
Investor Call Transcript
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KIPCO
شركة مشاريع الكويت (القابضة)
Kuwait Projects Company (Holding)

Transcript: KIPCO FY 2022 earnings call

Introduction: Good afternoon, everyone. This is Ahmed El Shazly and on behalf of EFG Hermes, I welcome you all to the KIPCO's FY 2022 Results Conference Call. It is a pleasure to have with us in the call today Mr Sunny Bhatia (Group CFO), Mr Moustapha Chami (Deputy Group CFO), Mr Anuj Rohtagi (Group Senior Vice President, Financial Control) and Ms Eman Al Awadhi (Group Senior Vice President, Corporate Communications & IR) at KIPCO. I would like to handover the call to Ms Eman Al Awadhi. Thank you.

Eman Al Awadhi: Thank you, Ahmed and good afternoon, everyone. We welcome you to our earnings call for the full year ended 31 December 2022. Please note that today's presentation is also available on our website along with financial statements for the year.

Slide 2 of the presentation reads out a brief disclaimer. Some of the statements that we will be making today and information available in the presentation can be forward looking. Such statements are based on KIPCO's current expectations, predictions and estimates and are subject to risks and uncertainties which may adversely or otherwise affect the future outcome. They are not guarantee of future performance, achievements or results. I will now hand over to Sunny.

Sunny Bhatia: Thank you Eman and good afternoon everyone.

Year 2022 has been an eventful period for KIPCO where several key transactions of strategic significance were executed in an effective and timely manner. These transactions have been reflected in the 2022 financial statements, in particular the merger with Quarin Petrochemical Industries Company. We are pleased to report a net profit of US$ 82 million for 2022, a 44% increase over the reported net profit for 2021. The purchase price allocation exercise for the merger was completed in a timely manner to reflect its impact in the 2022 Financial Statements. During 2022 we accomplished a significant uplift in equity capital base which increased by US$ 864 million to reach US$ 1.93 billion at 31 December 2022.

Another key area of focus for us was to strengthen the company's credit profile by. This was accomplished by proactively managing and lengthening the debt maturity profile and maintaining adequate levels of liquidity. In this direction, we successfully issued a US$ 539 million (KD 165 million) six-year senior unsecured KD bond in December 2022. This bond issuance included raising US$ 196 million of new money and buyback of US$ 343 million of existing bonds which are due at the end of 2023 and 2024. We were able to complete the largest KD-denominated bond issuance to date in Kuwait, thanks to the confidence shown by our investors. Another key transaction that we worked on during 2022 was executed earlier this year. In February 2023, KIPCO signed a senior unsecured credit facility of US$ 525 million with nine regional/international banks having an effective tenor of three years. Subsequent to the year-end, US$ 500 million EMTN notes due on 15 March 2023 were fully repaid.

I will now hand over to Moustapha to provide details on the financial performance of the Group.

Moustapha Chami: Thank you Sunny and good afternoon everyone.

Let us move to slide 5, covering consolidated financial performance of the Group. FY 2022 revenue of US$ 3.47 billion was 47% or US$ 1.1 billion higher compared to FY 2021 revenue of US$ 2.36 billion. The increase in revenue was majorly driven by higher investment income which increased by US$ 716 million owing to approximately US$ 1 billion gain on bargain purchase resulting from merger with QPIC. For more details, please refer to Note (3a) in KIPCO's Consolidated Financial Statements for FY 2022. Interest income from banking operations increased by US$ 245 million or 25% recorded at US$ 1.25 billion compared to US$ 1.00 billion in FY 2021. Additionally, there was an increase of US$ 215 million in industrial and logistics income, which is primarily attributable to companies added to KIPCO Group through the merger and being consolidated from the business combination date.

