صناعات قطر
Industries Qatar

FOR IMMEDIATE RELEASE

Industries Qatar posts a net profit of QR 2.3 billion for the six-month period ended 30 June 2024

- The Board of Directors decides to distribute interim cash dividend of QAR 0.31 per share, representing payout ratio equivalent to 80% of net income for the period.
- 1H-24 results moderately up on previous year on improved operating costs, and one-off other income.
- Group operations continued to remain robust amid routine maintenance shutdowns, with average reliability factor remained around 96%.
- Earnings per share (EPS) of QR 0.39 for 1H-24 compared to QR 0.35 for 1H-23.
- Group's liquidity continues to remain robust with a total cash and bank balances of QR 12.4 billion, after paying 2023 dividend of QR 4.7 billion.
- S&P affirmed IQ's issuer credit ratings with AA- with stable outlook.

Doha, Qatar; 12 August 2024: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), today reported a net profit of QR 2.3 billion for the six-month period ended 30 June 2024, representing an increase of 12% compared to the same period of last year.

Updates on macroeconomic environment

The macroeconomic environment improved slightly in early 2024 but remained challenging due to high interest rates and inflation, affecting global demand. Geo-political conflicts and supply chain disruptions adds additional layer of uncertainty to the overall macroeconomic landscape.

On petrochemical sector, the industry faced demand and supply challenges on both consumer and producer fronts. Weakened consumer demand coupled with relatively stable crude prices, and structural capacity additions have eased supplies somewhat during the year. Nevertheless, the recent policy stimulus by the Chinese government could provide some support to stabilize the demand and supply equilibrium.

In the fertilizer segment, macroeconomic environment stabilized after reaching its peak during 2022 coupled with restoration of European production which improved supply conditions. On an overall basis, nitrogen fertilizer prices have remained relatively stable, on the backdrop of normalization of supply.

During early part of 2024, macro-economic outlook for the steel segment remained somewhat challenging with muted demand in property sector in larger economies like China together with weaker consumer demand amid hawkish monetary policy albeit higher interest rate environment and falling consumer confidence, limited domestic demand coupled with slowdown in global construction activities. Steel prices were further impacted by sharp decline in raw material prices such as iron ore / scrap materials. However, with recent policy initiatives by larger economies like China whereby Chinese government has taken a series of initiatives to boost the economy is expected to benefit the construction segment and thereby the steel sector in general. Nevertheless, on an overall basis, the steel prices have remained relatively unchanged versus the previous quarter as these reforms are yet to be fully reflected in the macro-economic systems.

Operational performance updates

Key performance indicators	1H-24	1H-23	Var (%) [1H-24 vs. 1H-23]	2Q-24	1Q-24	Var (%) [2Q-24 vs. 1Q-24]
Production (MT' million)	8.4	8.4	+1%	4.0	4.5	-11%
Utilization rates (%)	98%	100%	-	93%	103%	--
Average reliability factor (%)	96%	98%	-	94%	98%	--

Group's operations continue to remain stable and reliable as production volumes for the current period marginally improved by +1% to reach 8.4 million MT's versus 1H-23. This marginal improvement was largely driven by stable operating rates, and better plant availability across all the segments amid planned and unplanned maintenance across most segments together with additional capacity in the steel segment. Plant utilization rates for 1H-24 stood steady at 98%, while average reliability factor remained at 96%. This reflects the Group's continued commitment to operational excellence, reliable operations while ensuring unwavering importance to HSE.

On a quarter-on-quarter basis, production volumes declined by 11% versus 1Q-24 amid planned and unplanned shutdowns during 2Q-24. Production broadly declined across all segments except fuel additive segment due to maintenance shutdowns in 2Q-24.

