

FOR IMMEDIATE RELEASE

Industries Qatar posts a net profit of QR 1.2 billion for the three-month period ended 31 March 2023

- 1Q-23 results impacted mainly due to negative movement in average realized selling prices, amid challenging macroeconomic context
- Group operations continued to remain robust as all the operational performance indicators improved versus last year, with plant utilization rates reaching 105%
- Earnings per share (EPS) of QR 0.19 for 1Q-23 compared to QR 0.45 for 1Q-22
- Liquidity continues remain robust with a total cash and bank balance of QR 13.9 billion, with a free cash flow generation of QR 0.8 billion during 1Q-23

Doha, Qatar; 7 May 2023: Industries Qatar (“IQ” or “the Group”; QE Ticker: IQCD), today reported a net profit of QR 1.2 billion for the three-month period ended 31 March 2023, representing a decline of 57% compared to 1Q-22.

Updates on macroeconomic environment

Macroeconomic environment continued to remain challenging during 1Q-23, because of geopolitical uncertainty amid Russian-Ukraine conflict, recessionary fears on account of inflationary pressures and hawkish stance on interest rates by most of the Central banks, which resulted in reduced demand for most commodities

Specifically on the fertilizers sector, in contrast to 1Q-22 when fertilizer prices hit decade highs, the prices continued to fall during 1Q-23. This occurred amidst downward pressure on grain, energy, other commodity prices, and general inflation. Also, some European fertilizer production came back online following the capacity curtailments during the fall of 2022 owing to the energy crisis.

Similarly, petrochemical's performance in 1Q-23 was dictated by market sentiments around China's re-opening, oil price volatility and the uncertainty in the global macro picture. Although, prices for certain petrochemicals slightly improved versus 4Q-22, mainly on the back of the relatively better supply-demand dynamics.

Steel sector remained somewhat resilient internationally, as China's slow paced post-Covid recovery phase started to take shape, however, sluggish phase in the Chinese construction sector continued since last year. The domestic steel market showed signs of recovery following muted construction activity since latter part of 2022.

Operational performance updates

Key performance indicators	1Q-23	1Q-22	4Q-22	Variance (%) [1Q-23 vs 1Q-22]	Variance (%) [1Q-23 vs 4Q-22]
Production (MT ^{million})	4.4	3.9	4.3	+11%	+1%
Utilization rates (%)	105%	94%	104%	--	--
Average reliability factor (%)	99%	97%	98%	--	--

Group's operations continue to remain stable and strong as production volumes for the current period improved by 11% to reach 4.4 million MT's versus 1Q-22. This improvement in production was largely driven by higher operating rates, and better plant availability across all the segments. Plant utilization rates for 1Q-23 reached 105%, while average reliability factor stood at 99%. This reflects the Group's commitment to operational excellence, while ensuring plant reliability and unwavering importance to HSE.

Similarly, on a quarter-on-quarter basis, production volumes improved by 1% versus 4Q-22, amid improvement in production volumes noted for the steel segments. However, this was partially offset by slightly lower production reported within petrochemical segment.

Financial performance updates – 1Q-23 vs 1Q-22

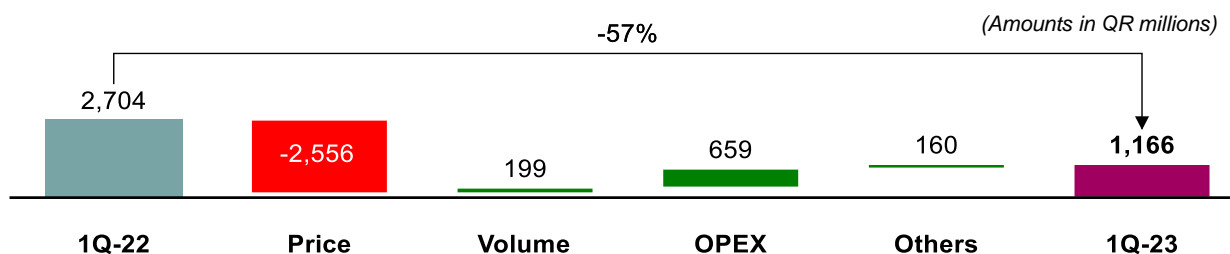
Key financial performance indicators	1Q-23	1Q-22	Variance (%)
Average selling price (\$/MT)	494	756	-35%
Sales volumes (MT ⁰⁰⁰)	2,745	2,653	+3%
Revenue (QR ^{billion})	4.8	7.1	-32%
EBITDA (QR ^{billion})	1.7	3.2	-48%
Net profit (QR ^{billion})	1.2	2.7	-57%
Earnings per share (QR)	0.19	0.45	-57%
EBITDA margin (%)	34%	45%	--

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

Group reported a consolidated net profit of QR 1.2 billion for the three-month period ended 31 March 2023, with a decline of 57% versus 1Q-22. Earnings per share (EPS) for 1Q-23 was QR 0.19 versus QR 0.45 for 1Q-22. Group revenue for 1Q-23 declined by 32% to reach QR 4.8 billion as compared to QR 7.1 billion reported for 1Q-22.

