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Speakers from IQCD:	**Mr. Mohammed Al-Sulaiti, Manager, Privatized Companies Affairs, Qatar Petroleum** **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**
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Conference Time:	**13:30 Doha Time**

Operator:	Good day and welcome to the Industries Qatar First Quarter 2020 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, sir.
Bobby Sarkar (QNBFS):	Hi. Hello, everyone. Good morning. Good afternoon. This is Bobby Sarkar, Head of Research at QNB Financial Services. I do hope everyone is staying safe and healthy in this current environment. I wanted to welcome everyone to Industries Qatar's First Quarter 2020 Results Conference Call. So, as usual, on this call, from QP's Privatized Companies Affairs Group, we have Mohammed Al-Sulaiti, who is the manager of Privatized Companies Affairs; we have Abdulla Al-Hay, who is the Assistant Manager of Financial Operations; and we have Riaz Khan, who is the Head of Investor Relations and Communications. So we will conduct this conference with, first, management reviewing the company's results, followed by a Q&A. I will now turn the call over 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 21st April, IQ released its results for the for Q1-20, 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: – Mr. Mohammed Al-Sulaiti, Manager, Privatized Companies Affairs, QP; and – Mr. 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, Mr. 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 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's subsidiary & joint ventures 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 43 & 44 of the IR deck, which covers various aspects of IQ's code of corporate governance in detail. I will now hand over to Mr. Abdulla Al-Hay.
Abdulla Al-Hay:	Thank you Riaz. Good afternoon and thank you all for joining us. To start with, IQ's business performance for Q1-2020 is a pure reflection of challenging macro-economic conditions, with an overall decline of 70% in terms of bottom line profitability in comparison to Q1-19, as reflected on slide no. 13. 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 petrochemicals, fertilizers and steel products. At the Group level, the blended selling prices declined by 2% compared to Q1-19, and contributed to a QR 262 million decrease in the Group's earnings for Q1-20, as you can see on slide 14. As detailed on slide 12, the sales volumes at the Group level declined by 18%

compared to Q1-19. The decline in sales volumes was due to the changes in Qafco trains 1-4 gas sales & operating agreement. The Group's production levels were marginally up on Q1-19, by 1%.

As detailed on slides 40 & 41, in response to contain the spread of COVID-19, measure have been 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, nor, were there any changes to the planned maintenance timelines, and all the facilities successfully completed their respective planned turnarounds within the budgeted timeline. 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, total Group revenue declined by 13% compared to the Q4-19, while net profit declined by 62%, owing to the deteriorating macro-economic conditions carried forward from the last year and the unprecedented dual headwinds of COVID-19 and oil price decline. Although, the selling prices improved by 13%, mainly due to recovery in steel prices from Q4-19.

In general, the full effects of COVID-19 outbreak has not been fully realized until 31 March 2020, as the effects of pandemic began to reflect in commodity markets starting from February 2020. In addition, the product prices have not yet factored in fully, the prevailing depressed oil prices till 31 March 2020.

Moving on to the balance sheet, it remained healthy with liquidity at the end of March 2020 remained robust with no debt on the Group's balance sheet, including QR 10.9 billion in cash and bank balances. Group's total assets and total equity reached QR 33.4 billion and QR 32.0 billion, respectively, as at 31 March 2020. Despite the challenging macroeconomic conditions, IQ's free cash flow generation capability remained robust and the Group generated QR 922 million in terms of free cash flows for three months period ended March 2020, as detailed on slide 15.

Before we go into the segmental updates, I would like to highlight some of the key initiatives, as detailed on slide 38, which the Group will take to ensure our resilience in these challenging macroeconomic situation. The Group is currently reviewing its OPEX and CAPEX plans, across all segments, to identify any expenses or expenditures which are not critical in the current circumstances, can be either avoided or delayed, in order to further optimize its cost of operations. Here, the key in doing such curtailments, would be to ensure that the quality, safety, environmental aspects and reliability of the operations is not affected. These measures would provide the Group with a broader access to free cash flows, which could be diverted towards better investment avenues and can be utilized as a buffer for any unwarranted adversities.

