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Speakers from IQCD:	1. Mr. Mohammed Al-Sulaiti, Manager, Privatized Companies Affairs, QatarEnergy 2. Mr. Abdulla Yaqoob Al-Hay, Assistant Manager Financial Operations, Privatized Companies Affairs, QatarEnergy 3. Mr. Riaz Khan, Head of Investor Relations and Communications, QatarEnergy
Moderator:	Bobby Sarkar, Head of Research – QNB Financial Services
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Operator:	Good day, ladies and gentlemen. And welcome to the Industries Qatar 4th Quarter 2021 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn the call over to Mr. Bobby Sarkar. Please go ahead, sir.
Bobby Sarkar [QNBFS]:	Thank you, Elaine. Hi. Hello everyone. This is Bobby Sarkar, Head of Research at QNB Financial Services. I wanted to welcome everyone to Industries Qatar's 4th Quarter and Fiscal Year 2021 Results Conference Call. So, on this call from QatarEnergy's Privatized Companies Affairs Group, we have Mohammed Al-Sulaiti, who is the Manager in Privatized Companies Affairs; Abdulla Al-Hay who's the Assistant Manager in Financial Operations; and Riaz Khan who is the Head of Investor Relations and Communications. So, we will conduct this conference with management first briefly reviewing the company's results followed by a Q&A. I would like to turn the call over now to Riaz. Riaz, please go ahead.
Riaz Khan [IQ]:	Thank you Bobby. Good afternoon and thank you all for joining us. Hope you all are doing great. Before we go into the business and performance updates of IQ, I would like to mention that this call is purely for the investors of IQ and no media representatives should be attending this call. Moreover, please note that this call is subject to IQ's disclaimer statements as detailed on slide no. 2 of the IR deck. Moving on to the call, on 7th of February, IQ published its results for the year ended 31st of December 2021, and today in this call, we will go through these results and provide you an update on key financial and operational highlights. Today on this call, along with me, I have: 1- Mohammed Jaber Al-Sulaiti, Manager, Privatized Companies Affairs; and 2- Abdulla Al-Hay, Assistant Manager, Financial Operations.

	We have structured our call as follows: ▪ At first, I will provide you with a quick insight on IQ's ownership structure, competitive advantages and overall governance structure; ▪ Secondly, Abdulla will brief you on IQ's key operational and financial performance matrix; ▪ Later, I will provide you with an update on the latest segmental performance; ▪ And finally, we will open the floor for Q&A session. To start with, as detailed on slide 5, the ownership structure of IQ comprises of QatarEnergy with 51% stake and the rest is in the free float held by various domestic and international corporates and individuals. IQ is credit rated by S&P's with A+ and Moody's with A1 credit rating, with a stable outlook. QatarEnergy, being the main shareholder of IQ provides most of the head office functions through a service-level agreement. The operations of IQ group companies are independently managed by its respective Board of Directors, along with senior management team. In terms of competitive strengths, as detailed on slide 8, the Group is well positioned with several competitive advantages it possesses strategically, operationally, as well as, financially. These strengths include: - an efficient and well maintained asset base; - a qualified and highly trained workforce; - assured supply of feedstock and competitively priced energy contracts; - lower operating cost; - a dedicated marketing team in form of Muntajat, to market the Group's petrochemicals and fertilizer products; and - most importantly a well experienced senior management team. As detailed on slide 10, from competitive positioning perspective, IQ ranks among top tier companies within the regional downstream space, across most of the matrices. In terms of the Governance structure of IQ, you may refer to slides 48 and 49 of the IR deck, which covers various aspects of IQ's code of corporate governance in detail. I will now hand over to Abdulla.
Abdulla Al-Hay [IQ]:	Thank you Riaz. Good afternoon and thank you all for joining us. During the current financial year, the Group benefitted from a strong economic recovery, coupled with supply constraints resulted in improved price levels which translated into an improved set of financial results. For the year ended 31 December 2021, the Group recorded a net profit of QR 8.1 billion as compared to QR 1.9 billion for last year, up by 321%, as detailed on slide no. 16. Group's improved financial performance for the year was largely attributable to the improved product prices, which on an average inclined by 58%, and translated into an increase of QR 8.5 billion in Group's bottom line earnings, as you can see on slide 17.

