صنـــاعـات قـطـر
Industries Qatar

FOR IMMEDIATE RELEASE

Industries Qatar posts a net profit of QR 3.3 billion for the nine-month period ended 30 September 2023

- Group operations remained robust, and operational performance improved versus last year, with plant utilization rates reaching 100%
- Earnings per share (EPS) of QR 0.54 for 9M-23 compared to QR 1.16 for 9M-22
- Liquidity continues remain robust with a total cash and bank balance of QR 15.8 billion, with a free cash flow generation of QR 2.3 billion during 9M-23
- 9M-23 results impacted by challenging macroeconomic climate amid weaker prices and demand during the year. However, the sequential results improved slightly amidst recovery of product prices.

Doha, Qatar; 24th October 2023: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), today reported a net profit of QR 3.3 billion for the nine-month period ended 30 September 2023, representing a decline of 53% compared to 9M-22.

Updates on macroeconomic environment:

The nine-month period of 2023 witnessed a persistently challenging macroeconomic environment characterized by ongoing geopolitical uncertainty and growing concerns over recession due to hawkish monetary policies. These factors contributed to subdued demand across most commodity sectors in which group operates, reflecting the cautious sentiment in a global economy that is in the process of gradual recovery. The supply also gradually returning to its pre-2022 level with most manufacturers have commended operations after supply-chain and logistics bottlenecks have relatively eased.

Nevertheless, there is some evidence of gradual sequential improvement in the macroeconomic outlook, which had general positive impact on the group product portfolio. On overall basis, lingering uncertainty in the global macroeconomic outlook continues to add pressure on our group's product portfolio in comparison to the previous year.

Operational performance updates

Key performance indicators	9M-23	9M-22	Variance (%) [9M-23 vs 9M-22]	3Q-23	2Q-23	Variance (%) [3Q-23 vs 2Q-23]
Production (MT' million)	12.7	12.4	+2%	4.3	4.0	+9%
Utilization rates (%)	100%	99%	--	103%	95%	--
Average reliability factor (%)	98%	97%	--	98%	79%	--

Group's operations continue to remain strong as production volumes for the current year improved by 2% to reach 12.7 million MT's versus 9M-22. This improvement in production was largely driven by higher operating rates, and better plant availability across the group. Plant utilization rates for 9M-23 reached 100%, while average reliability factor stood at 98%. This reflects the Group's commitment to operational excellence, while ensuring plant reliability and unwavering importance to HSE.

On a quarter-on-quarter basis, production volumes inclined by 9% versus 2Q-23, with fertilizer segment reporting a notable increase in production as the segment underwent facility maintenance shutdowns during Q2-2023.

Financial performance updates – *9M-23 vs 9M-22*

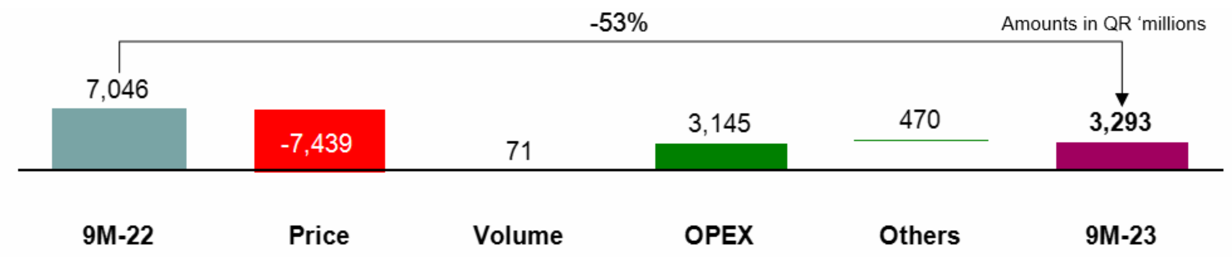
Key financial performance indicators	9M-23	9M-22	Variance (%)
Average selling price ($/MT)	469	735	-36%
Sales volumes (MT' 000)	7,771	7,711	+1%
Revenue (QR' billion)	13.0	20.1	-36%
EBITDA (QR' billion)	4.8	8.7	-45%
Net profit (QR' billion)	3.3	7.0	-53%
Earnings per share (QR)	0.54	1.16	-53%
EBITDA margin (%)	37%	43%	--

