



Industries Qatar

Investor Relations Presentation

31 December 2019

“One of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products.”

DISCLAIMER

The companies in which Industries Qatar Q.P.S.C. directly and indirectly owns investments are separate entities. In this presentation, “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 presentation are made as of the date of this presentation.

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GENERAL NOTES

IQ’s accounting year follows the Gregorian calendar year. No adjustment has been made for leap years. Where applicable, all values refer to IQ’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:** 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 • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation) • **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 • **mmBTU:** Million British Thermal Units • **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 Industries Qatar

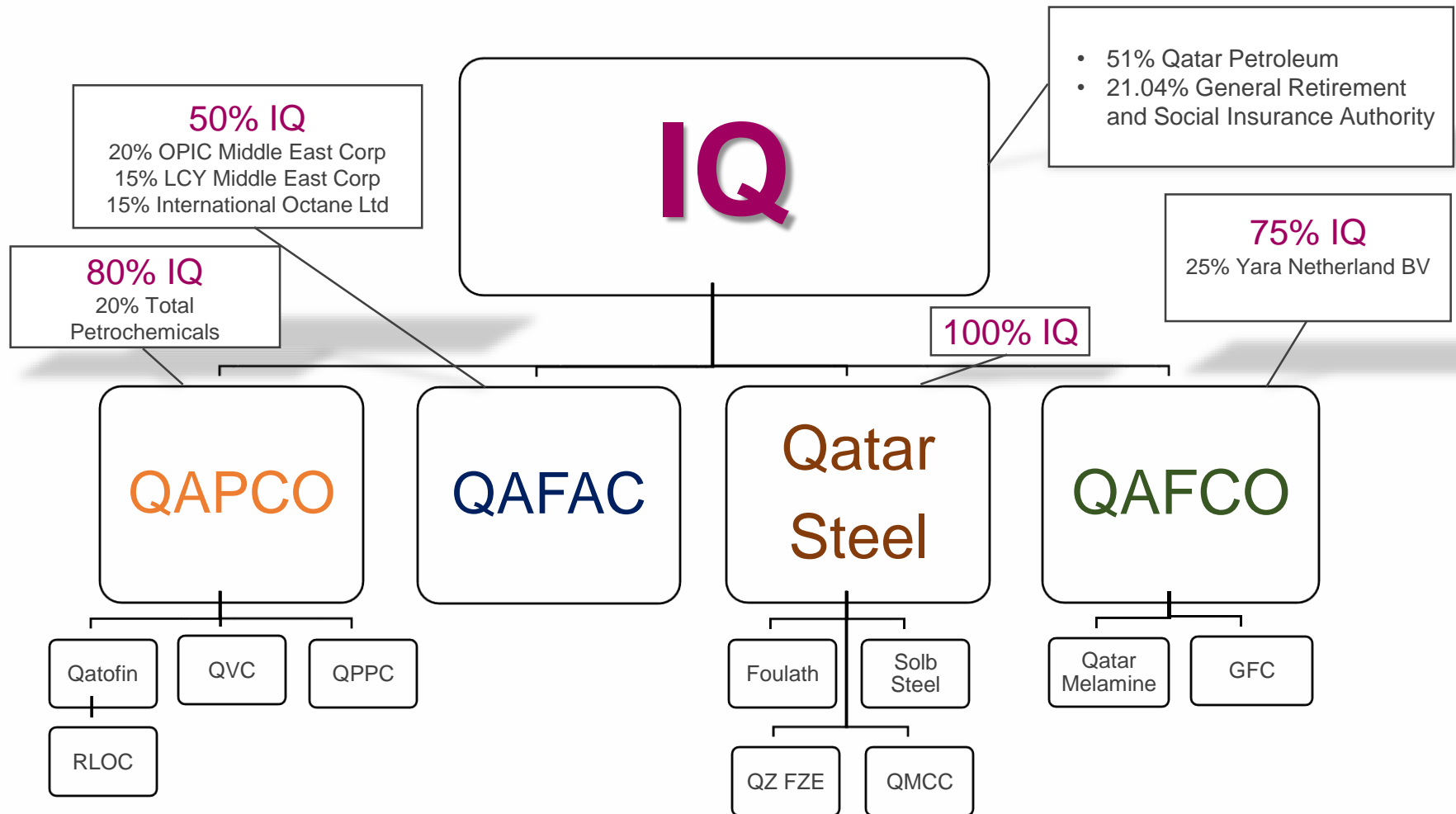


About IQ

- Industries Qatar Q.P.S.C. (“IQ” or “the group”; QE ticker: IQCD) was incorporated on April 19, 2003 and listed on the Doha Securities Market (precursor to the Qatar Stock Exchange) in 2003;
- The issued share capital consists of 6.05 billion shares ◦ The free float consists of 2.97 billion ordinary shares, with 49% of the market capitalization as a foreign ownership limit, and a maximum shareholding size for general shareholders of 2.0% of the issued share capital;
- IQ is credit rated by Standard & Poor’s (A+; stable) and Moody’s (A1; stable);
- Qatar Petroleum provides most head office functions through a comprehensive service-level agreement.
- The operations of the subsidiary and joint ventures remain independently managed by their respective Boards of Directors and senior management teams;

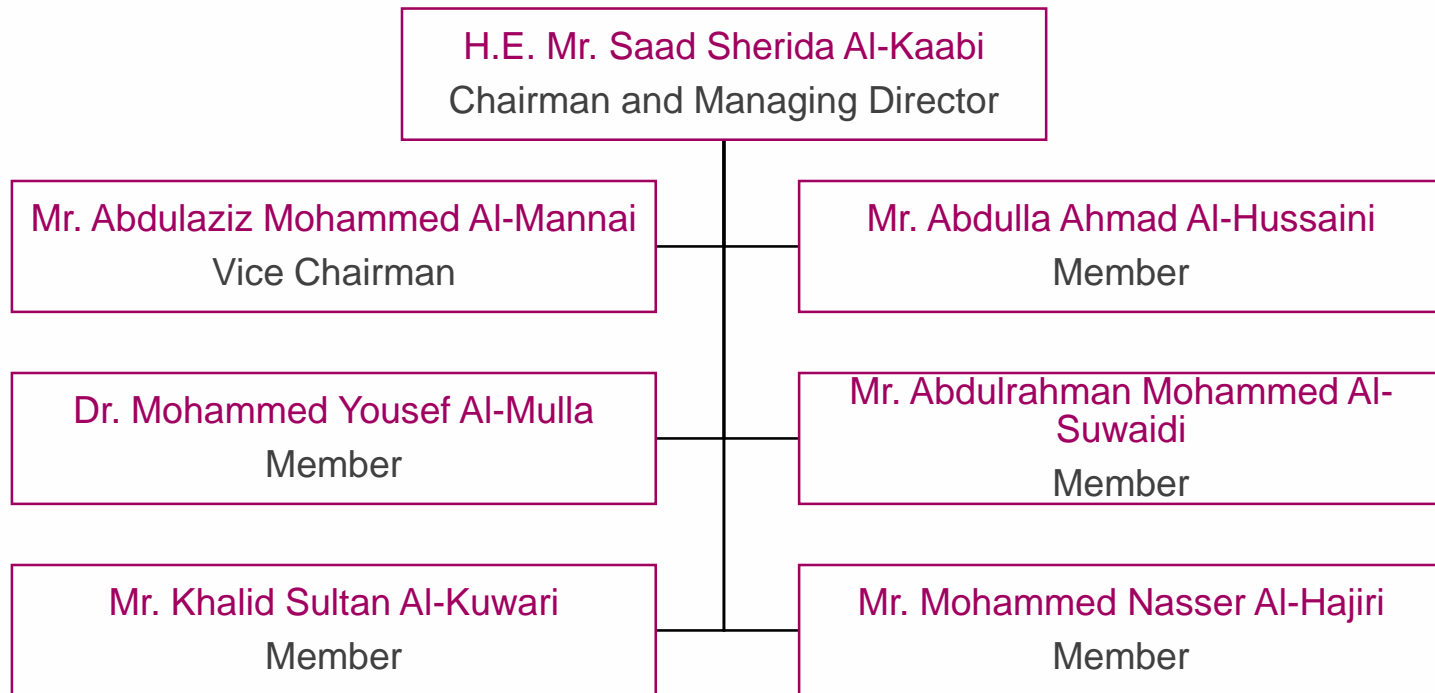
Group Structure

- Through its group companies, IQ operates in 3 business segments - **Petrochemical**, **Fertilizer** and **Steel**;
- Production facilities are principally located in the State of Qatar ▫ head count is circa 5,700 employees;



