**Company: QNB Financial Services Co.**

**Conference Title: Qatar Navigation (Milaha / QNNS) Q4 2020 Results conference call**

**Date: 25th February 2021**

**Conference Time: 11:00 (UTC+00:00)**

Operator: Good day and welcome to the Qatar Navigation Q4 2020 results conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Akram Iswaisi EVP Finance and Investments. Please go ahead.

Akram Iswaisi: Thank you very much. Thank you everyone for joining our call and your interest in Milaha. I will start off with our consolidated financial results, a brief summary on the full-year results, and then get into the segment results. After that, I will turn it over to Sami to go over outlook and in the end, we'll open it up for questions and answers. The key highlights of our financial results Milaha’s operating revenues came in at 2.27 billion for the full year of 2020, compared with 2.42 billion for the same period in 2019 for a decrease of 6%. Operating profit came in at 279 million for the full year 2020 compared with 283 million for the same period in 2019 for a near decrease of 1%. Net profits for the full year 2020 was 59 million compared with 547 million for the same period in 2019 for a decrease of 89% and lastly, our earnings per share were 0.05 Riyals for the full year 2020, compared with 0.48 Riyals for the same period in full 2019.

 2020 was an extraordinary year. It was also a very, very challenging year for the whole world and thus on Milaha as well. COVID-19 impacted us both on the cost side with increased expenses related to health and safety, but also on the revenue side, in certain segments of our business were client demand decreased due to temporary shutdowns for slow down and operations. In addition, the shipping market and OSB markets in the past few years have been going through significant challenges. This was made worse in 2020 by the COVID-19 pandemic, which also significantly impacted vessel valuations. Accordingly, Milaha’s vessel valuations decreased and non-recurring impairment charges were made that reduced our profitability in 2020. Milaha results excluding impairments would have been 801 million this adds credence to the fact that our business is sustainable, resilient and strong.

 In our investor presentation, we have added a new slide showing our EBITDA trend over time, which is a good barometer on the health of our results especially before impairments and I hope you'll find it useful. Now getting into our business segments, I'll start with Maritime and Logistics. Top line revenues decreased by 10% or 92 million driven mainly by bulk logistics and to a lesser extent, our container shipping business units. COVID-19 disruptions had a negative impact on our logistics business as client demand decreased due to temporary shutdown of certain client operations. However, at the same time, we have managed to pick up new clients as well as increased volumes at Milaha Logistics City. Our bulk unit had a drop in revenue due to the discontinuation of charting activities earlier in the year, which was the first step in Milaha exiting the bulk shipping business. The final step was concluded earlier this month with a sale of our SOL bulk vessel. On the expense side, we saw an 83 million drop overall, which correlates to the revenue drop as most of the expenses are highly variable in nature. Now, despite increases in COVID related costs and the loss of certain client volumes, maritime and logistics only saw a drop of 8 million in net profit relative to 2019.

 Now moving on to off shore top line revenue grew by 1% or 10 million, mainly as a result of increased vessel capacity, we earn more from chartered in third-party vessels, as well as the addition of a new vessel added to the fleet in 2020. We did see a drop in our services revenue tied to COVID-19 where some of vessels were temporarily of higher due to the outbreak. Operating expenses increased by 26 million and this was attributable to increase bad debt provisions and higher depreciation and amortization expense. The depreciation and amortization expense increase was actually related to the third-party chartered vessels and how these expenses of treating -- treated according to IFR 16/lessee accounting. The non-operating income and expense level is what drove the overall performance as reported for the segment, which is where 345 million in increased impairments were recorded relative to last year. As opposed to our maritime and logistics and offshore segments the gas and PetroChem segment was not severely impacted by COVID-19. Top line grew by 3% or 10 million as a result of higher utilization in our L&G vessels in increased time charter rates and our gas carrier.