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

Group reported a consolidated net profit of QR 3.3 billion for the nine-month period ended 30 September 2023, with a decline of 53% versus 9M-22. Earnings per share (EPS) for 9M-23 was QR 0.54 versus QR 1.16 for 9M-22. Group revenue for 9M-23 declined by 36% to reach QR 13 billion as compared to QR 20.1 billion reported for 9M-22.

Analysis of IQ's net earnings – 9M-23 vs 9M-22

Group's financial performance for the nine-month period ended 30 September 2023 was largely attributed to the following factors:



- Product prices
  Blended average product prices declined by 36% versus 9M-22 and reached USD 469/MT. Decrease in product prices contributed QR 7.4 billion negatively to the Group's net earnings, mainly on account of lower price trajectories noted across the Group's basket of products amid macro-challenges. Fertilizer prices dropped sharply by more than 49% compared to the previous year, significantly contributing to the decline in blended average product prices. This decline in fertilizer prices alone resulted in a substantial impact of approximately ~QR 5.6 billion on the group's overall financial performance.

- <u>Sales volumes</u>
  Sales volumes increased marginally by 1% versus 9M-22, primarily driven by higher production volumes. Improved sales volumes contributed by QR 71 million in the overall growth of Group's net earnings for 9M-23 compared to the same period of last year.

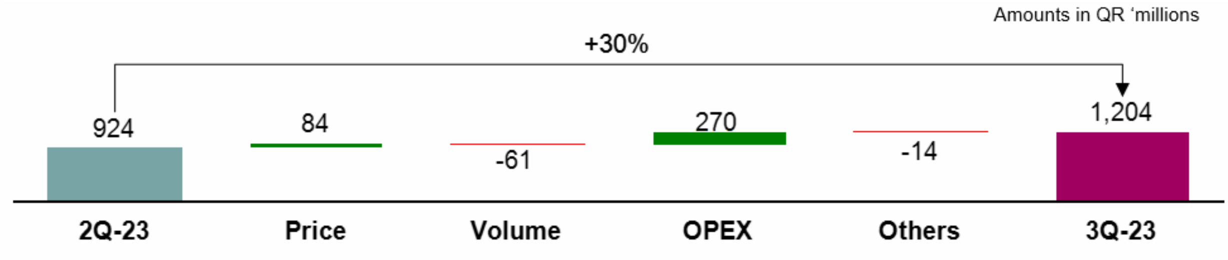
- <u>Operating cost</u>
  Operating cost for 9M-23 decreased by 23% versus 9M-22. The decrease in the operating cost was primarily linked to lower variable cost driven by end-product price indexed raw material cost, partially offset by increased volumes and general inflation.

Financial performance updates – *3Q-23 vs 2Q-23*

Key financial performance indicators	**3Q-23**	**2Q-23**	**Variance (%)**
Average selling price ($/MT)	460	450	+2%
Sales volumes (MT' 000)	2,494	2,531	-1%
Revenue (QR' billion)	4.1	4.1	0%
EBITDA (QR' billion)	1.7	1.4	+20%
Net profit (QR' billion)	1.20	0.92	+30%
Earnings per share (QR)	0.20	0.15	+30%
EBITDA margin (%)	43%	36%	--

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

Analysis of IQ's net earnings - 3Q-23 vs 2Q-23



In 3Q-23, the Group's net earnings inclined by 30% compared to 2Q-23, reaching QR 1.2 billion. This notable increase was mainly due to the enhanced EBITDA, which increased by 20% on account of improved operating costs. The relationship between sales volume and selling price played a pivotal role in balancing revenue generation on a quarter-on-quarter basis, contributing significantly to this notable rise in earnings.

