

Company:	<b>Qatar Aluminium Manufacturing Company (QAMCO)</b>
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Speakers from QAMCO:	<b>Mr. Abdulla Yaqoob Al-Hay, Acting Manager, Privatized Companies Affairs, QatarEnergy</b> <b>Mr. Saffan Mohammed, Sr. Financial Management Analyst</b> <b>Mr. Rashid Al-Mohannadi, Head, Investor Relations &amp; Communications</b> <b>Mr. Riaz Khan, Investor Relations Officer</b>
Moderator:	<b>Roy Thomas, Sr. Research Analyst – QNB Financial Services</b>
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<b>Operator:</b>	<p>Hello, and welcome to Qatar Aluminium Manufacturing Company Conference Call. I would like to advise all participants that this call is being recorded. Thank you.</p> <p>I'd now like to welcome Roy Thomas to begin the conference. Roy, over to you.</p>
<b>Roy Thomas [QNB FS]:</b>	<p>Thanks, Gavin. Hello, everyone. This is Roy Thomas from QNB Financial Services. I want to welcome everyone to Qatar Aluminium Manufacturing Company's Year-End 2022 Financial Results Conference Call.</p> <p>On this call, we have Abdulla Yaqoob Al-Hay, the acting manager for Privatized Companies Affairs QatarEnergy, Rashid Hamad Al-Mohannadi, the head of Investor Relations and Communications, Privatized Companies Affairs QatarEnergy, and Saffan Mohamed, the senior financial management analyst, Privatized Companies Affairs QatarEnergy.</p> <p>We will conduct this conference call with management first reviewing the company's results followed by Q&amp;A.</p> <p>I will turn the call now over to Rashid Hamad Al-Mohannadi. Go ahead, Rashid.</p>
<b>Rashid Al-Mohannadi [QAMCO]:</b>	<p>Thank you, Roy. Good afternoon and thank you all for joining us. Before we go into QAMCO business and performance updates, I would like to mention that this call is purely for the investors of QAMCO. And normally, their representatives should be attending this call. Moreover, please note that this call is subject to QAMCO disclaimer statements as detailed on slide number 2 of the IR deck.</p> <p>Moving on to the call. On 2<sup>nd</sup> of February, QAMCO published its results for the financial year ended 31st of December 2022. And today, in this call, we'll go through these results and provide you an update on key financial and operational highlights.</p> <p>Today, in this call, along with me, I have Abdulla Yaqoob Al-Hay, acting manager for Privatized Companies Affairs, Mr. Saffan Mohamed, senior financial management analyst, and Riaz Khan as an IRO with us.</p>

	<p>We have structured our call as follows. At first, I will provide you with a quick insight into QAMCO ownership structure, its competitive strength and overall governance structure by covering slide 5 until 14 and slide 34 and 35 of the IR deck. Secondly, Saffan will brief you on QAMCO key operational and financial performance metrics. Later, I will provide you with more details on JV operation and CapEx update. And finally, we'll open the floor for the Q&amp;A session.</p> <p>To start with, as detailed on slide number 5 of the IR deck, the ownership structure of QAMCO comprise of QatarEnergy with 51% stake, and the rest is in the free float held by various domestic and international corporates and individuals.</p> <p>QatarEnergy, being the founding shareholder and the parent of QAMCO, provide all the head office function through a service level agreement, while the operation of the JV is independently managed by its own Board of Directors, along with senior management team.</p> <p>QAMCO holds 50% in Qatar Aluminium Limited, Qatalum, which produced a high-quality aluminium of about 650,000 tons per year against a nameplate capacity of 575,000 tons per year for customers across Asia, Europe, and North America. The facilities include a carbon plant, port, and storage facilities as well as a gas fired power plant.</p> <p>In terms of the competitive strength, as detailed on slide number 12, QAMCO joint venture is considered to be among the low-cost aluminium smelters with a state-of-art production facility, assured feedstock supply via long-term agreement with intense focus on HSE, which makes the JV a leader among its peers.</p> <p>As detailed on slide number 14, from competitive positioning perspective, QAMCO ranks among top-tier companies within the industry at a global scale across most of the profitability matrices. This is a testimony to the JV leaner cost base and continued optimization drive, which keeps QAMCO JV on lower side of the cost curve among global peers, resulting in strong margin evolution.</p> <p>Moreover, the JV global marketing partnership with the other JV partner provides an access to strategic important market, which makes the company more competitive in comparison to its peers. In addition, the JV is capable of quickly shifting the product mix from value-added products to standard ingot and vice versa, which provide an additional layer of flexibility to the JV in term of production processes as well as supply chain management, while ensuring optimum production and sales volume in line with the evolving market dynamics. I will cover further details of the JV and operation activities and sales and marketing arrangement later in this call.</p> <p>In terms of the governance structure of QAMCO, you may refer to slide number 34 and 35 of the IR deck, which covers various aspects of QAMCO code of corporate governance in detail.</p> <p>I will now hand over to Saffan.</p>
<p><b>Saffan Mohamed [QAMCO]:</b></p>	<p>Thank you, Rashid. Good afternoon and thank you all for joining us.</p> <p>Starting with macroeconomic updates. As detailed on slide 16, the macroeconomic environment for the aluminium markets remains volatile throughout 2022. Several factors impacted the commodity markets at the macroeconomic level, which cascaded</p>