	Sales volumes increased by 20% versus last year, mainly driven by sales volumes relating to Qafco trains 1-4 which were fully reported as part of 2021 volumes, and which was not the case in last year, where Qafco was operating under a temporary gas processing arrangement for the first seven months of 2020. Nevertheless, improvement in the sales volumes was partially offset by a reduction in volumes during the current year, due to mothballing of steel facilities, commercial shutdown in the fuel additives facilities and planned and unplanned shutdowns at certain fertilizer facilities. As shown on slide 17, the overall growth in sales volumes contributed QR 1.2 billion positively to the current year's bottom-line earnings versus last year. The overall growth in selling prices and sales volumes led to an overall growth in revenues for the Group, which increased by 77% during the year, to reach QR 20.2 billion. As detailed on slide 15, the Group's production levels were down on last year, by 3%. This decline was mainly attributed to mothballing of certain steel facilities which started since mid of 2020, periodic planned and unplanned maintenance shutdowns at certain Qafco & Qapco facilities and a commercial shutdown at MTBE facilities. Moving on to quarter-on-quarter performance, compared to the third quarter of 2021, Group revenue and net profit improved sharply versus last quarter. The benefits gained from improved selling prices were more than adequate to offset sales volumes lost due to planned maintenance and unplanned shutdowns. Our robust business models and the strength of our global supply chain continued to leverage our resilience and provided flexibility to our operations, whereas, our continued positioning of being a low cost operator ensured our competitive edge and aided to generate one of the strongest yearly results. Moreover, as detailed on slide 19, IQ's EBITDA margins continued remained robust. This is a testament to Group's cost management and cash conservation capabilities, with an ability to maintain its cash flows despite volatile trends in commodity prices. Also, we continued to build our strong financial position with improved cash flow generation capabilities, and the Group generated QR 8.1 billion in terms of free cash flows during the current year, as detailed on slide 18. I will now hand over to Riaz, to cover the segmental performance.
Riaz Khan [IQ]:	Thank you Abdulla. I will start with Petrochemicals segment. Petrochemicals As detailed on slide 25, performance of petchems segment improved with a net profit of QR 2.5 billion for the current financial year, with an increase 133% versus last year. This notable increase in profits was primarily driven by improved products prices, on the back of improved

	demand for petrochemical products due to heathier macroeconomic conditions, while supply remained constrained. Segment's blended product prices rose by 55% on a year-on-year basis, while sales volumes slightly declined by 3%. Segmental revenue for the year reached QR 6.0 billion, with an improvement of 51% versus last year, mainly due to improved product price environment. Production volumes declined on last year by 3%, due to a large scale planned turnaround conducted at Qapco facilities and a commercial shutdown at MTBE facilities. As detailed on slide 26, segment's EBITDA margins continued to remain strong. In terms of segment revenue by geography, as detailed on slide 27, Asia remains a main market for PE and MTBE, whereas, Indian sub-continent remains a key market for Methanol and PE. Fertilizers Moving on to fertilizers segment, as detailed on slide 31, the segment reported a net profit of QR 4.7 billion for the current financial year, with an increase of 544% versus last year. This increase was mainly driven by growth in revenues which increased by 133% during the current year, to reach QR 10.3 billion. Selling prices improved by 100% versus last year, while, sales volumes increased by 38%. On the other hand, production volumes marginally declined by 1% versus last year. As detailed on slide 32, segment's EBITDA margins continued to remain robust. In terms of segment revenue by geography, as detailed on slide 33, North and South Americas remain main market for fertilizers, along with, Indian sub-continent and Asia. Steel Now, let's discuss steel segment and you may refer to slides 35 till 40. During the current year, steel segment continued its profit-making trajectory after having a difficult first half of last year and following strategic restructuring initiatives implemented. Net profit for the current year amounted to QR 716 million versus a net loss of QR 1.3 billion during last year. On overall basis, segmental revenue was up by 30% mainly on the back of increasing selling prices which increased by 31% on a year-on-year basis. The growth in selling prices was offset by a decline in sales volumes to an extent and declined by 2%. Mothballing of certain steel facilities allowed the segment to primarily focus on profitable domestic market, which led to adjust its cost base. Moreover, due to the improvement in the international prices, the segment was also able to sell some of the quantities outside the domestic market. All of this led to a strong sequential recovery in EBITDA margins on a year-on-year basis, as detailed on slide 38. Now we will open the floor for the Q&A Session.

