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**Executives:**

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**Operator:** Hello, everyone, and welcome to Qatar Navigation Conference Call. Please note that this call is being recorded.

I'd now like to hand the call over to Bobby Sarkar. Please go ahead.

**Bobby Sarkar:** Okay. Hi. Thank you, Ellie. Hi, everyone. This is Bobby Sarkar, Head of Research at QNB Financial Services. I wanted to welcome everyone to Milaha's First Quarter 2025 Results Conference Call.

So, on this call from Milaha management, we have Akram Iswaisi**,** who is the EVP in Finance & Investments, and Sami Shtayyeh, who is the VP in Financial Planning & Analysis. So, we will conduct this conference with management first, going over the company's results presentation, followed by Q&A.

 I would now like to turn the call over to Akram. Akram, please go ahead.

**Akram Iswaisi:** Thank you very much, Bobby. Thank you, everyone, for joining Milaha’s Q1 2025 Earnings Call, and your interest in the company. Similar to prior calls, I will start by going over our consolidated financial results and then moving on to our various individual business segments before turning it over to Sami to go over our outlook for the rest of the year, and as usual, we will end the call with Q&A.

The key highlights of our financial results. Milaha’s operating revenues came in at QR 759 million for the three months ended March 31, 2025, compared with QR 747 million for the same period last year, for an increase of 2%. Operating profit came in at QR 212 million for the three months ended March 31, 2025, compared with QR 208 million for the same period last year, for an increase of 2%. And net profits for Q1 2025 was QR 374 million compared with QR 365 million for the same period in 2024, for an increase of 3%. And lastly, our earnings per share was QR 0.33 for the three months ended March 31, 2025, compared with QR 0.32 for the same period last year.

Now, moving on to our business segments and starting with Maritime & Logistics. Operating revenues for Maritime & Logistics increased by QR 56 million, going from QR 165 million in 2024 to QR 221 million in 2025, driven by our container shipping and logistics units.

In container shipping, our freight business, our volumes out of China services. Our China service that began in the second half of 2024, provided uplift and growth by around QR 41 million from a year-over-year comparison. In our logistics unit, higher freight forwarding volumes, in particular, project cargo and higher warehouse utilization versus 2024 drove a QR 9 million increase in revenue.

Operating expenses increased by QR 29 million, with QR 23 million of that increase being variable in nature and tied to revenue growth, and QR 10 million of the increase is coming from depreciation and amortization in our container shipping unit due to right-of-use accounting for two chartered in vessels that joined our fleet in Q4 of 2024.

Non-operating income increased by QR 3 million with better performance coming from our QTerminal joint arrangement and more than offsetting lower gains on the sale of assets that were reported in 2024, and that brings us to an overall bottom line increase of QR 30 million versus last year.

Offshore results continue to trend upward, with operating revenue up QR 28 million or 8% versus last year. In addition, the addition of two vessels in mid-2024 and increased project work drove a substantial portion of that growth. Overall, expenses increased by QR 21 million, with QR 17 million of that increase coming from higher third-party chartered in vessels and QR 6 million from higher technical expenses related to the addition of vessels in that suite. The net income results for Offshore was a year-over-year growth of QR 8 million or 12%.

In Gas & Petrochem, there are a couple of one-off items that essentially not each other out. With the dollars be in a one-million uptick in net profit. In short, higher depreciation expense related to the change in useful life for our two wholly owned LNG vessels that occurred in Q4 of 2024 was offset by increased results from [indiscernible] ship and joint arrangements. And the net profit for the segment came in at QR 187 million this year versus QR 186 million in 2024.

And our Trading segment recorded a slight increase in our revenue, going from QR 47 million to QR 48 million in 2025. Increased sales of bunker and marine-related items offset lower heavy equipment sales. Custom just sold similarly, increased with the end result being the bottom-line loss of QR 5 million, or 7% lower obviously lower than last year.

Lastly, move on to Capital. Revenue slid by 22% or QR 37 million with the QR 12 million drop coming from lower Qatar Quarries sale and a QR 24 million drop coming from our investment unit, QR 34 million of the investment drop had to do with lower dividend income from our local Qatari equity position. Some of you may know that in 2024 was the first year for some Qatari companies to start issuing semiannual dividend distributions. This happened later in 2024. So, in Q1 2024 companies paid the full year dividend but in Q1 2025 only paid the semiannual dividend, and that obviously had an impact on our numbers.

