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Executives:

Akram Bashir Iswaisi- Executive Vice President of Finance & Investments

Sami Shtayyeh- Vice President of Financial Planning & Analysis

Operator: Good day. My name is Chantelle, and I will be your conference operator today.

At this time, I would like to welcome everyone to Milaha’s Conference Call. As a reminder, today's conference call is being recorded. All lines have been placed on mute to prevent any background noise. After the speaker’s remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, please press star one again. Thank you.

Akram, you may begin your conference.

Akram Bashir Iswaisi: Thank you. And thank you everyone for joining Milaha’s Year-to-Date Q3 Earnings Call and your interest in the company.

I'll be starting with our consolidated financial results and then going through our various segments before turning it over to Sami to go over our outlook for the rest of the year. As usual, we will end the call with questions and answers.

The key highlights of our financial results. Milaha's operating revenues came in at QAR 2.56 billion for the first nine months of 2022, compared with QAR 2 billion for the same period in 2021, an increase of 26%.

Operating profit came in at QAR 424 million for the first nine months of 2022, compared with QAR 192 million for the same period in 2021, or an increase of 121%.

The net profit for the first nine months of 2022 was QAR 851 million, compared with QAR 654 million for the same period in 2021, for an increase of 30%.

And lastly, our earnings per share was QAR 0.75 for the first nine months of 2022 compared with QAR 0.58 for the same period in 2021.

Now, moving on to our business segments and starting with Maritime & Logistics. The segment posted solid year-over-year results led by strong container shipping rates. Those rates, however, came down in the third quarter and we saw that they were reflected in numbers.

Shifting back to year-to-date September figures, top-line revenue grew by 39% or QAR 307 million, led by our container shipping and logistics units, and mainly container shipping.

Variable expenses grew in line with the revenue growth resulting in an increase in net profit of 99% or QAR 126 million.

With respect to Offshore, similarly, they posted strong results both year-over-year and quarter-over-quarter. Year-to-date September operating revenue grew by 29% or QAR 207 million versus the same period in 2021. Increased vessel chartering from additional work and employment of our liftboat, which was idle last year, and additional diving-related projects drove the increase in revenue.

Variable expenses increased online with revenue and various accounting provisions and impairments that negatively impacted last year’s results did not recur this year.

The net income result was year-over-year growth of QAR 884 million or over 470%.

As for Gas & Petrochem, it had a drop in revenue of 19%. But with an actual pickup in operating margin, we divested from both tanker and gas carrier assets which drove the drop in revenue. But the tankers, in specific, performed poorly last year due to near-record low shipping rates and hence the pickup up and operating margin.

At the non-operating level, income increased by QAR 51 million driven by the following three factors:

• QAR 45 million increase in additional income coming mainly from our share of Nakilat.

• QAR 16 million less income coming from our VLGC joint venture Gulf LPG due to much lower shipping rates than the same period last year, and

• QAR 19 million in higher gain on the sale of vessels. In 2022, we recorded a gain of QAR 12 million on the sale of the gas carriers, whereas in 2021 we recorded a loss on the sale of the tankers.

So, the net profit for the segment ended up at QAR 57 million or 14% versus the same period in 2021.

The performance of our trading segment essentially came in flat, and lastly capital.

Investment revenue increased by QAR 39 million and in our real estate unit, it increased by QAR 9 million comings primarily from the villa compound, which was leased out in Q3 of last year.

On the expense side, we took a QAR 16 million bad debt provision, which was recorded in Q1 of this year, and resulted in overall operating profit growth of QAR 27 million.

On the non-operating income level, however, results came in lower by QAR 97 million, with QAR 86 million of that coming from an impairment on one of our real estate properties.

Overall, we ended up with a net profit drop of QAR 71 million capital. And that drop potentially wraps up the segments and I will now hand it over to Sami to discuss the outlook for the rest of the year.

Sami Shtayyeh: Thank you, Akram.

Starting with Maritime & Logistics, on the container shipping side, we expect rates to continue their downward trend for the rest of the year. In logistics, we expect a general uplift in Q4 in warehousing and freight forwarding related to World Cup activities.

In Offshore, on both the support vessels and services side, as well as the harbour side, we expect a continuation of what we've already witnessed this year. Additionally, the new five-year contract for the liftboat will take full effect in Q4 which will stabilize income for that key asset.

In Gas and Petrochem, overall, we expect limited volatility due to the long-term nature of contracts we have in most business units. Our VLGC JV is the exception to that, where performance is difficult to predict due to volatile spot prices.

