Industries Qatar

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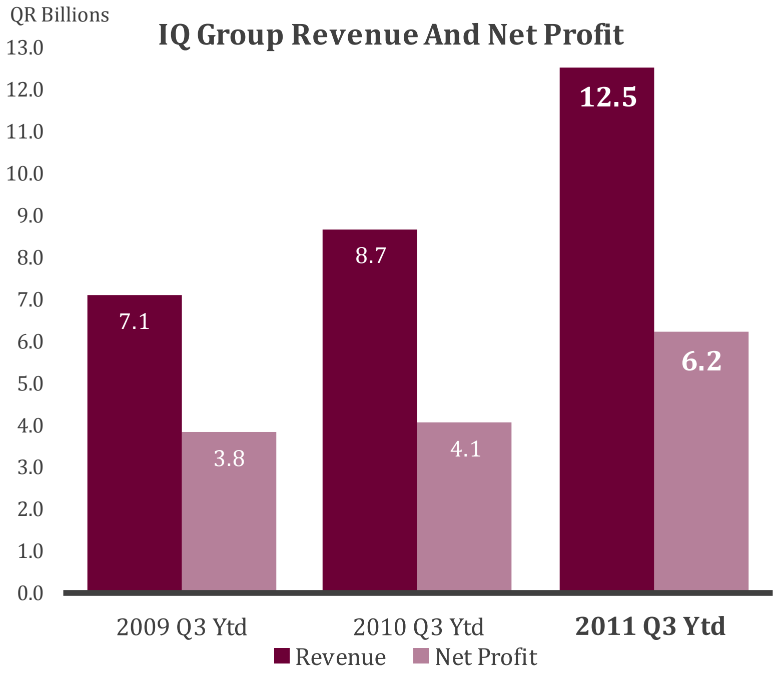
PRESS RELEASE

IQ REVENUE AND PROFIT SURGE CONTINUES

Group on track to deliver record full year results

DOHA, QATAR - Industries Qatar ("IQ" or "the group"; QE: IQCD), one of the region's industrial giants with interests in the production, distribution and sale of a wide range of petrochemical, fertiliser and steel products, announced its financial results for the period ended September 30, 2011 with revenue of QR 12.5 billion and net profit of QR 6.2 billion.



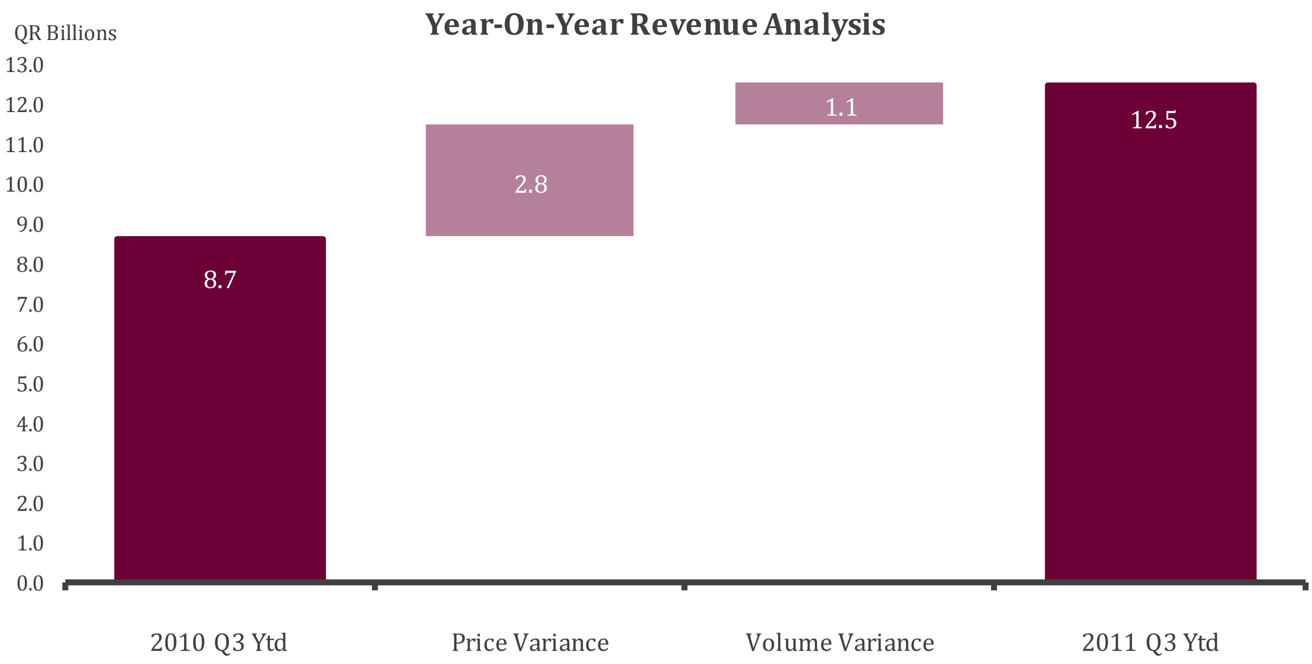
In comments issued to the Qatar Exchange, Mr. Abdulrahman Ahmad Al-Shaibi, Chief Coordinator, Industries Qatar, stated "Once again, IQ has delivered another exceptional performance. All segments recorded strong annual growth to contribute to this excellent result. With revenue to date of QR 12.5 billion and preparations for the launch of Qafco 5 progressing well, we are well poised to deliver a very strong full year result.

