Industries Qatar

Investor Relations Presentation

30 September 2020

“One of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products.”

DISCLAIMER

The Companies in which Industries Qatar Q.P.S.C. directly and indirectly owns investments are separate entities. In this presentation, “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 presentation are made as of the date of this presentation.

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GENERAL NOTES

IQ’s accounting year follows the Gregorian calendar year. No adjustment has been made for leap years. Where applicable, all values refer to IQ’s share. 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:** 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 • **EBITDA**: Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation) • **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 • **mmBTU:** Million British Thermal Units • **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

Table of Content

About IQ

- Industries Qatar Q.P.S.C. ("IQ" or "the group"; QE ticker: IQCD) was incorporated on April 19, 2003 and listed on the Qatar Stock Exchange in 2003;

- The issued share capital consists of 6.05 billion shares ◦ The free float consists of 2.97 billion ordinary shares, with 49% of the market capitalization as a foreign ownership limit, and a maximum shareholding size for general shareholders of 2.0% of the issued share capital;

- IQ is credit rated by Standard & Poor's (A+; stable) and Moody's (A1; stable);

- Qatar Petroleum provides most head office functions through a comprehensive service-level agreement.

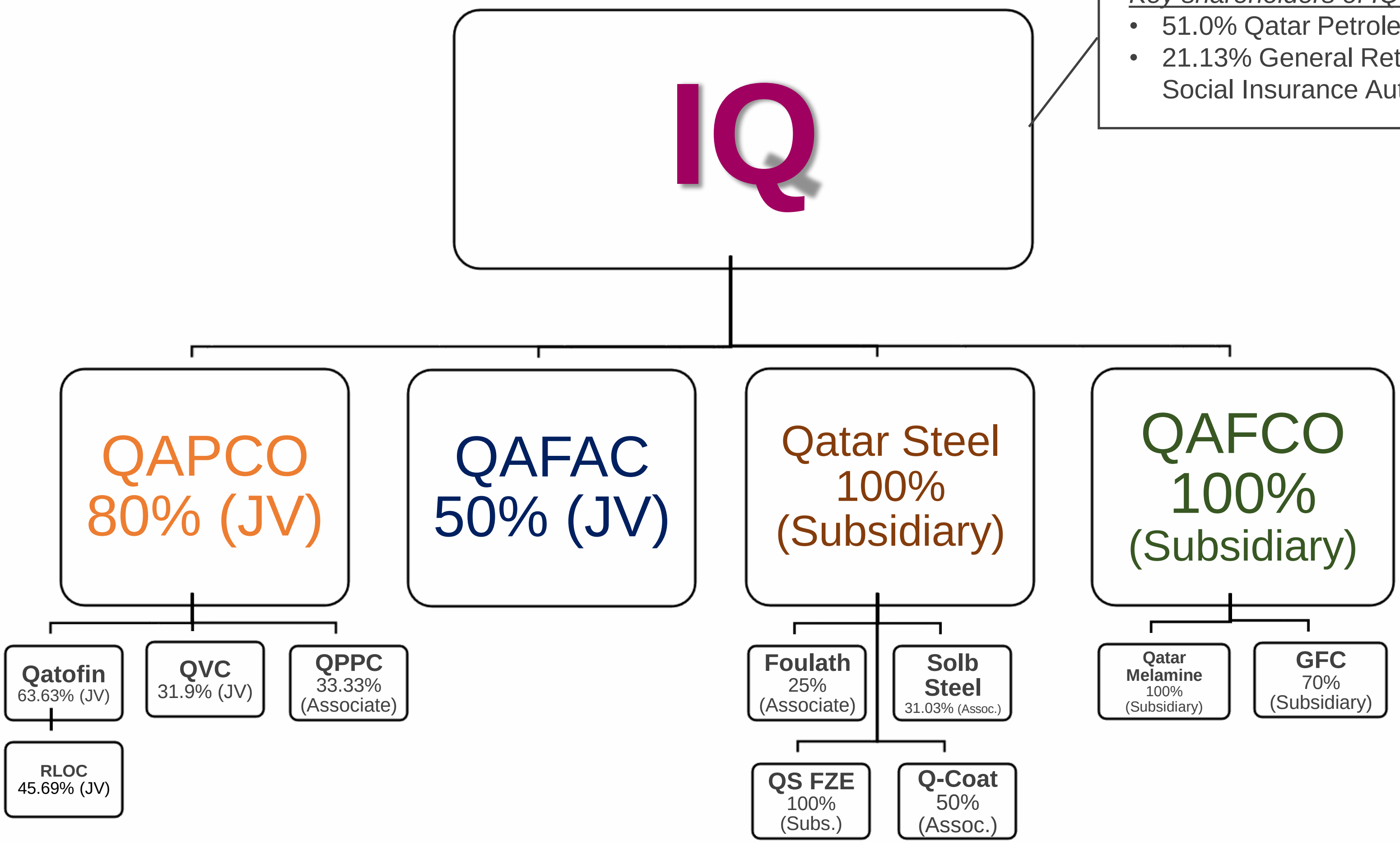
- The operations of the subsidiary and joint ventures remain independently managed by their respective Boards of Directors and senior management teams;

