1Q19 Financial Results
Presentation – 23 April 2019
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• 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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### Glossary

<table>
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<tr>
<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>LNGC</td>
<td>Liquefied Natural Gas Carrier</td>
</tr>
<tr>
<td>FSRU</td>
<td>Floating Natural Gas Unite</td>
</tr>
<tr>
<td>Charter Free</td>
<td>LNGC is not attached with charter party</td>
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<tr>
<td>DFDE</td>
<td>Dual Fuel Diesel Electric Propulsion System (2nd generation of LNGCs)</td>
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<tr>
<td>Steam</td>
<td>Steam Turbine Propulsion System (1st generation of LNGCs)</td>
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<tr>
<td>MEGI</td>
<td>M-type, Electronically Controlled, Gas Injection (3rd generation of LNGCs)</td>
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<tr>
<td>BoG</td>
<td>Boil-off Gas</td>
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<tr>
<td>DSME</td>
<td>Daewoo Shipbuilding &amp; Marine Engineering</td>
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<td>HHI</td>
<td>Hyundai Heavy Industries</td>
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Company Profile & Structure

**Nakilat Fleet**
- 69 LNG carriers
- 4 LPG carriers
- 1 FSRU
- Marine vessels and onshore & offshore structures

**Shipyard**
- Repair, conversion, maintenance & fabrication
- Building ships up to 170m in length
- Fabrication, construction & assembly of offshore and onshore structures

**Nakilat-Mcdermott JV**

**Marine Services**
- Towage & marine support services
- Shipping agency, marine & logistics services
- Provisions, materials logistics, warehousing & coordination of repairs
- Operating a fleet of vessels including tug & pilot boats
- All ports & terminals in Qatar
Profits: QAR236 Million

Financial Results for 1Q19
1Q19 - Financial Highlights

**QR 902M** Revenue

**QR 709M** EBITDA* 

**QR 236M** Net Profit

**QR 0.43** EPS

11% RoE**

1.18 Current Ratio

**Financial Analysis:**

- Net Profit increased by 9% compared to 1Q18 as acquisition of 2 LNG carriers and 1 FSRU, higher activity at NKOM, higher interest income, dividends, lower Opex and G&A

- Continuous rationalization of operational expenses, and enhanced operational efficiency initiatives resulted in reduction of Nakilat’s G&A costs by 3.2%

*Note: EBITDA is non-IFRS financial measure, and should not be used in isolation or as substitutes for Nakilat’s financial results presented in accordance with International Financial Reporting Standards (“IFRS”)

**Note: RoE is annualized
1Q19 - Income Statement Highlights

**EPS Analysis**

- **Q1-2018**: 0.39 QAR per share
- **Q1-2019**: 0.43 QAR per share
- Increase of 9%

**Opex Analysis**

- **Q1-2018**: In Millions QAR 1.1%
- **Q1-2019**: In Millions QAR 1.1%

### Nakilat Group Qatari Riyals (000)

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<th>Q1-2019</th>
<th>Q1-2018</th>
<th>% Change</th>
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<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Revenue from wholly owned vessels</td>
<td>751,896</td>
<td>757,589</td>
<td>-0.8%</td>
</tr>
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<td>Share of results from JVs</td>
<td>102,945</td>
<td>84,917</td>
<td>21.2%</td>
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<tr>
<td>Income from marine and agency services</td>
<td>12,547</td>
<td>14,927</td>
<td>-15.9%</td>
</tr>
<tr>
<td>Interest income on loans to JVs</td>
<td>3,092</td>
<td>2,556</td>
<td>21.0%</td>
</tr>
<tr>
<td>Interest, dividend and profit from Islamic Banks</td>
<td>24,816</td>
<td>21,079</td>
<td>17.7%</td>
</tr>
<tr>
<td>Other Income</td>
<td>7,097</td>
<td>9,232</td>
<td>-23.1%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>902,393</td>
<td>890,300</td>
<td>1.4%</td>
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|                      |         |         |          |
| **Expenses:**        |         |         |          |
| Operating Costs      | (162,761) | (164,626) | -1.1%   |
| General and administrative expenses | (31,028) | (32,041) | -3.2%   |
| Depreciation of property and equipment | (185,459) | (188,628) | -1.7%   |
| Finance Charges      | (288,929) | (288,294) | -0.5%   |
| **Total Operating Expenses** | (666,177) | (673,589) | -1.1%   |

|                      | 236,216 | 216,711 | 9.0%     |
| **Profit for the period** |         |         |          |
| **EBITDA**           | 708,604 | 693,633 | 2.2%     |
| **Basic & Diluted EPS** (QAR/Share) | 0.43 | 0.39 | 9%       |

*Note: EPS Rounded
*Note: EBITDA is non-IFRS financial measure, and should not be used in isolation or as substitutes for Nakilat’s financial results presented in accordance with International Financial Reporting Standards (“IFRS”)
Commentary