Operator:	Thank you, sir. Ladies and gentlemen, if you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, please press star one to ask a question. We will pause for just a moment to allow everyone the opportunity to signal. Thank you.
Bobby Sarkar [QNBFS]:	Hi. This is Bobby again from QNBFS. While we are getting started with other questions, can I just start things off with a question of my own, a couple of questions actually? If you could just talk a little bit about Qafco 7, which you have detailed on your slide 42? And what impact we would see in terms of ammonia and urea production and volumes? And what would be the timeline of this coming through? And will this be replacing something existing or is this something new and would add on additional volumes? And then secondly generally speaking, given the fact that major maintenance shutdowns in Qapco etc are behind us, do you expect to see some growth in production sales volumes in 2022? Thank you so much.
Abdulla Al-Hay [IQ]:	Yes, Bobby. As you are aware, Qapco has six trains. Train 1 & 2 are very old assets. So, the project, we called it in the slide as Qafco 7 is basically to replace the Train 1 & 2 by a single train which will have the same total of Train 1 & 2 plus 400,000 metric ton per year of ammonia. This new train will be more efficient in terms of consuming the feedstock and will be more efficient in terms also of production. So, a 400,000 metric tons of additional volumes of ammonia will realize from the new train. We are currently at very early stages of deciding either to go with the project or not to go. No contract's been awarded yet. So, if there is any update, we'll let you know. However, we have considered it as a part of our budget and business plan for the next five years. I hope I answered this question. What's the second question?
Bobby Sarkar [QNBFS]:	Yeah, the second question was just generally on sales and production volumes for this year given the fact your major maintenance shutdowns in Qapco etc are behind you in 2021, if you could just give us a sense?
Abdulla Al-Hay [IQ]:	We are planning for at least a better projection during this year. However, we still have some planned shutdown taking place at most of the segment, except the fuel additive facilities. For fuel additive facilities, we are not planning any shutdowns during this year. However, there is a shutdown in the petrochemicals, fertilizers & steel facilities. But these are not major shutdowns.
Bobby Sarkar [QNBFS]:	Okay, great. Elaine, we can open up the question answers to the general audience please now. Thank you.
Operator:	Thank you. Thank you. Our first question today comes from Alex Comer of JP Morgan. Please go ahead.

Alex Comer [JP Morgan]:	Yeah, I mean I think Bobby asked some very good questions there. But just a couple of follow-ups for me. Just if look at the fertilizer business and I look at the products sold in Q4 versus your production, it all suggests that you've got some stock there to sell in Q1. So, just maybe you could talk a little bit about Q1 volumes in fertilizers. That's the first thing. And then just in terms of outages, you talked a little bit about there would be some in fertilizer. And perhaps I'm just wondering if you could give us some idea of when those might occur in the year? And then back to this Qafco 7 project, I mean you said that you haven't or you indicated have made FID on this. But you've got QR800 million of Capex coming out in 2022. So, clearly you must be quite close to a decision there. So, maybe you could let us know when we might hear for certain on that? And then also you talked about efficiency and improving on Qafco 1 and 2, just any indication on what the feedstock gas price might be on that project? These are my questions. Thanks.
