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Industries Qatar

FOR IMMEDIATE RELEASE

Industries Qatar posts a net profit of QR 4.5 billion for the year ended 31 December 2024

The Board of Directors recommends a dividend for 2H-24 of QR 0.43 per share, bringing the total dividend for the year to QR 0.74 per share. This equates to a payout ratio of 100% of net earnings for 2024.

- Full year results moderately down on previous year amid absence of one-off other income.
- Operating income improved on the backdrop of improved operating costs while prices have shown stabilization.
- Group operations continued to remain robust amid routine maintenance shutdowns, with average reliability factor remained around 96%.
- Earnings per share (EPS) of QR 0.74 for the year compared to QR 0.78 for last year.
- Group's Fuel Additive business reached new milestone by reaching highest volumes in derivative production.
- Group's liquidity continues to remain robust with a total cash and bank balances of QR 11.4 billion, after paying full 2023 dividend of QR 4.7 billion and 2024 interim dividend of QR 1.9 billion.

Doha, Qatar; 02 February 2025: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), today reported a net profit of QR 4.5 billion for the year ended 31 December 2024, representing a decrease of 5% compared to last year.

Commenting on the Group's financial and operational performance for the year ended on 31 December 2024, **His Excellency Mr. Saad Sherida Al-Kaabi, Chairman of the Board of Directors and the Managing Director**, said:
"In the face of a dynamic and often unpredictable economic landscape, Industries Qatar has remained steadfast in its pursuit of excellence. Our dedication to sustainable value creation and strategic investments has allowed us to deliver commendable financial results and reinforce our commitment to maximize shareholder value.

I would like extend my sincere thanks to the Board of Directors, Chief Executive Officers, senior management, and all the employees ofthe group companies, without whom we would not have achieved these results.

Going forward, we will continue to strive for operational excellence by focusing on our human capital and environmental sustainability. Our commitment to responsible growth and long-term value creation for our shareholders will remain at the forefront of our strategic initiatives."

Updates on macroeconomic environment

During this year, the global economy faced challenges stemming from difficult conditions faced by many global economies during late 2022 and 2023. Elevated energy prices, geo-political uncertainty, stricter regulatory requirements led policymakers to maintain tight monetary and fiscal policies to combat inflation. This approach, especially in the first half of 2024, prolonged the economic recovery and affected various segments differently.

In 2024, the petrochemical sector faced significant challenges from both demand and supply sides. Demand was impacted by economic slowdowns in major markets like China and the EU, heightened interest rates, and reduced consumer affordability. On the supply side, the market experienced oversupply, particularly in olefins and derivatives, due to capacity additions, especially from China. Producers in regions with low-cost ethane feedstock, such as North America and the Middle East, increased supply at lower costs compared to naphtha-based producers in Europe and parts of Asia. Regulatory pressures required sustainability investments, but high financing costs and uncertain demand delayed these efforts. Overall, the petrochemical markets showed mixed trends throughout the year.

The fertilizer market was influenced by several macroeconomic factors, including natural gas price volatility, restoration of supplies, corn price fundamentals, farmer affordability, trade policies and tariffs, and weather conditions. Natural gas prices, though volatile, declined notably from their 2022 peak, impacted by oil price fluctuations, restrictive monetary policies, shutdowns in major gas-producing facilities. Fertilizer production gradually resumed in major economies after temporary closure due to high feedstock prices and geo-political issues in 2022 and 2023.

crop prices and farmer affordability were challenged by economic slowdown, affecting both fertilizer prices and consumption. Furthermore, changes in trade policies, including tariffs on key fertilizer components like potash and phosphate, influenced global supply chains and pricing. Like other downstream segments, stricter environmental regulations in various countries have led to increased production costs and changes in fertilizer formulations, further impacting prices and market dynamics.

The steel segment experienced extreme volatility and notable prices fluctuations due to tightened monetary policies by many Central Banks aimed at curb inflation. This led to a significant slump in construction activities, particularly in many larger economies like China. The real estate sector, a key driver of steel demand, faced a major downturn in 2024, mostly during first half of the year due to continued economic uncertainties and higher cost of credit.

Domestically, steel demand remained challenging albeit tapering off domestic projects. However, global and regional macroeconomic conditions began to improve in the second half of the year following the regulatory intervention. These included lowering benchmark lending rates, supporting real-estate projects, investing in infrastructure, and controlling steel output to balance demand and supply. These measures to some extents have stabilized the steel prices during later part of the year.

