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Conference Title:	**Industries Qatar (IQCD) Q4-19 Results Conference Call**
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 Q2 Second Quarter 2020 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 [QNBFS]:	Hi. Hello everyone. Good afternoon, good morning. This is Bobby Sarkar, Head of Research at QNB Financial Services. I wanted to welcome everyone to Industries Qatar's first half and second quarter 2020 results conference call. So on this call, as usual from Qatar Petroleum's Privatized Companies Affairs Group, we have Abdulla Al-Hay, who is Assistant Manager, Financial Operations, and Riaz Khan, who is the Head of Investor Relations and Communications. We will conduct the conference with, first, management reviewing the company's results followed by a brief 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 27th July, IQ released its results for the for the second 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: 1- Mohammed Al-Sulaiti, Manager, Privatized Companies Affairs, QP; and 2- Abdulla Al-Hay, Asst. Manager, Financial Operations. We have structured our call as follows: ▪ At first, I will provide a quick insight on IQ's ownership structure, competitive advantages, overall governance & BOD structure; ▪ Secondly, Abdulla Al-Hay will brief you on IQ's key operational & financial performance matrix. ▪ Later, I will provide you with insights on the segmental performance and CAPEX updates. ▪ 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 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.
Abdulla Yaqoob Al-Hay:	Thank you Riaz. Good afternoon and thank you all for joining us. To start with, IQ's business performance for first half year of 2020 is a pure reflection of challenging macro-economic conditions, where an overall decline of 67% in terms of bottom line profitability was noted in comparison to 1H-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 5% compared to 1H-19, and contributed to a QR 693 million decline in the Group's earnings for 1H-20, as you can see on slide 14.

As detailed on slide 12, the sales volumes at the Group level declined by 29% compared to 1H-19. The decline in sales volumes was 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 1H-19, by 14%. This decline was mainly attributed to periodic planned maintenance, unplanned shutdowns, and moth-balling of certain steel facilities.

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. 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), as IQ now recognized Qafco as a subsidiary with a 25% non-controlling interest, following expiry of the JV agreement with Yara and QP's acquisition of Yara's 25% stake in Qacfo.

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 first quarter of 2020, the Group revenue declined by 37% driven by lower prices and volumes. Net profits improved by 27%, quarter on quarter basis, mainly due to reduced operating costs. Operating costs have broadly declined on account of lower production volumes and recent optimization initiatives kicked-off by all the operating entities within the Group. The financial performance during Q2-20 was also impacted by the one-off impairment losses and one-off fair valuation gains. Moving on to the balance sheet, it remained healthy with liquidity at the end of June 2020 remained robust with no debt on the Group's balance sheet, including QR 11.3 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 1.5 billion in terms of free cash flows for six months period ended June 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 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 54% compared to 1H-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 24%, on the back of weaker demand due to muted economic activities, which mainly led to a decline in revenue by 22% within the segment compared to first half of 2019. Sales volumes marginally increased by 3%, compared to the same period last year.

Production volumes almost remained similar to last year, as slightly lower production in polyethylene segment was offset by the higher production in the fuel additive segment.

Coming on to the quarterly performance, the net profit seen a growth of 51% compared to the Q1-20. This was mainly due to the prior year OPEX reversals.

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 36% year-on-year basis on the back of overall decline in revenues.

The decline in revenue of 32% 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 8% in overall volumes compared to 1H-19.

Based on quarter on quarter analysis, the profitability declined by 11% compared to Q1-20 due to the decline in revenues by 15% impacted byprices and lowered volumes.

In terms of segment revenue by geography, as detailed on slide 30, 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 slide no. 32 till 36.

During 1H-20, the steel segment reported a net loss of QR 1.4 billion for the six months period ended 30 June 2020, compared to a net profit of QR 147 million for the same period of 2019. The net loss after excluding for the one-off effects of impairment would amount to QR 164 million, down 211% versus the same period of last year.

	Selling prices were down by 3%, compared to 1H-19, driven by weaker demand on account of COVID-19 pandemic, which lead to muted construction activities. Sales volumes have declined against a backdrop of softened local demand as many large infrastructure projects in Qatar neared or reached completion. The sales volumes were also impacted due to the management's decision of mothballing certain facilities, with an intention to cater local sector demand only, as compared to 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. The operating cost is expected to improve as effects of mothballing on the operating cost savings associated with mothballing to be realized over the next quarters. Based on quarter on quarter analysis, the selling prices increased by 10% compared to the Q1-20 amid management's decision to cater only the local demand starting from Q2-20, where the prices of steel tend to be higher than the international markets. The overall revenue was down by 63% on the back of decline in volumes. In terms of profitability, a recovery was noted of 14%, had we exclude the effect of one-off impairment, mainly due to better margins available in the local market, as management decided to concentrate on the local market starting from Q2-20 following the mothballing decision. The profitability also improved on account. 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, the important point to note that the cash flow & CAPEX figures for the years 2020-24 are based on the 2020 approved budget and business plan, 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 the slide cannot be relied on with absolute certainty, where, the actual realization of these figures might significantly differ as compared to these projections, subject to the macroeconomic conditions prevailing at that point of time. Now we will open the floor for the Q&A Session.