Analysis of IQ's net earnings - 1Q-23 vs 1Q-22

Group's financial performance for the three-month period ended 31 March 2023 was largely attributed to the following factors:



Product prices

Blended average product prices declined by 35% versus 1Q-22 and reached USD 494/MT. Decrease in product prices contributed QR 2.6 billion negatively to the Group's net earnings. The decline in product prices was mainly linked to downward trajectories noted across the Group's basket of product amid macroeconomic headwinds carried forward from the last year.

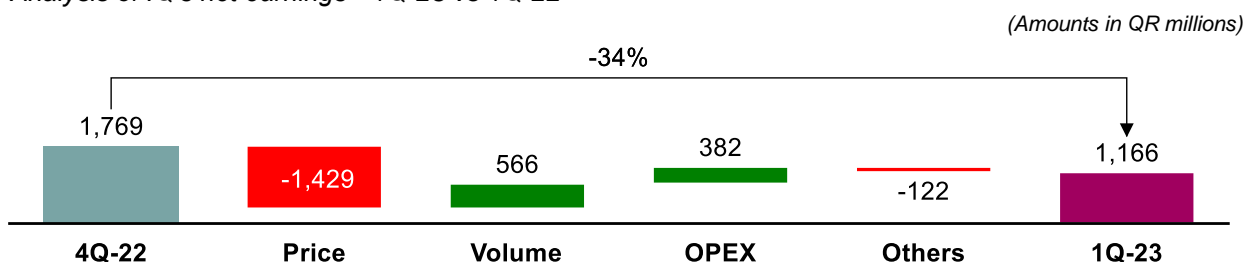
- Sales volumes
Sales volumes increased by 3% versus 1Q-22, primarily driven by higher plant operating rates. Improved sales volumes contributed QR 199 million in the overall growth of Group's net earnings for 1Q-23 compared to 1Q-22.
- Operating cost
Operating cost for 1Q-23 decreased by 14% versus 1Q-22. The decrease in the operating cost was primarily linked to lower variable cost driven by price-linked feedstock cost, partially offset by increased volumes and general inflation.

Financial performance updates – 1Q-23 vs 4Q-22

Key financial performance indicators	1Q-23	4Q-22	Variance (%)
Average selling price (\$/MT)	494	637	-22%
Sales volumes (MT' 000)	2,745	2,501	+10%
Revenue (QR' billion)	4.8	5.7	-15%
EBITDA (QR' billion)	1.7	2.3	-28%
Net profit (QR' billion)	1.2	1.8	-34%
Earnings per share (QR)	0.19	0.29	-34%
EBITDA margin (%)	34%	41%	--

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

Analysis of IQ's net earnings - 1Q-23 vs 1Q-22



During 1Q-23, the Group's net earnings declined by 34% versus 4Q-22, mainly due to lowered revenue where a decline of 15% was noted on a quarter-on-quarter basis.

Decline in Group revenue was mainly linked to lowered selling prices which declined by 22% versus 4Q-22, as the global economic context remained under stress due to recessionary fears and continuing geopolitical tensions and resulted in downward price trajectories for most of the commodities with fertilizer prices declining by more than 30% while petrochemical and steel prices have shown modest improvement. Lower selling prices contributed QR 1.4 billion negatively to the Group's net earnings on a quarter-on-quarter basis.

On the other hand, sales volumes increased by 10%, linking to better production achieved on a quarter-on-quarter basis for steel segments, being partially offset by lower volumes reported for petrochemicals segment. This growth in sales volumes led to a positive contribution of QR 0.6 billion to Group's net earnings for 1Q-23 in comparison to 4Q-22.

Financial position

Key performance indicators	As at	As at	Variance (%)
	31-Mar-23	31-Dec-22	
Cash and bank balances (QR' billion)	13.9	19.2	-28%
Total Assets (QR' billion)	39.1	45.0	-13%
Total Equity (QR' billion)	36.5	42.0	-13%

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 at QR 13.9 billion as of 31 March 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 debt obligations.

Group's reported total assets and total equity reached QR 39.1 billion and QR 36.5 billion, respectively, as at 31 March 2023. The Group generated positive operating cash flows¹ of QR 1.2 billion, with free cash flows¹ of QR 0.8 billion during 1Q-23.

