



# Industries Qatar

## Investor Relations Presentation

30 September 2022

*“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.

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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 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

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## About IQ

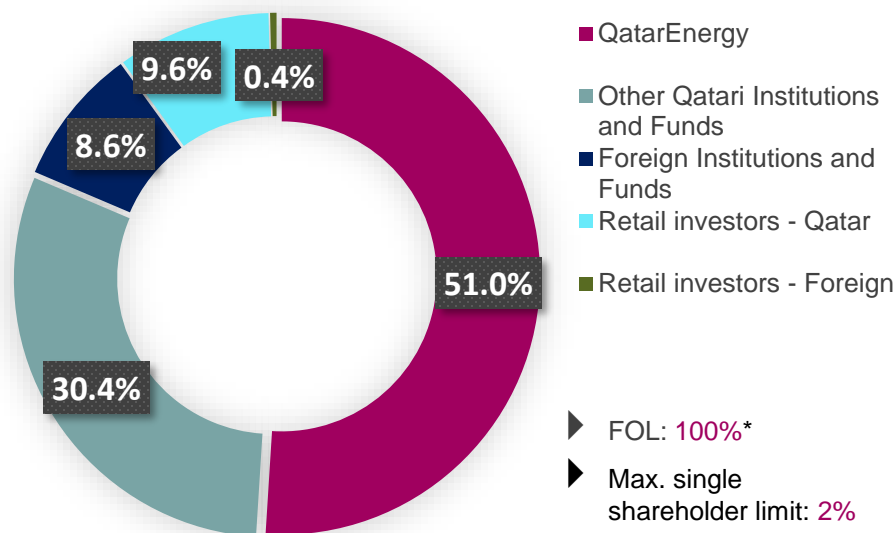
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# IQ at a Glance

## Overview

- Industries Qatar (IQ) was incorporated and listed on the Qatar Exchange in 2003.
- IQ is the **second largest company** at Qatar Exchange by Market Capitalization.
- IQ is credit rated by Standard & Poor's (**A+**; stable) and Moody's (**A1**; stable).
- QatarEnergy provides most head office functions through a comprehensive service-level agreement.
- The operations of subsidiaries and joint ventures remain independently managed by their respective Boards of Directors and senior management teams.

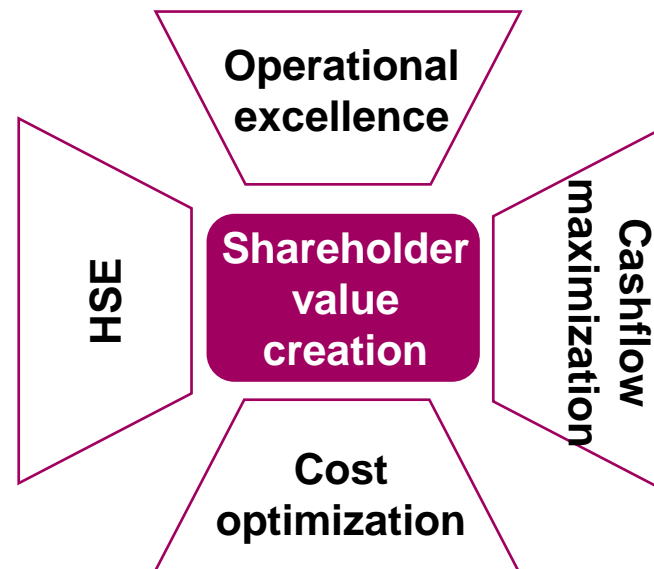
## IQ's shareholding structure



**Note:** Shareholder data as of 30-Sep-22

\* Board of Directors approved to increase the FOL to 100%. Council of Ministers approval received; all necessary measures will be taken in this regard with the relevant concerned authorities.

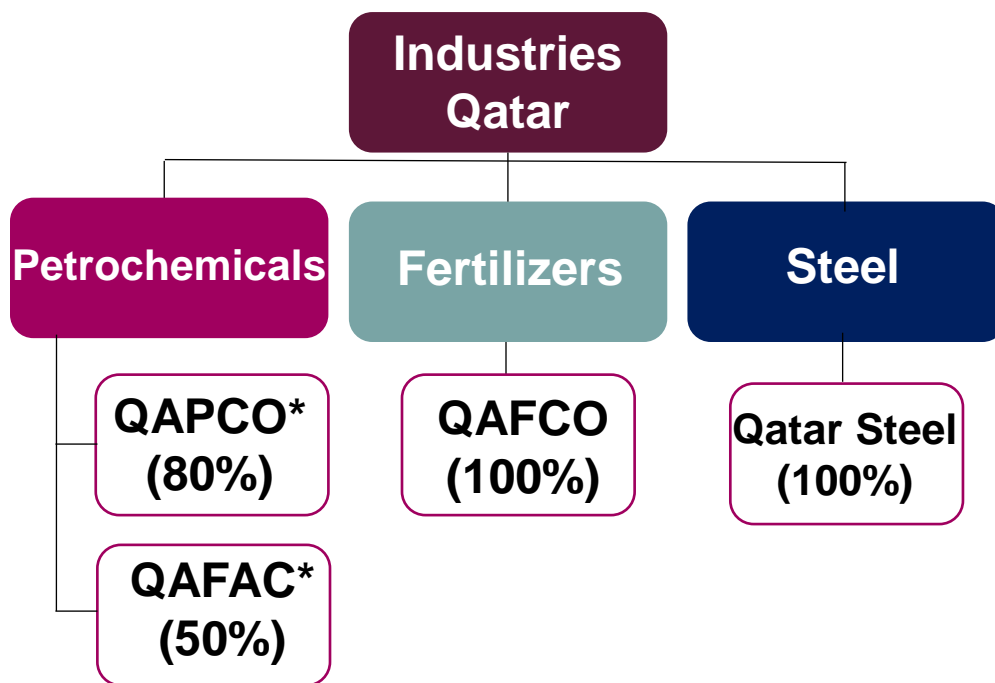
## Core values



# IQ business segments at a glance

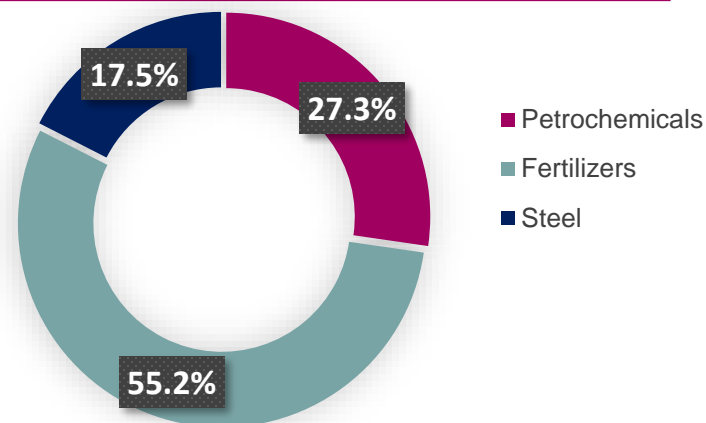
## Business segments overview

- Through its group companies, IQ operates in **three** distinct business segments: **Petrochemical**, **Fertilizer** and **Steel**;
- Production facilities are principally located in the State of Qatar.

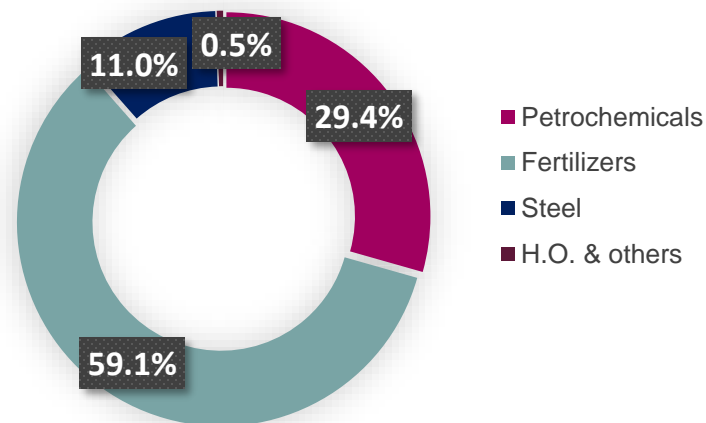


\*Joint venture stake

## Segment size by Revenue



## Segment size by Net Profits



Note: Revenue and net profit data as of 30-Sep-22

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# Competitive strengths

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# Competitive strengths

## Low-cost producer

- Assured feedstock supply
- Economies of scale and operationally diversified
- Synergy benefits

## Strong financial position

- Solid liquidity position, with no long-term debt
- Strong cash flow generation with stable EBITDA margins
- Sound dividend record

## Market leadership

- Major steel producer in the region
- World's largest single site urea producer
- Dedicated marketing support in form of Muntajat

## Experienced team

- Industry experts in the senior management team
- Reputable JV partners



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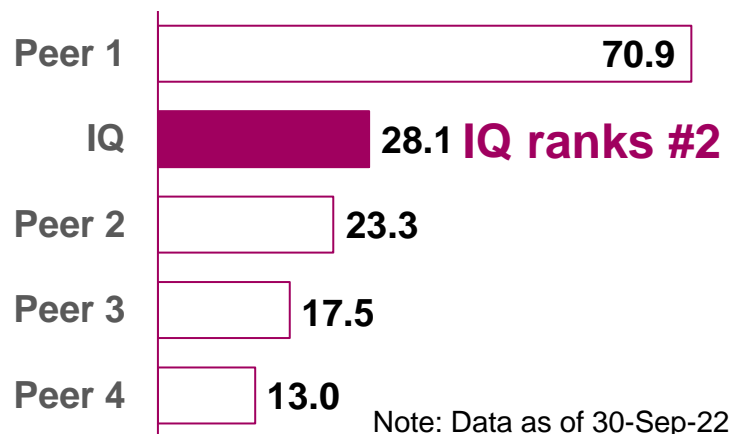
## Regional peer review

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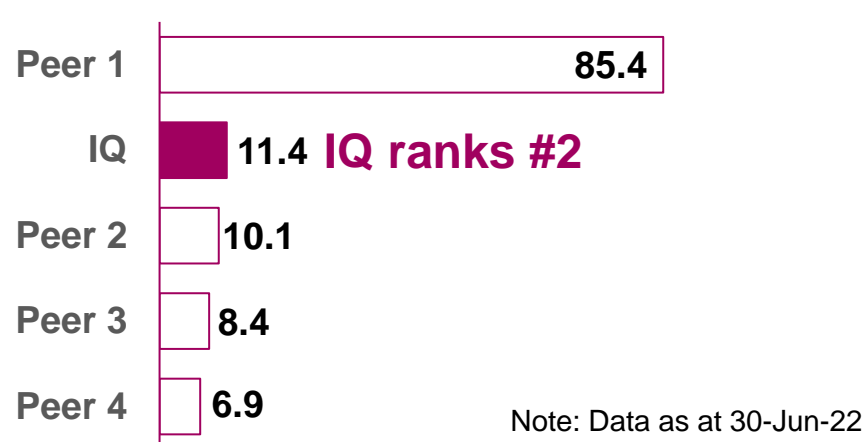
IQ ranked **#24** among  
***“2022 Forbes List of Top 100 Listed Companies in the Middle East”***

# Competitive positioning versus regional peers

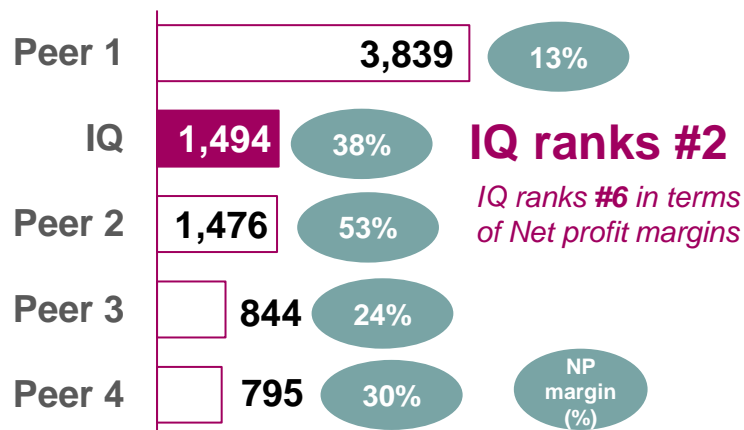
## Market Cap. (USD' billion)



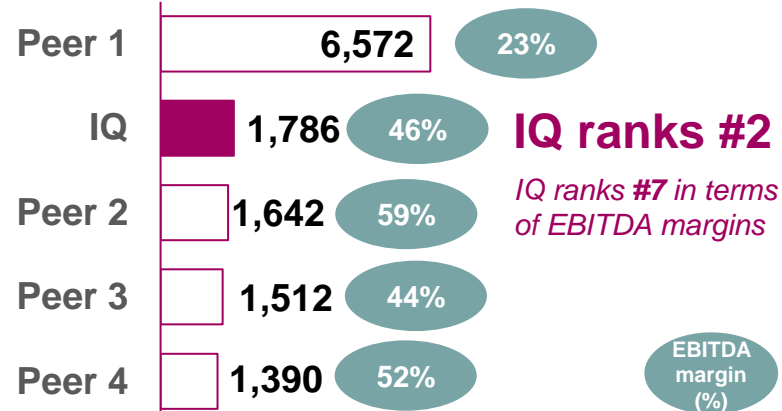
## Total Assets (USD' billion)



## Net profit (USD' million)



## EBITDA (USD' million)



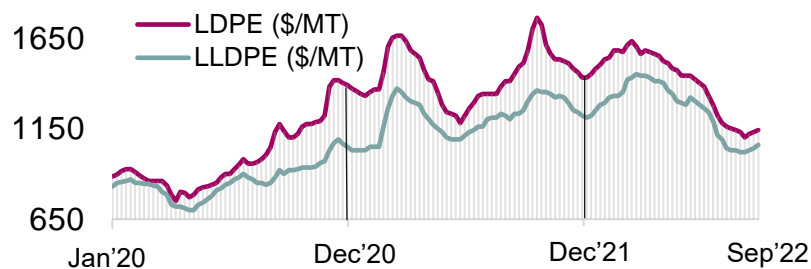
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# Macroeconomic updates

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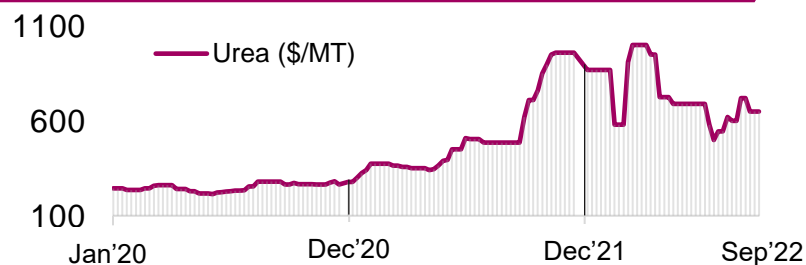
# Macroeconomic updates

## Petrochemicals



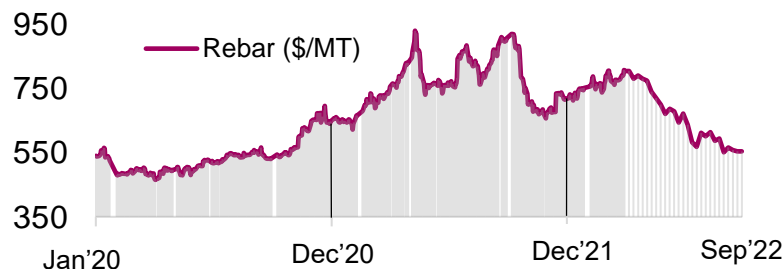
- Prices for petrochemicals declined sequentially on account of cautious consumer demand linking to macro-headwinds, coupled with comparatively lower crude prices. However, year-on-year price trends continue to remain strong.