On the cost side, total expenses came down by QR 50 million or QR 9 million related to reduced Qatar Quarries cost of goods sold, and QR 6 million was related to the successful recovery of all the accounts receivable amount that was previously provisioned for. All in all, capital recorded a net profit decrease of QR 29 million compared to the same period last year.

And that wraps up the segments, and now I will turn it over to Sami to discuss the outlook for the rest of the year. Sami?

**Sami Shtayyeh:** Thank you, Akram. Starting with Maritime & Logistics. On the container shipping side, there's an industry-wide uncertainty over shipping rates given the political and economic trade and tariff issues. We'll have to see how that plays out.

In Logistics, the environment remains very competitive and challenging, but we're optimistic that new product and service offerings such as pharma warehousing and turnaround efforts will improve results.

In Offshore, on the support vessels and services side, we expect to see continued growth, particularly longer term with all the expansion work in Qatar's oil & gas industry. For the harbor and industrial logistics operations, we expect stable revenue given the long-term nature of most contracts.

In Gas & Petrochem. Overall, we expect limited volatility due to the long-term nature of contracts we have in most business units. Our VLGC joint venture is the exception where charter rates are currently stable. However, the longer-term outlook is uncertain.

In Trading, we will be focused on optimizing the segment and continuing our focus on profitable growth and margin improvement.

And lastly, capital, where we will continue to focus on yield enhancement.

And with that, the operator will now open the call for questions.

**Operator:** We are now opening the floor for a question-and-answer session. If you'd like to ask a question, please press star followed by one on your telephone keypad. That’s star followed by one on your telephone keypad.

Your first question comes from the line of Rob Skepper of Ashmore. Your line is now open.

**Rob Skepper:** Yes. Hi, everyone. Thanks for your time this afternoon. Much appreciated. A couple of questions from me. Just on Maritime & Logistics. So, the first quarter was a good quarter, and particularly your container business. Obviously, you've highlighted the overall kind of uncertainty in that industry right now. But just in terms of like the month of April, like, are you already experiencing like significant disruption there in terms of

like canceled routes and like less utilization, just so we can be a little bit prepared for the second quarter?

And then, my second question is just on Offshore and Marine. So yeah, on the vessel chartering side you've... Seeing the benefits of the larger fleets. Are there new vessels being deployed throughout the year in the OSV space and should we kind of expect the Offshore Marine segment to be growing sequentially throughout the year or how should we think about it? Thanks very much.

**Akram Iswaisi:** Thank you. Thank you very much for that question. Started off with container shipping. To be honest with you, we haven't seen any major changes, and we haven't seen the impact of let's say, the change in global trade routes or reconfiguration of the global supply chain yet. And so, it's too soon to tell, but clearly, there will be some changes, and we will have to deal with them. And so, at the end of the day, nothing, to be honest with so far, we haven't seen anything. I mean, we have different scenarios we're looking at and seeing how we are ready to react to the upcoming changes, but so far, we haven't seen anything.

As it relates to Offshore, our strategy is to deploy a mix of owned and chartered in vessels when possible. At times we will chartering vessels to activate contracts that we have one. So, it's almost like a bridge asset if you will, so we try to bridge the contract by chartering vessels to serve our clients, and then we're able to get delivery of the new vessels. However, as I've mentioned in previous calls, we do have a very large CapEx program, and we have a good order book of vessels, and they will continue to be delivered over the next two to three years. And so, there will be some deliveries this year, but they will continue on and it could be spread over the next two to three years. I can't give you specific dates just simply because there are a number of variables that come into play here, but there is a CapEx program, and the mix again of new orders plus to look at the secondhand as well. But again, as I mentioned in the previous call, Offshore, on a growth trajectory, given what's happening to Qatar and the expansion on the energy side, we're very well positioned to capitalize on growth and continue to serve the country, as well as our major clients will depend on us.

**Rob Skepper:**  Got it. Great. Thanks. I think, just jumping back on the container side. I mean, good that you haven't seen too much disruption yet. Just in terms of like the nature of the Chinese routes that you added in the second half of next year, is that China-Qatar, or is there any other routes there?