Moreover, starting from the second quarter of 2020, the Group has decided to temporarily resize the capacity of domestic operations within the steel segment to 0.8

	million MT of rebar with an intent to cater local sector demand only, as compared to the international demand, amid higher competition and declining margins internationally. 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 Mr. Riaz Khan, to cover the segmental performance.
Riaz Khan:	Thank you Abdulla. Firstly, I would like to start by briefing you about various segments of the Group. As mentioned on slide no. 5, IQ operates in 3 business segment i.e. Petrochemicals, Fertilizers and Steel via various JVs and a subsidiary. All of the JVs of the Group are with the international partners, having state of the art technical expertise in their respective field of operations. Now let's analyze segment wise performance. *Petrochemicals* Starting with Petrochemicals as detailed on slide 22, the overall profitability of this segment has remained under pressure with an overall decline in the bottom line earnings of 60% compared to Q1-19. 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. The blended product prices in the Petchem segment declined by 14%, on the back of weaker demand due to muted economic activities, which mainly led to a decline in revenue by 15% within the segment to reach QR 951 million for Q1-20. Sales volumes fell marginally by 1%, compared to the same period last year. Production volumes saw an uplift of 4% compared to Q1-19, as the segment had higher number of planned and unplanned maintenance shutdowns during 2019. Coming on to the quarterly performance, the net profit seen a decline of 60% compared to the Q4-19. This was mainly due to the decline in revenue by 9%, due to declining sales volumes on the back of plant maintenance at certain facilities and selling prices of fuel additive products within the segment. In terms of segment revenue by geography, as detailed on slide 23, 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 discussed on slide 27, the bottom line profitability decline by 29% year-on-year basis on the back of overall decline in revenues.

	The decline in revenue of 29% was mainly due to the overall decline in selling prices and change in the revenue recognition methodology due to the new sales & operating arrangement for Qafco trains 1-4. Production improved, with an increase of 6% in overall volumes compared to Q1-19. Based on quarter on quarter analysis, the profitability declined by 27% compared to Q4-19 due to the decline in revenues by 27% which was mainly due to the change in the revenue recognition methodology due to the new sales & operating arrangement for Qafco trains 1-4. In terms of segment revenue by geography, as detailed on slide 28, Americas remain main market along with, Indian sub-continent and Asia. *Steel* Now, let's discuss the steel business and you may refer to slide no. 30 till 34. During Q1-20, the overall performance of the steel segment was affected by softer domestic demand as majority of the large infrastructure projects are at near completion stage. However, the near- to medium-term prospects remain encouraging. Also, the demand for steel in international markets has remained limited due to the increased competition from relatively lower cost producers from emerging markets that compete on low-cost matrix compared to the high-quality and price matrix that the Group adopts. The aggressive competition on the international front, coupled with weaker local demand, has adversely affected the net profits and a decline of 242% is noted when compared to the same period last year. The selling prices declined by 3%, which was slightly offset by an increase in sales volumes of 6% compared Q1-19. The segment revenue up by 3%, compared to Q1-19. The production levels for Q1-20, decreased by 6%, affected by periodic planned maintenance shutdowns. Based on quarter on quarter analysis, the selling prices increased by 8% compared to the Q4-19. The overall revenue was down by 6% on the back of decline in volumes. In terms of profitability, a recovery was noted due to improved selling prices. In terms of segment revenue by geography, as detailed on slide 33, Middle East along with Asia and Qatar remains the key market. Moving on slide no. 36, as per 2020 approved budget and business plan, the total planned CAPEX of IQ until 2024 would amount to QR 4.6 billion. A detailed break-down of CAPEX projects has been disclosed on slide 36 of the IR Deck. As mentioned by Abdulla, these CAPEX & Cash flow figures will be reviewed and updated based on the current market circumstances. Now we will open the floor for the Q&A Session.

