Industries Qatar

Investor Relations Presentation

30 June 2020

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

DISCLAIMER

The Companies in which Industries Qatar Q.P.S.C. directly and indirectly owns investments are separate entities. In this presentation, “IQ” and “the Group” are sometimes used for convenience in reference to Industries Qatar Q.P.S.C.

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

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

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GENERAL NOTES

IQ’s accounting year follows the Gregorian calendar year. No adjustment has been made for leap years. Where applicable, all values refer to IQ’s share. Values expressed in 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

Table of Content

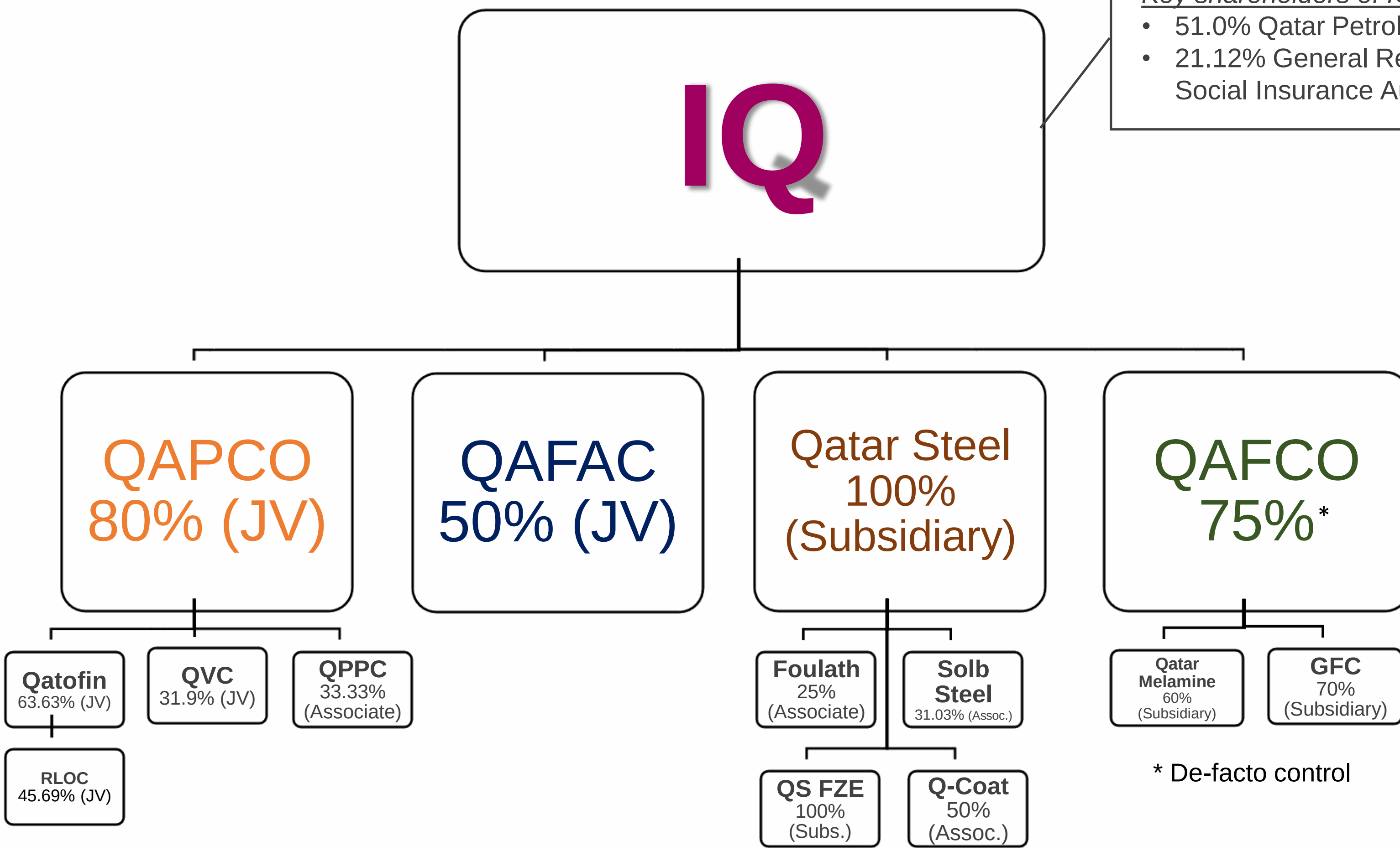
About IQ

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

Group Structure

- Through its group companies, IQ operates in 3 business segments - Petrochemical, Fertilizer and Steel;
- Production facilities are principally located in the State of Qatar.

Key shareholders of IQ:
- 51.0% Qatar Petroleum (Parent)
- 21.12% General Retirement and Social Insurance Authority



* De-facto control

Board of Directors

- The Board of Directors of the Group consists of:

H.E. Mr. Saad Sherida Al-Kaabi
Chairman and Managing Director

Mr. Abdulaziz Mohammed Al-Mannai
Vice Chairman

Mr. Abdulla Ahmad Al-Hussaini
Member

Dr. Mohammed Yousef Al-Mulla
Member

Mr. Abdulrahman Mohammed Al-Suwaidi
Member

Mr. Khalid Sultan Al-Kuwari
Member

Mr. Mohammed Nasser Al-Hajiri
Member

Competitive Advantages

Low cost producer

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

Strong financial position

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

Market leadership

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

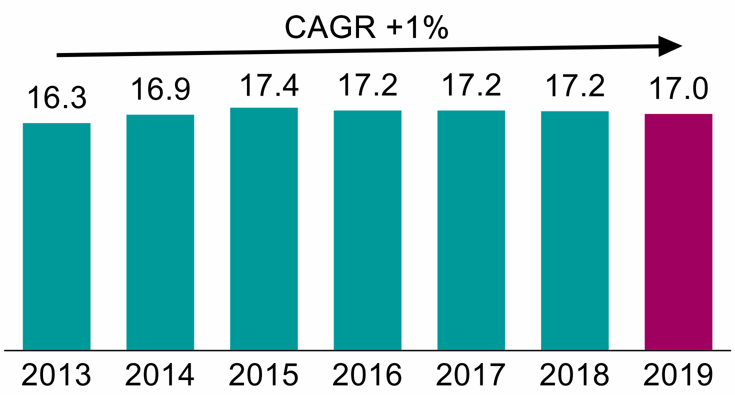
Experienced senior leadership team

- 51% held by QP
- Industry experts in the senior management team
- Reputable partners

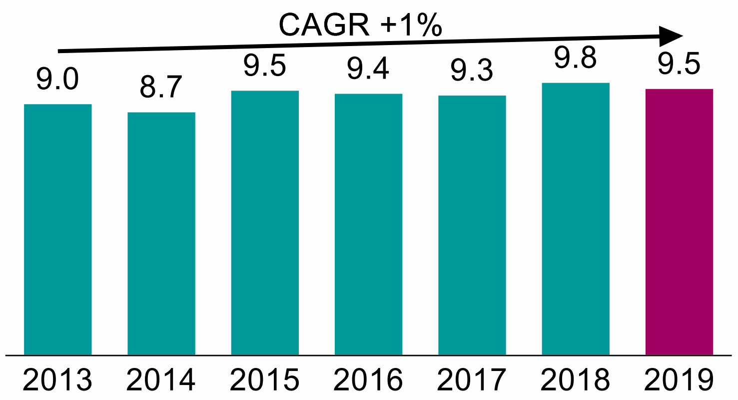
Results at a glance (2013-2019)

Results at a Glance (2013-2019)

Production (M MT's)

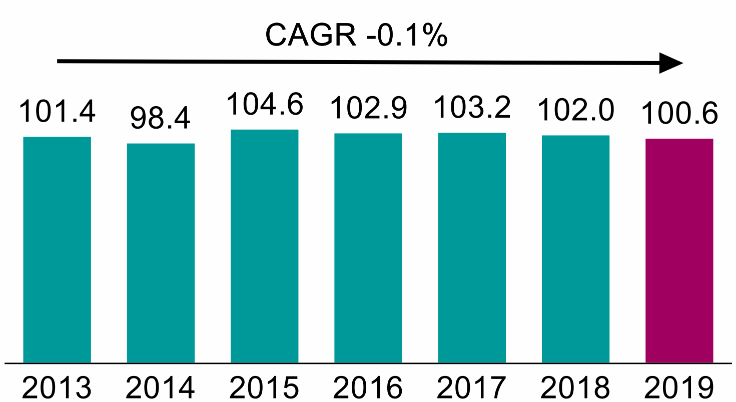


Sales Volumes (M MT's)

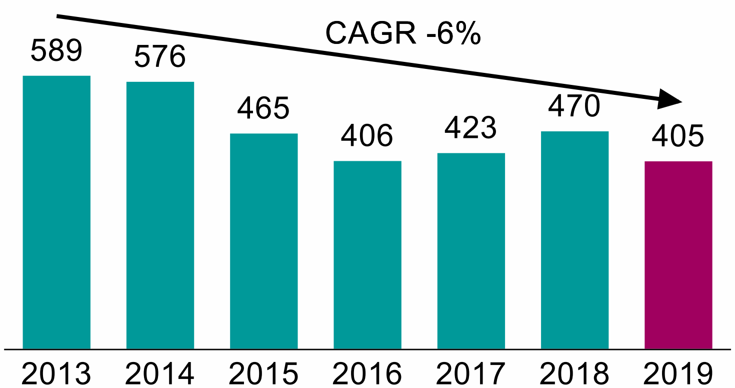


Production grew from 16.3 million MT's in 2013 and peaked to reach 17.4 million MT's in 2015, thereafter continued to remain relatively stable ▪ The sales volume grew over the period and reached its highest in 2018 ▪ Selling prices were affected significantly due to economic cycles

Utilization (%)



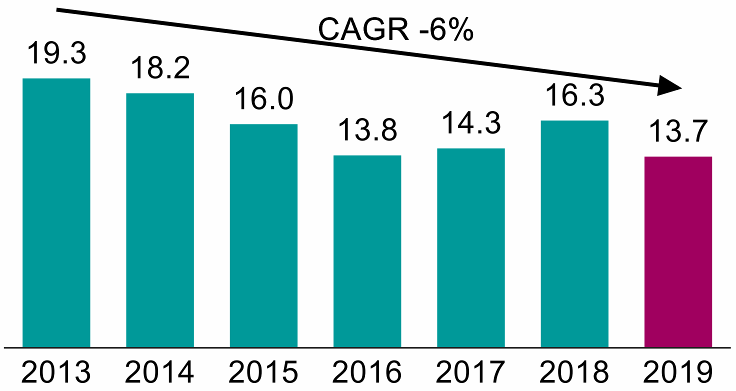
Selling Prices (USD / MT)



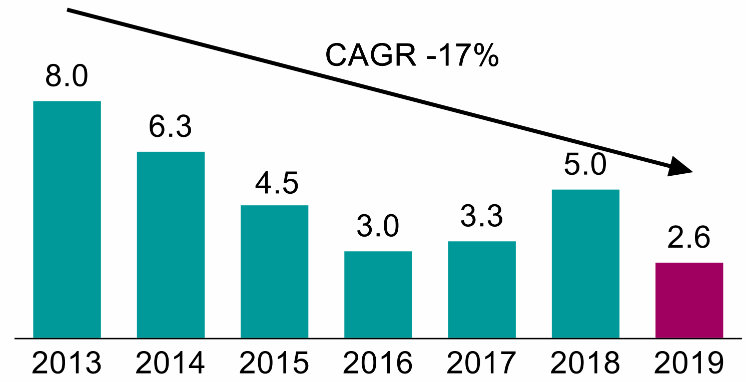
Note: CAGR refers to Compounded Annual Growth Rate

Results at a Glance (2013-2019)

Revenue (QR Bn)

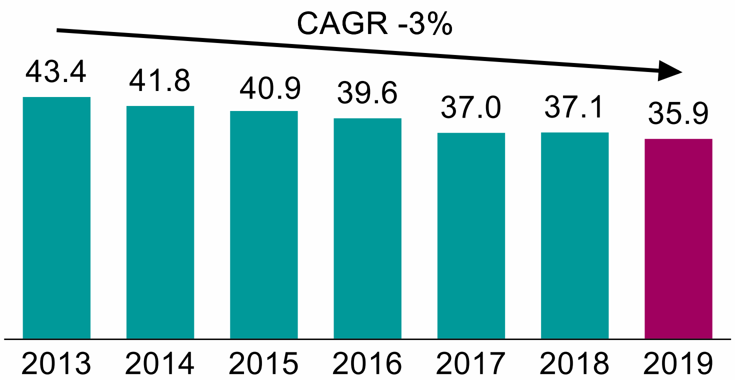


Net income (QR Bn)

