Company:	**Industries Qatar**
Conference Title:	**Industries Qatar (IQCD) Q3-20 Results Conference Call**
Speakers from IQCD:	**Mr. Abdulla Al-Hay, Assistant Manager, Privatized Companies Affairs, Qatar Petroleum** **Mr. Riaz Khan, Investor Relations and Communications Lead, Qatar Petroleum**
Moderator:	**Bobby Sarkar, Head of Research – QNB Financial Services**
Date:	**Monday, 2 November 2020**
Conference Time:	**13:30 Doha Time**

Operator:	Good day and welcome to the Industries Qatar (IQCD) Q3 2020 Results Conference Call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr Bobby Sarkar. Please go ahead, sir.
Bobby Sarkar:	Two. Hi. Hello everyone. This is Bobby Sarkar, Head of Research at QNB financial services. I wanted to welcome everyone to Industries Qatar third quarter and nine months 2020 results conference call. So on this call from QP's privatized companies affairs group, we have Abdullah Al-Hay who's the Assistant Manager Financial Operations, Riaz Khan who's the Head of Investor Relations and Communications. Like usual, we will conduct this conference with management first reviewing the company's results, followed by a brief Q&A. I would like to turn the call over now to Riaz. Riaz, please go ahead.
Riaz Khan:	Thank you Bobby. Good afternoon and thank you all for joining us. Hope you are all staying safe. Before we go into the business and performance updates, I would like to mention that this call is purely for the investors of IQ and no media representative should be participating in this call. Moreover, please note that this call is subject to IQ's disclaimer statements as detailed on slide no. 2 of the IR deck. Moving on to the call, on 27th October, IQ released its results for the for the third quarter of 2020, and today in this call, we will go through these results and provide you an update on the key financial and operational highlights of IQ. Today on this call, along with me, I have: – Abdulla Al-Hay, Asst. Manager, Financial Operations. We have structured our call as follows: 1. At first, I will provide a quick insight on IQ's ownership structure, competitive advantages, overall governance & BOD structure; 2. Secondly, Abdulla Al-Hay will brief you on IQ's key operational & financial performance matrix. 3. Later, I will provide you with insights on the segmental performance and CAPEX updates. 4. And finally, we will open the floor for the Q&A session. To start with, as detailed on slide no. 5 of the IR deck, the ownership structure of IQ

	comprises of Qatar Petroleum with 51% stake, and GRSIA being the second largest shareholder with more than 21% ownership. As detailed on slide no. 4, IQ is credit rated by S&P's with A+ and Moody's with A1 credit rating, with a stable outlook. Qatar Petroleum, being the main shareholder of IQ provides most of the head office functions through a service-level agreement. The operations of IQ group companies are independently managed by its respective Board of Directors, along with the senior management team. The BOD structure is detailed on slide no. 6 of the IR Presentation. In terms of competitive advantages, as detailed on slide no. 7, all of the IQ's group companies are strategically placed in terms of assured feedstock supply, solid liquidity position with a strong cash flow generation capability and the presence of most reputed JV partners. In terms of the Governance structure of IQ, you may refer to slides 47 & 48 of the IR deck, which covers various aspects of IQ's code of corporate governance in detail. I will now hand over to Abdulla Al-Hay.
Abdullah Al-Hay:	Thank you Riaz. Good afternoon and thank you all for joining us. To start with, IQ's business performance for first nine months of 2020 is a pure reflection of challenging macro-economic conditions, where an overall decline of 48% in terms of bottom line profitability was noted in comparison to the same period last year, as reflected on slide no. 13. Here, before we go deep dive into our financial results, I would like mention that the profitability and all the financial results discussed here are normalized after considering 25% profits from Qafco, whereas, inline with the requirements of IFRS, the 25% of Qafco's net profits have been reported as part of retained earnings in the published financial statements for period ended 30 September 2020. The financial performance was impacted by uncontrollable external factors continued from 2019 such as the slowdown in global economies, limited GDP growth, along with the unprecedented spread of COVID-19 pandemic and the ongoing volatilities in oil prices. All of these factors directly translated to an increased pressure on commodity prices for our products. At the Group level, the blended selling prices declined by 10% year-on-year basis, and contributed to a QR 904 million decline in the Group's earnings for the nine months of 2020, as you can see on slide 14. As detailed on slide 12, the sales volumes at the Group level declined by 20% compared to the nine months of 2019. The decline in sales volumes was mainly due to the changes in Qafco trains 1-4 gas sales & operating agreement and mothballing of certain steel facilitates starting from Q2-20. The Group's production levels were down on nine months of 2019, by 6%. This decline was mainly attributed to periodic planned maintenance, unplanned shutdowns and moth-balling of certain steel facilities. Although, this was partially off-set by an increase in volumes related to Qafco's 25% stake acquisition, effective from 1st January 2020. In addition, as detailed on slide 14, profitability was negatively impacted due to recognition of one-off impairment loss of QR 1.2 billion related to steel segment's mothballing of certain facilities in Qatar and QR 153 million of impairment loss in QMC.