Operator:	Thank you. Ladies and gentlemen, if you wish to ask a question at this time, please signal by pressing star one. The voice prompter on your phone line will indicate when your line is open to ask a question. Please state your name and company name before asking your question. Again, please press star one to ask a question.
Bobby Sarkar (QNBFS):	Sorry, can I just go ahead? Hi, this is Bobby Sarkar again from QNB Financial Services. I just wanted to jump in and ask the first question. Guys, with the new operating agreement that you have for sales and purchase agreement for Qafco, what was the impact in the first quarter in terms of revenue and net income had it been under the old agreement? And then secondly, with the temporary shutdown of half of the capacity for domestic steel operations, what do you see in terms of profitability in the near-term, and what do you see in terms of, maybe, costs related to the shutdown? Thank you.
Mohammed Al-Sulaiti:	Okay, thank you, Bobby, just to answer your first question on the Qafco 1-4 arrangement, it's worth mentioning that this is a temporary arrangement. We're currently finalizing the gas purchase agreement for Qafco and in discussion and negotiation with QP to conclude the new gas price for those four trains. Looking at the arrangement that we've concluded, short-term arrangement, I think it's a good deal given where prices are at today, and comparing that with the historical gas prices or gas price contracts that we've had for Qafco 1-4. When comparing both together, I don't have the exact numbers now, however, it's a better off deal because, at the time of approving the budget, we had similar prices. So, the prices that we've actually achieved for Q1 versus the budget are very close. We've met the price budgets assumed for the fertilizers, both urea and ammonia to a certain extent. More urea than ammonia, however. And the initial budget was assuming a continuity of the gas price, while the updated budget assumed the gas processing agreement. And when approving the updated budget, it resulted into a better consolidated performance under the Qafco's agreement of 1-4 because the gas price was significantly higher on 1-4 than it was for 5 and 6. So, I guess, this answers the question as the arrangement is better. While it is temporary, we believe the new gas price is going to be lower than what it used to be in the past. This is mainly due to, now, the assets being fully owned by IQ and Qatar Petroleum. Moving on to the second question on Qatar Steel. So, going a bit back in history, back to post-blockade, at the time of pre-blockade, a lot of the excess quantities that were not absorbed by the local market used to be sold in neighboring countries. Of course, at the time, 2017 was a historical high in terms of the domestic consumption of rebar. It was around 1.4-1.5 million tons of consumption of Qatar Steel products in the domestic market. In 2018, there continued to be good quantities of consumption here in Qatar, and the remainder used to be sold in Asian markets. Some part of it was sold in Kuwait and Oman. We used to sell both rebars and billets and prices were, at the time, encouraging to continue to produce at full capacity and sell internationally.

