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Speakers from IQCD:	1. Abdulla Yaqoob Al-Hay, Acting Manager, Privatized Companies Affairs, QatarEnergy 2. Mohammed Saffan, Sr. Financial Management Analyst 3. Rashid Al-Mohannadi, Head Investor Relations 4. Riaz Khan, Investor Relations Officer
Moderator:	Bobby Sarkar, Head of Research – QNB Financial Services
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Bobby Sarkar [QNB FS]:	Hello everyone. This is Bobby Sarkar, head of research at QNB Financial Services. I wanted to welcome everyone to Industries Qatar's Third quarter 2022 Results Conference Call. So, on this call from Qatar Energy's privatized company's Affairs Group, we have Abdulla Al-Hay, who's the acting manager. We have Rashid Hamad Al-Mohannadi, who is the head of IR and Communications, Saffan Mohammed, who's a senior financial management analyst, and Riaz Khan, who is the IR officer.
Rashid Al-Mohannadi [IQ]:	Thank you Bobby. Good afternoon and thank you all for joining us. Hope you are doing great. Before we go into IQ's business and performance updates, I would like to mention that this call is purely for IQ's investors and no media representatives should be attending this call. Moreover, please note that this call is subject to disclaimer statements, as detailed on slide no. 2 of the IR deck. Moving on to the call, on 26th of October, IQ published its financial results, for the nine-month period ended 30th September 2022, and today in this call, we will go through these results and provide you an update on key financial and operational highlights. Today on this call, along with me, I have: – Abdulla Yaqoob Al-Hay, Acting Manager – Privatized Companies Affairs – Riaz Khan, Investor Relation Officer – Saffan Mohammed, Acting Assistant Manager, Financial Operations. We have structured our call as follows: – At first, I will provide you with a quick insight on IQ's ownership structure, competitive advantages and overall governance structure; – Secondly, Abdulla will brief you on IQ's key operational and financial performance matrix; – Later, Saffan will provide you with an update on the latest segmental performance; – And finally, we will open the floor for Q&A session. To start with, as detailed on slide 5, IQ's ownership structure comprises of QatarEnergy with 51% stake, and the rest is in the free float, held by various domestic and international corporates and individuals.

	IQ is credit rated entity by S&P's with A+; and Moody's with A1 credit rating, with a stable outlook. QatarEnergy, being the main shareholder of IQ provides most of the head office functions through a service-level agreement. IQ group companies operations are independently managed by its respective Board of Directors, along with senior management team. In terms of competitive strengths, as detailed on slide 8, the Group is well positioned with several competitive advantages within its domain strategically, operationally, as well as, financially. These strengths include: – an efficient and well maintained asset base; – a qualified and highly trained workforce; – assured supply of feedstock and competitively priced energy sources; – lower operating cost; – a dedicated marketing team in form of Muntajat, to market the Group's petrochemicals and fertilizer products; – rep uo ted JV partners; and – most importantly a well experienced senior management team. As detailed on slide 10, from competitive positioning perspective, IQ ranks among top tier companies, within the regional downstream space, across most of the matrices. In terms of IQ's Governance structure, you may refer to slides 50 and 51 of the IR deck, which covers various aspects - of IQ's code of corporate governance in further detail. I will now hand over to Abdulla.
Abdulla Yaqoob Al-Hay [IQ]:	Thank you, Rashid. Good afternoon and thank you all for joining us. Starting with macroeconomic environment, as detailed on slide no. 12, the macroeconomic environment remained volatile mostly throughout the year, as a result of geopolitical uncertainty and recessionary fears on account of inflationary pressures and hawkish stance on interest rates by most of the Central banks. Also, exceptionally high energy prices in Europe are persistently weighing on most of the European producers. Additionally, China's strict zero-Covid policy and related lockdowns, coupled with slowdown in Chinese construction sector is bringing further uncertainties to the markets. On overall basis, market prices across the Group's basket of products have declined sequentially due to cautious consumer demand on account of macro-headwinds, coupled with comparatively lower crude prices. However, product prices remained strong versus last year on account of post-pandemic recovery phase. Moving on to the financial performance for the first nine-months of 2022, as detailed on slide no. 16 of the IR Deck, the Group reported a net profit of QR 7.0 billion as compared to a net profit QR 5.5 billion for the same period of last, with a growth of 28% on a year-on-year basis. This improved financial performance versus same period of last year was largely attributable to the improved product prices, which on an average inclined by 35%, and translated into an increase of QR 5.2 billion in Group's bottom-line earnings, as you can see on slide 17. Sales volumes increased by 6% versus first nine-months of 2021, primarily driven by higher plant operating rates leading to improved production volumes and contributed QR 977 million positively to the current period's bottom-line earnings versus the first nine-months of 2021.