 Operating expenses dropped by 50 million, which is directly related to the fact that we had fewer vessels in 2020 versus 2019 with the sale of two tankers and one gas carrier. On the non-operating level income declined by 64 million due to the four main moving parts, 13 million drop investment impairments compared to 2019, 60 million and increased profits from our associates mainly [inaudible] **[0:06:06]** it drop 15 million due to lower gain on sale of assets. As I mentioned just a few minutes ago, we sold two tankers and one gas carrier in 2019 and posted gains on those and lastly, 119 million dropped in our VLGC joint venture Gulf LPG. The JV recorded on its books, impairments on therefore vessels and had a 127 negative impact on our side. Onto our trading segment, we posted a drop at 86 million drop in revenue. We sold fewer heavy equipment vehicles and less bunker, which was primarily driven by COVID-19 and the weakened demand our bottom line, however, remained flat versus 2019.

 Finally, Milaha capital investment income increased by 9 million were 3 million in lower dividends and healthy trading income more than offset by 12 million in on income, real estate revenue was down by 53 million attributable to lower risk income. At the non-operating level, we recorded 82 million in gains on the sale of five properties, along with a onetime 163 million impairment related to one of our properties. Now this wraps up the segments and I will now turn it over to Sami to discuss our outlook.

Sami Shtayyeh: Thank you Akram. Starting with maritime and logistics, we expect overall volumes to remain steady at Hamad Port which is a main driver of our two terminal sale profit. In logistics utilizations are expected to continue increasing in the warehouse, which would have a positive impact, and we're hopeful that client sites that have been shut down or temporary shut down throughout 2020 will reopen. On the container shipping side trade volumes have picked up and we expect this to continue throughout the upcoming future. In offshore, we do have many dry docks scheduled in 2021, but believe the positives from having the worst behind us in terms of COVID-19 expenses will more than offset the negatives. In Gas and PetroChem aside from our tankers and VLGCs the rest of our businesses fairly predictable and should be in line with historical. On the tankers and he VLGCs we're cautiously optimistic that rates will hold or increase. On to trading we are seeing a lot more activity in terms of pricing requests and tenders. We're hopeful this will translate positively on the numbers, and lastly, with capital on both the investments and real estate fronts, we don't foresee any major changes up until the new Tennessee contract on our [inaudible] **[0:09:06]** compound starts up in Q3 of this year, which will obviously have a positive impact. That’s the segments and the outlook and with that will now open up for the questions. Operator?

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speaker phone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star one for your questions today. Our first question comes from Jonathan Milan from Waha Capital. Please go ahead.

Jonathan: Hi, good afternoon, gentlemen. Thank you very much for taking the time for the call. I have a couple of questions. First of all, why did Q terminal see a such a big drop in net income? Is it simply COVID related? Second question, why did offshore see a drop in EBITDA in Q4 specifically? And third question, will you benefit from the Northfield expansion they see that GDI is already deploying rigs there. So I'm wondering if you will be servicing them and if so, how many vessels do you expect to commit say over the next five years or three years?

Akram Iswaisi: Okay. Thank you very much for the question. The answer to both questions are related to COVID-19 where for the Q terminals incurred significant costs associated with basically additional procedures money spent on preventative measures. So there was a big impact on Q terminals as it relates to COVID-19 like everybody else in Doha and like, even Milaha we’ve had to incur additional costs and operating expenses to continue operations. So geothermal was largely impacted by that. Now, in terms of Halul as well, the same thing we've had to incur additional operating expenses associated with our crew that came in towards the end of the year. So the big impact basically towards Q4, as it relates to Halul has to do with upgrading costs associated with COVID-19 so those are basically it's related to COVID-19, but the last question, the third question was what, I'm sorry, repeat that again?

Jonathan: The third question was, will you benefit from the expansion in the Northfield because GDI Gulf Drilling is already deploying rigs there.