Group Structure

- Through its group companies, IQ operates in 3 business segments - Petrochemical, Fertilizer and Steel;
- Production facilities are principally located in the State of Qatar.

Key shareholders of IQ:

- 51.0% Qatar Petroleum (Parent)
- 21.13% General Retirement and Social Insurance Authority



Board of Directors

- The Board of Directors of the Group consists of:

H.E. Mr. Saad Sherida Al-Kaabi
Chairman and Managing Director

Mr. Abdulaziz Mohammed Al-Mannai
Vice Chairman

Mr. Abdulla Ahmad Al-Hussaini
Member

Dr. Mohammed Yousef Al-Mulla
Member

Mr. Abdulrahman Mohammed Al-Suwaidi
Member

Mr. Khalid Sultan Al-Kuwari
Member

Mr. Mohammed Nasser Al-Hajiri
Member

Competitive Advantages

Low cost producer

- Assured feedstock supply
- Economies of scale
- Synergy benefits
- Operationally diversified

Strong financial position

- Solid liquidity position
- No debt
- Strong cash flow generation even under difficult conditions
- Sound dividend record
- Stable EBITDA margin
- A+ / A1 rating affirmed

Market leadership

- Major steel producer in the region
- World’s largest single site urea producer
- Dedicated marketing support

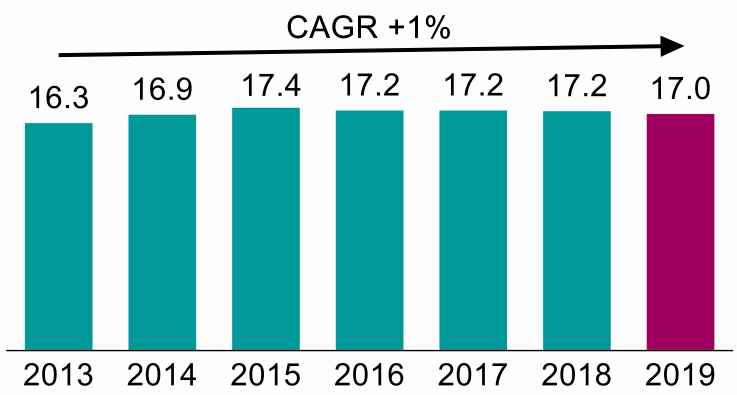
Experienced senior leadership team

- 51% held by QP
- Industry experts in the senior management team
- Reputable partners

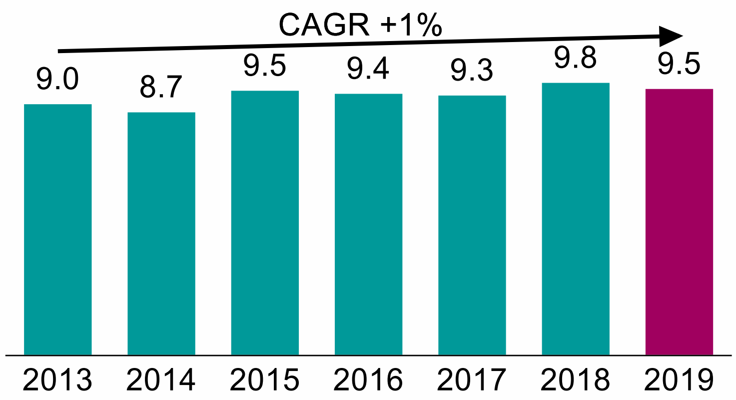
Results at a glance (2013-2019)