## Fertilizers



- Fertilizer prices remained volatile, as markets remained cautious in a significantly high energy price environment. Also, restricted supply from key exporting regions, together with inflationary pressures amid higher crop and energy prices, and geopolitical conflicts continue to affect the supply-demand dynamics of the fertilizer markets.

## Steel



- Global steel prices continued to remain volatile during the year, where the supply-side remained constrained mainly due to Russia-Ukraine conflict, while steel demand softened on account of weaker Chinese construction sector linked to zero-Covid policy and restrictions on construction lending.
- Prices within the domestic steel market remained aligned with international market trends.

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# **Group results**

## **(For the three & nine-month period ended 30 September 2022)**

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# 9M-22 results at a Glance

*Growth vs. 9M-21*

**Revenue**  **42%**  
QR 20.1 billion

**EBITDA**  **23%**  
QR 8.7 billion

**Net profit**  **28%**  
QR 7.0 billion

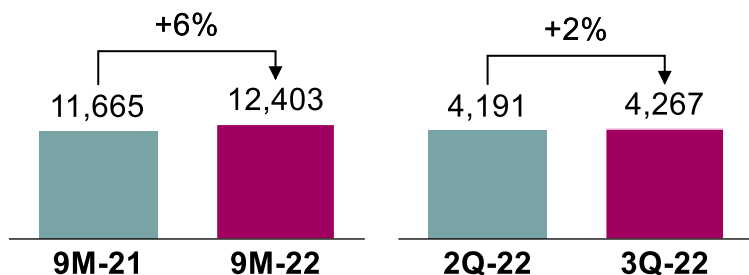
*EBITDA Margin: 43%*

*EPS: QR 1.16    RoAE: 24.7%*

- Year-on-year price trends continue to remain upwards, however, product prices declined sequentially on account of recent macro-volatilities
- IQ gives a go-ahead to QAFCO for a new world's largest blue ammonia train and awarded an EPC contract valued at approximately USD 1.06 billion
- IQ to fund the new PVC project announced by QVC and later become direct shareholder in QVC with a larger stake
- Liquidity continues remain robust with a total cash and bank balance of QR 17.1 billion

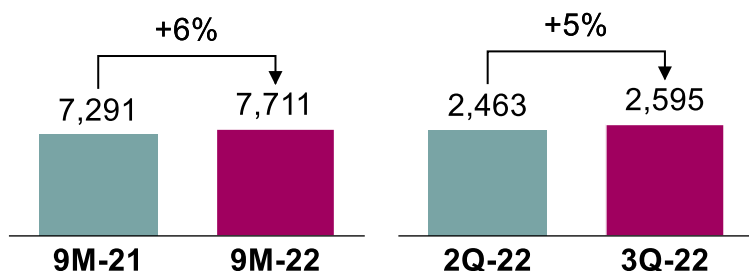
# Operational performance review

## Production (MT' 000)



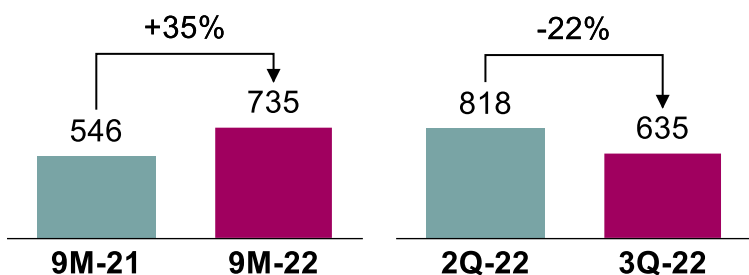
- 9M-22 vs 9M-21: production volumes increased, mainly driven by higher volumes from fuel additives facilities (commercial shutdown during 1Q-21) and higher steel volumes due to restart of DR-2 facilities while mothballing DR-1 facilities.
- 3Q-22 vs 2Q-22: production levels marginally improved, as incremental production in fertilizer and petrochemical segments were almost offset by lower steel production.

## Sales volume (MT' 000)



- 9M-22 vs 9M-21: sales volumes increased primarily driven by higher plant operating rates.
- 3Q-22 vs 2Q-22: sales volumes improved due to growth in sales volumes across all the segments.

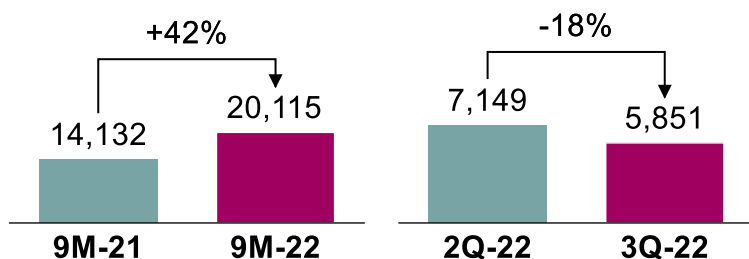
## Selling prices (\$/MT)



- 9M-22 vs 9M-21: year-on-year price trajectories remain elevated on account of constructive macro-drivers carried forward from latter part of last year.
- 3Q-22 vs 2Q-22: realized selling prices declined across the product range amid macroeconomic uncertainties weighing on global commodity prices.

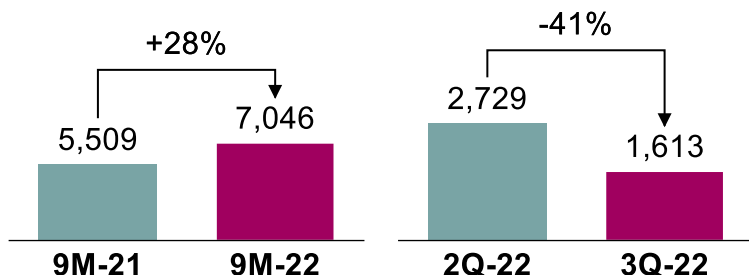
# Financial performance review

## Revenue (QR' million)



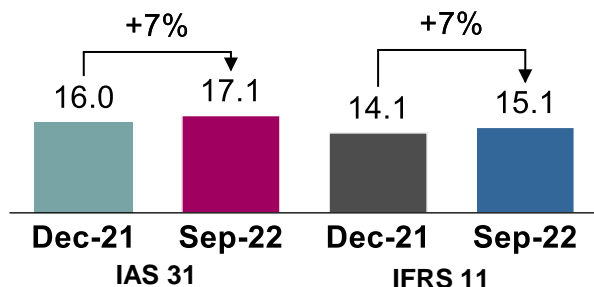
- 9M-22 vs 9M-21: Group revenue increased significantly, mainly on account of overall increase in blended selling prices and higher sales volumes.
- 3Q-22 vs 2Q-22: Group revenue declined due to lower selling prices, partially offset by higher sales volumes.

## Net profit (QR' million)



- 9M-22 vs 9M-21: results significantly improved due to:
  - Better price trajectory across the product range; and
  - Higher sales volumes.
 Partially offset by higher OPEX due to increased sales volumes and end-product price indexed raw material cost.
- 3Q-22 vs 2Q-22: profitability declined, on account of lowered revenue.

## Net cash (QR' billion)



- Total cash across the Group stood at QR 17.1 billion (under IAS 31). Cash increased from last year mainly due to better free cash flow generation (QR 6.9 billion), partially offset by payment of 2021 dividends (QR 6.05 billion).
- There is no long-term debt across the Group.



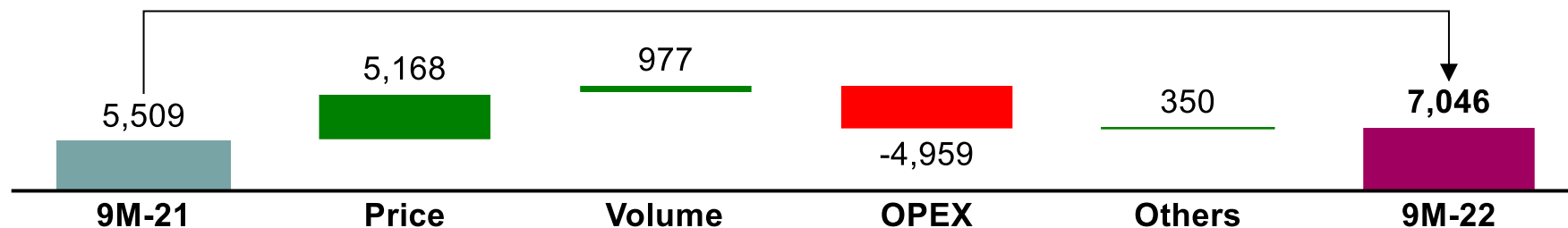
# Net profit variance analysis

## 9M-22 vs 9M-21

*IQ continue to benefit from higher product prices coupled with better sales volumes reflected in Group's bottom-line profitability*