Segmental performance highlights

Petrochemicals:

Key performance indicators	1Q-23	1Q-22	4Q-22	Variance (%)	Variance (%)
				[1Q-23 vs 1Q-22]	[1Q-23 vs 4Q-22]
Production (MT' 000)	761	713	781	+7%	-3%
Average selling price (\$/MT)	802	1,041	775	-23%	+4%
Sales volumes (MT' 000)	481	500	542	-4%	-11%
Revenue (QR' million)	1,362	1,835	1,483	-26%	-8%
Net profit (QR' million)	382	673	388	-43%	-2%

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

Segmental performance analysis - 1Q-23 vs 1Q-22

Petrochemicals segment reported a net profit of QR 382 million for 1Q-23, significantly down by 43% versus 1Q-22. This decrease was mainly linked to a decline of 26% reported in segmental revenues, which was affected by lower blended selling prices realized during 1Q-23.

Blended product prices for the segment declined by 23% versus last year, as result of general decline in the petrochemical prices at the macro-level due to combined effect of declining crude prices and weakened consumer demand against a backdrop of deteriorating macroeconomic fundamentals, and general decline in demand due to recessionary fears. Sales volumes also declined by 4% compared to 1Q-22. On the other hand, production volumes improved by 7% against the backdrop of higher facility availability.

Segmental performance analysis - 1Q-23 vs 4Q-22

On a quarter-on-quarter basis, segment's net earnings declined by 2% being predominantly linked to segmental revenue which declined by 8% versus 4Q-22. This decline in segmental revenue was primarily linked to lowered sales volumes reported, amid lower production. However, on the other hand selling prices improved sequentially by 4%, mainly on the back of the relatively better supply-demand dynamics within polyethylene segment.

¹ Reported based on non-IFRS based proportionate consolidation

Fertilizers:

Key performance indicators	1Q-23	1Q-22	4Q-22	Variance (%) [1Q-23 vs 1Q-22]	Variance (%) [1Q-23 vs 4Q-22]
Production (MT' 000)	2,543	2,300	2,535	+11%	+0%
Average selling price (\$/MT)	380	695	615	-45%	-38%
Sales volumes (MT' 000)	1,668	1,622	1,575	+3%	+6%
Revenue (QR' million)	2,239	3,981	3,422	-44%	-35%
Net profit (QR' million)	510	1,745	1,184	-71%	-57%

Segmental performance analysis - 1Q-23 vs 1Q-22

Fertilizer segment reported a net profit of QR 510 million for 1Q-23, with a decline of 71% versus 1Q-22. This decline was primarily driven by lowered segmental revenue. Segment's revenue decreased by 44% for 1Q-23 versus the same period of last year, due to lowered selling prices. Selling prices declined by 45%, amid macro-pressures affecting fertilizer markets. Sales volumes marginally increased by 3% during 1Q-23, mainly due to improved production levels which increased by 11% on year-on-year basis, amid relatively lower shutdown days reported for 1Q-23 versus 1Q-22.

Segmental performance analysis - 1Q-23 vs 4Q-22

On a quarter-on-quarter basis, segmental revenue decreased by 35% versus the previous quarter owing to lower selling prices. Selling prices declined by 38% on a quarter-on-quarter basis, amid continued weakness in the fertilizer markets amid challenging supply-demand dynamics. On the other hand, sales volumes improved and a growth of 6% was noted in sales volumes on a quarter-on-quarter basis. Segment's net profit for 1Q-23 decreased by 57% mainly due to comparatively lower selling prices realized during 1Q-23 versus the previous quarter, as well as the segment reported higher operating cost on account of unfavorable inventory movements linked to higher sales volumes.

Steel:

Key performance indicators	1Q-23	1Q-22	4Q-22	Variance (%) [1Q-23 vs 1Q-22]	Variance (%) [1Q-23 vs 4Q-22]
Production (MT' 000)	1,088	932	1,015	+17%	+7%
Average selling price (\$/MT)	566	673	535	-16%	+6%
Sales volumes (MT' 000)	596	531	384	+12%	+55%
Revenue (QR' million)	1,228	1,300	748	-6%	+64%
Net profit (QR' million)	134	261	115	-49%	+17%

Segmental performance analysis - 1Q-23 vs 1Q-22

Steel segment reported a net profit of QR 134 million down by 49% versus last year. Lowered segmental earnings were mainly driven by lower revenues, which decreased by 6% versus 1Q-22. Additionally, the earnings were also impacted by higher volume related operating expenses, and marginally reduced other operating income.

Decline in revenue was primarily driven by lowered selling prices which declined by 16% on year-on-year basis. This was partially offset by higher sales volumes which increased by 12% mainly linked to higher production volumes.

Segmental performance analysis - 1Q-23 vs 4Q-22

On a quarter-on-quarter basis, segmental profit improved by 17% versus 4Q-22 mainly on account of higher revenues. Segment revenue increased by 64% mainly due to higher sales volumes which increased by 55%, as demand returned to normal levels, as the domestic construction activities are gradually returning to mid-2022 levels. Also, selling prices improved sequentially by 6%, mainly due to constructive supply-demand dynamics within the steel markets, both domestically and internationally.

Earnings Call

Industries Qatar will host an Earnings call with investors to discuss the latest results, business outlook and other matters on Monday, 8th May 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.

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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