Results at a Glance (2013-2019)

Production (M MT's)

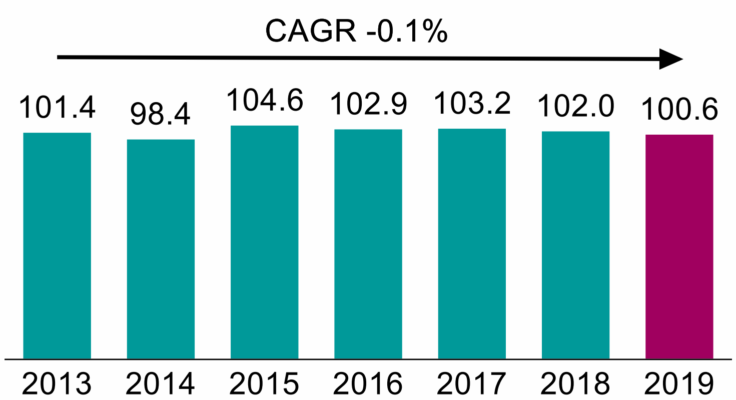


Sales Volumes (M MT's)

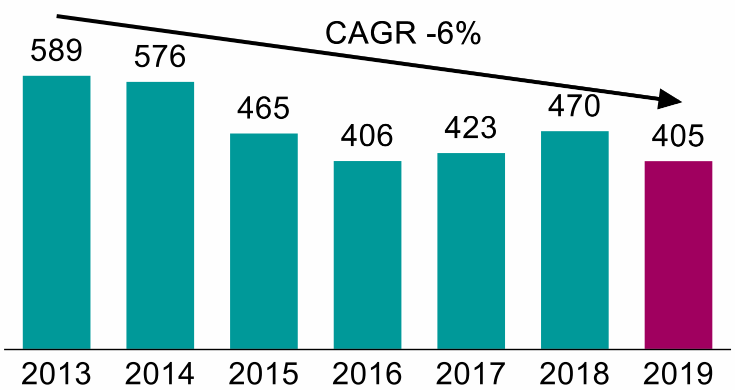


Production grew from 16.3 million MT's in 2013 and peaked to reach 17.4 million MT's in 2015, thereafter continued to remain relatively stable ▪ The sales volume grew over the period and reached its highest in 2018 ▪ Selling prices were affected significantly due to economic cycles

Utilization (%)



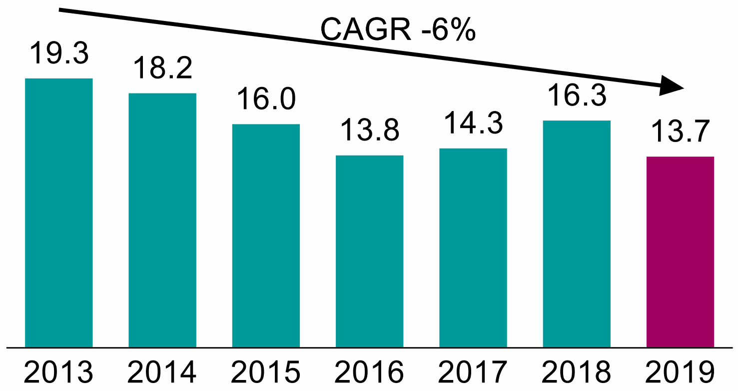
Selling Prices (USD / MT)



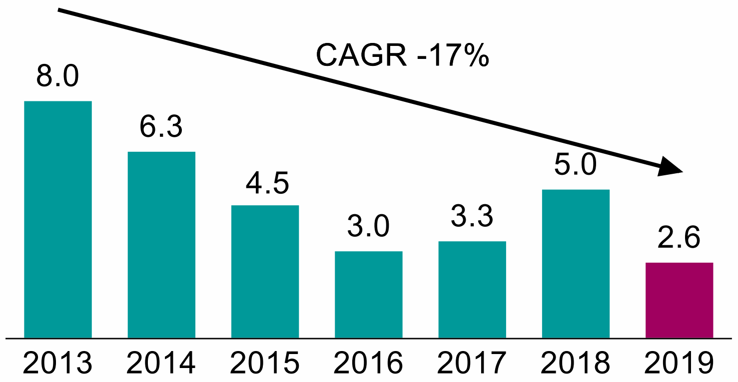
Note: CAGR refers to Compounded Annual Growth Rate