	In 2019, of course, the prices of steel, globally, were under a lot of pressure. We've seen two kinds of pressures. One pressure on the actual cost of producing the billets. So, we were actually producing billets at a higher price than procuring billets, given where the raw material prices were, and then the conversion rates. So, that was one layer of pressure on our business. Another layer was the actual price of either the billets that were sold, as well as the rebar. So, if we were simply producing billets and selling billets, we were losing that first layer of the value chain or the production chain. And if you go further down the value chain and go to rebar, the prices again were challenged due to the increased competition from other mills, either from Turkey or China, where we were selling a lot in Asia and there was a lot of competition there. So, we've seen – 2019 results that we published, were affected by the Qatar Steel financial performance, whereas around 30-40% of our total production was consumed domestically, which were pretty reasonable from a margin perspective where the prices here are significantly higher than the price that we used to achieve in the Asia markets. And then selling abroad around 60-65% of the total production affected our overall margins because you take in the cost of freight, the cost of import tariffs, if any, and then you land at your netback, which was materially below your cash cost. So, the decision was made that local consumption – or our estimate on local consumption in the next five years in Qatar supports the reduction of the total capacity to 800,000, given that we're assuming around anywhere between 600,000-700,000 of local demand to sell the Qatar Steel products. Where you may be left with around 200,000, plus or minus, to sell internationally which will put less pressure on your margins on a consolidated basis for Qatar Steel. Of course, this decision resulted in one of the furnaces being mothballed. The mothballing of this furnace is going to have associated cost of around QAR10 million to maintain it and keep it under maintenance so that in the future, if demand internationally or domestically picks up, you can basically ramp-up production pretty quickly, which we assume can take anywhere between three to four months to go back to full production again, as well as recruiting the necessary resources to allow for that kind of production. We're already laid off a big part of the team at Qatar Steel or the production team, which will reduce our OPEX. We were able to negotiate the take-or-pay obligations that Qatar Steel had with Kahramaa with regards to the power. We've reduced that obligation that Qatar Steel had in the past to allow that flexibility to reduce production.
Bobby Sarkar (QNBFS):	Yes, great, thanks. Just a quick follow-up. The QAR10 million in cost which you mentioned, is that the total cost? Or is that QAR10 million per quarter or per month?
Mohammed Al-Sulaiti:	No, it's QAR10 million per annum to mothball the furnace that has been shut down.
Bobby Sarkar (QNBFS)	Okay, great. Thank you so much.
Mohammed Al-Sulaiti:	Only the furnace that has been shut down. So not the actual furnace that is currently being used for production facility.
Bobby Sarkar (QNBFS)	Okay, thank you. We can move onto –

Operator:	Thank you. Please go ahead. Your line is open.
Speaker:	Hi, this is Harsha from HSBC.
Sriharsha Pappu (HSBC):	Thank you for taking my questions. Just a couple of quick ones. One, I'm struggling a little bit and I was hoping you could help me reconcile the segment numbers within petrochemicals. With flat production and flat pricing quarter-over-quarter, net income's down 60%. So, I was just wondering what I'm missing there. And the second question is, obviously, on the Qatar Petroleum Yara transaction, I was wondering why that transaction didn't happen at the LISTCO level? IQ has plenty of liquidity. So, is there a reason that was done by QP rather than by IQ? Thank you.
Mohammed Al-Sulaiti:	Okay, so to answer the first question, there was a shutdown. So, we had a major turnaround in Qapco, which affected the overall capacity, and then moving to the polymers, in terms of the total production. And then, of course, as compared to last year, we won't see a lot of drop in production because last year we had a turnaround in Qafac Facility. So, it offset each other. However, the overall quantities produced were lower. The sales, however, we've solved some of what has been produced in Q4, which was booked on our inventory. So, there was an adverse inventory effect as well by selling more expensive products on your books than the actual prices that have been achieved, which has affected the profitability of the quarter and the subsequent periods. Moving on to fertilizers and why the 25% was taken on by QP and not IQ. As you would appreciate, there's a joint venture agreement that QP has entered into with both IQ and Yara. So, that joint venture agreement has come to an end. So, it expired sometime in June 2019. I don't have the exact date, I think it was June 21st. It was then extended to the end of December 2019 to allow for more negotiations to happen between QP and Yara. So, QP has the right to take over those assets and that's why QP was under negotiation to continue and take over the assets. The same applies to IQ, however, QP has decided that nothing will be affected on IQ and IQ's ownership and Qafco will continue to remain 75%, and remain to be untouched. While the joint venture has expired, the joint venture will be extended with IQ's share remaining at 75%. And that's the understanding that we have at the time being that QP is going ahead with the 25%. However, there may be some parts of negotiation that IQ may have with QP at a later stage to see whether or not QP would allow for IQ to take over the 25% and include it under its portfolio.
Operator:	Thank you. We'll now move to our next question. Please go ahead. Your line is open.