+28%

Amounts in QR 'millions

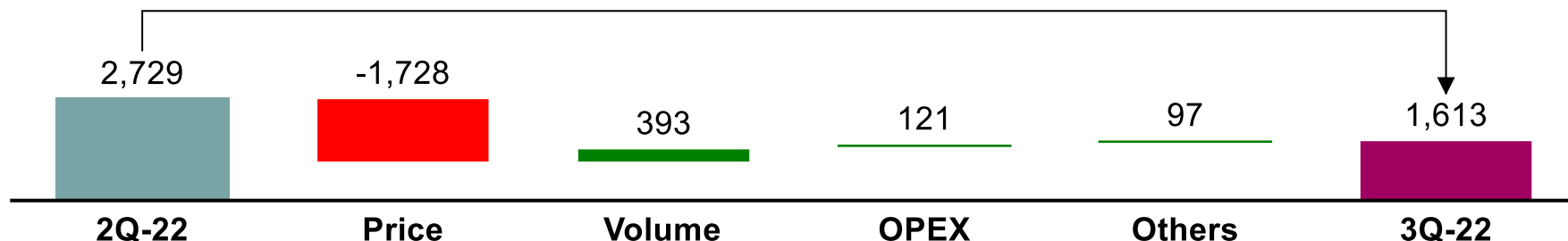


## 3Q-22 vs 2Q-22

*Decline in selling prices affected Group's profitability sequentially*

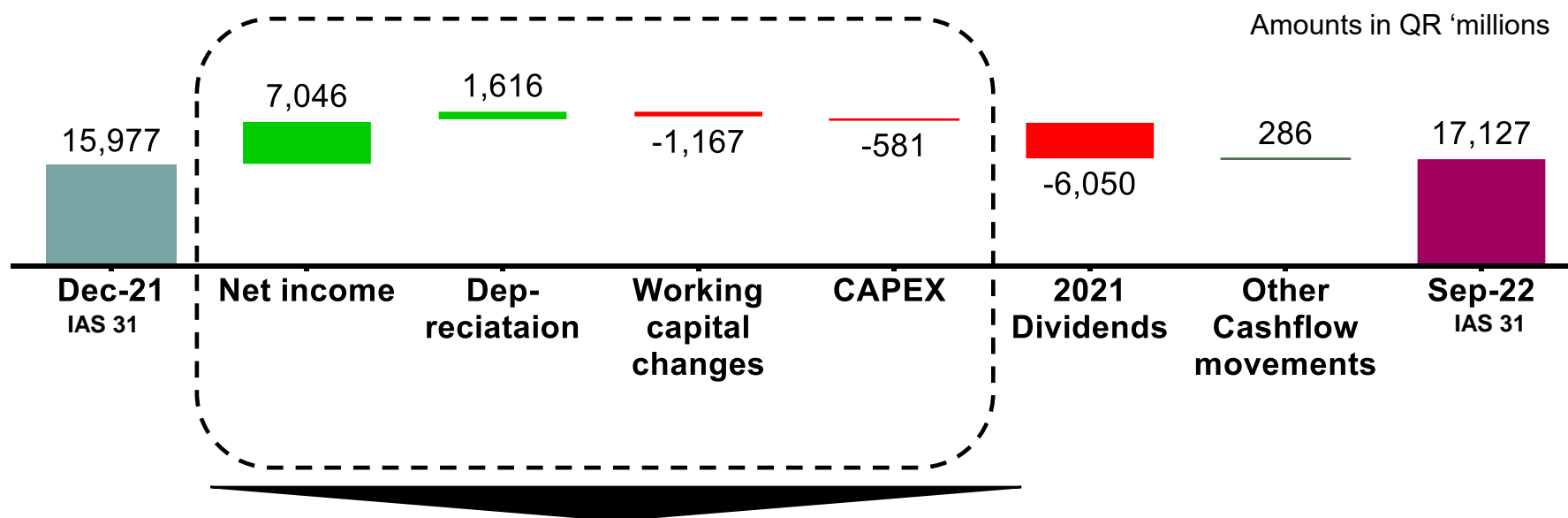
-41%

Amounts in QR 'millions



# IQ cash flow generation

**IQ's free cash flow generation capability continue to remain robust**

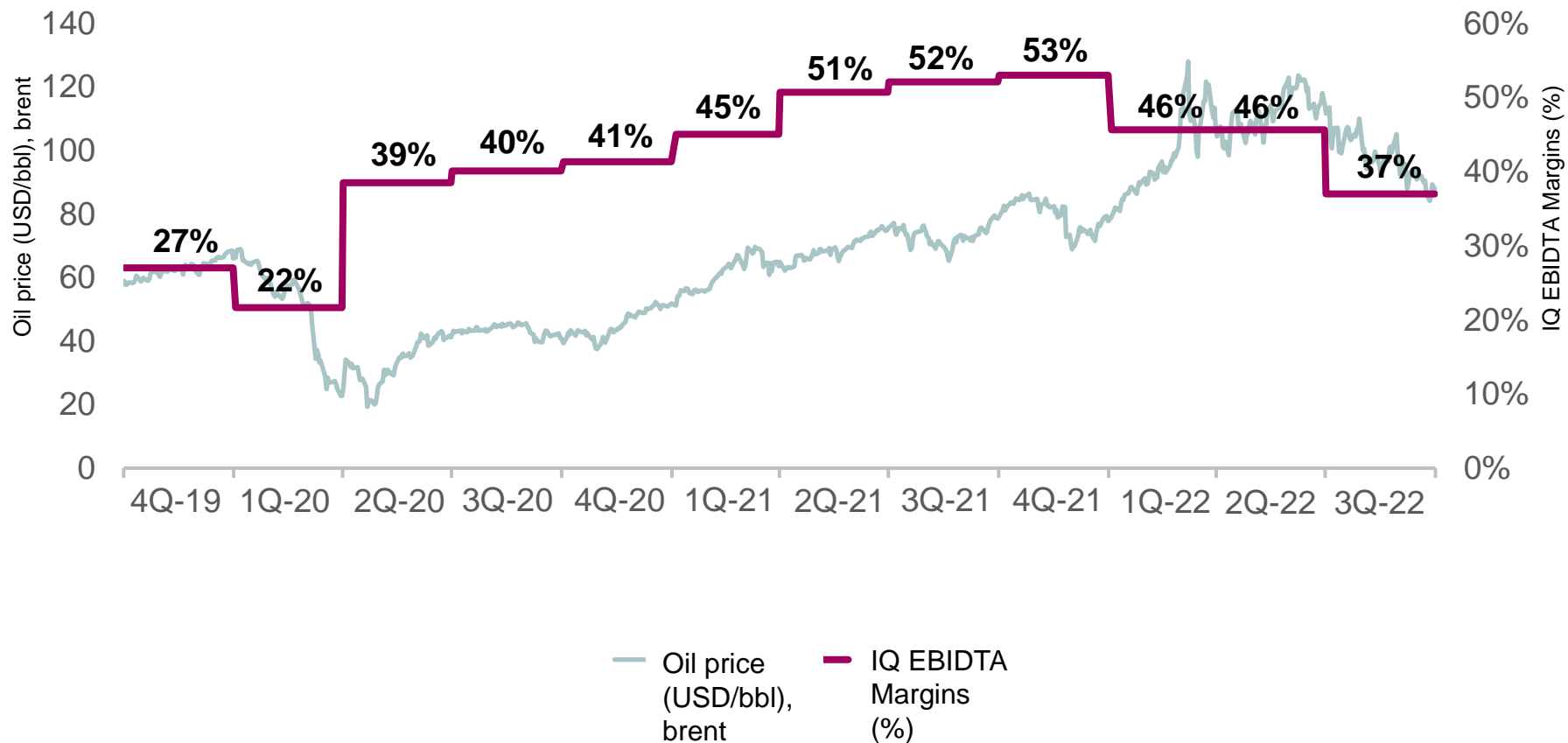


**Free cash flows generated during nine-month period ended 30 September 2022:**  
**QR 6.9 billion**

Free cash flows generated during 3Q-22:  
**QR 2.3 billion**

# Robust EBITDA margins

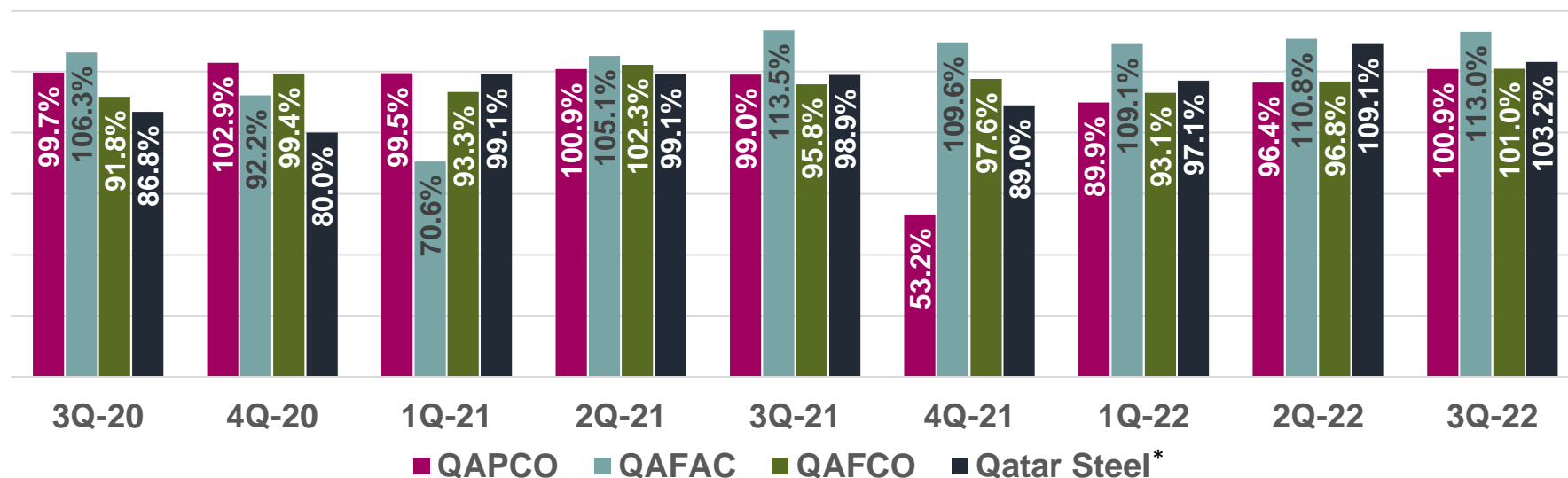
Despite the volatile trends in commodity prices, IQ's EBITDA margins continue to remain robust



Source: Oil price (USD/bbl), brent – *Bloomberg*;  
EBIDTA margins – *Company data*

# IQ's plant operating rates

## IQ's plant operating rates remained stable

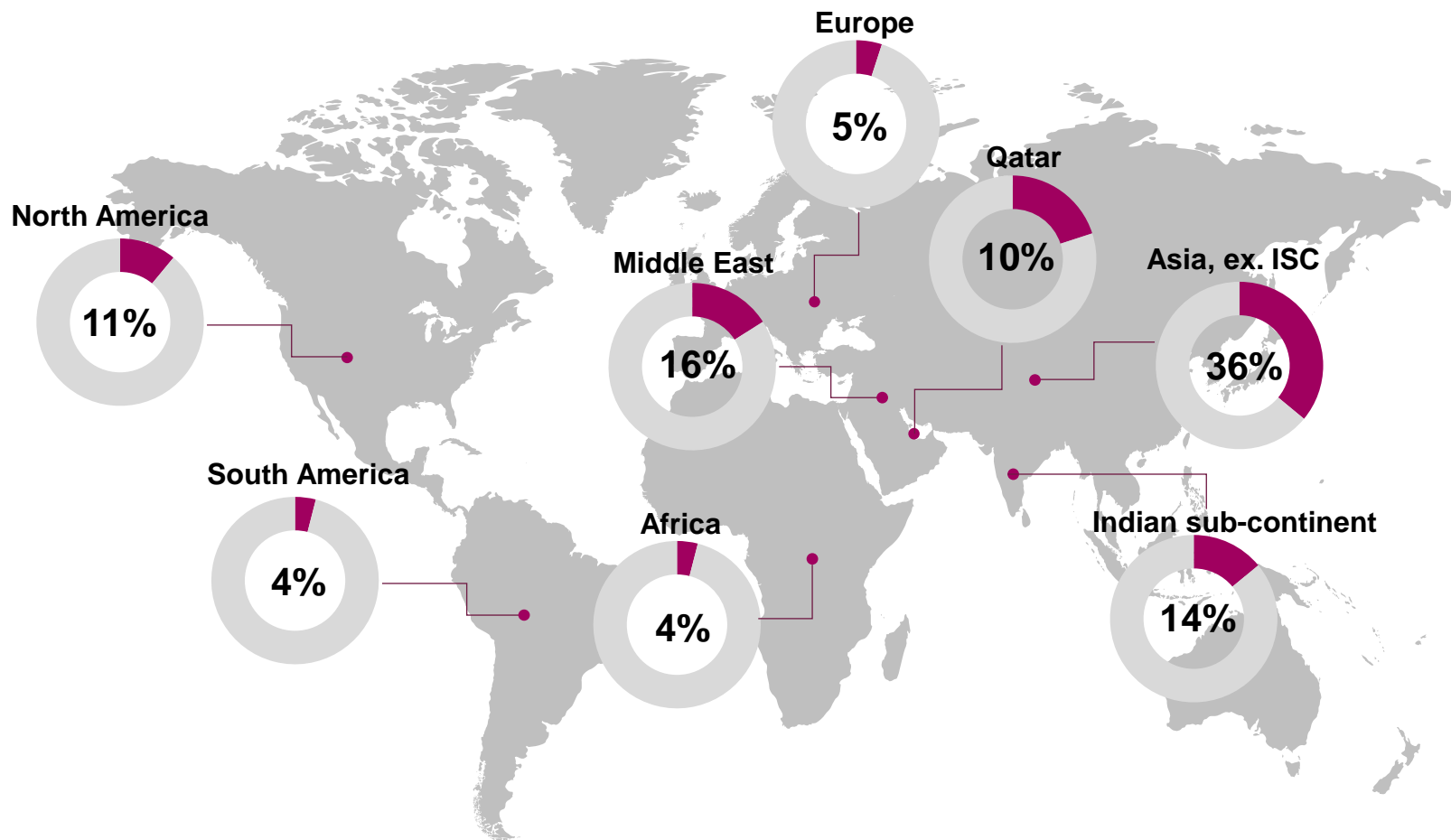


**\*Note:** With effect from 01 April 2020, management decided to mothball certain facilities of Qatar Steel, hence, the nameplate capacity was accordingly adjusted to reflect the new capacity levels post mothballing.

Also, from 1Q-22, Qatar Steel decided to switch mothballing of DR facilities by restarting a DR facility with larger capacity, as the segment restarted DR-2 facility during 1Q-22, as against DR-1 which was operational until the end of 2021. DR-2 has a production capacity of 1,500k MT's per annum compared to DR-1 that has an annual capacity of 800k MT's per annum.

# Geographic analysis – IQ Group revenue

Asia remained Group's largest market, while its presence in Americas and Middle East continued to be substantial



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# **Segment results**

## **(For the three & nine-month period ended 30 September 2022)**

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# Segmental Details: Petrochemicals

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

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

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

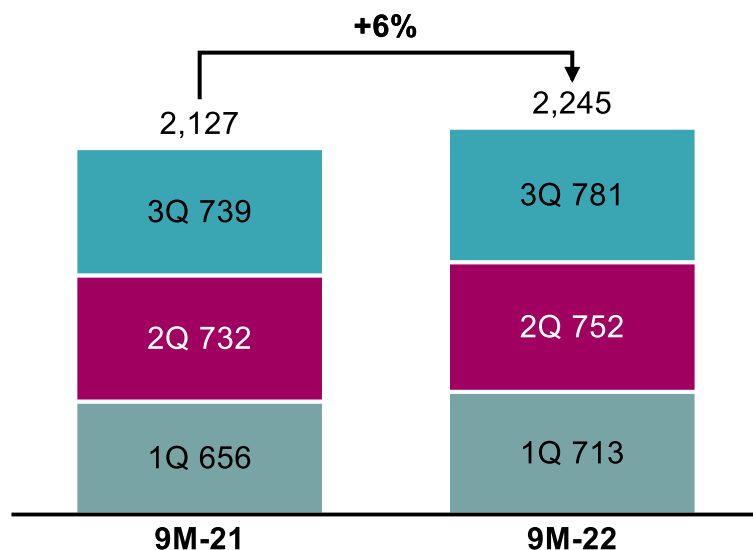


# Results: Petrochemicals

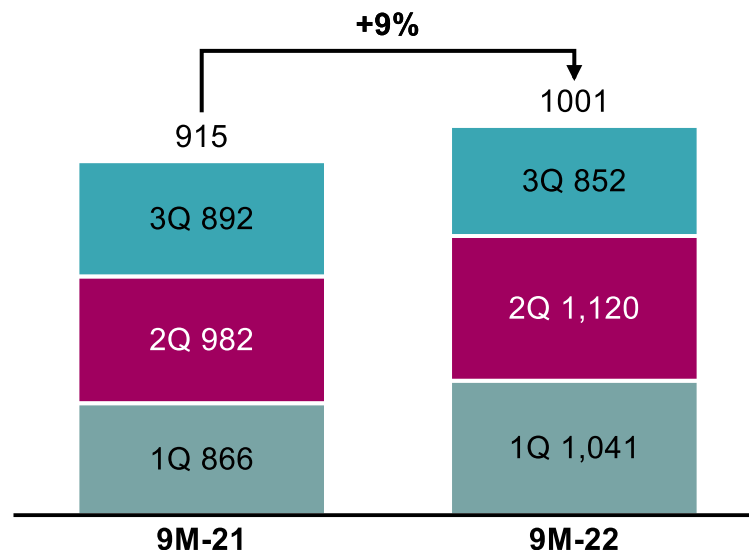
*Analysis of production & selling prices*

- **Production:** Production volumes up by **6%** compared to 9M-21, mainly due to better volumes reported from MTBE facilities, as the same was on a commercial during 1Q-21;
  - 3Q-22 production volumes increased by **4%** versus 2Q-22, as PE facilities reported better plant utilization versus previous quarter. Fuel additives production volumes also improved on a quarter-on-quarter basis.
- **Selling Prices:** Up on 9M-21 by **9%**, as result of firm demand due to higher energy prices, coupled with supply bottlenecks.
  - 3Q-22 selling prices declined by **24%** compared to 2Q-22, largely attributable to challenging macroeconomic environment and weaker crude prices during the quarter.