On the other side, the increase in total expenses by US$ 516 million or 27% was attributed to increase in interest expense by US$ 209 million, industrial and logistics expense by US$ 177 million, due to consolidation of new companies' post-merger and general and administrative expense by $ 117 million. Below the operating profit line, provision for impairment of other financial and non-financial assets increased to US$ 689 million in FY 2022 compared to US$ 101 million in FY 2021 majorly driven by higher impairment booked in Media and Satellite services segment. Further, starting FY 2022, the Group's consolidated financial statements include the effects of hyperinflation in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" stemming from its Turkish operations. Thus, the Group recorded a net monetary loss of US$ 80 million during the current year due to application of hyperinflation accounting for its banking subsidiary. Hyperinflationary accounting also impacted the Turkish operations of our insurance associate and been reflected within share of results of associates. For further details, please refer to Note (2.7) in KIPCO's Consolidated Financial Statements for FY 2022.

As a result of these key revenues and expenses line items, KIPCO reported a net profit of US$ 82 million in FY 2022 compared to a net profit of US$ 57 million in FY 2021. This translates into an earnings per share of 6.9 fils per share or 2.25 cents per share for FY 2022 compared to earnings per share of 6.0 fils per share or 1.96 cents per share for FY 2021.

Moving on to slide 7, which covers Burgan Bank Group's results. We would like to direct you to Burgan Bank's 2022 earnings call held on February 20, 2023, for more details. In our presentation today, we will be covering key performance highlights of the bank.

Loan book decreased slightly by US$ 166 million and stood at US$ 13.8 billion in comparison to US$ 14 billion in 2021. The decline was primarily contributed by Kuwait (-US$ 182 million or 1.7%) wherein loan reduction was result of an optimization exercise.

Deposits declined by US$ 748 million or 5.5% vs. FY 2021 to reach US$ 12.8 billion driven by the bank's optimization of funding costs especially in the rising rates environment. The contraction in deposit base was majorly driven by lower deposits in Kuwait (by 9.1% or US$ 919 million) partially offset by an increase in deposits in Algeria (US$ 129 million or 7.4%) and Turkey (US$ 147 million or 8.1%). The bank reported a strong liquidity coverage ratio of 151% and net stable funding ratio of 110%.

The bank reported operating income for FY 2022 at US$ 758 million, which is largely similar to FY 2021. Net interest income grew by 15% to US$ 481 million in FY 2022 vs US$ 418 million in FY 2021 driven by improvement in net interest margins by 30bps to reach 2.4% in FY 2022 vs 2.1% in FY 2021. However, the growth in net interest income was offset by lower non-interest income, primarily due to lower investment income compared to FY 2021 given the developments in global capital markets.

Provisions charged to income statement reduced significantly to US$ 83 million in FY 2022 as against US$ 276 million in FY 2021 on account of credit-related improvements across Kuwait and international operations.

As a result of the above-mentioned key movements, Burgan Bank Group posted a net income of US$ 170 million in FY 2022 vs US$ 148 million in FY 2021, an increase of 15% on a year-on-year basis.

Non-performing loans (NPL) ratio was slightly higher at 1.9% as at 31 December 2022 as against 1.7% on 31 December 2021. The bank reported a CET1 Ratio of 10.8% and CAR of 16.8% as at 31 December 2022, well above regulatory requirements.

Slide 8 highlights performance of regional operations of the Group. The regional loan book stood at US$ 3.4 billion as of 31 December 2022, almost in line with FY 2021. The regional loan book for Turkey reduced by US$ 53 million or 3% driven by cautious growth strategy in Turkey and TRY devaluation. This was partly offset by growth in Algeria loan book by US$ 67 million or 5% in FY 2022. The bank's regional deposits increased by US$ 301 million or 8% in FY 2022 vs. as at FY 2021 mainly contributed by Turkey (US$ 147 million or 8%) and Algeria (US$ 129 million or 7%). Overall, share of regional loan book and customer deposit was 24% and 32% of total Burgan Bank loan book and customer deposits, respectively. Net profit from regional operations was higher in FY 2022 by US$ 30 million vs FY 2021 due to better operating results and lower provisioning in Burgan Bank Turkey.