Faisal Alazmeh (Goldman Sachs):	Yes, hello, hi. This is Faisal from Goldman Sachs. Just a few questions on my end, please. Just starting off with the free cash flow number that you've provided in the deck. So effectively, how much of that is coming from working capital inflows? And how should we think about the normalized rate for the rest of the year? The second question is, maybe, I missed it at the beginning, for the new contractual agreements, when you expect it to be done between yourselves and QP for production? And then finally, just a final question, again, on the steel business. When, effectively, mothballing plan should we expect some sort of, one-off cost associated with pairing some of those assets? And how much in cost savings are you effectively generating from the restructuring that you've done in terms of layoffs, etc.? Thank you.
Mohammed Al-Sulaiti:	Okay, so the first question on the free cash flow generation, so, yes, we've generated around QAR1.1 billion of total cash in Q1, QAR1.1 billion, and out of that there was around QAR180 million related to CAPEX, which leaves us with slightly above QAR900 million or QAR922 million of free cash flow generated in the first quarter. However, how would that continue in the remainder of the year? It would really be dependent on how the prices evolve in the next quarters of the year. And due to the forecast that we have currently for the petrochemical prices is a more negative outlook, from the prices that we've achieved in Q1. So, we may see a bit more pressure on the free cash flow ability or the free cash flow generation ability in the second quarter, and maybe the remainder of the year, depending on how those prices behave during 2020. We're a little bit more positive on the prices of fertilizer, however. So, we don't see that moving or having a similar downward trend. And as you'd appreciate, steel may as well be challenged, given that a lot of the construction is halted currently, given that a lot of the construction sites are on pause, unable to continue the construction, where currently only the main focus is on the World Cup or 2022 related construction sites, while the rest are all on pause during this lockdown to withstand or control the spread of the movement. Moving on, there was a question in between but I remember the steel one so I'll answer it and then maybe you can refresh my memory on the second question. So, on the steel, we do not currently assume that there is going to be a one-off impairment at the time being, at least not for 2020. Qatar Steel has been in discussion with the external auditor and given it's a commercial decision to cut the production, I think the impairments could have been larger if we were to run at full capacity, basically burning cash, at the asset level, at IQ ownership level. So, there may be some revision on what we carry on our books for the steel mill. However, given that we're mothballing that plant or that premise, it's allowing us for potential flexibility to ramp-up production in the near future. So, that, of course, is going to be continued to be looked at and that kind of impairment is going to be assessed in the half-year and year-end of every financial calendar to see whether there's a necessity to take an impairment on those assets. Maybe you can refresh my memory on the second question?