down to the supply and demand dynamics of aluminium and led to volatility in prices and supplies.

Specifically, in the start of 2022, demand for primary aluminium demonstrated strength across key aluminium intensive sectors like automobile, specifically electric vehicles; construction; renewable energy; and packaging. However, recent demand for aluminium was impacted by China's strict COVID-related lockdowns, coupled with slowdown in Chinese construction businesses.

In parallel, higher-than-expected inflation led to monetary tightening by most of the central banks, impacting industrial demand for most of the commodities. On the other hand, exorbitant energy prices in Europe have put most of the European smelters in a challenging situation to maintain capacity.

Also, trade disagreement with Russia, amid geopolitical tensions by the investor is creating uncertainty in the commodity markets with a growing risk of inventory builds. On overall basis, aluminium prices demonstrated essentially bullish trends during early part of 2022 and with constructive demand and supply shortages. However, since the midyear, LME price has softened on account of uncertainties over recessionary fears and limited demand.

In terms of bottom line profitability, for the year ended December 31, 2022, QAMCO recorded a net profit of QR 919 million as compared to a net profit of at QR 835 million for 2021, being the highest net earnings since QAMCO's incorporation. This is predominantly driven by growth in global aluminium prices and supply shortages, as discussed earlier.

As detailed on slide number 19 at QAMCO JVs level, the average selling prices inclined by 24% versus the last year and positively contributed QR 748 million to the current year's net earnings compared to the last year.

Sales volume increased by 3% and contributed only QR 119 million positively to net profits for the current year versus last year. Additionally, on slide 21, JV's cost of goods sold for the current year were higher compared to last year mainly on account of higher raw material costs and unfavorable inventory movement. On an overall basis, increased cost of goods sold contributed QR 697 million negatively to QAMCO's net earnings for the current year versus previous year.

Coming to JV's operational performance, as detailed on slide 19, production volumes slightly improved by 1% on a year-on-year basis.

Moving to the balance sheet. In terms of JV's debt position, QAMCO's share of debt stood at QR 2.3 billion, which remained unchanged compared to last year. QAMCO's financial position continue to remain robust, with the liquidity position at the end of December 31, 2022, reaching QR 2.1 billion in the form of cash and bond balances, which is also include proportionate share of cash and bond balance at the joint venture level.

During the current year, QAMCO's share in joint venture's operating cash flows amounted to QR 1.3 billion, with a share of free cash flow amounting to QR 1.1 billion.