The bank concluded the sale process of its 51.8% stake in Bank of Baghdad to Jordan Kuwait Bank for a total consideration of US$ 125 million in January 2023. The sale resulted in 70bps improvement in capital ratio.

Now, I will hand over to Anuj to present GIG and other Group companies' performance.

Anuj Rohtagi: Thank you Moustapha and good afternoon everyone.

We can now go to slide 9 of the presentation which summarizes Gulf Insurance Group's performance. The Group reported gross premiums of US$ 2.715 billion in FY 2022, which were about 52% higher than the gross premiums reported in FY 2021 at US$ 1.791 billion. FY 2022 results also include impact of acquisition of AXA's operations which was completed in September 2021. The increase was driven by growth of both conventional as well as Takaful insurance premiums with significant contribution from newly acquired AXA's Gulf businesses.

The net investment income for FY 2022 increased by 26% to US$ 101 million from US$ 80 million last year. The investment income increase was driven by higher volume, which was driven partially by AXA acquisition. The company booked US$ 54 million net monetary loss in FY 2022 on account of hyperinflation adjustments in relation to Gulf Sigorta, its subsidiary in Turkey. GIG reported a net profit of US$ 125 million for FY 2022. During FY 2021, GIG reported a net income of US$ 237 million on restated basis and it included US$ 161 million of one-time gains related to acquisition of AXA's Gulf operations. Excluding this item, the net profit of GIG grew by 64% in FY 2022 vs FY 2021.

We can now go to slide 10. We own 6% in Equate Group and it is accounted as financial assets at fair value through other comprehensive income in KIPCO's consolidated financial statements. The total revenue for Equate Group for FY 2022 declined marginally by 5% or US$ 212 million to US$ 3.9 billion owing to a decline in the product prices, i.e., Ethylene Glycol and for Polyethylene, in FY 2022 due to various geopolitical and macroeconomic factors. With reduced revenue and lower gross margin, on account of increased raw material and energy prices, the net profit for FY 2022 reduced by US$ 498 million or 45% to US$ 611 million from US$ 1.109 billion in FY 2021.

Moving to slide 11, SADAFCO has financial year ending March and thus we have presented nine months ending December 2022 results. SADAFCO reported revenue of US$ 528 million for the nine months ending 31 December 2022, reflecting a 28% growth from US$ 411 million for the same period last year, primarily driven by price and volume increase. The higher sales volumes led to improved operating and net margin which has led to a growth in net profit by 50% to US$ 58 million in 9M 2022-23 as compared to US$ 39 million in the equivalent period of 2021-22. The increase in net profit was negatively impacted by a loss of ~US$ 10 million in 9M 2022-23 on the account of changes in fair value of non-controlling interest put option (for details, refer to Note (12.1) of SADAFCO's Condensed Consolidated Interim Dec 2022 financial statements).

On slide 12, United Gulf Holding (UGH) reported a net loss attributable to shareholders of US$21 million compared with a net loss of US$8 million a year earlier. UGH reported revenue of US$ 187 million for FY 2022, compared with US$ 182 million for the previous year, while total expenses reduced to US$ 99.5 million compared to US$ 108.1 million in 2021, reflective of the cost control measures introduced across the Group. Due to market conditions during the year, UGH decided to book conservative total consolidated provisions of US$ 22.3 million compared to US$ 2.8 million in 2021, as FIMBank's strategic shift and de-risking exercise continued with losses assumed for legacy assets. Total assets under management held though UGB totaled US$ 14.2 billion compared with US$ 14.4 billion in 2021.

On to slide 13. OSN continues to focus on bringing premium content to the region. Recently OSN has extended its relationship with Warner Brothers Discovery with a new multi-year licensing deal under which OSN will continue to be the exclusive "Home for HBO" content in the region. OSN will also get premium access to Warner Bros. blockbuster movie hits such The Batman, Dune, The Matrix Resurrections, The Suicide Squad, etc. In addition, OSN continues to improve its streaming products, packaging, pricing and expanding the distribution network through partnerships.