Akram Iswaisi: Okay. I mean, from a macro perspective, we will on multiple fronts, you know, our logistics business is involved from, you know, obviously we do a lot of project logistics work, so there will be potential work for us and now I'm not speaking about contracts that we haven't had, but the way we're looking at this and so it's going to be a benefit to Milaha on the logistics front and potentially on the offshore side as well. So we do see potential as a result of that expansion.

Jonathan: Okay, and just so basically with Q terminals post COVID I'm guessing these costs will go away, but they'll probably remain in 2021 and on offshore, why in Q4 specifically, why didn't these extra cost hit you in Q2 or Q3?

Akram Iswaisi: Go ahead take that Sami.

Sami Shtayyeh: Yeah, so hi, Jonathan. On the Q terminals, yeah, the costs will definitely be there probably for the majority of the year up until the government of Qatar and when COVID situation really gets under control. So a lot of those costs have to do with the PPE they have to do with the living quarters of the workers. So obviously you need to segregate the stevedores. In some cases, they spend a lot of money on hotel accommodations while they were trying to separate the crews. A lot of that's going to continue, probably not to the same extent, but definitely you will have some expenses related to the COVID into this year.

Akram Iswaisi: If I may Sami, Jonathan, one of the things that we had to deal with this year is we had to split our crew, our laborers and put them in separate camps and so to reduce concentration risk, we had to put people in hotels, which are additional operating costs we didn't incur before. We have to invest in new campus as well to separate people. So there was a significant amount of costs on top of that we put restrictive measures around people's movements and as a result, we also have to incur operating costs to keep people happy. So a lot of expenses were incurred that's aside from, let's say, investing in masks and preventative measures, COVID tests and nonstop health checks and creating clinics and so forth. So these are additional expenses, but on top of that, in terms of lodging and accommodation, everybody that has the marine operations essentially and top of that had to deal with that. Everybody that has a labor force had to start splitting, the diversifying the labor force to moving them into different locations.

So as not to have a significant concentration and the event that there is an outbreak in one location that has a large concentration of manpower, it can have a significant impact on any company's operations. So we're an investor in you know, we're a partner and investor in Q terminals, and I think that's as far we will see, I think in terms of the general trend which also applies to Milaha as well, some of our costs have to do with that. Even when you look at Halul times, we did have had to spend additional money bringing in crew and putting them up in a hotel and the quarantine cost as well has gone up, putting people in hotels and quarantine crew for one to two weeks is cost prohibitive.

So again, when you look at, even those costs come in at one period versus the other that also has to do with the rotation of the crew. So these are some of the large explanations for some of the increased costs, and they are significant. Now, these are additional costs that were not incurring before and so they have hit our P&L this year and I know for a fact in Doha, a lot of companies have struggled with that, especially companies that have operations that have to do with manpower construction and so forth. So this is sort of what we see in the business and this is what Q terminals as well as have to go through. Hopefully that answers your question.

Jonathan: Okay, in 2021-

Sami Shtayyeh: Yes.

Jonathan: Yeah, it does. So in 2021 they’ll exist that are probably maybe out of a bit of a lower base and then after let’s say everyone's vaccinated after COVID is over, it probably won't incur again in 2022 and you can see those margins go back up again.

Akram Iswaisi: Well, to some extent, yes, but we also have to follow country regulations. So depending on what are the quarantine requirements and the quarantine restrictions, for example, in Qatar and in other countries as well, where we operate a crew change regulations as well, that impacts us that also may impact our operation or impact costs. So we believe that the impact will subside next year, but I think nonetheless 2021 there will still be an impact, maybe not as bad as last year because I think we've learned last year now we're getting much better, much more efficient, but there still will be a cost in 2021, but again, that also depends on regulation.

Jonathan: Okay. Thanks, and one last question. I mean, despite all that your, at your clean EBITDA has continued to go up. You've received more dividends from [inaudible] **[0:17:04]** entities. Your cashflow generation has strengthened even further during a year like COVID, but the dividends seems to be the same at 30 fills. What would it take for you to increase the dividends? I mean, again, you've improved your cashflow during one of the worst years for many companies are, and yet you haven't increased the dividends. Your cashflow increased, your cash increased, your investments increased, lots of joint ventures increased, what would it take for you to increase the dividend?