	The overall growth in selling prices and sales volumes led to an overall growth in revenues for the Group, which increased by 42% during the first nine-months of 2022, to reach QR 20.1 billion. As detailed on slide 15, the Group's production levels were up on last year, by 6%. Restart of the previously mothballed DR-2 facility having a larger capacity, together with, higher plant operating days noted within the Fuel Additives segment contributed towards an overall increase in productions volumes during the current period. Moving on to quarter-on-quarter performance, as detailed on slide 16, compared to the second quarter of 2022, the Group revenue and net profit declined notably due to declining selling prices. Decline in selling prices was mainly linked to softening demand and lower crude oil prices, amid macroeconomic uncertainties. Sales volumes on the other hand increased by 5%, mainly on the back of growth noted in production volumes. Our robust business models and the strength of our global supply chain continued to leverage our resilience and provided flexibility to our operations, whereas, our continued positioning of being a low cost operator ensured our competitive edge. Moreover, as detailed on slide 19, IQ's EBITDA margins continued to remain robust. Also, we continued to build our strong financial position with improved cash flow generation capabilities, and the Group generated QR 6.9 billion in terms of free cash flows during the first nine months of 2022, as detailed on slide 18. I will now hand over to Saffan, to cover the segmental performance.
Mohammed Saffan [IQ]:	Thank you Abdulla. I will start with Petrochemicals segment. Petrochemicals As detailed on slide 25, net profits of the Petchems segment marginally declined by 5%, versus the same period of last year. This marginal decrease was mainly due to a slight decline in gross margins, as growth in segmental revenue being almost offset against higher operating costs. Segment's blended product prices rose by 9% on a year-on-year basis, while sales volumes increased by 7%. Segmental revenue for the period reached QR 5.5 billion, with an improvement of 17% versus the same period of last year. As detailed on slide 26, segment's EBITDA margins continued to remain strong. In terms of segment revenue by geography, as detailed on slide 27, 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 31, the segment reported a net profit of QR 4.2 billion for the current financial period, with an increase of 48% versus the first nine months of last year. This increase was mainly driven by growth in revenues which increased by 70%, to reach QR 11.1 billion. Selling prices improved by 67% versus same period last year, while sales volumes increased by 2%. On the other hand, production volumes remained flat versus last year.

	As detailed on slide 32, segment's EBITDA margins continued to remain robust. In terms of segment revenue by geography, as detailed on slide 33, North and South Americas remain main market for fertilizers, along with, Indian sub-continent and Asia. Steel Now, let's discuss steel segment and you may refer to slides 35 till 40. Steel segment reported a net profit of QR 774 million, up by 23% versus first nine months of last year. Improved segmental profits were mainly driven by higher revenues, which increased by 21%. Additionally, segment's associate that primarily produces and sells iron oxide pellets, Foulath Holdings, reported commendable financial results on account of improved operations. Growth in revenue was primarily driven by improved sales volumes by 19% due to higher production volumes. Selling prices on average only increased marginally by 2%, mainly due to softening domestic demand, coupled with slowdown in international steel prices. Moving onto slide 38, segment's EBITDA margins continued to remain robust following the mothballing decision. I will now hand over to Rashid.
Rashid Al-Mohannadi [IQ]	Thank you Abdulla and Saffan for presenting the financial, operational and segmental updates. We will now open the floor for the Q&A session.
Bobby Sarkar [QNB FS]:	Hi, operator. Can we open up the call for Q&A please? Thank you.
Operator:	The floor is now open for your questions. To ask a question at this time, please press star one on your telephone keypad. If at any point you would like to withdraw from the queue, please press star one again. We will take a moment to render our roster. Our first question comes from Sashank Lanka from Bank of America. Please proceed.
Sashank Lanka [Bank of America]:	Yes hi. Thank you for the call and the opportunity to ask questions. I have a couple of questions. The first one is on the Fertilizer segment. If I look at the EBITDA margins in the quarter, I think they are 35%. They're probably the lowest we've seen in a couple of years. So, I was just wondering, what drove this? Obviously, prices declined, but is there any indication you can give us on gas prices? Because our understanding is that gas prices are indexed to Urea prices from the beginning of the year. I'm just wondering if prices of gas can fall in line with Urea prices? That's the first question. And the second question is more on the demand side of the steel, now with the World Cup soon approaching. I was just wondering; how should we be looking at demand? Because if I look at the Steel segment as well, it does seem like a bit of margins were pretty weak in the third quarter and you also saw a decrease in volumes there in Q3 versus Q2. Thank you.
Abdulla Al-Hay [IQ]:	Thank you, Sashank Lanka. Regarding the first question related to the EBITDA margin. As you are aware, the product price improved during the first and second quarters, when it was around its peak. However, in the third quarter, you notice the final product price was under pressure and turned down to the range of around 600. This is the main driver of the feedstock costing that we have. Just to let you know that we have a feedstock formula where it captures the year-to-date average selling price since it has a link to it. So, year-to-date versus only the third quarter, you can see the margin is really impacted for that reason. If you want to say anything, Saffan, related to this?