Abdulla Al-Hay [IQ]:	I will start from your last question if you allow me. So, in terms of just to correct one of your information. Train 1 and 2 will be replaced by Qafco 7. So, there will not be any assets for 1 and 2. Maybe we're going to hear about a decision to award the contract hopefully by the first half of the year 2022. And if there is any update prior to that, we're going to announce it to the market. The other question, maybe it can be handled by Riaz.
Riaz Khan [IQ]:	Yeah. So, in terms of the fertilizer volumes as we mentioned in our press release, there were certain operational obstacles or operational delays in terms of the variance which we are seeing between the production volumes and the sales volumes. So, hopefully these delays will be catered in the next quarter. Then in terms of the shutdowns for 2022, most of the shutdowns are predominantly allocated evenly across the board. Specifically, if I talk about the Qafco's facilities, there is very nominal level of shutdowns, averaging somewhere 20 to 25 days per quarter basis. Then in terms of fertilizer business, there will be slightly higher number of days of shutdown in Q1 of 2022 compared to the rest of the three quarters. In terms of the steel again, they are pretty much evenly placed across the quarters. Again, they are not very significant, quite similar in terms of number of days as what we saw in 2021.
Alex Comer [JP Morgan]:	Okay, thank you very much.
Operator:	Thank you. We move to our next question from Faisal Al Azmeh of Goldman Sachs. Please go ahead.

Faisal Al Azmeh [Goldman Sachs]:	Hi. And thanks for the opportunity to ask questions. Just a few on my end if you don't mind. Maybe just starting off with the dividend announcement, how should we think about the riyal per share that you've announced for the year? Is this something that you feel that is sustainable? And that we should look at this policy as something that that should be recurring? Obviously in terms of the percentage of free cash flow, it's been well covered. And even when you look at the payout ratio, it's at 75%. So, do you feel that if prices do moderate this year, this is something that you can sustain in 2022? So, that's my first question. My second question relates to Qafco 7. Should you decide to go ahead with this project, would you consider adding some debt around it similar to how you had done with previous projects? So, should we think about this in the context of 70% project finance or would you look at it differently? And then thirdly and just my final question is on steel. If you can just tell us a bit more about what to expect in terms of how to think about generally profitability in the first half of the year? I remember last year you told us there was some form of seasonality aspects which led to the weakening volume in the second half? Do you feel that this first half volume should recover? Thank you.
Abdulla Al-Hay [IQ]:	Thank you for the questions. I'll start off with the dividends. So, yes in our view if you look at the historical average payout that IQ has adapted ever since inception, it's close to 70%. We've gone with more aggressive closer to 100% last year in 2020, where we've paid out a 100% of earnings. I think we've consistently paid a generous payout in the past four or five years. So, dividends, I know we've discussed this on maybe every call and with every meeting with the shareholders. It really depends on a few elements, which of course is also driven by the financial performance of the given year. It also depends on our outlook for the future year as well as the business plan. Specifically, outlook and the projections of the prices of 2022. So, yes to answer your question directly, I think the dividend in terms of payout remains to be something that we can consistently distribute to the shareholders knowing our free cash flow capabilities depending on Capex programs which are predominantly related to maintenance and environmental-related projects. Moving on to Qafco 7 and the plan of funding that project. So, as part of the package that are being prepared for FID, we're also assessing different funding strategies, and looking at the economics of each one. So, it would really depend on how the economics look like. It's no secret that IQ as well has a lot of cash at the group level, so does Qafco. So, funding the project with equity is not something that would not be a possibility, but it would really depend on the economics of adding on debt to the project, and how that looks. So, that's yet to be decided. And that's part of the FID package that would be presented to the board hopefully in the first half of this year.
	Now on steel prices which continue to be strong in the region since our decision to mothball was driven with a strategy to focus on the regional market, mainly domestic as well as regional. So, that strategy still continues to be in place. We still did sell small quantities internationally beyond the region opportunistically depending on how prices are.
Faisal Al Azmeh [GS]:	Thank you.

Operator:	Thank you. Rene Selouan of Jadwa Investments has her next question. Please go ahead.