Operational performance updates

Key performance indicators	YE-24	YE-23	Var (%) [YE-24 vs. YE-23]	4Q-24	3Q-24	Var (%) [4Q-24 vs. 3Q-24]
Production (MT' million)	17.1	16.7	+2%	4.3	4.3	+0%
Utilization rates (%)	102%	100%	-	109%	99%	--
Average reliability factor (%)	96%	98%	-	86%	99%	--

Group's operations continue to remain solid, stable, and reliable as production volumes for the current period marginally improved versus full year 2023. This marginal improvement was largely driven by stable operating rates, and consistent plant availability across all the segments amid planned and unplanned maintenance across most segments together with additional capacity in the steel segment on account acquisition of Al-Qataria, and restart of DR-1 in Q4-2024 within the steel segment.

This reflects the Group's continued commitment and focus to operational excellence, reliable operations while ensuring unwavering importance to HSE, and selective investments when available.

On a quarter-on-quarter basis, production volumes remained relatively unchanged. Improved steel production on the backdrop of restart of DR-1 was broadly offset by lower PE and fertilizer production (due to planned and unplanned shutdowns). shutdowns within some other segments.

Financial performance updates – *YE-24 vs YE-23*

Key financial performance indicators	YE-24	YE-23	Variance (%)
Average selling price ($/MT)	457	472	-3%
Sales volumes (MT' 000)	10,311	10,080	+2%
Revenue, Net (QR' billion)	16.8	16.9	-1%
EBITDA (QR' billion)	6.4	6.2	+3%
Net profit (QR' billion)	4.5	4.7	-5%
Earnings per share (QR)	0.74	0.78	-5%
EBITDA margin (%)	38%	37%	--

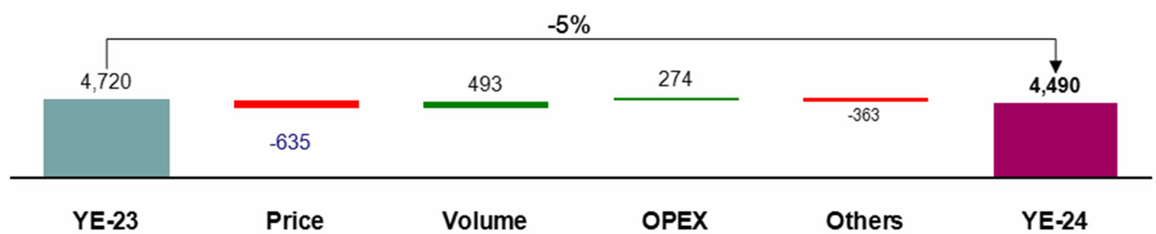
Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

Group reported a consolidated net profit of QR 4.5 billion for the year ended 31 December 2024, with a marginal decline versus YE-23. EBITDA for the period on the other hand has marginally increased versus last year. Group revenue for YE-24 marginally declined compared to YE-23. Reduction in revenue for the current period was primarily due to an overall marginal decline in average selling prices, that was almost offset by improved sales volumes.

Analysis of IQ's net earnings – YE-24 vs YE-23

Group's financial performance for the year ended 31 December 2024 was largely attributed to the following factors:

(Amounts in QR millions)



- <u>*Product prices*</u>
  Blended average product prices marginally declined versus YE-23 and contributed negatively to the group net earnings compared to last year. Despite prices being marginally down in 2024, product prices have continued to stabilize over the last few quarters after peaking during second half of 2022. This price stability was supported by supply challenges arising from regional geo-political uncertainty, plant turnarounds, export restrictions in some of the larger producing economies, production shortfalls in some of the larger facilities, and fiscal and monetary policy interventions by regulators in some larger economies. On the other hand, demand for downstream products were impacted by tepid economic forecast in larger economies, aggressive monetary policies, limited domestic and regional demand, while some promising trends were noted in the recent pasts on the backdrop of improving macro-economic fundamentals.

- <u>*Sales volumes*</u>
  Sales volumes for YE-24 improved marginally versus YE-23, owing to broadly improved production and stabilization of demand, resulting from gradual easing of macro-economic challenges and supply-bottlenecks. Despite ongoing regional uncertainties and variations in shipment timing across some segments, overall sales volumes have marginally improved.

