Standards, instead of line-by-line consolidation
- ✓ If the combined entity fails to achieve its targeted business and synergies, GIS may have to impair its investment in Amwaj from carrying book value (i.e., original acquisition value)

d) Transaction Structure

The Merged Entity is proposed to be carrying its operations under the brand name of “Amwaj” i.e., the name of the Merged Entity will be “Amwaj Catering Services Limited”. Whereas, Amwaj will own 100% stake of Shaqab and Atyab effective from 1st Jan, 2023 as in-kind contribution from new incoming shareholders i.e., Tamween and AQI. The legal form of the company will be Qatari Private Joint Stock Company (Q.P.J.S.C.).



Note: 1) Selected Shaqab Entities

e) Capital Structure

The Merged Entity will have authorized and fully paid-up capital of QAR 100,000,000 (One Hundred Million Qatari Riyals) divided into one hundred million shares of QAR 1 (One Qatari Riyal) each, fully subscribed as per below agreed shareholding:

1. Gulf International Services Q.P.S.C. – QAR 30,000,000 translating to 30.0% ownership;
2. Tamween Capital W.L.L. – QAR 35,700,000, translating to 35.7% ownership; and
3. Abela Qatar International W.L.L. – QAR 34,300,000, translating to 34.3% ownership.

Following the completion of the Merger, each shareholder of the Merged Entity will nominate two members to the Board of Directors. The CEO of the Merged Entity will be independently appointed by the new Board of Directors.

III. Valuation Overview

In light of the analysis conducted by independent joint valuation advisor, the recommended method for valuing the proposed Merger and determining the fair market value for the shareholders is based on Market Approach– EV/EBITDA Multiple followed by adjustment for normalization, where applicable.

Fair value of the Merged Entity was accomplished by a jointly appointed independent valuation advisor post completion of mutual due diligence. Shareholders agreed to value the Merged Entity's business based on three years weighted EBITDA based on prevailing market trading multiples.

The combined valuation of the Merged Entity based on the above approach was an enterprise value (as of Sep-22) of QAR 795 million, and a 100% equity value of QAR 697 million. However, based on arrangement of GIS with incumbent shareholders to take out QAR 60 million in cash pre-Merger basis, the final estimated fair equity value of the Merged Entity as of Sep-2022 was mutually accepted and agreed to be QAR 637 million.

IV. Other Matters Pertaining to the Proposed Merger Transaction:

Name of the Subsidiary:	Amwaj Catering Services Limited
Objective of the Subsidiary:	Providing all types of catering and related services
Degree of dependency:	From 100% subsidiary of Gulf International Services Q.P.S.C. ("GIS") to jointly controlled entity
Senior management:	Mr. Ahmed Al Mulla, Chief Executive Officer
Current ownership:	GIS: 100%
Post-merger ownership:	GIS: 30%, Tamween: 35.7% and AQI: 34.3%
Post-merger entities to be owned by Amwaj (as in-kind contribution from offeror):	Shaqab Abela Catering Services W.L.L. (C. R. No. 25195) and Atyab Fruits and Vegetable (C. R. No.38845)
Offeror's details:	
Offerors Name:	Tamween Capital W.L.L. (51%) – C. R. No. 115594 and Abela Qatar International W.L.L. (49%) – C. R. No. 25017
Headquarters:	Zone 37, street 362, Building 3, Doha, Qatar.
Objectives:	Providing catering and manpower services
Senior management:	Tamween: Mr. Carlo Rami, Chief Executive Officer AQI: Mr. Imad Al-Khoury, Chief Executive Officer
Capital:	Tamween: QAR 10,000,000 & AQI: QAR 37,000,000
Offeree's details:	
Offeree:	Gulf International Services Q. P. S.C. (C. R. No. 38200)
Headquarters:	Doha, Qatar
Objectives:	To operate as a holding company
Paid-up Capital:	QAR 1,858,408,690

Senior management:	Mr. Abdulla Yaaqob Al-Hay, Authorized Representative
Major shareholders:	QatarEnergy (10%), Qatar Investment Authority (10.65%), General Retirement & Social Insurance Authority (16.65%), Military Pension Fund (5.20%) and General Public & others (57.50%)
Timetable to completion of the indirect acquisition / merger:	13 th March, 2023 subject to approval in EGAM of GIS, with effective date to be 1 st Jan, 2023
Implications on standalone financial statements:	No impact on standalone financial statements of GIS with an exception of investment in Amwaj to be adjusted as per agreed transaction described above
Implications on consolidated financial statements:	- As per applicable International Financial Reporting Standards (IFRS) and Commercial Companies Law of Qatar, GIS will be required to re-classify Amwaj from Subsidiary to Joint Venture and/or Associate - Accordingly, GIS will no longer report consolidated results of the Merged Entity, but will only report share of profit or loss emanating from its newly Merged Entity pertaining to its shareholding as per equity method allowed by IFRS - As per above, the full consolidation of revenues and expenses will halt, and a new line item of reporting named "share of profit or loss from JV / associate" will appear on its income statement - Goodwill from original acquisition value of Amwaj will no longer be reported on the consolidated balance sheet of GIS, instead "Investment in Joint Venture / Associate" will appear at its carrying acquisition value net of impairment, if any
Statement of the number of shares owned by the Offeror in the Offeree - Listed Company.	Nil shares owned by Tamween & AQI in GIS
Disclosure of any interest relationship, if any, among the concerned persons, their boards' members or major shareholders or denial of such relationship	To the best of all shareholders representative and their owners and Board, none of the concerned persons, entities and Board members are having any other interest in GIS or have any other relationship with GIS. For the purpose of this indirect merger, all relevant persons are duly classified as insiders by GIS.