The improved profitability was primarily driven by a reduction in operating costs, contributing QAR 270 million to the net profit position. The operating costs improvement primarily noted across fertilizer segment with segment operating costs normalized following consumption of its previously held expensive inventory. Additionally, a 2% increase in selling prices in line with global commodities markets has positively impacted net earnings by QAR 84 million. However, a minor decrease in sales volume, predominantly attributed to lower volumes reported in the steel segment, coupled with other costs, had a marginal negative impact. Consequently, this led to a sequential partial decrease of QAR 75 million in the group's bottom line.

Financial performance updates – *3Q-23 vs 3Q-22*

Key financial performance indicators	3Q-23	3Q-22	Variance (%)
Average selling price ($/MT)	460	635	-28%
Sales volumes (MT' 000)	2,494	2595	-4%
Revenue (QR' billion)	4.1	5.9	-30%
EBITDA (QR' billion)	1.7	2.2	-20%
Net profit (QR' billion)	1.2	1.6	-25%
Earnings per share (QR)	0.20	0.27	-25%
EBITDA margin (%)	43%	37%	--

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

Compared to 3Q-22, the Group revenue for the current quarter decreased by 30%, primarily due to notable decline in selling prices against a backdrop of easing of supply chain bottlenecks that was prevalent during 2022, and relatively tighter monetary policies to keep inflation under check.

Product prices on average declined by 28% versus same quarter of the last year, where lower price trajectories were noted across all operating segments. Sales volumes, on the other hand, declined slightly by 4% versus the same quarter of last year on improved supplies.

Profitability, as measured by EBITDA declined by 20% versus last year predominantly linked to lower product prices, being partially offset by Group's lowered operating costs. Net earnings for 3Q-23 also declined versus 3Q-22 due to lowered revenue, partially offset by lower operating costs.

Financial position

Key performance indicators	As at 30-Sept-23	As at 31-Dec-22	Variance (%)
Cash and bank balances (QR' billion)	15.8	19.2	-18%
Total Assets (QR' billion)	42.2	45.0	-6%
Total Equity (QR' billion)	38.6	42.0	-8%

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

Group's financial position continue to remain robust, with cash and bank balances stood at QR 15.8 billion as of 30 September 2023, after accounting for a dividend payout relating to the financial year 2022 amounting to QR 6.7 billion. Currently, the Group has no long-term financial debt obligations.

Group's reported total assets and total equity reached QR 42.2 billion and QR 38.6 billion, respectively, as of 30 September 2023. The Group generated positive operating cash flows[1] of QR 4.0 billion, with free cash flows[1] of QR 2.3 billion during 9M-23.

Segmental performance highlights

Petrochemicals:

Key performance indicators	9M-23	9M-22	Variance (%) [9M-23 vs 9M-22]	3Q-23	2Q-23	Variance (%) [2Q-23 vs 1Q-23]
Production (MT' 000)	2,262	2,245	+1%	766	735	+4%
Average selling price ($/MT)	760	1,001	-24%	714	766	-7%
Sales volumes (MT' 000)	1,499	1,554	-4%	492	526	-6%
Revenue (QR' million)	4,026	5,492	-27%	1,241	1,423	-13%
Net profit (QR' million)	1,148	2,072	-45%	322	443	-27%

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

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

Segmental performance analysis – 9M-23 vs 9M-22

The segment reported a net profit of QR 1.1 billion for 9M-23, down by 45% versus 9M-22. The decrease was mainly linked to a decline of 27% reported in segmental revenues, which was mainly affected by lower blended selling prices and sales volume realized during 9M-23.