Operator:	Thank you. If you wish to ask a question at this time, please signal by pressing star one on your telephone keypads. Please ensure the mute function on your telephone is switched off to allow your signal to reach our equipment. Once again, it's star one to ask a question. We will pause for just a moment to allow everyone an opportunity to signal for questions. We will now take our first question.
Bobby Sarkar [QNBFS]:	Hi guys. This is Bobby Sarkar again. Sorry, excuse me, operator. Let me just jump in. This is Bobby Sarkar. Let me just jump in and ask the first question before we open the lineup for questions. Okay. Thank you. Guys, just had a question on Steel segment. You reported a slight loss if I'm not mistaken on a normalized basis excluding the impairment charge this quarter. So I would like to know if the mothballing of the plant happened as planned in the beginning of second quarter or were there some faint mothballing at restructuring of the Steel operations that kind of led to lower-than-expected profitability for the quarter? And then just in terms of the gas processing agreement for fertilizers, can you please provide us an update as to how you see or when you see just place to buy the standard agreement that you have for QAFCO five and six? And how that would impact, if you can, on margins? Thank you.
Abdulla Yaqoob Al-Hay:	Thank you, Bobby, for your questions. I will start with the Steel segment. As you aware that steel price during the latest period were under pressure. So we have positively responded to the market where we have shown our flexibility and mothballing the facility to reduce our operating expenses and to produce the necessary amount to cater the local needs in Qatar. So we have mothballed the facility during the Q2 of 2020. It happened in the second quarter. We're going to see the impact – the positive impact of that mothballing during the next period where we have reduced our operating cost. So the impact is going to be shown – it's already partially felt in the second half of 2020 – I mean, the second quarter of 2020, whereas in the second half we will see even further results due to the mothballing of that facility. We have recognized an impairment cost in relation to this mothballing. As you're aware, we can get back to the operation once the market improve where the price improve, where the demand is improved, this will require us to three months to get back to the fully operation as before. In terms of the gas processing agreement, as you are aware, we are still factoring the temporary agreement where QAFCO acts like an agent to QP. This is a temporary agreement. QAFCO has received the final draft of the new gas agreement. But still there is a negotiation between QAFCO and Qatar Petroleum. We have not arrived to the final results. Once the final results reflected, we can announce to the market what should be done soon during 2020. I hope I have answered.
Bobby Sarkar	Okay, great. Thank you, Abdulla.

[QNBFS]:	
Mohammed Jaber Al-Sulaiti:	Maybe Bobby, I'll just add to what Abdulla has said. With regards to the gas price, the new gas agreement should kick in 1st July. This is what QP has offered to QAFCO. We're still negotiating the terms and the pricing. And whenever that's been concluded, that's going to be announced. However, whether it starts 1st July or 1st August, it's something that we're yet as well to negotiate.
Bobby Sarkar [QNBFS]:	Okay. Great. Thank you, Mohammed. Operator, can we open up the line now for questions, please?
Operator:	Yes. Once again, if you would like to ask a question, please press star one on your telephone keypad. We will now take our first question. Please go ahead. Your line is now open.
Sashank Lanka [Bank of America]:	Yes. Thank you very much. This is Sashank Lanka from Bank of America. I have a couple of questions here. Just trying to understand your Steel segment margins. We are seeing iron ore prices pretty high over the last quarter. So – and it seems like the outlook for iron ore prices to remain high remains. Just wondering given you're not fully integrated, is that high iron ore prices impacting your margins for the steel segment? The second part of my first question is we know local steel prices are higher in the international market; could you give us a sense of the range of steel prices you're seeing domestically and what's the delta right now with the international market? That's the first question on the steel part.
	On the petrochemical side, obviously Asia is a big market for you with the lockdown being lifted in China, I think from the second quarter. Are you seeing a pickup in demand there? And how is it trend been in the third quarter specifically? Thank you.
Mohammed Jaber Al-Sulaiti:	I'll answer some part of the questions and maybe Abdulla and the team can answer the rest. With regards to the iron ore prices picking up and affecting our margin, that's correct statement and that's what generally has affected our performance by producing and selling internationally, and that's predominantly related to the palletization plants that we have as part of Qatar Steel. Now the focus is mainly going to be local and it's going to be on rebar sales rather than billets. And with regards to billet production, it's what – we're enjoying now a flexibility where we can neither buy the billets rather than produce them or reduce some parts of the quality of the iron ore that we received where it's giving us a bit of kick in, in the margins where it's improving the margins slightly. So those are the arbitrage that we're trying to or Qatar Steel is trying to focus on buying billets versus producing billets and focusing on local market versus international. When you look at prices, the team may better answer what was the prices achieved in Qatar for the rebars year-to-date during the year and how it's holding off versus the international prices.
Abdulla Yaqoob Al-	All right, Saffan you can give us a flavor of the local price versus the international price and how our price is then protected by the tariffs locally.