This was mainly offset on recognition of one-off fair value gain of QR 1.2 billion on revaluation of 75% stake in Qatar Fertilizer Company (Qafco), on account of Qafco's acquisition.

As detailed on slides 42 till 45, in response to contain the spread of COVID-19, measures were taken to monitor the fluctuating business conditions and threats posed by the spread of COVID-19, with a specific focus on protecting employees, assets and operations.

Production volumes were not affected by COVID-19, as there were no plant stoppages due to any demand related reasons, amid COVID-19 spread, except for the planned shutdown of MTBE facility for a short period during Q2-20 for 57 days, due to commercial reasons. The MTBE facility is now back in operations, where, the impact to the Group in relation to temporary shutdown of MTBE facilities has remained immaterial, considering its overall contribution to the Group volumes.

Also, in the current distressed situation, with relentless efforts of our sales and marketing partner, the Group ensured that all the sales contracts are effectively and efficiently secured and minimized the disruptions to marketing, warehousing and logistics.

Moving on to the quarterly performance, compared to the second quarter of 2020, the Group revenue and normalized net profit increased by 22% and 50% respectively. The recovery was mainly attributed to the improved product prices in the current quarter. This sequential increase in prices across key products was noted on the back of crude price recovery, supply shortages due to back-to-back hurricanes in the US causing disruptions for many producers and an overall deferral of new capacity additions amid uncertainties as a result of the spread of COVID-19 pandemic. On the demand side, recent recoveries were evident amid continuous unprecedented stimulus and lifting of lockdown in major markets. Operating costs also have generally declined in line with the optimization initiatives implemented across the Group. Production volumes also improved during the quarter, as there were no major shutdowns during the quarter.

Moving on to the balance sheet, it remained healthy with liquidity at the end of September 2020 remained robust with no debt on the Group's balance sheet, including QR 8.8 billion in cash and bank balances. Despite the challenging macroeconomic conditions, IQ's free cash flow generation capability remained robust and the Group generated QR 2.1 billion in terms of free cash flows for nine months period ended September 2020, as detailed on slide 15 of the IR deck.

Before we go into the segmental updates, I would like to highlight some of the key initiatives, as detailed on slide 40, which the Group had taken to ensure our resilience in this challenging macroeconomic situation.

These measures included optimizing human resource structures, reducing direct costs in relation to utilities and maintenance, reducing non-production related expenditures including sales, marketing, corporate and administrative expenses. Similarly, the Group reviewed its CAPEX programs across all the segments and identified CAPEX items that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations.

On overall basis, our base case strategy will continue to focus on market development focusing on capturing new markets, creating market arbitrages, bring logistical cost