As detailed on slide 23, the average realized LME prices improved by 19% on a year-on-year basis due to persistent macro trend, despite volatility noted. LME prices also improved during 2022 in comparison to last year mainly due to better global demand

	<p>for value-added products. However, on a quarter-on-quarter basis, LME prices as well as premiums declined mainly on account of global volatilities, amid geopolitical tensions, along with significantly higher energy prices and hawkish interest rates, with a depressed outlook for major economies, leading to recessionary fears negatively affecting global aluminium markets.</p> <p>As detailed on slide 24, QAMCO JV's EBITDA margins continue to remain robust and resilient.</p> <p>I will now hand over to Rashid to cover this IR presentation.</p>
<p><b>Rashid Al-Mohannadi [QAMCO]:</b></p>	<p>Thank you, Saffan.</p> <p>Moving on to the remaining slides. As mentioned earlier, QAMCO has 50% stake in Qatalum. The other partner of the JV is Hydro, which also acts as a main supplier of alumina to the JV. Moreover, under the marketing and uptake agreement, Hydro acts as a marketing agent for aluminium products outside Qatar. This provides the JV an access to important and strategic markets, while competing with international players, whereas detailed on slide number 25. Asia represents largest market for QAMCO JV, while maintaining presence in Europe and North America continue to be substantial.</p> <p>As detailed on slide 26, in terms of the product mix, extrusion ingots, along with foundry alloys, remains as a key product for QAMCO JV. In terms of our JV facilities, as detailed on slide number 9, it is located in Mesaieed, Qatar with design nameplate capacity of 575,000 tons. But now the JV produce more than 650,000 tons per annum of high-quality aluminium products.</p> <p>Moreover, Qatalum has a captive power plant with a capacity of approximately 1,350 megawatts. This benefits the JV from the prospective of access to one of the most competitively priced sources of energy.</p> <p>Lastly, as detailed on slide 13, the approved Capex plan for 2023 until 2027 mainly pertains to routine operations, such as pot relining and other maintenance activities pertaining to power plant and anode facilities.</p> <p>Here is an important point to note that the forecast for 2023 until 2027, as disclosed in this slide, cannot be relied on with absolute certainty, with the actual realization of these cash flows might significantly defer as compared to these projections, subject to evolving macroeconomic dynamics.</p> <p>Now, we can open the floor for the Q&amp;A.</p>
<p><b>Operator:</b></p>	<p>If you wish to ask a question, please press star followed by one on you telephone, and wait for your name to be announced. That is star one to ask a question.</p> <p>And your first question comes from the line of Nikhil Phutane of CBFS. Your line is open.</p>
<p><b>Nikhil Phutane [CBFS]:</b></p>	<p>Yes. Hi. Good afternoon, everyone. Thanks for the presentation and for the wonderful numbers for 2022. I've got a few questions pertaining to largely in terms of your volumes. Now in your presentation, you have stated that a good part of your volumes has gone to standard ingot sales. But this is not indicative of how the volumes have increased. I mean, there is a significant increase we have seen in the fourth quarter. Can you throw light on that?</p>

	<p>Second, in terms of your... given that there has a slight increase towards your standard alloys and that is affected to your... I just wanted to know how much your costs have been affected because your margins also have shrunk in the fourth quarter quite considerably.</p> <p>And suppose that's the case, because of your standard alloys, there was no other way out in terms of product using structuring towers, your higher margin products, so that your volumes do not go down, does not go up significantly, but the margins are protected.</p> <p>Also at the same time, I'd like to know in terms of your indication on your aluminium to alumina price differential, I mean, we see that there could be some reduction, which has taken place, which has also affected the margin. Can you throw some light in terms of what could be the share for the margins for this particular reason?</p> <p>And lastly, in terms of the product profile, natural gas, actually is now at the lowest for last few weeks. So, do you see that supply will again start coming from European based smelters? And any update on the chip shortages, which is affecting the auto industry? Thanks.</p>
<p><b>Abdulla Al-Hay [QAMCO]:</b></p>	<p>This is a lot for questions. Okay. So, regarding the standard ingot sales and why you see that the volume increased, the sales volume increase, basically, it's related to the Incoterms that we have for the standard ingot. So, at the moment that we sell the standard ingots, we have the recognition of that sales immediately reflected in our books. It's not like the value-added products, where we have adjustments Incoterms. Okay? So, second question was not clear related to the margin Q3 versus Q4.</p>
<p><b>Nikhil Phutane [CBFS]:</b></p>	<p>Yes. I wanted to know, I mean, there is this update in your gross margins. For example, what you have reported EBITDA margin. So, what has been the reason there?</p>
<p><b>Abdulla Al-Hay [QAMCO]:</b></p>	<p>Yes. There is volatility in the raw materials prices, and there is a gap between the purchasing that raw material and the producing and selling that final product. So here, where you can see that such expensive, I would say, inventory related to the raw material kick where we sell our products during a different period. So, you can see those differences on the margin.</p> <p>Saffan wants to highlight something.</p>
<p><b>Saffan Mohamed [QAMCO]:</b></p>	<p>Yes. And also, the standard ingots are usually, compared with value-added products, have been sold slightly at low prices. So, combination of expensive inventory moving together with the standard ingots usually resulting in lower margin. That's more kind of a cycle.</p>
<p><b>Nikhil Phutane [CBFS]:</b></p>	<p>Okay. I mean, just wanted to know in terms of your overall volumes. Actually, even suppose we exist for your third quarter, the slight reductions you saw on your normal average run rate, still, it does not explain the huge increase which we saw in fourth quarter in terms of volume. So, what has been the driver for this huge increase in volumes?</p>
<p><b>Saffan Mohamed [QAMCO]:</b></p>	<p>Basically, you have 660,000 metric tons of producing plant, right? So usually, you produce 660,000 metric tons plant operator. If you look at since 2020 when we start Qatalum Company, when you look throughout, you produce that volume and you sell that volume.</p>