Hay:	
Mohammed Saffan [IQCD]:	Usually historically the local prices usually have a premium of around 5-10% historically. The premium comes because of two reasons. One is we have protection when generally a non-GCC exporting to GCC because of the tariff of 15%. We have the protection. Second point is that Qatar Steel products are usually, because of this higher iron ore content on the product side in terms of quality we sell better – we produce better steel than commands at better price. So these two, as a result on the products demands a better price. So as a result, our product prices commands 10-15% margin compared to the global prices. Riaz, correct me if I'm wrong, in the last year or the last – fourth quarter of 2019 when we checked the price difference of around QAR150 compared to the Asia, the Qatari prices?
Riaz Khan:	Yes. It was somewhere $100 to $150.
Mohammed Saffan [IQCD]:	Yeah. $100 to $150 between Doha and international prices.
Riaz Khan:	That's right.
Mohammed Saffan [IQCD]:	The main reason – yeah, these were the two reasons because our raw material is 60-65, which as Mohammed said, we use this raw material to produce here which end up in producing better quality iron. And the second thing is the tariff. So it tends up in – we get that margin and we are continue to sell focusing on Doha between rolling of around 800,000 metric tons and focusing only on Doha. We will continue to enjoy that amount of margin domestically in terms of prices. Hope that answers that part of the question. And international prices are, I believe, currently around $200 to $225, and currently we sell in Doha around $520 if I'm not mistaken.
Abdulla Yaqoob Al-Hay:	Thank you. Can you please repeat your third question? Are you talking about Fertilizer segment or Petrochemical segment?
Sashank Lanka [Bank of America]:	I mean, you could answer it both for petchems and fertilizers, but I guess more on the petchem side because I'm assuming the demand on the fertilizer side is relatively more robust. Are you seeing a pickup in demand in – on the petchem side with China lifting its lockdown and obviously Asia is a key market for you? So just wanted to understand how are you seeing the demand trends in the third quarter so far?
Abdulla Yaqoob Al-Hay:	We believe the countries started to reopen again where the demand will be definitely better than the previous months where we have – the global market has seen a lot of uncertainty where the supply and demand had an unbalanced. As of now, we are working very closely with our marketing agents. We have not been informed any interruption to our production that in relation to this supply and demand. So we are assuming that the demand is there for both Petrochemical and Fertilizer and we should sell whatever we have produced. I don't know, Saffan, if you want add anything?

Mohammed Saffan [IQCD]:	The other point is with the lockdown is getting eased, most of the Asian markets, especially China, as Sashank said, markets are getting eased down. And India is also, despite there is the number of cases have been increased, but still India also gradually easing the lockdown. And India and China being two of the larger markets for petchems, we also expect more volumes to be shifted to shipping to those two markets. And you would see that from our sales volume which has been not been impacted because of the pandemic. And we expect the production to flow as it is and as we rope in our earnings press release except for the unplanned shutdown in the – to all other teams, the rest of the plants were operating as planned. And even the MTBE shutdowns, we reversed it once the MTBE prices were reversed back to the normals. So we expect the third quarter the volumes and prices to be robust and the market to recover bit in Q1s and Q2s. Hopefully, it answered your question, Sashank.
Sashank Lanka [Bank of America]:	Yes. Thank you.
Operator:	We will now take our next question. Please go ahead. Your line is now open.
Rajat Bagchi [NBK Capital]:	Hello. This is Rajat Bagchi from NBK Capital Kuwait. I wanted to ask how should we think about dividend this year, where earnings have gone down in line with the softness in product prices. However, IQ is a debt-free company with tons of cash. So how should investors think about dividends for 2020? One more question on the steel. I just – I'm just trying to confirm whether I got that correctly. So whatever was the spread on the steel business with the second half of Q2, did you guys confirm that it was – you were already seeing a bit of breakeven or profitability for the steel business? Just want a confirmation on that. Thank you.
Abdulla Yaqoob Al-Hay:	Okay. In relation to the dividend this year, it's all depend on the final results of the profitability of this year 2020. Usually the Board of Director of IQ will discuss among themselves the dividends. So it all depends on the performance and depends on the decision that we're going to take. We understand that we stand in a good position of cash. Also the Board are screening for opportunities where they want to invest the cash and they get the maximum return to the shareholders and they always keep in mind that they want to go with the safe investment where they can have the maximum value return to the shareholders. So dividends, this is something that will be discussed during the year-end of 2020 with the Board. In relation to the Steel segment, yes, we feel there will be a better profitability. We are hoping that the price will get better in the next two quarters. We have optimized our costs, where the unit should perform better than before. I hope this answer your question.
Rajat Bagchi [NBK Capital]:	Thank you.

