Qatar Gas Transport Company - Nakilat (QE: QGTS)

3Q19 Earnings Results Conference Call Transcript

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Moderator: Simon Kitchen, MD – Head of Strategy at EFG Hermes
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Executives:

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

Questions by:

1) Bobby Sarkar - QNB Financial Services
2) Lee Beswick – QNB
3) Anastasios Dalgiannakis - Creek Capital
4) Talal Samhouri - Aventicum Capital Management
5) Nikhil Arora - Franklin Templeton
6) Santosh Gupta – Drewry
7) Mustafa Aamer - Commercial Bank

Operator:

Good day, and welcome to Nakilat's 3Q19 Results Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Simon Kitchen, MD – Head of Strategy at EFG Hermes.

Simon Kitchen:

Thank you. Good afternoon, ladies and gentlemen. This is the 3Q19 earnings call for Nakilat. With me on the call, today's speakers are Mr. Hani Abuaker, Chief Financial Officer; and Mr. Fotios Zeritis, Head of Investor Relations. Now, I'm going to turn over the call now to Fotios. Thank you.

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Fotios Zeritis:

Good Afternoon and welcome to Nakilat's Third Quarter 2019 Conference Call. The transcript of this call and presentation will be available on the investor relations section of our website, www.nakilat.com.

Any statement that refers to expectations, projections, guidance, or other characterizations of future events, including financial projections or future market conditions, is a forward-looking statement based on assumptions today. Actual results may differ materially from those expressed in these forward-looking statements.

In addition, some of our remarks contain non-IFRS financial measures such as EBITDA. A reconciliation of this is included in the note of this presentation.

Now, I would like to hand it over to the CFO of Nakilat, Mr. Hani Abuaker.

Hani Abuaker:

Thank you Fotios. Hello everyone, thank you for joining us today. We really appreciate your usual support and your participation in these conference calls. Together, we will continue to enhance Nakilat's Investor Relations initiatives to strengthen its communication and most importantly improve transparency with all members of the investment community.

I will begin by outlining the drivers of Nakilat's value proposition, the success of our strategy execution, and how we delivered against them in the quarter. I will then take you through our financial position and results before handing over to Fotios who will give you a flavor of the global LNG shipping market. At the end of this call, I will review Nakilat's business outlook for the remaining of the year.

Turning to slide 6, you can see Nakilat's recent transaction which we expect to have a positive impact our investment case and financial performance. As you have already seen from Nakilat's press release and international shipping news, we are happy to see Nakilat's strategic global LNG shipping capacity expansion at the beginning of the 4th quarter of 2019.

Nakilat signed an agreement to take the full ownership of four Q-Flex LNG carriers from our previous joint-venture partner International Seaways. The transaction demonstrated the "high level" of teamwork of both companies in last 15 years.

As you can see from the slide 7, this transaction brings Nakilat's total number of wholly owned vessels to 29 LNG carriers from 25 vessels, out of its overall fleet of 69 LNG carriers. With a LNG cargo carrying capacity of 217,000cbm per vessel, the four LNG carriers have been successfully operated and managed in-house by Nakilat since 2014. Operationally, these four existing LNG vessels are fully utilized in all these years. The four Q-Flex LNG carriers have been on 25-year time charter contract to Nakilat's long-standing customer Qatargas since their delivery in late 2007 and early 2008.

Consistent with Nakilat's management strategy, Nakilat's fleet continues to grow through different means (whether existing or new capacity), with high-quality of customers and charterers.

Furthermore, Nakilat's 4 newbuilds to be delivered between 2020 and 2021 will underpin further growth in our revenues, earnings and cash flow and increase our fleet efficiency and competitiveness. It is also noteworthy that Nakilat continues to work closely with our customer base of internationally renowned energy companies such as Shell, Cheniere Energy, Trafigura, Woodside and our largest charterer, Qatargas.

Our customers, being large energy producers, have a long-term demand for LNG shipping which enables us to adequately plan for their requirements while controlling any associated costs.

In addition, I am delighted to report another strong quarter in terms of financial and operations performance and our progress towards achieving our well-defined financial objectives. I would like to share with you the key reasons why we believe that the outlook for Nakilat's business is so positive and solid.

Please, turn to slide 9 and 10, as you can see, Nakilat has delivered a 10.5% increase in net income of QAR 728M for the first 9 months of 2019.