Board of Directors

- The Board of Directors of the group consists of:



Competitive Advantages

- Assured feedstock supply
- Economies of scale
- Synergy benefits
- Operationally diversified

Low cost producer

- Solid liquidity position
- No debt
- Strong cash flow generation even under difficult conditions
- Sound dividend record
- Stable EBITDA margin
- A+ / A1 rated

Strong financial position

Market leadership

Experienced senior leadership team

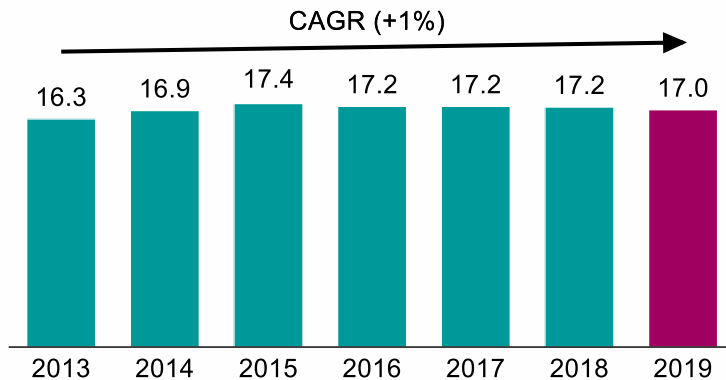
- Major steel producer in the region
- World's largest single site urea producer
- Dedicated marketing support
- Reputed listed entity

- 51% held by QP
- Industry experts in the senior management team
- Reputable partners (Total, Yara etc.)

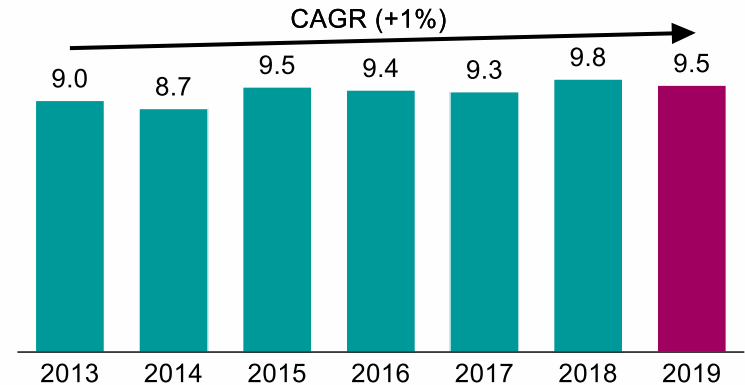
Results at a glance (2013-2019)

Results at a Glance (2013-2019)

Production (M MT's)

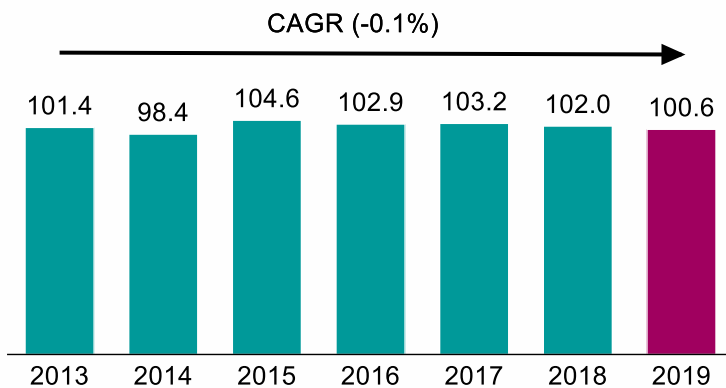


Sales Volumes (M MT's)

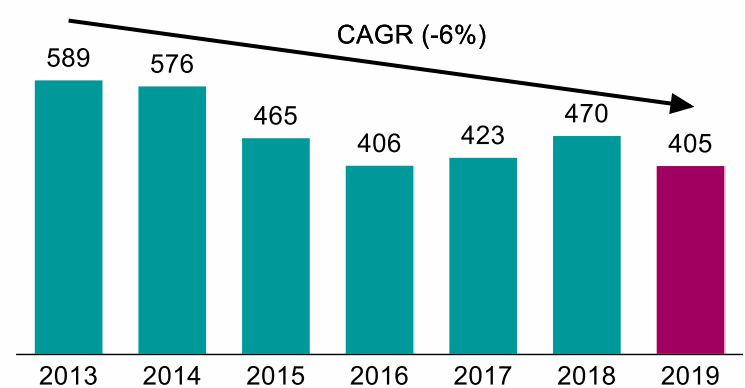


Production grew from 16.3 million MT's in 2013 and peaked to reach 17.4 million MT's in 2015, thereafter continued to remain relatively stable ▪ The sales volume grew over the period and reached its highest in 2018 ▪ Selling prices were affected significantly due to economic cycles

Utilization (%)

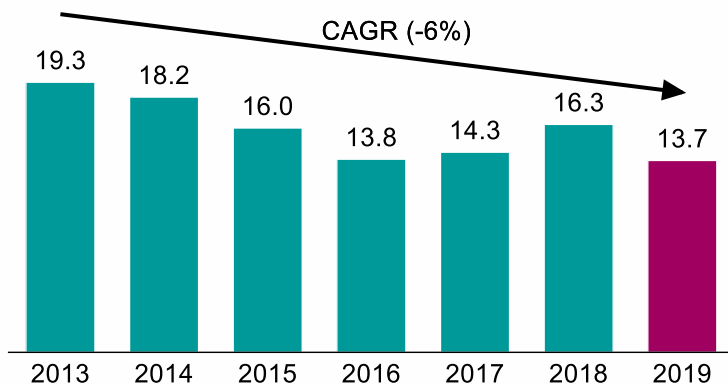


Selling Prices (USD / MT)

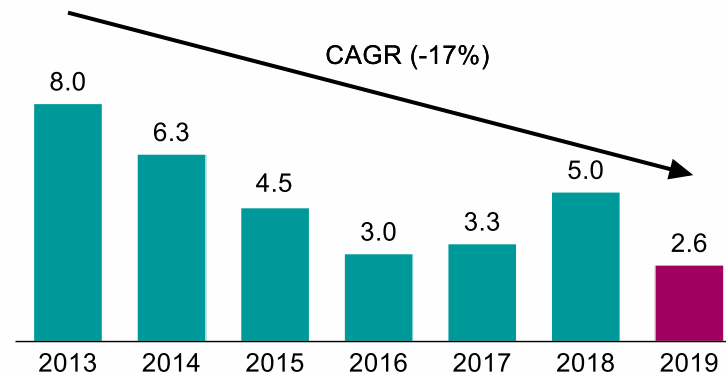


Results at a Glance (2013-2019)

Revenue (QR Bn)

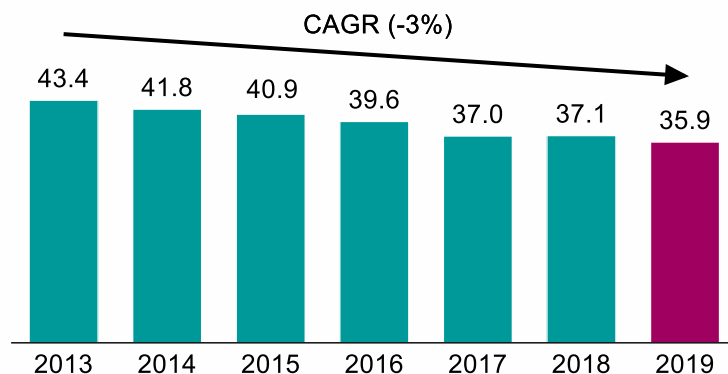


Net income (QR Bn)