"Margins also held steady at an above industry average of almost 50%, as the group closed the period with net profits of QR 6.2 billion. The outlook for the last quarter is extremely encouraging."

The strong year-on-year financial results can be primarily attributed to buoyant key product prices, high utilisation rates[1] and resilient EBITDA[1] margins across all segments, most notably the fertiliser and petrochemical businesses.

Revenue

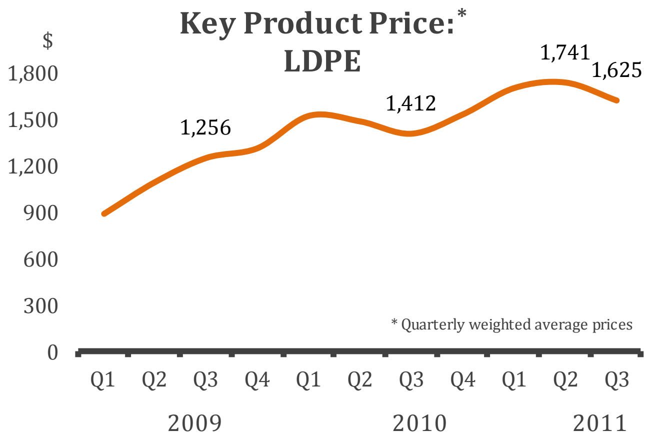
The group recorded revenue of QR 12.5 billion for the nine months ended September 30, 2011, representing a year-on-year increase of 44.6% and a quarter-on-quarter increase of 5.1%. The year-on-year increase can be primarily attributed to resilient prices across all key products as price inflation benefited the group by QR 2.8 billion. The performance was also aided by the addition of LLDPE and melamine volumes following the plants' commercial start-ups in the second quarter last year and the first quarter this year respectively and improved petrochemical volumes following the planned and unplanned disruption experienced in the early part of 2010.