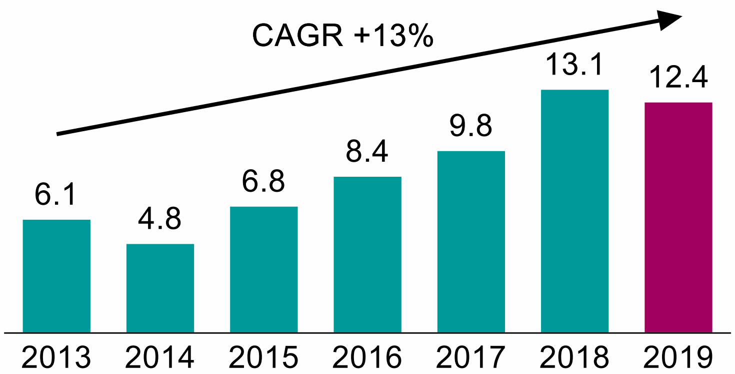


Revenue trends moved in line with the selling prices ▪ Movements in revenue together with operating costs affected the net income growth ▪ Cash across the Group continued to grow and reached its peak in 2018

Total Assets (QR Bn)



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

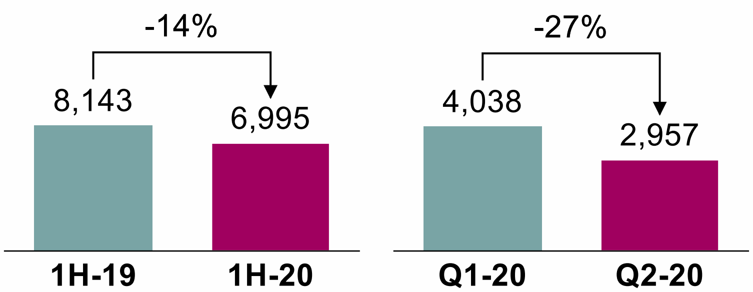


Note: CAGR refers to Compounded Annual Growth Rate

Results at a glance (For the period ended 30 June 2020)

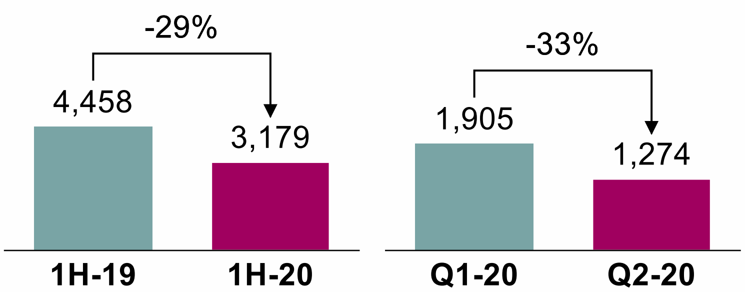
Key Highlights

Production (MT'000)



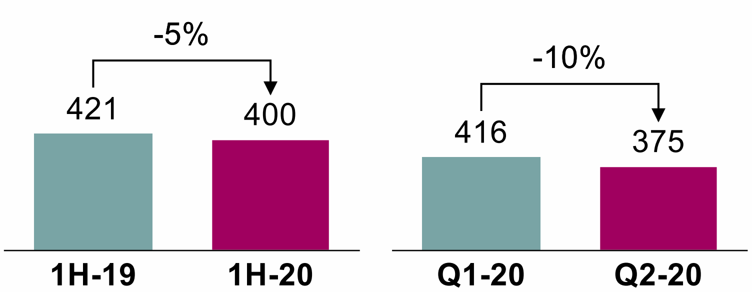
- 1H-20 production of 7.0 million MT's, down on 1H-19, mainly due to periodic planned maintenance, unplanned shutdowns, and moth-balling of certain steel facilities.
- Production not affected by COVID-19, except for MTBE facility which was on a planned maintenance for 57 days due to weaker demand on account of COVID-19 for a certain period of time, but the impact to the Group was limited considering very limited contributions to the Group.
- The decline production as compared to Q1-20 was attributed to lower operating days due to mothballing of certain steel facilities.

Sales Volumes (MT'000)



- Sales volumes of 1H-20 down on last year, mainly due to changes in Qafco trains 1-4 gas sales & operating agreement, where sales volumes relating to Qafco trains 1-4 has not been recognized in IQ books and lower production in the PE / steel segment.
- Impact of COVID-19 and present oil price crisis has not materially affected the sales volumes.
- Sales volumes down on Q1-20, mainly due to the lowered volumes in steel segment, due to moth-balling of certain steel facilities.

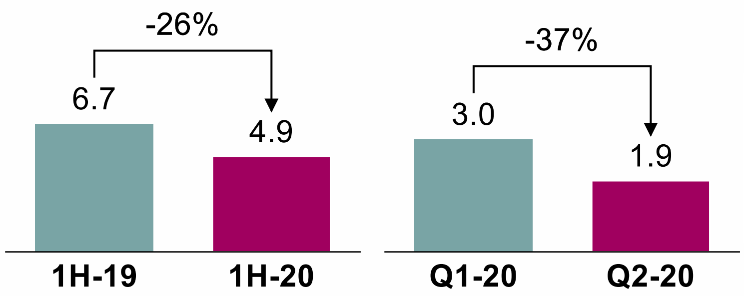
Selling Prices ($ / MT)



- 1H-20 vs 1H-19: Major reduction in prices noted in petrochemicals segment, driven by multiple factors including lower crude, weaker demand.
- Q2-20 vs Q1-20: Prices continued to decline from Q1-20. Impact of COVID-19 and the present oil price crisis was felt in the prices, most notably within the petrochemicals segment.

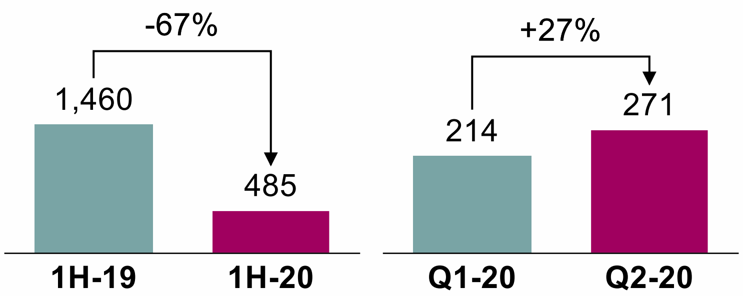
Key Highlights

Revenue (QR Billion)



Decline in Group revenue was mainly driven by lower prices, lower sales volumes and changes to sales & operating arrangement of Qafco trains 1-4 (where revenue relating to Qafco trains 1-4 has not been recognized in IQ books, instead a gas processing fees has been recognized).

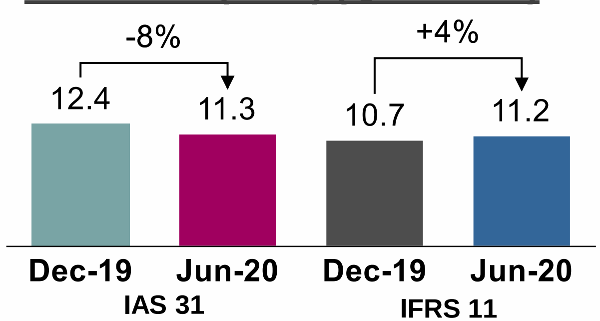
Net profit (QR Million)[1]



Results impacted by:

- Lower prices;
- Lower sales volumes;
- One-off booking of impairment loss on steel facilities moth-balled, offset by the booking of one-off revaluation gain on Qafco's 75% stake as IQ now controls Qafco effectively on de-facto basis, following expiry of the Qafco's JV agreement and QP's acquisition of 25% stake in Yara.

Net Cash / (Debt) (QR Billion)



- Total cash across the Group stands at QR 11.3 billion (under IAS 31). Cash decreased from last year mainly due to payment of 2019 dividends.
- There is no debt across the Group.

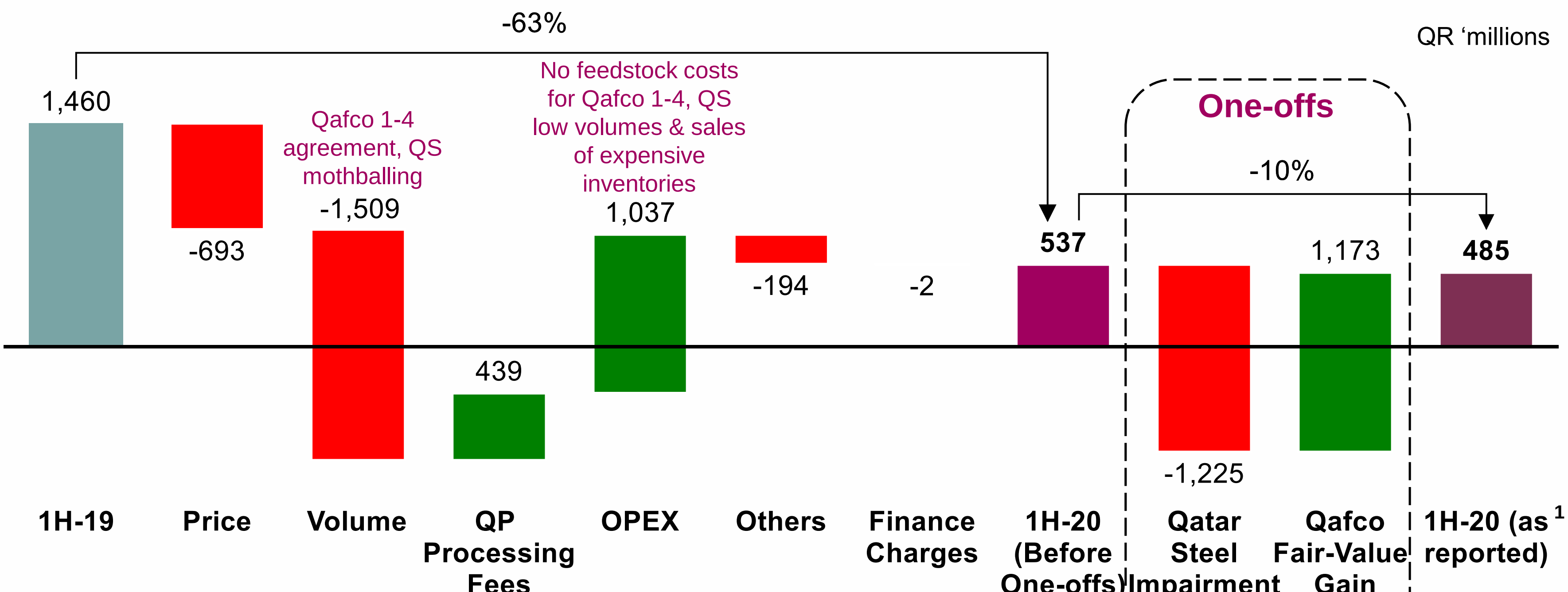
1: Profit attributable to the equity-holders of the Parent

Net Profit Variance Analysis

Net profit of **QR 485** million, significantly down on 1H-19 mainly driven by lower prices, sales volumes, sales of expensive inventories from previous periods (reported within OPEX), partially offset by gas processing fees recognized and OPEX savings including feedstock cost not been recognized under new sales & operating arrangement for Qafco trains 1-4 and lower sales volumes on account of Qatar Steel's moth-balling of certain facilities.