Our efforts on sustained cost control has played a meaningful part and I'm pleased to report that our operating expenses decreased by 5.2% and G&A decreased 3.9% in the first 9 months of 2019 compared to the same period of 2018. This continues to be aligned with Nakilat’s goal to maximize sustainable bottom-line growth and value creation for our shareholders.

In addition, we reported positive results with continual and meaningful improvements in year to date revenues with increase of +0.3%, EBITDA of +1.8%, and EPS of +10.5% due to the factors that have been previously highlighted. Also, Nakilat’s current ratio is at 1.25, and Return on Equity is at 10.6%.

As you can see from going through the financial performance slides, the 3rd quarter’s results of 2019 have been very promising and solid for Nakilat. Now, I would like to talk about Nakilat’s financial position as of September 30th, 2019.

On slide 11, you can see a healthy balance sheet with total assets equals at QAR 30Bn and the cash and bank balances at QAR 2.5Bn. As you expected, the repayment of Nakilat’s scheduled debt amortization continues to boost our position while freeing up our balance sheet capacity for future ventures and business opportunities.

Turning to slide 12, we can see that the Net Borrowings have reduced by almost QAR 4Bn in the last 6 years. Nakilat's debt are amortized at roughly twice the rate our ships' depreciation. Given the healthy long-term outlook for LNG shipping, we believe that we are well capitalized with more than QAR 9.1Bn of equity before hedging on our balance sheet.

These financial indicators and our business developments are very aligned with Nakilat's vision, which is to be a global leader and provider of choice for energy transportation.

With that, I will leave you back with Fotios to give you an update about the LNG shipping market. Fotios, please continue.

Fotios Zeritis:

Thank you, Hani. Now, I would like to give you an overview of the LNG shipping market.

The end of this decade and the start of the 2020s is very exciting period for global LNG development with huge increases in supply and trading, numbers of exporters and importers, and final investment decisions (FIDs) for a host of new projects.

Gas has an essential and vital role to the energy transition. Gas is abundant and affordable with huge carbon emission benefits over other fuels such as oil and coal.

There is profound transformation underway in global gas and source of incremental LNG supply. The global LNG market is changing, this change is evolutionary and multi-layered. There are new players, new business models, and new trade routes, but these exist alongside business practices and patterns that have persisted for decades.

The substantial LNG supply on market, leading to historically low LNG prices in Europe and Asia; at the same time, there is record-level investment and interest in new LNG supply. The competitive LNG price creates a long-term demand which helps to open new markets for clean, sustainable, affordable energy for the people. Thus, in the long run, the low gas prices will actually be supportive for shipping. However, the low LNG price impacts negatively short-term due to the charterers' unwillingness pay for transportation.

The global investment community needs to understand that "*No ship means no movement of LNG*". The availability and cost of LNG shipping can make or break the economics of an LNG deal, whether long, medium, or short-term. As the sector commoditized further, shipping, will become increasingly important, as will maintaining the safety record of the industry.

Turning to the slide 14, you can see a high-level summary of LNG Shipping market update. In the first nine months of 2019, the spot rates for LNG shipping have been challenged due to lower transportation demand which impacted trade rates, and global fleet utilization. Other reasons are also the very mild winter and the substantial supply of LNG hitting the market resulted in reduced spot prices for gas which have been the key drives for lower than expected shipping demand.

However, the shipping market has improved gradually with increasing ton-miles and less availability of ships recently. In less than a month, the cost of chartering an LNG carrier has jumped the most since at least 2013. Market sees currently another strong winter for LNG market for the next upcoming months.

Recently, LNG shipping rates have surged to $130,000 per day from around $80,000 per day at the end of September on the back of a tightening market which also benefitted by an increased floating storage levels in Asia, and further reducing the vessel supply in the market.

And with shipping rates now in overdrive, market expects conversations around 1+ year time-charters to start to pick up. It is worth of mentioning that the term contracts remained robust, clearly illustrating the strong fundamentals of the LNG shipping market. For this reason, LNG shipowners are turning their attention to the requirements for multi-month/year charters and are increasingly keen to lock away tonnage for one-year plus periods.

Turning to slide 15, you can see the global LNG fleet has 510 vessels in operation and another 109 vessels on the orderbook as per Clarksons. This implies only an increase of 21.3% of total LNG fleet, in terms of number of vessels as of September 2019. Only ~40% of the 105 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 10 years old.