Akram Iswaisi: To be Frank with you I can't really answer that. The only thing I can say is like everybody else in the world today and if you look at most companies globally, everybody's been conserving cash and managing liquidity to be able to get through the next couple of years and so we've done a good job of managing liquidity, managing our balance sheet to be able to manage this turbulence this year and next year, I mean, 2020 and 21. So nobody knows exactly what 21 is going to look like. So for us, it's important to have a strong balance sheet and to be disciplined about liquidity for two reasons. One, nobody knows what the next couple years will look like. I don't think I have a crystal ball and neither do you. At the same time we want to invest in the future and if you look at what we've done so far, which is we've divested from non-core assets this year, for example, we’ve been like, sold land bank, that was I mean, that wasn't yielding any returns we've shut down the travel agency, we've shut down the bulk chartering desk. So we've been divesting from non-core business and we have been investing and looking at how we can enhance the yield overall in our investments and improve our operations.

So the board is focused on growing the business, but I think in -- if you look at 2020 the focus was on managing the balance sheet, managing the P&L surviving through COVID-19, which I would say I'm very proud to say that we've done an exceptional job in 2020 of managing this turbulence, because as an operational company, whether you look at the logistics operations, the shipping operations or the offshore operations there was a significant amount of maneuvering and work that we had to do to, to be able to continue to serve our clients in a very, very difficult market. So from our perspective, globally I think everybody and everybody's been looking at conservative cash, managing their balance sheet and to be able to right this for the next couple of years, because nobody knows what this year and the year after it looks like and that's all I can say on that question.

Jonathan: All right. Well, thank you very much. And yes, indeed. I mean, you did manage this fantastically well, and the results show that, the improvement of the balance sheet strength shows that and that's just why I thought you could afford a better dividend, but I understand your point and again, congratulations and thank you for a wonderful a results this year.

Akram Iswaisi: Thank you very much. Thank you.

Operator: Thank you. As a reminder, that is star one if you would like to ask a question today, we will pause for a further a moment. Now, it's a question from Divye Arora from Daman Investments. Please go ahead.

Arora: Hi, thank you for the conference call. Just the question on the opening of borders that we have seen between Saudi, Qatar and UAE so can you just comment on, what sort of impact this would had -- this would have on your operations going forward? That's number one, and number two is on the vessels business that you have for the LPG and L&G. Could you talk about the, a bit more about what you face in 2020 in terms of the -- first of all, this will understand the business model of this division, are these mainly long-term charters and, what sort of resolve and outlook you see for this business in 2021 in terms of rates? Thank you.

Akram Iswaisi: Okay. I will take the first question and Sami will take the second question. I mean, listen from the opening of the border’s perspective, I think at this point, we don't know exactly it's too early to tell we don't know exactly how this would play out. Obviously, from we have an enterprise risk management framework within the company a very proactive framework that we use to manage the risks around the company and we've been looking at all possibilities including opening up the border, what does that mean from a risk perspective, and also from an opportunity perspective, what does that mean for us? How does that impact certain aspects of our business and what is the potential upside for us? So we're constantly evaluating these things and we do have a view to be honest with you, but that view is right now, at this point, we don't know exactly how the opening of the borders will materialize. There's still a lot that's not clear, but again, what you're talking about is a very, very, you know, our neighbors have very, very large market and presents a significant amount of opportunities for any company. So there is potential for a growth and that's to be honest with you all I can say at this point, I think there's potential and so we're waiting to see what's going to happen, but like I said, it’s a large especially, large markets, a lot of potential for a company like us and we're cautiously optimistic.

Arora: Sorry, just to ask another question over here. So historically were you negatively impacted when this happened in back in, I think it was in 2015 or 2016 when the borders were closed and which particular segments were impacted, and now going forward, when you say the market is large, then which segment you expect to benefit from this, is it the maritime and logistics business, even the offshore business?

