# Qatar Gas Transport Company - Nakilat (QE: QGTS)

## FY'19 Earnings Results Conference Call Transcript

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**Hosting:** EFG Hermes Holding
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**Moderator:** Ahmed Hazem, VP – Equity Research at EFG Hermes
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**Executives:**

1) Hani Abuaker – Chief Financial Officer at Nakilat
2) Fotios Zeritis – Head of Investor Relations at Nakilat

**Questions by:**

1) Santosh Gupta - Drewry Maritime
2) Mustafa Aamer - Commercial Bank of Qatar
3) Ahmed Soliman - CI Capital Partners
4) Maya Bou Kheir - Schroders
5) Brian Mugabe - Change Global Investment

**Operator:**
Good day and welcome to the Nakilat's Full Year 2019 conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Ahmed Hazem. Please go-ahead sir.

**Moderator:**

Hi! Good morning and good evening ladies and gentlemen, this is Ahmed Hazem from EFG Hermes limited. We would like to welcome you today for Nakilat's 2019 full year financial results conference call.

We have with us on the call Mr. Hani Abuaker, CFO of Nakilat and Mr. Fotios Zeritis, the Head of Investor Relations of the company. With that, I'd like to hand over the call to Mr. Fotios Zeritis.

**Fotios Zeritis**

Good Afternoon and welcome to Nakilat's Fiscal Year 2019 Conference Call. For your convenience, the transcript of this call and presentation will be available on the investor relations section of our website, www.nakilat.com.

Many of our remarks contain forward-looking statements and for factors that cause actual results to differ materially from these forward-looking statements, please refer to slide 2 of the Investor Relations presentation. In addition, some of our remarks contain non-IFRS financial measures. A reconciliation of this is included in the note of this presentation.

Now, I will guide you through Nakilat's full year 2019 earnings results presentation.

In 2019, we observed a substantial increased participation in Nakilat's quarterly earnings result conference calls which is testament of our efforts of promoting excellence in Investor Relations and enhancing corporate value though effective communication with the global investment community. We would like to thank you all for taking time to make this happen.

I should mention that Nakilat's attractive investment proposition of capitalizing on the growing demand for clean natural gas has been well received by capital markets and global investors. I will begin the call with Nakilat's financial highlights for the fiscal year 2019. Afterwards, I will give you an update you on the global LNG shipping market overview. Then, I will take you through our business outlook for 2020 and afterwards the CFO of Nakilat Hani Abuaker and myself will welcome any questions that you may have.

So, first of all, I am pleased to say that the 2019 was a very successful year for Nakilat in terms of executing our strategy which has resulted in growth of our asset portfolio and achieving high profitability for our shareholders. Yesterday, the board of directors has recommended a cash dividend of QAR 0.1 per share as a result of meeting our balanced growth strategy for this year. Since 2009, Nakilat is committed to reward its shareholders with a continuous cash dividend distribution and to expand simultaneously its LNG shipping portfolio with assets that have a very long technical and economic life.

Overall, the year of 2019 was a successful year. Given Nakilat's strong financial and operational capabilities, I am confident that we can continue to grow our LNG fleet further with high-quality charterers and counterparties. Now, turning to slide 5, I would like to remind you that Nakilat signed agreement to take the full ownership of four Q-Flex LNG carriers from its former joint-venture partner International Seaways at the beginning of the 4th quarter of 2019. This acquisition brings the total number of wholly owned vessels by Nakilat from 25 to 29 LNG vessels, out of its overall fleet of 69 LNG carriers.

Following our continuing fleet growth, today, we are delighted to report a record net profit of QAR 1Bn in 2019. As you can see on slide page 8 and 9, our profitability increased by 12.40% on an annual basis mainly due to the acquisition of 4 Q-Flexs, the previous acquisitions of both two LNG carriers and one FSRU in 2018 as realizing additional revenue. Another contributing factor to our profitability was a notable improvement on average VLGCs shipping charter rates at approximately $49,000 per day in 2019 compared to $20,500 per day in 2018.