The results were also affected by the following two one-off bookings:

- recognition of one-of impairment loss of QR 1.2 billion related to steel segment's mothballing of certain facilities in Qatar;
- recognition of one-off fair value gain of QR 1.2 billion on revaluation of 75% stake in Qatar Fertilizer Company (Qafco), as IQ now controls Qafco effectively on de-facto basis, following expiry of Qafco's JV agreement and QP's acquisition of 25% stake in Yara

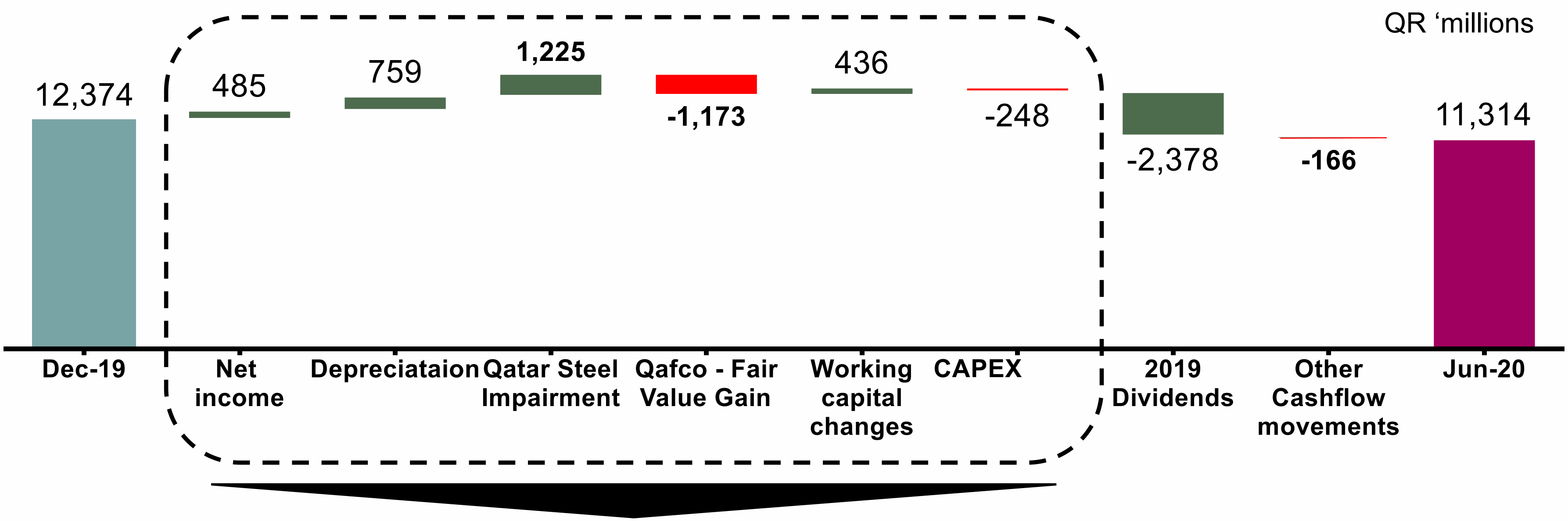


Note:
Under the new sales & operating arrangement for Qafco trains 1-4, Qafco will act as a producing agent, where the gas feedstock will be supplied by Qatar Petroleum, QP would off-take all the produced volumes for trains 1-4. Under the arrangement, Qafco is compensated in form of a processing fees plus margins, whereas, all the related direct cost of production is borne by the gas supplier.

1: Profit attributable to the equity-holders of the Parent

IQ Cash flow generation capability

Despite the challenging macroeconomic headwinds, IQ's free cash flow generation capability remained robust

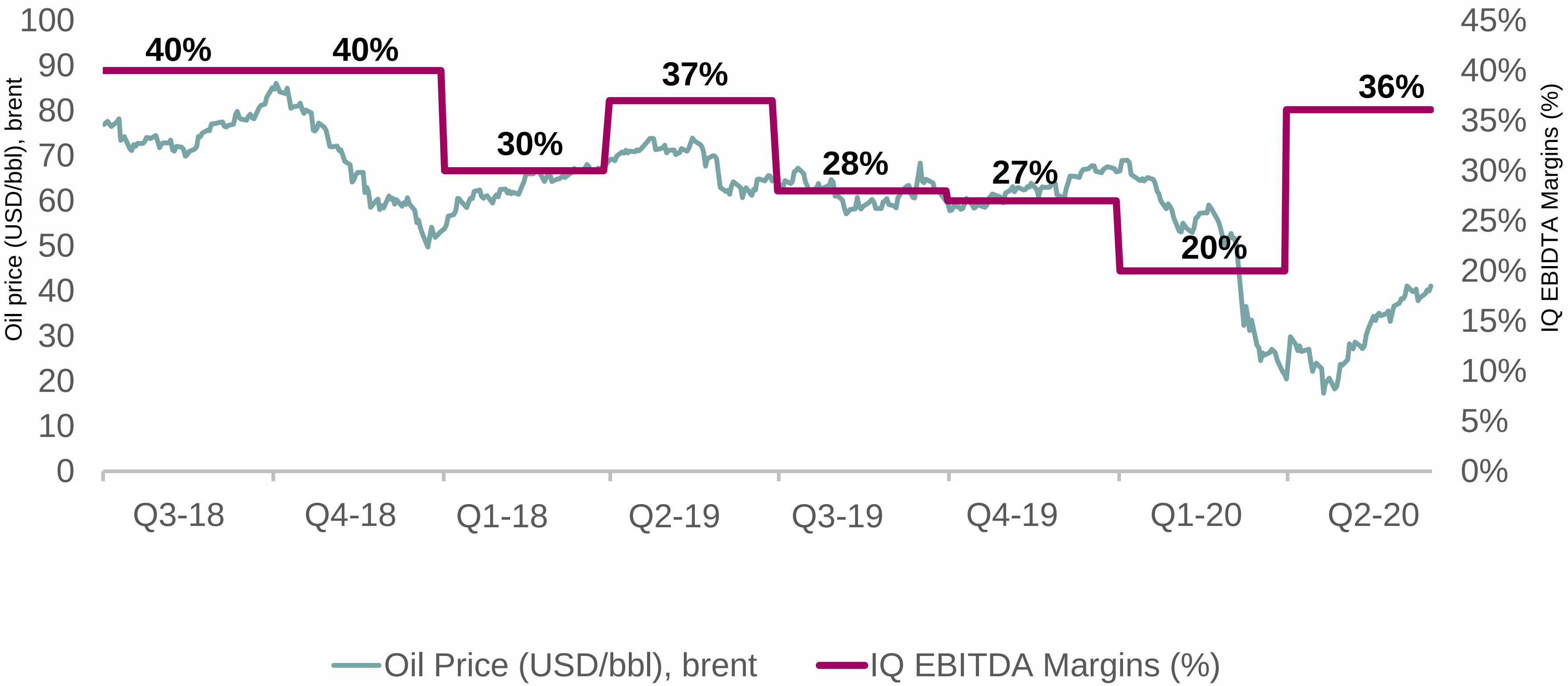


Free cash flows generated during six months period ended 30 Jun 2020: <u>QR 1,485 million</u>

For the three months period ended 30 Jun 2020
QR 563 million were generated in form of free cash flows

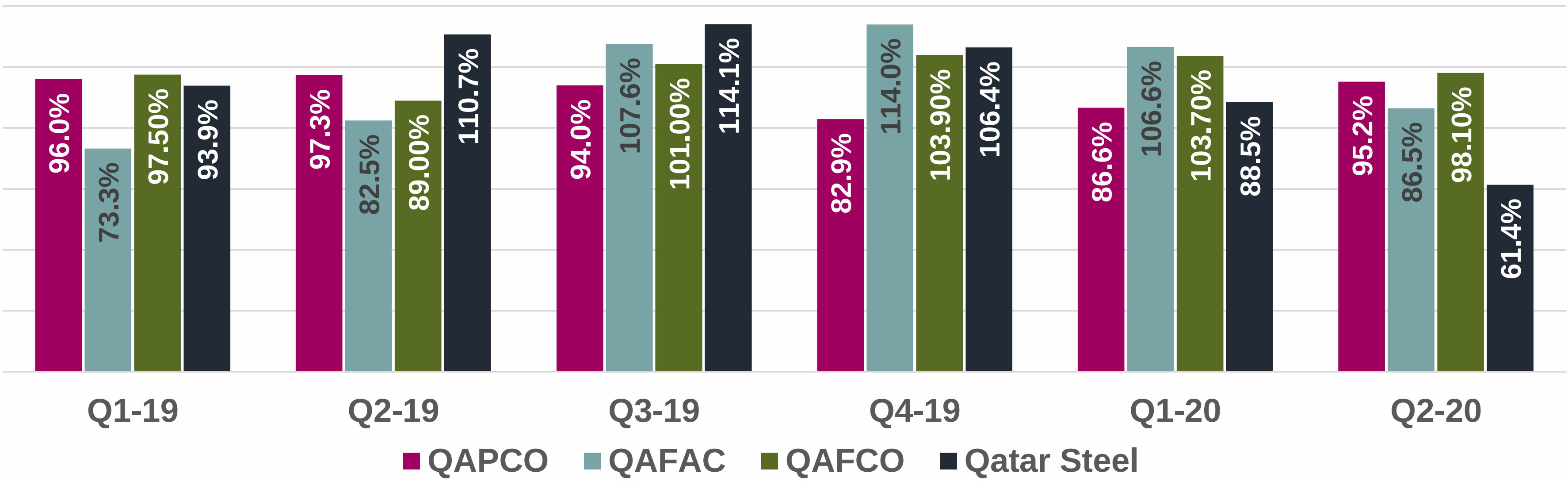
Robust EBITDA margins

Despite the adverse trends in commodity prices,
IQ's EBITDA margins remained robust



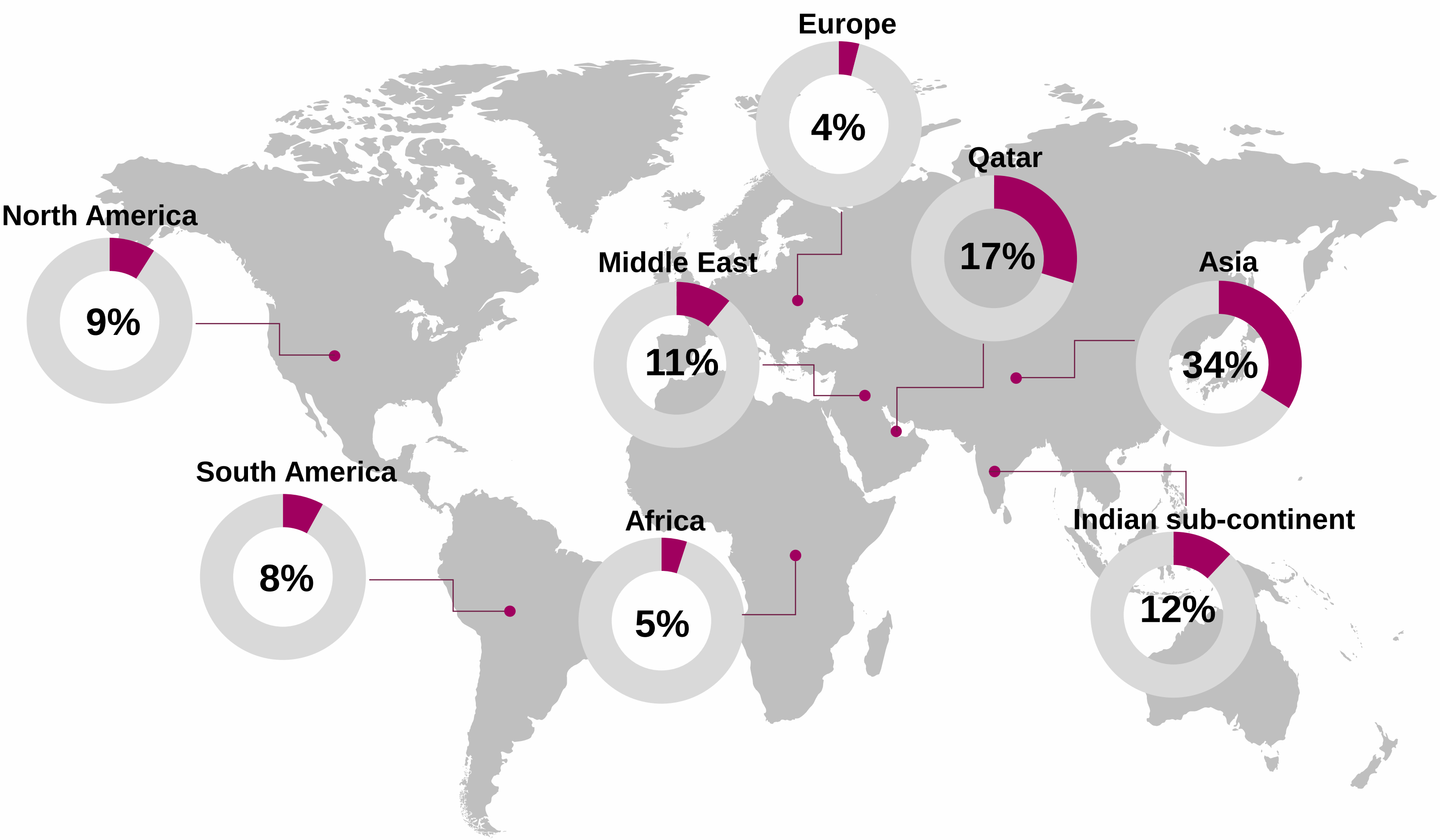
IQ’s operating rates remained stable

Despite the adverse macroeconomic conditions, the operating rates remained stable