- <u>Operating cost</u>
  Operating cost for YE-24 improved versus YE-23. This decrease in the year-on-year operating cost was primarily linked to lower variable cost driven by price-linked feedstock costs and raw material costs and favorable inventory movements, partially offset by higher general cost inflation.

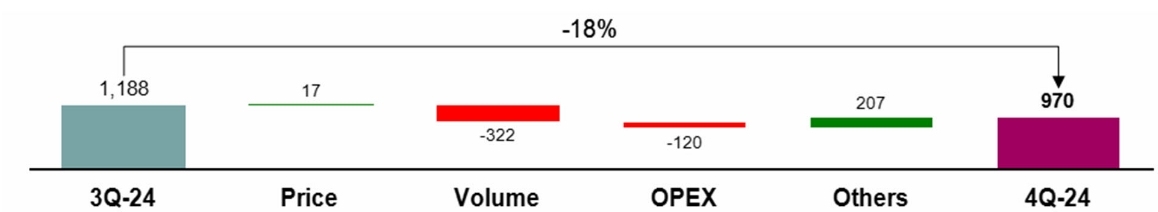
- <u>Other Non-Operating Income</u>
  Group's current year financial performance was impacted due to lower one of non-operating income, as the group recorded this year QR 143 million pertaining to reversal of bank guarantee previously provided to group's steel Associate Solb Steel. While in 2023, the group recorded QR 610 million relating to reversal of impairment of non-current asset and investment in associates within steel segment. The group also recognized this year QR 144 million relating to fair value gain on re-measurement of previously held Interest in joint venture (QAFAC).

  Analysis of IQ's net earnings - 4Q-24 vs 3Q-24

Key financial performance indicators	**4Q-24**	**3Q-24**	**Variance (%)**
Average selling price ($/MT)	472	462	+2%
Sales volumes (MT' 000)	2,444	2,679	-9%
Revenue (QR' billion)	4.1	4.4	-7%
EBITDA (QR' billion)	1.3	1.4	-19%
Net profit (QR' billion)	1.0	1.2	-18%
Earnings per share (QR)	0.16	0.20	-18%
EBITDA margin (%)	34%	39%	-

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

(Amounts in QR millions)



During the current quarter 4Q-24, IQ's net earnings declined moderately versus 3Q-24 to reach QR 1.0 billion. This decline was primarily due to lower sales volumes primarily within the fertilizer segment owing to lower production together with lower profitability within the petrochemical segment due to higher operating costs.

From a segmental perspective, petrochemical segment's performance declined versus the last quarter on the back of heightened operating costs. Petrochemical prices broadly improved versus the previous quarter and help to offset the impact of heightened operating costs. Profitability within the fertilizer segment declined moderately on the backdrop of decreased revenue on account lower sales volumes (amid lower production). In line with the lower sales volumes, operating costs too have improved versus the last quarter. Average product prices have marginally improved on the backdrop of enhancement witnessed in the fertilizer market. Steel segment's financial performance for 4Q-24 moderately inclined on the backdrop of improved other income including better associate performance. Nevertheless, operating income declined versus previous quarter due to increased operating expenses linked to higher volumes.

Analysis of IQ's net earnings - 4Q-24 vs 4Q-23

(Amounts in QR millions)

Key financial performance indicators	4Q-24	4Q-23	Variance (%)
Average selling price ($/MT)	472	482	-2%
Sales volumes (MT' 000)	2,444	2,309	+6%
Revenue (QR' billion)	4.1	4.0	+4%
EBITDA (QR' billion)	1.4	1.4	0%
Net profit (QR' billion)	1.0	1.4	-32%
Earnings per share (QR)	0.16	0.24	-32%
EBITDA margin (%)	34%	35%	-

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

During 4Q-24, IQ's net earnings have declined notably compared to the same quarter last year. This reduction was primarily due to lower other income on account of recognition of QR 610 million as reversal of impairment relating to non-current assets and investment in associates within the steel segment. Despite a marginal increase in the group revenue, supported by higher sales volumes compared to the same period of last year, operating profit and margins have declined due to increased operating costs. The increase in operating costs was mainly attributed to higher operating costs associated with increased sales volumes, coupled with feedstock and raw material cost, and increase in general overheads

The EBITDA margin remained somewhat similar to the same period of last year despite the operating costs increase. Net profit margin for the current quarter however, decreased notably compared to the same quarter of last year due to higher operating costs together with absence of comparable one-off non-operating other income.

