

FOR IMMEDIATE RELEASE

**Industries Qatar reports a net profit of QR 5.4 billion  
for the six-month period ended 30 June 2022, representing an  
increase of 57% compared to 1H-21**

- Earnings per share (EPS) of QR 0.90 for 1H-22, as compared to QR 0.57 for 1H-21
- Prices demonstrated volatilities with positive trends in a turbulent macroeconomic environment
- Merger of Qatar Melamine Company with QAFCO (QMC is a 100% owned subsidiary of QAFCO)
- Liquidity continues remain strong with a total cash and bank balance of QR 14.8 billion

**Doha, Qatar; 7 August 2022:** Industries Qatar (“IQ” or “the Group”; QE Ticker: IQCD), today reported a net profit of QR 5.4 billion for the six-month period ended 30 June 2022, representing an increase of 57% compared to 1H-21.

#### Updates on macroeconomic environment

Macroeconomic environment remained uneven during the first half of 2022, where demand for most of the downstream products slightly inched downward mainly due to China’s COVID linked lockdowns and cautious approach from buyers. On the other hand, supply side was affected by Russia-Ukraine conflict enforcing sharp rise in energy prices challenging plant economics specially for the European producers.

On an overall basis, commodity prices were essentially balanced to bearish during 1Q-22. During Q2-22, despite uncertainties over recessionary fears, prices slightly improved on back of persistent higher energy prices and supply side constraints.

#### Operational performance updates

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Production (MT million)	8.1	7.8	+5%	4.2	3.9	+6%
Plant utilization rates (%)	97%	97%	--	100%	95%	--
Average reliability factor (%)	98%	98%	--	96%	97%	--

Group’s operations remained strong as production volumes for the six-month period improved by 5% to reach 8.1 million MT’s. Restart of the previously mothballed DR-2 facility with a larger capacity, together with, higher plant operating days noted within the Fuel Additives segment contributed towards an overall increase in production volumes during 1H-22. Plant utilization rates for the six-month period stood at 97%, while average reliability factor stood at 98%.

On a quarter-on-quarter basis, a growth of 6% in production volumes was noted mainly due to higher number of operating days during 2Q-22 compared to 1Q-22, despite an unplanned shutdown reported within the Fertilizer facilities during the current period.

#### Financial performance updates – 1H-22 vs 1H-21

Key financial performance indicators	1H-22	1H-21	Variance (%)
Average selling price (\$/MT)	786	520	+51%
Sales volumes (MT' 000)	5,116	4,963	+3%
Revenue (QR' billion)	14.3	9.2	+56%
EBITDA (QR' billion)	6.5	4.5	+46%
Net profit (QR' billion)	5.4	3.5	+57%
Earnings per share (QR)	0.90	0.57	+57%
EBITDA margin (%)	46%	49%	--

Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

Group reported a net profit of QR 5.4 billion for the six-month period ended 30 June 2022, demonstrating a notable growth of 57%, versus the same period of last year. Revenue for 1H-22 significantly improved by 56% to reach QR 14.3 billion as compared to QR 9.2 billion reported for 1H-21. Earnings per share (EPS) for 1H-22 was QR 0.90, versus QR 0.57 for the same period last year.

Group's financial performance for the six-month period 30 June 2022 in comparison to the same period of last year was largely attributed to multiple factors, including:

- **Product prices:**  
Blended product prices significantly surged by 51% versus 1H-21 and reached USD 786/MT. Growth in product prices translated into an increase of QR 5.0 billion in Group's net earnings. The price increase was mainly linked to elevated market prices across all the segments, on account of constructive macroeconomic drivers.
- **Sales volumes:**  
Sales volumes for the period increased by 3% versus the same period of last year, primarily driven by higher plant operating rates, leading to improved production volumes.
- **Operating cost**  
Group operating cost increased by 57% versus same period last year. The increase in the operating cost was primarily linked to higher variable cost on account of increased sales volumes and end-product price indexed raw material cost.