Results at a Glance (2013-2019)

Revenue (QR Bn)

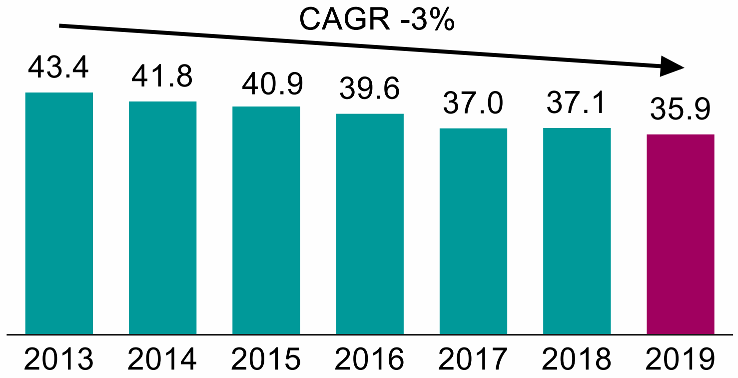


Net income (QR Bn)

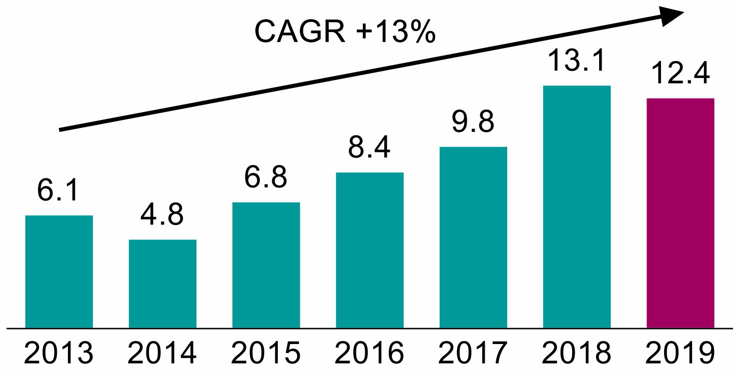


Revenue trends moved in line with the selling prices ▪ Movements in revenue together with operating costs affected the net income growth ▪ Cash across the Group continued to grow and reached its peak in 2018

Total Assets (QR Bn)



Net Cash / (Debt) (QR Bn) under IAS31

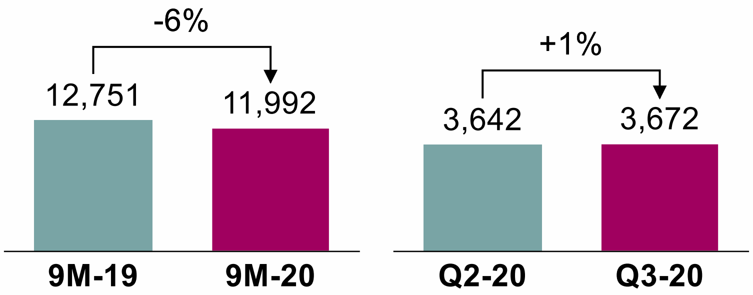


Note: CAGR refers to Compounded Annual Growth Rate

Results at a glance
(For the period ended 30 September 2020)

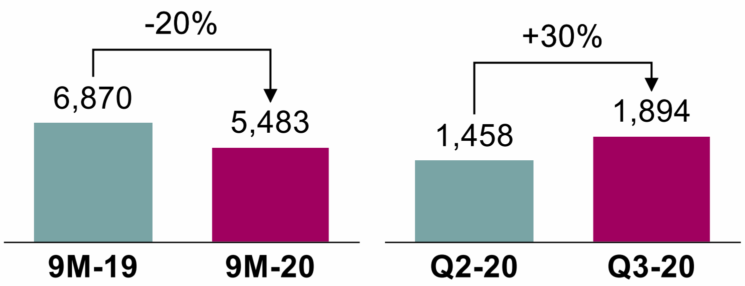
Key Highlights

Production (MT'000)