Moving on to slide 14, Jordan Kuwait Bank reported a notable improvement in its operating results driven by improving market conditions and the bank's growth strategy. The Loan Book grew by 14% to US$ 2.7 billion as of December 2022 vs. US$ 2.4 billion as of December 2021 while deposits increased by 25% to US$ 3.4 billion as of December 2022 vs. US$ 2.7 billion as of December 2021. The operating income grew by 25% to US$ 197 million in FY 2022 vs. US$ 158 million in FY 2021. Further, the bank reported a net profit of US$ 26 million in FY 2022 as compared to a net profit of US$ 11 million in FY 2021 due to higher operating income.

On slide 15, you can see results of our other Group companies. NAPESCO – National Petroleum Services Company – reported a 33% growth in revenue for FY 2022 with total revenue reaching US$ 121 million as compared to US$ 91 million in FY 2021, primarily driven by a US$ 29 million increase in revenue from oil-field services. The gross profit margin improved to 25% for FY 2022 vs. 23% in FY 2021, leading to a higher net profit of US$ 22 million for FY 2022, reflecting an increase of US$ 6 million as compared to FY 2021.

JTC - Jassim Transport and Stevedoring Company – reported a total revenue of US$ 90 million reflecting a 25% increase vs. FY 2021, driven by an improvement in the macro-economic backdrop and expansion of port management services to Kuwait's Shuaiba port. Gross margin improved to 28% in FY 2022 vs. 23% in FY 2021, as a result of which net profit for FY 2022 increased to US$ 14 million compared to US$ 8 million in FY 2021.

Moving on to slide 16, ATC – Advanced Technology Company – witnessed a 16% increase in revenue to reach US$ 540 million in FY 2022 as compared to US$ 464 million in FY 2021. The increase in revenue was driven by a 78% or US$ 113 million increase in revenue from projects, mainly due to works at Medical Tower projects partially offset by a 11.6% or US$ 37 million decrease in recurring revenue which includes maintenance and consumables. The net profit for FY 2022 increased by 32% to reach US$ 23 million mainly attributable to higher revenue and lower selling and administration expenses.

We now hand over to Ahmed to invite our listeners to raise any questions they may have.

Moderator: We have our first question from Rakesh Tripathi. Please go ahead.

Rakesh Tripathi: I had a few questions about the Holdco, Is the cash level at Holdco. around USD 450 million. That's the number that you declared in the financials, Is that correct?

Anuj Rohtagi: Yes, Rakesh. Please refer to Note (31) of the audited financials. The reported cash was KD 139.8 million which is equivalent to USD$ 457 million.

Rakesh Tripathi: Can you share with us as per your estimates, what's the LTV ratio that you are at right now post the acquisition completion?

Anuj Rohtagi: As you would have noticed we have taken several strategic steps which Sunny mentioned. Our overall credit profile has been improving and that is getting reflected in the improvement of LTV as well. Since we share related information with rating agencies, and they have their own methodologies to compute LTV we are more comfortable giving a range which is between 45% to 50%.

Rakesh Tripathi: Fair enough. So, I will come to the rating agencies in a short while. Can you give us the guidance on your expectations for this year’s dividend and the OpEx spend that we should look at? Administrative and other expenses, all at the Holdco level; Subsidiary investments that we might expect and dividends? I think you've already mentioned that there are no plans to pay out any cash dividend this year. Will there be a change in future policy, or this is more like interim? I think you've talked about it previously that you would want to conserve cash and use that to deleverage or improve the credit profile. So, is this keeping in line with that objective?