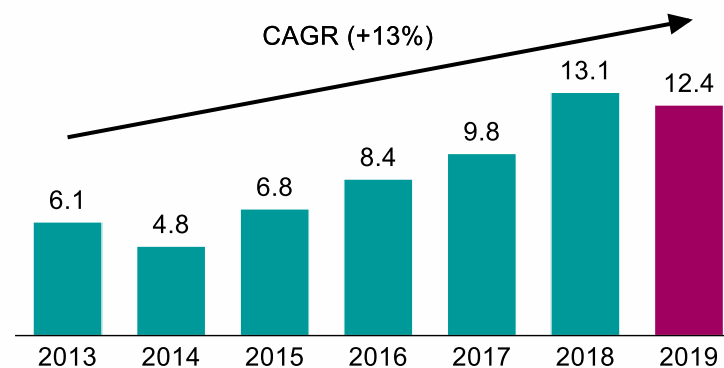


Revenue trends moved in line with the selling prices ▪ Movements in revenue together with operating costs affected the net income growth ▪ Cash across the Group continued to grow and reached its peak in 2018

Total Assets (QR Bn)



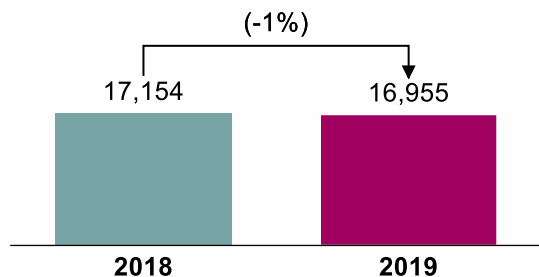
Net Cash / (Debt) (QR Bn) under IAS31



Results at a glance (For the year ended 2019)

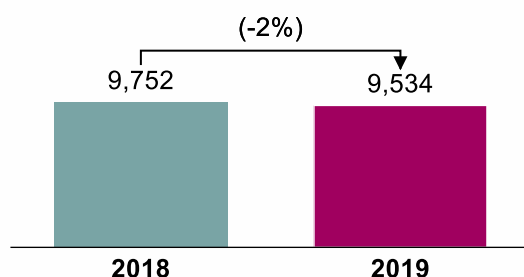
Key Highlights

Production (MT'000)



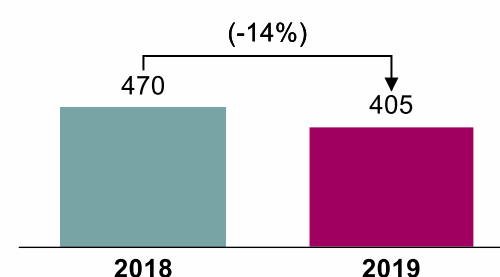
Production of 17.0 million MT's, marginally down on 2018. Production affected by periodic planned maintenance and unplanned shutdowns.

Sales Volumes (MT'000)



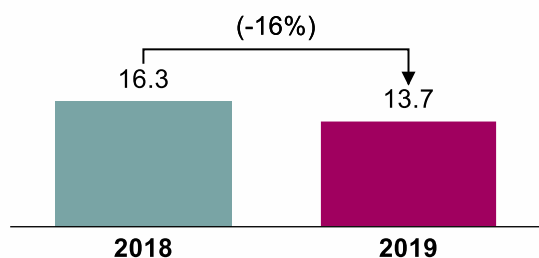
Sales volumes of 9.5 million MT's, marginally down on 2018. In line with weaker market dynamics and lowered production, sales volumes were down on last year.

Selling Prices (\$ / MT)



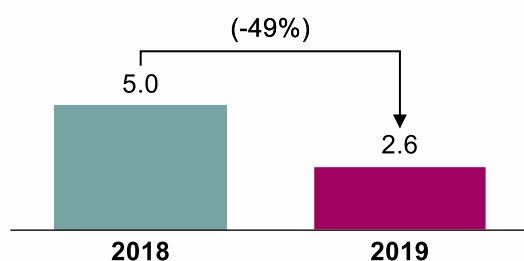
Average Selling price for the year is USD 405 / MT down by 14% versus 2018.

Revenue (QR Billion)



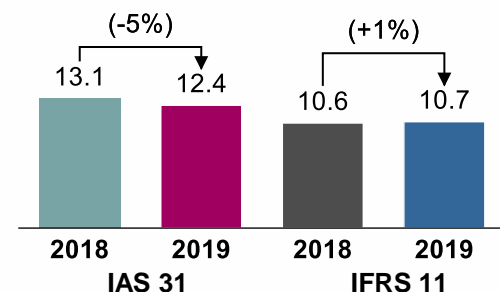
Group Revenue of QR 13.7 billion, down 16% on last year, driven by combined effect of lower prices and volumes.

Net profit (QR Billion)



Net income of QR 2.6 billion, significantly down by 49% on 2018. Lower revenue driven by lower price / volume mix led to lower net income for the year.

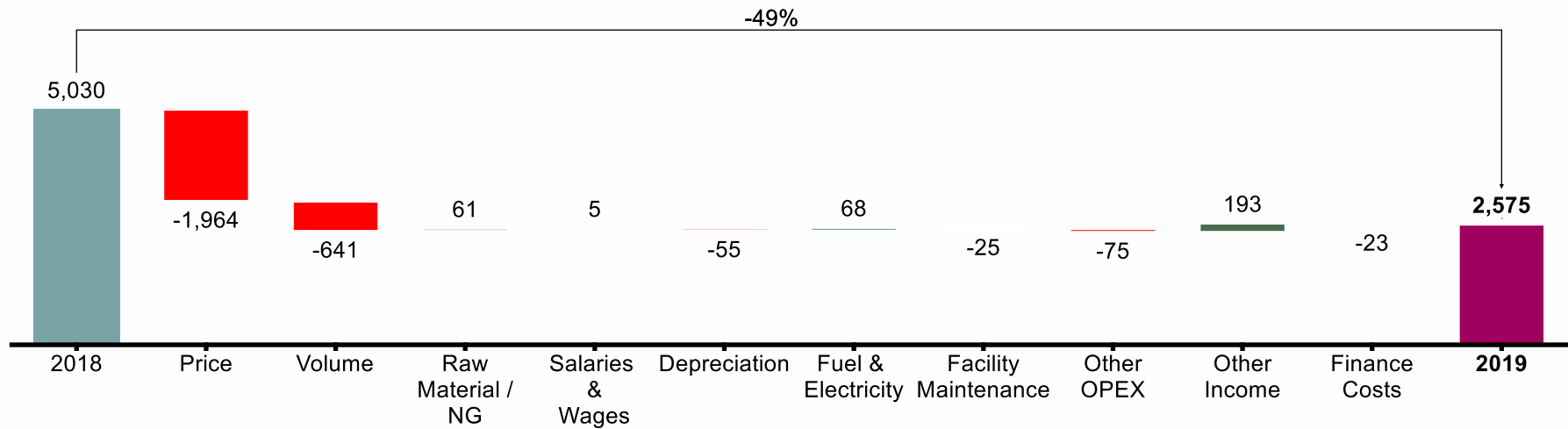
Net Cash / (Debt) (QR Billion)



Total cash across the Group stands at QR 12.4 billion. Cash decreased from last year due to payment of 2018 dividends of QR 3.6 billion, despite the Group generated QR 3.5 billion net cash from its operations.