Financial performance updates – *1H-24 vs 1H-23*

Key financial performance indicators	1H-24	1H-23	Variance (%)
Average selling price ($/MT)	448	473	-5%
Sales volumes (MT' 000)	5,188	5,276	-2%
Revenue (QR' billion)	8.3	8.9	-7%
EBITDA (QR' billion)	3.4	3.1	+9%
Net profit (QR' billion)	2.3	2.1	+12%
Earnings per share (QR)	0.39	0.35	+12%
EBITDA margin (%)	41%	35%	--

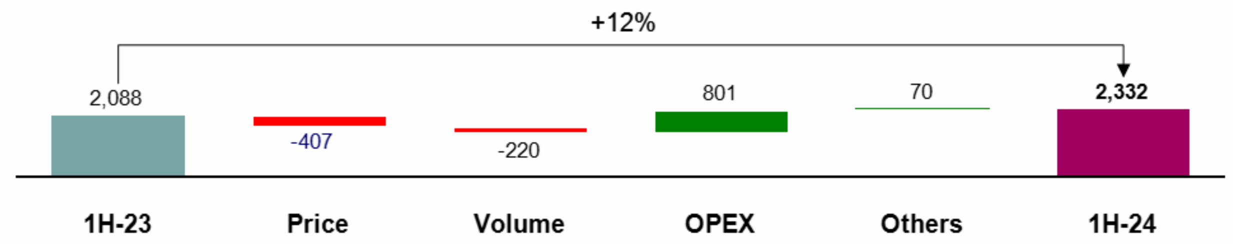
Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

Group reported a consolidated net profit of QR 2.3 billion for the six-month period ended 30 June 2024, with a moderate improvement of 12% versus 1H-23. Earnings per share (EPS) for 1H-24 was QR 0.39 versus QR 0.35 for 1H-23. EBITDA for the period is QR 3.4 billion with an EBITDA margin of 41% compared to an EBITDA of QR 3.1 billion for the same period of last year with a reported EBITDA margin of 35%. Group revenue for 1H-24 moderately declined by 7% to reach QR 8.3 billion as compared to QR 8.9 billion reported for 1H-23. Reduction in revenue for the current period was due to an overall decline in price and volumes.

Analysis of IQ's net earnings - 1H-24 vs 1H-23

Group's financial performance for the six-month period ended 30 June 2024 was largely attributed to the following factors:

(Amounts in QR millions)



- <u>Product prices</u>

  Blended average product prices marginally declined by 5% versus 1H-23 and reached USD 448 /MT and contributed negatively to the group net earnings by QR 407 million compared to the same period of last year. Despite prices being marginally down in 2024, it is worth noting that 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, and production shortfalls in some of the larger facilities. On the other hand, demand for downstream products were impacted by muted economic forecast in larger economies, aggressive monetary policies, limited domestic and regional demand, while a positive trend was noted in the recent months on the backdrop of improved macro-economic fundamentals.

- <u>Sales volumes</u>

  Sales volumes for 1H-24 decreased marginally by ~2% versus 1H-23, primarily driven by weaker demand due to on-going macro-economic challenges and supply-bottlenecks amid regional uncertainties and timing of shipments within some of the segments. This was partially offset by a slight improvement in production, which increased by 1% versus the same period of last year.

- <u>Operating cost</u>

  Operating cost for 1H-24 decreased by 11% versus 1H-23. The decrease in the operating cost was primarily linked to lower variable cost driven by price-linked feedstock cost and favorable inventory movements, partially offset by general cost inflation.

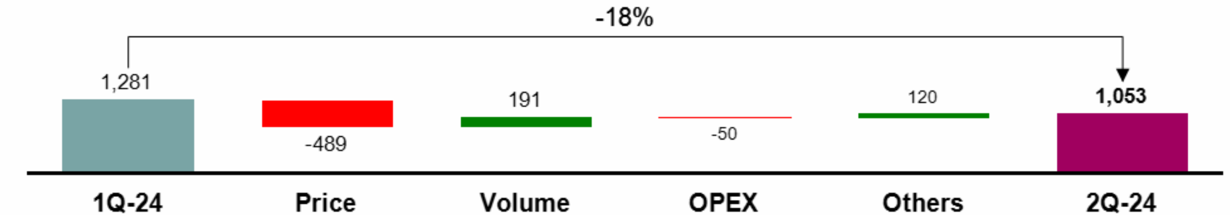
Analysis of IQ's net earnings - 2Q-24 vs 1Q-24

(Amounts in QR millions)