Sunny Bhatia: Rakesh, thanks for asking that question. As you can see in our earnings release, our group CEO has commented and the Board has decided not to recommend any dividend distribution for this year, primarily with the intent of strengthening our liquidity profile and credit profile, but at the same time keeping the macroeconomic environment in the backdrop. But, this is not an indication of what we may do in future because as we are strengthening the company’s credit profile and as our core operating companies’ performance strengthens further, that is something which our board may have to look at in the coming year. As such, the non-declaration of dividend or not recommending the dividend to the shareholders general assembly is not an indication that we would follow the same policy or approach in future.

Rakesh Tripathi: Thank you. On the other line items, the guidance basically kind of or expectations?

Anuj Rohtagi: You will have to follow up on a quarterly basis on how the trends are looking and how the credit profile is developing. Hence, we request you to do that going forward because we are not providing any forward look statements at this point of time.

Rakesh Tripathi: It helps us with a bit of visibility, but perhaps it has something to do with the integration exercise, I would assume. Because in the past you used to provide this information at the year-end calls that these are the kind of dividends we expect, and tentatively, the kind of investments in subsidiaries that we might go ahead with. I would expect this kind of guidance resumes at some point in future as it helps us having a better visibility on expectations in terms of performance.

Anuj Rohtagi: We note your request. One of the points is the integration, we are going through it. The merger happened in last quarter of last year (2022), so we are going through our process as you mentioned.

Rakesh Tripathi: Right. My next question was, in the last call, you talked about a global advisory firm that had been hired to look at the portfolio companies. So is there any update on that exercise? Where are we? How much longer it might take? And if you could tie that a little bit with some of the rumors that we heard in the market of a potential exit from one of your group entities. You've come out and given a statement claiming that there is no clearly defined plan, but I don't think you categorically denied that per se. You mentioned that you continue to look at portfolio companies, as well as exit opportunities, so can you just link these two and give us a sense as to what we should expect in terms of how the portfolio shapes up now?

Sunny Bhatia: Rakesh, as an investment holding company, the key objective or process is to create a long-term value on our investments, so as a result we are always working closely with our core portfolio companies' management and their boards to strengthen their operating performance. In fact, when we worked with strategic consultants last year, the aim was to identify what are the strategic directions / alternatives this company could do to strengthen their performance for benefit of all the stakeholders. This is part of our ongoing engagement with our operating companies, and it is business as usual. At any point of time, as a holding company we engage with multiple set of advisors with our boards, with our management teams and the company to take their operating performance to the next levels of strength and that is what gets reflected in the performance of each of those operating companies. Despite the macroeconomic backdrop, each of our operating companies has achieved the performance which is way better than what the macroeconomic environment would have given them to do so. Now, coming to your question on a rumor on a specific exit, we made that announcement on Boursa Kuwait which very much reflects the current situation. At any point of time, we are always looking at some of the potential exits but there is nothing specific, which under the CMA regulations would require a disclosure at this stage because we have not got anything binding in this regard. But nevertheless, in accordance with our transparency and disclosure guidelines and with the regulations of the country, as and when we reach a specific situation which requires a disclosure, we would be making those disclosures, in accordance with both our internal policies as well as the regulations under which we operate.

Rakesh Tripathi: That's very fair. Just to get some hint, 2022 was a transformative year for KIPCO as a whole because of the merger and the kind of impact that it had on the profile. Should we expect that KIPCO will continue to look at more such transformations this year also? Is that on your agenda of rationalizing portfolio companies and coming up with a better performance?

Sunny Bhatia: Yes definitely, when it comes to the profit and loss account, we completed this merger on 23rd November 2022. So, we have taken only a portion of the reported net income and revenues in our operating performance. Through the acquisition, we acquired some interesting high-profile companies like SADAFCO, which is a leader in the fast-moving consumer goods, they have more than 60% market share in the long-life milk in Saudi Arabia, more than 50% market share in Tomato Paste and more than 30% market share consistently in the ice cream segment. So, that company has got significant levels of cash on its balance sheet and as Anuj mentioned in the 9-month financial results, you could see the double-digit improvement in their revenue, in their profitability, in their margins as well as the quantities which they have done. Moving on to the other major investments which we acquired in the oilfield industries like NAPESCO, again it has gone through a double digit increase in its profitability and improvement in its margin. Then, we move to Jassim Transportation Company, similarly you would notice a significant increase in their margins, in their revenues and the reported profitability.