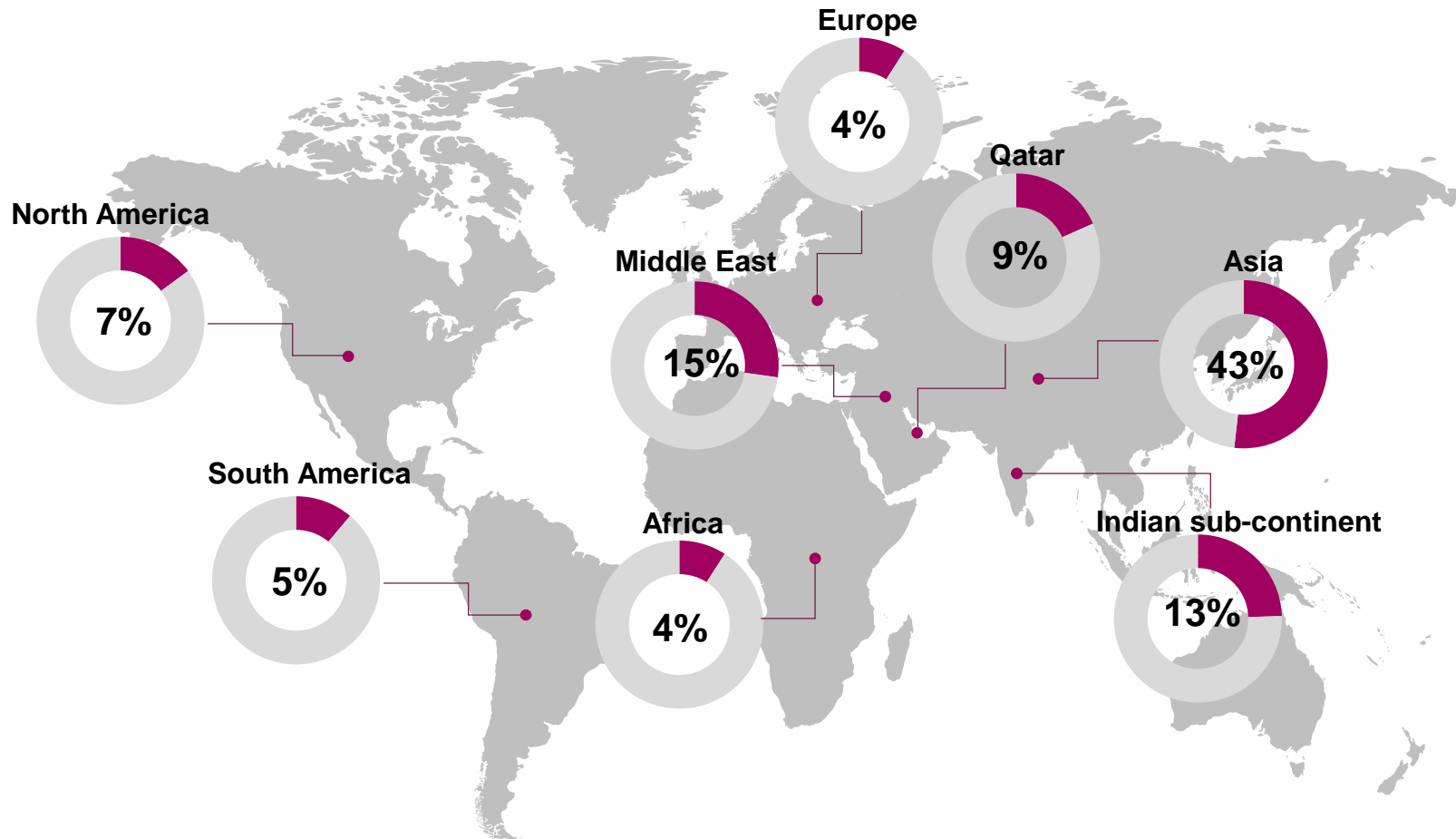
Net Profit Variance Analysis

Net profit of **QR 2.6** billion, significantly down on last year • driven by lower prices, sales volumes, partially offset by other income and income from associates • OPEX decreased primarily due to lower production / sales.



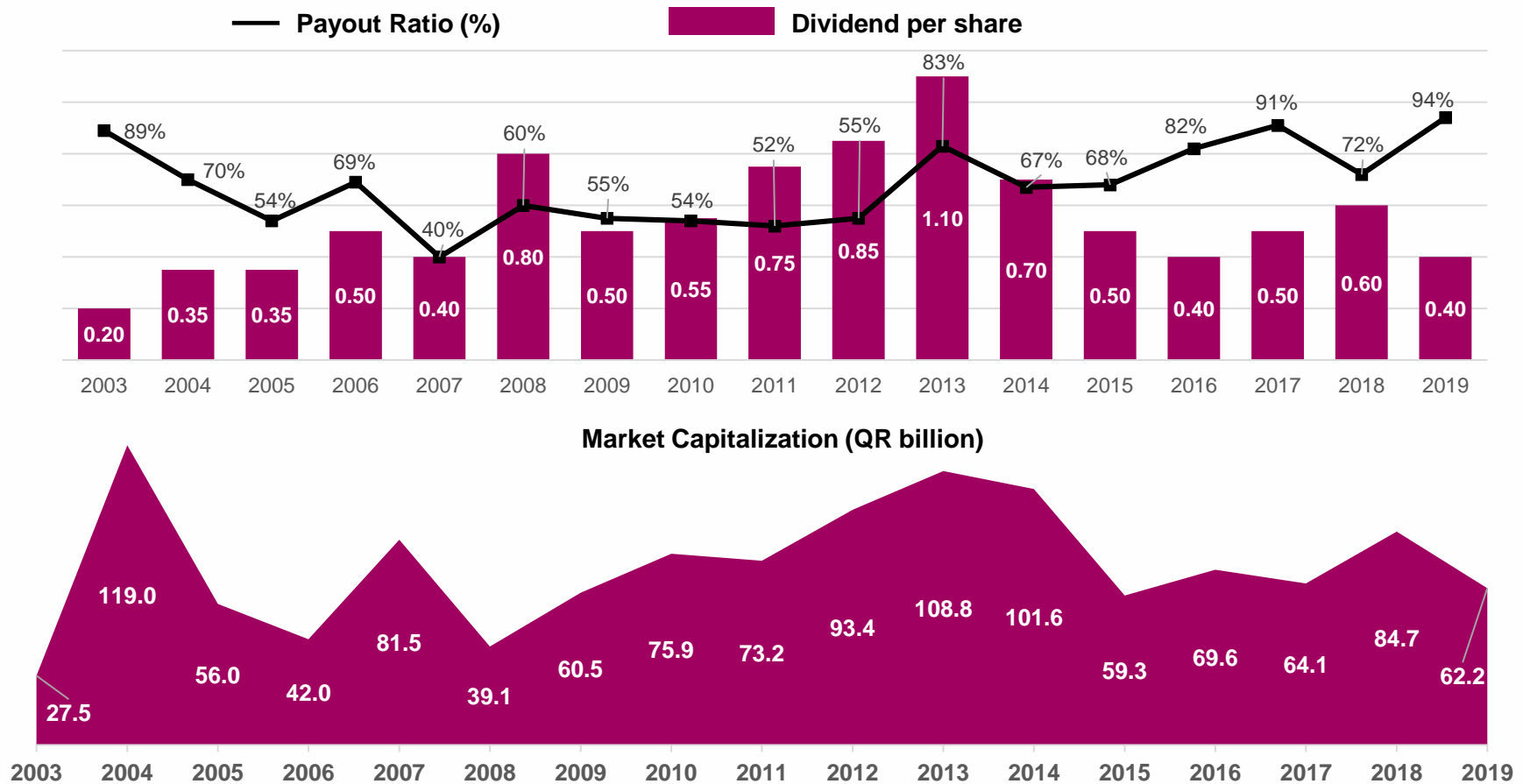
Geographic analysis – IQ Group revenue

Asia remained the Group's largest market in 2019, while its presence in Americas and Indian sub-continent continued to be substantial



Dividend and market statistics

Dividend Record & Market Statistics (2003-2018)



- To date, cash dividends totaling QR 51 billion have been distributed, equivalent to QR 8.5 per share;
- The Company was included on the MSCI Qatar Index in May 2014.