	savings to the Group. We will also continue to focus on productivity and efficiency gains via the on-going cost optimization programs. I will now hand over to Riaz Khan, to cover the segmental performance.
Riaz Khan:	Thank you Abdulla. I will start with Petrochemicals segment. *Petrochemicals* As detailed on slide 24, the overall profitability of the segment has remained under pressure with an overall decline in the bottom line earnings of 38% compared to the nine months of 2019. This was mainly due to the softening demand for petrochemical products in key markets, excess capacities, combined with the unprecedented dual headwinds of COVID-19 outbreak and oil price decline. Because of these external factors, the blended product prices in the Petchem segment declined by 20%, and mainly led to a decline in segment revenues by 18% compared to nine months of 2019. Sales volumes marginally increased by 2%, compared to the same period last year. Production volumes slightly increased by 2%, as the segment had lesser number of shutdowns during the year 2020 compared to last year. In terms of segment revenue by geography, as detailed on slide 25, Asia remains a main market for PE and MTBE, whereas, Indian sub-continent remains a key market for Methanol and PE. *Fertilizers* Moving on to the fertilizers segment, as detailed on slide 29, the bottom line profitability declined by 25% year-on-year basis on the back of overall decline in revenues and impairment provision booked for QMC. The decline in revenue of 6% was mainly due to the overall decline in selling prices and change in the revenue recognition methodology due to a temporary sales and operating arrangement for Qafco trains 1-4 untill 31st July 2020. Before we go further, I must update you that during the period, the Group successfully completed the acquisition of 25% stake in Qafco at a purchase consideration of USD 1.0 billion, with effect from 1st January 2020. With this acquisition, IQ now controls Qafco with 100% ownership. For the nine months period ended 30 September 2020, the additional 25% stake in Qafco added QR 110.9 million and QR 313.5 million to the Group's normalized net earnings and free cash flows, respectively. As part of the bundled deal, with effect from 1st August 2020, QAFCO has entered into a new GSPA with Qatar Petroleum for a period until 31st December 2035, covering the gas requirements of Qafco trains 1-6 and QMC. In addition, and as part of the same transaction, Qafco acquired Qatar Petroleum's 40% stake in QMC, effective 1st July 2020, for a purchase consideration of QR 109 million. The new GSPA has more favorable and flexible terms, when compared to the old agreements. It is expected that the new GSPA would support Qafco during lower

	economic cycles and bring additional financial benefits to the Group driven by improved profitability margins. In terms of segment revenue by geography, as detailed on slide 30, North and South Americas remain main market for the fertilizer segment, along with, Indian sub-continent and Asia. *Steel* Now, let's discuss the steel segment and you may refer to slides 32 till 36. During 2020, the steel segment reported a net loss of QR 1.37 billion for the nine months period ended 30 September 2020, compared to a net profit of QR 158 million for the same period of 2019. Selling prices remained flat, compared to nine months of 2019. Sales volumes have declined against a backdrop of softened local demand as many large infrastructure projects in Qatar neared or reached completion stage. This was coupled with management's decision of mothballing certain facilities, with an intention to cater local sector demand, as against the international demand, amid higher competition and declining margins internationally. Nevertheless, near- to medium-term prospects for the Steel segment domestically remained encouraging. The operating costs remained higher, as the segment sold some of the expensive inventories carried forward from the previous periods. This was offset by OPEX savings on account of facility mothballing and optimization initiatives recently implemented. The overall revenue was down by 37% on the back of decline in volumes. In terms of quarter-on-quarter profitability within the segment, a recovery of 134% was noted, when excluding the effect of one-off impairment from Q2-20 results. This was mainly due to better margins available in the local market, with management's decision to concentrate in the local market along with the realizations on account of new optimization initiatives started since Q2-20. In terms of segment revenue by geography, as detailed on slide 33, Qatar along with Asia and Middle East remains the key market for the segment. Moving on slide no. 38, an important point to note here that the cash flow & CAPEX figures for the years 2020-24 are based on the 2020 approved budget and business plan which was based on the expectations of the market conditions and commodity prices prevailing in the start of the year. With current market conditions and commodity price trends, the forecasts as detailed on this slide cannot be relied on with absolute certainty, where, the actual realization of these figures might significantly differ as compared to these projections. Now we will open the floor for the Q&A Session.
Operator:	Thank you, sir. Ladies and gentlemen, if you would like to ask a question today, please press 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, please press star one to ask a question and we'll pause for a few moments to allow everyone the opportunity to signal.