## Production (MT' 000)



## Selling prices (\$/MT)



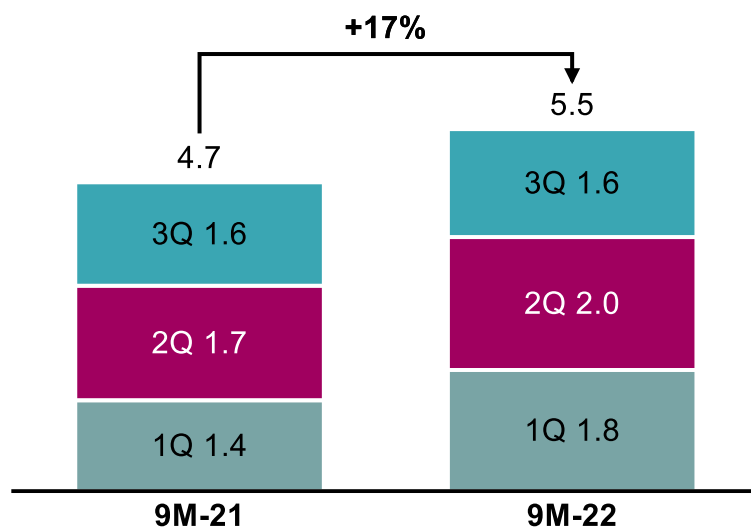


# Results: Petrochemicals

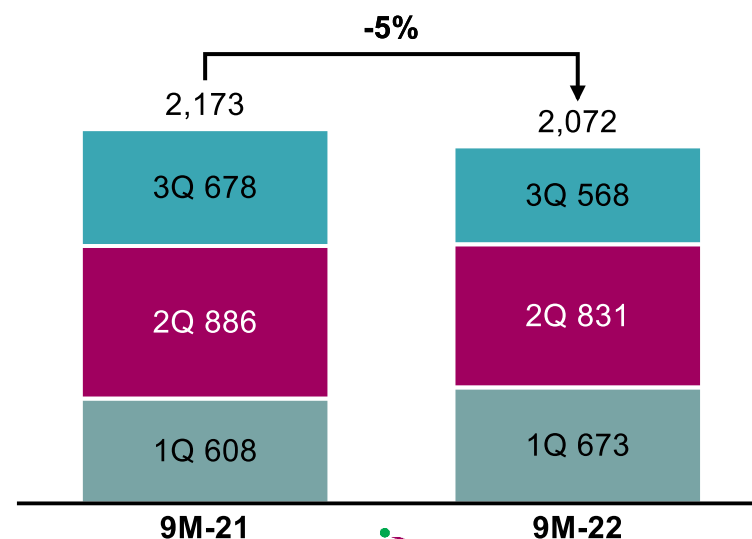
*Analysis of segment revenue & net profit*

- **Revenue:** QR 5.5 billion, up by 17% compared to 9M-21. This increase in revenue was mainly linked to higher product prices (+9%) and better sales volumes (+7%). Growth in sales volumes was mainly in line with growth in production volumes;
  - Revenue for the current quarter was down by 19% versus 2Q-22. This decline was primarily driven by lower selling prices which decreased by 24%, partially offset by growth in sales volumes (+7%) due to better production volumes.
- **Net profit:** QR 2.1 billion, down by 5% compared to 9M-21. This marginal decrease was mainly due to a slight decline in gross margins, as growth in segmental revenue being almost offset against higher operating costs.
  - 3Q-22 net profit decreased by 32% compared to 2Q-22, mainly due to lower segmental revenue.

## Revenue (QR' billion)



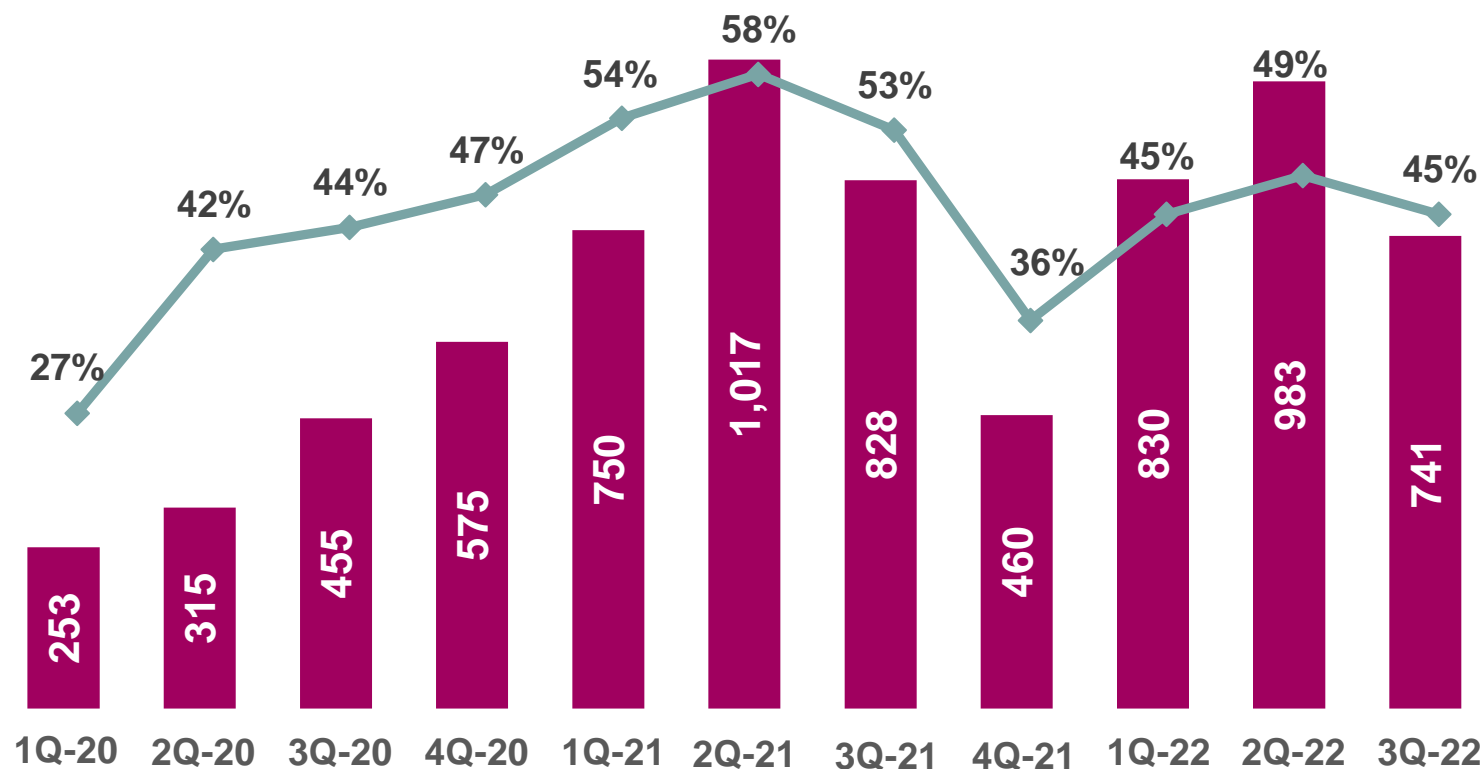
## Net profit (QR' million)



# Results: Petrochemicals

*Analysis of segment  
EBITDA margins*

**Segment's EBITDA margins continue to remain strong**

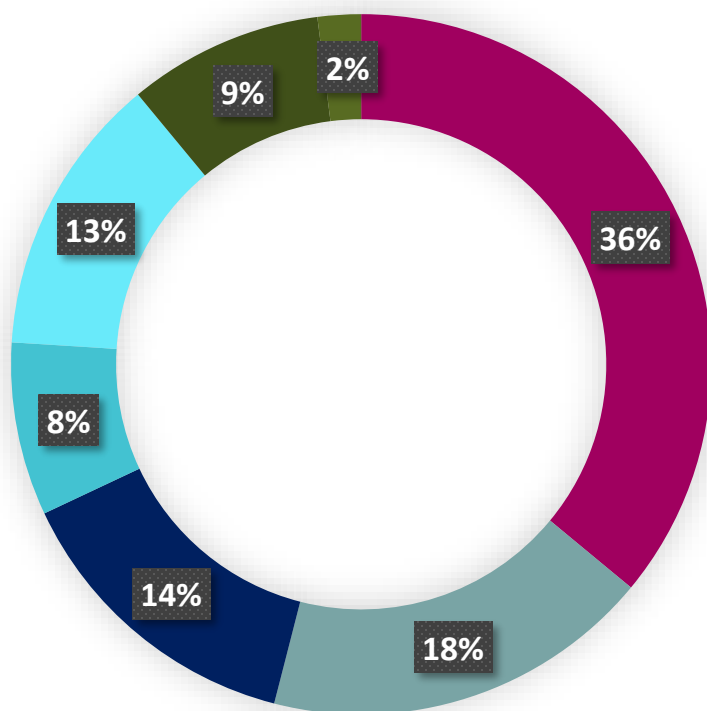


# Results: Petrochemicals

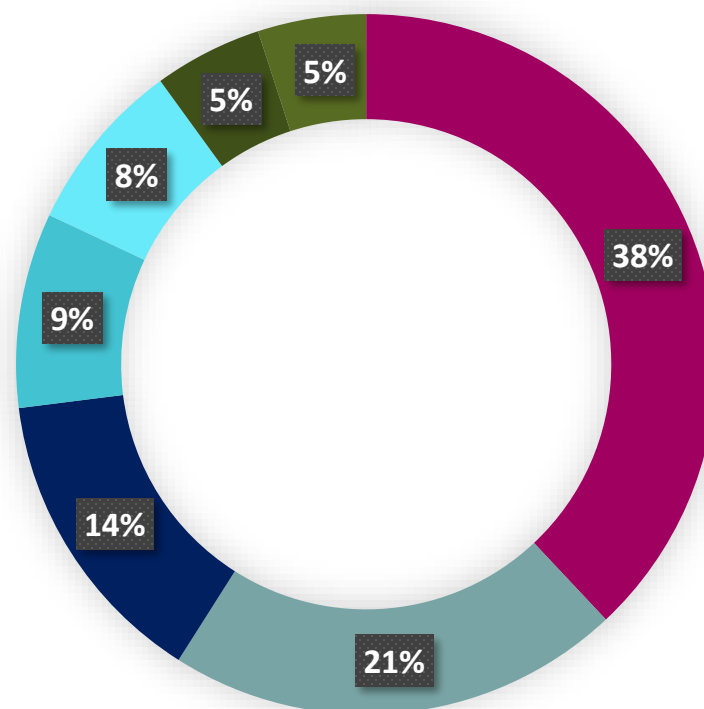
*Geographical analysis of  
segment revenue*

- Asia remains a main market for IQ for Polyethylene (LDPE and LLDPE) and MTBE

9M-22 Segment Revenue (%)



9M-21 Segment Revenue (%)



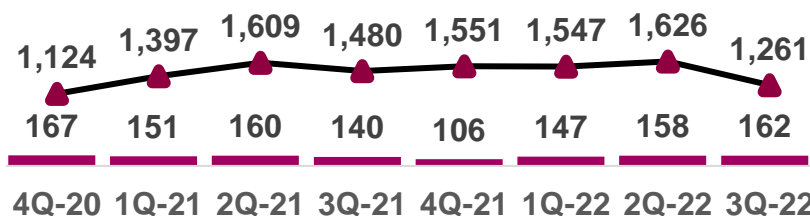
● Asia, ex. ISC      ● Africa      ● Americas  
 ● Indian sub-continent      ● Middle East  
 ● Europe      ● Qatar

# Results: Petrochemicals

Key segment  
products analysis

## LDPE

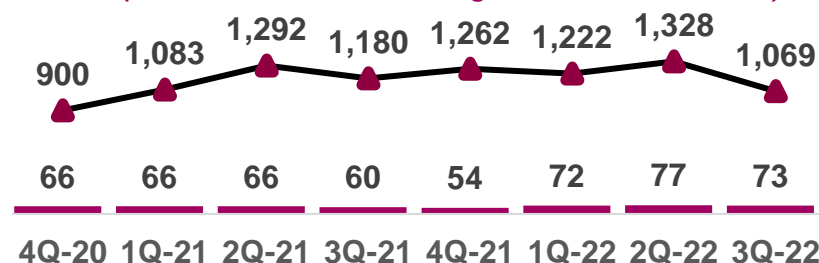
(contributed ~44% of the segment revenue in 9M-22)



Sales volumes improved during 3Q-22 with better plant operating days. Selling prices declined, on the back of macroeconomic uncertainties.

## LLDPE

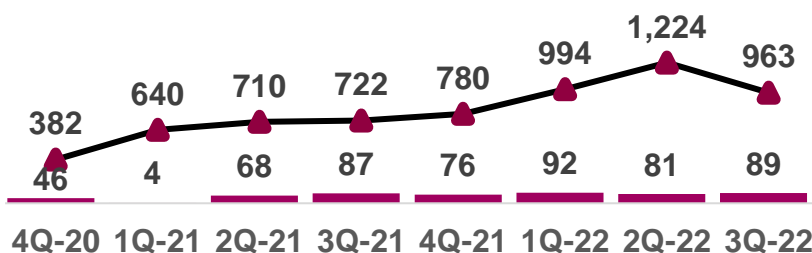
(contributed ~17% of the segment revenue in 9M-22)



Sales volumes slightly declined during 3Q-22. Selling prices moved downward during 3Q-22 amid cautious demand.