Akram Iswaisi: Well, I mean, I think of big, obviously as a -- when the blockade happened, we were obviously impacted. A lot of the volumes coming to the border disappeared, but obviously a lot the volume ended up coming by sea. So it's let's say the mix has changed, right? And so you lose it in one area, but to pick it up in another area and so now if, you know, when I look at what's the potential, I mean Milaha have been over the past several years, we have developed a tremendous amount of capabilities whether it's on the offshore. I mean, if you look at the offshore, for example, historically, we have been an asset owner, but we have expanded capabilities in our capabilities to provide services, to complement our asset base, because that's basically how the business and the market is changing. So over time we've been expanding into services to complement our asset base because coming to our client with a portfolio approach allows us to increase our share of the wallet and at the same time improve margins, because the offshore market has changed over time. So our capability and logistics offshore have increased tremendously and that gives us more tools and more chances of expanding into larger markets. So I can't comment on whether we have plans or not, but what I'm saying is, it is a large market and it presents opportunities for a company like Milaha or any other company.

Arora: Okay, and you were saying that so you lost business in one segment, but you gain in the other segment when this blockade happened, but in general your point is that you are not negatively impacted at all when it comes to the bottom line impact?

Akram Iswaisi: Well, I mean, listen, I mean it's -- I can't say that we haven't been negatively impacted, but we didn't just sit there and take it, right? We have changed our business. We have expanded our business in Qatar and as well as geographically. So there's been a significant push to diversify our revenue base. So yes, there has been some impact, but we have worked hard. I mean, when you lose your income, you work hard to substitute that income elsewhere, and this is exactly what we've done. So I think the removal of, you know, the opening of the border represents opportunities as well that not only Milaha but any other company will, would potentially look at it's a large market, but overall, like I said, it's the business is like a motion picture. It changes you get hit somewhere, you pick it up somewhere else, but overall we focused on diversifying our revenue base and we kept pushing outward.

I mean, if you look at in our container the shipping business has expanded into new geography. We've been doing business elsewhere on other continents and other countries. So we just didn't sit there and take any potential losses or an impact our business. We've worked diligently to try to replace our income and that's, you know, and so far we've done a good job and to be frank with you, we've also invested in capabilities and I think we're very well postured to take advantage of opportunities as they come in our region. As things change in our region, I think there'll be plenty of opportunities for companies like us with our capabilities.

Arora: And so now if the mix again shift, if it happens, if the things start to move away from the sea and comes from the land, then you think it can it sort of creates an overcapacity in one segment and under capacity in other segments that you have to invest again?

Akram Iswaisi: Where we have to investigate again, what do you mean where we have to invest again?

Arora: So you were saying the mix shifted last time, right? From one segment to another and you adopted, so you must have done some changes, you must have done some mix you’re your instrumentation or your capacity vessel the newer capacities to handle the change in the business model, but now the business models trying to switch again. Would that create an excess capacity in the offshore segment that you have to increase more capacity somewhere else in effect from where the business is shifting. To the segment where business is shifting from the offshore in that segment you have to invest more? Or you already have excess capacity already over there?

Akram Iswaisi: I think that it depends on the business model, right? I mean, if you look at offshore, there's already a lot of capacity in the market, a lot of supply vessels available. So whether you buy or charter in this plenty of assets in the market. If you're talking about logistics again, the logistics it depends on your model, but the uniqueness of Milaha is that we, we're not a pure play. We're not I mean, we're in offshore, we're in supply chain, we’re looking at supply chain solutions, we’re in ports, we’re in container shipping, feedering primarily, 3PL warehousing. So the ability to manage a portfolio like, this allows us to whether storms to change the mix depending on the market. So that's the uniqueness of Milaha. So we're not simply for example, a freight porter. We're not -- we just don't provide warehousing or we're not simply a feeder company. We're a supply chain provider. So being able to provide a supply chain solutions to clients allows us sometimes to make money in certain legs or certain segments of that supply chain and lose money on others or break even but that's how the world works today, right? And so it's more from how you serve the client rather than, hey, I have a truck and that's what I do, I deliver a product and send it cargo, we provide supply chain solutions to clients, and that's how we manage it, and that's how we focus on making money.

