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**Moderator: Bobby Sarkar**

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Operator: Good day and welcome to the Qatar Navigation First Quarter 2021, Results Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Bobby Sarkar, please go ahead.

Bobby Sarkar: Well, thank you Dian. Hello everyone. This is Bobby Sarkar, Head of Research at QNB Financial Services. I wanted to welcome everyone to Qatar Navigations or Milaha's First Quarter, 2021 Financial Results Conference Call. So on this conference call we have Akram Iswaisi, who is the EVP in Finance and Investments at Milaha and Sami Shtayyeh, who's the VP of Financial Planning and Analysis. So as usual we will conduct a call with the management first after reviewing the company's results followed by a brief Q&A session. I would like to turn the call over Akram, Akram please go ahead.

Akram Iswaisi: Okay. Thank you very much. Welcome everyone to Milaha's first quarterly earnings call and you're interested in the company and first of all, as well as, Ramadan Kareem. I'll start with our consolidated financial results and then dive into the segment results. After that I'll turn it over to Sami to go over the outlook for the rest of the year and then we'll end the call with questions and answers. The key highlights of our financial results are as follows, Milaha's operating revenues came in at $675 billion for the first quarter of 2021, compared with $692 million for the same period in 2020, for a decrease of 2%. Operating profit came in at $131 million for the first quarter of 2021, compared with $200 million for the same period in 2020 for a decrease of 34%. Net profit for the first quarter of 2021 was $297 million compared with QAR 283 million for the same period in 2020, for an increase of 5%. And lastly our earnings per share was 0.263 Riyals for the first quarter of 2021, compared with point 25 Riyals for the same period in 2020.

 Now moving on to the segments Milaha Maritime and Logistics top-line revenue decreased by 4% or $10 million, but operating profits increased by $18 million and this was primarily driven by our container shipping unit. We right size capacity to better align with volumes which allows us to. Number one, shed costs we otherwise would have bought. Two, get rid of unprofitable revenue. Additionally, at the segment level we recorded a $6 million drop in the provision for bad debt as compared to the same period last year. At the non-operating level, we had a drop of $5 million as a result of not recording again all sailor vessels which we did last year along with low profit from our JV company. These factors drove the 40% increase in net profit we recorded this year.

 Now moving onto offshore operating revenue by 6% or $12 million and operating expenses increased by $9 million both of which drove the drop of $22 million in operating profits compared to the same period in 2020. Higher revenue from the addition of new vessels compared to the same period last year and higher third party charted in vessels or more than offset the negative impact for vessel dry dock ins, maintenance issues and COVID-19 off hires. Now COVID-19 is not fully behind us yet and although we've done a very good job at mitigating the impact on our operations it's still effective Q1 offshore results.

 Now $99 million in low impairments recorded last year versus 2020, versus 2021 boosted our overall performance for the segment. So last year we had close to $99 million recorded impairments this year we did not that has helped improve the financial results going from a loss of $77 million to a profit of $3 million in Q1 of 2021. Moving on to Gas and Petrochem operating revenue and operating profit both dropped and we were the results of plummeting tanker rates as a point of reference and to give you an idea of the magnitude of the drop. In Q1 of 0020, tanker rates average $20,000 to $30,000 per day and that's kind of a range and in Q1 of 2021, it felt about $10,000 per day. On the non-operating level income increased by $50 million with $10 million, conditional coming from our share of backed-up and $5 million additional from our VLGC Joint Venture, which is Gulf LPG, which benefited basically from higher VLGC rates compared to the same period last year.

 Net profits of segment ended down $7 million from $150 million to 2020 to $243 million in 2021. Now moving on to our trading segment a 29% increase in revenue coming from virtually all units under that pillar improved the bottom line by $1 million versus the same period in 2020, margins are thin in the segments so revenue and volume growth are key to improving results. And lastly moving on to Milaha Capital investment income decreased by $27 million with around $40 million drop in lower dividend income partially offset by $5 million in higher bond income and $9 million in reduced losses recorded last year in our health for trading portfolio. Real Estate revenue decreased by $7 million driven by lower rent income and at the operating level we recorded a negative or lower negative $31 million in lower gains on the sale of property that was sold in 2020. And that wraps up the segments that I will turn now turn them over to Sami to discuss our outlook[?].