Faisal Alazmeh (Goldman Sachs):	Yes, just effectively on the new agreements with QP regarding the trains 1-4. When should we, effectively, think that this as likely to materialize? Is it by June, is it in Q2? What kind of estimate should we think about?
Mohammed Al-Sulaiti:	Well, the discussion has already started so we presume that it should be done within Q2. However, we don't have an exact date on when will those agreements be signed or when will the effective date of the agreement be. So, I'm yet not sure. And I'm not 100% certain that the effective date is going to be the date of the signing or whether it's going to be January 1st. So there could be a respective as well effect of that gas price, which may be a positive effect or a restated positive effect on IQ and its ownership of Qafco. So, I'm yet not sure how will it be concluded in terms of the effective data, but we believe that Q2 is when this gas price is going to be locked for Qafco.
Faisal Alazmeh (Goldman Sachs):	Maybe just a follow-up on that. If you can provide us with what the average for natural gas prices were across the firm in Q1 and what was that in 2019? That would be quite helpful. For natural gas, what was the average price in Q1, for the entire business? If you have a Group average.
Mohammed Al-Sulaiti:	It used to be around – Riaz, maybe you have that number with you because now with Qafco 1-4 being out, do you have the average?
Riaz Khan:	It used to be around 3.1 to 3.3. And now with the new arrangement, this is somewhere in the range of 2.3 to 2.5.
Faisal Alazmeh (Goldman Sachs):	Thank you.
Operator:	Thank you. We will now move to our next question. Please go ahead. Your line is open.
Sashank Lanka (Bank of America):	Hi, everyone. Thank you very much for the call and the opportunity to ask questions. I'm Shashank from Bank of America. I just have one question here. Could you talk about your dividend outlook, especially given the weak macro environment we are in and things expected to remain weak over the course of the year? Thank you.
Mohammed Al-Sulaiti:	Okay, so we don't yet have a clear picture on how the dividend may be for 2020 and that's predominantly due to the uncertainty with regard to the policies. The dividend ability, however, is going to be very dependent on our free cash flow generation during the years. As was mentioned during the call, we currently have around QAR10.9 billion cash across the Group IQ share, QAR8.5-9 billion out of that being at the head office level. So, in terms of ability to pay dividends or distribute dividends to the shareholders, I don't think that's an issue for IQ, given that we're debt-free. We have no obligations towards the banks and our current free cash flow, on a consolidated level, would support us to make that kind of payment. It, however, would really depend on how the prices prevail during the year. And, of course, the strategy of IQ is always to have a sustainable dividend payout. I think part of the historical conservative payout should support us during those downturns to make a generous payout during the downturn of prices and profitability.
Sashank	Thank you. This is clear.

Lanka (Bank of America):	
Operator:	And we will now move to our next question. Please go ahead. Your line is open.
Alex Comer (JP Morgan):	Hi, can you hear me?
Mohammed Al-Sulaiti:	Yes, we can hear you.
Alex Comer (JP Morgan):	Hi, it's Alex, coming from JP Morgan here. Just a couple of quick questions for clarification. Just in terms of the steel business, obviously, the macro is very difficult to predict but with the changes you've made, do you think the business will report a net profit for this financial year as things stand today? That's the first question.
	Secondly, I'm just a bit confused on the relationship between yourself and QP with regarding to the fertilizer business. Is the new selling arrangements, are they separate from the gas arrangements or not? Could you explain what's going on there? And, when do we go back to normal – when do we expect things to normalize?
Mohammed Al-Sulaiti:	So, first the steel. What we've generated year-to-date, end of March, was QAR88 million loss and in our steel subsidiary. The initial strategy plan that was approved to reduce the production would have given us almost a breakeven at the end of the year. However, that may be not something that's up to date and has forecasted all the effects of Coronavirus on the industry and the demand of steel, domestically and internationally. So, don't quote me on that because things may change during the year. It's very uncertain, very difficult to predict when things would go back to being at full speed and full force from a construction and industry perspective. With regards to the gas price and the arrangement between QP and IQ, as you'd appreciate, the gas price or the gas contract usually goes in parallel with the term of the joint venture. So, the joint venture has come to a maturity, so did the gas price arrangement or the GPA, the gas price agreement. So, they both expired in June. They were then extended to the end of the year. Now, there's basically no joint venture so the new joint venture is getting formed between IQ and QP at a Qafco level, so there's going to be a new legal entity or a new ownership agreement between the various parties. And part of that agreement is going to be the commercial arrangements of the company, which mainly is the gas price agreement, as well as a few other agreements, like land lease, etc.
Alex Comer (JP Morgan):	Thanks. Does that impact any of the selling arrangements or is that separate?
Mohammed Al-Sulaiti:	Selling arrangements, sorry?
Alex Comer (JP Morgan):	With regards to the fertilizers, their impact on the selling arrangement?
Mohammed Al-Sulaiti:	Well, no, it does not. So, Qafco continues to produce at full capacity. The agreement with Muntajat is still effective. And Muntajat still markets and sells all the fertilizer products on behalf of IQ.
Alex Comer (JP Morgan):	Okay, thank you. Thanks.

