

Industries Qatar delivers solid results for the 9 month period ended 30 September 2018 with net profit of QR 3.8 billion

Results significantly up on previous year by ~ 62% ■

Performance enhanced by strong prices and sales volume growth

■ Facilities operated within historical range

- EPS of QR 6.32.
- Strong liquidity position with total cash across the group of QR 12.1 billion and total debt of only QR 0.2 billion.

DOHA, QATAR – 24/10/2018: 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 results for the financial period ended 30 September 2018 with net profit of QR 3.8 billion and earnings per share of QR 6.32. This compares to net profit of QR 2.4 billion and earnings per share of QR 3.90 for the corresponding period of the previous year. The results are also well ahead of the group’s budget expectations for 2018.

Overview

The group performed extremely well during the financial period ended 30 September 2018 and earned profits of QR 3.8 billion, a year-on-year healthy growth of 62%. This improved performance was driven by a combination of factors including increased product prices, a moderate growth in sales volumes, efficiently managed operating assets base and the group’s continuous efforts towards optimizing operations and costs.

The year-on-year moderate improvement of sales volumes was partially due to higher polyethylene production, as the polyethylene facilities were on an extended unplanned shutdown during the first nine months of 2017 (specifically during Q1, 2017). Additionally, stable global demand has aided the group’s fertilizer segment to maintain its sales volumes, while the sales of steel products improved due to the change of geographical mix and the steel marketing strategy.

Product prices across most segments have moderately increased versus the same period of 2017. Polyethylene prices have started to stabilize and grow while fuel additive prices have improved notably compared to last year. The stability of crude oil prices has supported both polyethylene and fuel additive prices to remain strong throughout the current year. Fertilizer prices have shown a modest rise driven by a tightening in global supplies, and a general recovery in demand. Steel prices continue to remain robust with prices in the current year has steadily risen. Increase in raw materials and other related costs, resurgence of demand in some geographies were the key factors that contributed to the increase in the steel prices.

The group’s financial position continue to remain solid as cash across the group stands at QR 12.1 billion after paying 2017’s dividend of QR 3.0 billion, and periodic debt payments amounting to QR 0.3 billion. Total debt across the group now stands at only QR 0.2 billion, down from QR 0.5 billion as at 31 December 2017.

Financial Performance

Revenue

Revenue reported under IFRS 11 for the period ended September 30, 2018 was QR 4.6 billion, significantly up by ~43.6% on last year. This revenue growth is largely attributable to a moderate improvement in sales volumes due to the change of sales mix, marketing strategy and increased selling prices.

On the other hand, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation - was QR 12.3 billion, a significant increase of 24% over 2017.

This increase was due to the combined effect of improved prices and volumes versus the previous year.

Net Profit

Net Profit for the year ended September 30, 2018 was QR 3.8 billion, a significant increase of QR 1.4 billion, or ~62%, on the prior year. The reported earnings per share for this financial period is QR 6.32 compared to earnings per share of QR 3.90 for the corresponding period of the previous year. Improved prices and sales volumes across the group entities together with the benefits of the optimization efforts have contributed to the increased earnings in the first nine months of 2018.

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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 report 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) • **Utilization:** 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 Fertilizer 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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