Sami Shtayyeh: Thank you, Akram. I'm starting with maritime and logistics we expect overall volumes to remain steady at Hamot[?] which is the main driver of our terminals share of profit. On the container shipping side, we were quite optimistic about the rest of the year and then India imposed a lockdown last week as they try to manage through their COVID-19 situation to the extent that does not turn into a prolonged matter. We expect the unit to continue to outperform the 2020, and logistics utilizations are expected to continue increasing in the warehouse and client sites that had been shut down due to COVID-19 are gradually reopening allowing us to work onsite again both of these are good news.

 In Offshore, although Q1 results came in weaker than expected we feel cautiously confident that operations will perform better in the rest of the year. We do have many dry dock scheduled this year and COVID-19 related expenses and downtimes could alter that view. But as we stand today we feel good about offshore outlook. In Gas and Petrochem, the majority of our business is fairly predictable due to the long-term nature of contracts, two parts of our business that are less predictable are the tankers and our VLGC joint venture which are both exposed to volatiles spot prices. Our spot prices fluctuate the rest of the year is difficult to predict and so there is some uncertainty on these two units. In trading we saw a decent pickup in revenue in Q1 and are cautiously optimistic on the rest of the year given sales efforts and what we're seeing currently in the pipeline.

 And lastly, onto capital on both the investment and real estate fronts we don't foresee any major changes up until the new tenancy contract on our new villa compound starts up in Q3, which will have a positive impact. With that we'll now open up for questions and answers, 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. Again, press star one to ask a question and we will take our first question from Dive[?] Aurora with Dharma Investments, please go ahead.

Dive Aurora: Hi gentlemen, thank you for the call. When we look at your profitability most of your profit is coming from I would say three places. One is obviously the output and then there's then [inaudible] as in third is the capital business. But if you exclude these fees in the other businesses which is Maritime and Logistics and the Offshore and Gas and Petrochemical none of these are contributing much to the profits and that also reflects sort of in the valuation of the company. So we just want to understand, you know what is the strategy in each and every business and if you can just go business by business and tell us what do we see? You know, what sort of operating profit can we expect from let's say offshore marine business, gas and petrochemical business given these are asset heavy business Gas and Petrochemical Offshore Marine but they don't have that much profitability? So what sort of a profit do you expect from these businesses five years down the line or three years on the line if there's not that much visibility and also on the other business which is Maritime and Logistics? Thank you.

Akram Iswaisi: Okay. Thank you for the question. You know, I think it's obvious that it's been obvious before that most of our profitability is coming from, you know, and not to lack capital and let's see maybe none-operating businesses. And we've alluded to this before that number one, if you take Milaha Maritime and Logistics we have been in making investments in our logistics business and that's been paying off. And if you notice right now this business and I think I was asked that question, as well, last quarter when will this business become profitable? And if you look at 2021, in Q1, this business is already profitable. Now we were showing a loss last year and that loss has turned around. So a lot of investment has been made in those business from optimizing your asset base, from bringing in new talent, you know, to be able to execute on a company's strategy.

 Within MML, you know, we focus primarily on the filtering[?] I mean we are from a container shipping perspective we're a filtering[?] company and so we've worked on optimizing our network, reducing costs and really focusing on profitable growth and that's the key. From a logistics perspective we've made a lot of investments in optimizing our logistics facilities. We've increased occupancy significantly so utilization is extremely high. We've focused now on adding value added services, creating logistics solutions and rolling those out to the market. But again, you know, it takes some time to actually bear the fruits of our investment but you're beginning to see that right now where we're beginning to turn a profit on MML and we're optimistic that over the next couple of years Milaha Maritime Logistics profitability we'll continue to grow.

 Now if you look at the offshore business, you know, this is not unique to the Milaha Offshore okay? This is not unique to Halul. Globally the offshore market has been struggling for the past two to five years it's not even more. Now but reality if you compare Halul to the other companies we have been much more lucky if you will, you know, our business has survived and we are profitable barring impairments the business is doing quite well. And today this business right now, you know, there's a big I mean asset ownership by itself it doesn't generate profits so we've been focused primarily as well on adding services that can generate margin.