Rene Selouan [Jadwa]:	Yes, hello. And thank you for the call. So, I was wondering in the fertilizer segment, your production quarter on quarter was up 2%. I think if I recall correctly, you had mentioned that you were planning a shutdown in the fourth quarter similar to the first quarter of 2021. So, has that shutdown been pushed into the first quarter, that's what you're telling us? And also, I noticed that the average selling price was about a $100 or let's say $70 to a $100 less than what our price would suggest for the quarter. Is that because towards the end of the quarter that sale that you missed was at higher prices? And that means that it would be sold in first Q? Is that correct?
Mohammed Al-Sulaiti [IQ]:	Well, I can answer the question on the shutdowns because my understanding is that there were planned and unplanned shutdowns for Qafco 1 to 4 in the fourth quarter of last year. So, I do not expect that they have any planned shutdowns for Qafco 1 to 4. I'm not sure about 5 and 6. But Abdulla or Riaz can comment on that. As for the price realization, again I'd refer that to Riaz and Abdulla to be able to clarify it in a better manner.
Riaz Khan [IQ]:	Yeah. So, in terms of the quarter-on-quarter slight increase in the production volumes was actually the operating days on an overall basis were higher. Because if you remember in Q3, we had a small unplanned shutdown which affected the operating days of Q3. In Q4, we had a planned shutdown, but that was on one of the train. And that was on a holistic basis. If you see the production volumes, they were -- they ended up becoming higher compared to the Q3 of 2021. In terms of the selling prices as what you mentioned, there has been what you call a discord between the production volumes for Q4 and the sales volumes of Q4. Sales volumes actually declined and production volumes remained quite similar or maybe 2% up. So, the reason behind this was there were some delays on operational and supply chain side, where there some contracts with certain specific customers, some big customers, they were getting in process of being renewed. And that's why you are seeing a lag in terms of the pricing because the market prices which you see on Bloomberg, they are live prices. The prices which we are showing here, they are the realized prices. It means the prices based on which actual invoices are issued.
Rene Selouan [Jadwa]:	Yeah, yeah. Usually, they're very similar, like $10 to $20 dollars difference.
Riaz Khan [IQ]:	Yeah. So, this is because there has been a lag behind -- between the production volumes and sales volumes. So, there were some sales which were supposed to be made in Q4. Now, they have moved to the next quarter. So, again, the realization of those prices will come in the forthcoming quarters.
Rene Selouan [Jadwa]:	Okay. And you mentioned that there is a shutdown in first quarter, similar to the first quarter of 2021, is that correct?
Riaz Khan [IQ]:	The shutdown for 2022 you are asking, right?
Rene Selouan [Jadwa]:	Yeah, first quarter 2022.
Riaz Khan [IQ]:	So, yeah. So, if you compare Q1 of 2021 versus Q1 of 2022 in terms of the number of days shutdowns, I can see quite similar numbers, except for there is no MTBEs commercial shutdown which was the case in 2021.

Rene Selouan [Jadwa]:	Okay.
Riaz Khan [IQ]:	There is no commercial shutdowns there. And other than that, the business-as-usual planned shutdowns are quite similar to the ones which you saw in the Q1 of 2021.
Rene Selouan [Jadwa]:	Okay, very clear. And I was just wondering in your presentation you have at the beginning a price chart for products. And the steel price is extremely low going into 2022, plus your EBITDA margin for the steel segment was extremely low in the fourth quarter. So, I'm wondering how can you expect that 2022 would be similar to 2021 in the steel?
Riaz Khan [IQ]:	What I can answer you on the EBITDA margins, if you see on slide number 38. We did mention that there has been a declining trend in the last two quarters for the EBITDA margins, which is predominantly linked to high-priced feedstock iron ore which we bought in Q1 and Q2, because if you remember the iron ore prices were really high, and they were like at their peak back in Q2 especially of 2021. And that was the same iron ore which we used in Q3 and Q4. And that has like basically a cascading effect on our margins. And that's why the margins are showing a declining trend.