Blended product prices for the petrochemical segment declined by 24% against same period of last year, as result of overall decline in global petrochemical prices on the backdrop of easing of supply-chain pressure those were prevalent during 2022 leading to additional supply in the market, and cautious buying approach by most consumers to combat inflation. Sales volumes declined marginally by 4% compared to 9M-22 due to easing of supplies in the global petrochemical market. On the other hand, production volumes slightly improved by 1% against the backdrop of slightly improved facility availability.

Segmental performance analysis - 3Q-23 vs 2Q-23

On a sequential basis, the segment's net earnings declined by 27% due to lower selling prices and reduced sales volumes by 7% and 6% respectively, impacting segment’s quarter-on-quarter profitability.

Fertilizers:

Key performance indicators	9M-23	9M-22	Variance (%) [9M-23 vs 9M-22]	3Q-23	2Q-23	Variance (%) [3Q-23 vs 2Q-23]
Production (MT’ 000)	7,196	7,187	+0%	2,439	2,214	+10%
Average selling price ($/MT)	343	669	-49%	353	291	+21%
Sales volumes (MT’ 000)	4,683	4,702	-0%	1,551	1,464	+6%
Revenue (QR’ million)	5,674	11,110	-49%	1,932	1,503	+29%
Net profit (QR’ million)	1,356	4,164	-67%	632	213	+197%

Segmental performance analysis – 9M-23 vs 9M-22

Fertilizer segment reported a net profit of QR 1.4 billion for 9M-23, with a significant decline of 67% versus 9M-22. This decline was primarily driven by lowered segmental revenue. Segment’s revenue decreased by 49% in line with lowered selling prices which declined by 49%, amid macro-challenges affecting nitrogen-based fertilizer markets globally driven by easing of supply challenge and softening of demand. On the other hand, sales volumes remained relatively flat compared to 9M-22 amid stable production.

Segmental performance analysis - 3Q-23 vs 2Q-23.

On a sequential basis, segmental revenue increased by 29% compared to the previous quarter, as sales volumes and selling prices improved. Selling prices increased by 21% on a quarter-on-quarter basis, amid noted improvement in the global fertilizer markets. Additionally, sales volumes inclined by 6%, as the segment reported lower production volume during the previous quarter on account of facility maintenance. Segment’s net profit for 3Q-23 significantly increased by 197% mainly due to improved avg. selling price and sales volume and improved operating margin.

Steel:

Key performance indicators	9M-23	9M-22	Variance (%) [9M-23 vs 9M-22]	3Q-23	2Q-23	Variance (%) [3Q-23 vs 2Q-23]
Production (MT’ 000)	3,218	2,970	+8%	1,109	1,021	+9%
Average selling price ($/MT)	564	664	-15%	549	575	-5%
Sales volumes (MT’ 000)	1,589	1,455	+9%	452	541	-16%
Revenue (QR’ million)	3,262	3,514	-7%	902	1,132	-20%
Net profit (QR’ million)	409	774	-47%	130	145	-10%

Segmental performance analysis – 9M-23 vs 9M-22

Steel segment reported a net profit of QR 409 million down by 47% versus last year. Lower segmental earnings were mainly driven by lower revenues, which decreased by 7% versus 9M-22. The earnings were also impacted by higher volume related operating expenses, and marginally reduced other operating income. The combined effect of lower prices and increased operating expenses resulted in a notable decrease segment's profitability.

Decline in revenue was primarily driven by lowered selling prices which declined by 15% on year-on-year basis. This was partially offset by higher sales volumes which increased by 9% mainly linked to higher production volumes.

Segmental performance analysis - 3Q-23 vs 2Q-23
During the quarter compared to 2Q-23, the segmental profit witnessed a 10% decline. This reduction was the result of both lower selling prices and decreased sales volume, down by 5% and 16% respectively, due to subdued demand. The impact was partially offset by a decrease in operating expenses.

Earnings Call:

Industries Qatar will host an Earnings call with investors to discuss the latest results, business outlook and other matters on Thursday, 26th October 2023 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