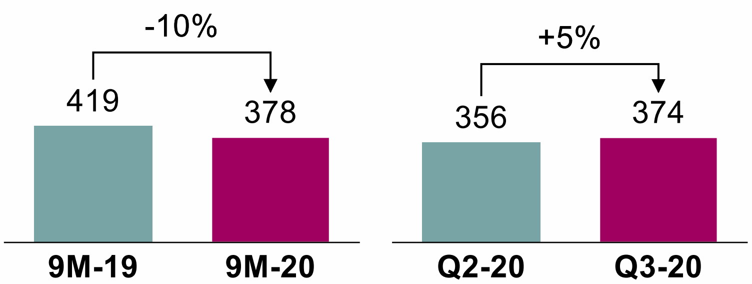
- 9M-20 production volumes declined as compared to the same period last year, mainly due to periodic planned maintenance, unplanned shutdowns and moth-balling of certain steel facilities. This was partially offset by increase in volumes related to Qafco's 25% acquisition, effective 01 Jan 2020.
- Q3-20 production levels marginally up by 1% as compared to Q2-20, mainly as a result of MTBE facilities returned to production following a planned shutdown in Q2-20.
- Production not affected by COVID-19, except for MTBE facilities which were on a planned shutdown for 57 days in Q2-20, due to commercial reasons, but the impact to the Group was insignificant considering a very limited contribution to the Group.

Sales Volumes (MT'000)



- 9M-20 sales volumes down on last year, mainly due to temporary gas sales & operating arrangement in relation to Qafco trains 1-4 for a period of first seven months until 31 July 2020, wherein, sales volumes relating to Qafco trains 1-4 were not recognized in IQ's books. Also, the decline was attributed to the lower production levels in PE facilities due to maintenance shutdowns and mothballing of certain steel facilities. This was partially offset by increase in volumes related to Qafco's 25% acquisition, effective 01 Jan 2020.
- Impact of COVID-19 and present oil price crisis has not materially affected the sales volumes.
- Q3-20 volumes up as compared to Q2-20, mainly due to booking of sales volumes for Qafco trains 1-4 starting from 1st August 2020, under the new GSPA.

Selling Prices ($ / MT)

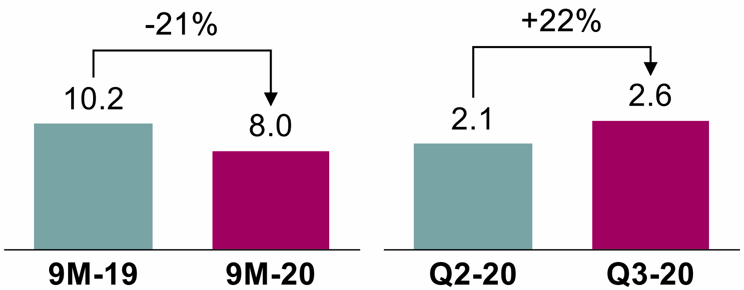


- 9M-20 vs 9M-19: Major reduction in prices noted in petrochemicals and fertilizers segment, driven by external factors including lower crude and weaker demand on account of COVID-19 pandemic.
- Q3-20 vs Q2-20: Prices improved in Q3-20 on account of crude price recovery, supply shortages due to back-to-back hurricanes in US causing plant shutdowns and temporary deferral of new capacity additions; and demand recoveries to an extent on the back of government stimulus announcements in most of the advanced and emerging economies and easing of lockdowns.

Note: Q2-20 figures have been restated to show the effects of acquisition of Qafco's 25% stake with effect from 01 January 2020.

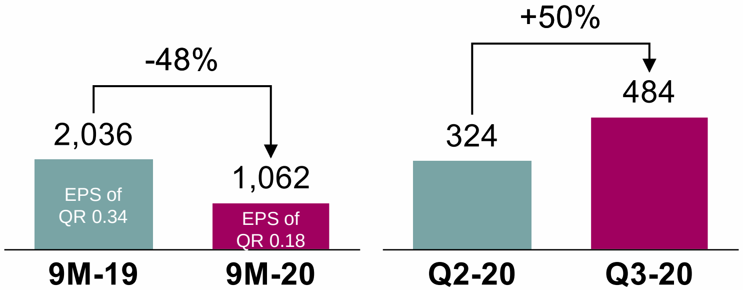
Key Highlights

Revenue (QR Billion)



- 9M-20 Group revenue down significantly on last year mainly driven by lower prices (PE, FA and fertilizers), lower sales volumes, temporary gas sales & operating arrangement in relation to Qafco trains 1-4. This was partially offset by the new GSPA relating to Qafco trains 1-6 effective 01 August 2020 and acquisition of 25% stake in Qafco with effect from 01 January 2020.
- Q3-20 revenue up on Q2-20 by 22%, on account of improved sales volumes, mainly from fertilizers & petrochemicals segment and selling price recoveries.