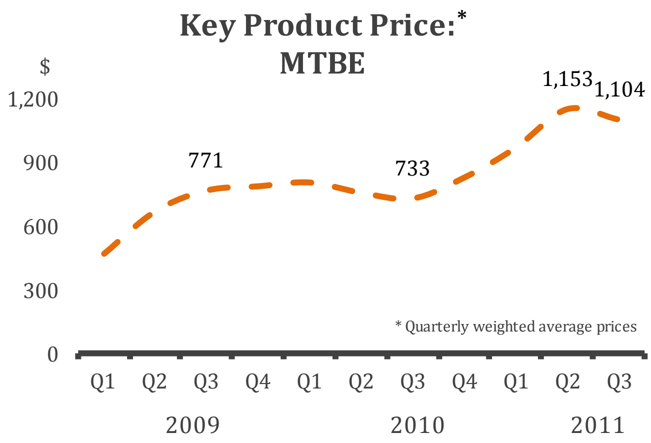
A surge in steel and, to a lesser extent, fertiliser revenues supported the group's quarter-on-quarter performance against the back drop of flagging petrochemical prices and broadly flat volumes. Utilisation rates across the group dipped marginally from a post-recession record in the previous quarter, to close the third quarter down 4 percentage points at 104%.

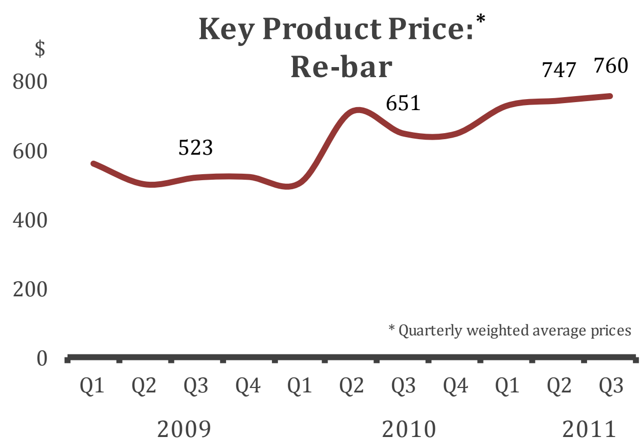
[1] See page 8 for a definition of utilisation and EBITDA.

Segmental Overview



Petrochemical revenue for the year-to-date was QR 4.8 billion (2010 Ytd: QR 3.1 billion); the positive year-on-year variance of QR 1.6 billion, or 59.0%, was primarily due to low production volumes recorded last year due to extended methanol and MTBE plant shut-downs, the addition this year of Qatofin's LLDPE products and an average 23.3% price increase across all products. Quarter-on-quarter, revenue marginally dipped by QR 49.1 million, or 2.9%, as sharp drops in key product prices were largely mitigated by a +30% MTBE volume increase as plant utilisation spiked to over 110%. Year-to-date, the segment contributed 38.6% of group revenue (2010 Ytd: 37.5%).





The Fertiliser segment closed the period with revenue of QR 3.2 billion, up QR 1.2 billion, or 55.9%, on the same period last year. Over 80% of this annual increase can be attributed to an ammonia and urea price rally that began in the last quarter of 2010 and has now resulted in the products' prices rising by over 40%. Third quarter revenue marginally improved on the previous quarter, by QR 55.2 million, or 5.4%, as the effect of a sharp 28.7% urea price spike witnessed in the current quarter was muted by a 22.1% drop in the same product's sales volume. Key product utilisation rates remained above 110% during the quarter, and closing stock levels were higher than normal due to urea sale timing differences. Year-to-date, the segment contributed 25.6% of group revenue (2010 Ytd: 23.8%).

The steel segment proved to be the key driver in the group's quarter-on-quarter revenue performance, contributing QR 203.2 million of the group's QR 210.2 million positive quarterly variance. In turn, the quarterly improvement was itself principally driven by strong domestic demand coupled with rising DRI / HBI exports, as volume growth accounted for 77.2%, or QR 156.9 million, of the improvement on the second quarter. This sales volume growth was supported by de-stocking, as DRI / HBI and re-bar production levels *reduced* during the quarter by circa 8 percentage points. Against last year, segmental revenue grew by QR 1.1 billion, or 33.4%, as key product prices improved between 20% and 25%. The segment closed with year-to-date revenue of QR 4.5 billion and contributed 35.8% of group revenue (2010 Ytd: 38.8%).