 So in addition to asset ownership which is critical you need to start investing in services and we've been investing a lot in services but it's going to take time to show those results in our P&L. Now we're also optimistic over the next couple of years hoping to see, you know, improvements in oil prices which will translate in a more improved market conditions for the offshore for our OSB[?] market. So I think those factors right now are going to help us over the next couple of years.

Dive Aurora: Sorry on the offshore business do you see those businesses strategic given, you know, you were saying that oil prices can improve on the year but they can again fluctuate downwards given the move towards EVs and all. Do you see this business as strategic as your portfolio or is it better to maybe you can also think about and some time to offload this business if the profitability in the next one two years doesn't [inaudible]?

Akram Iswaisi: It's a strategic to us and strategic to the country so it will stay.

Dive Aurora: How much patience you will keep? You know, for how many years can you if by any chance this doesn't turn around and this continue to be sort of a loss making business or more or less, you know, not making much money to you and justify that [inaudible].

Akram Iswaisi: I don't think that's the question I'm going to answer right now, as I mentioned to you right now it's a strategic asset to the company we believe in this business and it's also critical for the country and this business will remain. So at this point I'm not going to answer any more questions on that topic.

Dive Aurora: Okay. All right.

Akram Iswaisi: Thank you very much. I appreciate it. Next question, please.

Dive Aurora: Third one, I have another question.

Akram Iswaisi: You have another question?

Dive Aurora: No. I said like the gas and petrochemical division right? It's a third division.

Akram Iswaisi: Well the Gas and Petrochem division, you know, we've changed the strategic direction of that business unit and we're primarily focused on niche markets like FDSOs and FSOs and so this is the area that we're focused on these days. We're not investing in traditional maritime shipping assets like Tankers, like MMRs, LRS. We've seen a lot of volatility in the sector and that market is still way over supplied so we are focused on investing in assets that are you know; they're backed by long-term contracts. So this is where we're investing right now especially in that segment, and that segment from profitability perspective it's relatively stable but from a growth perspective this is the area that we're looking at that we're investing in right now.

Dive Aurora: And I think a lot of the contracts in this business are on the spot market rate that [inaudible] they are on the spot market.

Akram Iswaisi: While they were of a contract and then now they're tied to the spot market yes so the situation changes every couple of years [inaudible] because within that segment. Yeah.

Dive Aurora: You didn't give us. So I was saying I think you give us in three years what sort of operating profit you can see from this business?

Akram Iswaisi: I can't give you a guidance in three years from now to be honest with you.

Dive Aurora: Okay. All right. Thank you.

Akram Iswaisi: But if you look at that business again the only wonderful aspect of it within that business the VLGCs is a volatile market that's a known fact. If you look at the which I mean we've been selling our tanker for business so our volatility or exposure to the spot market has been slowly reduced. And as I mentioned we're changing the mix to continue to invest in assets on a backed by long-term contracts, FPSOs, FSOs, you know, so you'll begin to see less volatility to spot market rates going forward that's all I can see at this point.

Dive Aurora: So what is the visibility of, you know, putting these VLGCs and the charter market can we see that happening or are you waiting for rates to stabilize or the rates to go higher from here?

Akram Iswaisi: Well, I'm not waiting for anything that depends on the market. So it's a view the market again the market for VLGCs is very vulnerable and it really depends on the market dynamics and the view of the clients. So when clients expect rates to go up they tend to want to lock in rates. So again, it depends on market dynamics and we're always looking at, you know, better opportunities to take advantage of rising spot rates we will lose if there isn't then we'll lock it in and fix the rates as much as we possibly can. So but I can't give you visibility on that right now because again this sector is volatile and it changes in a month by month actually, Same as in the tanker business you can't predict when the tanker business will do. As I mentioned tanker market was doing exceptionally well last year and this year rates tanked significantly. So it's very, again, this business in general, you know, tankers and VLGCs it's a very let's say tactical business and you have to manage it on a day by day basis or month by month.

Dive Aurora: Okay. All right.

Sami Shtayyeh: Thank you very much.

Dive Aurora: I appreciate it. Thank you.

Operator: And it appears there are no further questions at this time. Just once again its star one if you wish to ask a question. All right we do have another question now from Vigoju[?] with Carter Insurance, please go ahead.