Arora: When it looking at your Milaha offshore segment. So you were saying that you were not only afraid of whether you have, you provide some initial services also, and you are very well integrated and so who are your competitors over here in the segment, which are at your level?

Akram Iswaisi: In Dhoa, I think we're the leader in the market or Dhoa we are the leader. We have the largest market share in Qatar. We are leader. We have been close to our clients. We have a very strong and a solid infrastructure here in Qatar like I said, the industry overall has moved from being simply an asset provider, because back in the day, as you can when oil was over a $100 you can buy an asset, shorter it and make fantastic returns. Those days have changed. Today you have to look at a different model where you really have asset ownership combined with services allows you to generate better profits, and this is the model that we have been pushing for and building capabilities. So we've investing capabilities. We’ve invested in people, we've gotten into projects where we can build that experience as well. So, and this is key for us. So in terms of Qatar we are leading.

Arora: Okay, and when it comes to the Milaha maritime and logistic business, we are looking at it, it has the business at the operating profit level has been unprofitable, from even in 2019, if you look at you had 71 million negative operating profit, and then you had around 18 million negative this year in 2020. So can we understand what is the turnaround strategy for this business or are we heading any one offshore over here which we have to adjust?

Akram Iswaisi: Listen, the -- a big part of this has been the turnaround of the warehouse operation we've invested in Milaha Logistics City and with time and there was an impact, but again, in 2020 utilization for Milaha Logistics City has increased significantly, and so we were able to pick up new clients and so if you think of any business, we have invested in the infrastructure of supply chain infrastructure, and now we're focused really on increasing the utilization and pushing more contracts and more clients and revenue through the pipeline. So, and that's basically and in terms of that business you will see some changes, how optimistic that we'll be seeing changes over the next couple of years. The leadership of that business unit is focused on optimizing returns on assets working leaner and again, increasing utilization on and returns on assets including the warehouse. So I think just sit tight for the next year or so, and we'll see an improvement on, in these numbers as well. I mean, it's that business is changing. That those capabilities also changing and even our service offerings in that business unit have changed.

Arora: So what are we expecting the let’s say a bit, sorry I was saying, are we expecting an EBITDA break even in the next couple of years from this business?

Akram Iswaisi: I can't comment on that.

Arora: But there has to be a business plan, right. If you're talking about like, we want to-

Akram Iswaisi: There is a business plan, but yeah there's a turnaround plan, but I can't give you an EBITDA number. There is a turnaround plan. There is a cost optimization plan, which has already started that's in place as well, but I can't give you an EBITDA number.

Arora: So don't give me -- don't give us a number, just tell us when you want to be a EBITDA positive, you know, in two years, three years, five years, what's in your plan?

Akram Iswaisi: I think within the next two to three years, you'll see a significant improvement on EBITDA. You will see a significant improvement in EBITDA.

Arora: And when it comes to utilization, you were saying, obviously you have invested in the capacity. How much are you utilizing this particular segment? How much is the more scope to go up? Are you at 50, 60% right now on the blended basis?

Akram Iswaisi: No, we're close to 85, 85 to 90% now.

Arora: Okay, and if you can go up to a 100% in this business?