V. Transaction Advisers

a) Financial

QInvest LLC acted as the Exclusive Financial Advisor to GIS on this Merger. QInvest LLC is Qatar's leading investment group with activities across the Middle East, Europe, Turkey, UK, and USA. In addition to investment advisory, QInvest provides world class investment banking advisory services to achieve the strategic objectives of its key clients.

b) Legal

Shareholders have jointly appointed Arab Law Bureau through Amwaj as their legal counsel for the Merger's legal documents and review alongside their in-house legal teams.

c) Valuation

Access Company - (Moore Stephens) W.L.L. ("Moore Qatar"). Moore Qatar (formerly known as Access Company) was appointed as joint valuation advisor of the Merger. Moore Qatar is an approved evaluator by the QFMA since 2015 and has worked closely with the QFMA, public listed companies and potential entrants.

VI. Overview of Merging Entities**a) About Amwaj**

Amwaj was incorporated in 2006 as a wholly owned subsidiary of QatarEnergy and was subsequently 100% acquired by Gulf International Services (GIS) in June 2012. In addition to its original objective of providing high quality catering services, Amwaj has diversified to encompass cleaning, pest control, manpower supply, facilities management, camp management, retail and VIP catering. With soft facility management services, which include commercial cleaning services that cover both internal and external areas, the company offers comprehensive and efficient services that include cleaning & janitorial and laundry services for clients.

b) About Shaqab & Atyab

Selected entities of Shaqab included in the Merger provide flagship hospitality and life support solutions. This includes services ranging from catering to facilities management services, as well as provision of managed and serviced staff accommodation solutions. For the purpose of this merger, selected entities includes below:

1. Shaqab Abela Catering Services W.L.L.
2. Central Services Workshop W.L.L.
3. Shaqab Bakery W.L.L.
4. Paddock Restaurant W.L.L.
5. Citrus Restaurant & Café W.L.L.
6. Slim N Lite W.L.L.
7. Shaqab National Catering W.L.L.

Atyab is a wholesaler of food and non-food products, primarily serving Shaqab and other institutional clients. The Company specializes in a wide range of dry, fresh & frozen food, catering-related products and operates a supply chain, allowing it to support its clients' requirements competitively, Shaqab and Atyab are both 100% owned by Manaya Holding Group W.L.L.

VII. Overview of Shareholders

a) About Gulf International Services Q.P.S.C.

Gulf International Services, a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Through the group companies, Gulf International Services Q.P.S.C. operates in four distinct segments - insurance and reinsurance, drilling, helicopter transportation and catering services. QatarEnergy (formerly known as Qatar Petroleum), the largest shareholder, provides all of the head office functions for Gulf International Services Q.P.S.C. through a comprehensive service directive. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

For more information about the announcement, email us at gis@gatarenergy.qa or visit www.gis.com.qa.

b) About Tamween Capital W.L.L.

Tamween Capital W.L.L. was established as a Qatari Limited Liability company on April 8, 2018. The business operations of the company comprise the direct holding of shares in several subsidiaries with business interest covering, without being limited to, FMCG, HORECA, Food and Support Service Industries, Food Trading and Restaurant's and Kitchens. Helmed by a business team with several years of investment and management experience in relevant industries, Tamween has consolidated its capabilities into a strong core. Building a comprehensive network of business partners and associates across the region to extend its investment outreach and business capabilities.

c) About Abela Qatar International W.L.L.

AQI was established in 2002. It is the owner of businesses that organically evolved into a preferred end-to-end provider of a wide range of operational and strategic solutions to its clients. This includes:

1. Private equity in manufacturing, supply-chain and real-estate
2. Catering, Facilities management & maintenance
3. Logistics, courier and border clearance

4. Construction and fit-out works
5. Recreational & welfare facilities
6. Marine construction and maintenance

DISCLAIMER

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "GIS" and "the Group" are sometimes used for convenience in reference to Gulf International Services Q.P.S.C.

This press release may contain forward-looking statements concerning the financial condition, results of operations and businesses of Gulf International Services Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's services, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this presentation.

Gulf International Services Q.P.S.C., its Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Gulf International Services Q.P.S.C., its subsidiaries, and associated company are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Gulf International Services Q.P.S.C. does not guarantee the accuracy of the historical statements contained herein.