So, each of these operating company which we have acquired is undergoing through a transformation process. We are working with their board and their management team to understand their strategies better. We have a forum, within our group where we discuss, what are the potential synergies which we can achieve in our various portfolio companies. We also look at the opportunities for not only revenue growth as a result of the cross-sell opportunities which may exist as a group, but also the strategic advice which we can contribute to each of the portfolio company. Also, last but not the least what are the cost synergies we can achieve. These are very early days of integration, and it is logical that with our efforts and in accordance with the objectives of the merger, we would work towards achieving our goals of improving the consolidated performance of the company.

So, KIPCO and QPIC standalone performance, our aim would be that (KIPCO + QPIC) which is a merged entity, is way better than two standalone entities (sum of the parts). We are working in that direction and as discussed in your previous question whether you review the portfolio companies' performance through a strategic advisor, was just one example of the step taken in this direction. I hope it gives some color on the fact that how we remain committed to improve the individual operating performance of each of the key portfolio company, but also the collective performance of KIPCO as a group.

Rakesh Tripathi: One last question from my side. I'm sure you are in conversation with the credit rating agencies. When you announced the merger, it was seen as a positive by both the agencies, Moody's and S&P. Now, you have a Fitch rating as well. My question is, given we don't have guidance from you right now, what is your sense in terms of how this impacts your credit profile and how the rating agencies look at you? What are the possibilities of an upgrade or what do they require from you? I understand that some of the negative net cash flow at the holdco level will continue this year when we account for the dividends, the operational expenses, the subsidiary investments and the required interest payments. So, this remains a challenge, which has also been one of the key reasons of why we've seen the credit profile deteriorate over the years, so how do you plan to address that key challenge and have you presented any plan to the rating agencies?

Sunny Bhatia: As far as the medium-term direction is concerned, it is credit positive because our key credit parameters have improved as a result of the conclusion of the merger. We have acquired more than US$2 billion of net assets as a result of the merger. Some of the portfolio companies, as we have discussed, have significant liquidity and cash on their balance sheet or they have the high ratings like BBB and so on. This means that our LTV ratio would have become more conservative. The potential of the dividend or the cash upstreaming to the holdco level would have improved. We have not indicated a specific number, but given the list of the companies acquired, like SADAFCO and Equate, you can see based on their published results that there is a potential for a significant improvement in the dividend flows to the company. We would also work on the cost synergy, which should improve the overall level of the net cash at the holdco level. So, the credit parameters in terms of the loan to value, the diversity of our investments and the concentration have all improved. We have added energy or petrochemical as a new sector, along with education, healthcare and logistics. Because of these newly added sectors, the concentration of the other sectors, such as Banking, has reduced. All these events have strengthened our credit profile. And, we have been constantly engaging with our credit rating agencies, one such engagement was with Fitch and you would have noticed that towards the end of 2022, Fitch assigned us a “BB” rating with a stable outlook. Similarly, we are working with S&P and Moody's to give them the information in respect of the consolidated financial results and in respect of the LTV. Now these rating agencies have their own qualitative and quantitative criteria, and they have their own methodologies and their own approach on how they take their rating cycle forward. So, we cannot comment specifically on how these rating agencies would move forward, but we as a company believe that our credit profile has improved. If we go to the mechanics of the rating agencies, we cannot say or we cannot provide you guidance when they would for example remove the credit watch negative outlook or when they would stabilize or when they can give us an upgrade. In management opinion and assessment, which is supported by concrete financial data, our rating profile has strengthened, and the credit rating parameters have improved.