Other significant factors that supported Nakilat's 2019 bottom-line were the lower G&As by 3.2% compared to 2018. All these outcomes have been achieved due to Nakilat management's emphasis on cost reduction initiatives in order to maintain healthy cashflows and returns to our shareholders.

Now, I would like to talk about Nakilat's financial position. Turning to slide 10 and 11, you can see Nakilat's strong healthy balance sheet with cash and bank balances at almost QAR 2.4 billion as well as total assets at QAR 32.3 billion. The investment in joint ventures decreased by 5.1% mainly due to derecognition of a JV, fair value hedge losses, and contingency provisions. Moreover, our schedule debt amortization continues the repayment with free up our balance sheet capacity. Since 2014, we have already paid more than 4.7Bn debt repayments. In 2019, due to the acquisition of the 4 Q-Flexs and change of accounting treatment from equity method to fully consolidation within the group's consolidated financial statements for the year 2019, the net borrowings reached at QAR 21.2Bn.

Last but not least, Nakilat's current ratio is at 1.22, and the Return on Equity has increased at 14% due to the full utilization of our growing fleet and our efforts at cost savings. Now, I would like to give you an overview of the LNG shipping market for 2019 and at the same time, you can see some LNG shipping highlights on our slide deck from page 12 to page 15.

Few days ago, I had the opportunity to attend the official presentation of Global Gas Outlook 2050 by the Gas Exporting Countries Forum (GECF) which took place in Qatar. For some people who do not know, the Gas Exporting Countries Forum is an international governmental organization which gathers the world's leading gas exporting countries to build a mechanism for a more meaningful dialogue between gas producers and gas consumers for the sake of stability and security of supply and demand in global natural gas markets. In few worlds, somebody can name this organization as the Gas' OPEC.

As per the GECF estimates, natural gas will be the only hydrocarbon resource to increase its share in the global primary energy mix, from 23% today to 27% in 2050. The natural gas, the fastest fossil fuel, is projected to rise by 1.3% per annum driven by environmental concerns, air quality issues, coal to gas switching as well as economic and population growth. The GECF expects the global gas trade to have grown by ~85% by 2050 and the share of LNG exports will rise from the current 37.2% to 45.2% of total exports by 2030 and to 50.3% by

2050. The outlook estimates a potential for LNG demand in international bunkering to reach more than 5 times the current level.

Turning to the slide 13 of our presentation, the global LNG trade has grown rapidly over the last few years, driven by the ramp up of new projects in Australia and the US, and surging demand in Asia. In 2019, the Global LNG trade increased ~12% at 357mmtpa compared to 320mmpta in 2018. In 2019, Europe and China drove LNG demand growth as they are moving to cleaner fuels. The China's LNG imports went up ~13% from 2018.

Due to Coronavirus outbreak in China, we intentionally selected to add one graph to illustrates clearly China's estimated long-term LNG demand growth until 2030. According to Wood Mackenzie, China's LNG demand will increase at 110mmtpa in 2030 compared to 60.6mmtpa in 2019. We expect that coronavirus uncertainty to be only 'short-term' in nature. Since the situation is too fluid, we are closely monitoring the events of coronavirus and the potential implication of global LNG shipping.

Looking at the slide 14, you can see a high-level summary of LNG Shipping market update for 4Q19. While spot rates strengthened into 4Q19 due to normal, seasonal inventory building, rates were not as strong as expected due to the substantial LNG supply coupled with several LNG carrier deliveries.

Additionally, LNG prices touch the historical low levels due to abundant supply in the market and mild winter affecting the demand in major LNG importing countries. As a result of this, all geographical arbitrage opportunities are closed at the moment. Poten currently assesses the one-year LNG shipping charter rate at $78,000pd for MEGIs/XDFs, $64,000pd for DFDEs, $37,000pd for STEAMs which are helpful benchmark when discussing term charter opportunities.