Bobby Sarkar:	Hi. Hi guys, Bobby Sarkar again. While we were waiting for questions from the audience, can I just get started with a few small questions of my own? I have four. For the QMC Qatar, I see that you paid QAR 109 million and you impaired down QAR 153 million. So what is the current book value for QMC, or is that substantially impaired? That's my question one. Should I go through my questions or would you prefer to answer one by one?
Abdullah Al-Hay:	Yeah, I can take your question for the QMC. Firstly, the acquisition of QMC of QAR 109 million was based on the deal that was based on the book value. So the book value was 109 at the time, and this is recent – this is based on 1st August.
Bobby Sarkar:	Okay. So the book value is 109?
Abdullah Al-Hay:	With the impairment. Yeah.
Bobby Sarkar:	Okay. For QAPCO I see – you know I was kind of surprised to see that the 25% still being reflected in your equity account and not in your P&L for the third quarter. Do we expect to see a similar trend in the fourth quarter? From when are we going to see a hundred percent of QAPCO net income being reflected in your P&L?
Abdullah Al-Hay:	To be honest, right now, we are in discussion with our internal auditor, because we have discussed both options and we got an opinion from the international office of the internal auditor regarding this matter. So during year end either we going to see the hundred percent reflection of capital on the P&L account, otherwise the 25% profit will be reflected in the net earnings. We're still negotiating these two options with our auditor.
Bobby Sarkar:	Okay. And just a couple more questions. I see there's no other – no further evaluation gain for QAPCO, the 25% purchase. I was under the impression there will be some gains to be recorded. Is that still coming in the fourth quarter or is that it? And finally for the steel segment, we keep hearing about this high price inventories flowing through the P&L. Can you give me a sense of how much of this costly inventory is still left in your books are yet to be recorded, please? Thank you.
Abdullah Al-Hay:	With regard to the again value that's already been recognized in our book, 1.2 billion, I just note there – it will be an adjustment to that. Maybe we're going to see it, the deal to be finalized in Q4 at the year end. However, the gain value of QR 1.2 billion. With regards to steel products which is – has a high cost, to be honest, we started to get rid of these high cost inventories where right now after the mothballing, we started to sell from our, you know, recent products on the steel segment. So hopefully during Q4, you will not see this high cost of product in the steel.
Bobby Sarkar:	Okay, great. Thank you Abdullah. Operator, we can open up the call for Q&A. Thank you.
Operator:	Thank you. Ladies and gentlemen, if you find that your question has been answered, you may remove yourself from the queue by pressing star two. Our first question today comes from Bella Alsabah from Jadwa Investments. Please go ahead.
Belal Sabah (Jadwa Investments):	Hi. Thank you for the call. Two questions from my end please. You've mentioned that the acquisition of be 25% stake in QAPCO increased free cash flows for the nine months by 313 million. Could you please give us a bit more granularity on that? Could you give us the breakdown in that free cash flow calculation? And just want to understand, you know, this is the actual free cashflow that's been calculated retroactively, or is this an estimate for what it would have been if the acquisition had taken place from the start of the year? My second question please would be on the steel segment. You've done a lot efforts to mothball the traditional capacity and focus on local sales. And you've mentioned some cost efficiency initiatives; are there more cost efficiency initiatives to be taking place going forward? Can we expect more cost taping beyond the – just the change in the sales mix towards local sales? Thank you

