

DELIVERING  
**CLEAN ENERGY**  
TO THE WORLD



## 3Q18 Financial Results

Presentation – 29 October 2018



All statements in this presentation (other than those of historical fact) contain reference to our future business and financial performance and future events or developments that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project", "may", "forecast" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of NAKILATs' management, of which many are beyond NAKILATs' control. These are subject to several risks, uncertainties and factors that might cause future results and outcomes to differ including, but not limited to the following:

- general LNG shipping market conditions and trends, including spot and long-term charter rates, ship values, factors affecting supply and demand of LNG and LNG shipping, technological advancements
- and opportunities for the profitable operations of LNG carriers;
- fluctuations in spot and long-term charter hire rates and vessel values;
- changes in our operating expenses, including crew wages, maintenance, dry-docking and insurance costs and bunker prices;
- number of off-hire days and dry-docking requirements including our ability to complete scheduled dry-dockings on time and within budget;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- may no longer have the latest technology which may impact the rate at which we can charter such vessels;
- increased exposure to the spot market and fluctuations in spot charter rates;
- fluctuations in prices for crude oil, petroleum products and natural gas, including LNG;
- changes in the ownership of our charterers;
- our customers' performance of their obligations under our time charters and other contracts;
- our future operating performance and expenses, financial condition, liquidity and cash available for dividends and distributions;
- our ability to obtain financing to fund capital expenditures, acquisitions and other corporate activities, funding by banks of their financial commitments, and our ability to meet our restrictive covenants
- future, pending or recent acquisitions of or orders for ships or other assets, business strategy, areas of possible expansion and expected capital spending;
- the time that it may take to construct and deliver new buildings and the useful lives of our ships;
- fluctuations in currencies and interest rates;
- the expected cost of and our ability to comply with environmental and regulatory conditions, including changes in laws and regulations or actions taken by regulatory authorities, governmental
- organizations, classification societies and standards imposed by our charterers applicable to our business;
- risks inherent in ship operation, including the risk of accidents, collisions and the discharge of pollutants;
- our ability to retain key employees and the availability of skilled labor, ship crews and management;
- potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists;
- potential liability from future litigation;
- any malfunction or disruption of information technology systems and networks that our operations rely on or any impact of a possible cybersecurity breach

Should one or more of these risk factors or uncertainties materialize or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of NAKILAT may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. NAKILAT neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated except if required by law. Accordingly, you should not unduly rely of any forward-looking statements. NAKILAT makes no representation or warranty, expressed or implied, with respect to any forecast, projection or predictive statements in this presentation.

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## LNGC

Liquefied Natural Gas Carrier

## FSRU

Floating Natural Gas Unite

## Uncommitted

LNGC is not attached with charter party

## DFDE

Dual Fuel Diesel Electric Propulsion System (2<sup>nd</sup> generation of LNGCs)

## Steam

Steam Turbine Propulsion System (1<sup>st</sup> generation of LNGCs)

## MEGI

M-type, Electronically Controlled, Gas Injection (3<sup>rd</sup> generation of LNGCs)