Operator:	We will now take our next question. Please go ahead. Your line is now open.
Faisal Al Azmeh [Goldman Sachs]:	Yes. Hi everyone. This is Faisal Azmeh from Goldman Sachs. Just a few questions on my end. The first is just a follow-up on yield. Just when looking at utilization rates on slide 17, the 61.4% in Q2. Is that post the mothballing? Is that from the new capacity slate, or is it a mixture of bit of production at the beginning of the quarter and then it went down as you mothballed those assets? So if you can just give some color on what the 61% is reflective of? My second question is just a follow-up on the dividend question. Just when we think about obviously this year or historically you've always linked the DPS to the earnings per share, could this year be an exception where the Board would look at the free cash flows rather than EPS? That's just something that we would appreciate some color on. And then finally just looking at CapEx into the second half in next year. Is there room to cut more CapEx in your view and any potential for cost savings across the Group? Any color on that would be quite helpful. Thanks.
Abdulla Yaqoob Al-Hay:	With regard to the slide number 16 if you look at, Riaz can provide a comment.
Faisal Al Azmeh [Goldman Sachs]:	Slide 17, if you look at the utilization rates.
Riaz Khan:	Yeah. The decline in operating rates is mainly related to the mothballing of facilities in Qatar. So it was 88.5% in Q2. And when we start to go for this mothballing, we reached to 61.4%.
Faisal Al Azmeh [Goldman Sachs]:	Okay. But when we look at the new stated capacity, how much of the new stated capacity – what was the utilization rate for the new capacity base that you have?
Riaz Khan:	So actually we are targeting with almost 800,000 metric tons per annum in terms of capacity in Qatar operations. So this reflects the overall Qatar Steel capacities including the UAE operations.
Faisal Al Azmeh [Goldman Sachs]:	Perfect.
Riaz Khan:	And that's why you are seeing a decline.
Faisal Al Azmeh [Goldman Sachs]:	And when we think about the current run rate in Q3 of that 800,000, are you reaching what levels at the moment?
Riaz Khan:	Yeah. So there is no planned shutdowns there in Q3 as what we understand from the local management from Qatar Steel in Q3.
Faisal Al Azmeh	Okay.

[Goldman Sachs]:	
Riaz Khan:	So the run rate will remain same as what was there in Q2.
Faisal Al Azmeh [Goldman Sachs]:	Okay. And just scope on the dividend policy?
Abdulla Yaqoob Al-Hay:	Yes. In relation to the dividend, as the Board going to look at it from the earnings per share or from the free cash flow generated, as of now, up to this moment, the Group generated a really good amount of the free cash flow amounted to QAR1.5 billion. But I really don't have an answer or I cannot comment on the Board decision that they will take during the year and either they can go by the earnings per share or they're going to look at it from different angle where we – they're going to look at it from the free cash. I really don't have an answer for this question since it is a Board decision. In regards to the CapEx, we're supposed to receive a revision for the CapEx that was submitted at the earlier for this year since there is a lot of incident happened during the year, where the oil price remain at the low curve and the pandemic of the COVID-19 also came. So CapEx might change. We're supposed to receive a revised budget under plan during the next period and we should update it our IR presentation once we have this information available. However, we definitely the operation level are going to either pick whatever necessary capital projects to be conducted. I don't think we do have any capital projects going to happen this year. Otherwise we're going to defer if there is a project to the next period, where we have a better pricing and better market, where we can conduct the business as usual.
Faisal Al Azmeh [Goldman Sachs]:	Thanks. And just in terms of cost savings, do you see any room for a further cost cutting across the Group that would provide certain savings?
Abdulla Yaqoob Al-Hay:	Our organization is very lean organization where we have work on a lot of cost optimization and this is an ongoing activity where we always look at our costing and we monitor these costing. So we have put in a great effort to reduce our cost. We have also proven our flexibility where we mothball the facility when required just to enhance the performance of the Group. So I think we are in a good position.
Faisal Al Azmeh [Goldman Sachs]:	Right. Thank you.
Abdulla Yaqoob Al-Hay:	You're welcome.
Operator:	We will now take our final question. Please go ahead. Your line is now open.