Speaker: Hello. Hi. Thanks gentleman for the call. This is Vigoju[?] from QAC. My first question is on your operating supplies and expenses.

Akram Iswaisi: Okay. And if you don't mind can you speak up a little bit? I can't hear you. Can you shout a little bit if you don't mind? Thank you.

Speaker: Sure.

Akram Iswaisi: Thank you.

Speaker: My first question is on your operating expenses. Can give some colour as it what is happening with Qatar [inaudible] why is [inaudible] going up?

Akram Iswaisi: Now listen on Qatar [inaudible] revenue has gone up as well and so has operating supplies and expenses. So, you know, in that kind of business it's more of like a trading business o it's natural that revenue is going to go up operating supplies and expenses, cost of goods sold has to go up as well it's that simple.

Speaker: Okay. So I see that happening on your operating side as well so I, yeah, I understand it's a [inaudible] business and the cost of expenses will also go up. So are you guys aggressive on that side? Is there an opportunity that is going on in the market? How does it look for the year?

Akram Iswaisi: Listen, I think if you look at what we've done with that business unit is we have restructured that business unit we've sold the travel agency over shut it down so not sold it and we have been focusing primarily on serving the Qatar Marine markets as a supplier, as a service provider. Now we've had all the building blocks we sell lubricants, we do fleet and technical services, ship repair and so a big part of what we have tried to do is focus on serving the Qatar Marine markets and so that includes the World Ship channelling[?]. So, you know, building supply chain for vessel owners in Qatar has been an area that we're focused on and we've been invested in that to be honest with you.

 So if you're asking me about the outlook for the company this is one of the areas that's going to be growing over the years because we see a market for this in Qatar and we've been doing it in chunks if you will. But we've been working on building a structured supply chain to be able to serve in the Qatar maritime markets. So you've got to start seeing more activists in that area so this is sort of a build up to that to be honest with you.

Speaker: Okay, understood. My second question is on the capital side. When do you think the build-up [inaudible] projects will start kicking and the numbers?

Akram Iswaisi: August. August of this year. August to September but if there's any delays August to September.

Speaker: Okay. And what kind of a tenure, would it be five years [inaudible]?

Akram Iswaisi: Yes. Five years.

Speaker: So other than that anything on the warehousing side which you think will start picking up or what is your expectation on that side?

Akram Iswaisi: Listen on the warehousing side to be honest with you, you know, well the first thing we've done is we wanted to fill the warehouse okay? To generate cash flows so we've done a good job of that. Now we're working on optimizing the warehouse that we have to squeeze more value out of it so now it's about sweating the assets and we've done that across the board. So, you know, if we build more warehouses we're going to build them to make money but you already know that the capacity in the market is there's already enough capacity in the market. So, but we are constantly looking at, you know, what warehouses to build.

 And if you look at talking about additional capacity we still have a large plot of land that's been developed so SCUP[?] infrastructure. It's well secured and we have the capacity to continue to build. But we're only going to invest in profitable growth going forward we're not going to follow to build it and they will come to, you know, approach but we are going to focus on profitable growth. So right now what we're focused on is sweating the assets as much as we can and then we could eventually look at as our client base continue to expand, to grow as our client needs continues to grow then we will look at building the additional facilities and additional warehouses.

 But right now the main focus has been on sweating the assets and we've done a good job of that. So sweating the assets, filling that, maximizing, you know, basically the usage of that facility, adding more value added services. So it's not just about, you know, renting warehouse space it's about the movements of inventory in and out. It's about the value add services that clients need so this is how we're looking at that business there.

Speaker: Got it. Understood. How do you see the offshore market do you see any pickup expected or any anything moving on that side?

Akram Iswaisi: Honestly, I mean. I think you're reading the same information that you're reading and we're looking at the same words of research that you're looking at there's a lot of optimism, you know, next year in the year after but a global recovery about potentially. I mean oil prices have gone up this year as well but the continued increase in oil prices over the next few years which bodes well for the offshore market. And we're already starting to see some potential let's say CapEx programs being sanctioned, you know, compared to the past couple of years where there's obviously a moratorium or a freeze so there's some movement and it looks quite exciting.