## BoG

Boil-off Gas

## DSME

Daewoo Shipbuilding & Marine Engineering





# Profits: QAR659 Million

## Financial Results for YTD 3Q18



**QR 2.7Bn**  
Revenue

**QR 2.1Bn**  
EBITDA\*

**QR 659M**  
Net Profit

**QR 1.19**  
EPS/Share

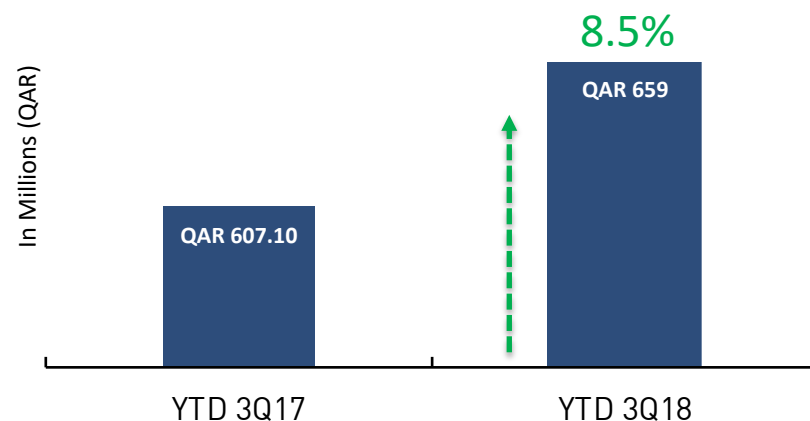
**10%**  
RoE\*\*

**1.78**  
Current Ratio

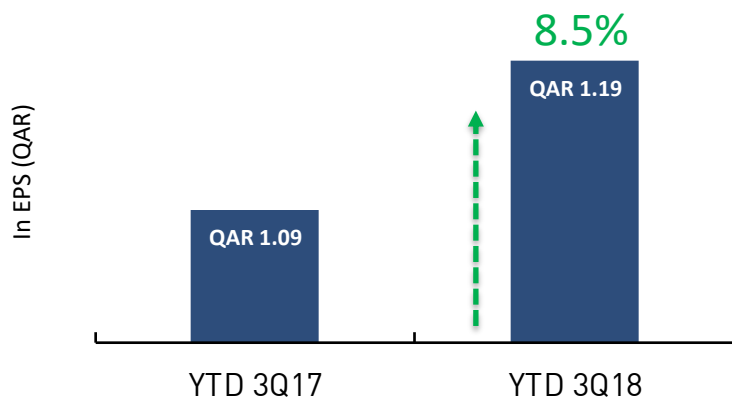
## Financial Analysis:

- Net Profit increased by 8.5% due to the acquisition of two LNG carriers, one FSRU, Shipyard's higher level of activities, increased interest income, and interest from bank deposits and dividends from investment in shares of listed companies
- On the operating expenses side, Nakilat' cost optimization efforts decreased its G&As by 7.2% in 3Q18

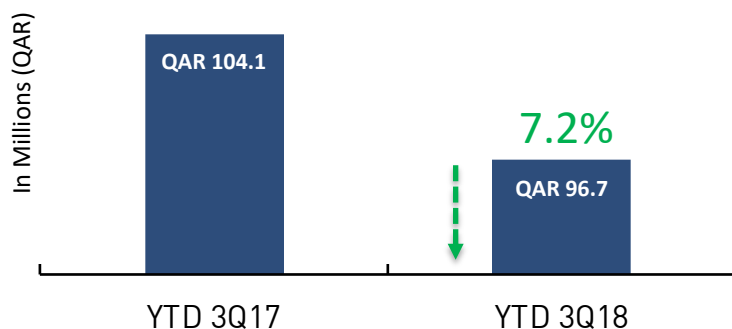
## Profit Analysis



## EPS Analysis



## G&As Analysis



Nakilat Group Qatari Riyals'(000)	YTD 3Q18	YTD 3Q17	% Change
<b>Income:</b>			
Revenue from wholly owned vessels	2,300,787	2,287,808	0.6%
Share of results from JVs	293,080	276,995	5.8%
Income from marine and agency services	41,330	40,963	0.9%
Interest income on loans to JVs	8,237	7,299	12.9%
Interest, dividend and profit from Islamic Banks	55,209	40,120	37.6%
Other Income	26,841	28,540	-6.0%
<b>Total Income</b>	<b>2,725,484</b>	<b>2,681,725</b>	<b>1.6%</b>
<b>Expenses:</b>			
Operating Costs	(517,165)	(516,970)	0.0%
General and administrative expenses	(96,709)	(104,184)	-7.2%
Depreciation of property and equipment	(566,726)	(575,398)	-1.5%
Finance Charges	(885,855)	(878,030)	0.9%
<b>Total Operating Expenses</b>	<b>(2,066,455)</b>	<b>(2,074,582)</b>	<b>-0.4%</b>
<b>Profit for the period</b>	<b>659,029</b>	<b>607,143</b>	<b>8.5%</b>
<b>EBITDA*</b>	<b>2,111,610</b>	<b>2,060,571</b>	<b>2.5%</b>
<b>Basic &amp; Diluted EPS (QAR/Share)</b>	<b>1.19</b>	<b>1.09</b>	<b>8.5%*</b>