## MTBE

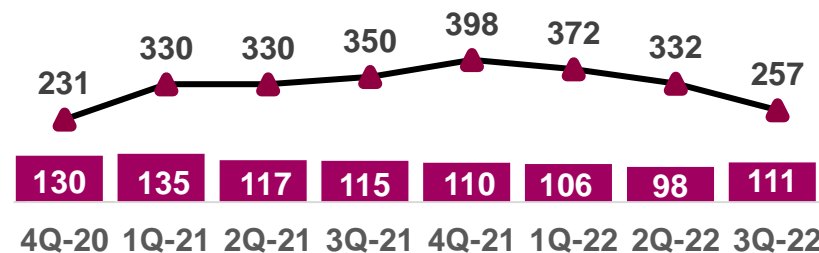
(contributed ~18% of the segment revenue in 9M-22)



Sales volumes improved during 3Q-22 with higher plant utilization rates. Selling price declined due to lower crude prices.

## Methanol

(contributed ~6% of the segment revenue in 9M-22)



Sales volumes inched higher during 3Q-22 versus 2Q-22, with better plant operating rates. 3Q-22 selling prices declined amid slower demand.

# Segmental Details: Fertilizers

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

Product	(in 000 MT PA) Capacity <sup>1</sup>
Ammonia	3,840
Urea	5,957
Melamine	60
<b>Total</b>	<b>9,922</b>

- 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).

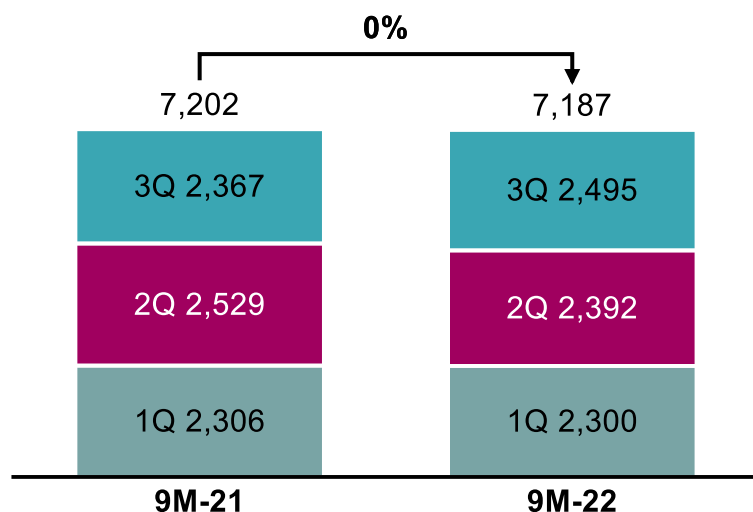


# Results: Fertilizers

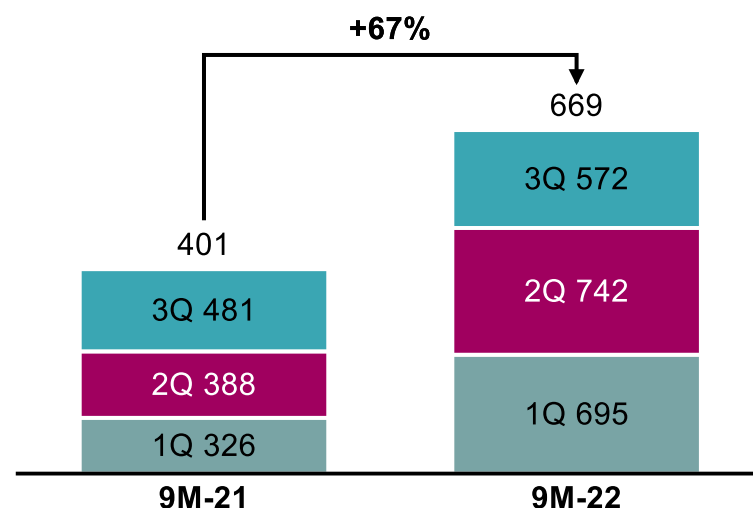
*Analysis of production & selling prices*

- **Production:** 9M-22 production volumes remained flat versus same period of last year;
  - 3Q-22 production improved by **4%** compared to 2Q-22, mainly on account of comparatively better plant utilization rates achieved during the current quarter.
- **Selling Prices:** Prices significantly up by **67%** compared to 9M-21, as a result of persistent restricted supply from key exporting regions, together with inflationary pressures amid higher crop and energy prices.
  - Prices decreased by **23%** during 3Q-22 compared to 2Q-22, as markets remained cautious in a significantly high energy price environment.

## Production (MT' 000)



## Selling prices (\$/MT)

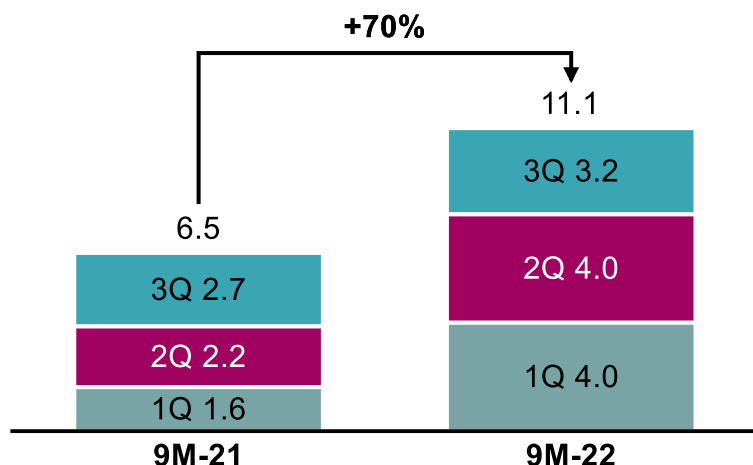


# Results: Fertilizers

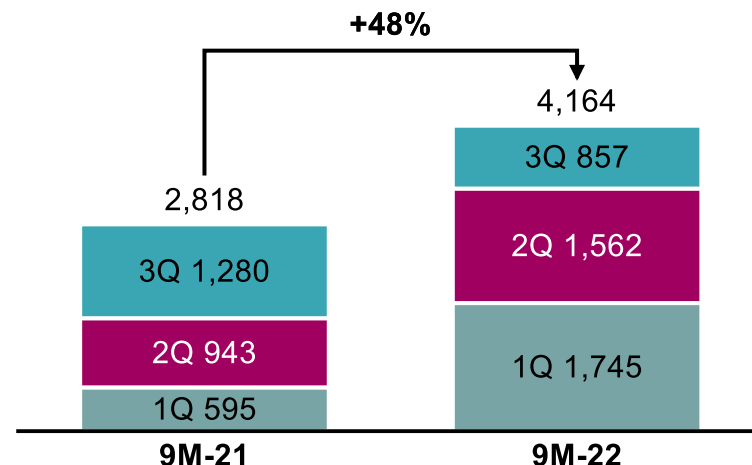
*Analysis of segment revenue & net profit*

- **Revenue:** QR 11.1 billion, up by 70% compared to 9M-21, mainly due to positive growth in product prices (+67%) and sales volumes (+2%);
  - Revenue declined by 21% during 3Q-22 compared to the 2Q-22, due to lowered selling prices (-23%), partially offset by growth in sales volumes (+3%).
- **Net profit:** QR 4.2 billion, up by 48% compared to 9M-21, due to overall increase in segmental revenues;
  - Net profit declined by 45% during 3Q-22 compared to 2Q-22, due to comparatively lower segmental revenue reported for the current quarter.

## Revenue (QR' billion)



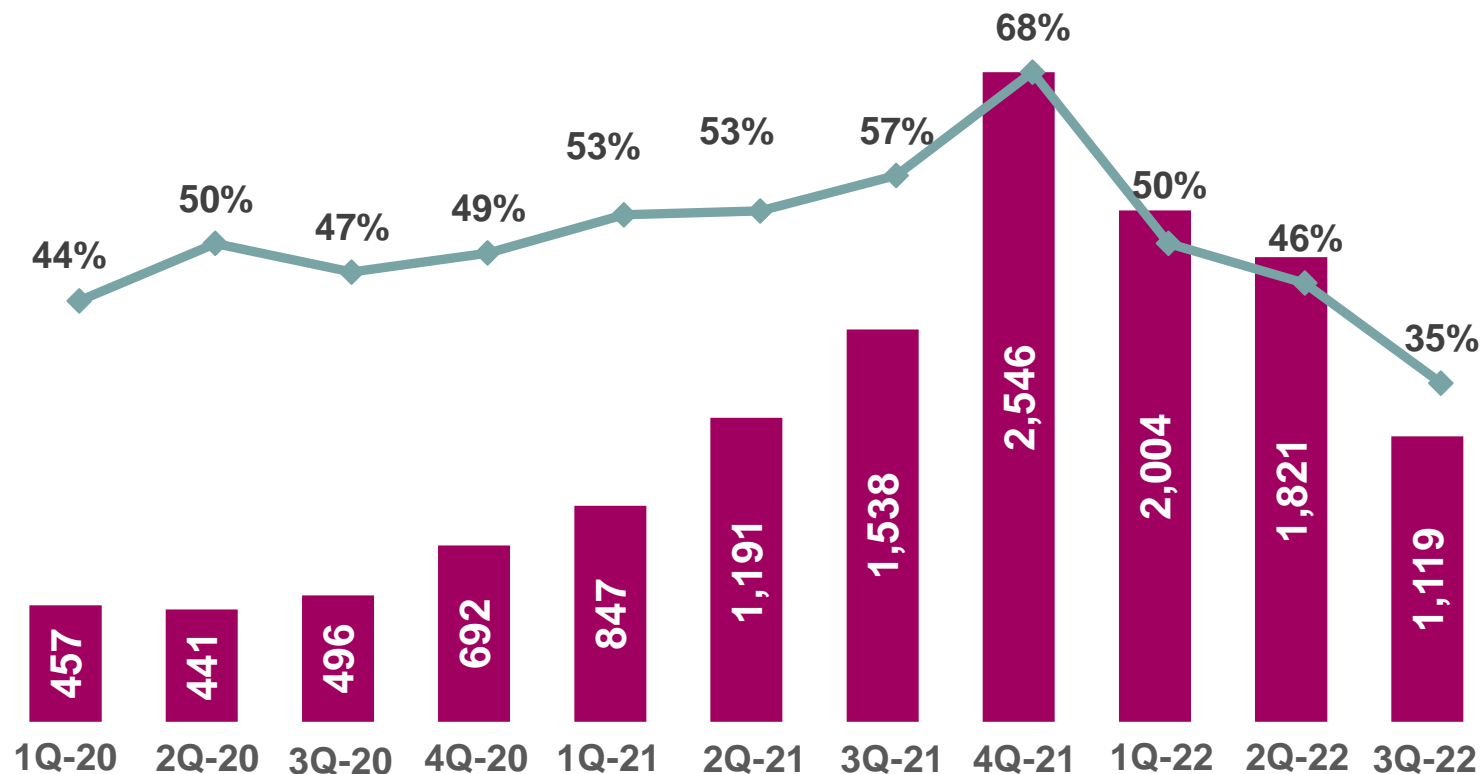
## Net profit (QR' million)



# Results: Fertilizers

Analysis of segment  
EBITDA margins

## Segment's EBITDA margins continue to remain robust



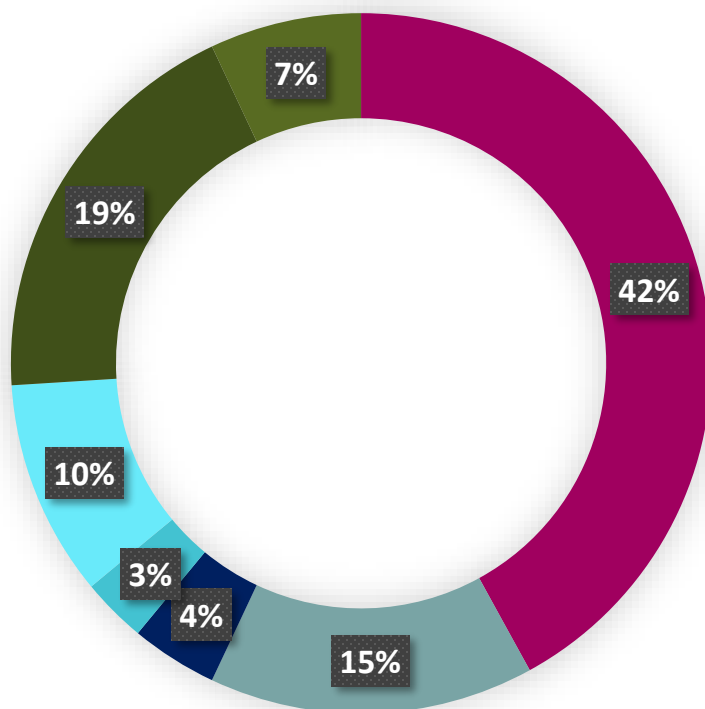


# Results: Fertilizers

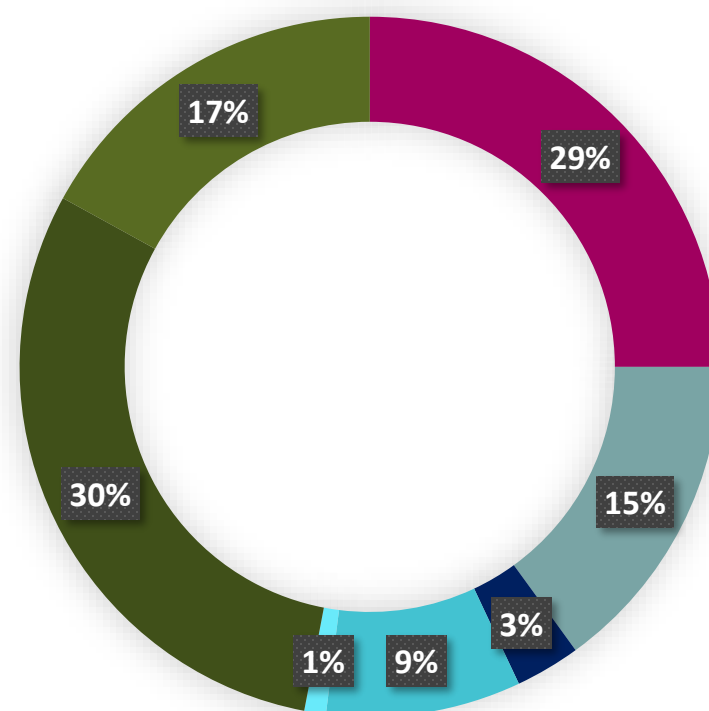
*Geographical analysis of segment revenue*

- Americas remains a main market for fertilizer segment
- Asia is another key market for fertilizers along with Indian sub-continent