Saffan Mohammed [IQ]:	Basically, if you look at the third quarter itself, the price is around $531, Sashank, compared to the year-to-date Urea price of plus $600. Now, your feedstock prices are calculated on the year-to-date price, which is around $600, whereas the Q3 margin is based on $531. So, imagine if the respective contrast margin is at a lower price, whereas feedstock computation is only the year-to-date price. So, obviously, that is the reason why that contrast margin is lower. So, you might have the opposite situation, whereas your contrast pricing may be higher, whereas your feedstock may be calculated at a lower price, so both ways could work.
Abdulla Al-Hay [IQ]:	We can move to the second price related to the steel demand. As you have mentioned that most of the World Cup facility and as it's been really completed. I would like to inform you that the entire World Cup assets have already been completed for the last 11 months. So exactly the current year's performance, sales, and production were not impacted by the completion of the FIFA assets. However, in the state of Qatar, we still have construction activities related to different projects: we have the new Qatar Economic Zone; we have the development of Lusaile City; and we have the Al-Waab City, which is still under construction. In addition to that, the North Field Expansion would also contribute to the demand for steel. So basically, the 2022 World Cup facility they are there for the last 11 months. So, this year, what you see right now for the first three-quarter production and sales of steel, is not impacted by the completion of that. Is that clear?
Sashank Lanka [Bank of America]:	Yeah. Thank you very much. That's clear, thank you.
Abdulla Al-Hay [IQ]:	Thank you.
Operator:	Our next question comes from Faisal Al-Azmeh from Goldman Sachs. Please proceed.
Faisal Al-Azmeh [Goldman Sachs]:	Yeah. Hi and thanks for the opportunity to ask questions. My first question is really on the realized prices in the Fertilizer segment. We've noticed that it's somewhat lower than what we're seeing with other companies. Maybe, if you can shed some color on why it's lower than the benchmarks that we track? And maybe, if you can also give us some color in terms of how to think about the margin framework for next year. I guess, if you have a repetition in terms of the pricing dynamics, where you have a strong first half versus a weak second half, should we expect margins for 2023 to be somewhat in line with what we saw this year?
Abdulla Al-Hay [IQ]:	Okay. Regarding our Fertilizer segments, where the pricing you're seeing, that's not in line with what you track. We believe that our products sold in the market are based on the market prices. And you can see our products are sold in different regions. And we believe different regions have different pricing. Europe is different from Asia and is different from North America. So, maybe if you are following certain taxations, does not mean that we are way afar from that. However, we always target to sell premium geographic locations, which is reflected in our margin, and it's reflected in our profit. In the second part of the question, we just answered that the margins and the feedstock things always have a relationship between that. How do we see it next year? Next year, we are going to have the same relationship. I would say it depends on the final product price.
Faisal Al-Azmeh [GS]:	Maybe, If I can squeeze in another question. Just on in terms of the growth prospects of the business, do you feel that there is more potential for feedstock allocation from the government on the petrochemical side, similar to what we saw with the new ammonia projects? Do you think QAPCO could also see something similar?
Abdulla Al-Hay [IQ]:	We are always looking forward to seeing the opportunity. As of now, as of right now, we have not seen anything coming to us, from Qatar Energy, as an additional quantity. However, when we have something on our hands and we are sure about it, of course, we're going to announce it to the market. However, you can see that we have announced 2 projects. So far, the blue ammonia, which we are expecting additional feedstock coming for us, and we have the PVC projects. So, in case we have any other availability of the new feedstock, we're going to announce it to the market.
Faisal Al-Azmeh [GS]:	Thank you very much.

Operator:	That does conclude today's questions. I would now like to turn the call over to Bobby Sarkar for closing remarks.
Bobby Sarkar [QNBFS]:	Yeah. Hi. So, if we're done with the questions for today, we can end the call. I want to thank Abdulla, Rashid, Saffan, and Riaz for taking the time to answer our questions. And we will pick this up next quarter. Thank you very much.
Abdulla Al-Hay [IQ]:	Thank you so much. Thanks a lot. I really would like you to go onto the full deck of our presentation. If you have any questions, you can approach our team, we have Rashid and Riaz. We are here always to help you. Thank you.
Operator:	Thank you, ladies and gentlemen. This does conclude today's call. Thank you for your participation. You may now disconnect.