Akram Iswaisi: Well, there's, you know, from an operational perspective, they also they'll always tell you that there's a, you know, you're never reached a 100% simply because of the movement of cargo. There's a lot of cargo moving in and out, but there is potential depending on how you maximize the space within the warehouse, but you never go to a 100%. So because this is a and the thing in warehousing it's either you look at the real estate model where you simply rent space or the warehouse where picks money is around turnaround. So the more inventory moves in and out, the more you touch the inventory, the more you add value added services, that's where you begin making money. So and that's the key, and this is one of the areas we're focused on when we look at our business as well, the movement of inventory, how do we increase movement of inventory? How do we increase value added services? So again, when I tell you that we've overtime changed the way we look at the business, we've increased a significant amount of capabilities. I mean if you look at the team right now is seasoned logistics professionals focused on turning this business around. I think I'm optimistic that over the next two to three years, we'll see significant improvement EBITDA.

Arora: So moving inventory means, you have to go with the heigh, you have to rent it out to the higher turnover businesses, maybe grocery, retail, e-commerce, that's where you're looking at right now?

Akram Iswaisi: I'm telling you that's how the industry looks at it. So I'm not telling you exactly that’s what we're looking at. I'm just telling you, that's what the industry looks at. I can't disclose too much because we do have competition in the market, but I'm telling you the industry typically I mean, if you're talking about low movement of inventory, you're building, it's a real estate model you build a warehouse, you rent it out, you don't care about movement. We're in a different business. We are not a -- we're a supply chain solutions provider and where we make money is around movement of goods.

Arora: Yeah. So basically the losses that we are seeing, obviously one reason you were saying is utilization has to improve maybe that makes as we change, but in general, in the industry, the real competitors, is it like an industry which is highly competitive and even the competitors are losing money in this business?

Akram Iswaisi: That depends on our I mean, that depends our competition losing business. It depends on what stage they're in. I mean, I think, what you're trying to get to is, I think you’re trying gets to our strategy now, and I can't really disclose too much of that, but it depends on which stage they’re in.

Arora: Not your strategy also, I'm just trying to get to the market. Is the market really very competitive that even if you have a very good strategy, but the market is like that there is one excess capacity and then that is leading to losses for a lot of players in industry, that’s my point.

Akram Iswaisi: Well, I mean listen if you look at logistics, it's in any market it depends, is tied to movement of goods, it’s tied to I mean, when you look at the growth, as it's tied to correlation of it's tied to a GDP, movements of TEUs so it's all about movement of cargo and that's how you begin to understand really where is the potential on logistics. So there is a still a lot of potential in Qatar and the economy in Qatar continues to change and evolve and so we still see an upside, but from our perspective we're looking at it on two fronts. I mean, if you look at, somebody asked the question about the Northfield expansion again, there is a potential logistics work there, and there are a significant amount of projects coming into Qatar as well. These are also opportunities. So in general you've got FIFA coming up. So there is a lot of potential, there are a lot of projects and so there's still a lot of potential in Qatar for logistics growth opportunities. Now we're not just looking at the market domestically. We're also looking at geographic expansion as well. So we're looking at this on both fronts.

Sami Shtayyeh: If you don't mind, let me interrupt then if you don’t mind.

Arora: Sure.

Sami Shtayyeh: Hello. Yeah. Sorry, if you don't mind just for the sake of other callers, I'm not sure if there's other questions, but may I suggest we take the conversation offline? You can reach us, go to our website milaha.com, go to the investor relations and there's a contact us email, that email will come direct to me. We can establish one-on-one relationship and we can answer any other questions that you might have. I think that's a better forum to discuss these kind of questions.

Akram Iswaisi: Yeah. I think for the sake of everybody else. Yes.

Sami Shtayyeh: Yeah.

Arora: [inaudible] **[0:38:36]** Thank you.

Akram Iswaisi: Thank you very much for your questions.

Operator: Thank you.-

Sami Shtayyeh: Operator are there any other callers?

Operator: Yes, we have one more question in the queue from Shabbir Kagalwala from Al Rayan Investment. Please go ahead.

Akram Iswaisi: Hello.

Akbar: Yeah. Hi, it's actually Akbar from Al Rayan Investment. Thanks for the call, guys. Just wanted to touch on slide 16 of the presentation, where you're talking to the outlook for trading. Can you just give a bit more color on that, please?