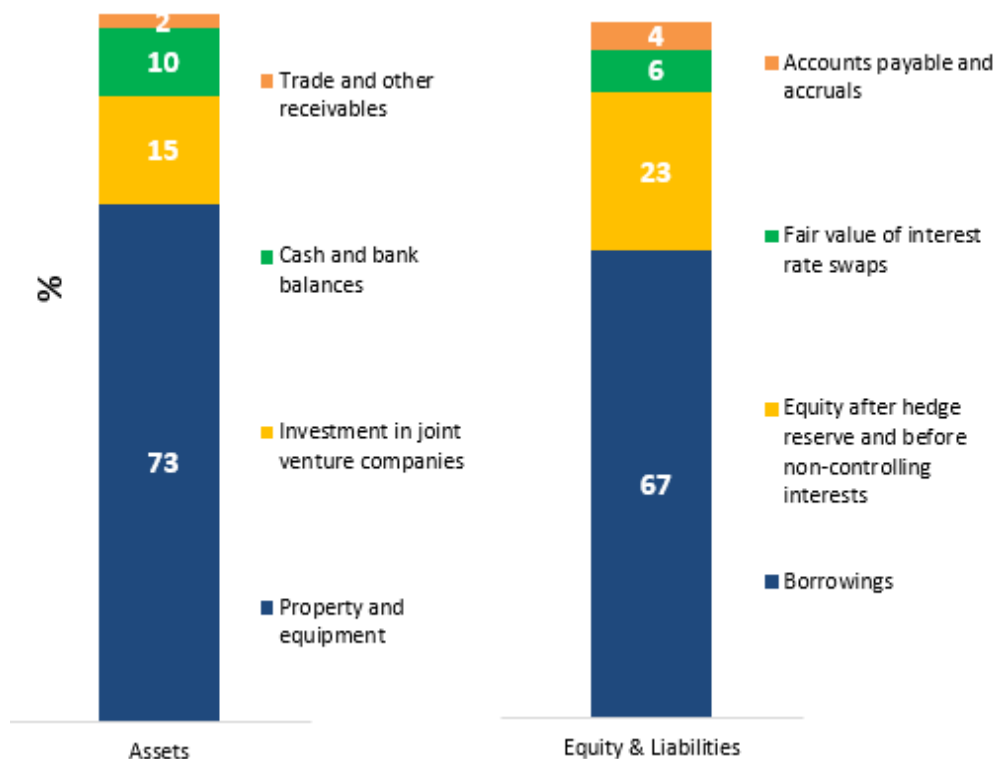
## Commentary

In YTD 3Q18, Nakilat's Total Assets at QAR 30Bn:

- Property & equipment decreased mainly due to depreciation net off new additions
- Investment in JV increased mainly due to share of operating profits, hedging gain & investment in new JV
- Trade and other receivables up due to increase in back chargeable, advances & prepayments

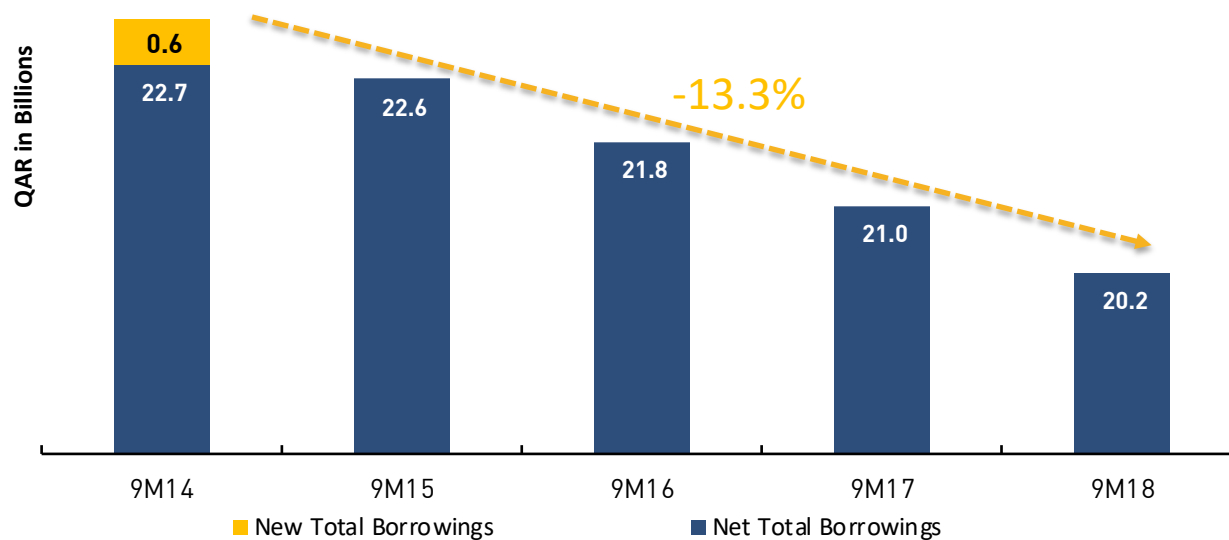
In YTD 3Q18, Nakilat's Total Equity & Liabilities at QAR 30Bn:

- Borrowings have reduced by QR 0.4Bn due to scheduled repayment
- Equity after hedge reserve is up due to lower fair value of interest rate swaps and increase in retained earnings





## Nakilat's Net Borrowings (YTD 3Q14 – YTD 3Q18)

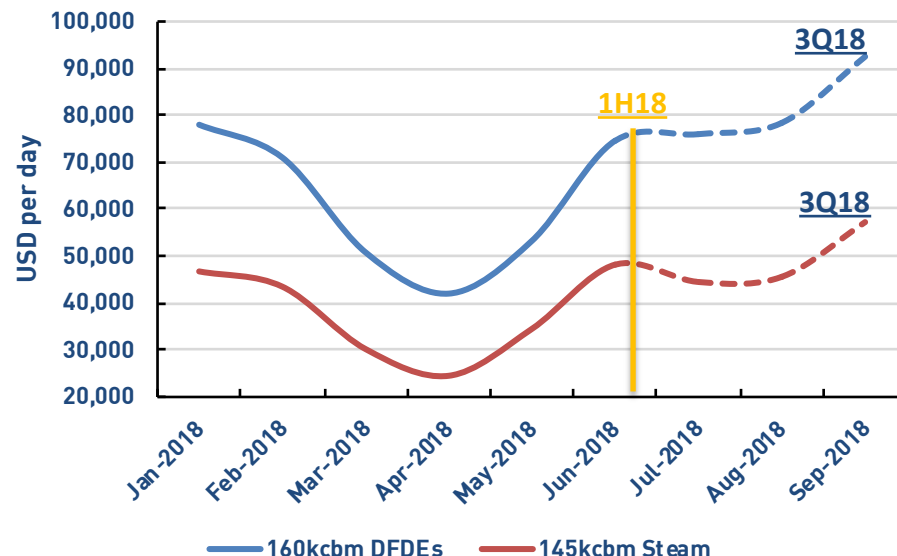




## Spot Rates & Utilization have Improved Significantly

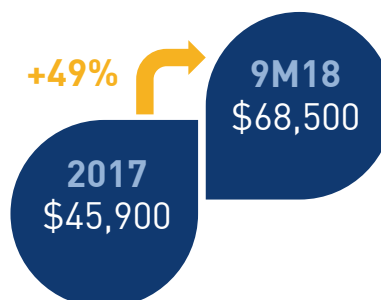
- 3Q18 LNG shipping spot market significantly improved, with average rates (for DFDEs) at ~\$82,000 per day (+93%) from ~\$42,500 per day in 3Q17; (for Steams) at ~\$48,900 per day (+65%) from ~\$29,600 per day in 3Q17
- This spot rate market improvement is mainly derived by an impressive increased of Chinese LNG demand by ~48% YoY, which made China the 2<sup>nd</sup> largest global LNG importer (~38.4mts in 2017)
- 9M18 Spot fixture activity up 8.9% with 258 fixtures compared to 237 in 9M17
- In 9M18, the incremental LNG fleet growth reached at ~7.8% (in terms of number of ships, 40 new LNGCs and 5 LNGCs scrapped) and at ~8.9% in terms of total capacity (cbm)