	<p>And also, going forward, you expect the economy to remain... 2023, you expect the system to continue. So, you need to... what you produce, you cannot invent, so you need to sell. So sometimes, you need to make kind of an economic decision that the standard ingot or value-added products. So, you need to make that decision. So sometimes, as long as you make a margin, sometimes, you sell standard ingots. As what's mentioned during our presentation, we mentioned second half of 2022, the economy remained fairly depressed. So, the demand for aluminium industry was tough. The demand for value-added products was also remaining challenging. So, one decision that was made there what we call sense decision to sell standard ingots. That was one decision, that was a global decision as well.</p>
<b>Riaz Khan [QAMCO]:</b>	<p>And also, if you look at the graph in our IR presentation, you can see that there is a dip in the alumina prices. It is not similar to the dip in LME. So, its kind of a mismatch that has compressed our margins, plus as what Abdulla and Saffan mentioned.</p>
<b>Saffan Mohamed [QAMCO]:</b>	<p>Abdulla was mentioning the cost of goods sold did not fall at the same rate where your product prices fell.</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>So do we expect any... yes, go ahead.</p>
<b>Nikhil Phutane [CBFS]:</b>	<p>No. I just wanted to get in again. How much you think so was this contributing to your margins fall? I mean, this particular alumina, aluminium spread, which has, I mean, what will be the contribution in terms of percentage, can give you us an idea of...</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>You can refer to slide number 22. You will see the cost of goods sold increased from Q3 to Q4. It's QR 112 million. So that increase in the cost of goods sold between quarter 3 and quarter 4 gives you an idea.</p> <p>Yes, in quarter 3, we produced more products, sold more products, but this will give you a rough idea that the raw materials in Q4 was higher compared to Q3. And that raw material will compromise of all kinds of aluminium, mostly aluminum, across reach. So, this is the increase.</p>
<b>Nikhil Phutane [CBFS]:</b>	<p>Including your feedstock was stable, that's what you're saying?</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>Which feedstock?</p>
<b>Nikhil Phutane [CBFS]:</b>	<p>I'm talking about your feedstock for the aluminium in your power and all. I mean, that...</p>
<b>Saffan Mohamed [QAMCO]:</b>	<p>It's a problem, basically.</p>
<b>Nikhil Phutane [CBFS]:</b>	<p>Okay, okay. Yes. And lastly, I just wanted to get an idea in terms of your aluminium prices thankfully has started to react upward. And I mean, it is a good thing, what we are seeing around \$400 on the year-to-date in a way.</p> <p>But how we foresee it given the fact that European smelters are likely to come, I mean, given the fact that gas prices are now at the lowest. Do you see that forcing that going forward and indirectly supplies will come?</p> <p>At the same time, in terms of auto industry, do you see any chip shortage continuing to go ahead? I mean, is that aluminium should not be a problem, but other factors are affecting it, which indirectly could put pressure on aluminium prices.</p>