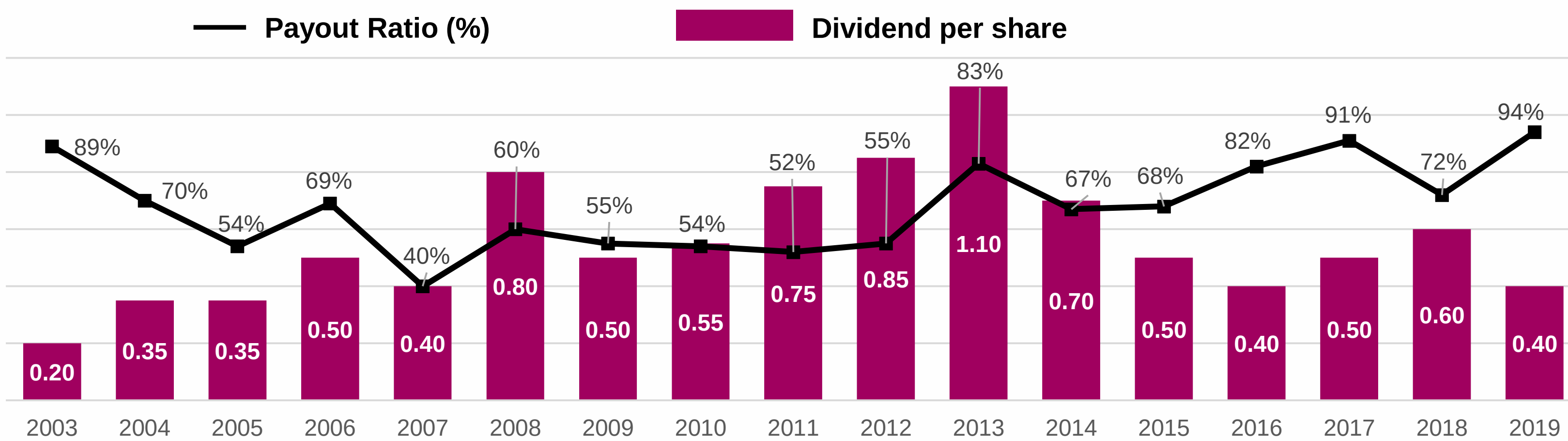
Geographic analysis – IQ Group revenue

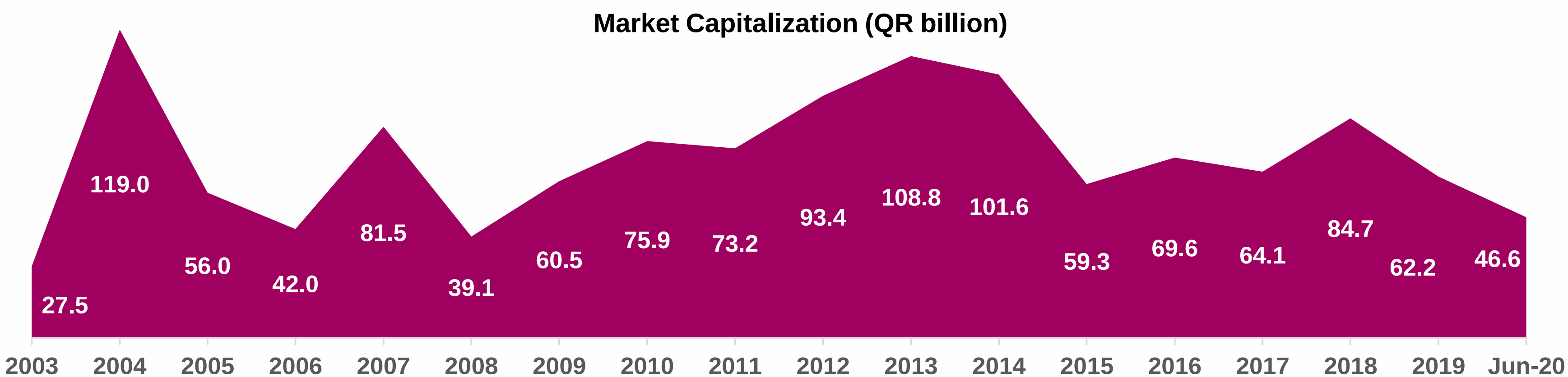
Asia remained the Group's largest market, while its presence in Americas and continued to be substantial



Dividend and market statistics

Dividend Record & Market Statistics





- To date, cash dividends totaling QR 53.4 billion have been distributed, equivalent to QR 8.9 per share;
- The Company was included on the MSCI Qatar Index in May 2014.

Segmental Details

Segmental Details: Petrochemical

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

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

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

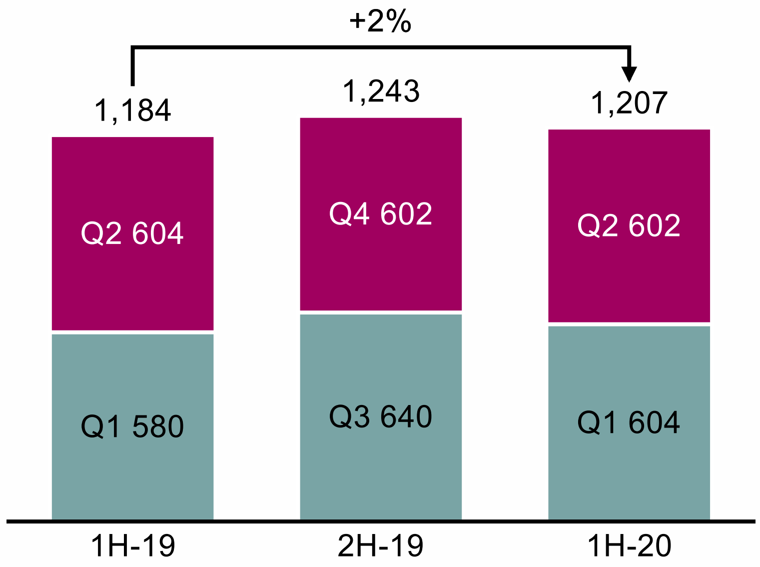
[1] Production capacity reflect IQ's share in the respective entities

Segmental Details (Petrochemical)

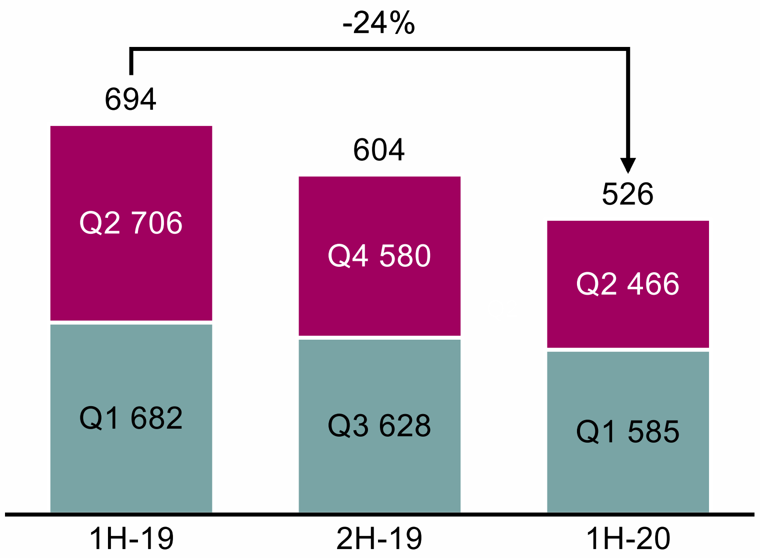
Analysis of production & selling prices

- **Production**: Production up by 2% compared to 1H-19, as the segment had lesser number of planned and unplanned maintenance shutdowns during 2020;
  - Q2-20 Production volumes slightly down on Q1-20. The decline in MTBE production volumes due to plant temporary shutdowns, was offset by the better production volumes in other facilities due to lesser maintenance shutdowns.
- **Selling Prices**: Down on 1H-19 by 24%, due to reduction in crude oil prices and softened demand in major markets.
  - Q2-20 selling prices down by 20% compared to Q1-20, following the lower crude oil price environment and weaker economic activities in key markets due to subdued demand amid COVID-19 pandemic.

Production (000's MT)



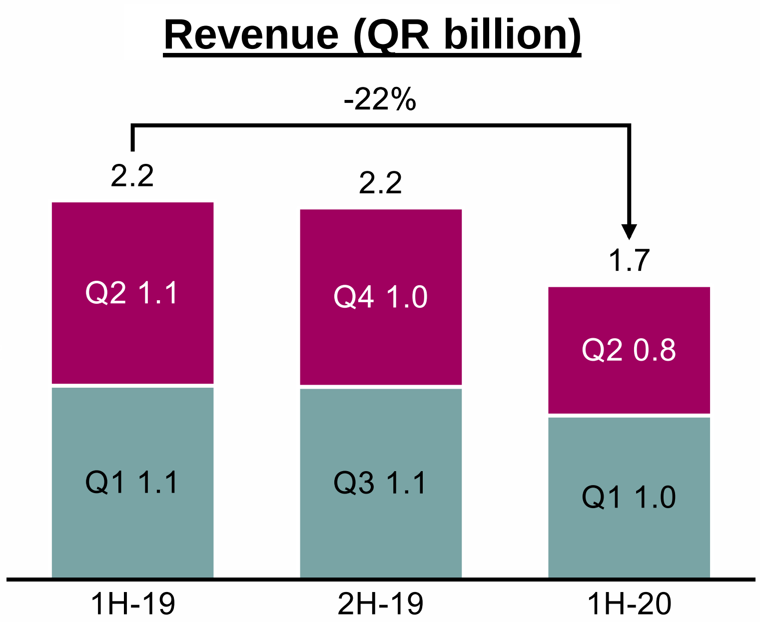
Prices ($ / MT)

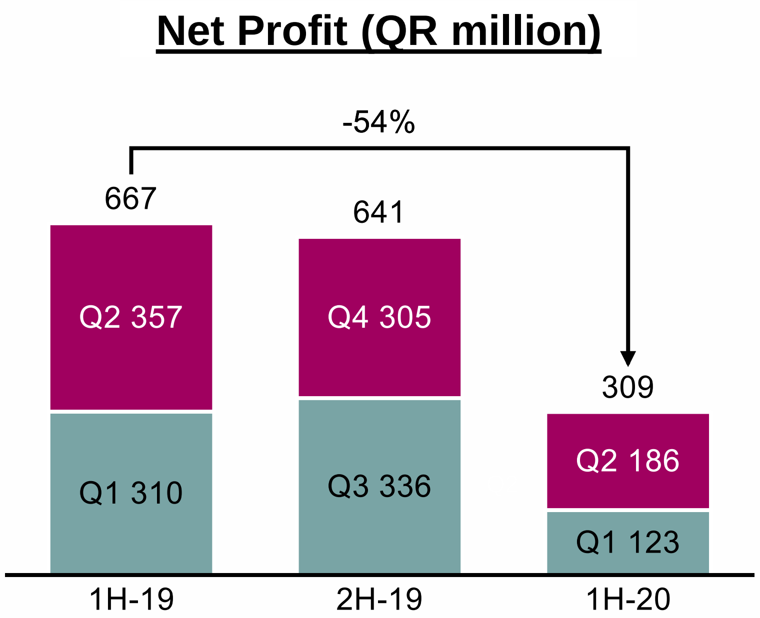


Segmental Details (Petrochemical)

Analysis of segment revenue & net profit

- **Revenue**: QR 1.7 billion, down by 22% on 1H-19. Decrease mainly due to lowered product prices across the segment, slightly off-set by better sales volumes which increased by 3% compared to 1H-20;
  - Revenue decreased by 20% as compared to 1st Quarter of 2020, due to declining sales volumes and selling prices of fuel additive products within the segment, in addition to lowered selling prices of polyethylene products, where, the increased sales volumes slightly off-set the negative trend in overall revenue.
- **Net profit**: QR 309 million, down by 54% on 1H-19. Reduction is mainly due to the decline in revenues.
  - Net profit increased by 51% compared to 1st Quarter of 2020 mainly due to prior year OPEX reversals.