Turning to the slide 15 of our presentation, LNG newbuilding costs averaged $186 million in 2019 and have been on the rise due to the introduction of modern technologies and higher capacity vessels. Furthermore, you can see the global LNG fleet has 518 vessels in operation and another 126 vessels on the orderbook as per Clarksons. This implies only an increase of 24.3% of total LNG fleet, in terms of number of vessels as of December 2019. Only ~40% of the 126 vessels on the current orderbook are charter free and available to be absorbed by the new upcoming wave of LNG supply in the next few years. The current LNG fleet age profile is approximately 11 years old.

As a final market note, the excess LNG product supply in the market and low LNG prices have affected LNG trade on long-haul routes effectively increasing the available vessel supply. Market expects the 2020-22 will be the years when LNG trade rebalances with remarkable incoming vessel supply, liquefaction capacity from different regions and slower demand growth in major LNG importing countries.

Now, I would like to give you an insight into Nakilat's business outlook.

Recently, we have received a couple of questions of how the coronavirus outbreak could potentially impact Nakilat's business sustainability in 2020. Now, I would like to emphasize that we have chartered our fleet on multi-years fixed contracts with first-class charterers to mitigate any seasonality or volatility in short-terms charter rates. Our consistent commercial strategy enhances the fleet utilization and eliminate the current volatility of spot rate earnings across quarters. It is worth of mentioning that our company's long-term fundamentals have not changed due to coronavirus outbreak and remain robust as of today.

As we have communicated in the past, it is part of our strategy to gradually build more backlog as the fleet of ships on water is growing. Committing on our growth strategy, Nakilat has put considerable efforts to expand its current excellent in-house ship management operations. As per company's 5-year business plan, Nakilat intends to take the full management of additional 7 LNG carriers by STASCO (Shell), one FSRU, and 2 Newbuild LNGCs in 2020. For this reason, Nakilat has recruited workforce to continue to deliver first-class services to its customers around the clock to ensure safe and reliable LNG transportation.

In 2020, we expect to see another successful year for Nakilat due to the managements' focus to expand its own core LNG shipping business and to persist to control closely its operating expenses. In addition, we are working closely with the shipyard team to achieve the best results out of this segment. For your modelling purposes, you should expect a full impact of the 49.9% stake acquisition of 4 Q-Flexs in the following quarters and the delivery of 2 newbuild carries in the 2$^{nd}$ half of 2020.

Before we open the floor for questions, let me finish on why Nakilat represents a compelling investment proposition. Our almost 15 years of experience in LNG shipping has allowed us to build in-house a leading operating capability which is based on uncompromising approach to the high standards of safety and reliability. Nakilat is always proud to be systematically recognized by our charterers as best in class. We continue to invest in new modern technological LNG carriers such as MEGIs and XDFs.

Importantly, Nakilat is the world's largest LNG shipping company by capacity focused on the growing market for seaborne transportation of liquefied natural gas and Nakilat has currently a market capitalization of approximately $3.3Bn.

We have a strong balance sheet with scheduled amortization leading deleverage over time and as a result of this, Nakilat Inc debt has the best credit rating by the international credit rating agencies among its peers that shows how the lenders/debtors appreciate our straight-forward business model. Thus, the substantial global LNG demand in the next 5 years will lead to a structural tightness in the LNG shipping market and will pave Nakilat's way to explore new business opportunities which will enhance shareholders returns.

With that, I will ask the operator, to open the floor for questions and answers which the CFO of Nakilat Hani Abuaker and myself will try to provide you further insights. Please, go ahead.

**Operator:**

We'll now take our first question from Santosh Gupta of Drewry Maritime. Please, go ahead.