	With regard to the mothballing of the steel – I will start with your second question regard additional initiatives. Of course, we will be looking at optimizing our cost. Maybe we're going to look at our different cost so that like that we can enhance our costing of stock. However, the mothballing itself made in our costing calculation. So we are going to be an ongoing situation where we try to improve our costing. With regard to your first question, regarding the acquisition, are you referring to a slide in our IR presentation of this 300 million? So – based on what –
Abdullah Al-Hay:	Yes, I believe it's on slide15.
Riaz Khan:	Yes, Abdullah, if you want me to jump in here? So basically this free cash flow is relates to the period from 1st January 2020, the 30th September 2020. And this is an estimate which we calculated based on the profitability of the 25% stake in QAPCO from the inception that is 1st January 2020. So the free cash flows of 313.5 million represents nine months period. Major ingredient here it's basically, again, your profitability, which we already disclosed in the IR deck. It's almost 110 – QAR 111 million for first nine months. And then there is a big chunk of depreciation, which gets loaded back towards the cashflow generation calculations.
Abdullah Al-Hay:	Thank you Riaz.
Belal Sabah (Jadwa Investments):	Thank you.
Operator:	Thank you. Again, if you would like to ask a question, please press star one. Our next question comes from Fasial Alazmeh from Goldman Sachs. Please go ahead.
Fasial Alazmeh (Goldman Sachs):	Hi and thanks for the opportunity to ask questions. Three questions if I may. Maybe firstly, when I'm looking at slide 17. QAPCO utilization rates declined to 92% in the third quarter versus almost a hundred percent when you look at the average in Q1 and Q2. I'm just trying to understand what drove this decline in Q3. And then maybe even moving on to slide 31, and when looking at the potential volumes that QAPCO is likely to set on a quarterly basis, is it safe to assume that the healthy run rates for Copco could be closer to 1.4 or 1.5 million tons a quarter compared to the median 43,000 tons that you've sold in Q3? And then finally, if you can share the quarter's average blended natural gas price for the group compared to where it was the last year. Thank you.
Abdullah Al-Hay:	Okay. I will star with your last question. Previously we were announcing that the average blended selling price were around $3.2. Right now, after we have this new gas agreement that's affected our average and it went down to $ 2.6. This 2.6 rate is reflected during our Q2 and Q3. With regard to your first question, I believe you have meshed between QAPCO and Qatar Steel. So are you sure that you look at QAPCO one, the green one, because the utilization is almost the same. However, if you are referring to Qatar Stell, yes, it went down.
Fasial Alazmeh (Goldman Sachs):	Yeah. So, if you're looking at QAPCO, Q3 numbers, it's 91.8. You look at QAPCO in Q1 and Q2, it's 103% and 98%. So I'm just wondering what drove the utilization rate lower two 91.8% in Q3.
Abdullah Al-Hay:	I'm not following you in the same slide. I don't know if you are on the same slide. You on slide number 17, QAPCO for the Q –

Fasial Alazmeh (Goldman Sachs):	Yes, slide 17. QAPCO in green was one hundred and – yea, in Q1 20 and Q2 20, it was one hundred percent and it was 98 percent to 91.
Abdullah Al-Hay:	Yeah, so it's not a big difference to be honest. There will be like a planned or unplanned shutdown related to maintenance. So this is the –
Fasial Alazmeh (Goldman Sachs):	Which takes me to my final question on slide 31. If we look at how much volumes you've sold in Q3, which is 1,000,043 tons, I'm guessing with the higher ownership, and if you operate as a hundred percent, is it safe to assume that you'd be able to achieve 1.4 million tons a quarter or 1.5 million tons a quarter? Is that something that could be targeted for Q4 on average next year?
Abdullah Al-Hay:	Q3 here we have represented – this is – when you see the Q3 for the urea, this is a hundred percent of the consideration of the QAPCO. Are we expecting to sell more? We are running on the almost a hundred percent utilization, and we still – whatever we – so also, I don't know if we will be able to sell like 1.5 million in the next quarter.
Fasial Alazmeh (Goldman Sachs):	Well, I mean, you have 6 million tons of urea capacity, which should put you at a quarterly rate of 1.4 million to 1.5 million. So, my question is should we expect a meaningful improvement in volumes sold on average next year?
Abdullah Al-Hay:	Hopefully because we have on an additional 25% and we usually sell all our products. So hopefully this number will get improve.
Fasial Alazmeh (Goldman Sachs):	Thank you.
Abdullah Al-Hay:	Thank you.
Operator:	Again, if you'd like to ask a question, please press star one. Our next question comes from Shashank Lanka from Bank of America.
Shashank Lanka (Bank of America):	Thank you very much for the presentation and the opportunity to ask questions. I have three questions. First question is on the steel segment. When I look at slide 17, you operated at an average utilization rate of 86.8 during 3Q 20. I think in 2Q you were close to 61%. So I’m just trying to understand, is this like for like numbers are really that we are looking at in Q2 and Q3? And how does the Q3 operating rate compare versus Q3 19, assuming the same capacity that is post the mothballing that took place? That's my first question.
Abdullah Al-Hay:	Okay. So the Q2 20 is reflecting the mothballing of the – so the capacity went down. And Q3,uwe consider the current utilization as a hundred percen. Riaz, you can also jump in whenever you want.
Riaz.	Yeah. In terms of tems of 61.4, when you compare 61.4 with 87% in Q3, the uplift is because there was a shutdown, a plant shut down in Q2 happened along with the mothballing which we are discussing everywhere. So that decline was one off, the 61.4%, which you are seeing. And the numbers, I have mentioned it here on the slide, starting from Q2. We are considering the capacities after cutting off the mothballing effect.
Shashank Lanka (Bank of America):	Okay. So Q3 operating rates is more normalized without the shutdown that you mentioned.
Riaz Khan:	Exactly.
Speaker:	Okay. And do you have a number for Q3 19 in terms of, for life for life capacity? I just want to understand how demand for example has changed the year on year. Assuming you mothball the capacity –