Operator:	Thank you. We will now move to our next question. Please go ahead. Your line is open.
Soha Saniour (Arqaam Capital):	Hi, this is Soha from Arqaam Capital. I just wanted to ask – I understand that domestic prices are higher than the prices you use to sell within international markets. So to what extent do you think the weighted average price is going to be higher now that you're only selling locally? If you can just give a guidance on that. And would you, please, also, clarify the terms of the ongoing, transitionary agreement with Qafco and QP, the one that will still be on until the new JV agreements have started, please?
Mohammed Al-Sulaiti:	What was the last question on Qafco, it wasn't very clear, sorry?
Soha Saniour (Arqaam Capital):	I just need the classification on the ongoing, transitionary agreement between QP and Qafco until the new JV is created? Like, the ongoing terms.
Mohammed Al-Sulaiti:	Sure. To just answer the steel component of your questions, the prices, I'd say, for Qatar, from a price-per-tonne perspective or the prices that were achieved for the full year 2019 as well as Q1 of this year, is between \$570-600 per tonne. If you compare that with what was achieved internationally, internationally the tonne of rebar used to be sold, from an international perspective, at around \$420. So, you can see that the gap between the international price and the domestic price. So, the domestic price gives us a good margin above our costs. With the international price, we were losing around \$50 to \$70 per tonne. And while we continue to sell around 60-70% internationally, that put a lot of pressure on profitability. Of course, we have done a few measures as well to support more domestic sales. So we've been working with different agents, domestically, to provide more incentives, such as payment terms incentives, in order to give the comfort to take more quantities. We've also provided more protection on price revisions, month-to-month to allow them the comfort to take on more quantities to offload to different contracts. So, with that, we've seen a positive movement on the amount of steel that we are able to sell domestically. So, Q1, we've actually sold more domestically than what we've sold in the last two quarters of 2019. Just to answer the Qafco, again, I forgot that question. Sorry, but if you can just repeat it again.
Soha Saniour (Arqaam Capital):	Yes, I understand there's a transitionary agreement that Qafco is working with QP, the margin above revenue

Mohammed Al-Sulaiti:	Now I remember, sorry. So, looking at Qafco, there are two separate agreements. So, Qafco 5 and 6 has a longer-term gas agreement, so, that's still active. So, Qafco's still buying the gas under that agreement, that arrangement and producing those two trains by procuring that gas at a gas price. For Qafco, of course, there is a base gas contract and then there is an excess gas contract. There's excess gas beyond the contractual arrangement or the base contractual arrangement, that allows Qafco to produce beyond the nameplate capacity, and that usually happens due to some DE bottle-necking projects that happen to increase the capacity at each individual train. For Qafco 1-4, the current arrangement is that Qafco, as a legal entity or producing entity, manages and operates the full four trains on behalf of QP. So, all costs, all operating costs, so all OPEX, all CAPEX, based on the cost allocation methodology of Qafco for 1-4, even from a head office perspective, is fully paid for by QP and you only make a margin on the total revenue, which goes straight to your bottom line. So, this arrangement gives us 6% of a total margin for Qafco 1-4, so the full cost is paid for. And we only make 6% above that straight to bottom line.
Soha Saniour (Arqaam Capital):	All right, that's clear. Thank you.
Operator:	There are currently no further questions in the queue.
Bobby Sarkar (QNBFS):	Hi, guys, this is Bobby Sarkar again. If there are no further questions, we can wind up the call for today. Thank you, everyone, for attending IQ's first quarter call. Thank you. I want to thank the management again for listening to our questions and answering our queries. Please stay safe, everyone, and I hope to speak to you all next quarter. Thank you.
Mohammed Al-Sulaiti:	Thank you, Bobby, and thank you, ladies and gentlemen, for joining us on this call. And anything that you need beyond this earnings call, you can feel free to contact us on the IQ email address or number and we'll be more than happy to entertain any further questions.
Operator:	Thank you. That will conclude today's conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.