Spot Rates (DFDEs Vs Steam) in 2018



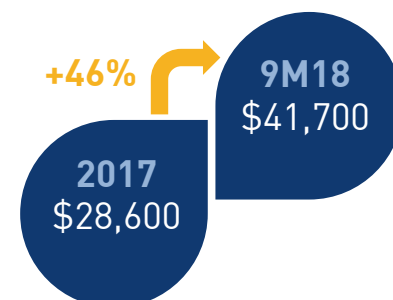
Source: Clarksons

### Average DFDE Day Rates



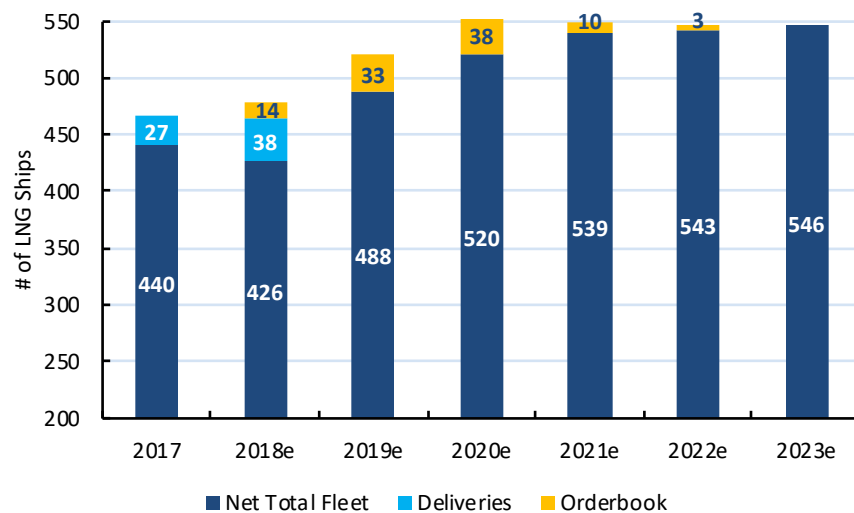
Source: Clarksons

### Average Steam Day Rates



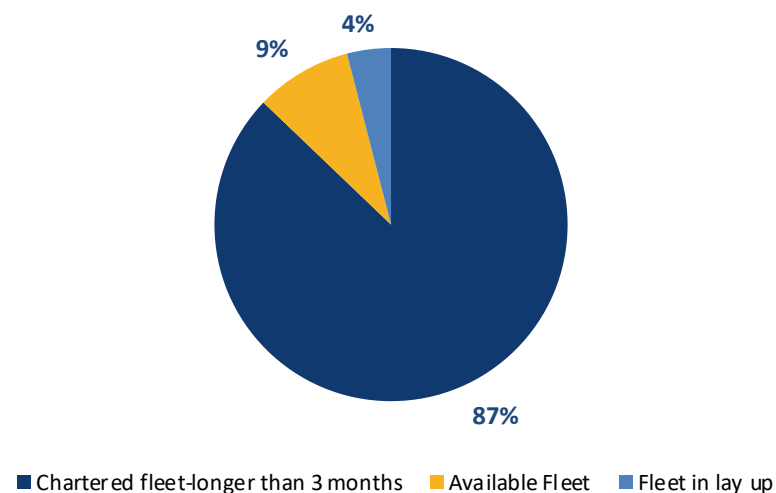
Source: Clarksons

## Development of LNG Fleet (2017-2023e)



Source: Clarksons

## 3Q18 - Committed Vs Uncommitted



Source: SSY 3Q18

**Note:** Our growth forecast in number of units for 2017-2023 is based on the current full orderbook and future scrapping is set at a theoretical age of 35 years. We assume that 16 LNGCs (laid-up, 35yrs old LNG) would be scrapped between 2018 (14 unites) and 2019 (2 unites) and no delay on orderbook