Profits And Margins

Net profit for the nine months to date was QR 6.2 billion, an improvement of 53.9% against last year, while the third quarter profit of QR 2.1 billion was marginally down on the preceding quarter by 1.5%. Year-to-date EBITDA was QR 6.9 billion, an increase of QR 2.3 billion, or 49.6%, on the same period last year, and third quarter EBITDA was QR 2.3 billion, an increase of 4.7% on the second quarter.

Third quarter EBITDA was impacted by +25% iron oxide pellet quarter-on-quarter cost inflation, additional take or pay gas obligation bookings related to the Qafco 5 project (2011 Ytd: QR 103.7 million). Notwithstanding the additional booking, Fertiliser EBITDA margins improved on the previous quarter by almost 10 percentage points, to close the quarter at a very robust 68.7%. Overall, group margins slipped by 0.2 percentage points, to close at 53.2%.

Balance Sheet, Cash Flows And Other Financial Measures

Total assets as at September 30, 2011 were QR 35.4 billion, an increase on the year end of QR 3.4 billion, or 10.8%. The group's commitment to sustained and significant investment in extending and de-bottlenecking existing facilities, as well as building new, complimentary plants, resulted in non-current assets increasing by QR 1.8 billion. Closing cash and short-term deposits increased by QR 1.1 billion on account of improved operating cash flows, and despite the 2010 dividend payment, capital expenditure and loan repayments. Total loans decreased by QR 0.4 billion to QR 7.1 billion, following net loan repayments.

Prior Year Restatement

"It should be noted that the 2010 third quarter year to date financial statements were re-stated to reflect a change in the method of accounting for two of the group's investments," said Mr. Al-Shaibi.

Two of Qapco's investments, Qatar Plastic Products Company and Qatar Vinyl Company Limited, which were previously presented as investments in associates are now presented as investments in joint ventures. Under the equity method of accounting used for investments in associates, the group's share of the investments' net profit or loss is shown under 'share of results from associates' in the consolidated statement of income. The two investments have now been accounted for under the proportionate consolidation method used for joint ventures, whereby the group's share of revenue, costs, assets and liabilities are shown line-by-line in the consolidated financial statements.

The net impact of the change in method of accounting on the group's consolidated financial performance, position and cash flows is zero as it represented a re-classification of revenue, costs, assets and liabilities in the prior year accounts.

Fereej Real Estate Company

Towards the end of the quarter, the group's real estate subsidiary, Fereej Real Estate Company, sold its two commercial buildings, and underwent a capital restructuring that resulted in the exit of one of the company's founding shareholders, Qatar Real Estate Investment Company, and a decrease of the joint venture's share capital to QR 335.0m.

Major CAPEX Projects Update

On the subject of the group's major CAPEX projects, Mr. Al-Shaibi said: "We are pleased that the official inauguration and commercial launch of the Qafco 5 ammonia and urea plant is now confirmed for the end of December, 2011. The plant's start-up was delayed from the original target date due to technical difficulties experienced during the original start-up. It is expected that the plant will rapidly ramp-up to full utilisation by the end of the first quarter of 2012. These start-up related difficulties have no bearing on the Qafco 6 launch, which is still slated for Q3, 2012.

"Although we deem further delays to be unlikely, if we do experience any other difficulties that would impact either the commercial launch date or expected rapid ramp-up we will endeavour to inform the market expeditiously."

Mr. Al-Shaibi also confirmed that the group's other major CAPEX project, the LDPE-3 petrochemical plant, is now slated to start commercial production in the second quarter of 2012 following construction delays. The total project cost is unaffected by this delay, and the first year target utilisation rate remains conservatively set at circa 80%.

Revised Group Business Plan (2011 to 2015)

Regarding the impact of the decision to put the Qatar Steel Phase 2 and 3 projects on hold on the group's previously published 5-year business plan, Mr. Al-Shaibi said, "The group is re-issuing its 5-year business plan in the interests of ensuring the market is fully aware of the impact of this decision, and further to the commitment made when we initially released the business plan to revise it if any of the main assumptions changed.