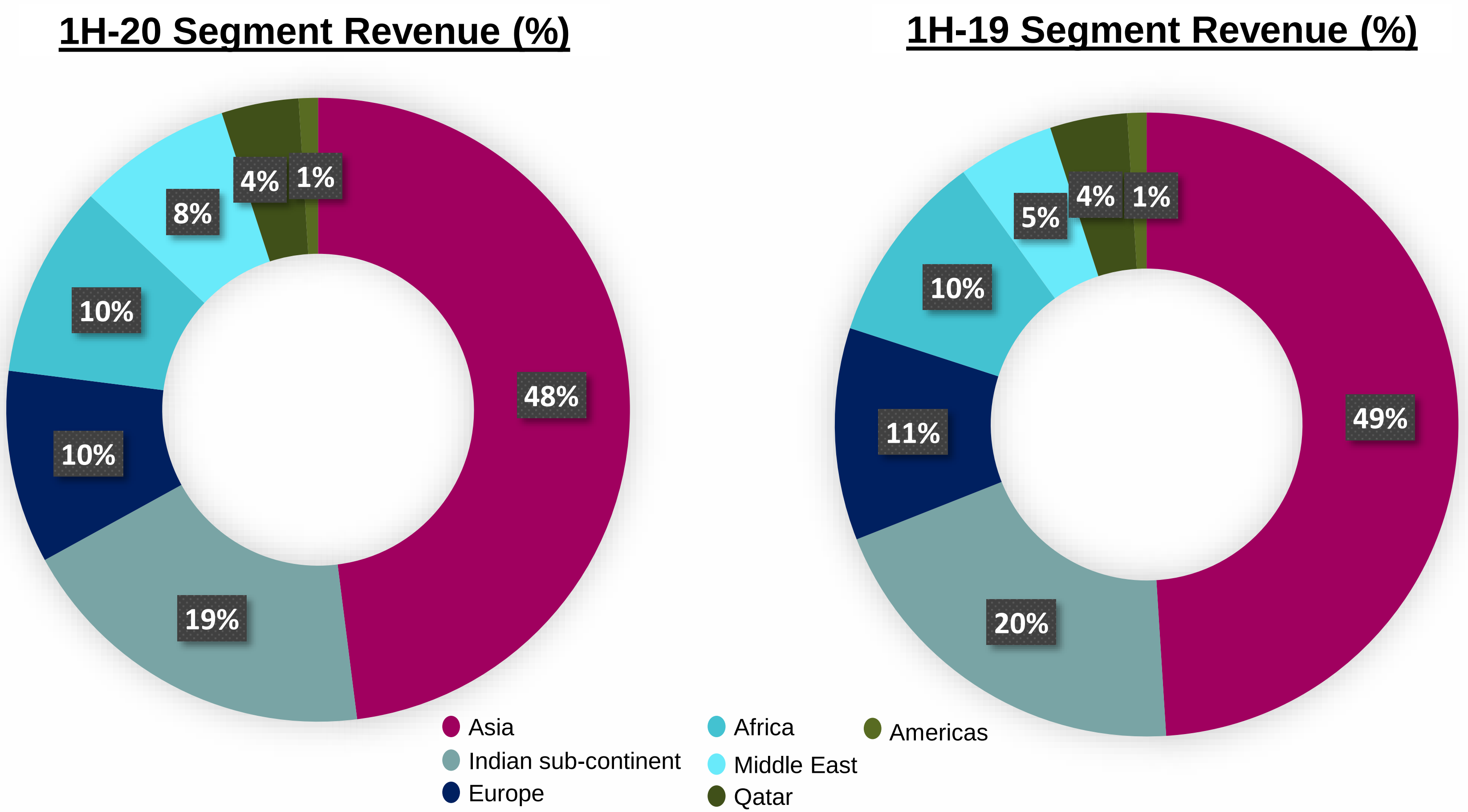




Segmental Details (Petrochemical)

Geographical analysis of segment revenue

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



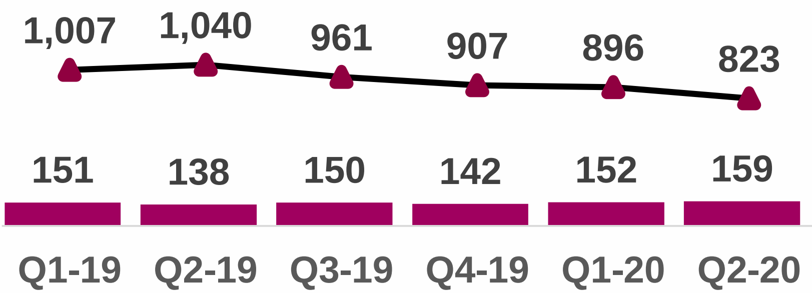
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Petrochemical)

Key segment products analysis

LDPE

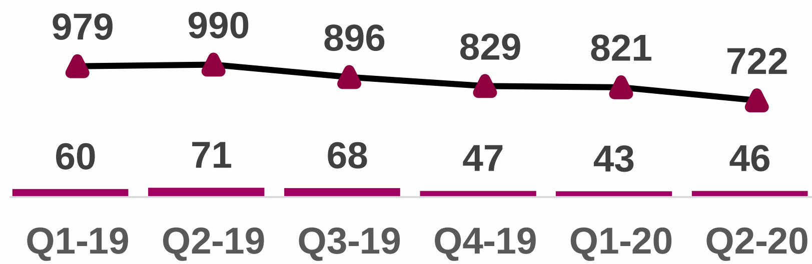
(contributed ~55% of the segment revenue in 1H-20)



Sales volumes remained positive compared to the last year, whereas, selling prices declined persistently amid challenging macroeconomic conditions, affecting the overall LDPE prices.

LLDPE

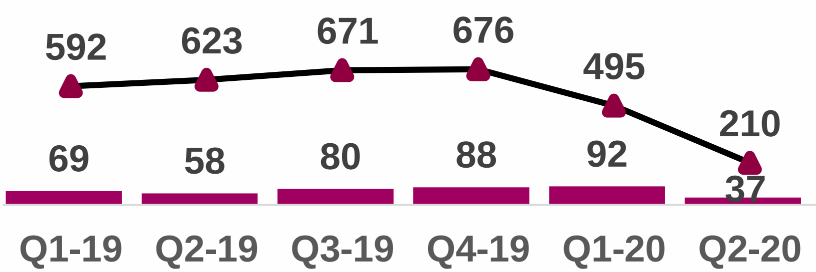
(contributed ~14% of the segment revenue in 1H-20)



Sales volumes declined as compared to the last year. Selling prices also declined inline with the overall decline in global LLDPE prices, due to slowdown in economies and GDP growth rate.

MTBE

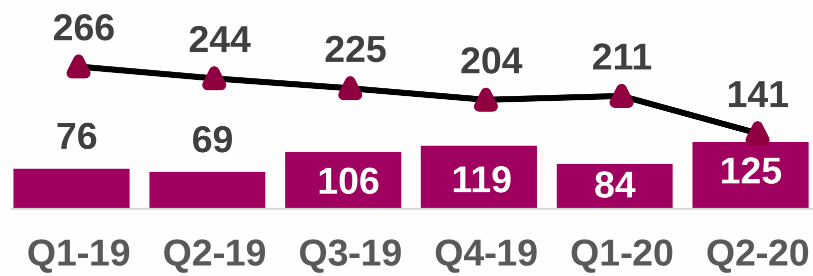
(contributed ~11% of the segment revenue in 1H-20)



Sales volumes significantly declined in the Q2-20, along with the selling prices, due to subdued product demand at the global scale amid COVID-19 spread and weaker oil prices.

Methanol

(contributed ~7% of the segment revenue in 1H-20)



Sales volumes improved as compared to 1H-19 whereas, the decline selling prices continued due to challenging macroeconomic conditions, affecting overall product prices.

Sales Volumes (MT ‘000) Selling price ($/MT)

Segmental Details: Fertilizer

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

Product	*(in 000 MT PA)* Capacity[1]
Ammonia	2,880
Urea	4,468
Melamine	26
Total	**7,397**

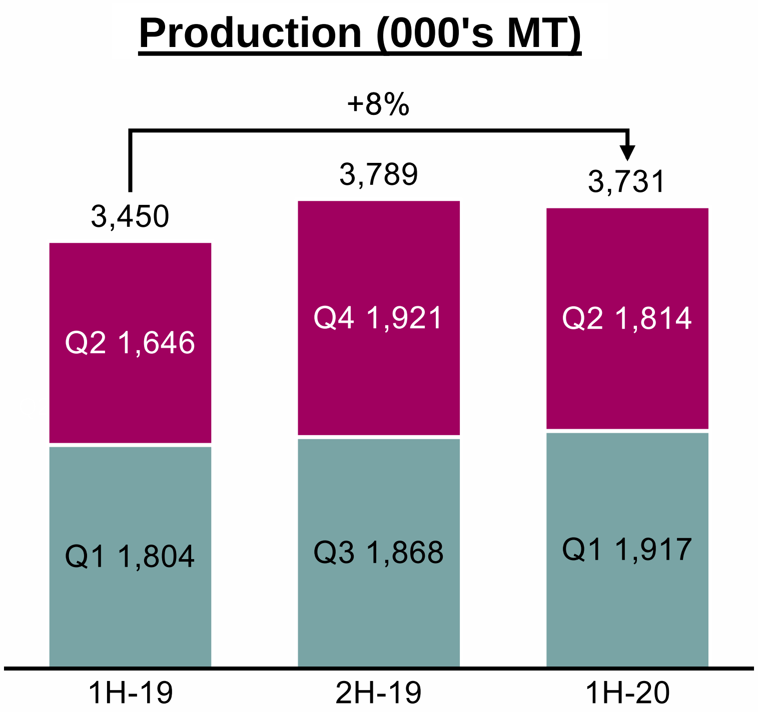
- The segment's primary feedstock is methane gas (which is used for the production of ammonia) and ammonia (which is used for production of urea).

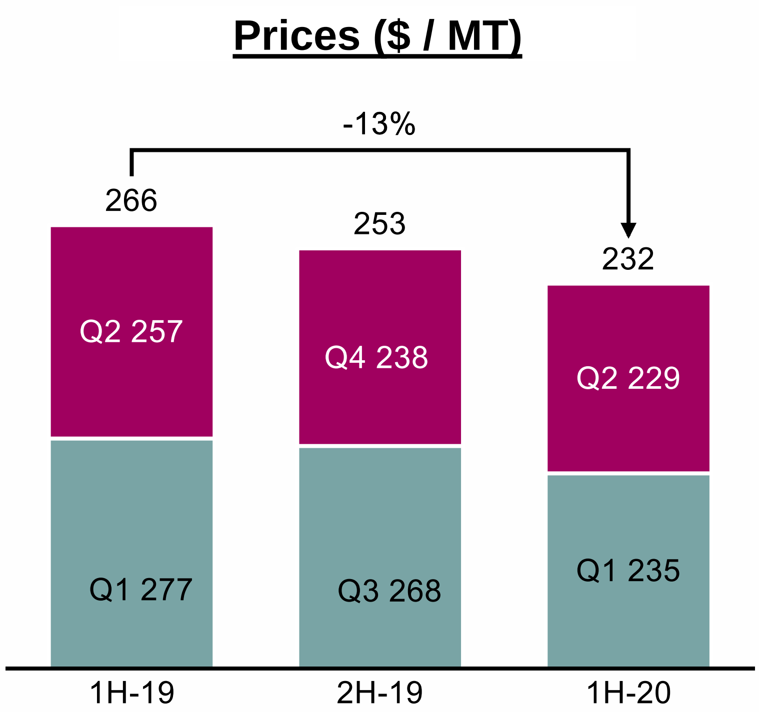
[1] Production capacity reflect IQ's share in the respective entities

Segmental Details (Fertilizer)

Analysis of production & selling prices

- **Production**: Production increased by 8% compared to 1H-19, as first half of 2019 was affected by periodic maintenance shutdowns;
  - Q2-20 production declined by 5% compared to Q1-20 amid slight maintenance shutdowns
- **Selling Prices**: Prices down by 13% compared to 1H-19, due to lower input costs and weak seasonal demand outweighed the gradual easing of supply side bottlenecks.
  - Prices slightly declined in the Q2-20 by 3% compared to the Q1-20.