Segmental Details



ALL TYPE OF CATALYSTS AND CATALYSTS SOLVENT SHALL BE COLLECTED IN GLASS BOTTLE



البيس
النظارات الواقية
Wear goggles



SP-E-01
(OR 303 05/2012)

Item No.	Description	Quantity	Unit
1
2
3
4
5
6
7
8
9
10

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67

68

Segmental Details: Petrochemical

- The companies in the Petrochemical segment (Qapco, Qatofin, Qafac and QVC) are engaged in the production of:

Product	(in 000 MT PA)
	Capacity ¹
Ethylene	920
LDPE	600
LLDPE	280
Methanol	500
MTBE	305
Total	2,605

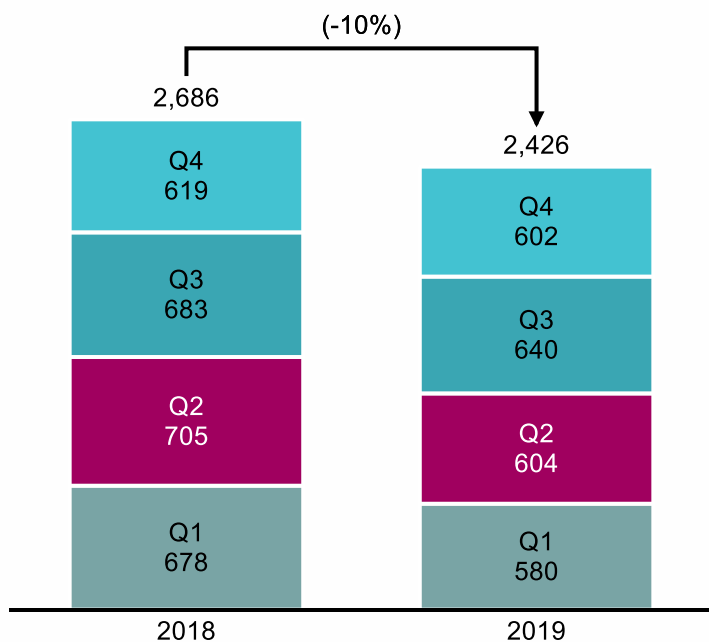
- The segment's primary feedstocks are methane gas (which is used for the production of methanol), ethane gas (ethylene) and butane gas (MTBE);



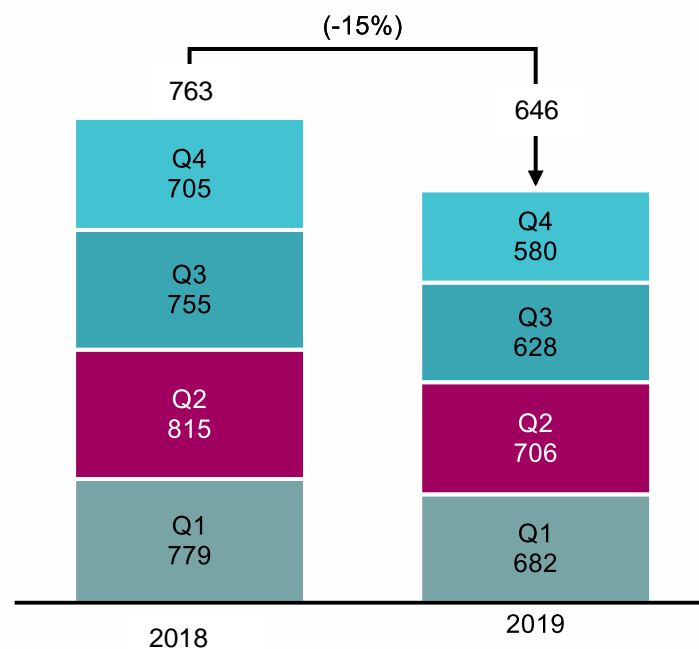
Segmental Details (Petrochemical)

- Production:** Production down by **10%** on last year, affected by periodic planned maintenance and unplanned shutdowns;
 - Production decreased during the 4th quarter by **6%** compared to the 3rd quarter of 2019, due to maintenance shutdowns.
- Selling Prices:** Down on last year by **15%**, due to marginal reduction in crude oil prices and softened demand in some major markets.
 - Selling prices decreased during the 4th quarter by **8%** compared to the 3rd quarter of 2019, due to decline in overall demand.

Production (000's MT)



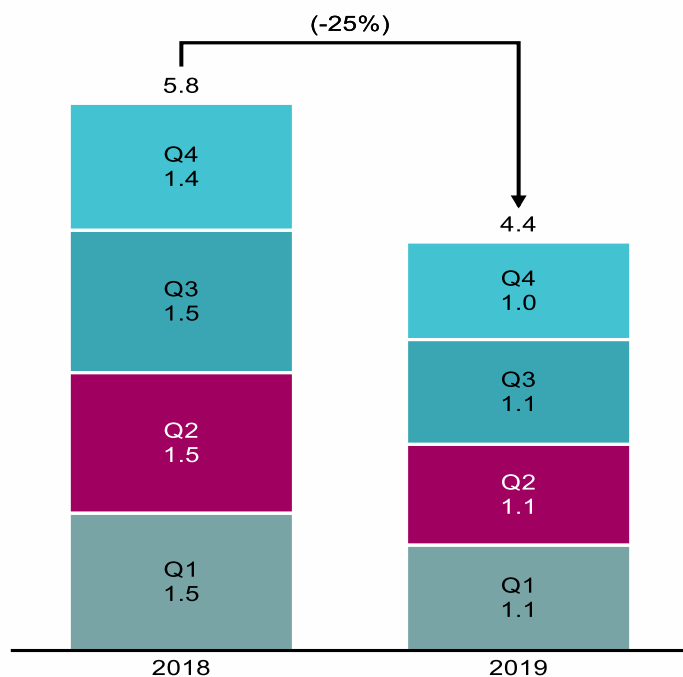
Prices (\$ / MT)



Segmental Details (Petrochemical)

- Revenue:** QR 4.4 billion, down by 25% on last year. Decrease due to lower volumes and prices across products;
 - Revenue decreased during the 4th Quarter compared to the 3rd quarter of 2019, inline with declining selling prices.
- Net profit:** QR 1.3 billion, down by 47% on last year. Reduction is mainly due to the decline in revenues.
 - Net profit decreased in the 4th quarter by 9% compared to the 3rd quarter of 2019 due to decline in prices.

Revenue (QR billion)



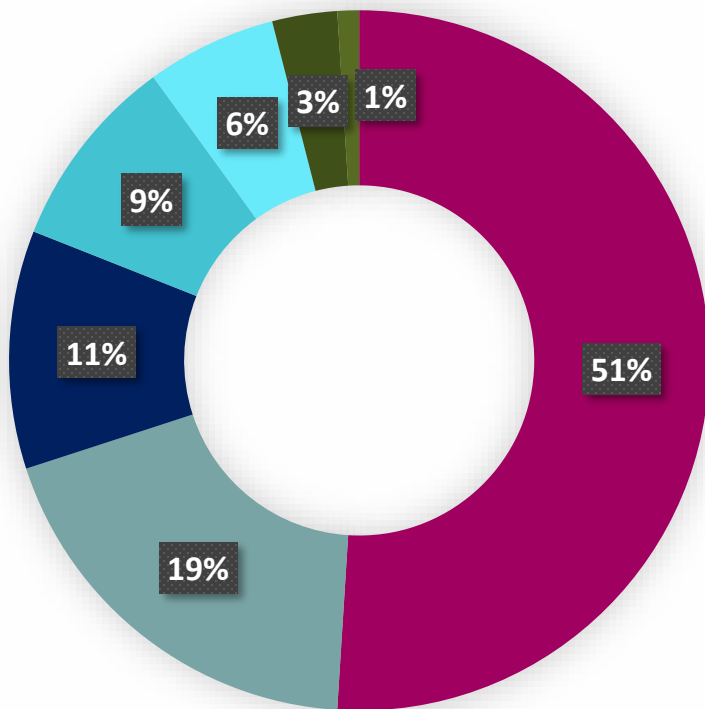
Net Profit (QR million)



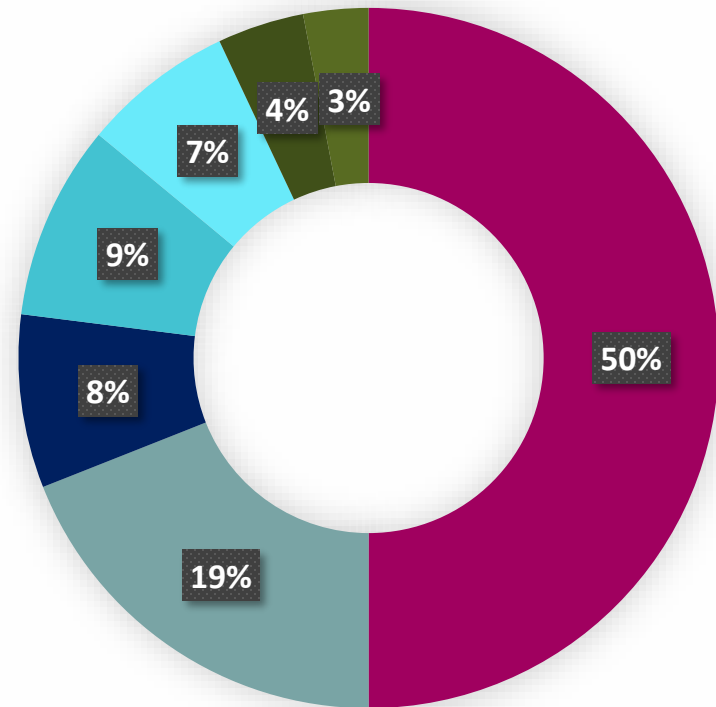
Segmental Details (Petrochemical)

- Asia remains a main market for IQ for Polyethylene (LDPE and LLDPE) and MTBE
- Indian sub-continent remains a key market for Polyethylene (LDPE & LLDPE) and Methanol

2019 Segment Revenue (%)



2018 Segment Revenue (%)



● Asia
● Indian sub-continent
● Europe
● Africa
● Middle East
● Americas
● Qatar



Segmental Details: Fertilizer

- Qatar Fertiliser Company has six ammonia and six urea production trains all of which are located in Qatar.