<p><b>Riaz Khan [QAMCO]:</b></p>	<p>Hi, Nikhil. This is Riaz here. Yes, so in terms of the outlook, as always, we caveat ourselves before giving any feedback to this discussion or putting some light on the future outlook. This is not the official, like the comments from the QAMCO's book was the cyclical of the industry, which we operate in.</p> <p>But from the view what we are seeing from the analysts and from the view what we are seeing from the market is, predominantly, there are 2-3 factors there. Which are factoring into positive trajectory, slightly positive trajectories of aluminium. It's predominantly the opening up of China. Over and above, the construction sector in China is also getting some sort of support through stimuli from their local government. So that's another factor.</p> <p>Over and above, if you remember, two, three calls back, we were talking about the decarbonization drive of China where they are trying to cap their aluminium capacities almost to 42 million metric tons per annum basis. So that also, they are trying to aggressively implement those regulations around it, and that is also creating some sort of supply limitation and that is also helping the cause.</p> <p>But the price increase, which we are seeing in Q1, it's not that significant. And you have always...you need to always remember that when you talk about QAMCO, there is a two-month lag. So, something which you have seen two months before will be implementing or will be realizing in the QAMCO's books in that period or given period. That factor, also, I would suggest you keep an eye on for your modeling purposes.</p>
<p><b>Saffan Mohamed [QAMCO]:</b></p>	<p>But on the other hand, we also wanted to monitor tight cost, so can have a slight impact to that.</p>
<p><b>Nikhil Phutane [CBFS]:</b></p>	<p>Okay. Thank you, Saffan.</p>
<p><b>Operator:</b></p>	<p>Your next question comes from the line of Mustafa Aamer from Al Rayan Investment. Your line is open.</p>
<p><b>Mustafa Aamer [Al Rayan Investment]:</b></p>	<p>Asalaam alaykum, gentlemen. Thank you for the call. I just wanted to get your opinion on the other factors that you've highlighted on slide 21 regarding higher marketing fee, shipping insurance costs and higher finance costs. How do you see that going forward given that, I think, the higher impact of the rates, the full year impact will be felt this year? Do you expect these to be even higher this year? And the other costs as well as the shipping and insurance costs, do you see them elevated throughout 2023? Thank you.</p>
<p><b>Abdulla Al-Hay [QAMCO]:</b></p>	<p>Yes. So, in terms of like...if I break your question into two bits, the marketing fees, marketing fees, as everybody knows, it's linked to the final invoice value. So that's why you see an increase in there because on an overall year-on-year basis, the LME prices were high, and our realized prices were high.</p> <p>As far as the shipping cost is concerned, I think we have gone past the supply chain issues, which were happening in the start of the year and when the shipping cost was severely very high. So, I don't think we might be seeing again those kinds of situations.</p> <p>Yes. And from the financing costs, again, depending on the LIBOR moves, how the Fed moves so...and how the LIBOR moves, that will quite pretty much link to that.</p>