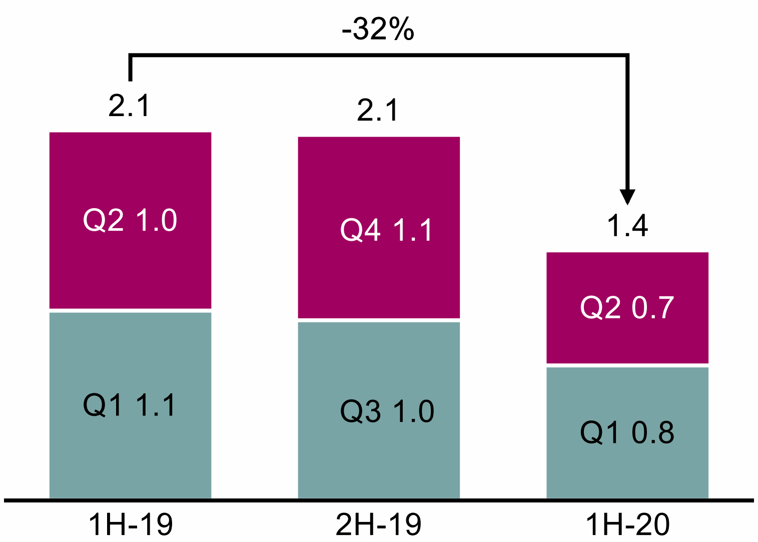


Segmental Details (Fertilizer)

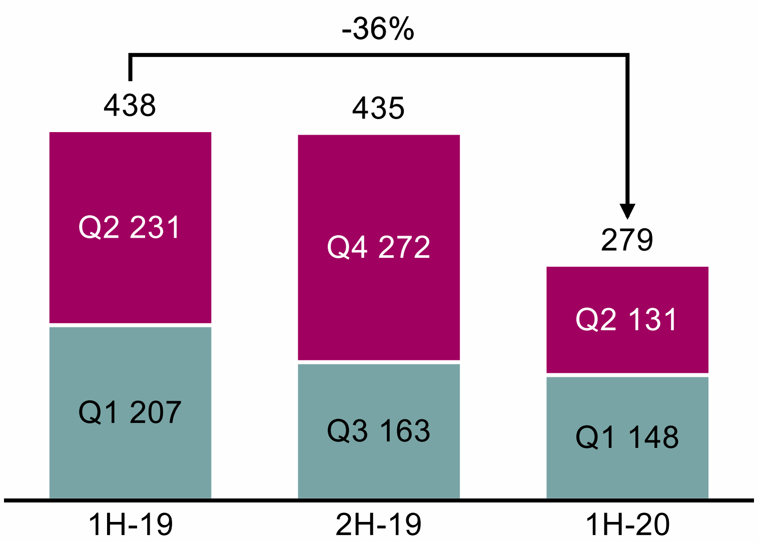
Analysis of segment revenue & net profit

- **Revenue**: QR 1.4 billion, down by 32% compared to 1H-19, mainly affected by decline in selling prices and change in the revenue recognition methodology due to the new sales & operating arrangement for Qafco trains 1-4;
  - Revenue declined by 15% in Q2-20 compared to the Q1-20, mainly due to decline in selling prices and lowered sales volumes.
- **Net profit**: QR 279 million, down by 36% compared to 1H-19, due to overall decline in revenue;
  - Net profit decreased in Q2-20 by 11% compared to Q1-20, in line with the overall decline in revenue.

Revenue (QR billion)



Net Profit (QR million)[1]

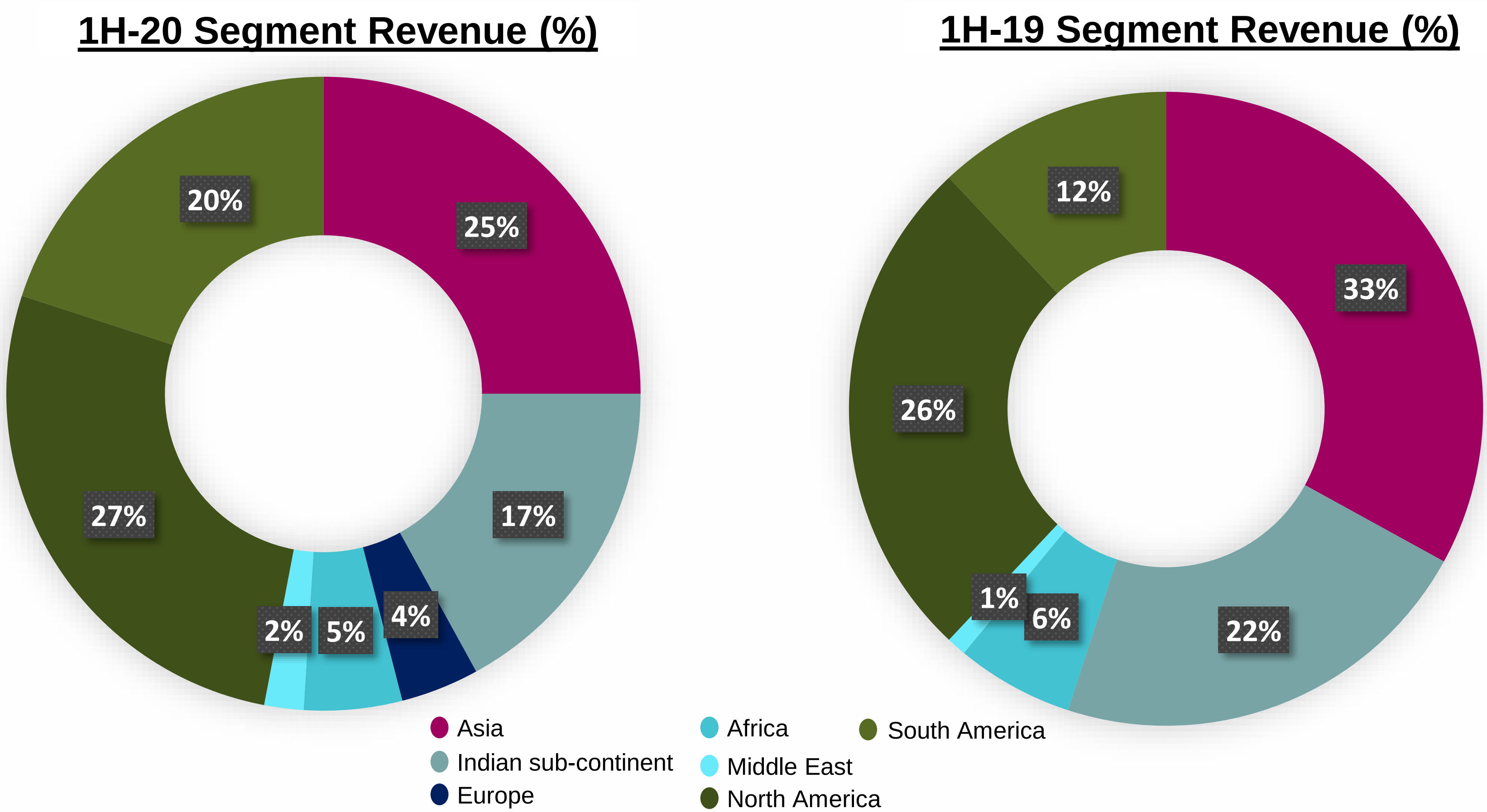


1: Profit attributable to the equity-holders of the Parent

Segmental Details (Fertilizer)

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



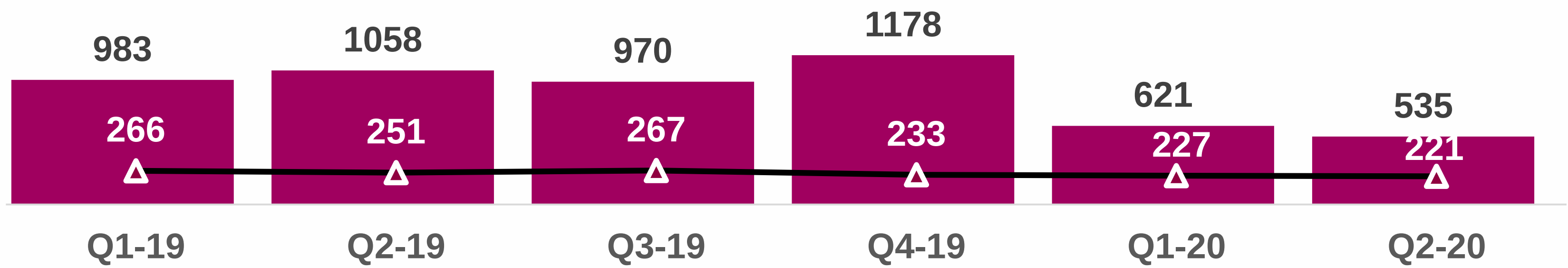
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Fertilizer)

Key segment products analysis

Urea

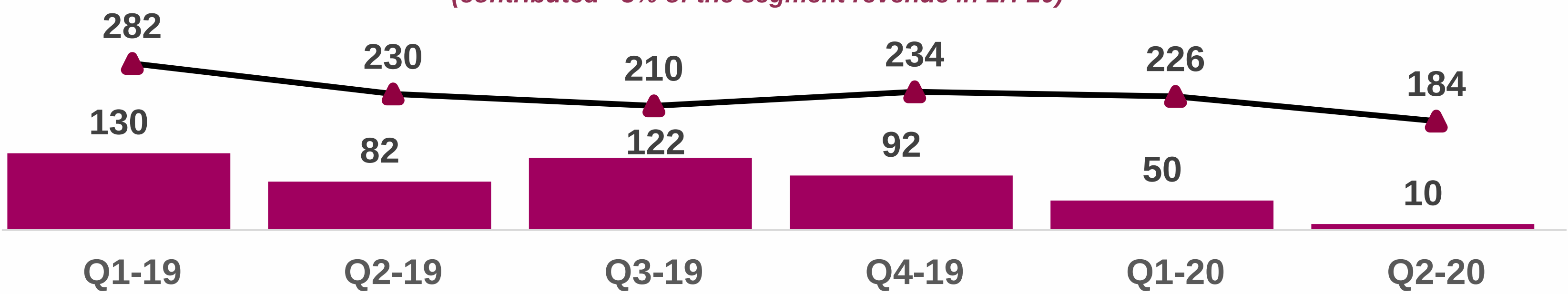
(contributed ~64% of the segment revenue in 1H-20)



Sales volumes declined due to the new recognition methodology under the new sales & operating arrangement for Qacfo trains 1-4. Selling prices declined significantly as compared to 2019, due to lower input costs and weak seasonal demand outweighed the gradual easing of supply side bottlenecks.

Ammonia

(contributed ~3% of the segment revenue in 1H-20)



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

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

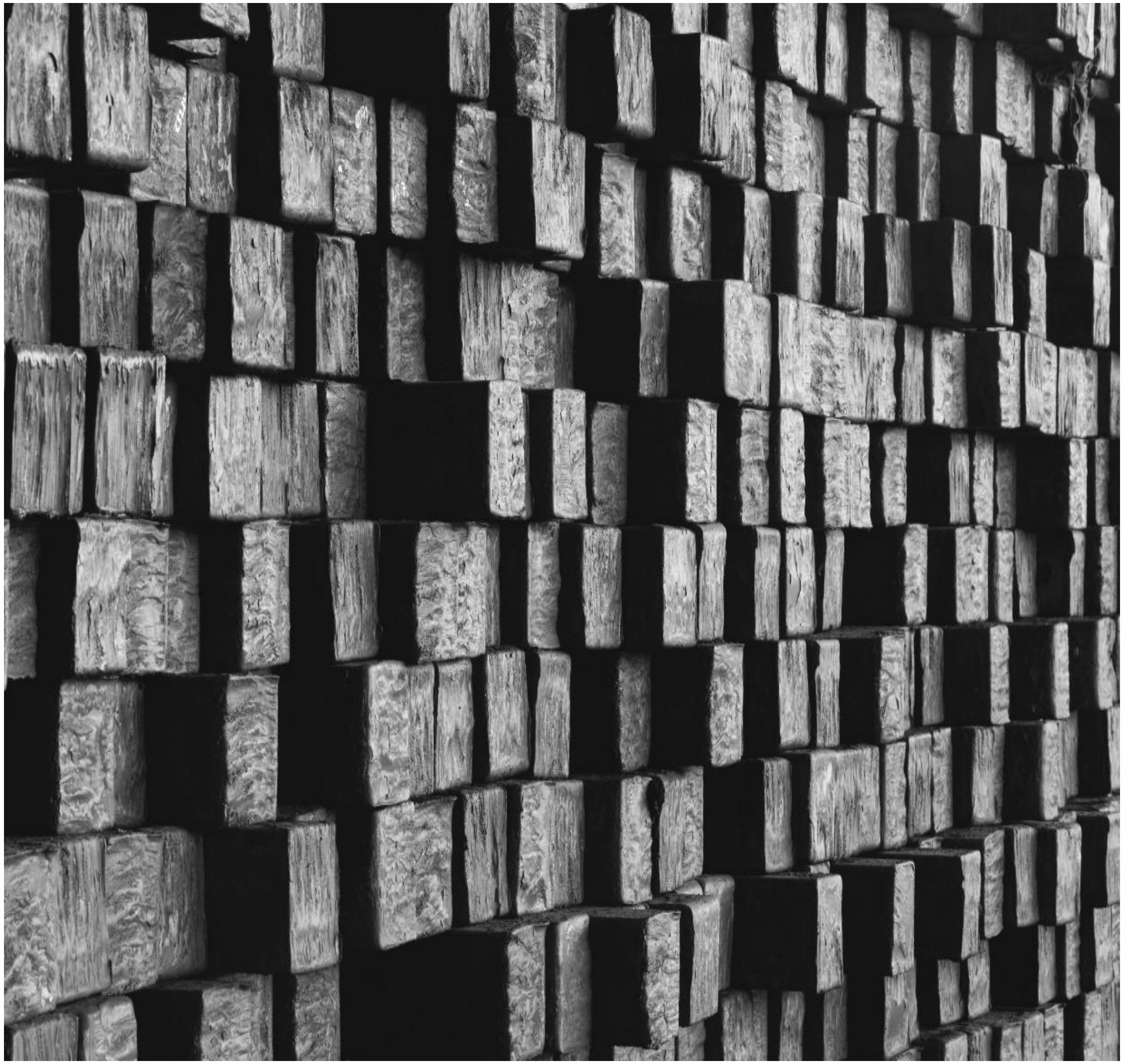
Segmental Details: Steel

- 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
DRI / HBI	2,300
Rebar	1,800
Billets	2,520
Coil	240
Total	**6,860**