"On a cumulative basis and over the 5 years from 2011 to 2015 inclusive, removing the two projects will, ceteris paribus, significantly improve the group's free cash flows[2] (QR 8.1bn) and cum dividend closing cash balance (2015: QR 1.7bn), as reductions in the almost 100% debt-funded CAPEX project pipeline (QR 8.1bn) and reduced working capital requirements (QR 1.9bn), will over compensate for unavoidable reductions in revenue (QR 7.8bn) and EBITDA (QR 2.1bn).

"In addition, the market should be aware that all of the group's existing plants and confirmed projects have long-term feedstock supply agreements with Qatar Petroleum, and we do not expect their terms to change."

Credit Rating

During the third quarter, the group received an Aa3 debut credit rating from Moody's Investor Services, placing it amongst the top tier of rated international petrochemical and chemical companies and only one notch below the State of Qatar's sovereign rating. "The rating reflects the highly competitive cost structure of the group's ventures, and IQ's role in enabling two key policies of the State of Qatar, viz. economic diversification and wealth distribution," commented Mr. Al-Shaibi.

"Moody's noted the strong competitive position of the group's downstream ventures, with consistently above industry-average EBITDA margins enjoyed in all segments. This position is principally under-pinned by secure, long-term, competitively priced feedstock supply agreements with Qatar Petroleum. The non-fully integrated steel subsidiary, Qatar Steel, is further assisted by its quasi-monopoly status in the resilient domestic market, and long-dated iron oxide pellet and competitively priced electricity supply agreements.

"IQ is also tasked with overseeing the primary, mature downstream ventures of Qatar Petroleum that also represent the cornerstone of the State's downstream diversification drive. IQ is mandated to manage these in a sustainable, value added manner, while also facilitating growth.

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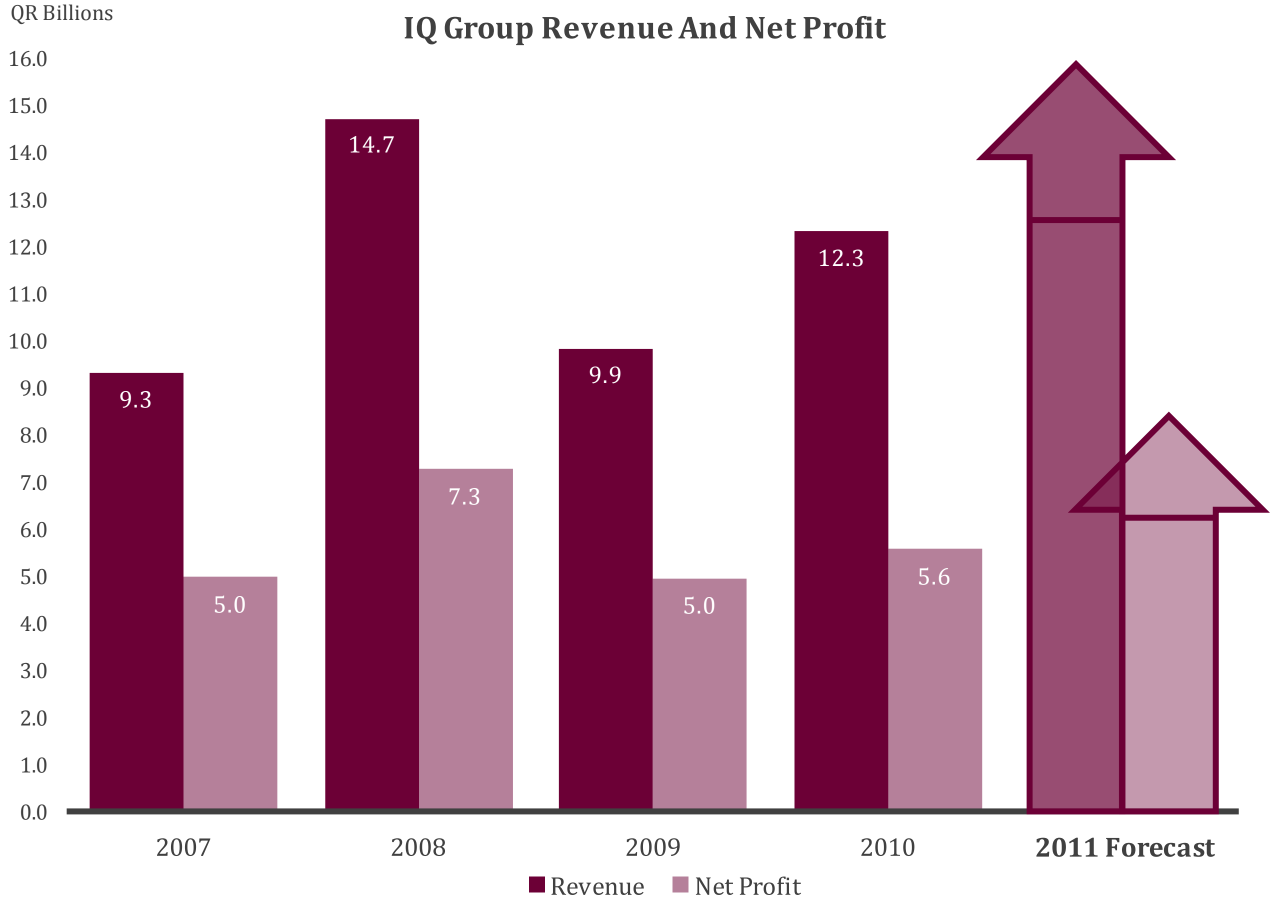
[2] See page 8 for a definition of free cash flow.