Net profit – normalized (QR Million)[1]



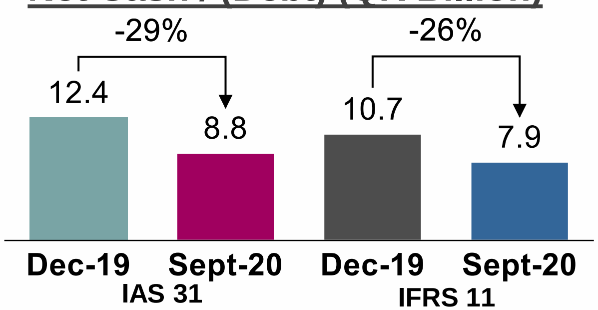
9M-20 vs 9M-19: results were impacted by:

- Lower prices;
- Lower sales volumes;
- One-off booking of impairment loss on steel facilities moth-balled and QMC, offset by the booking of one-off revaluation gain on account of Qafco's acquisition.

Q3-20 vs Q2-20: results were impacted by:

- Selling price recoveries;
- Improved sales volumes;

Net Cash / (Debt) (QR Billion)



- Total cash across the Group stands at QR 8.8 billion (under IAS 31). Cash decreased from last year mainly due to payment of 2019 dividends and cash paid for the acquisition of 25% stake in Qafco (net of cash acquired along with acquisition).
- There is no debt across the Group.

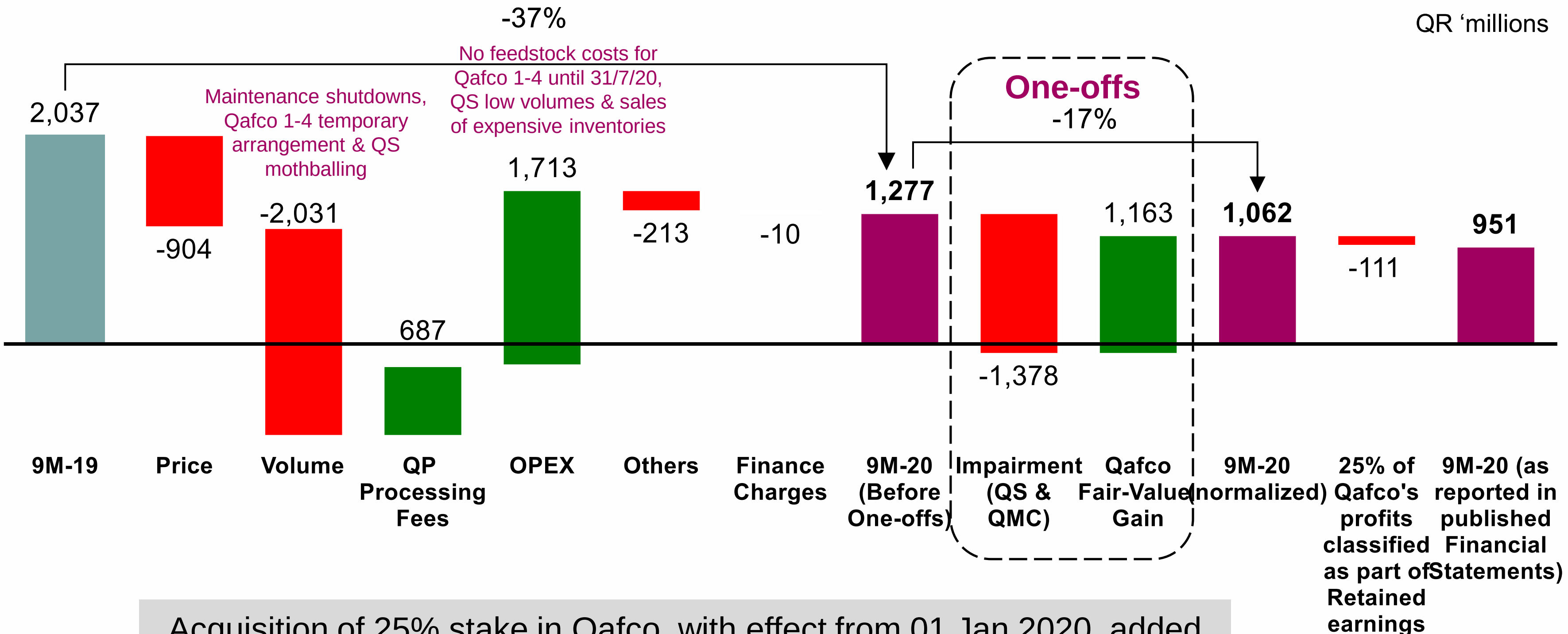
Note 1: Normalized profits have been reported after considering 25% profits from Qafco amounting to QR 110.9 million, as the same has been reported as part of retained earnings in the published financial statements for period ended 30 September 2020.
Note 2: Q2-20 figures have been restated to show the effects of acquisition of Qafco's 25% stake with effect from 01 January 2020.