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



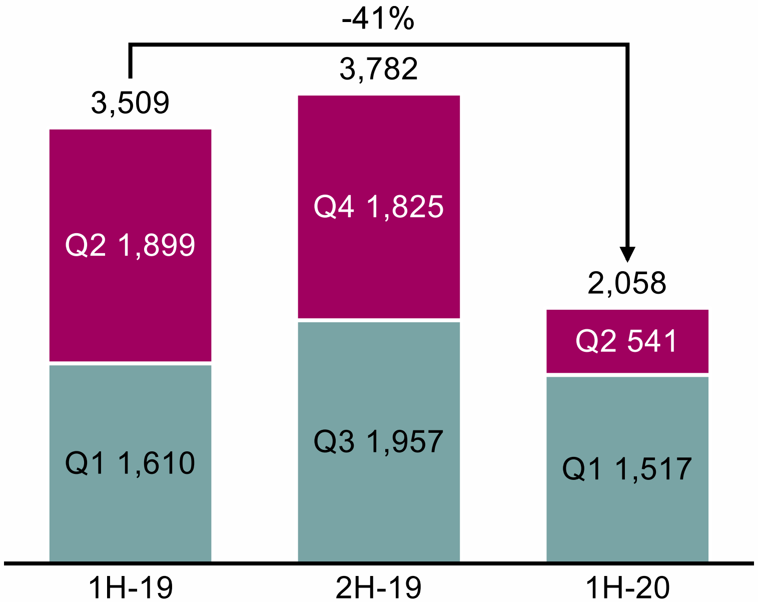
[1] Production capacity reflect IQ's share in the respective entities

Segmental Details (Steel)

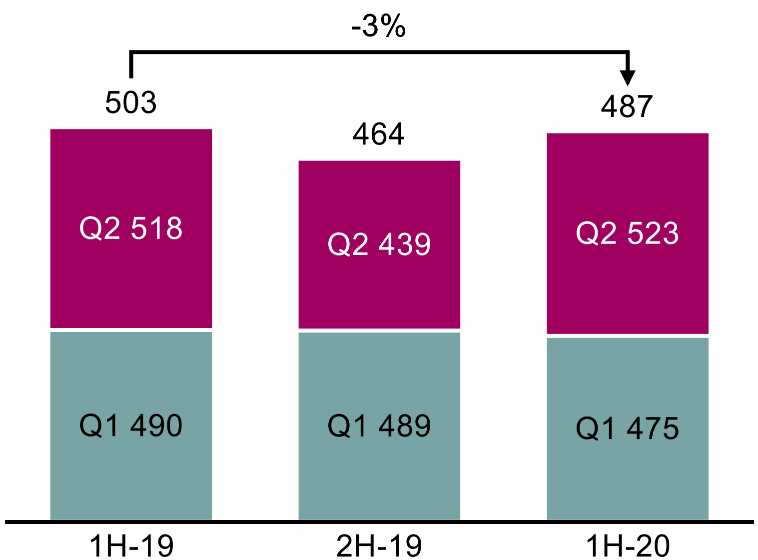
Analysis of production & selling prices

- **Production**: Production down by 41% compared to 1H-19, due to the management's decision of mothballing certain facilities;
  - Production decreased in Q2-20 by 64% compared to Q1-20, due to mothballing of certain facilities starting from Q2-20.
- **Selling Prices**: Down on 1H-19 by 3%, affected by lower demand and increased competition from international producers.
  - Prices improved in Q2-20 by 10% compared to the Q1-20 amid management's decision to cater only the local demand starting from Q2-20, where the prices of steel tend to be higher than the international markets.

Production (000's MT)



Prices ($ / MT)

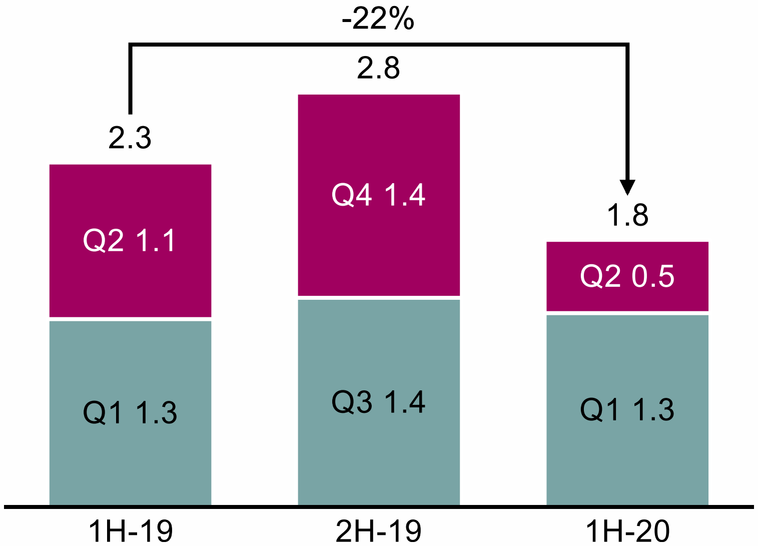


Segmental Details (Steel)

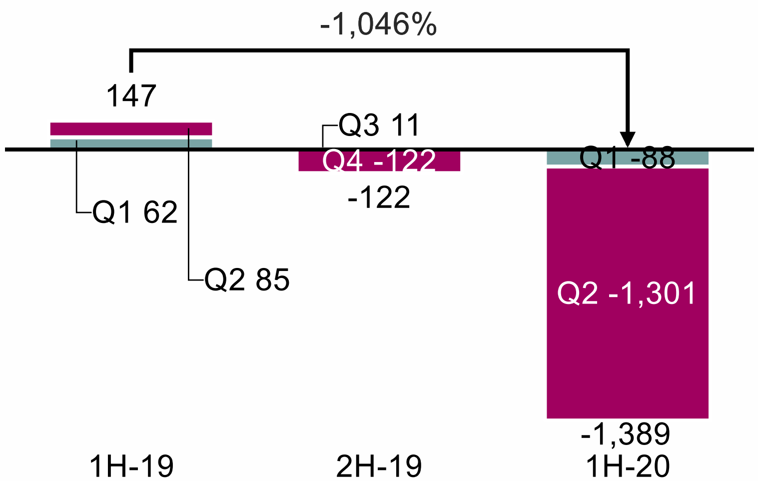
Analysis of segment revenue & net profit

- **Revenue**: QR 1.8 billion, down by 22% on 1H-19 amid decline in sales volumes due to management's decision to cater only local demand of steel starting from Q2-20;
  - Revenue declined by 63% in Q2-20 compared to the Q1-20, due to similar reasons as detailed above.
- **Net Profit**: Net Loss of QR 1.4 billion, down by 1,046% on 1H-19. Reduction primarily due to lower volumes on account of mothballing of certain facilities and booking on one-off impairment loss on the facilities mothballed amounting to QR 1.2billion.
  - Net losses significantly increased during Q2-20 compared to Q1-20, due to similar reasons as detailed above.
  - Q2-20 profitability, *excluding impact of one-off impairment of QR 1.2 billion*, improved by 14% compared to Q1-20, mainly due to better margins available in the local market, as management decided to concentrate on the local market starting from Q2-20 following the mothballing decision. The profitability also improved on account of new optimization initiatives started since Q2-20.

Revenue (QR billion)



Net Profit (QR million)

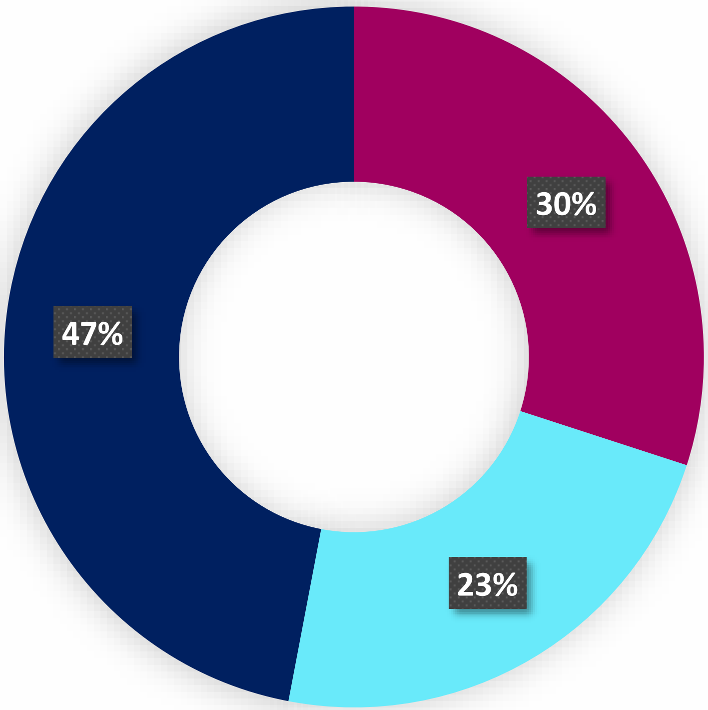


Segmental Details (Steel)

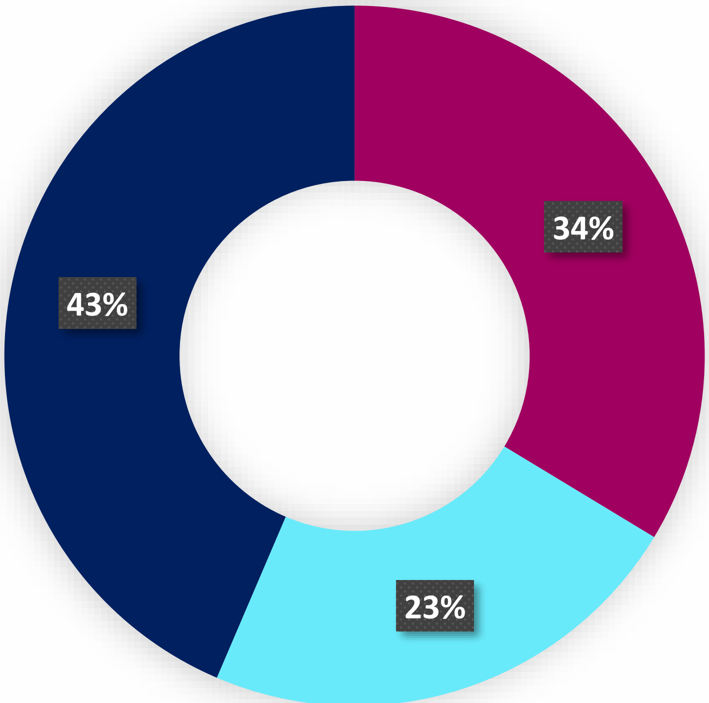
Geographical analysis of segment revenue

- Starting from the second quarter of 2020, the Group has decided to temporarily resize the capacity of domestic operations within the Steel segment to 0.8 million MT per annum of rebar with an intent to cater local sector demand only, as compared to the international demand, amid higher competition and declining margins internationally

1H-20 Segment Revenue (%)



1H-19 Segment Revenue (%)



Asia Middle East Africa
Qatar Indian-subcontinent America

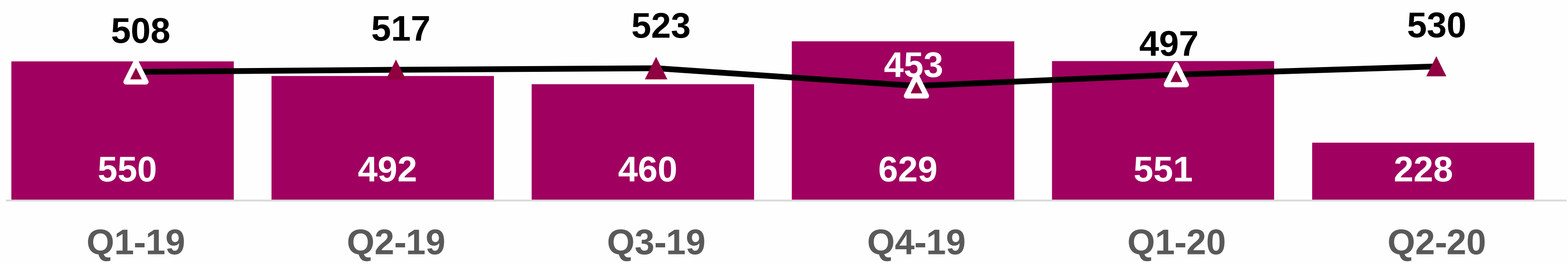
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Steel)