Product	<i>(in 000 MT PA)</i> Capacity¹
Ammonia	2,880
Urea	4,468
Melamine	26
Total	7,397

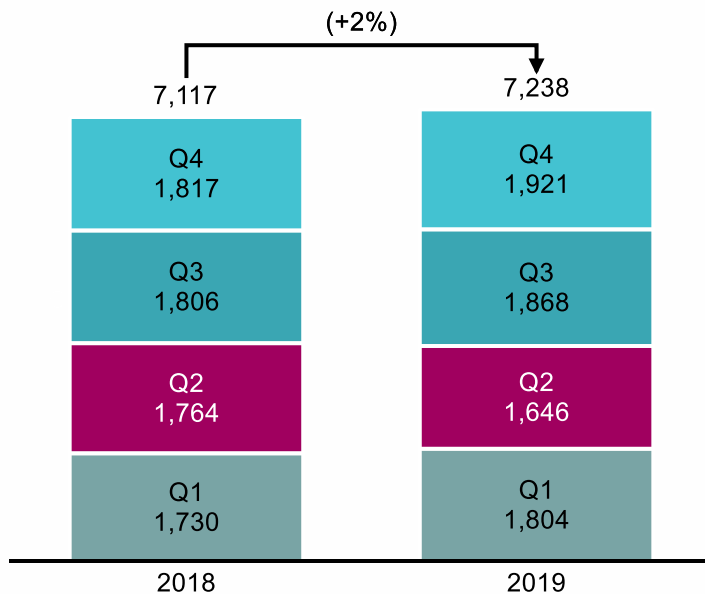
- The segment's primary feedstock is methane gas (which is used for the production of ammonia) and ammonia (which is used for production of urea).



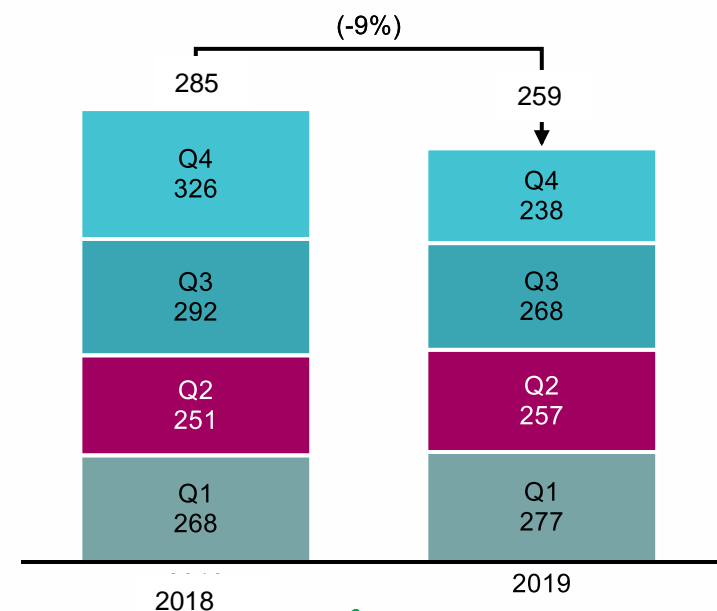
Segmental Details (Fertilizer)

- Production:** Production marginally increased by **2%**, although affected by periodic planned maintenance and unplanned shutdowns;
 - Production increased in the 4th quarter by **3%** compared to the 3rd quarter of 2019, as there were minimal periodic planned maintenance and unplanned shutdowns in 4th quarter as compared to the previous period
- Selling Prices:** Prices down by **9%**, with much of the decrease took place during Q4-19, primarily due to supply side issues.
 - Prices decreased in the 4th quarter by **11%** compared to the 3rd quarter of 2019.

Production (000's MT)



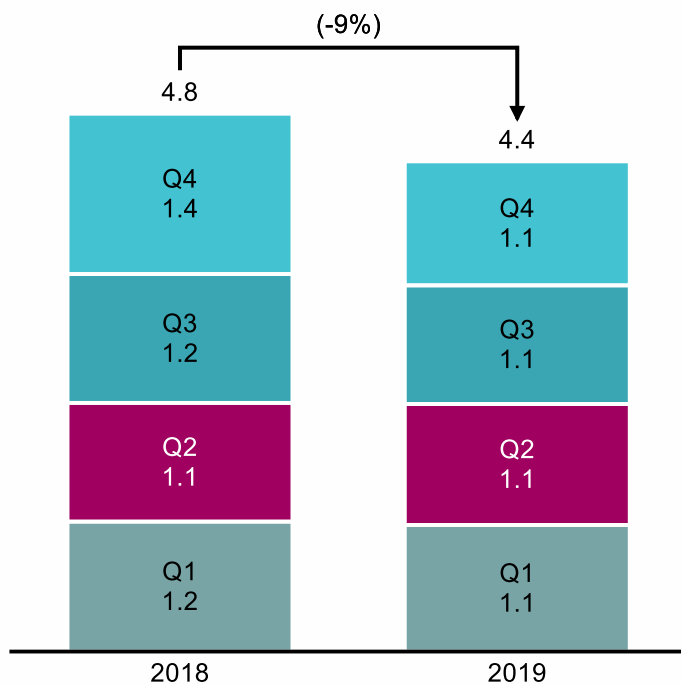
Prices (\$ / MT)



Segmental Details (Fertilizer)

- **Revenue:** QR 4.4 billion, down by 9% on last year, mainly affected by decline in selling prices;
 - Revenue increased by 3% in the 4th quarter compared to the 3rd quarter of 2019, mainly due to increase in sales volumes which was partially offset by decline in prices.
- **Net profit:** QR 873 million, down by 37% on the back of the overall decrease in revenue;
 - Net profit increased in the 4th quarter by 66% compared to the 3rd quarter of 2019, due to decline in operating costs.