In addition, positive market sentiment and the expected merger of two S. Korean largest yards (HHI and DSME) have lifted the newbuild LNG carrier price range of $190m. With further improvement in charter rates and with booming investment in the sector, LNG carrier newbuilding prices will almost certainly continue to edge up in the coming quarters.

In relation to LNG trade and demand, Wood Mackenzie forecasts the LNG trade to increase at an average annual rate (CAGR) of 3.9% until 2040. In the first 9 months of 2019, global LNG seaborne exports increased by 11.2% y-o-y. Specifically, Chinese LNG imports increased by 18.9% y-o-y to 43mts. However, Japanese demand fell by 7.5% and S. Korean demand fell by 8% so far this year due to increased nuclear power generation, mild winter weather and low coal prices.

However, the low LNG prices have stimulated demand in Europe due to growing environmental awareness and subsequently mass substitution of coal with LNG in the energy mix. Emerging Asian economies such as India, China, Pakistan, S. Korea along with EU will continue to absorb the upcoming LNG supply due to rising energy demand and increasing substitution of coal with LNG.

On the LNG projects that reached FID stage in 2019, we have seen a whopping ~61.5mtpa of new liquefaction capacity sanctioned for projects in the US and Mozambique. This is almost three times the volume given the go-ahead in 2018. Recent LNG liquefaction plant FID decisions will create another wave of vessels demand in the mid-2020s.

From 2H19 until 2020 shipping balance, you should expect to see a further improvement in the fundamentals of LNG shipping due to the incremental US LNG supply which translates to a need for more shipping tonnage.

As a final market note, the increasing appetite for LNG from emerging Asian economies combined with the new LNG supply from export projects in US, Africa, and Russia will create strong demand for LNG ships over the next years and absorb the uncontracted vessels.

Now, I would like to hand it back to Hani to give you an insight into Nakilat's business outlook. Please, go ahead.

Hani Abuaker:

Thanks again Fotios. Moving on to slide 18, I will take you through our business outlook for the rest of 2019 and also try to shed some light for the 2020. I should mention that Nakilat believes that its success has been and shall continue to be internally generated through a high caliber workforce that forms its most valuable asset.

Aligned with our long-term growth strategy, Nakilat will continue to expand its in-house operations to have greater autonomy and a closer management of our assets, as our aim is to become the center of excellence in LNG shipping market worldwide.

This will in turn support the company's efforts in strengthening in-house capabilities, technical know-how, development of a sustainable workforce as well as optimizing operational costs. The company is consolidating its capabilities by means of digitalizing its system and processes, enhancing human capital capacity, developing competencies, and acquiring technical know-how not only in preparation for the next phase of LNG vessels expansion but also in our new FSRU business segment.

The next round of vessel management transitions from STASCO to NSQL is scheduled to commence in 2020. This will require NSQL to complement its skill base with additional knowledge and competencies to strengthen the company's positioning in this fast-developing, niche segment of the LNG shipping industry.

This means that Nakilat is in a very favorable and strategic position to secure potential future business opportunities which will help our company to expand its own LNG shipping portfolio worldwide.

Furthermore, expansion exercises like the acquisition of 49.9% of 4 Q-Flexs effectively increase Nakilat's wholly owned fleet size to 29 vessels. By expanding Nakilat's existing LNG shipping capacity, we show that we have a long-term perspective on our assets and our assets have a very long technical and economic life that will benefit our shareholders in the long-term.

In addition, the fleet growth and the benefits of scale have positive economic impact through spreading the operating expenses over a larger number of operating days but without growing our vessel management headcount accordingly. It will increase the benefit of us in securing competitive rates for our operating cost base such as repair and maintenance, lubricants, etc.

In-line with our corporate strategy, our current priority is to continue to deliver a corporate balanced growth with our strong focus on international diversification, continuous cost rationalization, and sustainable long-term shareholder returns.

As a final note, with strong LNG shipping market fundamentals, Nakilat will continue to deliver sustainable shareholder returns and make full use of its strategic alliances with our renowned partners to grow and diversify our international LNG shipping portfolio.

Now, we are ready for the question and answer.

Fotios Zeritis:

Now, we open the floor for your questions. Please, go ahead.