Key segment products analysis

Rebars

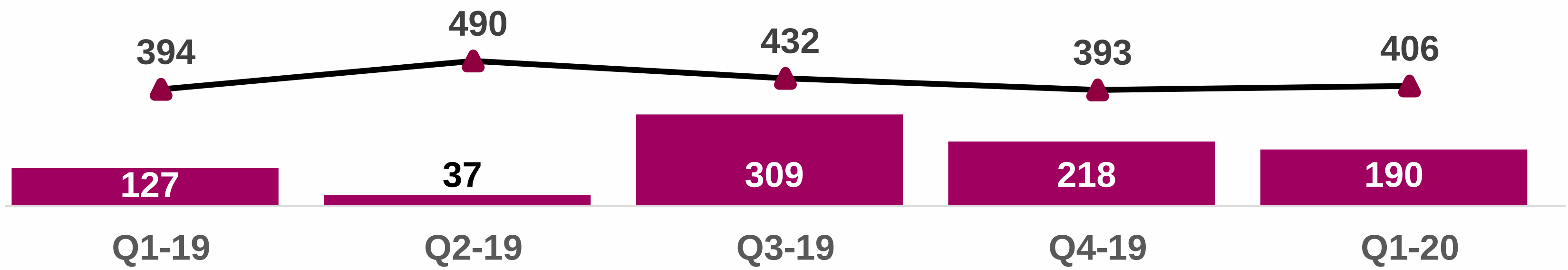
(contributed ~79% of the segment revenue in 1H-20)



Selling price continued the declining trend, although prices improved in Q2-20 as the management decided to concentrate on the local demand, where, price tend to be higher.

Billets

(contributed ~15% of the segment revenue in 1H-20)



No sales of billets were made in Q2-20.

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

CAPEX & Cash flows (2020 – 2024)

CAPEX and Cash Flows (2020 - 2024)

- Cumulative CAPEX / PUD spend of ~QR 4.6 billion across all segments;
- Qapco
  - Turnaround / reliability related CAPEX of QR 0.7 billion;
  - QR 0.5 billion of routine CAPEX primarily related to HSE;
  - No CAPEX related to PUD / Investments
- Qafac
  - Total CAPEX of only QR 0.5 billion, largely related to planned turnaround (in 2022 and 2023), and HSE;
- Qafco
  - Routine CAPEX of QR 2.2 billion in various projects including maintenance turnaround, and technical roadmap;
- Qatar Steel
  - No significant investment in PUD;
  - Routine CAPEX of QR 0.6 billion related to maintenance replacement, turnaround and other minor projects;
- Based on the recent Group's decision to further strengthen its optimization initiatives, the Group reviewed its CAPEX program across all the segments and identified expenditures that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations.

CAPITAL EXPENDITURE (in QR Billion)

	2019	2020	2021	2022	2023	2024
Capital Spares	0.1	0.1	0.1	0.1	0.0	0.0
Catalysts	0.0	0.0	0.0	0.0	0.0	0.0
Turnaround CAPEX	0.3	0.5	0.6	0.2	0.1	0.2
Investments / PUD	0.1	0.1	0.3	0.2	0.1	0.1
IT / Technical Road Map	0.0	0.1	0.1	0.1	0.2	0.2
Other Routine CAPEX	0.3	0.5	0.3	0.2	0.1	0.1
Total CAPEX	**0.8**	**1.3**	**1.3**	**0.7**	**0.6**	**0.7**

CASH FLOWS (in QR Billion)

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

FCFE = FCFF +/– Net Debt – Finance Charges

Note: The cash flow & CAPEX figures for the years 2020-24 are based on the 2020 approved budget and business plan, based on the expectations of the market conditions and commodity prices prevailing in the start of the year.

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.

Optimization updates

Optimization updates

- Given the current difficult market and macroeconomic outlook, the Group has further strengthen on its optimization initiatives to withstand the Group against external pressures and decisions were made to optimize cost;
- Major areas focused by the Group companies includes:
  - Manpower costs
  - Feedstock / utilities
  - Spares and equipment / external services
  - Corporate and Public relations expenditures
- The implementation of the optimization plan began in June 2020 and the effects of the same expected to be realized in the subsequent quarters.
- Although, the Group have taken the above listed initiatives, however, due to Covid-19 some of the costs were unavoidable.

COVID-19 – impact analysis

COVID-19 impact analysis

Business aspects:	Measures taken / key impacts & observations	Results at the Group level	Overall impact at the Group level
Operational performance	a) Crisis management committees established at each operating entity to ensure safety of employees and business continuity. b) New standard operating procedures implemented to cater the risk of COVID-19 at all working places. c) Most of the head office staff for all the Group entities working from home. d) Implementation of new shift plans for shift staff with strict controls, so as to reduce the risk of social gathering and spread of COVID-19, with increased hygiene measures at every site. e) 100% compliance with the Government regulations to prevent the spread of COVID-19.	a) Uninterrupted production continued at all facilities without disruption. b) Production and Sales volumes remained intact, except for production cuts at MTBE facilities for a short period during Q2-20 due to commercial reasons. The impact to the Group has remained immaterial, considering its overall contribution to the Group volumes. c) Successfully completed planned turnarounds within the budgeted timeline.	Limited impact

COVID-19 impact analysis

Business aspects:	Key impacts / observations	Results at the Group level	Overall impact at the Group level
Supply chain and distribution	a) Several countries enforced greater restrictions on the movement of people and goods, while other countries began to open slowly. b) Decline of vessel availability and greater restrictions placed around ports for the countries remained in lockdown during Q2-20.	a) Due to restrictions in certain regions, limited the access was available to those markets which increased pressure on supply chain activities. b) Alternate trade flows and capability of product diversion by switching between products, customers, countries & region remained intact. c) On several occasions, retained bulk liquids as floating storage. d) Close coordination with customers and logistics suppliers was the key to ensure continued movement of products. This was particularly important during the closure and opening up of countries and markets to understand the prices are and timing of the product movement without delays.	No impact till date; but remained cautious

COVID-19 impact analysis

Business aspects:	Key impacts/ observations	Results at the Group level	Overall impact at the Group level
Financial performance	a) Slowdown in GDP growth/ industrial activity causing decline in product demand leading to a decline in selling prices of our key products, specially petrochemicals. b) Oil prices remained volatile, with prices significantly declined in May-20 with notable recoveries in later part of Q2-20.	a) Petrochemicals segment most affected with revenue and net profit declined, specially the fuel additives products, where MTBE prices dropped significantly. b) Product prices across all the segments were impacted, but having a Sales & marketing partner on board with its presence in many countries through a global network, allowed to find alternative customers. c) The impact of the gradual recovery of the global economy, has not been fully factored in the Group's financial and operational results, as most economies started to show signs of recovery only during the latter part of Q2-20. However, the risk of COVID-19 pandemic still persists and has not been fully eradicated, which may hamper the early signs of recoveries.	Negative impact

COVID-19 impact analysis

Business aspects:	Key impacts / observations	Results at the Group level	Overall impact at the Group level
Liquidity profile & credit risk	a) Decline in interest rates. b) Liquidity remained robust. c) Customers continue to pay per contractual settlement terms and overdue debtors have not increased. Only limited customer payment extension requests and banks continue to pay promptly on letters of credit. d) Reduced credit lines from insurers and bank appetite to confirm letters of credit remains reduced and more costly. e) Cash flows from the products are continuing essentially as normal.	a) Strong liquidity profile with robust financial position. b) Operational excellence maintained to ensure product is shipped, invoice and cash collected on time.	No impact; but remained cautious

Governance Structure

Governance Structure

Board Structure

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

Board Committees

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

Governance and Compliance

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

Authorities

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

Governance Structure

Remuneration

Board of Directors

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

Executive Management

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

Shareholders rights

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

Disclosure and Transparency

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

Company's control system

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

Sales and Marketing

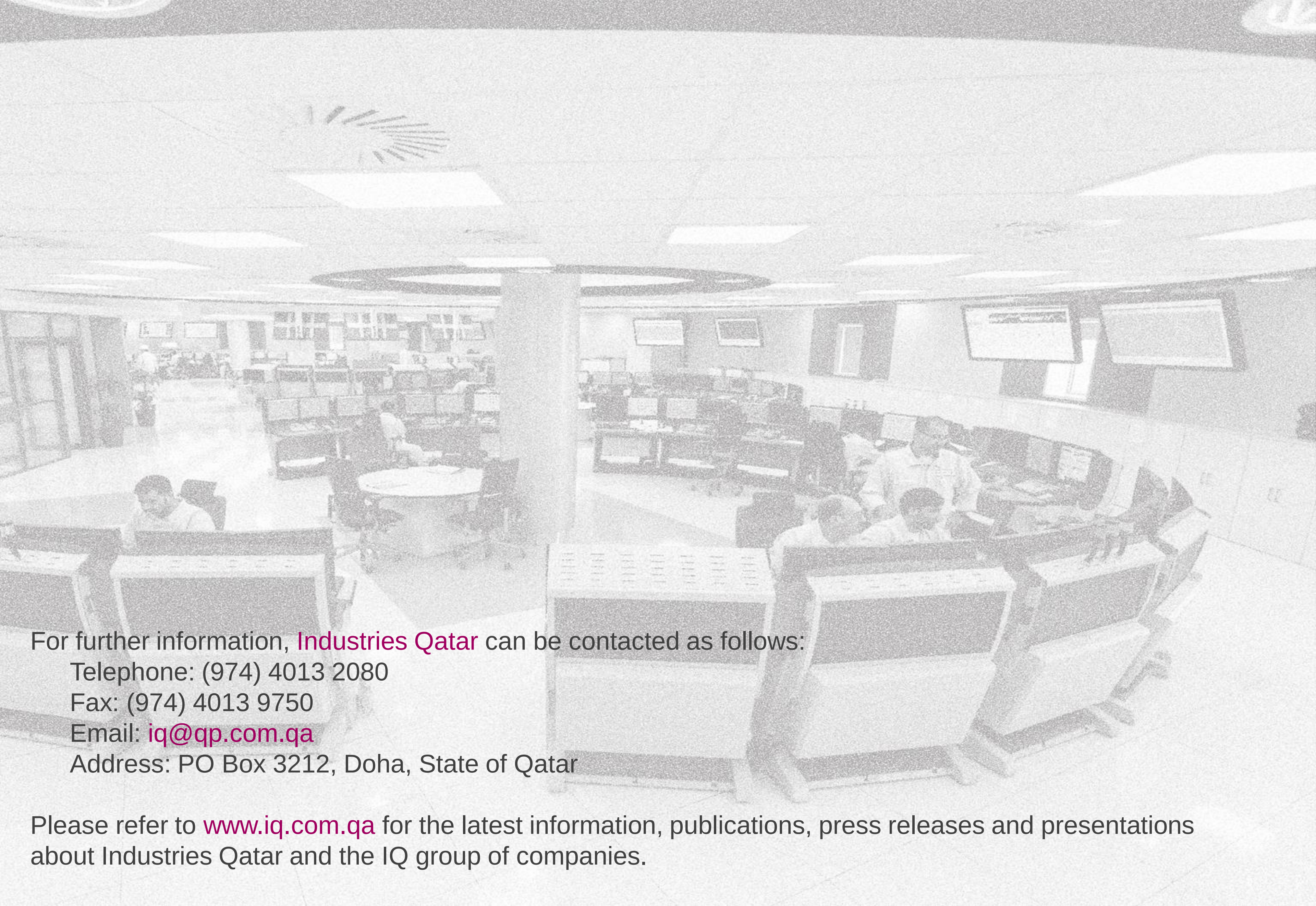
Sales and Marketing

- Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (trading as "Muntajat"), a wholly-owned company of the government of the State of Qatar, has the exclusive rights to purchase, market, sell and distribute the State's production of petrochemical and Fertilizer regulated products.

- Marketing and distribution of Steel Products have been shifted to Muntajat in early 2018 after showing positive benefits to the other segments.

- Owing to the recent announcement, Qatar Petroleum (QP) is in process of integrating Muntajat into QP with an intent to further strengthen the Qatar downstream capabilities and enhance Qatar's global competitive position globally.

- Muntajat integration with QP will be only related to the operational level, where the marketing team will still independently manage the downstream products' sales and marketing, hence, this integration will not have any impacts on Industries Qatar.



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