Revenue (QR billion)



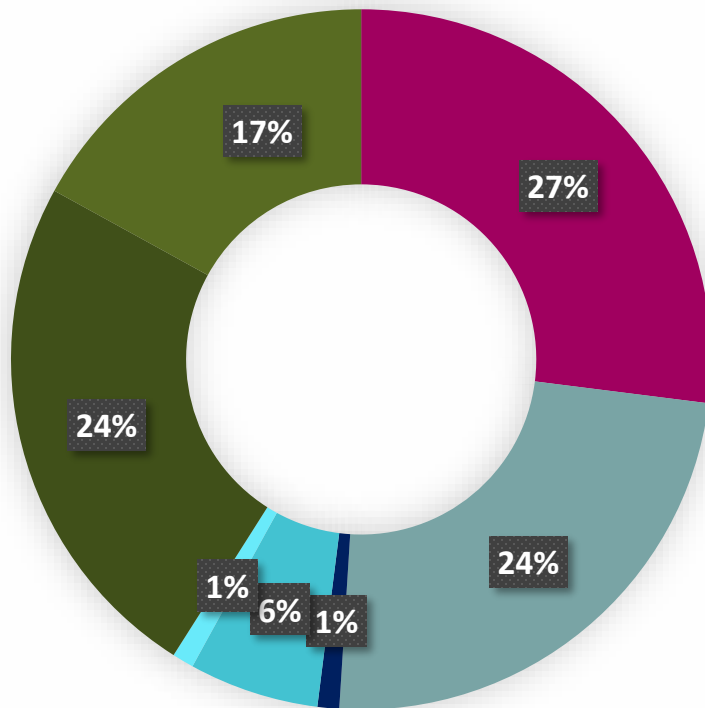
Net Profit (QR million)



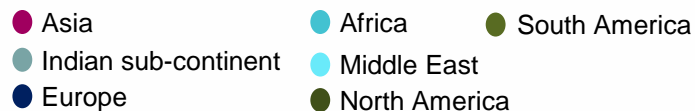
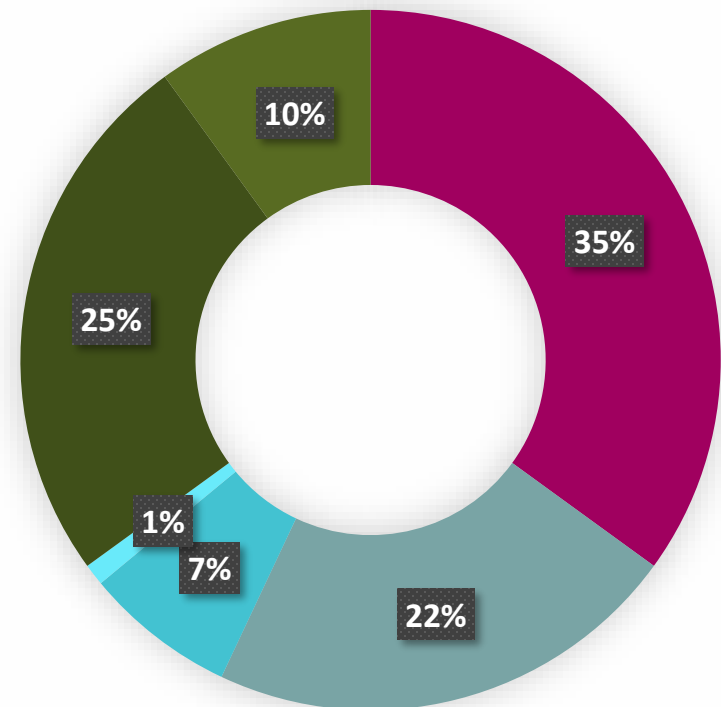
Segmental Details (Fertilizer)

- Asia remains a main market for fertilizer segment
- Indian sub-continent is another key market for fertilizers along with North and South America

2019 Segment Revenue (%)



2018 Segment Revenue (%)





Segmental Details: Steel

- Qatar Steel Company Q.S.C. produces a number of intermediate steel products.

The production capacity of the plants are:

Product	<i>(in 000 MT PA)</i>
	<u>Capacity</u>
DRI / HBI	2,300
Rebar	1,800
Billets	2,520
Coil	240
Total	6,860

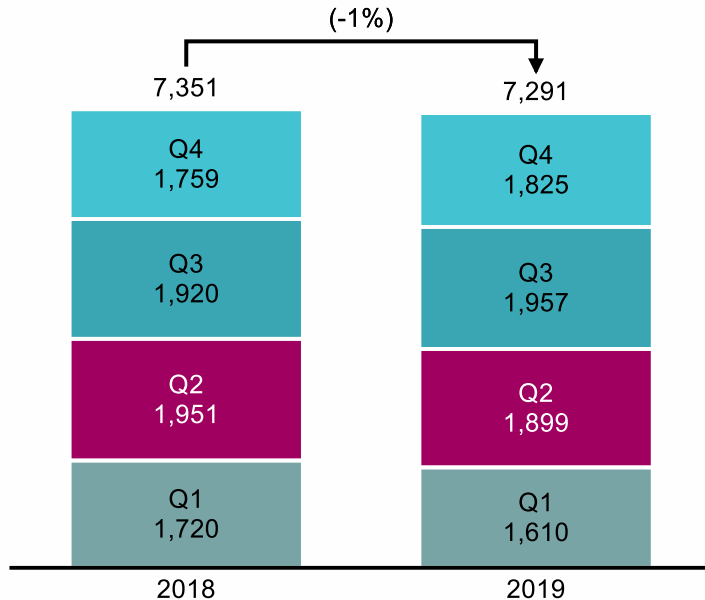
- The segment's primary raw material is **oxide pellets** and **scraps**.



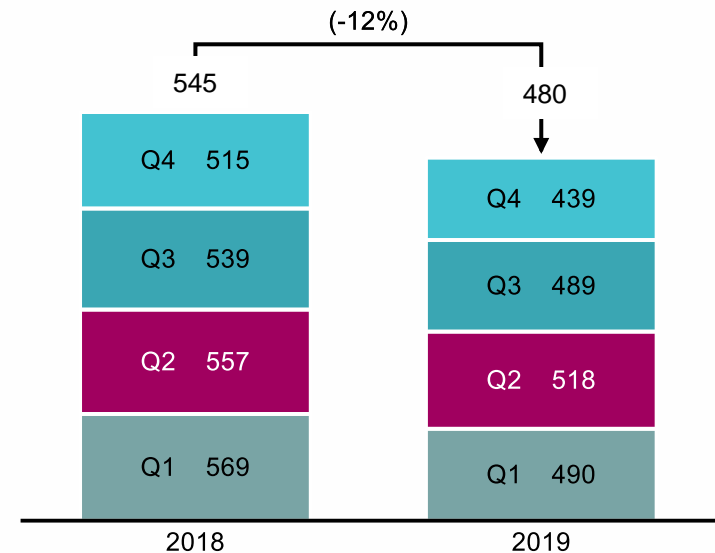
Segmental Details (Steel)

- Production:** Production down by **1%**, affected by periodic planned maintenance shutdowns;
 - Production decreased in the 4th quarter by **7%** compared to the 3rd quarter of 2019, due to higher periodic maintenance shutdowns.
- Selling Prices:** Down on last year by **12%**, affected by increased competition from international producers producing low priced and low quality steel.
 - Prices down in the 4th quarter by **10%** compared to the 3rd quarter of 2019.

Production (000's MT)



Prices (\$ / MT)



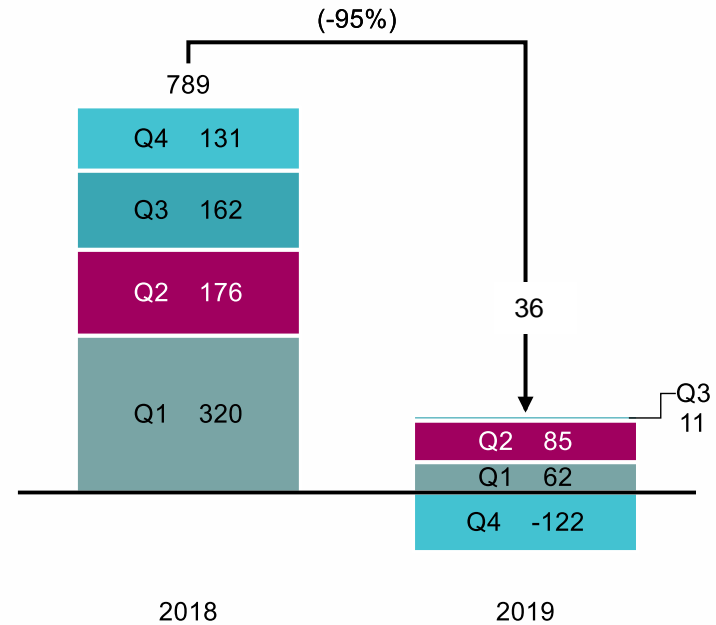
Segmental Details (Steel)

- **Revenue:** QR 5.1 billion, down by 12% on last year. Decrease primarily due to lower selling prices recorded during the current year;
 - Revenue slightly declined in the 4th quarter compared to the 3rd quarter of 2019.
- **Net Profit:** QR 36 million, down by 95% on last year. Reduction primarily due to lower selling prices and higher raw material cost.
 - Net profit significantly down during the 4th quarter on the 3rd quarter of 2019, due to increased operating costs on account of reduced inventory.