**Santosh Gupta:** Thanks team for the very nice presentation and your remarks.

**Fotios Zeritis:**

Hello Santosh

**Santosh Gupta:**

Hi Fotios. With reference to Nakilat's expansion plans in this year, are you planning to order any additional LNG carrier or maybe acquire it from the affiliates like you did last year?

**Hani Abuaker:**

Hi Santosh. Nakilat has always been trying to capture any potential promising business opportunity through either a joint venture, a potentially new order or any existing opportunity with different LNG shipping companies. We are always open to discuss any potential new growth opportunity, and this has been the case over the last couple of years.

You can see that from our previous acquisitions such as: 1) with the existing FSRU through a new JV with Excelerate Energy, 2) with the acquisition of two LNG carriers which are chartered to Woodside

Energy through our existing JV with Maran Gas, and 3) our recent acquisition of 49.9% of four Q-Flex LNG carriers from our former joint-venture partner International Seaways.

All these acquisitions show us that we are open to discuss for any business opportunity which makes economically sense to us. We want to ensure that we can provide the best and the optimum return to our shareholders on an adjusted, risk/reward base.

**Santosh Gupta:**

Thanks a lot. Mr. Hani Abuaker.

**Operator:**

Our next question comes from Mustafa Aamer of the Commercial Bank of Qatar. Please, go ahead.

**Mustafa Aamer:**

Hi Fotios, Hani and thank you for the presentation. Appreciate the inputs that you have given today. Just wanted to get your guidance for company's revenue and earnings for 2020. In light, you did mention that the Coronavirus has had no impact as such on your business model because you are on long-term charters. But if this situation continues; do you foresee any impact on your bottom-line going forward for this year? Thank you.

**Hani Abuaker:**

As of today, we do not foresee any impact on us. If this situation evolves and it becomes a world financial crisis, then I think that our worries will be more about the whole world on "*How are they going to deal with Coronavirus?*" However, as of today, we can confirm to you, as the management of Nakilat, we do not think there is a potential impact on our financial performance as we are a LNG shipping company with solid long-term contracts.

**Mustafa Aamer:**

And your guidance for the full year on the revenue, on the earnings because you had a brilliant 2019? Do you expect the year of 2020 to be equal in terms of the bottom line?

**Hani Abuaker:**

The nice thing about our business model is the sustainability of our business. And this is what we are always very proud of what we have achieved over the last couple of years.

Thus, I am confident that Nakilat's returns and financial performance are sustainable going forward, similar to the ones in 2019. Hence, we believe that what we achieved in 2019 is a sustainable financial performance based on the way we do business.

**Mustafa Aamer:**

Thank you.

**Operator:**

We move to our next question from Ahmed Soliman of CI Capital Partners. Please, go ahead.

**Ahmed Soliman:**

Hi Hani and Fotios. Thank you for the call and for the presentation. I have two questions on 4Q results, the first pertaining to one of gains recorded in 4Q in 2019 specifically pertaining to revaluation of existing stake in the JV after the acquisition for the four LNG vessels as well as some market gains. Those collectively amount to QAR 288 million and I believe this boosted the 2019 figures. But if we exclude those from the JV profit, the JV income would look substantially negative.

Are my calculations correct? And if so, can you please shed more light on the JV performance excluding the revaluation of previous stake and the bargain gain. That would be my first question. My second question is about the depreciation expense in 4Q 2019. I noted that it rose substantially amounting to around QAR 318 million. This is up from QAR 190 million. Is this only for the new vessels acquired or does this account reflect some sort of adjustments? Thank you.

**Hani Abuaker:**

Thank you, Ahmed. Your question is very well spotted, and it is very good that you asked that question so at least we can indirectly answer for the question that was earlier asked by Mr. Mustafa from Commercial Bank of Qatar. This revaluation gain without looking at it purely as a revaluation gain, but you should look it as an asset we revaluated it based on this deal.

However, I can also assure you that we have two different contingencies in other class of our assets to ensure that this gain would have a neutral effect on our financial performance for 2019, rather than to become a driver for 2019-year earnings results.