<b>Mustafa Aamer [Al Rayan Investment]:</b>	Thank you.
<b>Operator:</b>	Your next question comes from the line of Leszek Baranski of Millennium. Your line is open.
<b>Leszek Baranski [Millennium]:</b>	Thank you very much for your time today. And I've got two or three questions regarding recognition of revenues and costs. Actually, you mentioned a little bit already. So, should I understand that your revenues are recognized with like two months lag? It means that an LME high sale should be recognized with two months lag, and this premium should be recognized with two months lag, or a premium is without lag. So, that would be question number one.
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>Yes. As you are aware, we have an offtake agreement related to our final products, and we have a different Incoterms depends on the products that we have. So, there is a lag, correct. However, these lags are deferred from the value-added product and the standard ingot. I would say the standard ingot has less time, and we recognize the sales immediately for the standard ingot.</p> <p>So that lag is not...I would say, is not as similar to the value-added product where it takes the two months lag. And it depends on the sales that we have and did not...from customer to customer, we have a different arrangement, we have different agreements.</p>
<b>Leszek Baranski [Millennium]:</b>	Okay. Understood. And...but usually, the final ties, you sell your product consist of two, let's say, parts. Part number one is just quotation...general quotation on financial market, and part two is the premium. So, should I assume that premium is delayed by two months as well? So, for example, if premiums will go up to QR 700 in January, so this should be visible in March.
<b>Abdulla Al-Hay [QAMCO]:</b>	Yes. The premium is based on the final product price. And the premium, I would say, it is in line with specific sales that we have conducted. It's not separated. This is how we see it. And the premium gap, it's not like...it is in line with the, I would say, LME final product price.
<b>Leszek Baranski [Millennium]:</b>	<p>Okay. Understood. And then the last question would refer to inventory. And you mentioned already that when prices are going down, like quarter-on-quarter, you are still selling like some of the products from higher inventory.</p> <p>So, I guess, it works the other way around, when prices are going up, like what is happening right now. So then, at some point, we should expect...either in Q1 or Q2 or Q3 we should expect, I guess, reversal of this situation. So, you should be selling at higher prices from lower inventories...cheaper, not lower.</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	I hope so, I hope so. I would like to see that. And I believe we buy the inventory whenever we see that prices are attractive. So hopefully, we're going to see something like this. I cannot give you a solid comment until we see the final numbers.
<b>Leszek Baranski [Millennium]:</b>	Of course. Okay, understood. Thank you very much.
<b>Operator:</b>	Your next question comes from the line of Nour Eldin Sherif from Arqaam Capital. Your line is open.

<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Hello and thank you for the call. I've just joined the call, so apologies if any of the questions that I will mention were previously answered. Just a couple of questions from me. First one on the cash cost, can you give us some color on which specific elements or raw materials that were elevated in Q4? And are you seeing some normalization into the beginning of the year and February?
<b>Saffan Mohamed [QAMCO]:</b>	<p>So basically, Q4 cost, as we mentioned, is related to the alumina or the raw materials primarily linked to higher sales volume and carrying forward on some expensive inventory coming into Q4. So that is the primary cost element that came in, so it will move in line with the sales volumes.</p> <p>And the movement in your raw material cost. There's a lag in your purchasing cost, so it will move. The normalization will take place in line with your production movement and the sales movement.</p>
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Yes. And do you see any of the specific raw materials, especially alumina, aluminium fluoride, petcoke (petroleum coke)? Any of these prices going down for Qatar Aluminium?
<b>Abdulla Al-Hay [QAMCO]:</b>	Slightly down 3%.
<b>Saffan Mohamed [QAMCO]:</b>	<p>Alumina going down slightly, but we cannot specifically see...as we see there is a lag between...it's moving into our P&amp;L and to our inventory. Coke is slightly up, PC slightly up. Alumina is slightly down.</p> <p>So, the combined impact, we cannot see there an increase or decrease. But since alumina is the biggest component, overall, we expect to decrease. But exactly how much that decrease, that it be in Q1 or Q2. We cannot exactly estimate at this moment.</p>
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Okay. Clear. And the second one on dividends, I see that the company's ability is much higher than what was announced in terms of dividends. When you look at the cash and bank deposits on the joint venture...sorry, on the Qatar Aluminium level, it's QR 1.25 billion. So, can you give us a sense how we look at it? And why is the joint venture itself is not deleveraging? So, I see that the debt levels are the same.
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>Yes. I believe, if you look at our distribution compared to last year, last year, we paid QR 0.08. This year, we proposed QR 0.09, which is, I believe, give you around what is the payout ratio that we have. And we have 55% payout ratios, and we had...the yield comparing to the December prices arrived to about 5.5% to 5.9%.</p> <p>So, we believe this is a generous dividend proposal and consideration to the debt level that we have. If you look, we have a huge debt level. Our share of that is around QR 2.2 billion. We need to think about how we make our reserve to reduce our debt.</p> <p>We need also...this is very important, because we wanted to have the awareness to the shareholder that we are looking to reduce such debt level. So, it is very important to propose a dividend that can sustain the company for the future growth of it.</p>
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Yes. Clear. Okay
<b>Saffan Mohamed [QAMCO]:</b>	One more point. Sustainability of basically the industry in which we operate, as we discussed during last one hour, alumina prices volatility in LME prices, there are