Riaz Khan:	So it will be very difficult to calculate because in Q3 19, we were selling major chunks in the international front also. So you have to take care. You cannot really eliminate the impact of the international effects from the Q3 19 numbers. So Q3 19 were at the nameplate capacity with the selling to the international. Q3 20 numbers are purely Doha-based numbers and with the effect of mothballing.
Shashank Lanka from Bank of America	Okay. Okay. That's clear. My second question is on the fertilizer segment. When you look at the margins in the segment, I think at 46% they remained flat quarter on quarter in Q3 versus Q2. This was despite urea prices improving in Q3 and the new gas pricing arrangement that came in into the site from 1st August. So I'm just trying to understand the reason for this slide change of margins in Q3 versus Q2 on the EBITDA site for the segment.
Abdullah Al-Hay:	Maybe this is as you can see in Q2, our margin of 48% compared to Q3 is 46%. Our assumptions maybe related to the shutdown that then conducted during Q3, which has also affected the volume. So this might decrease our margin in the fertilizer segment.
Shashank Lanka from Bank of America	Okay, understood. And my last question is on the capex guidance that you have towards the end of the presentation. When I looked at the Q3 earnings presentation and then compare the Q2 earnings presentation, I think the capex guidance remains unchanged. I think our understanding based on the previous calls was that you were looking to optimize capex and spending. So I'm just trying to understand where that is being reflected in because the capex numbers seem to be the same versus what you told us in the last quarter.
Abdullah Al-Hay:	Yes, you are correct. I was explaining to him – This is approved budget and business plan. Okay. This is why you see the number are fixed. However, we have been taking additional initiatives. We have deferred capex of a project. This is why – you will see it's in the performance of the group company, but here, since it is approved budget, and business plan, we keep it as it is. Riaz, if you want to add something.
Riaz Khan:	No, I think this was the same answer which I was about to give that these numbers we have caveated ourselves there in the small note which you were mentioning on the slide that the numbers are based on the very original 2020 capex. In terms of reality, we are still working with the teams and basically we are working on the next budget and business plan. So hopefully in Q4, you will see this slide totally revamped and updated based with the new numbers.
Shashank Lanka from Bank of America	And is there any guidance you can give us on how much we should be modeling the new capex versus what you have currently in this slide?
Riaz Khan:	I think it's it's too early to discuss because right now, even we are coordinating with the teams and collecting the data and basically going back and forth. And I think Abdullah can also put some more light on this. He's much more closer to this subject that still –
Abdullah Al-Hay:	Yeah, exactly. A lot of changes happening, especially to all the capex because of the low oil price, a lot of assumptions. And then also then change. Right now we are on the Q4. We are also preparing all the budgets for the next year. So you will be seeing an update on the slide in the next one or two quarters.
Shashank Lanka from Bank of America	Okay. Thank you very much.
Abdullah Al-Hay:	Thank you so much.
Shashank Lanka from Bank of	Gentlemen. We have one final question in the queue. Are you happy to take this?

