



# Press Release

**For the Nine Months ended 30 September 2015**

## **IQ DECLARES NET PROFIT OF QR 3.8 billion for the First Nine Months**

- Sales volumes significantly up on last year • Strong Liquidity position maintained as cash across the group reached to QR 9.0 billion • financial performance impacted by year-on-year price deflation
- **Results well ahead of 2015 budget**
- **Sales volumes significantly up by more than 12% on last year**
- **Production utilisation up on last year driven by lower maintenance days**
- **Product prices down on last year in line with global oil price downward movements**
- **Cost optimisation programs are underway to improve financial and operational performance across the group**
- **Strong Liquidity position maintained as cash across the group reached to QR 9.0 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 30 September, 2015 with net profit of QR 3.8 billion.

The group recorded strong financial results across all segments during the current year amidst the current economic environment as the sales volumes grew in excess of 12% on last year following the return to normal operations of most of the group’s production facilities which were on extensive maintenance during the first half of 2014. Selling prices, primarily in the petrochemical and steel segment were, however impacted significantly due to the prevailing depressed oil prices. Cash position across the group has reached QR 9.0 billion after paying the 2014 dividend of QR 4.2 billion, increase of QR 1.0 billion or 12.1% reflecting strong liquidity position even under stressed trading environment

### **Financial Performance**

#### **Revenue**

Reported revenue under IFRS 11 for the nine months period ended September 30, 2015 was QR 4.1 billion, a modest decrease of 12.1%, over the first nine months of 2014. However, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation under IAS 31 - was QR 12.3 billion, a decrease of QR 1.2 billion or 8.8%, versus the same period of 2014. This year-on-year reduction was primarily driven by a significant reduction in petrochemical product prices following the oil price decline that began in early Q4, 2014 which continued to remain low throughout 2015, and a moderate reduction in the fertiliser product prices driven by favorable market conditions primarily for some of the key supplier markets.

Sales volumes, however were significantly up on last year as the group benefited by a comparatively lower number of maintenance days in the current year since most of the group’s production facilities completed their planned and warranty maintenance shutdown in 2014 resulting in a significantly higher maintenance days during 2014. Accordingly the current year production utilisation reached 104.7% (Ytd 2014: 98.4%).

#### **Net Profit**

Net profit for the period under review was QR 3.8 billion, down QR 0.9 billion or 18.8% against the same period of 2014. This reduction in net profit was entirely driven by the reduced revenues resulting from price deflation across all segments despite the group vastly benefited from improved sales volumes. Significant price deflation noted across petrochemical and fuel additive segments following the oil price plunge that began in late 2014, and fertiliser prices were moderately down on last year driven by favorable market conditions across some of the key supplier markets.

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*For more information about this press release, email [iq@qp.com.qa](mailto:iq@qp.com.qa) or visit*

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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 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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