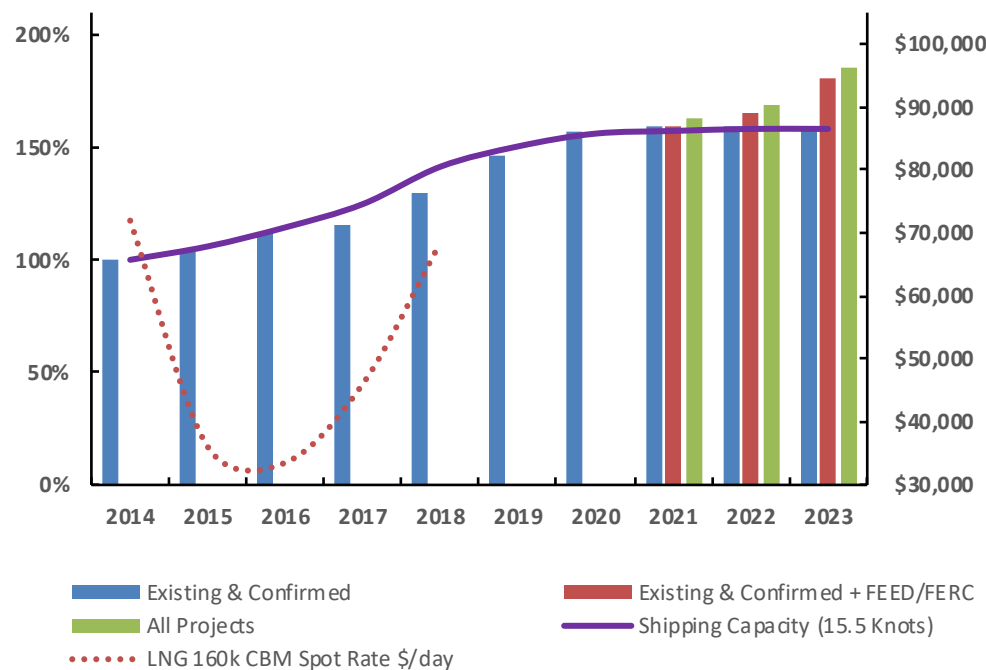
**Note:** World live LNG fleet (excl. vessels <65,000cbm and FSRUs)



## LNG Shipping Balance Forecast:

- 2018-2023 will witness a very high increase in LNG production of ~64mts (Post-FID) or ~118mts (Post-FID & FEED+FERC)
- With vessels utilization at 85% (historical average); LNG shipping market is expected to be much tighter by 2022
- As a result of the tighter market, It will rise global fleet's annualized utilizations with corresponding improvements in earnings and vessel values
- In short-term, the rising spot market is driven by ramping global liquefaction capacity, US exports, and high LNG demand from Asia
- We expect the considerable LNGC rate momentum to continue into peak winter season, and should drive a significant ramp of LNGCs utilization rates

## LNG Shipping Balance



Source: Wood Mackenzie, Kpler, Claksons, Nakilat

\*Qatar's LNG expansion (~33mtpa) expected to come on-line by 2024 (not included in the LNG shipping balance)







## LNG Shipping Fleet

Expected an increased JV income given full impact of the two additional LNGCs and inclusion of one FSRU



## Shipyard & Marine Services

Anticipated an improved level of work in shipyard and marine services due to a higher utilization of shipyard given dry dock activities and to rise of port calls post blockade



## Market Fundamentals

Stronger spot market YoY ahead of Northern Hemisphere winter

Ramping global liquefaction capacity

Expected a continuous increased LNG demand from Asia (i.e. China)