**Financial performance updates – 2Q-22 vs 1Q-22**

Key financial performance indicators	2Q-22	1Q-22	Variance (%)
Average selling price (\$/MT)	818	756	+8%
Sales volumes (MT' 000)	2,463	2,653	-7%
Revenue (QR' billion)	7.1	7.1	+0%
EBITDA (QR' billion)	3.3	3.3	+0%
Net profit (QR' billion)	2.7	2.7	+1%
Earnings per share (QR)	0.45	0.45	+1%
EBITDA margin (%)	46%	46%	--

Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

During 2Q-22, Group revenue and net profit remained flat versus 1Q-22, where growth in selling prices were offset by lowered sales volumes. Decline in sales volumes was mainly linked to lower fertilizer sales volumes during 2Q-22, as QAFCO's 1Q-22 sales volumes were boosted by additional volumes on account of timing of shipments carried forward from 4Q-21. Prices slightly improved on back of persistent higher energy prices and supply side constraints, despite recent demand related concerns.

**Financial position**

Key performance indicators	As at 30-Jun-22	As at 31-Dec-21	Variance (%)
Cash and bank balances (QR' billion)	14.8	16.0	-7%
Total Assets (QR' billion)	41.6	42.3	-2%
Total Equity (QR' billion)	38.9	39.5	-2%

Note: Cash and bank balances has been reported based on non-IFRS based proportionate consolidation

Group's financial position continue to remain robust, with cash and bank balances at QR 14.8 billion as of 30 June 2022, after accounting for a dividend payout relating to the financial year 2021, amounting to QR 6.0 billion. Currently, the Group has no long-term debt obligations.

Group's reported total assets and total equity reached QR 41.6 billion and QR 38.9 billion, respectively, as of 30 June 2022. The Group generated positive operating cash flows<sup>1</sup> of QR 5.1 billion, with free cash flows<sup>1</sup> of QR 4.6 billion during the first six months of 2022.

**Segmental performance highlights****Petrochemicals:**

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Production (MT' 000)	1,464	1,388	+6%	752	713	+5%
Average selling price (\$/MT)	1,081	927	+17%	1,120	1,041	+8%
Sales volumes (MT' 000)	1,009	954	+6%	510	500	+2%
Revenue (QR' million)	3,853	3,119	+24%	2,017	1,835	+10%
Net profit (QR' million)	1,504	1,495	+1%	831	673	+24%

Note: The above figures have been reported based on non-IFRS based proportionate consolidation

<sup>1</sup> Reported based on non-IFRS based proportionate consolidation

Petrochemicals segment reported a net profit of QR 1.5 billion for the six-month ended 30 June 2022, marginally up by 1% versus the same period of last year. This marginal increase was mainly due growth in segmental revenue being almost offset against higher operating costs.

Blended product prices for the segment improved by 17% versus the same period of last year, against a backdrop of firm demand and higher energy prices, coupled with supply deficits. Sales volumes also improved by 6% compared to 1H-21, in line with growth in production volumes. Growth in selling prices combined with higher sales volumes, led 1H-22 segmental revenue to reach QR 3.9 billion, with an improvement of 24% versus the same period of last year. On a year-on-year basis, production volumes increased by 6%, as the segment's fuel additive operations were on a commercial shutdown during 1Q-21.

Revenue for the current quarter was up by 10% versus 1Q-22. This increase was primarily driven by improved selling prices which increased by 8% and higher sales volumes which increased by +2%. Growth in selling prices at the segmental level was mainly due to higher MTBE prices which increased by 23%, while LDPE prices slightly improved by 5% during 2Q-22 versus 1Q-22. Improved revenue aided segment's net profit to grow by 24%.

#### Fertilizers:

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Production (MT' 000)	4,680	4,835	-3%	2,380	2,300	+3%
Average selling price (\$/MT)	718	359	+100%	742	695	+7%
Sales volumes (MT' 000)	3,139	3,028	+4%	1,516	1,622	-7%
Revenue (QR' million)	7,953	3,842	+107%	3,972	3,981	-0%
Net profit (QR' million)	3,307	1,538	+115%	1,562	1,745	-11%

Fertilizer segment reported a net profit of QR 3.3 billion for the six-month period ended 30 June 2022, with an increase of 115%, versus the same period of last year. This increase was primarily driven by growth in revenue. Segment's revenue grew by 107% for the current six-month period versus 1H-21, primarily due to improved selling prices. Selling prices improved significantly by 100% versus the same period of last year and reflected positively on the segmental performance. Restricted supply from key exporting regions, together with inflationary pressures amid higher crop and energy prices remained key factors for elevated fertilizer prices on a year-on-year basis. Sales volumes also increased during the current period versus 1H-21, while production volumes slightly declined by 3% versus 1H-21.