	<p>volatility in the operating cost. So, the EBITDA margins need to be maintained to generate stable free cash flow.</p> <p>And you have a joint venture, we applied the amount of debt, so you need to have stable operating cash flows to pay higher dividend, and you need to maintain that dividend. So, you cannot pay a dividend in one year high and another year low, and the dividend need to grow. So, these are all factors we have to consider.</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	One more thing, we are not expecting the 2022 year to be repeated in the 2023.
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Yes. Okay. Just my last question on the dividends received from the joint venture. So, we've seen close to QR 200 million drop in 2022 versus 2021. So, can you explain the reasons behind it?
<b>Rashid Al-Mohannadi [QAMCO]:</b>	No. The cash balance has been retained at the same level.
<b>Abdulla Al-Hay [QAMCO]:</b>	Yes, at the same level.
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Yes. I mean, the cash flows from the joint venture in the cash flow statement.
<b>Saffan Mohamed [QAMCO]:</b>	So basically, they have...it is basically retained at the JV level. So, it's either at the JV or at the parent. So, it's basically the policy.
<b>Abdulla Al-Hay [QAMCO]:</b>	So, the cash is there, either at the JV level or at the QAMCO level. And depend on the requirement...the operational requirement and other reserves that we might need for payments related to the debt.
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Clear. Okay. And do you have a new timeline for debt repayments? Or is it still the same?
<b>Abdulla Al-Hay [QAMCO]:</b>	We are working on, I would say, repayment plan. And thus, once it's become finalized, we are planning to have it ready to all investors and shareholders, so they can be very well aware about our plan.
<b>Nour Eldin Sherif [Arqaam Capital]:</b>	Clear. Okay. Thank you very much.
<b>Abdulla Al-Hay [QAMCO]:</b>	Thank you.
<b>Operator:</b>	Your next question comes from the line of Sujit Prakash as an individual investor. Your line is now open.
<b>Sujit Prakash [Individual Investor]:</b>	Hi. Good afternoon. My question focuses primarily on revenues. Even though the revenue increased by 28% on a year-on-year basis, it's largely driven by the increase in the LME prices. So, like since the firm is highly dependent on the global LME prices for revenue realization, are any steps being done to remove this price uncertainty, such as any long-term contract or any forward contract or something on those lines? And on a related note, how do you foresee the global LME prices for this year? Thank you.
<b>Riaz Khan [QAMCO]:</b>	Yes. Thank you for the question. I think it's...we are not so big to determine the market forces or to decide on the prices. It's purely a market play. It's purely a macroeconomic play.

	<p>So, the prices which we realize comes from the market, gets determined from the market forces. So that's something...it's beyond of our control, and that's how the industry works.</p> <p>We have offtake agreement with Hydro, who is helping us to sell our products internationally, but that is purely based on the volume agreement. As far as the pricing is concerned, pricing comes from the market, gets determined by the market forces, and that is something which is even out of the control of Hydro also. I hope I answered your question.</p>
<b>Sujit Prakash [Individual Investor]:</b>	Yes, sure. Thank you. And also, it would be great if you could share some views on how you expect the prices, like your expectation on the prices for this year?
<b>Riaz Khan [QAMCO]:</b>	<p>See, in terms of prices, as I told in one of the questions before, it's...we, as a company, we don't comment on the prices exactly, how many dollars or how many dollars per metric ton the price would be because the cyclicalilty or the nature where we operate in the industry.</p> <p>But in terms of like what the industry thinks or what the analysts think, what I can...this is what I can tell you. And this is something, it will be predominantly stable bullish, I would say, or it should be slightly on upward side, but there are a lot of market forces around it. There is Chinese demand and supply dynamics as well as the European demand supply dynamics, and then the rest of the world.</p> <p>So those factors need to be assessed, and those factors needs to be evaluated. If you are making a model, you must consider the opening up of economy for China...Chinese construction sector, then the European energy prices, the capacity levels in Europe. So, these are some of the factors or key highlighting factors, which you need to consider when you determine the prices on a short-term basis.</p> <p>On a long-term basis, the Chinese decarbonization drive, Europe's decarbonization drive for the aluminium industry, these are the key themes as well as the EVs, as well as automobiles and packaging industry, where the aluminium is getting consumed on a very fast pace. So, this is how I can guide you about the prices and the models.</p>
<b>Sujit Prakash [Individual Investor]:</b>	Okay. Great. Thank you.
<b>Operator:</b>	Your next question comes from the line of Jagdish Thanvi of Avalon Global Research. Please ask your questions.
<b>Jagdish Thanvi [Avalon Global Research]:</b>	Hi. Congratulations for the great set of results. I hope you can hear me. Hello?
<b>Riaz Khan [QAMCO]:</b>	We can hear you loud and clear.
<b>Jagdish Thanvi [Avalon Global Research]:</b>	Yes, yes. See what...the company have seen higher production volumes in Q4 specifically. So, can you guide me like what do you have this kind of production in the next couple of quarters? Or do you have a capital utilization of around 100% or between more than 100%? I just want to know some guidance on the utilization levels.