Fawad Ali Rizvi [Al-Rayan Investment]:	Thank you. This is Fawad Rizvi from Al Rayan Investment. A few questions. The first one on the slide 40. There is optimization program. The multiple of those, if you can shed light on what are those, especially if you can help to understand what are the feedstock and utility cost optimization you are envisaging? And the other is if you can give like a dollar amount or the margin in terms of percentage of this optimization program may result in? This the first question. The second question there's been cash on the balance sheet for many years and the objective have been to acquire assets. There was a big opportunity this year when the Yara had to sell its stake back to the founders, QP. And as an investor, we think it was a great opportunity for IQ to take over 25% of stake because it's on consolidated basis, it would've been great if you could help us understand what was the reason that IQ didn't participate in acquiring it despite the cash level? And the last question is on the Petrochem segment. The Petrochem segment what we noted that the revenue have declined due to the price impact as well as lower volumes, but yet the profitability has improved, I mean, compared to Q1. So if you can help us understand what happened in between the revenue and the profitability, apparently the feedstock cost is fixed or largely fixed. So it should lower revenue generally drives a lower profitability margins rather than the higher margins. So if you can help me understand what happened in Q2 for the Petrochem segment?
Abdulla Yaqoob Al-Hay:	Okay. In relation to the optimization program that we have, I believe that we continue on slide number 22 to – if you can continue on slide from 42 all the way to 45, you will see a detail of the actions that has been taken from the Group company in relation to the optimization program. The optimization came from all aspects where we find a better market for our projects where we have reduced our production when required as we have mentioned in the mothballing facility of Qatar Steel and where we have also mentioned that MTBE facility were shut down for 57 days to commercial reason where the price were not attractive to us. Also we have done an optimization program towards manpower resources, towards our operating expenses and to even our CapEx. You may refer to that slides where you can see a detail of what this group company has taken action to achieve these optimization program. With regard to your second question in relation of the acquisition that happened between Yara and the QP. IQ was not part of that deal. IQ is owning 75% of QAFCO. We did not – the Board is willing to negotiate something with Qatar Petroleum. So this is – if there is something, we are going to announce it. But as of now, there is no action taken towards any of the acquisition for IQ.

	With regards to the Petchem performance for the Q2 versus Q1, although the price is down, the EBITDA number is down, we have improved our operating expenses where we have reduced the operating cost, where the net profit and the profitability of the Petchem segment shown a better number. I don't know Sofan, if you want to elaborate more on how the Petchem performance compared from Q1 to the Q2.
Speaker:	One additional thing, the margins have improved on Q1 to Q2 mainly because of the improvement because of the markets have opened up as a result, the demands have improved, which have helped the overall the Petchem prices to slightly improve, which has helped. Other than that, you have covered all the points Abdulla. But there is nothing much to comment upon.
Abdulla Yaqoob Al-Hay:	Perfect. I hope we answered your questions.
Fawad Ali Rizvi [Al-Rayan Investment]:	Yeah. Just a little explanation, if you could do. On the cost optimization in the Fertilizer segment, is it recurring? I mean, is it like a one-off or is it something which is going to be there forever?
Abdulla Yaqoob Al-Hay:	No, of course, we're going to look at our costing while we're going. As we have mentioned, this is an ongoing activity that we are practicing and the management is looking at the cost optimization not just because of the current situation where IQ is considering for all the period.
Fawad Ali Rizvi [Al-Rayan Investment]:	Okay. Thank you.
Operator:	It appears there are no further questions at this time. Mr. Bobby Sarkar, I will now pass the call over to you for any additional or closing remarks.
Bobby Sarkar [QNBFS]:	Okay. Great. If there are no further questions, thank you everyone for dialing in. Please get in touch with us at QNBFS or IQ for any additional details that you may require. The replay details for today's call are on the conference call invite. Thank you everyone.
Riaz Khan:	Thank you all.
Abdulla Yaqoob Al-Hay:	Thank you call. Thanks a lot.
Operator:	That concludes today's call. Thank you for your participation. You may now disconnect.