

**Press Release**

**For the quarter ended 31 March, 2016**

IQ DECLARES 2016 FIRST QUARTER NET PROFIT OF

QR 0.7 BILLION

Net profit improved on last quarter • strong liquidity position maintained • sales volumes improved on last year and last quarter • Improved production and utilisation

• periodic maintenance successfully completed • year-on-year net profit impacted by price deflation • cost and operational optimization programs are underway as planned

* **Sales volume improved on last year**
* **Strong liquidity position maintained with cash across the group remains at a healthy QR 8.8 billion after the payment of 2015 dividends**
* **Group’s production and utilisation have improved on last year with an average utilisation of ~104%**
* **Operating costs improved following the ongoing cost and operational optimization programs**
* **Strong financial position reflected by lower leverage and higher coverage ratios**
* **Price deflation affected group’s financial performance by ~QR 0.3 billion**

**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, fertiliser and steel products, announced its financial results for the period ended 31 March, 2016 with net profit of QR 0.7 billion.

The group recorded impressive financial and operational performance across all of its operating segments amidst the challenging macro-economic environment. All operating segments within the group continued to operate under tough trading conditions similar to those experienced over the last twelve to eighteen months where product prices experienced severe setbacks. Nevertheless the group was able to increase its production and sales versus last year.

Prices of the petrochemical products remained somewhat low compared to last year in line with their close correlation with the crude oil prices whilst the demand for the petrochemical products remained muted due to unfavorable economic conditions in some of the key markets. Petrochemicals sales volumes however were improved on last year due to improved production despite an unplanned shutdown of one of the key petrochemicals facilities during the current year.

Fertiliser prices on the other hand were significantly down on last year due to a combination of factors including lower energy prices, lower demand, currency depreciation in some economies and expected capacity additions in some of the key supplier markets. Sales volumes, however was up on last year in line with higher production due to lower facility maintenance in the current year.

Prices in steel segment were also down year-on-year due to muted demand in the major regional markets following the cut on capital expenditure together with availability of cheap steel from non-GCC producers especially China and Turkey. The group was able to maintain its sales volumes as sales volumes have marginally increased on the last year..

Cash position across the group continued to remain strong with a total cash across the group of QR 8.8 billion after paying the 2015 annual dividend of QR 3.0 billion, reflecting group’s strong liquidity position amidst stressed trading environment and places the group on a very comfortable financial position. Total debt of QR 3.6 billion, down QR 0.2 billion versus 31 December 2015 with debt ratios remains solid, reflecting the group’s strong financial position.

# Financial Performance

## Revenue

Reported revenue under IFRS 11 for the period ended March 31, 2016 was QR 1.1 billion, a moderate decrease of 12.6%, over the same period of 2015. This year-on-year reduction was due to a significant fall in the prices of the group’s steel products following the muted demand and excess supply in the key markets, despite the improved sales volumes.

On the other hand, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation under IAS 31 - was QR 3.4 billion, a decrease of QR 0.4 billion or 10.6%, versus the same period of 2015. This year-on-year reduction was primarily driven by a significant reduction in the product prices across all segments most notably in the prices of fertilisers and steel prices, and muted demand in some of the major buying countries. The impact of reduced selling prices were partially negated by the improved sales volumes across all the segments.

## Net Profit

Net profit for the period under review was QR 0.7 billion with earnings per share of QR 1.15, down QR 0.3 billion or 26.7% against the same period of 2015 with earnings per share of QR 1.57. This reduction in net profit was entirely driven by the reduced revenues resulting from the notable price deflation across all segments most notably in the fertiliser segment despite a considerable improvement in the operating costs on account of ongoing cost optimisation initiatives.

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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.

Industries Qatar QSC, its 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 QSC, 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 QSC 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. 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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