



صناعات قطر  
Industries Qatar

# Press Release

For the year ended 31 December 2015

## **IQ DECLARES NET PROFIT OF QR 4.4 billion for the Full Year 2015**

Highest Production and Sales volume on Record • Production and Sales volumes significantly up on last year • Strong Liquidity position maintained • financial performance impacted by year-on-year significant price deflation • Dividend of QR 5.0 per share recommended

- **Results well ahead of 2015 budget**
- **Highest production on record with production volume exceeding 17 million MT's**
- **Highest sales volumes on record and up on last year by  $\approx 10\%$**
- **Strong Liquidity position maintained as cash across the group reached to QR 10.6 billion**
- **Product prices down on last year in line with global oil price trends**
- **Cost and operational optimization programs across the group are underway to strengthen performance**

**DOHA, QATAR** - 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 31 December, 2015 with net profit of QR 4.4 billion.

The group reported sound financial and operating performance across all business segments during the current year on the backdrop of adverse economic and trading conditions as the group’s sales volumes grew in excess of 9% on last year and recorded the highest sales volume since group’s inception in 2003. Sales volumes were ably supported by the highest production in the group’s history of 17 million MT’s, following the return to normal operations of most of the group’s productions facilities which were on extensive maintenance during the first half of 2014 despite two facilities within the steel segment were stopped from the beginning of the year after the ramping up of EF-5 furnace.

Selling prices, across all segments were, however impacted significantly due to the prevailing unfavorable economic conditions driven by lower crude oil prices and weaker demand in many economies coupled with excess supply. Prices in the petrochemicals segments were heavily declined due to their close correlation with crude oil prices. Crude oil prices have now declined by more than 30% since the beginning of 2015 and more than 20% since end of Q3, 2015. In line with the lower crude oil prices, petrochemical prices closed the year with a reduction of ≈28% reduction on 2014. Fertilizer prices on the other hand suffered a notable decrease of circa 15% on last year due to excess supply in some of the key producing countries, muted demand in some of the major buying countries and low energy prices. Steel prices have also declined considerably following the construction slowdown in most of the end markets due to current economic meltdown and excess supply driven by lower raw material costs.

Cash position across the group continued to remain strong with cash across the group has reached QR 10.6 billion after paying the 2014 dividend of QR 4.2 billion, increase of QR 1.1 billion or 11.9% reflecting group’s strong liquidity position even under stressed trading environment and places the group on a very comfortable financial position.

## **Financial Performance**

### **Revenue**

Reported revenue under IFRS 11 for the period ended December 31, 2015 was QR 5.2 billion, a moderate decrease of 12.4%, over the same period of 2014. On the other hand, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation under IAS 31 - was QR 16.0 billion, a decrease of QR 2.2 billion or 12.0%, versus the same period of 2014. This year-on-year reduction was primarily driven by a significant reduction product prices across all segments most notably in the prices of petrochemicals following the oil price decline that began in early Q4, 2014 which continued to remain low throughout 2015 and reached one of the lowest in December 2015. Prices of fertilizer and steel have also suffered a severe setback due to excess supply in

some of the key producing countries due to lower energy and raw materials costs, and muted demand in some of the major buying countries

Group reported the highest sales volumes since its inception, and were significantly up on last year (by ≈10.0%) as the group benefited by a comparatively lower number of maintenance days in the current year since most of the group's production facilities completed their planned and warranty maintenance programs in 2014 resulting in a significantly higher maintenance days during 2014. Accordingly the current year production reached the highest in group's operating history and the production utilisation reached 104.6% (Year-to-date 2014: 98.4%) resulting in additional production and sales.

#### Net Profit

Net profit for the period under review was QR 4.4 billion, down QR 1.8 billion or 29.9% against the same period of 2014. This reduction in net profit was entirely driven by the reduced revenues resulting from price deflation across all segments despite the group vastly benefited from improved sales volumes and improved operating costs.

#### Proposed Dividend Distribution

The Board of Directors has always supported, and continues to support, a rational dividend payout practice that balances the needs and aspirations of shareholders with the necessity of maintaining adequate liquidity within the group for actual and potential investment requirements, and unexpected adverse trading conditions, and the principles of financial prudence.

In line with the above objectives, the Board of Directors, proposes a total annual dividend distribution for the year ended December 31, 2015 of QR 3.0 billion, equivalent to a payout of QR 5.0 per share and representing 50 % of the nominal value.

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*For more information about this press release, email [iq@qp.com.qa](mailto:iq@qp.com.qa) or visit [www.iq.com.qa](http://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 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) • **Utilisation:** 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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