Net Profit Variance Analysis

Net profit (normalized) of **QR 1.1** billion, significantly down on 9M-19 mainly driven by lower prices, sales volumes, sales of expensive inventories from previous periods (reported within OPEX). This was partially offset by recognition of Qafco's gas processing fees for first seven months and OPEX savings including feedstock cost not recognized under the temporary sales & operating arrangement for Qafco trains 1-4 and lower sales volumes on account of Qatar Steel's moth-balling of certain facilities.

The results were also affected by the following two one-off bookings:

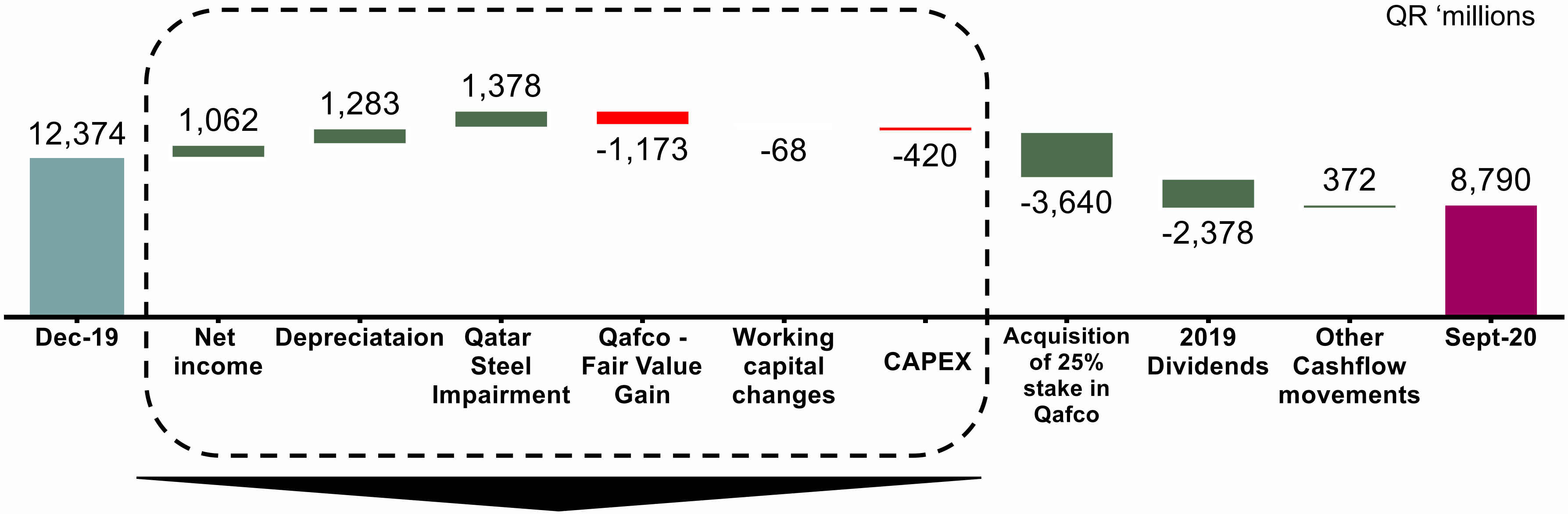
- recognition of one-of impairment loss of QR 1.4 billion related to steel segment's mothballing of certain facilities in Qatar and QMC;
- recognition of one-off fair value gain of QR 1.2 billion on revaluation of 75% stake in Qatar Fertilizer Company (Qafco), on account of Qafco's acquisition.