America	
Abdullah Al-Hay:	Yes, please. Go ahead. No problem.
Operator:	Wonderful. It comes from Kalam Hari from Aventicum. Please go ahead.
Kalam Hari (Aventicum):	Yes, this is Kalam Hari from Aventicum One last question, quick question. On slide 20 pay-out is between 40-94%, would it be of the consideration that you may exceed 100%?
Abdullah Al-Hay:	To be honest, interesting questions. We do have a good amount of cash in the bank accounts. We have not seen before that, we have paid more than a hundred percent. We always even below the 100% – however, this is the board position. So when it comes to the yearend, when the board have seen the performance of this year and with the next year of budget and expenses, they will determine what is the pay out ratio. Also they want to make sure that we keep enough cash for a tougher time where, you know, as you can see the next year forecasted for petrochemical price almost lower than the current Q3 price. So this is maybe a decision for the board. I really don't have an answer.
Speaker:	Thank you.
Abdullah Al-Hay:	Okay.
Speaker:	Thank you.
Abdullah Al-Hay:	Welcome. Is there any other questions?
Operator:	Thank you. We have a question from Sico Management. Please go ahead.
Speaker (Sico):	Yeah. Hi. Thank you for the call. My first question is on the steel segment. What will make you rethink about the mothball capacity which is 55% of the total? So, I mean, is there any possibility that, you know, next year you rethink and restart the mothball capacity?
Abdullah Al-Hay:	Yeah – basically the market price made us to go to the decision of the mothballing where we are selling our products below our costs, because of the pressure of the steel market internationally, where Chinese product down to the market, plus the Turkish product, and etc. So basically the market price which make us take that position to mothball our facility, and only to focus on the local demand. So international market right now is flooded with steel. So, regarding your the second question. Since we are putting our facility on mothballing, we just – if the demand improve, within three months, we can go back to our full capacity and we can work on a hundred percent of production and we can sell an internationally if the market improve.
Speaker (Sico):	Thank you. Just to follow up. So what would be the price difference internationally and locally for the steel? And you said three months to bring the capacity back into operation. So how much would do the CapEx for that? For those three months, to bring the capacity back into the system?
Abdullah Al-Hay:	Okay. I can give you the local prices right now. During Q3, the local price – the average of USD 530. And still our margin is – we are trying to improve our margin. However, the international price. I don't know – Riaz, do you have the international price for the steel? It's not in my head right now.
Riaz Khan:	The lag between the two or the gap between the two prices normally is in the range of $125 to $150 per metric ton. So that basically the gap which we have normally observed quarter on quarter. Exactly I can't tell you because we don't have the exact data as of now for the international since we are not selling an international, starting from Q2. But the gap which we have historically seen, the gap has remained in the range of almost $125 to $150 per metric ton.

Abdullah Al-Hay:	Yeah. And whenever we see the market improving, definitely we will go back to the production and full capacity.
Speaker (Sico):	And the CapEx to bring the capacity back into the mothball capacity?
Abdullah Al-Hay:	Capex that we need to spend, to be honest, every year, there is a cost of QAR 10 million for the mothballing process. So we do a good maintenance to our facility, which make – which gives us the assurance that we go to a full capacity in a smooth and streamlined process. Right now we have not been informed of any additional capex required for the full capacity since we are implementing proper mothballing.
Speaker (Sico):	Just a last follow-up if I may. Where were you selling internationally the steel? I mean, which markets, because steel is not a global markets, like a localized market, price varies from region to region. So where actually you were selling this?
Abdullah Al-Hay:	We used to sell to the GCC. This is what I can recall. We used to send them the GCC market.
Riaz Khan:	In addition to GCC, we used to have some share in the Asian market also. So I don't have the number exactly, but I can refer you to the Q4 slides where you can see the international and the local demand mix based on that, you can see the geographical analysis. And that will give you a good indication of Asia as well as the Middle Eastern markets, they used to play a key role for us.
Speaker (Sico):	Okay. Thank you. Thanks a lot.
Abdullah Al-Hay:	Okay. Is there any other question?
Bobby Sarkar:	Hi Operator. Do we have any questions?
Operator:	We have no further questions, gentlemen. Thank you. I'll turn the call back over to you for any closing remarks.
Bobby Sarkar:	Okay. Thanks everyone for dialing in. And we can end the call now. Thank you.
Abdullah Al-Hay:	Thank you.
Riaz Khan:	Thank you all. Thank you all for joining us.
Operator:	Ladies and gentlemen, that concludes today's call. Thank you for your participation, you may now disconnect.