Rene Selouan [Jadwa]:	So, you expect that to reverse? That's what you're saying?
Riaz Khan [IQ]:	Yeah, because the iron -- if you see the iron ore price trends, they peaked in Q2. And then they started to dilute or adjust themselves to the normality. So, right now, they are in $100 to $120 range, $120 per metric ton range. So, presumably that's how we expect that there will be some sort of smoothening on the EBITDA margins rather than a declining one.
Rene Selouan [Jadwa]:	Okay, very clear. Thank you.
Operator:	Thank you. We'll take our next question from Abdullah of Hassana Investment Company. Please go ahead.
Abdullah [Hassana Investment]:	Hello. Hi. Thank you very much for the call and congratulations on the great results in 2021. I just have -- the majority of my questions have been addressed by different analysts. So, I just have a couple of questions. One, regarding the fertilizer, one regarding the petrochemical. So, for the fertilizer business, I was just wondering if you guys are seeing a weakness on demand given the high urea prices? Or has demand been robust despite these high prices? And what's your view on the demand in the midterm? Do you expect it to be as strong as what we've seen or softening going forward? So, that's one question. The second question is around Qapco and Qafac. Just wondering if the management has any plans to acquire the minority shareholders interest on these assets? And then if so, could you give us a hint on the purchase and price? Would there be closer to book value similarly to what we've seen in Qapco?

Abdulla Al-Hay [IQ]:	Yes, thank you for your question. Related to the demand in relation to the fertilizer products, we believe there is still a strong demand that we see. The price, we see at least for the first quarter would say it will stay at the same level which is an excellent indicator so far. Related to Qapco and Qafac shares, the minority shares there, and if we're going to purchase these shares? Last year when we did the investment in Qafco, when we bought remaining 25% stake. In the same announcement we mentioned that we have the intention to buy the minority shares of other entities if they are willing to sell it. There is 20% minority stake available in Qapco and 50% at Qafac level. It is still at very early stages, as you are aware that Qafac's JV will end in 2024 and Qapco's joint venture will end in 2029.
Abdullah [Hassana Investment]:	This is very helpful. Thank you very much.
Operator:	Thank you. We have a question from Nitin Garg of SICO. Please go ahead.
Nitin Garg [SICO]:	Thank you for the opportunity. Just wanted to know the capacity of train 1 and train 2? And how old are these two trains? Qafco, I'm talking about Qafco. Since you said that Qafco 7 is to replace the train 1 and train 2. So, capacity of train 1 and train 2, and how old are these two trains?
Mohammed Saffan [IQ]:	Offhand, we can't remember the capacities of those two trains. But rather we can tell you the additional capacity as told by Abdulla. The trains are quite old. It was commissioned in 1978, I believe or 1974. So, those are technically almost 45 years plus. This train 1 was commissioned in 1974-1975. So, those are quite old trains, very high-energy consumption -- consuming very high energy in terms of natural gas. So, basically the net addition in terms of production additions in terms of ammonia would be around roughly 400k mtpa.
Nitin Garg [SICO]:	Okay. So, in terms of gas price, can we assume that the same gas price mechanism will be there for this expansion?
Mohammed Saffan [IQ]:	Gas price, no. The issue is not with the gas price. QatarEnergy would supply the required gas to produce whatever the quantity of ammonia the new train would produce. The formula would remain predominantly the same. The only benefit what we are going to be benefiting with the same amount of gas that QatarEnergy would supply, we would be able to produce more ammonia because the trains are going to be efficient.
Nitin Garg [SICO]:	Okay. Thank you. Very clear.
Operator:	Thank you. We have no further questions at this time.
Bobby Sarkar [QNBFS]:	Hi, this is Bobby Sarkar again. So, if we have no further questions, I would like to thank management for taking the time to answer our questions. I want to thank Mohammed, Abdulla, and Riaz. And we will pick this up next quarter. Thank you very much.
Riaz Khan [IQ]:	Thank you all. Thank you for joining us.
Operator:	Thank you. Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation. You may now disconnect.