For example, if we look at our LPG business segment, despite the fact that the year of 2019 was one of the good years compared to 2018. We decided to take a contingency reduction on our LPG business investment in order to ensure that our four VLGC vessels are priced at a fair market value in our books. In addition, we have looked for our income from joint ventures and we have accelerated the depreciation rate of some assets. Moreover, we have looked for some of our intangible assets such as the NSQL transition costs that we have built in-house over the last 10 years.

Since we accelerated the depreciation of all these aforementioned assets; for this reason, you noticed this increase in the depreciation expenses in 2019. This was part of the increase in depreciation. On top of this, we have also started to consolidate on group level the fully acquired 4 Q-Flexs since the October of 2019.

In different words, the gain which was realized in 2019 due to accounting standards allowed us to take the decision to revalue some of our assets in order to be reflected in our books with fair market prices. Thus, this action process has mostly neutralized the realized gain impact of this transaction in 2019.

Basically, if we did not do any asset revaluation and if we did not take any sort of contingency, the results would have been more or less the same. So, I hope that I did really address your inquiry. If you want any further clarification, please let me know.

**Ahmed Soliman:**

Thank you so much for support

**Unidentified Analyst:**

Hi! I have one question regarding the company's revenue growth. Right now, for revenue growth we have looked somewhere around 6.8% and yes, this is partially on account of the new vessels that you purchased in the middle of the year. So can we have a like for like revenue growth?

**Hani Abuaker:**

I believe that our existing business model is very straight-forward. Basically, we invest in assets which are chartered out with fixed daily charter rates with specific expected annual IRR returns. Usually, we take into consideration the revenue growth in our financial models. The vessel's revenue and the daily charter hire are already set on the date when we sign the contract. There is only some small inflation rate element that is more or less related to the OPEX and it is part of our fixed contract.

Therefore, our existing assets will generate a sustainable stream of revenues and expected IRR returns as we move forward. Please, note that as we deleverage (pay off our debt), our interest expenses would continue to decrease and then our income would increase simultaneously.

From a revenue perspective, these long-term charter contracts are based on a present rate that doesn't fluctuate up and down except maybe 1%-2% on the OPEX part on an annual basis based on US inflation.

**Unidentified Analyst:**

Okay, thanks a lot.

**Operator:**

We have a question from Maya Bou Kheir from Schroders. Please, go ahead.

**Maya Bou Kheir:**

Yes, hi, good afternoon gentlemen. Thank you for the call. I would like to get an update please on the new four vessels that are expected this year and next through the JV. Any updates on timeline and whether these vessels have secured term charters? This is my first question if you'd like to take this.

**Fotios Zeritis**

Hello Maya. Good afternoon! Look, as we had discussed recently, you know that we will receive two MEGI vessels in 2020 and the other two XDF LNG carriers in 2021. As you understand, we are currently looking for good commercial opportunities worldwide to deploy these new technology vessels. It goes without saying that we have a commercial strategy on these vessels. As you already know, we are a conservative LNG shipping company and we are carefully screening the global LNG shipping market to charter these vessels in term contracts with first class charterers. For commercial sensitivity, we cannot disclose in detail our discussions; however, we still have enough timing for the first vessel to be delivered in the next 5-6 months. The 2nd LNG carrier delivery is expected to take place at the end of 2020. Thus, there is flexibility in terms of timing for commercial negotiations with prospective charters for these vessels. Hopefully, I answered your question.

**Maya Bou Kheir:**

Yes. Great! Thank you! So you mentioned end of 2020?

**Fotios Zeritis**

The 1st vessel is expected after May'20 and the 2nd vessel is expected at the end of the last quarter of 2020.

**Maya Bou Kheir:**

Okay. Maybe, and then I move on to the next question. Looking at the performance of the JVs, there has been a significant improvement in that profit. If you factor in a return of profitability from the one-time off item at the Teekay JV, what's the driver for the QAR 316 million improvement in net profit among the JVs if I just sum them? Is it LPG, JV turning profitable or is it shipyards turning profitable? Actually no, the shipyard has recorded losses this year.