**Akram Iswaisi:** Well, I mean it's mostly…it's tied to Southeast Asia and Asia and the regions. So, it doesn't have anything to do with… it's not tied to Europe and the US so the expectation will be some reconfiguration, and potentially, some change of volumes on different routes. And so, it's difficult to speculate right now on how this is going to play out.

**Rob Skepper:**  Yeah, that, I agree. Just one little thought. Brilliant. Okay. Thanks very much.

**Akram Iswaisi:**  And it's just too much. Again, you see it on the capital market side, and difficult to speculate on how the market will perform. I think we're seeing the same thing here on shipping.

But again, so far, we haven't seen any volatility yet and we've got plans to see and how it impacts us, whether positively or negatively. And we're talking again to our customers and we're talking to the other mainliners because obviously, we're part of that ecosystem and everybody's doing the same thing, but it's too soon right now. In April, we haven't seen really that much of an impact. And I think in the next two to three months, we should begin to see some impact on that, whether positive or negative. And we have our own views, which I can't share at this moment.

**Rob Skepper:**  Okay. Great. Thanks very much.

**Akram Iswaisi:**  Thank you.

**Operator:**  Again, if you'd like to ask a question, please press star followed by one on your telephone keypad. That's star, followed by one on your telephone keypad. Your next question comes from the line of Nikhil Phutane of CBFS. Your line is now open.

**Nikhil Phutane:**  Hello, gentlemen. Can you hear me?

**Akram Iswaisi:**  Hello.

**Nikhil Phutane:** Yeah. Okay. Well, this is actually I think many of the questions have been answered in terms of Offshore as well as on your Maritime & Logistics, but in the last quarter, you did mention that there will be some pressure on rates. So, in your priority, you could be seeing on q-on-q cash slight reduction on your container shipping, but we do see a flat growth.

**Akram Iswaisi:**  Sorry. I can’t hear you. Can you speak up? I'm sorry, but it's not…can you speak up? I can’t hear you. I can hear your question.

**Nikhil Phutane:**  This is regarding your container shipping, Sir. We wanted to know. I mean, you did mention about rates, they are being pressured during this first quarter, but this year pleasantly surprised that q-on-q there has been flat growth. So, that is the result of the higher capitalization of your vessels. I mean, can we say that?

**Akram Iswaisi:**  I'm sure I can understand the question, but let me…in terms of…we have, if you look at the China, the China business, that's a new business that we started the second half of last year, which was not in place in Q1 of last year. So obviously, you see the growth now in Q1, and rates in container shipping are volatile. Sometimes they're event-driven and they can quickly impact weight. So, in terms of our volume, we exit certain routes that are unprofitable and we're growing new routes. And so, the focus right now is probably growing our volume growth. So right now, again, if you look at what's happening, we started the new China route and that's good business. We have long-

term plans for that. And so, if you look at our business today, you've got volume and you've got rates which impact sort of our pipeline.

**Nikhil Phutane:** Okay. Again, under Offshore business, I mean, you did mention about oil and gas activities, increased activities being seen. In fact, last quarter, as we mentioned, a similar kind of outlook. But actually, in the first quarter, we are not seeing actually that kind of trend in your revenue side, on a quarter-to-quarter basis. So I mean, what could be the reason? I mean, we were expecting some improvement. Are you going to be seeing an improvement going forward or an increase in a quarter?

**Akram Iswaisi:**  Well, I mean, the growth is not going to be immediate. You cannot turn on the switch and tomorrow morning to start generating revenue. There's usually a lag, right? So, you bid on work, you go acquire the vessel, you win the work. I mean, there's two ways, right? You can speculate, go buy the vessels, and then deploy them once with the contracts or you can win the contracts and then go ahead and acquire the vessels. And largely we've got a mix of those two strategies with a big emphasis on contract-backed CapEx acquisitions from a large extent to try to [indiscernible] our future cash flow. And again, that's the reason. It's not going to be quarter-to-quarter growth, it takes time to build that growth. But as I've mentioned, we have a large CapEx program, and the pipeline for growth in Qatar are substantial, but there's usually a lag between. Again, I said, there's growth, and going to continue to build up, but it takes time to acquire vessels to build vessels. So, that's primarily the reason. So, it's not a switch that you could flip on, tomorrow you start generating that revenue.

