FOR IMMEDIATE RELEASE

Industries Qatar reports net profit of QR 951 million for the nine months period ended 30 September 2020

Net profit for Q3-20 significantly up by 66% on the previous quarter to reach QR 466 million

- *Group revenue amounted to QR 8.0 billion for the nine months period ended 30 September 2020*
- *Earnings per share (EPS) of QR 0.16 for the nine months period ended 30 September 2020, as compared to QR 0.34 for the same period last year*
- *The liquidity position continues to remain robust, despite the macroeconomic headwinds and the recent cash financed acquisition of 25% stake in Qatar Fertilizer Company (Qafco)*
- *International credit rating agencies S&P and Moody's affirmed Industries Qatar's credit ratings with a stable outlook*
- *Successfully concluded the acquisition of 25% stake in Qafco from Qatar Petroleum and now IQ owns 100% stake, with full control, effective from 01 January 2020*
- *Concluded a unified feedstock agreement for Qafco (including QMC) with favorable terms*
- *Q3-20 financial performance improved due to improved product prices and better volumes*
- *Year-to-date performance continued to be impacted due to prevalent weaker macroeconomic environment, amid the spread of COVID-19 pandemic and weaker crude oil prices*
- *Financial performance also impacted due to recognition of, non-cash, one-off impairment loss related to asset impairment of Qatar Steel & QMC, partially offset by one-off fair-value gain recognized on revaluation of 75% stake in Qafco, as IQ now controls the company*
- *Measures in place to safeguard assets, people, operations, shareholder interest, and to optimize costs and CAPEX to address risks and volatilities*
- *Group continue to focus on OPEX and CAPEX optimization initiatives to withstand market volatilities and maintain competitiveness*
- *Effective September 2020 Steel products sales & marketing now moved to Qatar Steel following Muntajat's migration to Qatar Petroleum*
- *Appointment of CEOs of QAFAC and Qatar Steel with updates to IQ's Board of Directors*

Doha, Qatar; 27 October 2020: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), one of the region's industrial giants with holdings in petrochemicals, fertilizers and steel producers, today reported a net profit of QR 951[1] million for the nine months period ended 30 September 2020, with a total Group revenue of QR 8.0[2] billion.

Business performance and macroeconomic backdrop

Business performance of the Group during the year, was marked by the challenging macroeconomic conditions witnessed amid slower economic growth, weaker crude oil prices, trade conflicts, lack of infra-structure investments, continued negative consumer sentiments and stiff competition. The negative macroeconomic environment got further worsened due to the outbreak of COVID-19 pandemic, which had a material unfavorable effect on consumer and industrial demand due to lockdowns affecting the global GDP growth. This led to increased pressure on IQ's product prices in various markets, which negatively affected the Group's year-to-date financial performance.

However, the Group weathered the extreme external adversities by leveraging its competitive advantages including its relatively low operating cost base; long-term access to feedstock; stronger financial position; diversified product range including its efficient and flexible production facilities; wider global presence; and a dedicated marketing and sales partner; thereby limiting the impact of such vulnerabilities.

In the current distressed situation, the sales and marketing team continued to ensure their operations are effectively and efficiently managed, thereby, creating several arbitrage opportunities, including successful identification of new markets, so as to divert the additional volumes, and closely worked with business partners, customers and government agencies in order to ensure the production, operations and supply chain activities remain uninterrupted.

The Group's operations remained robust and resilient with production across the Group remaining stable. Total production for the nine months period reached 12.0 million MT's, down on last year by 6%. This marginal reduction was mainly driven by periodic planned maintenance, unplanned shutdowns and moth-balling of certain steel facilities. This was partially offset by the additional production volumes related to Qafco's 25% stake acquisition, effective 01 January 2020. There were no major plant stoppages due to any demand related reasons, except for a planned shutdown of MTBE facilities for 57 days during Q2-20, due to commercial reasons. The MTBE facilities is now back in operations, where, the impact to the Group in relation to temporary shutdown of MTBE facilities has remained immaterial, considering its overall contribution to the Group volumes.

The Group's average reliability factor remained at 95%[3], amid focus on preventive maintenance. This level of reliability is an indication of Group's commitments towards improving asset quality and sustainability.