9M-22 Segment Revenue (%)



9M-21 Segment Revenue (%)



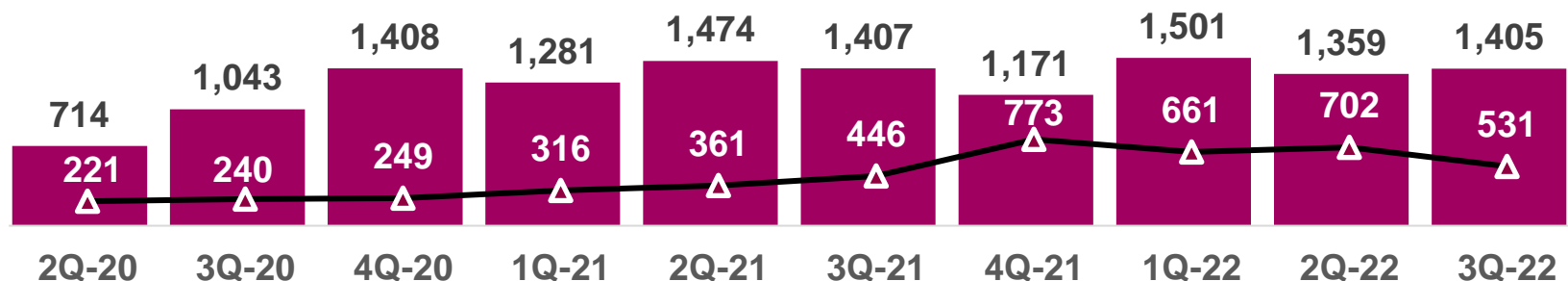
● Asia, ex. ISC      ● Africa      ● South America  
● Indian sub-continent      ● Middle East  
● Europe      ● North America

# Results: Fertilizers

Key segment  
products analysis

## Urea

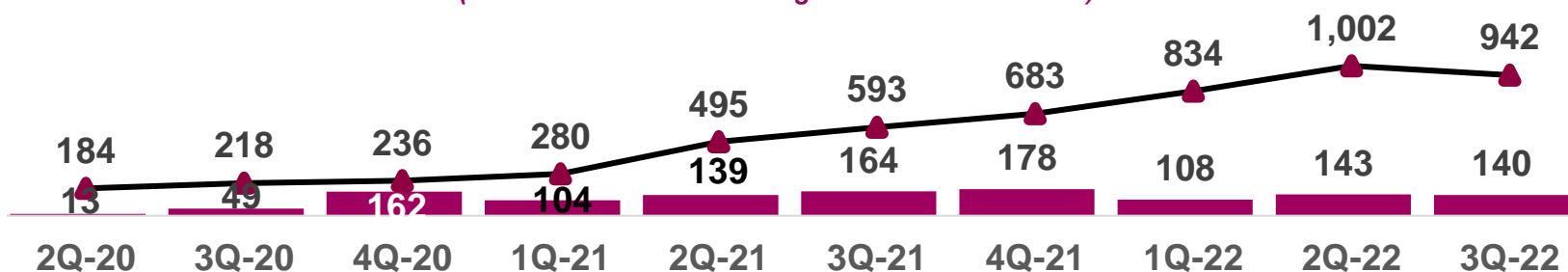
(contributed ~86% of the segment revenue in 9M-22)



Sales volumes improved during 3Q-22 mainly linked better plant operating rates. Prices of urea declined during 3Q-22 on account macro-headwinds.

## Ammonia

(contributed ~12% of the segment revenue in 9M-22)



Sales of ammonia depends on the availability of excess ammonia, as most of the ammonia production is used for Urea production.

Sales Volumes (MT '000) Selling price (\$/MT)

# Segmental Details: Steel

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

The production capacity of the plants are:

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

<sup>1</sup> Production capacity reflect IQ's share in the respective entities

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



\* **Note:** Based on the recent decision to mothball certain facilities of Qatar Steel, wef 01 April 2020, the name plate capacities have resized with current target capacities at: DRI/ HBI: 1,500k MT; Billets: 1,000k MT; Rebars: 1,100k MT per annum (incl. 300k

35 MT Rebars from UAE ops).

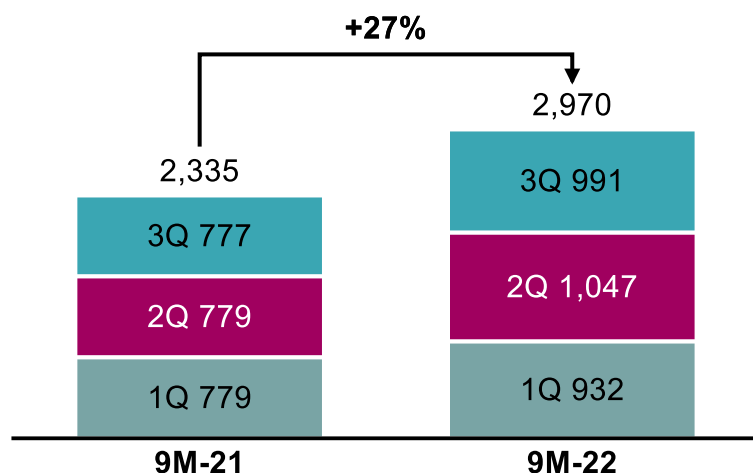


# Results: Steel

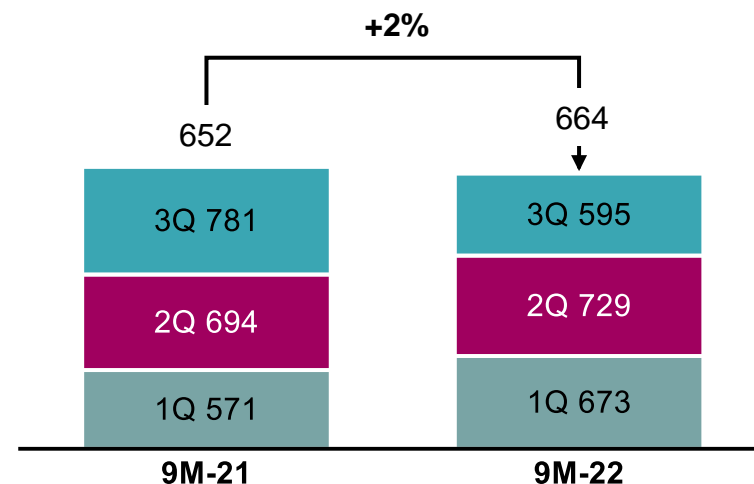
*Analysis of production & selling prices*

- **Production:** Production increased by **27%** compared to 9M-21, as the segment restarted larger DR-2 facility during 1Q-22, as against smaller DR-1 which was operational until the end of 2021;
  - Production volumes decreased by **5%** during 3Q-22 in comparison to 2Q-22, on account lower plant operating rates.
- **Selling Prices:** marginally improved by **2%** versus 9M-21, despite softening domestic demand coupled with slowdown in international steel prices;
  - Prices declined during 3Q-22 by **18%** compared to the 2Q-22, as most of the sales volumes were diverted to international markets, where margins tend to be comparatively lower than domestic market.

## Production (MT' 000)



## Selling prices (\$/MT)

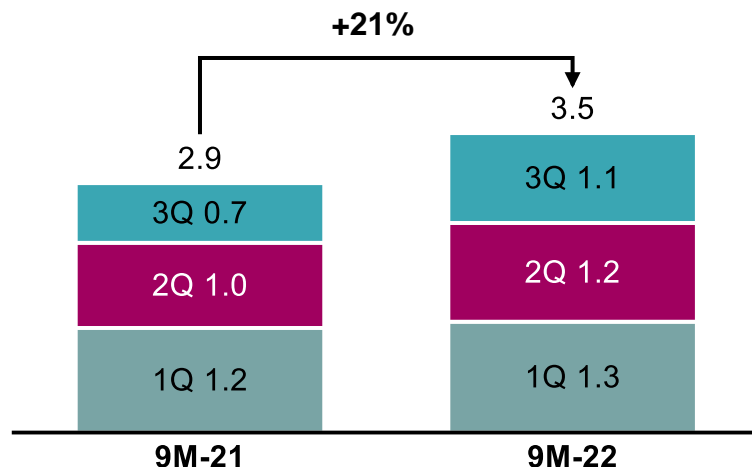


# Results: Steel

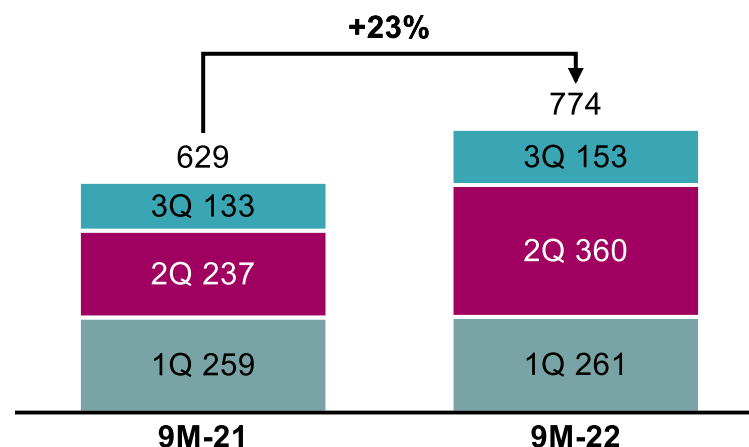
*Analysis of segment revenue & net profit*

- **Revenue:** QR 3.5 billion, up by 21% on 9M-21 amid increase in sales volumes (+19%) and slightly higher selling prices (+2%);
  - Revenue decreased by 9% during 3Q-22 compared to 2Q-22, due to lower selling prices (-18%) partially offset by higher sales volumes (+12%).
- **Net Profit:** Net profit of QR 774 million for 9M-22 with 23% growth compared 9M-21, primarily due to growth in revenues and better results from Foulath Holdings.
  - Profitability declined by 45% during 3Q-22 compared to 2Q-22, mainly on account of lower segmental revenue.

## Revenue (QR' billion)



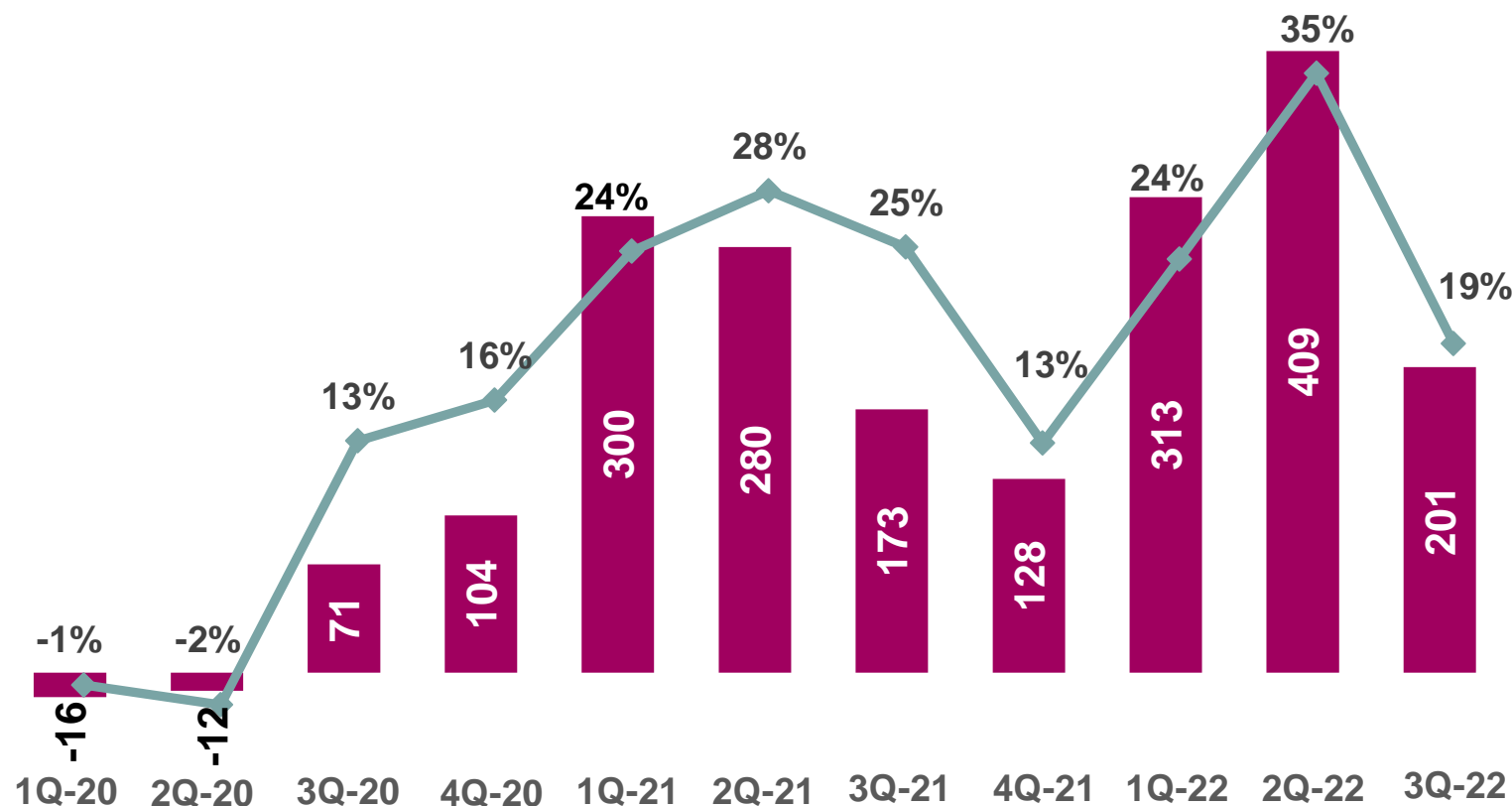
## Net profit (QR' million)



