

Press Release:

GULFNAV records net profits of AED 21 million in 2023

42% increase in Shareholders' equity

Dubai, UAE, 31 March 2024: Gulf Navigation Holding PJSC (“GULFNAV”) the Dubai Financial Market listed maritime and shipping company, announced its annual audited financial results of 2023, reporting a net profit of 21 million dirhams compared to a net loss of 7.6 million dirhams in 2022.

Major Highlights:

- Gross profit for the year reached AED 9.6 million mainly driven by the chartering business.
- Total assets as of 31 Dec 2023 were AED 1 billion compared to AED 785 million in 2022.
- Shareholders' equity increased by 42% reaching AED 596 million in 2023, compared to AED 419 million in 2022.
- Gross revenues from operation for the year decreased by 23% to 106 million mainly due to necessary repairs and & Dry Docking of vessels however, other revenue and income increased by %64 to AED33 million as a result of the resources management and restructuring.

A Year of Achievements

Commenting on the results, His Highness Sheikh Theyab bin Tahnoon bin Mohammad Al Nahyan, Chairman of Gulf Navigation Holding said: " During the year 2023, we have come a long way in achieving our strategic priorities, as we were able to successfully complete several measures that have improved the Company's financial and operational results, which in turn led to achieving net profits".

Total shareholders' equity increased by 42% to 596 million dirhams as of 31 Dec 2023, compared to 419 million dirhams in 2022. Operating costs decreased by 18% to 96 million dirhams in 2023, compared to 117 million dirhams during the same period in 2022. The company also reduced financing costs by 32%.

Sheikh Theyab added: "The strong financial results achieved by GULFNAV over the past year reflect the effectiveness of the restructuring plan, excellent management team, and efficient growth and diversification strategy. The Company continued to achieve outstanding performance during 2023, supported by the high demand for our services, entering into strategic partnerships, increased revenue margins and the continued implementation of firm measures to control administrative and operational costs."

Ahmed Kilani, CEO of Gulf Navigation Holding, said: “The great results achieved by the Company over the past year confirm the success of our long-term growth strategy, and the firm confidence of our partners and customers in the measures taken by the Board of Directors and the initiatives that were adopted during the past period to improve the Company’s situation and address all outstanding financial matters, completing the capital restructuring process, taking the necessary measures to improve the vessels’ performance and continuing to focus on the growth strategy and diversification of sources of income, in addition to reducing the cost of debt.”

New Liquidity

It is worth mentioning that GULFNAV announced during 2023 its success in completing the process of increasing the Company's capital, bringing its new capital to approximately 838 million dirhams. This process was carried out through the issuance of 220 million mandatory sukuk to new investors, which have already been converted into 200 million shares. The new funds will contribute to increasing and modernizing the GULFNAV’s fleet of petrochemical tankers and enhancing the Company's ability to own and manage these types of vessels.

In this regard, Kilani said: “We succeeded in the implementation of the capital increase process and transforming the Company from loss making to profit making within three years, which culminated in completing the capital restructuring process and attracting new investors that have injected the necessary funds the Company needs in order to expand and increase its maritime fleet with the aim of achieving tangible and sustainable returns for our valued shareholders and ensuring the sustainability of the Company’s success in Next years.”

Partnerships and Acquisitions

“In light of the Company's strategy which aims at diversifying investments and enhancing shareholder value, we established Black Marlin Ship Management & Operation, a Dubai-based joint venture with Scorpio Services Holding Limited. This cooperation will integrate the superior technical resources of the two sides, strengthen the technical management and intelligent quality control system of ship operations, improve the benefit and efficiency of ship operations management, fill the gap in domestic high-end comprehensive maritime services, and provide higher-quality and more efficient services for our clients.” Kilani added.

GULFNAV had also announced in late 2023 its complete acquisition of Gulf Navigation Polimar Maritime Company, which specialized in the field of maritime agency services. Thus, increasing GULFNAV's stake from 60% to 100%. This was aimed at increasing revenues by expanding into the maritime agency business in line with the Company's strategy of focusing on providing a portfolio of integrated logistics solutions.

Kilani added: “One of the Company's objectives in the coming years is to focus on modern technology and environmentally friendly initiatives, in line with the policy adopted by the United Arab Emirates as well as the requirements of the global shipping sector. This includes a focus on achieving carbon neutrality by 2050, in accordance with recommendations from relevant local and international authorities. Therefore, at the beginning of this year, we signed a Memorandum of Understanding with Wings Logistics Hub for the purpose of cooperating in the field of maritime transport by employing drones in the services of shipping agencies through the ports of the United Arab Emirates. We expect the Company to benefit from drone technology to overcome logistical challenges, as it is more cost-effective compared to traditional methods such as crew boats, which rely mainly on fuel and personnel, and it also contributes to reducing carbon emissions.”

It is worth mentioning that GULFNAV had announced, last October, that it had submitted a formal proposal to fully acquire BPGIC from Brooge Energy Limited, an Oil Refinery & Storage Company Listed on NASDAQ. The Company reaffirmed that discussions are still ongoing between the two parties, and that work is underway with financial and legal advisors to complete the evaluation of the deal and obtain the necessary regulatory approvals. GULFNAV submitted a proposal regarding the structure of the acquisition to SCA; and will be announcing further developments in due course.

Future Outlook

Kilani added: “The shipping and logistics sector in the United Arab Emirates is one of the most important economic sectors for the country, contributing approximately 12% to the UAE's GDP. The country is considered one of the most important maritime hubs globally. Our projections indicate that this sector will remain stable, if not experience growth. Of course, there may be other factors such as geopolitical factors or other circumstances that affect the economy in general, which may also impact the market and prices. However, GULFNAV currently enjoys a strong position and a solid foundation to continue benefiting from the significant prosperity in the maritime shipping sector, thanks to the increasing demand for petrochemical carriers in general and rising charter rates. Looking at the petrochemical shipping market, for example, where we operate most of our fleet, we believe it will remain strong for several years to come.”

He added: “The Company is following a roadmap centered around enhancing the value it provides to its shareholders, focusing on new partnerships locally and regionally, exploring growth opportunities and expansion through acquisitions, mergers, and entering new markets. Through this direction, we aim to provide a more flexible, comprehensive, and complementary logistics services system to our business units, contributing to achieving the Company's vision of diversifying its operations, increasing assets and adding value for our shareholders. We strive to deliver maritime services in accordance with the highest international standards of quality, security and safety.”

Kilani concluded: "Despite the challenges facing the shipping sector due to geopolitical tensions, we are confident in the Company's ability to continue achieving strong results and maintaining the growth momentum. We look forward to continuing our efforts towards announcing positive outcomes in 2024."

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About Gulf Navigation Holding:

Gulf Navigation Holding PJSC ("GULFNAV") is a fully integrated and synergized organization with a multifunctional business. It is the only maritime and shipping company listed in the Dubai Financial Market since February 2007 under the symbol "GULFNAV". The Company is headquartered in Dubai, with branch offices inside the ports of Fujairah and Khorfakkan, along with an overseas office in the Kingdom of Saudi Arabia. The Company has a fleet of chemical tankers, livestock transport vessels, well stimulation vessels, operation support vessels, marine services, and ship repair operations. As an ISO 9001:2015 certified company accredited by Bureau Veritas, GULFNAV is committed to adhering to the requirements of the international safety management code for the safe operations of vessels, pollution prevention and environmental control, including compliance with all the applicable international laws, regulations and requirements. GULFNAV constantly works to upgrade its operations and provide high-quality services to local and international markets.

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