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[1] Attributable to equity holders of the Parent; excluding the portion relating to non-controlling interest
[2] Proportionately consolidated revenue
[3] Reliability Measure = (Number of Operating Days - Planned Shutdown Days - Unplanned Shutdown Days) / (Number of Operating Days - Planned Shutdown Days) x 100

Commenting on the Group's financial and operational performance for the nine months period, **H.E. Eng. Saad Sherida Al-Kaabi, Chairman of the Board of Directors and Managing Director**, said: *"As an immediate priority, following the unprecedented headwinds affecting our business, we further emphasized our optimization drive across the segments and implemented new optimization measures during the year.*

In response to COVID-19, the Group companies continue to monitor the business conditions and manage the threats posed by the spread of the pandemic, with specific focus on protecting our employees, assets and operations. Our marketing partner diligently monitored the evolving situation in our key markets and acted prudently to minimize the disruptions.

The Group also successfully concluded the acquisition of 25% stake in Qafco, for a purchase consideration of USD 1.0 billion. The acquisition of the Qafco's minority stake is consistent with IQ's strategy to build its presence and create value across the downstream hydrocarbon chain, spurred by synergistic opportunities. This acquisition would not only provide efficient and effective use of excess cash available at the Group level, but also provide us with 100% control over the world's largest single-site Urea producer, along with new favorable commercial terms.

Going forward, the Group's competitive advantages together with our flexibility in operations and diversified portfolios, would remain critical to the Group's response to these external challenges."

Financial performance and financial position

For the nine months period ended 30 September 2020, the Group recorded a net profit of QR 951 million as compared to QR 2.0 billion for the same period last year, down by 53%. The Group revenue amounted to QR 8.0 billion (assuming proportionate consolidation), down by 21%, as compared to QR 10.2 billion for the same period last year. The Group recorded earnings per share (EPS) of QR 0.16 for the nine months period ended 30 September 2020, as compared to QR 0.34 for the same period last year.

In line with the requirements of IFRS, 25% of Qafco's net profits for the nine months period ended 30 September 2020 have been reported directly as part of the Group's retained earnings, instead of reporting the same as part of Group's net profit (attributable to equity holders of the Parent) within the consolidated income statement. When considering the profitability of the Group including 25% of Qafco's profits for the nine months period ended 30 September 2020, the net profit (normalized profits) for the period would reach to QR 1.1 billion, down by 48%, as compared to QR 2.0 billion for the same period last year. EBITDA for the period reached QR 2.6 billion, compared to QR 3.2 billion for the same period of last year.

Year-to-date financial performance was impacted by several factors including the pandemic, weaker crude prices and a notable decline in product demand owing to weaker GDP growth, lack of infrastructure investments and subdued consumer & industrial participation.

These adverse conditions directly translated into declining commodity prices, where blended selling prices declined by 10% versus last year, translating into a reduction of QR 0.9 billion in

Group's earnings (normalized)[4]. The major reduction was noted in the petrochemicals segment which accounted for QR 0.6 billion, while fertilizer segment accounted for QR 0.3 billion of the total reduction.

Group sales volumes declined by 20% versus nine months period of 2019, driven by a combination of reasons including weaker demand, lower production on account of facilities' mothballing in the steel segment and periodic planned and unplanned maintenance. The decline in sales volumes was also attributed to a temporary sales & operating arrangement for Qafco trains 1-4 until 31 July 2020, where sales volumes relating to Qafco trains 1-4 were not recognized in the IQ books. The temporary sales & operating arrangement has now been replaced with a unified Gas Sales and Purchase Agreement (GSPA) covering Qafco trains 1-6 and Qatar Melamine Company (QMC) with Qatar Petroleum, effective from 1 August 2020. The new GSPA was part of a bundled deal, along with the acquisition of 25% stake in Qafco. This new agreement will now allow IQ to recognize the sales volumes of Qafco trains 1-4, going forward. The new GSPA is expected to bring additional financial benefits to the Group driven via improved profitability margins.

The Group's profitability was also impacted due to booking of one-off impairment loss amounting to QR 1.2 billion recognized in relation to mothballing of certain Qatar Steel's production facilities and QR 153 million of impairment loss booked in relation to QMC facilities, as the melamine prices continue to remain under pressure.

These one-off impairment losses were partially offset by a fair value gain recognized amounting to QR 1.2 billion in relation to 75% stake in Qafco, as the Group now controls the company. The original stake Qafco (75%) was previously accounted for by the Group as a joint venture using the equity accounting method. In line with the requirements of International Financial Reporting Standards (IFRS), since Qafco is now a 100% owned subsidiary, at the date of reclassification of investment in Qafco as a subsidiary i.e. 01 January 2020, the Group was required to re-measure its investment in Qafco to its acquisition-date fair value.