<b>Rashid Al-Mohannadi [QAMCO]:</b>	<p>No. I think you might be mixing between the sales volume. Sales volume increased by 29% because we sold standard ingot more in quarter 4, and the realization of sales take place sooner like Abdulla mentioned.</p> <p>Also, if you look at the slide number 19, you can see production remained flat quarter-over-quarter. So, production will remain flat. Sales volume realized higher because we sold more standard ingot, and the Incoterms is really like those products in much faster pace compared to value-added products.</p>
<b>Jagdish Thanvi [Avalon Global Research]:</b>	<p>Yes. But in slide number 9, you mentioned that you have a design nameplate capacity of 575,000 mt, but now produces more than 650,000 mt. That is why I wanted to understand like the dynamics of the equation.</p>
<b>Rashid Al-Mohannadi [QAMCO]:</b>	<p>Yes. So basically, that's linked to the efficiencies that we have in place. And we were able to operate beyond the nameplate capacity also year-over-year as well as we incur those CapEx in the future. We project that production will increase slightly year-over-year and see a slight increase on yearly basis on production. But quarter-over-quarter estimate, flat.</p>
<b>Saffan Mohamed [QAMCO]:</b>	<p>This is not kind of a fixed capacity. Now we operate at 660,000 mt more kind of on a permanent basis. So, this is a third-generation pots that have been operating. So, because of that, currently, we are producing, on average, 660,000 metric tons of products in total.</p> <p>So, the 575,000 mt, we are referring to original design capacity. So that number we used just to calculate certain base numbers. So that number is no more kind of applicable. We operate third-generation pots. So, if we, for example, moving into fourth-generation pots, which are used in other advanced smelters, for example, this number may even improve going forward.</p>
<b>Jagdish Thanvi [Avalon Global Research]:</b>	<p>So, will you continue to produce 650,000 plus, I mean, metric tons of aluminium for this year as well?</p>
<b>Saffan Mohamed [QAMCO]:</b>	<p>660,000 mt is more kind of a very stable number. If we improve our pot efficiencies and current mt range, obviously, insha'Allah, we will do that. But it's not going to be massive. But obviously, the 660,000 mt are very stable, reliable operations.</p>
<b>Jagdish Thanvi [Avalon Global Research]:</b>	<p>Okay. It can be more than that as well. Thanks.</p>
<b>Operator:</b>	<p>Once again, if you do wish to ask a question, please press star one and wait for your name to be announced. And there are no further questions at this time, so I'd like to turn the call back to Roy.</p>
<b>Roy Thomas [QNB]:</b>	<p>If there are no further questions, we would like to thank the Privatized Companies Affairs of QatarEnergy for the results update and answering all the queries and look forward to speaking to you all for the first quarter 2023 results conference call. Thank you.</p>
<b>Abdulla Al-Hay [QAMCO]:</b>	<p>Thank you so much.</p>
<b>Mohamed Dhahilan Saffan</b>	<p>Thanks a lot.</p>



<b>Mohamed [QAMCO]:</b>	
<b>Operator:</b>	That does conclude our conference for today. Thank you for participating. You may now all disconnect.