Revenue (QR billion)



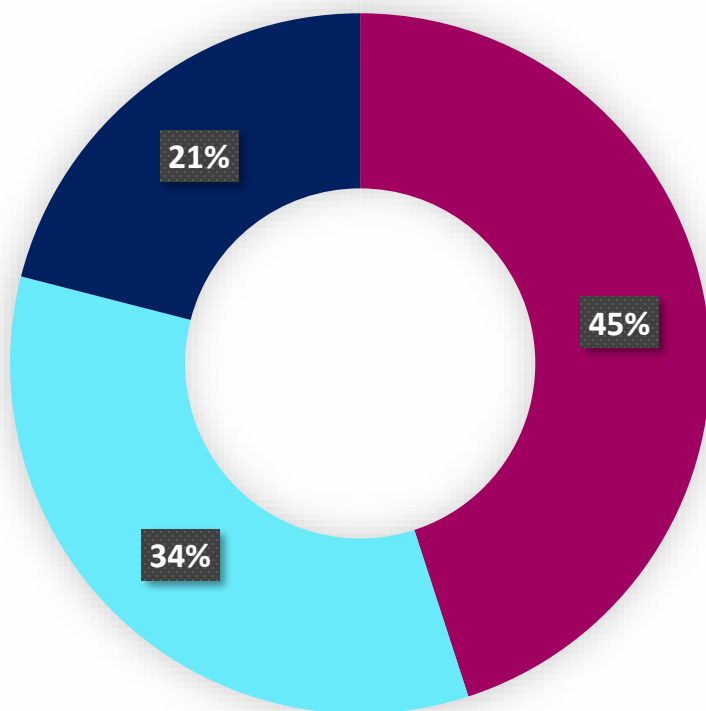
Net Profit (QR million)



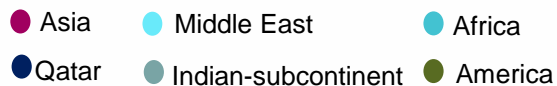
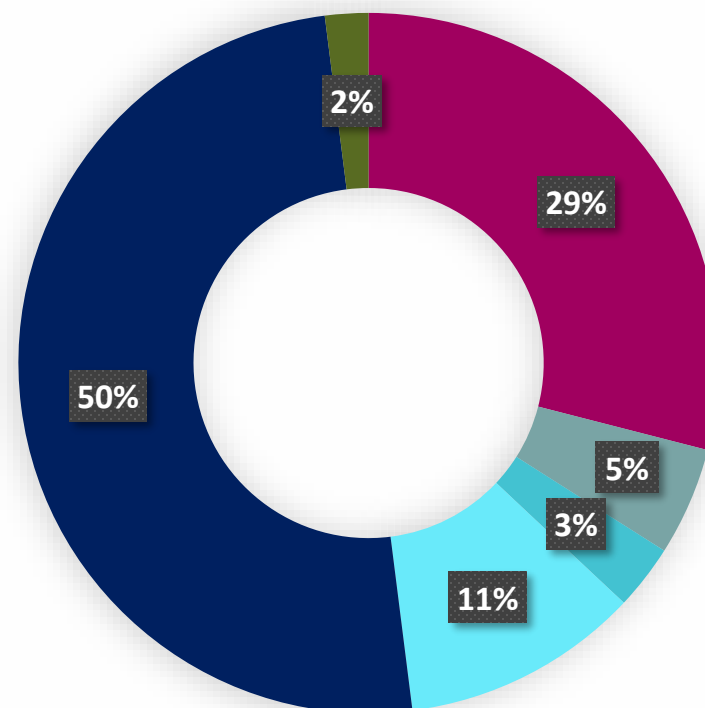
Segmental Details (Steel)

- Asia remains a key market for steel products
- Qatar remains a another key market for IQ's steel products

2019 Segment Revenue (%)



2018 Segment Revenue (%)



CAPEX and Cash Flows (2020 - 2024)

- Cumulative CAPEX / PUD spend of ~QR 4.6 billion across all segments;
- Qapco
 - Turnaround / reliability related CAPEX of QR 0.7 billion;
 - QR 0.5 billion of routine CAPEX primarily related to HSE;
 - No CAPEX related to PUD / Investments
- Qafac
 - Total CAPEX of only QR 0.5 billion, largely related to planned turnaround (in 2022 and 2023), and HSE;
- Qafco
 - Routine CAPEX of QR 2.2 billion in various projects including maintenance turnaround, and technical roadmap;
- Qatar Steel
 - No significant investment in PUD;
 - Routine CAPEX of QR 0.6 billion related to maintenance replacement, turnaround and other minor projects;

CAPITAL EXPENDITURE (in QR Billion)						
	2019	2020	2021	2022	2023	2024
Capital Spares	0.1	0.1	0.1	0.1	0.0	0.0
Catalysts	0.0	0.0	0.0	0.0	0.0	0.0
Turnaround CAPEX	0.3	0.5	0.6	0.2	0.1	0.2
Investments / PUD	0.1	0.1	0.3	0.2	0.1	0.1
IT / Technical Road Map	0.0	0.1	0.1	0.1	0.2	0.2
Other Routine CAPEX	0.3	0.5	0.3	0.2	0.1	0.1
Total CAPEX	0.8	1.3	1.3	0.7	0.6	0.7

CASH FLOWS (in QR Billion)						
	2019	2020	2021	2022	2023	2024
Cash Flows:						
- Operating	+4.1	+2.8	+3.4	+3.8	+4.7	+5.3
- Investing	-1.3	-1.1	-1.2	-0.7	-0.6	-0.6
- Financing	-3.3	-0.0	-0.0	+0.0	-0.0	-0.0
FCFF	+3.3	+1.7	+2.1	+3.2	+4.1	+4.7
FCFE	+3.3	+1.7	+2.1	+3.2	+4.1	+4.7

Note

FCFE = FCFF +/- Net Debt – Finance Charges

Governance Structure

Governance Structure

Board Structure

- IQ Board of Directors consists of seven (7) Directors, all of whom were appointed by the Special Shareholder, which is Qatar Petroleum. QP appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives.

Board Committees

- The Board of Directors established Board Committees and Special Committees to carry out specific tasks. The Board remains liable for all the powers and authorities so delegated. Currently, Board Committees are Audit Committee and Remuneration Committee.

Governance and Compliance

- IQ is firmly committed to implementing the principles of good governance set out in the Governance Code for Companies Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA), that are consistent with the provisions of the Company's AoA.
- The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required.

Authorities

- No one person in the Company has unfettered powers of decision. Decision-making process is always done in accordance with the Company's Manual of Authorities and the relevant regulations.

Governance Structure

Remuneration

Board of Directors

- The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

Executive Management

- All financial, administrative and head office services are provided by resources from QP under a service-level agreement. Accordingly, the salary of the Company's Managing Director, who represents the Executive Management of Industries Qatar, is determined and approved by the Company's Board of Directors. IQ Managing Director do not receive remuneration in his capacity.

Shareholders rights

- The Company's Articles of Associations provide for the rights of shareholders, particularly the rights to receive dividends, attend the General Assembly and participate in its deliberations and vote on decisions, tag along rights as well as the right to access information and request it with no harm to the Company's interests.

Disclosure and Transparency

- The Board ensures that all disclosures are made in accordance with the requirements set by regulatory authorities, and that accurate, complete and non-misleading information is provided to all shareholders in an equitable manner.

Company's control system

- The Company adopted an internal control system that consists of policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.
- The internal control framework is overseen by the senior Executive Management, the Audit Committee and the Board of Directors.

Sales and Marketing

Sales and Marketing

- Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (trading as “Muntajat”), a wholly-owned company of the government of the State of Qatar, has the exclusive rights to purchase, market, sell and distribute the State’s production of **petrochemical** and **Fertilizer** regulated products; and
- Marketing and distribution of **Steel Products** have been shifted to **Muntajat** in early 2018 after showing positive benefits to the other segments.



For further information, **Industries Qatar** can be contacted as follows:

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Please refer to www.iq.com.qa for the latest information, publications, press releases and presentations about Industries Qatar and the IQ group of companies.