Compared to the previous quarter[5] of 2020, the Group revenue and net profit (normalized)[5] increased by 22% and 50% respectively. The recovery was mainly attributed to the improved product prices in the current quarter. This sequential increase in prices across key products was noted on the back of crude price recovery, supply shortages due to back-to-back hurricanes in the US causing disruptions for many producers and an overall deferral of new capacity additions amid uncertainties as a result of the spread of COVID-19 pandemic. On the demand side, recent recoveries were evident amid continuous unprecedented stimulus and lifting of lockdown in major markets. Operating costs also have generally declined in line with the optimization initiatives implemented across the Group. Production volumes also improved during the quarter, as there were no major shutdowns during the quarter.

[4] 25% of Qafco's profits for the nine months period ended 30 September 2020 have been added here for comparability purposes. The same have been directly added to the retained earnings in the Published Financial Statements for September 2020.

[5] Previous quarter restated to reflect Qafco's 25% acquisition.

The gradual recovery of the global economy that began during later part of Q2-20 is factored in the Group's financial and operational performance with notable price recoveries in Q3-20. However, the risk of COVID-19 pandemic still prevails and has not been fully eradicated, which may hamper these early signs of recoveries.

The Group's financial position continue to remain robust despite several macro-economic headwinds, with the liquidity position at the end of 30 September 2020 reaching QR 8.8[6] billion in cash and bank balances, after accounting for a QR 2.4 billion dividend payment for 2019 and cash paid for the Qafco transaction (net of cash acquired along with acquisition). Currently, the Group has no debt obligations. Group's total assets and total equity reached QR 35.2 billion and QR 32.9 billion, respectively, as at 30 September 2020.

During the period, the Group generated positive operating cash flows[7] of QR 2.5 billion, with a free cash flow of QR 2.1[8] billion. IQ's ability to generate positive operating cash flows in such distressed market conditions is a testament to Group's efficient cash flow generation capabilities, effective cost structure and robust working capital management, which could safeguard the Group against any unexpected adversities.

During the period, S&P and Moody's affirmed IQ's credit ratings with a stable outlook.

Operational highlights by segment

Petrochemicals:
Performance of petrochemicals segment remained under pressure, which remained closely correlated to crude oil trends, as the segment's performance was affected by lower product prices and weaker demand associated with lower consumption, due to lockdown situation in key markets linked to COVID-19 pandemic, especially in the first half of 2020. The net profits declined by 38% compared to last year and reached QR 624 million.

Blended product prices declined by 20%, compared to the nine month period last year. Sales volumes were marginally up by 2%, against a backdrop of higher operating days in the fuel additive facilities. On overall basis segment revenue declined by 18%, to reach QR 2.7 billion[9] for nine months period ended 30 September 2020. Production volumes improved slightly by 2%, as higher production at the fuel additive facilities offset the lower production levels at the polyethylene facilities.

Fertilizers:
Fertilizer segment reported a net profit of QR 453[10] million, with a decline of 25% compared to last year. Selling prices were down on last year by 11% partly due to lower weak seasonal demand which outweighed the gradual easing of supply side bottlenecks. Sales volumes were notably down by 19% due to the temporary sales and operating arrangement for Qafco trains 1-4 until 31 July 2020. The reduction was partially offset by additional volumes recognized due

[6] Cash and Bank across group (proportionately consolidated)
[7] Based on proportionately consolidated financial statements
[8] Free cash flows exclude Qafco's 25% stake acquisition cost of QR 3.64 billion
[9] Based on proportionately consolidated financial statements
[10] Fully consolidated from 1 January 2020, as IQ acquired 25% stake in Qafco from QP effective 1 January 2020

to the acquisition of 25% stake of Qafco from Qatar Petroleum. The combined effect of lower volumes and prices resulted in overall revenue to decline by 6%, as compared to the same period of last year.

Production volumes significantly up by 36% versus 9M-19, as a result of additional volumes relating to 25% stake in Qafco. Production, excluding the impact of acquisition, remained relatively stable, with overall production up by 2%, as compared to the nine months period last year. The segment experienced minimal interruptions in terms of both planned and unplanned maintenance shutdowns for the nine months period ended 30 September 2020.

