



صناعات قطر
Industries Qatar

Press Release

For the period ended 30 September, 2017

IQ Posts Net Profit of QR 2.4 Billion for the Period Ended September 30, 2017

- **Net profit of QR 2.4 billion, exceeding the group's budget.**
- **Remarkable financial position with total cash of QR 11.4 billion across the group.**
- **Production and utilization remain within the historical averages.**
- **Operating costs stabilized following the successful ongoing cost and operation optimization programs.**

DOHA, QATAR- 23/10/2017 – Industries Qatar (“IQ” or “the group”; QE: IQCD), one of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertiliser and steel products, announced its financial results for the period ended 30 September, 2017 with a net profit of QR 2.4 billion and earnings per share of QR 3.9, compared to a net profit of QR 2.7 billion and earnings per share of QR 4.5 for the same period of 2016.

Overview

The group’s financial and operational performance remained generally solid despite the challenges faced by the steel segment. The group was able to maintain the average price slightly above the previous year, and kept the controllable operating costs below the last year. Production and sales volumes remained relatively flat despite planned and unplanned outages. Additionally, steel segment’s results were affected due to a general increase in the global iron ore prices, and utility costs.

Speaking of the overall performance, all segments have reported noteworthy financial and operational performance. Increase in the product prices helped the polyethylene segment to neutralize the reduced sales volumes resulted from the unplanned outages. Fuel additive segment’s overall performance was up on the previous year driven by higher prices and volumes. Fertiliser prices improved marginally on last year, while the volumes remaining relatively flat. Steel prices and sales volumes were marginally down on last year with volume reduction was driven by lower production due to slightly higher facility maintenance in the current year.

The group’s financial position remains solid as cash across the group stands at QR 11.4 billion after paying 2016’s dividend of QR 2.4 billion, and periodic debt payments. Total debt stood at QR 2.4 billion, down QR 0.6 billion versus 31 December, 2016.

Financial Performance

Revenue

Revenue reported under IFRS 11 for the period ended September 30, 2017 was QR 3.2 billion, a decrease of ~8%, over the same period of 2016. This year-on-year decrease was due to a combination of factors including a slight decrease in sales volumes and prices.

Net Profit

Net profit for the period ended 30 September 2017 was QR 2.4 billion, with earnings per share of QR 3.9, compared to a net profit of QR 2.7 billion and earnings per share of QR 4.5 for the same period of 2016. Marginally reduced sales volumes, depressed fertiliser prices, and tightened operating margins were the main reasons for the decline in the profitability. Operational and financial performance together with operating costs, are expected to improve further with the ongoing cost and operation optimization efforts.

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*For more information about this press release, email iq@qp.com.qa or visit
www.iq.com.qa*

DISCLAIMER

The companies in which Industries Qatar QSC directly and indirectly owns investments are separate entities. In this press release, "IQ" and "the group" are sometimes used for convenience in reference to Industries Qatar QSC.

This report contains forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar QSC. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realisation of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this document.

Industries Qatar QSC, its Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Industries Qatar QSC, its subsidiary, joint ventures and associated companies are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Industries Qatar QSC does not guarantee the accuracy of the historical statements contained herein.

GENERAL NOTES

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Industries Qatar's share. Values expressed in QR billions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

DEFINITIONS

Adjusted Free Cash Flow: Cash Flow From Operations - Total CAPEX - Dividends • **CAGR:** 5-Year Compound Annual Growth Rate • **Cash Realisation Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **Dividend Yield:** Total Cash Dividend / Closing Market Capitalisation x 100 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation + Amortisation) • **EPS:** Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **HBI:** Hot Briquetted Iron • **LDPE:** Low Density Poly Ethylene • **LLDPE:** Linear Low Density Poly Ethylene • **mmBTU:** Million British Thermal Units • **MT PA:** Metric Tons Per Annum • **MTBE:** Methyl Tertiary Butyl Ether • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings (Closing market capitalisation / Net Profit) • **Utilization:** Production Volume / Rated Capacity x 100

ABOUT IQ

Industries Qatar QSC was incorporated as a Qatari joint stock company on April 19, 2003. The business operations of the company comprise the direct holding of shares in the following subsidiary and joint venture companies: (i) Qatar Steel Company QSC ("QS"), a wholly-owned subsidiary, engaged in the manufacture and sale of steel billets and reinforcing bars; (ii) Qatar Petrochemical Company Limited QSC ("QAPCO"), a joint venture owned 80% by IQ, engaged in the production of ethylene, low-density polyethylene ("LDPE"), linear low-density polyethylene ("LLDPE") and sulphur; (iii) Qatar Fertiliser Company SAQ ("QAFCO"), a joint venture owned 75% by IQ, engaged in the manufacture of ammonia and urea; and (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture owned 50% by IQ, engaged in the production of methanol and methyl-tertiary-butyl-ether ("MTBE"). The operations of the subsidiary and joint ventures remain independently managed by their respective management teams.

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