# Results: Steel

Analysis of segment  
EBITDA margins

**EBITDA margins recovered following segment's mothballing decision**

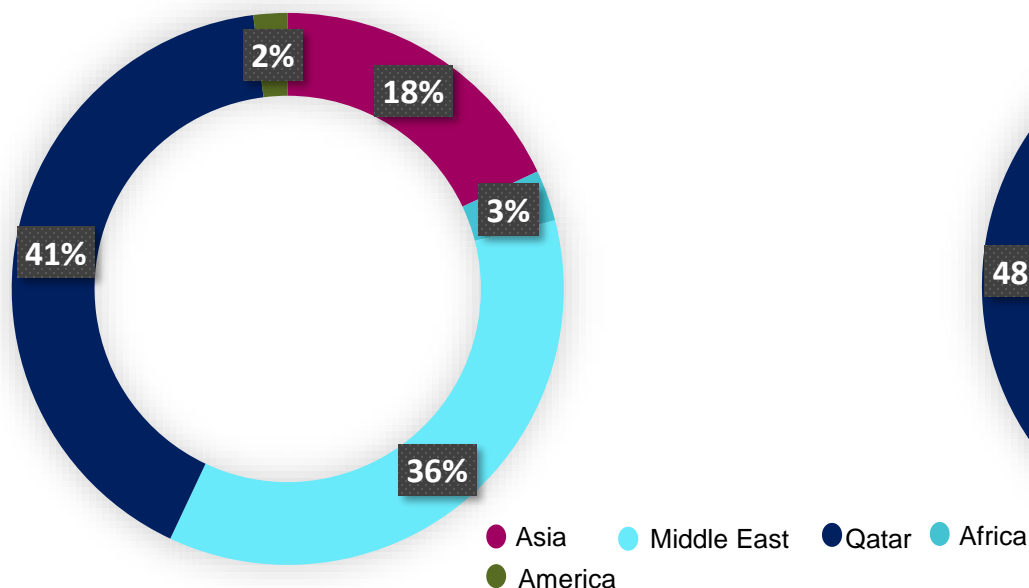


# Results: Steel

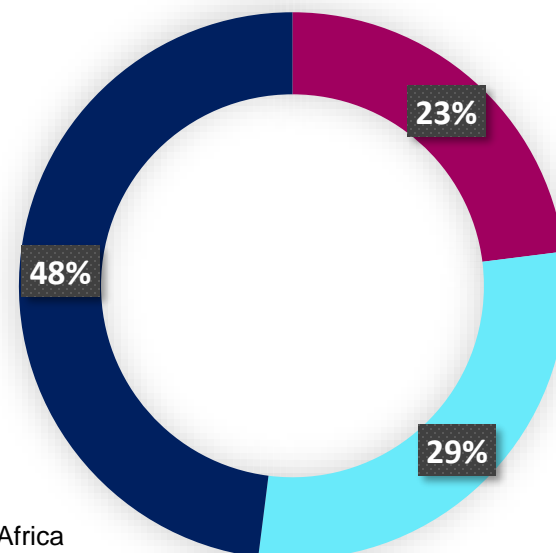
*Geographical analysis of segment revenue*

- Starting from 2Q-20, the Group decided to temporarily resize capacity of domestic operations within the Steel segment to 0.8 million MT per annum of rebar (applicable to Qatar Operations) with an intent to primarily cater local sector demand, amid higher competition and declining margins internationally. However, due to the improvement in the international prices, the segment was also able to sell some of the quantities outside the domestic market.
- The segment restarted DR-2 facility during 1Q-22, as against DR-1 which was operational until the end of 2021. DR-2 has a production capacity of 1,500k MT's per annum of DR compared to DR-1 that has an annual capacity of 800k MT's per annum. Switch in mothballing of facilities would provide an opportunity of approximately 400k MT's of DR per annum to be sold directly in the market.

9M-22 Segment Revenue (%)



9M-21 Segment Revenue (%)

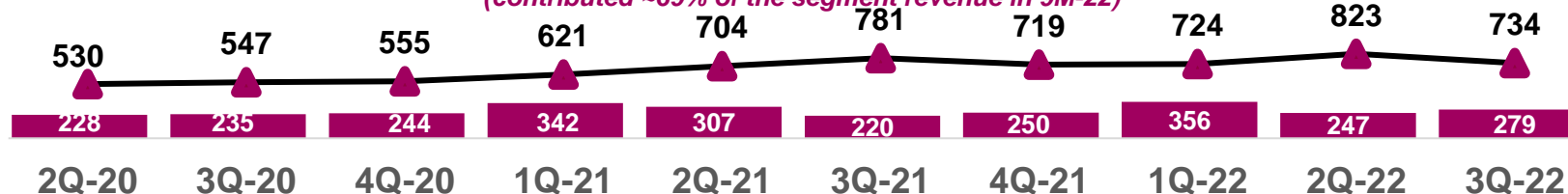


# Results: Steel

Key segment  
products analysis

## Rebars

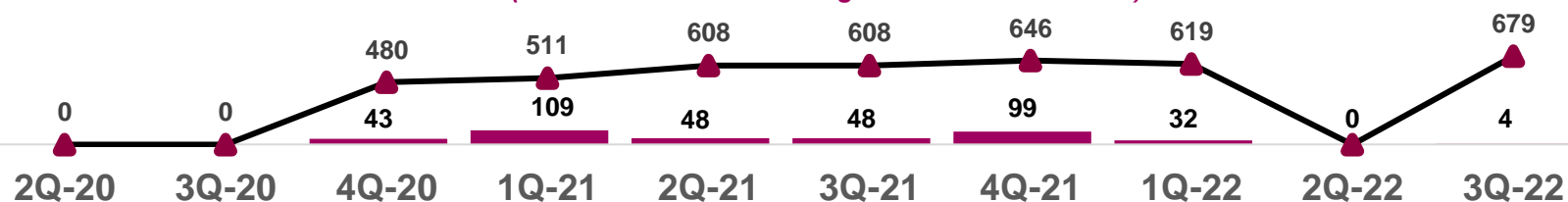
(contributed ~69% of the segment revenue in 9M-22)



Selling prices declined during 3Q-22 inline with international steel prices, however, sales volumes improved during 3Q-22 with higher international sales.

## Billets

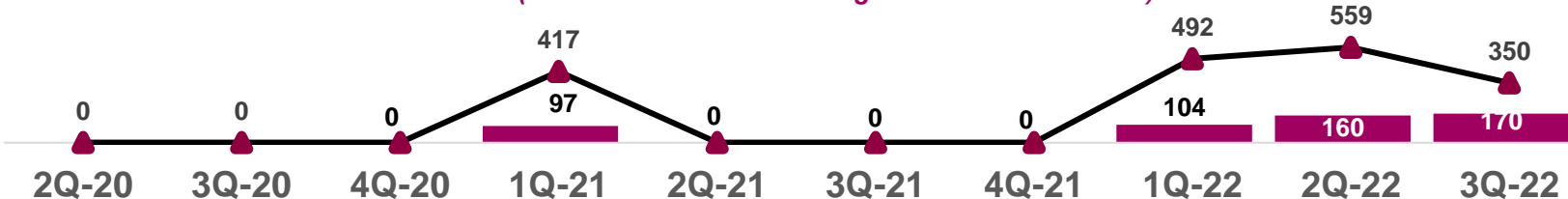
(contributed ~2% of the segment revenue in 9M-22)



Sales of billets remained opportunistic depending on the market conditions and availability of excess billets, where most of the production of billets is used for Rebar production.

## DRI/HBI

(contributed ~21% of the segment revenue in 9M-22)



Sales volumes for DRI/HBI increased significantly since the start of 2022, following restart of DR-2 facility.



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## CAPEX & Cash flows (2022F – 2026F)

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# CAPEX and Cash Flows (2022F – 2026F)

- **Group CAPEX spend of QR 11.1 billion includes:**
  - Capacity addition in fertilizer segment (QR 4.1 bn in Qafco 7);
  - Other CAPEX include turnaround (QR 1.6 bn);
  - Investment projects (QR 3.3 bn).
- **Qapco (Capex of QR 1.6 billion)**
  - Operational projects - QR 0.9 billion (Refrigerator machine replacement, flare improvement etc.);
  - Turnaround / reliability - QR 0.4 billion;
  - No CAPEX related to PUD / Investments.
- **Qafac (Capex of QR 0.3 billion)**
  - Turnaround & annual maintenance - QR 0.1 billion;
  - Other routine CAPEX - QR 0.2 billion;
  - No capacity related CAPEX.
- **Qafco (Capex of QR 8.8 billion)**
  - Qafco 7 - QR 4.1 billion including capitalized finance costs (QR 2.6 billion of borrowings to finance Qafco 7; 70% of project costs);
  - Investment Projects - QR 3.3 billion (NZLD - QR 0.5 bn; SAP Hana project - QR 0.2 bn; Sulphur Recovery Unit - QR 0.2 bn; Repair and replace bulk hall - QR 0.2 bn);
  - Turnaround related CAPEX - QR 1.0 billion.
- **Qatar Steel (Capex of QR 0.5 billion)**
  - Turnaround related CAPEX - 0.2 billion;
  - IT related investments - QR 0.1 billion.
- The above forecasts do not include CAPEX relating to the new Ammonia train & PVC plant recently announced.

CAPITAL EXPENDITURE (in QR Billion)					
	2022	2023	2024	2025	2026
Capital Spares	0.1	0.0	0.0	0.0	0.0
Catalysts	0.0	0.0	0.0	0.0	0.1
Turnaround CAPEX	0.3	0.7	0.2	0.3	0.2
Investments / PUD	0.9	1.3	0.8	0.7	0.5
Qafco-7	0.8	2.0	0.6	0.5	0.3
IT / Technical	0.1	0.0	0.0	0.0	0.0
Other Routine CAPEX	0.1	0.1	0.1	0.1	0.1
<b>Total CAPEX</b>	<b>2.2</b>	<b>4.1</b>	<b>1.9</b>	<b>1.6</b>	<b>1.2</b>

CASH FLOWS (in QR Billion)					
	2022	2023	2024	2025	2026
<b>Cash Flows:</b>					
- Operating	4.5	+3.1	+3.9	+4.1	+3.4
- Investing	-1.9	-3.8	-1.5	-1.2	-0.8
- Financing	0.4	+1.2	+0.3	+0.1	-0.0
<b>FCFF</b>	<b>2.3</b>	<b>-1.0</b>	<b>+2.1</b>	<b>+2.6</b>	<b>+2.3</b>
<b>FCFE</b>	<b>3.6</b>	<b>+2.2</b>	<b>+3.1</b>	<b>+3.2</b>	<b>+2.6</b>

*FCFE = FCFF +/- Net Debt – Finance Charges*

**Note:** The cash flow & CAPEX figures for the years 2021-25 are based on the 2021 approved budget and business plan, based on the expectations of the market conditions and commodity prices forecasted at the time of finalizing the 2021 budget & business plan.

With current market conditions and commodity price trends, the forecasts as disclosed in the above table cannot be relied on with absolute certainty, where, the actual realization of these figures might significantly differ as compared to these projections, subject to the macroeconomic conditions, including, among other factors, business environment, market dynamics, product prices etc. prevailing in that specific year. The Board may defer, delay or cancel projects based on market outlook and economics.

# Blue Ammonia Project

Blue Ammonia is produced when the CO<sub>2</sub> generated during conventional Ammonia production is captured and stored

## Key Highlights

*Building World's largest Blue Ammonia facility*

**New Ammonia Train**  
**100% owned by IQ** (via QAFCO)

**EPC awarded valued at USD 1.06 bn**

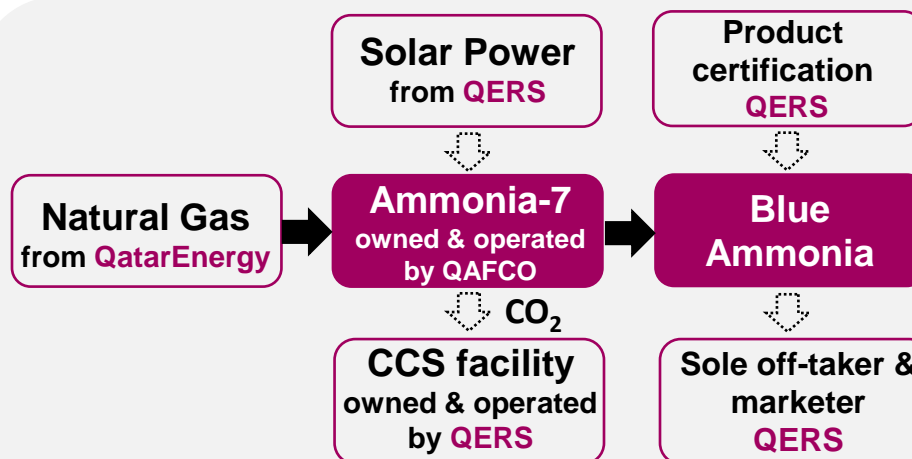
**Capacity up to 1.2 million mtpa of Blue Ammonia**

**Ready for startup Q1 2026**

**Project fully integrated with QAFCO**

**Fully funded by QAFCO's internal sources of funds**

## Strategic Partnership with QERS<sup>1</sup>



## Key uses of Blue Ammonia

### Existing uses

**Fertilizers, Refrigeration, Textiles & Pharmaceuticals**

### Expanded uses

**Electricity generation, Transport fuel & Heat transfer**

43 1: QatarEnergy Renewable Solutions is a wholly owned affiliate of QatarEnergy entrusted with investing in and marketing of renewable energy and sustainability products & solutions within the State of Qatar and across the globe.