In 1Q19, Nakilat’s Total Assets at QAR 29.9Bn:

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

In 1Q19, Nakilat’s Total Equity & Liabilities at QAR 29.9Bn:

- Borrowings have reduced marginally due to scheduled repayment
- Equity after hedge reserve is up due to lower fair value of interest rate swaps and increase in retained earnings
1Q19 - LNG Shipping Market Update

Strong Long-Term Market Fundamentals with a Temporary Short-Term Rate Volatility

• 1Q19 LNG shipping spot market dropped, with average rates (for DFDEs) at ~$49,500 per day (-26%) from ~$66,600 per day in 1Q18; (for Steams) at ~$33,800 per day (-16%) from ~$40,150 per day in 1Q1

• However, we have seen companies fixing LNGCs on long-term contracts for 8-12 years at approximately $70-$75,000 per day

• The purpose of this decrease in rates, is a mild winter, high stock levels and low gas prices has reduced the need for Asian markets to import LNG on long-haul routes (from US) lowering demand for LNG ships

• In 1Q19, the total LNG fleet incremental growth was minimal at ~2% (in terms of number of ships, 10 new LNGCs and 2 LNGCs scrapped)

• LNG Newbuild price is at ~$190m (Vs ~$177m in Feb’18) and are expected to further rise, particularly in light of HHI/DSME merger

Source: Clarksons, Poten & Partners
Development of Global LNG Fleet* (2018 - 2022e)

% of Fleet by Chartered, Open (LNGCs, FSRUs, >100,000 cbm)

Source: Affinity, Clarksons, SSY

Note: *As of 1Q19, World live LNG fleet (excl. vessels <125,000cbm, FSRUs, FSUs, and FLNG, no assumption for scrapping, or LNGC conversion to FSRUs
LNG Shipping Market Balance Forecast:

- 2019-2022 will witness a very high increase in LNG production of ~65mts. From this, the ~60% is coming from US.

- The temporary structural LNG shipping length is expected to remain; however, will start to substantially tighten in the 2H19.

- Currently, the LNG shipping market is expected to be balanced by 2020.

- In the near-term (18-24 months), LNG shipping charter rates are expected to be volatile due to ramping global liquefaction capacity, US exports, and high LNG demand from Asia.

- In short-term, we expect that the LNG chartering market to experience a seasonal weakness but overall is still tighter than previous years.

*Qatar's LNG expansion (~33mtpa) and Golden Pass (~16mtpa) expected to come on-line by 2024 (not included in the LNG shipping market balance).
BUSINESS OVERVIEW
LNG Shipping Fleet

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

Continue to look for new business opportunities in 2019 to exploit the positive market fundamentals

Shipyard & Marine Services

Anticipate an increase JV income due to a higher utilization of shipyard given dry dock activities and to rise of port calls post blockade

Market Fundamentals

According to Wood Mackenzie, LNG demand to grow by 150mts between 2018 and 2025

We expect demand for LNG shipping to strengthen as we move through 2019 and into 2020

Portfolio growth

Nakilat expands its LNG fleet with 4 additional LNG carriers (173,400cbm per vessel) through a new JV (60% Nakilat – 40% Maran) and the LNGCs will be commercially managed by Nakilat with delivery at 2020-21
NAKILAT’S STRATEGY MAP
Nakilat’s 5-Year Strategy Map (2019 – 2023)

Our Vision

To be a Global Leader and Provider of Choice for Energy Transportation and Maritime Services

Sustainable Growth

- Boost profit
- Increase market share

“Deliver complete/integrated energy transportation & maritime solutions”

Operational Excellence

- Nakilat to be one of the top performers
- “Provide a safe, reliable and cost effective service”
- Improve cost efficiency
- Streamline core operational processes
- Enhance performance through effective monitoring & evaluation

Customer Engagement

- Improve brand value
- “Add value to enrich customer experience”
- Promote corporate image
- Establish a customer value creation culture

Organizational Performance Enablement

- Attract, retain & develop high quality employees
- Ensure lean, cost-efficient, and customer-oriented support functions
- Build a maritime strategy-focused organization

Our Values

SAFETY  ENCOURAGEMENT  PASSION  RESPECT  INTEGRITY

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1Q19 Earnings Results:

- Strong profitability results (+9% QoQ), momentum continues
- Successfully deploys the company’s strategic plans through expanding its LNG fleet with 4 additional advanced technology LNG carriers
- Continuous rationalization of group’s operational expenses by less 1.1% and G&As by 3.2%
- Higher utilization and activity of ship repair facility
- 1Q19 – LTIF* Yearly Data: (0.13 Nakilat in 1Q19 Vs 0.46 Industrial Average 2018)
Thank You