## Portfolio Growth

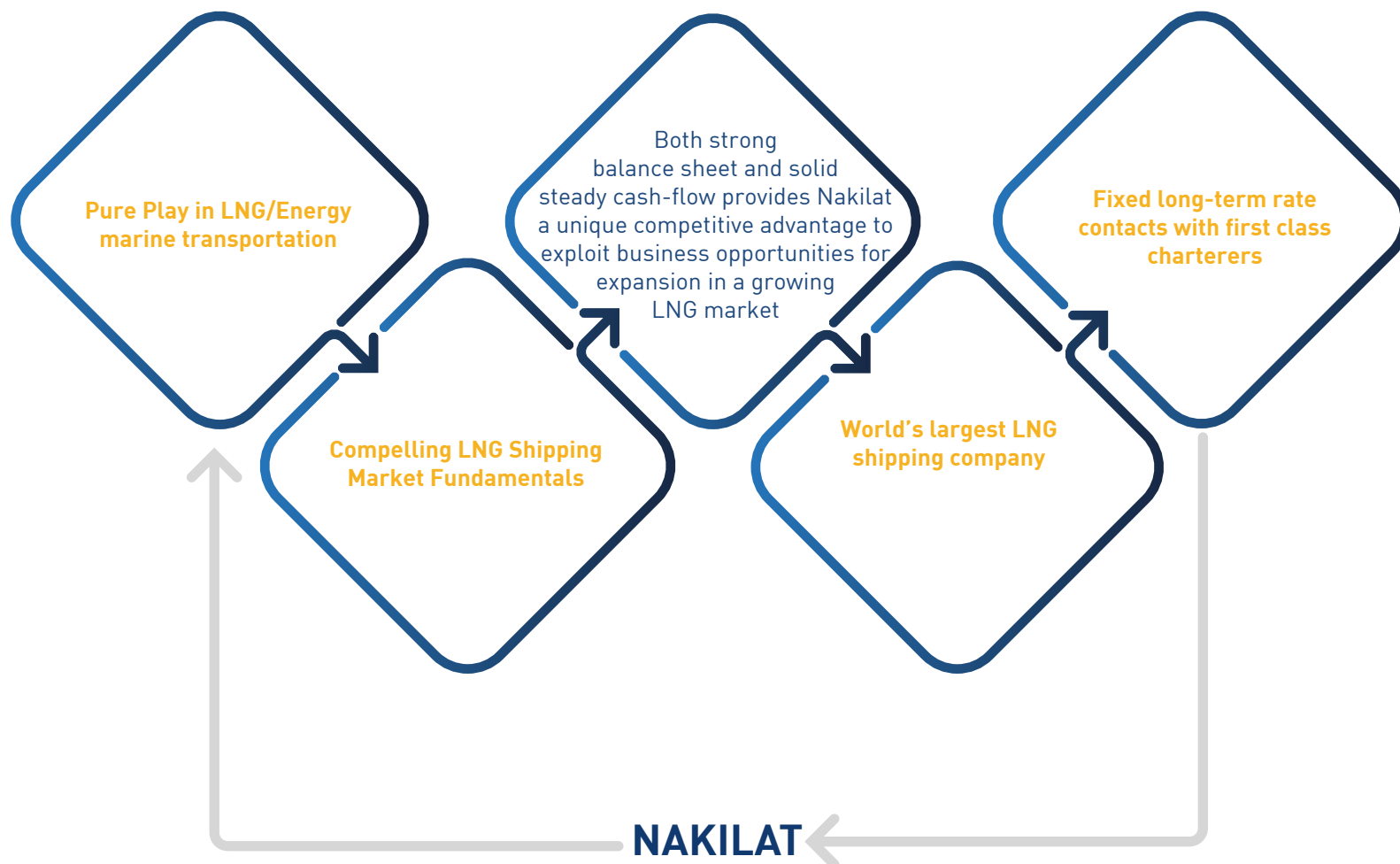
Commercial success with Maran Gas (2 new LNGCs with long term contacts for more than 10 years)

Nakilat's entry to FSRU market opens up new LNG emerging importing countries to Qatari LNG

Capturing new LNG business opportunities worldwide



*Qatar Gas Transport Company (Nakilat) is a low risk play in LNG/Energy marine transportation and provides attractive risk-adjusted returns for its shareholders*







Global leader  
for energy  
transportation

Maximize  
shareholder  
return

Priority for  
safety &  
environment

## 9M18 Earnings Results:

- Strong results, momentum continues
- LNG Portfolio diversification
- Continuous performance improvement for group's G&A's by less 7.2%
- Higher utilization of shipyard
- YTD 3Q18 – LTIF\* Yearly Data: (0.05 Nakilat Vs 0.53 Industrial Average 2017)



# Q&A



# Thank You

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