# New PVC Project & QVC restructuring

## Key Highlights of New PVC project

*First PVC plant in the State of Qatar*

Nameplate capacity of **350k mtpa** Suspension PVC

EPC awarded valued at **USD 239 million**

Project **fully integrated** with existing QVC facilities

Construction expected to be completed by **mid-2025**

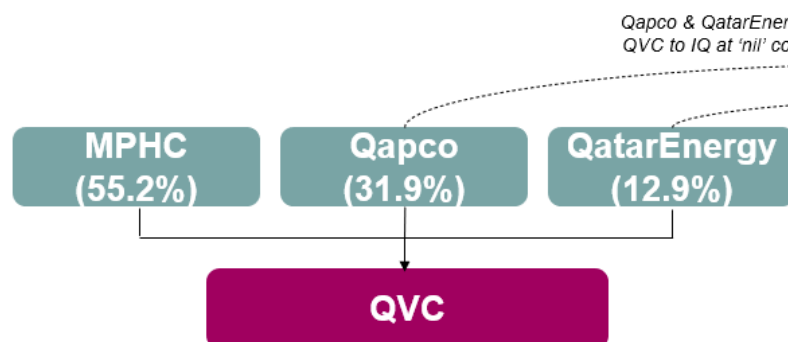
Source feedstock (i.e., Vinyl Chloride Monomer (VCM)) from the existing facilities

**IQ will fund 44.8% of the project;** remaining funding by MPHC

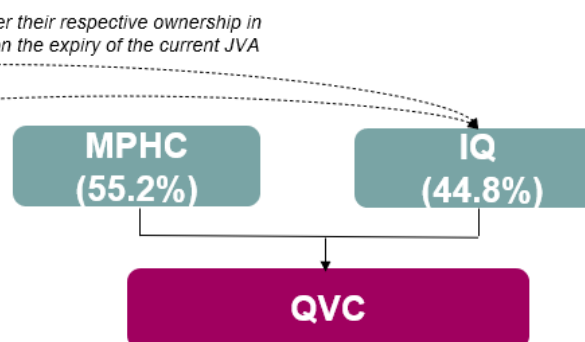
## QVC restructuring

*after expiry of current JVA on 1<sup>st</sup> May 2026*

### Current ownership structure of QVC



### New ownership structure of QVC – with effect from the date of the new JVA

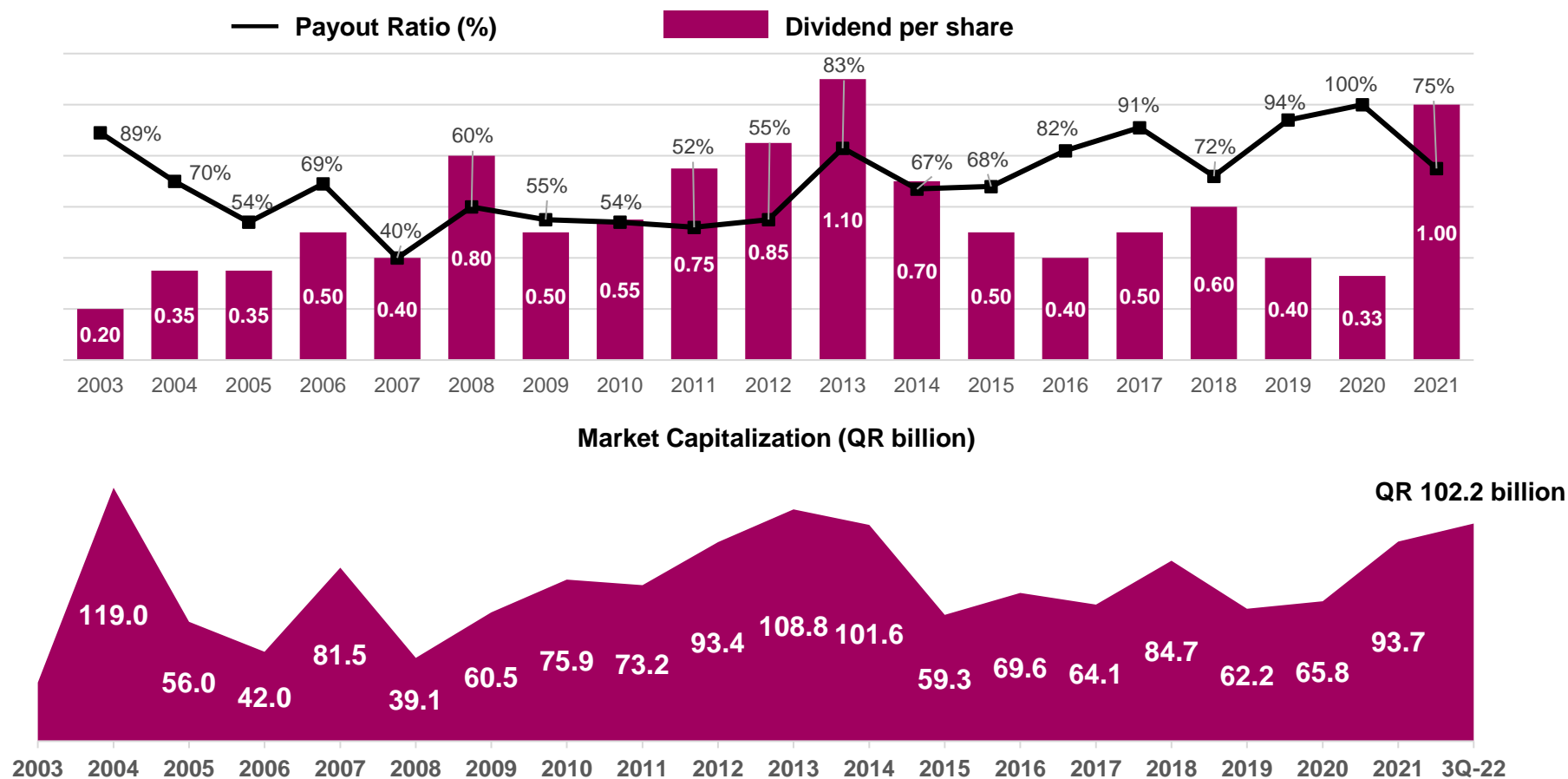


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# Dividends and market capitalization

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# Dividends & Market Capitalization



- To date, cash dividends totaling QR 61.4 billion have been distributed, equivalent to QR 10.8 per share;
- The Company was included on the MSCI Qatar Index in May 2014.

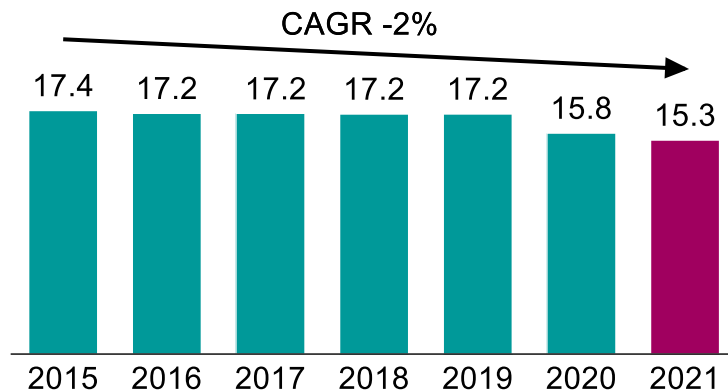
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## Historical performance (2015 - 2021)

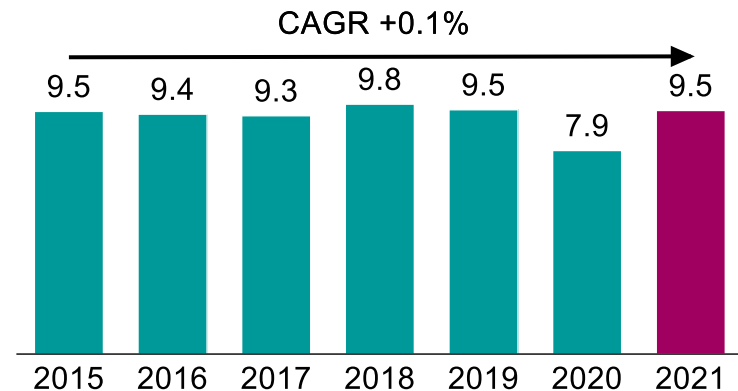
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# Historical performance (2015 - 2021)

## Production (M MT's)

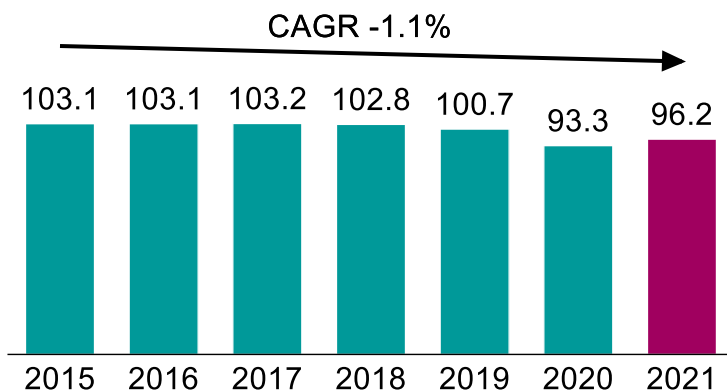


## Sales Volumes (M MT's)

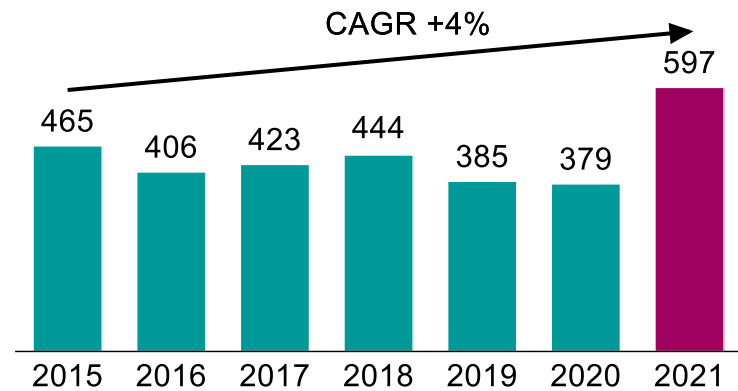


Volumes remained steady since 2015 till 2019 and declined in 2020. The decline in production in 2020 was mainly owed to mothballing decision of certain steel facilities, while sales volumes were also affected due to Qafco's temporary gas processing arrangement ▪ Selling prices were influenced by macroeconomic cycles

## Utilization (%)



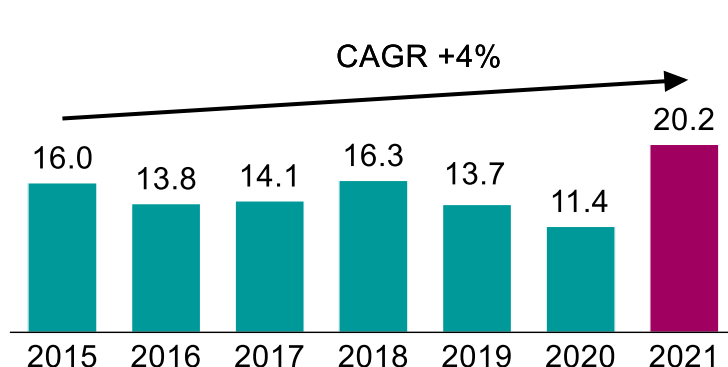
## Selling Prices (USD / MT)



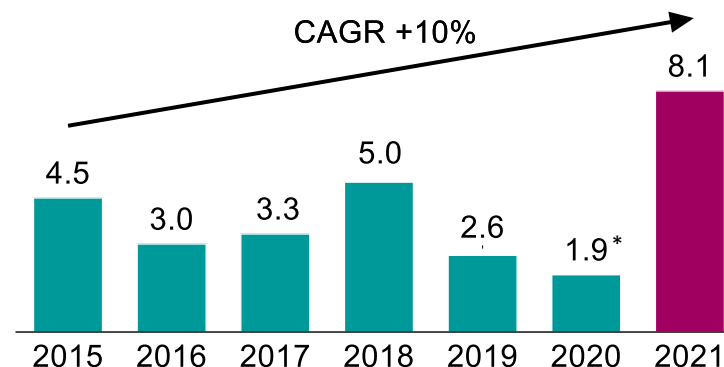


# Historical performance (2015 - 2021)

## Revenue (QR Bn)

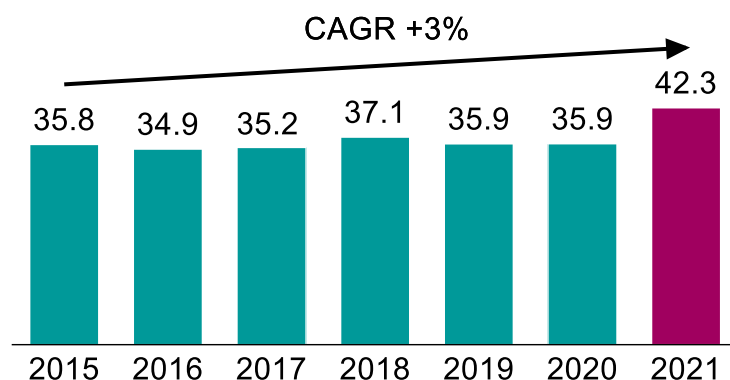


## Net income (QR Bn)

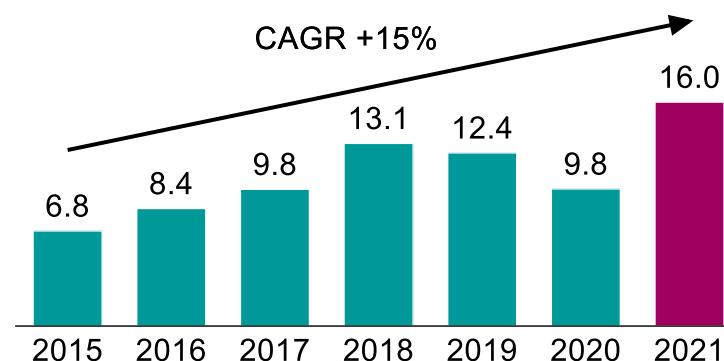


Revenue trends moved in line with the selling prices ▪ Movements in revenue together with operating costs affected the net income growth ▪ Cash flow generation for the Group remained robust, despite cyclical profitability.

## Total Assets (QR Bn)



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



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# Governance Structure

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# Governance Structure

## Board Structure

- IQ Board of Directors consists of eight (8) Directors, of whom seven (7) were appointed by the Special Shareholder, which is QatarEnergy and one (1) by General Retirement and Social Insurance Authority (GRSIA).
- QatarEnergy & GRSIA 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 QatarEnergy 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.

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# Sales and Marketing

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# Sales and Marketing

- Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (“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.
- Marketing and distribution of Steel Products have been shifted to Muntajat in early 2018 after showing positive benefits to the other segments.
- Muntajat integration with QatarEnergy completed during 2020, only related to the operational level, where the marketing team would still be independently managed, hence, this integration will not have any impacts on Industries Qatar.
- Qatar Steel’s marketing activities has now moved back to Qatar Steel with effect from 1st September 2020, in line with the new operational strategy, where there will be very limited international component.





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

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Please refer to [www.iq.com.qa](http://www.iq.com.qa) for the latest information, publications, press releases and presentations about Industries Qatar and group companies.