Financial position

Key financial performance indicators	As at 31 Dec 24	As at 31 Dec 23	Variance (%)
Cash & Bank Balance (QR Billion)	11.4	15.8	-28%
Total Assets (QR Billion)	42.4	43.1	-1%
Group Equity (QR Billion)	37.7	40.0	-6%

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

Group's financial position continue to remain strong, with proportionately accounted cash and bank balances remaining robust, after accounting for a dividend payout relating to 2023 dividend and 2024 interim dividend. Currently, the Group has no long-term debt obligations.

Group's reported total assets and total group equity as per the table above. The Group generated positive operating cash flows[1] of QR 4.6 billion, with free cash flows[1] of ~QR 1.3 billion during the financial year 2024.

[1] Reported based on non-IFRS based proportionate consolidation.

Segmental performance highlights

Petrochemicals:

Key performance indicators	YE-24	YE-23	Var (%) YE-24 vs YE-23	4Q-24	3Q-24	Var (%) [4Q-24 vs. 3Q-24]
Production (MT' 000)	3,052	2,946	+4%	763	845	-10%
Average Selling Prices (USD / MT)	743	766	-3%	756	729	+4%
Sales Volumes (MT'000)	2,113	1,914	+10%	520	570	-9%
Revenue (QR (Million)	5,541	5,175	+7%	1,386	1,471	-6%
Net Profit (QR Million)	1,368	1,360	+1%	202	445	-55%

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

Segmental performance analysis – YE-24 vs YE-23

Petrochemicals segment reported a net profit of QR 1.4 billion for YE-24, showing a marginal improvement compared to YE-2023. This increase was primarily attributed to higher segment's revenue driven by improved sales volumes, while prices continued to recover and stabilize. Despite challenging macroeconomic conditions, the segment witnessed signs of recovery during the year.

Effective navigation of market conditions, capitalizing on improved macroeconomic factors, and maintaining operational efficiency contributed in maintaining segment's profit. This recovery was reflected in moderately improved sales volumes, although average selling prices were slightly lower than last year. Production improved as fuel additive operations, which were on planned maintenance in fourth quarter of last year, reached a milestone by producing the highest volume of MTBE since inception, this segmental achievement was partially offset by few planned and unplanned shutdown within other polyethylene facilities during the year.

Segmental performance analysis - 4Q-24 vs 3Q-24

On a quarter-on-quarter basis, the segment's net earnings declined primarily due to lower operating margin on account of higher operating costs. Revenue marginally declined versus the previous quarter on the backdrop of lower sales volumes while prices marginally increased. Production marginally down versus the previous quarter due to few unplanned facility maintenances within the polyethylene segment. On an overall basis, lower sales volumes together with an increase in operating costs resulted a quarter-on-quarter decline in the segmental net profit.

Fertilizers:

Key performance indicators	YE-24	YE-23	Var (%) YE-24 vs. YE-23	4Q-24	3Q-24	Var (%) [4Q-24 vs. 3Q-24]
Production (MT' 000)	9,631	9,496	1%	2,292	2,393	-4%
Average Selling Prices (USD / MT)	333	349	-4%	349	339	+3%
Sales Volumes (MT'000)	6,158	6,079	+1%	1,356	1,607	-16%
Revenue (QR (Million)	7,240	7,480	-3%	1,669	1,923	-13%
Net Profit (QR Million)	1,968	1,884	+4%	418	547	-24%

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Segmental performance analysis – YE-24 vs YE-23

Fertilizer segment reported a net profit of ~ QR 2.0 billion for YE-24, showing a marginal improvement versus YE-23. This moderate increase in net profit was primarily driven by reduced operating costs associated with reduced raw material (feedstock) costs and favorable inventory changes.

Despite an improvement in profits, the segment's revenue decreased marginally during YE 24 compared to the previous year. This decline was due to a slight decrease in selling prices, partially offset by marginally increased sales volumes. Selling prices declined marginally versus YE-23, as nitrogen fertilizer prices have stabilized to their long-term averages since peaking during second half of 2022. Sales volumes remained relatively stable as the macroeconomic conditions in the fertilizer segment have started to strengthen further. Production also stabilized despite a few unplanned outages during the year in addition to the routine planned facility maintenance in 4Q-24.