**Nikhil Phutane:**  So, you continue to maintain your plan?

**Akram Iswaisi:**  Yes, I mean, we've announced that, and it's committed for the substantial commitment and that will continue, but that's the nature of the business and CapEx in the industries where again, there's usually a lead time where you have to build whatever infrastructure assets and it takes time to be deployed. You build it and mobilize it, you contract it, you build it, you mobilize it on an existing contract. But fortunately, we have a fantastic pipeline of work and so that level of CapEx commitment is backed or is based on a mix of committed contracts as well as our view of projections of future contracts.

**Nikhil Phutane:**  Okay, Godspeed. Okay. I mean one last one, I mean, in terms of your provisions.

**Akram Iswaisi:**  Sorry I didn't hear that.

**Nikhil Phutane:**  Regarding your again…I was looking at your provision, Sir, in your receivables, I mean, we do see provisions again coming into the picture. I mean I wanted to understand that. I mean I know that it's not a very big amount QR 11 million, but you can definitely say it is a little bit higher as compared to your normal run rate, say for last year? So, can you give us some color on this or what do you expect going forward?

**Akram Iswaisi:**  This is no comment. These are…we're just following the accounting standards. I mean, there's nothing to comment on and this is I've explained that in many calls before. We just follow IFRS and there's a model that is being used to provision for receivables.

And then again, we're in an industry where at times there will be a lag and collection of receivables based on the nature of the clients we deal with or depending on whether there's a dispute over an invoice or not, but this is normal. I mean, this is again, there's nothing really to comment on there except for the fact that we follow accounting standards to the letter, and this is also something that gets audited extensively. And so, your provision is based on an ECL model, and when you collect, you just simply recover them. So, at times we may have disputes regarding some work we've done. So, there's a delay in receivable. You know it could be questions of litigation, but this is just the normal cost of business. And the grand scheme of things that the material to be honest with you.

**Nikhil Phutane:**  Okay. Thank you, Sir. Thanks a lot.

**Akram Iswaisi:**  You're welcome. Thank you.

**Operator:** Your next question comes from the line of Mohit Singh of Leesha Bank. Your line is now open.

**Mohit Singh:**  Thanks for the presentation. I'm Mohit from Lesha Bank. I think, last quarter we have a call and you mentioned that the...

**Akram Iswaisi:**  Sorry, can you speak up? We can't hear you. Can you speak up? I can't hear you.

**Mohit Singh:**  Is it audible now?

**Akram Iswaisi:**  Can you speak up? We can't hear anything. A little bit louder, please.

**Mohit Singh:**  Just a second. Is it any better? Hello. Am I audible?

**Akram Iswaisi:**  Yes, go ahead, please.

**Mohit Singh:**  Yes. Regarding the CapEx quote and I think the last quarter was mentioned around QR 1.3 to QR 1.4 will be on the vessel-related CapEx. So, I think for this quarter around QR 150 million or something. So, how should we look at this over the next three quarters in terms of CapEx?

**Akram Iswaisi:**  Honestly, I can’t comment on the CapEx because they started the payment schedules. So, what you see is a function of payment schedules, depending on what our contract dictates, how we make payments for the vessels. So, it could be secondhand, you could see a big spike next year, but if it's contracted it just depends on the contractual terms. So, unfortunately, I can't comment on how you're going to see that in the best spread

over the next year. As I mentioned, CapEx program is large, and we continue to push forward on acquiring vessels or building vessels.

But in terms of commenting on what that trend will look like, it's quite difficult to get again any [indiscernible], we buy second hand, then you'll see a big spike next quarter and maybe $30, $40, $50 million, maybe more or it depends really on the constructional terms of the building program.

**Mohit Singh:**  Alright, thank you.

**Operator:** Thank you. I'd now like to hand the call back to Bobby Sarkar for final remarks.

**Bobby Sarkar:**  Okay. Thank you, Ellie. If that's all the questions we have, then I would like to thank Akram and Sami from Milaha management for taking the time to go over the presentation and answer our questions. Thanks everyone and we will pick this up again next quarter.

**Akram Iswaisi:**  Thank you.

**Operator:**  This concludes today's call. You may now disconnect. Goodbye.