During the period, the Group successfully completed the acquisition of 25% stake in Qafco at a purchase consideration of USD 1.0 billion, with effect from 01 January 2020. With this acquisition, IQ now controls Qafco with 100% ownership. For the nine months period ended 30 September 2020, the additional 25% stake in Qafco added QR 110.9 million and QR 313.5 million to the Group's net earnings (normalized) and free cash flows, respectively. As part of the bundled deal, with effect from 01 August 2020, QAFCO has entered into a new GSPA with Qatar Petroleum for a period until 31 December 2035, covering the gas requirements of Qafco trains 1-6 and QMC. In addition, and as part of the same transaction, Qafco acquired Qatar Petroleum's 40% stake in QMC, effective 1st July 2020, for a purchase consideration of QR 109 million.

The new GSPA is more favorable and flexible, when compared to the feedstock pricing as per the old agreements. It is expected that the new GSPA would support Qafco during lower economic cycles and bring additional financial benefits to the Group driven by improved profitability margins.

Steel:
The steel segment also remained vulnerable to economic uncertainties as there were postponements of infrastructure and capital expenditure projects due to weaker fiscal outlook. The steel segment reported a net loss of QR 1.4 billion, compared to a net profit of QR 158 million for the same period last year. The net loss, excluding the one-off effect of impairment, amounted to QR 138 million, down by 188% versus the same period of last year.

However, the results have improved in Q3-20 compared to the last quarter and the segment reported a net income of QR 26.1 million and an EBITDA of QR 44.2 million.

This overall profitability versus last year was mainly driven by several factors including the following:

- Booking of an impairment of QR 1.2 billion relating to assets mothballed. Qatar Steel took a prudent decision to impair the net book value of the asset mothballed, as the Group foresees no or low possibility of restarting operations mothballed, in the immediate future. The Group will periodically review the market conditions and decide as to when these facilities shall start operations.

- Selling prices remained flat compared to 9M-19.

- Sales volumes have declined against a backdrop of softened local demand, as many large infrastructure projects in Qatar neared or reached completion together with lower production following the facility mothballing decision, as the segment intends not to sell in the international markets due to declining profit margins in the international markets. The near-term prospects for the domestic market, however, remain encouraging.

- Higher operating costs, as the segment disposed some of the expensive inventories carried forward from the previous periods. This was offset by OPEX savings on account of facility mothballing and optimization initiatives recently implemented.

- Qatar Steel's marketing activities has now been moved to Qatar Steel with effect from 1st September 2020, in line with the new operational strategy, where there will be limited international component.

Optimization initiatives
Given the current difficult market and macroeconomic outlook, the Group kicked-off new optimization initiatives as an additional layer to the existing optimization strategy, to withstand the Group against the external pressures.

The Group reviewed its operating expenditures, across all segments, and identified expenses which are not critical in the current circumstances. These measures included optimizing human resource structures, reducing direct costs in relation to utilities and maintenance, reducing non-production related expenditures including sales, marketing, corporate and administrative expenses.

Similarly, the Group reviewed its capital expenditure programs across all the segments and identified those expenditures that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations.

These measures would enhance the Group's competitiveness, drive better efficiencies and ensure a consistent free cash flows generation to the Group.

Appointment of CEOs of QAFAC and Qatar Steel with updates to IQ's Board of Directors
Mr. Ahmed Abdulqader Ahmed Al-Ahmed has been appointed as the Chief Executive Officer (CEO) of Qatar Fuel Additives Company (QAFAC) with effect from 1 November 2020 and Mr. Abdulrahman Ali Al-Abdulla has been appointed as the CEO of Qatar Steel with effect from 1 January 2021, along with the appointment of each of them as a member of Industries Qatar's Board of Directors with effect from the date of their appointment.

Earnings Call
IQ will host an IR Earnings call with investors to discuss its results and business outlook on 2nd November 2020 at 1:30 pm Doha Time. The IR presentation that accompany the conference call will be posted on the publications page of the IQ website.

-Ends-

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 80% owned 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 100% owned subsidiary, engaged in the manufacture of ammonia and urea; and (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture 50% owned by IQ, engaged in the production of methanol and methyl-tertiary-butyl-ether ("MTBE").

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

For more information about the earnings announcement, email iq@qp.com.qa or visit 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 press release 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 press release are made as of the date of this document.

Industries Qatar Q.P.S.C., it's 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 Q.P.S.C., 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 Q.P.S.C. 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. 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