On a quarter-on-quarter basis, segmental revenue remained flat versus 1Q-22, as the growth in selling prices fully offset the decline in sales volumes. Decline in sales volumes was mainly linked to timing of shipments carried forward from 4Q-21 affected positively 1Q-22 segmental sales volumes. On the contrary, product prices improved during 2Q-22, mainly due to persistent supply side constraints, despite buyers remained cautious. Segmental net profit for 2Q-22 declined by 11% mainly due to comparatively higher operating cost linked to unplanned maintenance shutdown, coupled with flattish segmental revenue.

#### Updates on QMC merger with QAFCO

In June 2022, based on an internal review, QAFCO's Board of Directors decided to transfer Qatar Melamine Company's (QMC) assets to QAFCO through a business transfer agreement (merger scheme).

The process is planned to be completed before end of December 2022 and the related formalities are in progress. QMC is a 100% owned subsidiary of QAFACO and involved in production of Melamine. The merger is expected to benefit the Group in terms of operational and administrative synergies.

### Steel:

Key performance indicators	1H-22	1H-21	Variance (%) [1H-22 vs 1H-21]	2Q-22	1Q-22	Variance (%) [2Q-22 vs 1Q-22]
Production (MT' 000)	1,979	1,558	+27%	1,047	932	+12%
Average selling price (\$/MT)	698	619	+13%	729	673	+8%
Sales volumes (MT' 000)	968	981	-1%	437	531	-18%
Revenue (QR' million)	2,459	2,212	+11%	1,159	1,300	-11%
Net profit (QR' million)	621	496	+25%	360	261	+38%

Steel segment reported a net profit of QR 621 million, up by 25% versus 1H-21. Improved segmental profits was mainly driven by higher revenues, which increased by 11% versus 1H-21. Additionally, segment's associate that produces iron oxide pellets, Foulath Holdings, reported commendable financial results against a backdrop of improved operations.

Growth in revenue was mainly driven by higher selling prices which increased by 13% on a year-on-year basis, mainly driven by higher steel and iron ore prices prevailing internationally. Sales volumes remained relatively flat, against a backdrop of softening domestic demand.

On a quarter-on-quarter basis, segmental profit increased by 38% versus 1Q-22, mainly on account of lower operating cost. Segment revenue declined by 11% mainly due to decline in sales volumes which declined by 18% on the back of muted demand. On the hand, selling prices improved by 8%. Improved performance from Foulath Holdings also contributed positively towards segment's current period profits.

### Earnings Call

Industries Qatar will host an IR Earnings call with investors to discuss the latest results, business outlook and other matters on Tuesday, 9<sup>th</sup> August 2022 at 1:30 pm Doha Time. The IR presentation that accompanies the conference call will be posted on the 'financial information' page within the Investor Relations section at IQ's website.

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### About Industries Qatar (IQ)

Industries Qatar Q.P.S.C. 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 Q.P.S.C. ("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 ("QAFACO"), a subsidiary 100% owned 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.

For more information about the earnings announcement, email [iq@qatarenergy.qa](mailto:iq@qatarenergy.qa) or [iq.investorrelations@qatarenergy.qa](mailto:iq.investorrelations@qatarenergy.qa) or visit [www.iq.com.qa](http://www.iq.com.qa)

**DISCLAIMER**

The companies in which Industries Qatar Q.P.S.C. 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 Q.P.S.C.

This presentation may contain forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar Q.P.S.C. 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 realization 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.

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**GENERAL NOTES**

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Values expressed in US \$'s have been translated at the rate of US \$1 = QR 3.64.

Amounts relating to income statement, including revenue, net profits, production, sales volumes, have been computed and reported for the purpose of this press release on proportionate basis, based on the share of ownership of IQ in its respective joint ventures. Specifically, Petrochemical segment's revenue is computed by taking the Group share of revenue in Qapco and Qafac. Qapco's revenue is computed by taking the share of revenue in its joint ventures namely Qatofin, QVC and QPPC. This revenue may differ from the revenues reported in the consolidated financial statements.

**DEFINITIONS**

**Adjusted Free Cash Flow:** Cash Flow From Operations - Total CAPEX - Dividends • **CAGR:** 5-Year Compound Annual Growth Rate • **Cash Realization 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 Capitalization x 100 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization calculated as (Net Profit + Interest Expense + Depreciation + Amortization) • **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 capitalization / Net Profit) • **Utilization:** Production Volume / Rated Capacity x 100