In Trading, growing the business is still a priority and we expect and are hopeful for better results.

And lastly, regarding Capital, we will continue to focus on yield enhancement.

And with that, operator, we will now turn it over to questions.

Operator: At this time, I would like to remind everyone in order to ask a question, please press star one. We will pause for just a moment to compile the Q&A roster. Again, if you would like to ask a question, please press star one. We do have a question from Mustafa Aamer with Al Rayan Investment. Your line is open.

Shabbir Kagalwala: Thank you for your presentation. This is Shabbir Kagalwala from Al Rayan Investment.

We would just like to know this. You took an impairment on your capital side, and you mentioned taking it on one of your real estate properties. Can you elaborate a bit if it's like commercial property, a warehouse, or residential property? And do you see more impairments coming in on that property or everything, whatever was required is taken?

Akram Bashir Iswaisi: OK. Thank you very much for your question.

We actually took the impairment on our warehousing facility which was built many years ago and that facility was built with high specifications and relatively high cost, which is unrealistic today, especially when looking at what today's market will accept. So, essentially that's what we've done, we've taken it on the logistics, on the warehousing facility. I've said it before and I will say it again, the large impairments we recorded over the past few years will not recur. But, and it's important to note, I've also said that on an asset-by-asset basis, we may book impairments depending on changing market conditions and dynamics. And so accordingly, we did take that impairment on this asset, but we don't foresee any more going forward. But again, as I mentioned before, historically, we've taken a large in substantial impairments, but we don't expect those over. But again, as I also mentioned before, from time to time there will be some adjustments to asset values.

Shabbir Kagalwala: Right. Thank you. And one final question on the overall outlook of the business in the fourth quarter. Given the World Cup, how do you see the fourth quarter planned out for you in terms of your Maritime & Logistics and other segments, which are directly exposed to the World Cup?

Akram Bashir Iswaisi: Well, listen, I mean we've obviously heard diverse business, so, we're in various segments that are impacted by various market dynamics. We are essentially seeing an uptick in Q4 in some of the business units as a result of the World Cup activities. So, there is a pickup in Maritime, and if you look at container shipping, container shipping obviously, is very much impacted by global dynamics. And you're beginning to see global container shipping rates coming down. So again, as I mentioned, we have some business segments that will do quite well in Q4. There is quite a bit of activity as a result of FIFA, but we also have business segments that are impacted by global dynamics. So, I hope that answers your question.

Shabbir Kagalwala: Yes, Sir. Thank you. That's helpful.

Akram Bashir Iswaisi: Thank you.

Operator: Again, if you would like to ask a question, please press star one. Our next question comes from Imran Khan with Zufall. Your line is open.

Imran Khan: Hello, everybody. Thank you so much for your presentation. My name is Imran Khan, I'm from Zufall Logistics Group, and let me congratulate you on your good financial result.

My question is, there was an investment by Milaha together with the Qatar port in Ukraine, and how is that turning out to be for you? I mean, I don't need any surprises because I know that the situation in Ukraine is bad, but are there any plans to invest in Europe, in Germany, or in other European markets using your access capital and cash that you are generating from your operations in Qatar? Thank you very much.

Akram Bashir Iswaisi: Thank you very much for the question. Even though we are a major shareholder, or partner as well in QTerminals, we can't really provide guidance on QTerminals. But what I can tell you is that QTerminals has a very aggressive growth plan and so, whatever actions or activities take place, you essentially hear about them in the market. As it relates to Ukraine, obviously the situation is clear to everyone and so, we're in a wait-and-see mode. But essentially, I don't expect major surprises other than what we have heard about in the media. But again, that's all I can say. But again, QTerminals as an aggressive growth plan. I have a solid management team with strong operational capability, and we are quite confident that the management team can grow the business and continue to build up the port portfolio.

Imran Khan: Thank you very much.

Akram Bashir Iswaisi: Thank you.

Operator: There are no further questions at this time. I will now turn the call back over to the company for closing remarks.

Bobby Sarkar: Hi, this is Bobby Sarkar. If there are no further questions, we can end the call. I just want to apologize for the late start of the call, and I want to thank Akram and Sami for taking the time to respond to our questions and for the presentation, and we'll pick this up next quarter. Thank you so much.

Akram Bashir Iswaisi: Thank you very much. Thank you very much everyone for your interest in Milaha and we look forward to seeing you in Q4. Thank you.

Operator: This concludes today’s conference call. You may now disconnect.