Segmental performance analysis - 4Q-24 vs 3Q-24

On a quarter-on-quarter basis, segmental revenue declined versus the previous quarter, primarily due to moderately lower sales volumes. The reduction in sales volumes was primarily due to lower production amid planned shutdown during the current quarter. Selling prices improved slightly compared to last quarter and continued the trend of stabilizing toward their long-term averages.

The segment's net profit for 4Q-24 decreased notably compared to last quarter, driven mainly by lower revenue resulting from lower sales volumes. Profitability, measured by EBITDA margin broadly remained unchanged in-line with improved operating costs.

Steel:

Key performance indicators	**YE-24**	**YE-23**	**Var (%) YE-24 vs YE-23**	**4Q-24**	**3Q-24**	**Var (%) [4Q-24 vs. 3Q-24]**
Production (MT' 000)	4,382	4,239	+3%	1,215	1,043	+17%
Average Selling Prices (USD / MT)	536	561	-5%	506	553	-8%
Sales Volumes (MT'000)	2,041	2,087	-2%	568	501	+13%
Revenue (QR (Million)	3,982	4,264	-7%	1,047	1,009	+4%
Net Profit (QR Million)	565	1,028	-45%	130	79	+65%

Segmental performance analysis – YE-24 vs YE-23

Steel segment reported a net profit of QR 565 million, notably lower versus the full year of 2024. This reduction in net profit was primarily driven by lower gross margin together with comparatively lower one-off other non-operating income.

Segment's gross margin affected due to lower revenue driven by lower price together with a marginal decline in the sales volumes. Steel prices declined broadly on account of higher supply and softening of demand in both domestic and international demand. Simultaneously, sales volumes were also down due to challenging demand conditions. Construction demand continued to remain a key constraint due to macro-economic environment prevailed mostly during the year with most Central Banks continued to persist with their hawkish monetary policies, although conditions start to improve since 2H-24 as result of gradual global recovery, and particularly China, a larger contributor to construction and real estate economy has taken a series of policy measures to re-ignite its domestic construction sector.

In YE-24, the segment recognized a one-off non-operating income of QR 143 million from the reversal of a bank guarantee previously provided to one of its associates. In contrast, YE-23 included a one-off non-operating income of QR 610 million from the reversal of an impairment of property, plant, and equipment at Qatar Steel facilities together with reversal related to impairment of investment in an associate. These movement was the main driver for the profit variance between this year and last year.

Segmental performance analysis - 4Q-24 vs 3Q-24

On a quarter-on-quarter basis, segmental profit inclined significantly versus 3Q-24 mainly on improved income from its share of associate income. The operating income declined due to a sequential increase in operating costs despite a marginal increase in revenue resulting in lower operating margin.

Segment revenue increased marginally, primarily due to moderately higher sales volumes. This improvement was largely attributable to enhanced production on account of better plant availability and reliability following restart of DR-1 during 4Q-2024. Selling prices have declined moderately versus the previous quarter reflecting relatively volatile state of the global and regional steel market.

Proposed Dividend Distribution

Given the liquidity required for current and future capital projects, along with the current short- and medium-term macroeconomic outlook, the Board of Directors proposes a 2H-2024 dividend distribution of QR 2.6 billion (equating to QR 0.43 per share), bringing the total annual dividend distribution for the year ended 31 December 2024 of QR 4.5 billion, equivalent to a payout of QR 0.74 per share for the full year, subject to necessary approval in the Annual General Assembly Meeting.

Earnings Call

Industries Qatar will host an Earnings call with investors to discuss the latest results, on Thursday, 6th February 2025 at 1:30 pm Doha time. The IR presentation that accompanies the conference call will be posted on the ‘financial information’ page within the Investor Relations section at IQ’s website.

-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 owned 80% by IQ, engaged in the production of ethylene, low-density polyethylene ("LDPE"), linear low-density polyethylene ("LLDPE") and Sulphur; (iii) Qatar Fertilizer Company SAQ ("QAFCO"), a subsidiary 100% owned by IQ, engaged in the manufacture of ammonia and urea; and (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture owned 50% by IQ, engaged in the production of methanol and methyl-tertiary-butyl-ether ("MTBE").

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

For more information about the earnings announcement, email iq@qatarenergy.qa or iq.investorrelations@qatarenergy.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 presentation may contain forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this document.

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 • **MTPA:** 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