 And [inaudible]as I mentioned earlier we are also expanding into services and new things and if you notice from our announcement from the market we've announced about our relationship with Schlumberger and our foray into wealth stimulation and so, you know, we're doing a lot more things to enhance our value offerings, our service offerings to our client base and invest in capabilities. So, you know, I think we're quite optimistic over the next couple of years offshore will look better than it did the past couple of years. Will it go back to the old days? I'm not quite sure but I think we're headed in the right direction and definitely there's optimism about an improvement in that market.

Speaker: Okay. Give me some colour [inaudible] 20% or maybe 17, 18% [inaudible] expenses is it something [inaudible].

Akram Iswaisi: I can't hear you can you repeat the question once again?

Speaker: Yeah. There's some increase in expenses on the fleet and technical expenses side for offshore. Can you give us some colour as to where is it coming from?

Sami Shtayyeh: Do you want me to take that one?

Akram Iswaisi: Go ahead. Yeah, go ahead. That's fine.

Sami Shtayyeh: Yeah, Hi Vijo[?]. So the increase is primarily because we added some new vessels last year so naturally when you have new vessels you're going to have crew costs associated with the vessels, you're going to have spares and maintenance expenses all of that. So that all falls under the fleet technical and that's why you see an increase there the vessels were primarily in the offshore segment.

Speaker: Okay. Got it. Understood. Thank you. Thank you so much guys.

Operator: Okay and we have one more question from Abdi Rashid with Diamond Investment. Please go ahead.

Abdi Rashid: Hi. You guys mentioned that the lockdown in India is an area of concern for you within container shipping. Could you elaborate on sort of the exposure India has to the maritime and logistics revenue?

Sami Shtayyeh: Yeah, I can take that. So India is a huge trading partner of Qatar that's a common known fact. We opened up direct routes from India several years ago so when they instituted the lockdown last year when COVID first started it definitely took a hit on our container shipping volumes and numbers. They instituted a similar lockdown just late last week because of the, you know, the huge surge in cases there so that's what we mean by that. Now, how long that's going to last? There's no indication I think initially they said a couple of weeks but it's hard to tell it's all going to come down to how well they manage it or how well the COVID situation eases up there. So like I said, I mean it's a concern, India's a huge trading partner. We have ships coming from there on a regular basis o to the extent that lockdown, you know, falls into weeks and potentially months then that would definitely have an impact on our container shipping volumes and profitability.

Abdi Rashid: But so if you look back at 2019, would you be able to sort of mention what was the exposure before COVID? So you could give us some perspective and then maybe year-on-year 2020, how was the looking?

Sami Shtayyeh: When you say exposure. I mean are you asking how much of our business is being [inaudible]?

Abdi Rashid: Yeah. How big is India as a contributor to your revenue within the segment?

Sami Shtayyeh: I don't know it off my head I want to say something incorrectly the best I can tell you to do is get a hold of me offline and I'll have to do some research to get that information for you. I honestly I don't know it off my head.

Abdi Rashid: Sure. All right. Thanks

Akram Iswaisi: But can I add just a point on that? Operations will not shut down what will happen is simply a slowdown. So there may be congestion, there may be a delay and that will have an operational cost impact which is what we had last year as well and we've managed through that. So, you know, we're not expecting a complete shutdown because I think business will still continue but perhaps at a slower pace. There'll be some congestion, social distancing will be an issue, processes will be a little bit more prolonged and lengthy but regardless will still continue. And so, you know, we don't expect the impact to be material but there could potentially be an impact that we had it last year and we dealt throw it and we recovered from it as well and that's the way we're looking at it. We don't expect it to be that severe but regardless they will probably be congestions if it happens. You know, if it becomes strict there'll be congestion, there'd be a prolonged process, they'll be delays for paperwork, social distancing, and that will have an impact.

Abdi Rashid: All right. Okay. Thank you.

Operator: And there are no further questions at this time. So I would like to turn the call back to our host for any additional or closing remarks.

Bobby Sarkar: Hi guys, this is Bobby Sarkar again. So if there are no further questions, I guess we can stop the call now. Thank you, Akram. Thank you Sami, for taking the time to answer all our questions and we will pick this up next quarter. Thank you so much.

Speakers: [Inaudible] Thank you very much. [inaudible]

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