Rakesh Tripathi: Thank you. That was very detailed. I'll go to the back of the line. Once the other questions are done, please allow me to ask a couple more. Thank you very much.

Moderator: Thank you. We've got a couple of questions from the chat. What were the dividends received and what is the cash and operating expense?

Anuj Rohtagi: On a pro forma basis, considering we own the entities that have been transferred by the way of merger, the total dividends distributed by the entities was around US$140 million and the interest and G&A expense at the holdco level was approximately at the same level, i.e. US$140 million.

Moderator: We have another question. I believe you have addressed this, but maybe you'd like to add anything. Are you looking to dispose any assets?

Anuj Rohtagi: As discussed, we continuously look at all the options and if there is anything material that we are required to update or disclose, we will do that.

Moderator: We have our next question from Rakesh Tripathi, please go ahead.

Rakesh Tripathi: There was KD 192 million impairment recorded in the media segment. Is my understanding correct that this was related to OSN and what does this write down basically mean in terms of how you're looking at this business?

Anuj Rohtagi: Thanks Rakesh. The business is doing well and it’s progressing in right direction. At the same time, we have been prudent from accounting perspective. We have updated the assets value within our media segment and taken the impairment. This is broadly in line with the trend we have seen for most of the media players wherein market situation and resulting multiples have moved in the other direction. We will continue to evaluate it, as required on quarter-on-quarter basis but the business is doing well particularly within the online platform. They are getting good content available to the region i.e. the premium content as well as taking all the initiatives with regards to rationalizing the cost base and improving the quality of distribution by way of better technology.

Rakesh Tripathi: So, this is more driven by how the segment is being seen overall in the market itself and not so much with regards to the particular asset?

Anuj Rohtagi: It is a difficult thing to dissect as we are part of the industry. So, we have to behave on the basis of overall industry and also look at our strengths as well. So, at one end, we are focusing on our strengths and at the same time we cannot ignore the movement in the industry as such.

Rakesh Tripathi: Is there some visibility on when the breakeven for this business might be achieved. Is there a delay? I believe this is something we expected sometime last year, but the whole thing got delayed and with the merger happening there was probably less focus on this. So, how are we seeing this now?

Anuj Rohtagi: We will not be able to give any forward-looking statement and this is commercially sensitive information. With regards to our plans, we obviously have plans for our entities and we continuously monitor them on periodic basis. That applies to OSN as well. In the overall scheme of things, OSN is a much smaller component of our overall asset base and portfolio value which must be considered. Rather than staying in history, we have now reset the overall balance sheet profile, income profile, dividend profile and cash flow profile reflected in our credit profile by way of merger. Therefore, I request you to reassess overall role of the legacy assets. We are definitely working on those although at the same time, in terms of materiality, they have reduced significantly.

Rakesh Tripathi: I agree with you. It is fair that OSN is now a much smaller part and in terms of the value in the balance sheet overall, it is now even smaller with the write downs as well. We are not discussing any guidance at this point but as we have seen in the past that it is a subsidiary where you had the requirement to continue to make investments and considering that even in the last year's proforma that you just shared, KD 140 million in the inflow and KD 140 million in the outflows in interest and general and administrative expenses, so then any additional amount that flows to this subsidiary is essentially a negative cash flow for the holding company. So, that's the reason we have been trying for long to understand what's happening with this business and what should we expect but I understand the response that's coming from you and that's fair, so thank you very much. I have no further questions.

Anuj Rohtagi: Thank you Rakesh, so overall, I think we have mentioned that we are maintaining very good levels of liquidity, we have lengthened the maturity profile of our debt and if you see all the numbers in totality, we are moving in the right direction.

Moderator: Thank you Rakesh. We have no further questions at this moment. I will hand over to the management for any concluding remarks.

Eman Al Awadhi: Thank you everyone for participating in the call. We look forward to speak to you in the next event. Have a good day.