**Hani Abuaker:**

Yeah, I think that I answered earlier this question which was raised by Mr. Ahmed Soliman from CI Capital about the reasoning for that fair value gain that we recorded in the JV line. For the derecognition or recognition of that venture to be parts of our group's consolidated results.

**Maya Bou Kheir:**

That's gain–sorry, I'm just trying to find how you accounted for it. I'm looking at the notes of the financial statements. That's note number five where you put the performance of each of the JV. So where would that gain on revaluation be in the net profit of other shipping JVs?

**Hani Abuaker:**

Yeah. Well, first of all, the note five is about the investment in JV companies, how it performed. However, if you look at page 32 in the financial statements, you can see the step acquisition details of Nakilat Maritime Corporation. The note 5.b illustrates the whole transaction rather than line by line for the JV.

If you look at the footnotes at the bottom of the page 32, the note explains how we have recognized this gain in our financial statements. Furthermore, I explained earlier that we have taken some contingency in some of our assets in order to neutralize this accounting gain that we have achieved through this transaction.

**Maya Bou Kheir:**

Okay, great. That's very clear. I wanted to ask if the Teekay JVs don't have fully hedged debt so they are exposed to interest rates. So my question is with the jump in interest rates, should we go back to previous best stability levels?

**Hani Abuaker:**

Yes, let me tell you something. Basically, all our joint ventures go through the same kind of de-leveraging exercise. Please, for now, let’s keep aside that movement in the interest rate. Hence, as Nakilat pays off its debts, their interest cost becomes lower and we start to generate better financial results. Now taking into consideration that interest rates are going down in some of the joint ventures, which is the case with Maran, which is not hedged 100% similar to other of our joint ventures. Yes, definitely that's why it should also looks positive on them.

If we look at LPG business, the LPG business had very good results. The LPG results has gone from losses of last year to date to make profit almost 2x or 3x times what the losses was last year. So overall the performance has been good. On Teekay JV has also been good year, if we exclude the One-Time Item of the UK tax lease issue. So, overall the LNG JVs have performed very well. I should mention that Shipyard did not have the similar good year of 2018; however, in 2019, we had some contingencies regarding some of the assets they own. Actually, we accelerated the depreciation of some assets and wrote down other assets.

On NDSQ side, which is the ship building, we are in the process of widening down that operation because it is slowing down. On this business segment, we also took some contingency, whether it's going to materialize or not, that's something we don't know yet.

You should expect the JV performance to be more or less the same going forward assuming the interest rate stays the same. And if interest rates go further down, definitely there is going to be better results. I hope that I really captured every single JV segment that you're looking for.

**Maya Bou Kheir:**

Yes. Thank you. That's very helpful. I have one last question if you would allow me. I'd like to understand your dividend policy. I mean, with the growth and the bottom-line reaching record high, why haven't we seen some new growth in the pay up?

**Hani Abuaker:**

Yes. Well thank you very much for the good questions. We, as company’s management, we are looking into the dividend distribution on an annual basis based on our financial performance. At the same time, we also look about our yields that we provide back to our shareholders and this keeps things into perspective.

Over the last two years, our financial performance was driven by activities that was taken by the company itself. In addition, we funded a lot of this fleet growth with internal funds, some through our retained earnings, other through the joint ventures with Maran Gas and Excelerate Energy. Moreover, we should mention that we are planning to get involved into other new attractive investment opportunities in the near future. From management's perspective, we thought that it is sustainable and prudent to distribute the proposed dividend as we announced. It is our responsibility to conduct the dividend distribution exercise on annual basis in order to assess the level of dividend distribution to our shareholders.