Key financial performance indicators	2Q-24	1Q-24	Variance (%)
Average selling price ($/MT)	423	474	-11%
Sales volumes (MT' 000)	2,649	2,539	+4%
Revenue (QR' billion)	4.0	4.3	-7%
EBITDA (QR' billion)	1.6	1.8	-13%
Net profit (QR' billion)	1.1	1.3	-18%
Earnings per share (QR)	0.17	0.21	-18%
EBITDA margin (%)	39%	42%	-

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

(Amounts in QR millions)



During the current quarter 2Q-24, IQ's net earnings declined by 18% versus 1Q-24 to reach QR 1.1 billion. This reduction was primarily due to lower gross margins in the fertilizer segment owing to higher operating costs (primarily cost of goods sold).

However, this reduction was partially offset by improved one-off other income in the steel segment on account of reversal of previously provided bank guarantee to the one of the segment's associates. On the other hand, Petrochemical segment performance marginally improved versus the last quarter on the back of improved net margins. Selling prices remained relatively unchanged versus the previous quarter in all segments except fertilizer segment, this was on the backdrop of identical, but more stable macro-economic environment that was prevalent during 1Q-24.

Financial position

Key financial performance indicators	As at 30/6/24	As at 31/12/23	Variance (%)
Cash & Bank Balance (QR Billion)	12.4	15.8	-21%
Total Assets (QR Billion)	41.5	43.1	-4%
Group Equity (QR Billion)	38.4	40.0	-4%

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

Group's financial position continue to remain robust, with proportionately accounted cash and bank balances of QR 12.4 billion as of 30 June 2024, after accounting for a dividend payout relating to the financial year 2023 amounting to QR 4.7 billion. Currently, the Group has no long-term debt obligations.

Group's reported total assets and total group equity reached QR 41.5 billion and QR 38.4 billion, respectively, as of 30 June 2024. The Group generated positive operating cash flows[1] of QR 1.6 billion, with free cash flows[1] of ~QR 0.7 billion during first six months of 2024.

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

Segmental performance highlights

Petrochemicals:

Key performance indicators	1H-24	1H-23	Var (%) 1 H 24 vs 1H 23	2Q-24	1Q-24	Var (%) [2Q-24 vs. 1Q-24]
Production (MT' 000)	1,445	1,496	-3%	677	769	-12%
Average Selling Prices (USD / MT)	746	783	-5%	740	750	-1%
Sales Volumes (MT'000)	1,022	1,007	+1%	505	517	-2%
Revenue (QR (Million)	2,684	2,785	-4%	1,320	1,364	-3%
Net Profit (QR Million)	721	825	-13%	367	354	+4%

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

Segmental performance analysis – 1H-24 vs 1H-23
Petrochemicals segment reported a net profit of QR 721 million for 1H-24, down by 13% versus 1H-23. This decrease was mainly linked to a decrease in segment's revenue and margins during the current period. Average selling prices were down by 5% owing to prevailing macro-economic environment conditions during the year. On the other hand, sales volumes remained almost stable despite lower production due to lower plant availability.

Segmental performance analysis - 2Q-24 vs 1Q-24
On a quarter-on-quarter basis, segment's net earnings improved by 4% due to heightened gross margins on the back of decline in operating costs. Operational performance within the segment continue to remain robust without any major disruptions, although there were some outages in one of the facilities within the polyethylene segment.

Fertilizers:

Key performance indicators	1H-24	1H-23	Var (%) 1 H 24 vs. 1H 23	2Q-24	1Q-24	Var (%) [2Q-24 vs. 1Q-24]
Production (MT' 000)	4,947	4,757	+4%	2,424	2,523	-4%
Average Selling Prices (USD / MT)	324	338	-4%	297	355	-17%
Sales Volumes (MT'000)	3,194	3,132	+2%	1,699	1,495	+14%
Revenue (QR (Million)	3,655	3,742	-2%	1,779	1,876	-5%
Net Profit (QR Million)	1,002	723	+39%	364	638	-43%

Segmental performance analysis – 1H-24 vs 1H-23
Fertilizer segment reported a net profit of ~ QR 1 billion for 1H-24, with a notable improvement of 39% versus 1H-23. This notable rise in net profit was primarily driven by improved operating costs which declined by 13% versus 1H-23. Improvement in operating costs were primarily associated with reduction in variable costs owing to lower feedstocks and favorable inventory changes. Additionally, sales volumes marginally improved by ~2%, as a result of improved production volumes compared to the same period of last year.