Sami Shtayyeh: Yeah. Hi, Akbar this is Sami, what we're talking about, trading here, we're saying cautiously optimistic is tender and RFQ volumes have increased. So we are getting a lot more inquiries. A lot more customers are coming in and asking us for pricing. We're seeing a lot more tenders floating around than we did last year. That's what the comment refers to. Last year, as you know because of COVID there was a lot of companies were in, locked down. A lot of things didn't happen as people thought they were going to happen at the beginning of 2020, and the way we see it as things are the sentiment I guess, is driving a lot of requests for quotations and request for a pricing of sales of equipment in general.

Akbar: Sure. So that's great to hear. I mean, as asking you, because it's in the past, even before COVID this wasn't a thriving business, so I'm just wondering, it's not that this business, but ahead by COVID it was just a difficult business. So it's great to hear that things. What sort of areas is the demand coming from?

Akram Iswaisi: Sami, if you don’t mind I'll take that one. Listen, I think you're absolutely right when you said this business has been impacted the past few years because we focus primarily on construction equipment and obviously, our heavy truck business as well has been impacted depending on the volume of construction projects in the market, but if you look at as I mentioned earlier, we have a big focus on providing asset-light services we all are have a big focus at Milaha right now on services. So this business right here, if you look at it, consisted of bunkering, lubricants, we had Marine engines, and there's a big focus right now on serving vessel owners and yacht the owners in Qatar in the Qatar market. So we've sort of started shifting the business around the focus on providing services be at ship chandlering, bunkering, lubricants, primarily focusing on the marine sector, which is a market that we see in Qatar needs a structure or there we see opportunities for creating a structured supply chain.

So when you ask, what is it that you're looking at, this was sort of how we're looking at it because again, our focus on, again, going back to what I said earlier, rather than saying, hey we have an asset, we have a vessel, we are looking at serving clients, and this is our model right now and our model here is serving effectively vessel owners, yacht owners in terms of lubricants, chemicals, now ships chandlering in general, bunker and this is sort of where we're beginning to see opportunities and really focus in 2021 and beyond. Does that answer your question?

Akbra: Right. Sort of, thank you, it does. And the other question is in terms of, you know, well as shareholders maneuver used to seeing impairments happen on a regular basis, are we anywhere near the end of these or should we expect this to just be a recurring line in the P&L?

Akram Iswaisi: Well, I expected that question to come up. So thank you for bringing that up. Let's say, I think this year-

Akbar: I didn’t want to disappoint.

Akram Iswaisi: No, no, but thank you. Obviously, this year we took 742 million in impairments versus last year and I think this is the most that we have taken in any other year and as I mentioned earlier it's a function of really how the market has changed and the segments in which we operate have changed and their impact investment valuations. From our perspective I think really the worst is beyond -- behind us. I think I don't expect us in the future and obviously, by virtue of having still to go through the accounting exercise every year to evaluate the impairments and vessels there will still be some a negligible minimal impact going forward, obviously, depending on how the market plays out, but in general, we don't expect to have an impact of this magnitude going forward. I think the worst is behind us and again, I think 2020 COVID-19 sort of made this exercise much, much worse and so from our perspective again, we are optimistic that the worst behind us. Again, going through the accounting exercise and assuming markets don't get any worse than this, and we're hopeful that they're not. I think this is 2020 has been a very, very challenging year and I think from here on things can shift continue to improve and we start seeing better days. So that's our view on it.

Akbar: Great. Let's look forward to sharing those with you. Thanks for that.

Akram Iswaisi: Thank you.

Operator: Thank you. We have no further questions in the queue.

Akram Iswaisi: All right. Well, thank you very much everyone for your interest in Milaha. Really appreciate it, and we look forward to seeing you Q1 2021. Thank you very much and have a good day.

Operator: Thank you. This concludes today's call. Thank you for your participation, ladies and gentlemen, you may now disconnect.