Operator:

To ask a question on today's call, that is star one on your telephone keypad. We'll go first to Bobby Sarkar from QNB Financial Services.

Bobby Sarkar:

Hi guys. This is Bobby Sarkar from QNB Financial Services. I have a couple of questions. First one is, Hani, can you please go over the details of the JVs this quarter? I see a slight decline quarter-over-quarter. I know that last year on the third quarter, you had a one-off item with Teekay. But anything happened this quarter, so why the number went down versus the second quarter?

And then secondly in terms of the new acquisition, the four vessels from OSG, can you maybe go into more details as to what you would expect the financial impact of this deal would be? Thank you.

Hani Abuaker:

Okay. First of all, we want to discuss about the JVs results. If you want to compare quarter-to-quarter (2Q19 Vs 3Q19). As you already know, Nakilat also has other business lines other than the LNG shipping and other shipping segments. For example, our shipyard is also part of the JV reporting.

Shipyard is a cyclical business with a strategic importance for Nakilat. Thus, we are working to achieve the best results out of this business. However, like any other cyclical business, we're going to face some challenges compared to any of our other segments that we currently have such as our long-term stable shipping segments.

You can see what's happening right now with global tanker shipping markets over the last couple of months with very strong shipping rates that may dictate some changes in the dynamics for the shipyard business.

Basically, the ship owners might decide to delay some of their vessels' regular repair and maintenance due to the fact that they can take advantage of the current strong tanker market for their own benefit. For this reason, our shipyard has not performed as good as how it did in the 1st and 2nd quarter of 2019. This factor may explain the impact difference that you see from quarter-to-quarter in that segment.

Regarding your second question about the OSG takeover. That's an easy one. If we go through our financial results in 2018, you can see that we reported segment by segment. However, I can shed some light in the joint venture's main financial highlights. The JV reported a profit of $20.5m in 2018 compared to $29m in 2017.

So you can take the mid-point of this profitability numbers which is approximately $25 million. In this way, you may get the number that you can look for going forward for at least for this year. However, in your modeling economics, you have to factor in the day when we acquired these vessels (early October 2019). I hope that I have answered your question, Bobby.

Bobby Sarkar:

Great! Thank you, Hani.

Operator:

We'll go next to Lee Beswick from QNB.

Lee Beswick:

Hi! Could you tell me what are your plans for IMO 2020? Are you installing scrubbers in your ships or have you changed the fuel in advance of the fuel change?

Fotios Zeritis:

As you know, the IMO 2020 will start to be effective from January 2020. Since Nakilat is the world's largest LNG shipping company by capacity, we always look to be in compliance with the international maritime regulation (IMO).

Actually, Nakilat will not go for the scrubber's solution which is not our preferred solution. Internationally, as every shipowner who has chartered out with long-term agreements most of their fleet, the fuel bunkers are currently paid by the charterers as per standard contracts.

Nakilat continues to have an open and productive communication with all of its charterers in order to make sure that its existing fleet of vessels will be compliant the new IMO 2020 regulation and let the charterers to decide to what's the preferred solution for them.

Lee Beswick:

Okay.

Fotios Zeritis:

I hope I answered that.

Lee Beswick:

Have you done anything about the change, given the deadline is very close or are you still planning at the moment?

Hani Abuaker:

Nakilat's fleet is fully ready to receive the compliant fuel from the 1st of January 2020. We have ensured that our fleet is equipped to receive a compliant fuel and we will be advised by our charterers where we can have that compliant fuel and how it's going to be delivered. Nakilat is ready to receive compliant fuel as of IMO's deadline of January 2020.

Operator:

And once again, that's star one for questions. We'll go next to Anastasios Dalgiannakis from Creek Capital.

Anastasios Dalgiannakis:

Good afternoon, gentlemen. I have a question on the rates. We are reading in news about the VLCC market that the recent spike is due to sanctions on Chinese firms, large shippers from China like COSCO. I would like to ask you whether such a pattern applies also to the LNG fleet and whether portion of the 510 vessels under operation at the moment are under sanction. Thank you.

Fotios Zeritis:

Yes. Obviously, it has also influenced the LNG shipping market. As you can see, the charter rates have improved a lot over the last one month. One of the many factors that has influenced of this improvement of charter rates, it's also the US sanction on Chinese entities like COSCO. Note that COSCO Shipping is one of the biggest LNG shipping companies in China and they control approximately 30 LNG vessels. Actually, COSCO-linked LNG vessels forced charterers to find replacement vessels from the spot market, reducing the prompt availability of vessels. Obviously, this factor has helped to improve the spot market but it's not the only factor. It's a combination of different market factors.