"And, with respect to IQ's other mandate of wealth distribution to Qatari nationals, dividend payments to date have far surpassed the capital raised in the IPO. In addition, the IPO was priced at a 70% fair valuation discount, thereby providing an attractive opportunity for capital gains."

Conclusion

In conclusion, Mr. Al-Shaibi said: "We look forward to the last quarter of 2011 with confidence, knowing that we will be building on the excellent foundation our year-to-date results provide. Expectations are for a strong fourth quarter as we aim to deliver our highest full year revenue and net profit on record.



"I would also like to assure the market that Industries Qatar is fully committed to transparency and open dialogue, and we will ensure that the market is informed of any developments that may materially impact our operations or finances."

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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 presentation 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 presentation are made as of the date of this presentation, as marked on the Cover page.

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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

CAGR: 5-Year *Compound Annual Growth Rate* (from 2010 actuals) • **Cash Realisation Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **DRI:** *Direct Reduced Iron* • **EBITDA:** *Earnings Before Interest, Tax, Depreciation and Amortisation* calculated as [Net Profit + Interest Expense + Depreciation + Amortisation - QR1.2bn government grant received in 2009] • **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* • **Interest Cover:** (Earnings before Interest Expense + Tax) / Interest Expense • **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* • **Net Debt:** Current Debt + Long-Term Debt - Cash & Cash Equivalents • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** *Price to Earnings* multiple [Closing market capitalisation / Net Profit] • **ROA:** *Return On Assets* [EBITDA/ (Total Assets - CWIP - PUD) x 100] • **ROCE:** *Return On Capital Employed* [Net Profit before Interest & Tax / (Total Assets - Current Liabilities) x 100] • **ROE:** *Return On Equity* [Net Profit / Shareholders' Equity x 100] • **Utilisation:** Production Volume / Rated Capacity x 100 [For new facilities, measure includes first full operational quarter only]

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 and sale 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 and sale of ammonia and urea; (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture owned 50% by IQ, is engaged in the production and export of methanol and methyl-tertiary-butyl-ether ("MTBE"); and (v) Fereej Real Estate Company, a joint venture owned 34% by IQ.

The operations of the subsidiary and joint ventures remain independently managed by their respective management teams.