



صناعات قطر
Industries Qatar

Press Release

For the quarter ended 31 March, 2017

IQ DECLARES COMMENDABLE NET PROFIT OF QR 928 MILLION FOR Q1, 2017

Net profit significantly improved year-on-year and quarter-on-quarter • performance driven by improved product prices • sales volumes affected due to unplanned outages • production broadly remained unchanged • solid liquidity position maintained • performance well ahead of budget • continued focus on cost and operational optimization efforts

- **Robust liquidity position as cash across the group remains at a healthy QR 9.9 billion after the payment of 2016 dividends.**
- **Strong financial position reflected by lower leverage and higher coverage ratios.**
- **Production and utilization remained broadly flat despite unplanned maintenance.**
- **Operating costs improved following the ongoing cost and operational optimization programs.**
- **Price improvements have contributed QR 0.3 billion to the overall performance.**

DOHA, QATAR - Industries Qatar (“IQ” or “the group”; QE: IQCD), one of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products, announced its financial results for the period ended 31 March, 2017 with net profit of QR 928 million, up significantly on the same period of last year.

The group’s overall financial and operational performance notably improved year-on-year and quarter-on-quarter. The year-on-year improvement was primarily due to a recovery in the product prices, as the first quarter of 2016 witnessed significantly lower prices due to the depressed economic environment prevailing at that time. The quarter-on-quarter improvement was mainly due to the absence of one-off expenses in the current quarter, as the group recognized a few one-off expenses in Q4, 2016.

All segments have reported improved performance, although the performance in some segments, in particular the polyethylene segment was affected due to some unplanned outages. The first quarter’s financial performance far exceeded the group’s budget expectations for the first quarter of 2017.

The group’s financial position, as measured by the asset levels, liquidity and debt position continue to remain strong as cash across the group stands at a solid QR 9.9 billion after paying 2016 dividend of QR 2.4 billion. Total debt stands at QR 2.8 billion, down QR 0.1 billion versus 31 December, 2016 exhibiting the group’s strong leverage position. This stable financial position re-affirms the group’s ability to withstand tough trading conditions.

Financial Performance

Revenue

Reported revenue under IFRS 11 for the period ended March 31, 2017 was QR 1.1 billion, marginally down on the same period of last year. This marginal reduction was due to a slight decrease in the sales volumes.

On the other hand, on a like-for-like basis, management reporting revenue (assuming proportionate consolidation) was QR 3.4 billion, which remained broadly unchanged versus the same period of 2016. The benefit gained from better price realization was almost offset by a moderate decrease in the sales volumes.

Overall product prices have remarkably recovered versus the first quarter of 2016 while a slight improvement was noted against the last quarter of 2016. Petrochemical prices have demonstrated marked improvement on the same period of last year as the prices remained depressed during the first quarter of 2016 due to low crude oil prices. Fertilizer prices have also shown a significant recovery from a historical low during early to mid-2016. This recovery was fueled by reduced global supply and rising costs for some large producers. Steel prices on the other hand fluctuated within a narrow range due to demand and supply related factors.

Net Profit

Net profit for the period under review was QR 928 million with earnings per share of QR 1.5, up notably by QR 0.2 billion or ~33% against the same period of 2016 (EPS Q1, 2016 = QR 1.2). This growth in net profit was primarily driven by the recovery in product prices together with reduced operating costs. Versus the last quarter, the net profit significantly surged by more than 300%. This phenomenal increase was driven by the absence of one-off expenses in the current quarter as the group recognized few one-off expenses in the fourth quarter of 2016, together with a marginal improvement in the product prices.

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For more information about this press release, email iq@qp.com.qa or visit www.iq.com.qa

DISCLAIMER

The companies in which Industries Qatar QSC 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 QSC.

This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar QSC. 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 realisation 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.

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GENERAL NOTES

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Industries Qatar's share. Values expressed in QR billions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. 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:** 5-Year 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 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation + Amortisation) • **EPS:** Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **HBI:** Hot Briquetted Iron • **LDPE:** Low Density Poly Ethylene • **LLDPE:** Linear Low Density Poly Ethylene • **mmBTU:** Million British Thermal Units • **MT PA:** Metric Tons Per Annum • **MTBE:** Methyl Tertiary Butyl Ether • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings (Closing market capitalisation / Net Profit) • **Utilisation:** Production Volume / Rated Capacity x 100

ABOUT IQ

Industries Qatar QSC 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 QSC ("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 Fertiliser Company SAQ ("QAFCO"), a joint venture owned 75% 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.

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