I hope that I responded to your question.

Anastasios Dalgiannakis:

Yes, thank you very much.

Operator:

We'll go next to Talal Samhouri from Aventicum.

Talal Samhouri:

Hi everybody. Just a quick question. With the decline in interest rates, is that the reason for the decline in equity? And would that affect your payment to borrowings in the near future?

Hani Abuaker:

Do you mean the reduction in debt or in equity? Since I don't think our equity is decreasing significantly. But anyhow, the question is, could we have any impact on our ability to borrow money? The answer is "Not really".

You have to understand the type of business that we are in. It's a little bit unique and different than other businesses. Banks always focus on Nakilat's steady and predictable cash flow rather than the asset by itself. So, if Banks can see an asset that is attached to an existing long-term contract, they feel more comfortable, safe and secure which implying a lower credit risk profile for Nakilat.

Most of our vessels are in long-term time charter contracts which make banks to be very comfortable with our business model and to lend us now and in the future. In addition, Nakilat has already in place a solid existing 25 years' time charter contract that give us the required strength in our balance sheet to allow any financial institution to lend us comfortably for any expansion or acquisition of new assets.

Clearly, we have demonstrated Nakilat's financial strength over the years and we are committed to continue to do it. For this reason, we don't foresee any type of issue about expanding our current debt profile, if we continue to acquire profitable assets for that.

Talal Samhouri:

Allow me to clarify further. I referred to the debt repayment. Are you considering reducing the acceleration that happened in the past few quarters? Are you going to be increasing leverage given the reduction in cost? Definitely, there was reduction in – potential reduction in cost, given the reduction in interest rates. And with regard to the equity, can you please explain the hedge reserve for IRS, what was that?

Hani Abuaker:

Okay. First of all, I will answer your question about the amortization of our debt. We continue to amortize our debt for our existing assets as per debt payment schedule.

Basically, any asset that we acquire, we take a loan against that asset and also against the attached contract of the asset. For that asset, we will continue to amortize its debt over the life of the contract or over the useful life of the asset going forward.

As of now, we have managed to deleverage ourselves quite a bit. Now, if there is a future good business opportunity, we may increase the leverage in order to acquire profitable assets for a long-term value creation of our shareholders. This is the nature of our business; it is a highly leveraged business because everything is back to back against solid long-term contracts. Thus, we don't see any reason why we won't do that.

Regarding your question about hedge reserve, as you can see, the hedge reserve is our swap contracts which took place in 2007-08 when we acquired our 25 wholly owned vessels. Basically, we hedged our interest rate exposure. The hedging reserve represents an accounting entry from the revaluation to fair value the interest rate swaps. The accounting standards evaluates only the liability side with our interest expense, which is to the hedge. However, they do not evaluate the economic side of our interest – actual interest rate has decreased from approximately ~6% the LIBOR or whatever it was way back in 2005 (or ~5% in 2005) now towards the ~2%.

We are indifferent. It is just an accounting reporting standard, where we show the potential liabilities over the time. Note that the hedging reserve is expected to decrease over time as loans are repaid and the nominal amount of the swaps decreases. However, they don't reflect the potential saving that you actually are gaining right now because of the interest rate on the underlying interest rate itself.

We treat each vessel or each project by itself, with an amortized debt repayment. If there's a new opportunity with new vessels with a low risk back-to-back, stable cash flow with the right amortized debt and achieving the required Internal Rate of Return that It can add to our equity contribution, we feel comfortable to continue to do that.

Thanks. I hope that I answered your question.

Talal Samhouri:

Thank you.

Operator:

We'll go next to Nikhil Arora from Franklin Templeton.

Nikhil Arora:

Hi, gentlemen. Thank you so much for hosting the call. Couple of questions from my side. Number one is that could you please walk us through like a brief rationale of the acquisition of International Seaways? I mean, what led you to acquire those vessels fully? And the second question I have is, I think, last quarterly call you guys said that you're looking for two new vessels under the Maran JV in 2020 and 2021. Could you also please give us an update on how is that expansion going on? Thank you.