Segment's revenue decreased by 2% in 1H-24 compared to the same period of last year, due to lower selling prices which was partially offset by improved sales volumes. Selling prices declined marginally by 4% versus 1H-23, as nitrogen fertilizer prices returned to their long-term averages since peaking in 1H-22.

Segmental performance analysis - 2Q-24 vs 1Q-24

On a quarter-on-quarter basis, segmental revenue marginally decreased by 5% versus the previous quarter owing to lower average selling prices, partially offset by higher sales volumes. The decline in selling prices by 17% was primarily attributable by stabilization of nitrogen fertilizer prices to its long-term averages, as supply challenges is gradually easing at the global scale.

Segment's net profit for 2Q-24, decreased by 43% mainly due to lower gross margin on account of reduced revenues, and higher operating costs.

Steel:

Key performance indicators	1H-24	1H-23	Var (%) 1 H 24 vs 1H 23	2Q-24	1Q-24	Var (%) [2Q-24 vs. 1Q-24]
Production (MT' 000)	2,044	2,109	-3%	883	1,161	-24%
Average Selling Prices (USD / MT)	544	570	-5%	548	541	+1%
Sales Volumes (MT'000)	972	1,137	-15%	445	527	-16%
Revenue (QR (Million)	1,926	2,360	-18%	888	1,038	-14%
Net Profit (QR Million)	359	278	+29%	202	156	+29%

Segmental performance analysis – 1HQ-24 vs 1H-23

Steel segment reported a net profit of QR 359 million, increased by 29% versus the same period of last year. Improved segmental earnings were mainly driven by recognition of one-off other income related to reversal of a bank guarantee amounting to QR 143 million that was previously provided to one of its associates.

Segmental revenue declined by 18% due to a combined effect of lower prices and volumes. Steel prices on average declined by 5% on account of higher supply in the market and softening of both domestic and international demand. Simultaneously, sales volumes were also down by 15% on account of challenging demand conditions. Construction demand continued to remain challenging due to prevailing macro-economic environment with most Central Banks continued to persist with their hawkish monetary policies, although conditions start to improve during 2Q-24 as result of gradual global recovery, and particularly China, a larger contributor to construction economy has taken a series of measures re-ignite its domestic construction sector.

Segmental performance analysis - 2Q-24 vs1Q-24

On a quarter-on-quarter basis, segmental profit improved by a 29% versus 1Q-24 mainly on account of improved other income as the segment recognized a one-off non-recurring other income in 2Q-24 relating to reversal of bank guarantee that provided to one of its associates.

Segment revenue declined moderately by 14% mainly due to lower sales volumes which was decreased by 16% on account of muted domestic and global demand. Production declined by 24%, primarily owing to lower production due to planned maintenance during 2Q-24.

Credit Rating Update

Rating agency S&P Global Ratings in their rating report published on 2nd July 2024, affirmed IQ's ratings as AA- with a stable outlook. In their credit highlights, S&P stated strategic importance of IQ to State of Qatar, strong profitability, and robust cash flows, efficient assets, high utilization, synergies amongst group companies, and strong liquidity and absence of debt as key credit strengths while asset concentration in Qatar, exposure to cyclical industries and commodity prices together with generous dividend policy as key credit challenges.

Interim Cash Dividend Distribution:

Today, the Board of Directors decided a total interim cash dividend distribution of ~ QR 1.9 billion equivalent to QR 0.31 per share representing 31% of nominal share value for the period ended 30 June 2024.

According to relevant regulations, the interim cash dividends will be paid to shareholders as at the close of trading on 20th August 2024. Edaa will handle the payment of interim dividends in accordance with applicable rules and regulations.

Earnings Call

Industries Qatar will host an Earnings call with investors to discuss the latest results, business outlook and other matters on Thursday, 15h August 2024 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