We should emphasize that we have acquired a good number of profitable assets from internally generated funds in the last two years and these acquisitions led us to this great financial performance. Last but not least, I am confident that in the following years, we will have the opportunity to reward further our shareholders as we start to reap the benefits of these investments which we have done in the last two years.

**Maya Bou Kheir:**

Great! Thank you very much.

**Operator:**

Thank you. We will now move to our next question from Brian Mugabe of Change Global Investment. Please, go ahead.

**Brian Mugabe:**

Thank you. Good afternoon, gentlemen. Just one question from me. There have been some articles in the news over the past couple of days about Qatar delaying choosing partners for the LNG expansion of North Field project. Does that have any implications for you, for your short, medium term planning at all? How do you view these delays? And do you think they're fairly, they'll be fairly short term in nature? Or maybe if you could just give us your view on that?

**Hani Abuaker:**

First of all, we have made it very clear before that we are not here to comment about the other entities that works on Qatar whether it is Qatar Petroleum or Qatar Gas. This is for them, it's up to them to really comment about any sort of business decision that they take over time.

For us as a company, we have our own business plan in place. I think that we have shown enough of evidence in the last two years that Nakilat is able to generate its own growth which the majority of this growth was derived from international business opportunities.

As the world's largest LNG shipping company by capacity, we will try always to look for lucrative business deals which will provide a sustainable return for our shareholders. I should state that our strong balance sheet has provided us an unapparelled strength of having a competitive advantage compared to any other LNG peer shipping company. So over the next four years, for us it is business as usual and we will wait and see what our charterers, QatarGas or Qatar Petroleum decide about their future shipping needs.

We are always happy to serve them and honestly, we are very grateful for Qatar Petroleum, QatarGas for Nakilat's performance over the last 10 years. Without their initial business relation on fixed contracts that gave us the required strength and financial performance, the ability to grow internationally was not possible. After 15 years of operations and performance, we are a matured LNG shipping company and we have proved to anyone that are able to expand internationally through the acquisition of lucrative assets in the last five years in different ways.

In addition, we are in the process to take the full operational and technical management of 7 LNG carriers from STASCO (Shell), 4 Newbuild carriers to be delivered by 2020-21, and to operate our fist FSRU in 2020. On top of this, we have also other different business segment activities such as shipyard and a new fabrication company.

Of course, If there are new opportunities that might arise from existing LNG shipping capacity that we can take an equity stake and makes economic sense; we will do that. After all, I do not foresee any potential impact on the short or medium term on Nakilat, also the Northfield expansion, as per the announcement it is expected in the next 4 to 5 years.

**Brian Mugabe:**

Okay. Thank you

**Hani Abuaker:**

I hope that I answered your question.

**Operator:**

Thank you. There are currently no further questions in the queue. With this, would like to turn the call back to our speakers for an additional or closing remarks.

**Ahmed Hazem:**

Thank you. Mr. Fotios, and Mr. Hani. Thank you very much for today's call and the details that you shared with us today. Would you like to have any closing remarks for today's call?

**Hani Abuaker:**

Yeah, today is a remarkable day for us at Nakilat and I think achieving as you know a record profit since inception of the company is really work done from everybody within the team in Nakilat. However, I need to really thank you guys, all of you on this conference call because you are one of the stakeholders in Nakilat's family. Your interest and time spent quarter after the quarter to come and listen to us, myself, Fotios and everybody. It truly motivates us, and it gives a lot of determination for us to continue to excel and to continue provide company's insights and meet your expectations. So, I would like to thank everybody on this call because you are a part of the stakeholders and the success that we have achieved as a company.

**Fotios Zeritis**

Thank you everyone. Actually, the year of 2019 was a great and successful year for Nakilat in terms of profitability and performance. You had also a great contribution for this success because you consistently attend our conference calls and hopefully, we will continue to expand our investor initiatives in 2020 in order to spread Nakilat's equity story around the world. Thank you so much.

**Operator:**

This concludes today's call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.