Hani Abuaker:

Regarding the OSG acquisition, we feel very happy and comfortable about this acquisition. We know these assets very well because we have operated them for many years. These assets have attached a strong long-term contract with the world's largest LNG producer. We believe that we have achieved the targeted Internal Rate of Return and we feel very comfortable of this acquisition.

So, I feel delightful that Nakilat's commercial & business development team has done a great job in securing such a solid investment opportunity for us.

Since 2014, we successfully operated and control all these assets. Hence, it makes perfectly sense to us to go ahead and buy the full ownership into these assets. Furthermore, we have perfectly work with the vessels' charterer in the last 10 years and the charterer is the world's largest LNG producer. On top of that, the remaining duration of contracts of these assets are almost close to 12 to 13 years. Thus, all the numbers and economics adds up.

So, we're happy and we would love to do more business like this acquisition. If it was up to us and up to me as a CFO, I would love to see more of these rather than anything else.

In regard to the global shipping, as you know, they are now being built in South Korea. The first two LNG carriers will be delivered in 2020 and the remaining two vessels will be delivered in 2021. As Fotios has shed the light previously, the LNG shipping market fundamentals are at healthy levels and we hope to be able to reap the benefits of the deploying them in the two upcoming years.

Nikhil Arora:

Thank you.

Hani Abuaker:

Okay. Great. Thanks.

Operator:

We'll go next to Santosh Gupta from Drewry.

Santosh Gupta:

Hi. I have a small question. I want to understand the nature of lease liability, which is there on the balance sheet. So, though quite small, this lease liability of about QAR100m under non-current liability. If you can please explain that nature of this liability?

Hani Abuaker:

Yeah, as per the new IFRS 16, any kind of lease contract with a third-party such as the lease of Nakilat's Headquarters building must be quoted it in the balance sheet as a liability. This is the only reason why you can see it right now in our balance sheet.

Santosh Gupta:

Okay, thank you.

Operator:

We'll go next to Mustafa Aamer from the Commercial Bank.

Mustafa Aamer:

Hi. Thank you for hosting the call today. Just another question on the interest charges. Since we're in a decreasing rate environment, for the interest charges, do you expect to be lower heading into last quarter of this year and for the first half next year? Thank you.

Hani Abuaker:

Again, as part of our economics and financial modelling, when we get into a new business deal, the asset's interest expense will continue to be lower year after year due to the scheduled debt amortization going forward, whether the interest rate stays the same or they go down. That's the nature of our business. As we pay off our debt over the years, our interest rate expense will be lower year after year.

Regarding our unhedged percentage of debt which is at a range of 20%-25% including our joint ventures, it will definitely add up into our saving going forward as long as the interests stay low or lower. I should mention that what really has helped us over the years is the business economics and how our scheduled debt amortization has happened over the years.

For instance, the interest rates had almost increased by close to 100% in 2018 compared to 2017. Nakilat's interest expense impact was almost zero or even little bit lower. So, yes, I believe that as we pay off the debt, our interest expense will continue to decrease. If the low interest rate environment persists going forward, we should be able to translate into potential savings.

Even if some of our joint ventures do any sort of debt refinancing before the contracts finish, that it will potentially save money because they have been already locked on a higher swap rate in 2005-7.

I hope that I answer your question.

Mustafa Aamer:

Yes. Thank you so much.

Operator:

And at this time, there are no further questions.

Simon Kitchen:

Thank you, Operator. Thank you, Hani and Fotios, for taking us through the earnings presentation and answering all our investor questions. I think that's it. As a reminder, there is a replay available. You should have details for that on your invitation for today's call. Thank you everyone for dialing in.

Hani Abuaker:

Yeah. I would like just to thank everyone for participating again today.

I hope that we have answered all your questions. We will make sure that the Nakilat management, including our CEO, is aware of any comments or concerns that you guys have. That being said, we always encourage you please to participate not only through the conference calls but actually to keep in contact us if you need further clarification in order for us to make sure that we provide the required transparency and governance in relation to our investor relations going forward. Fotios?

Fotios Zeritis:

Thank you so much for participating guys. All members of the investment community have played a huge part in helping Nakilat to reach its goal of being the global leader and provider of choice. Again, we're looking forward to speaking with you through calls in the next upcoming weeks or through the next results conference call in 4Q19. Thank you very much.

Operator:

This does conclude today's conference. We thank you for your participation.