Acquisition of 25% stake in Qafco, with effect from 01 Jan 2020, added **QR 110.9 million** to the overall profitability (normalized) of the Group for the nine months period ended 30 Sep 2020

IQ Cash flow generation capability

Despite the challenging macroeconomic headwinds, IQ's free cash flow generation capability remained robust

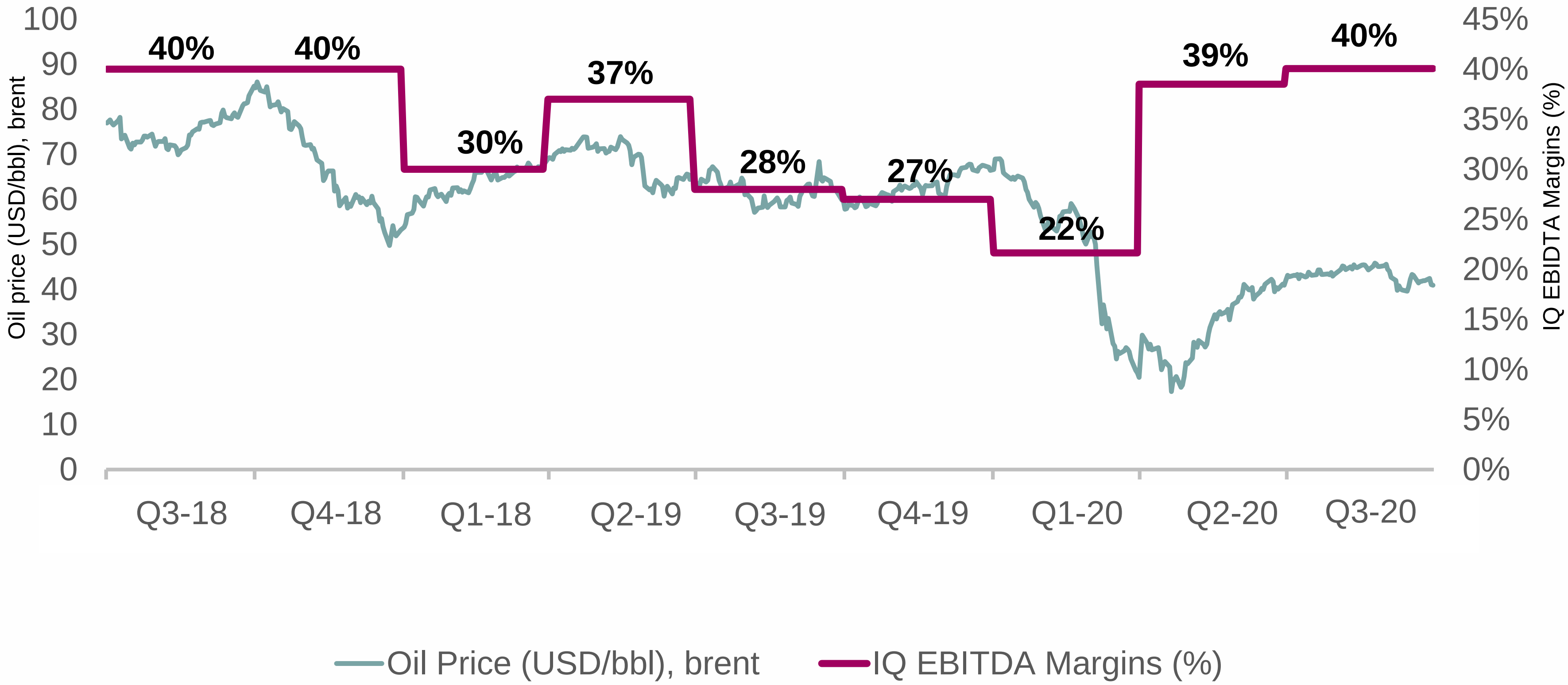


Free cash flows generated during nine months period ended 30 September 2020: <u>QR 2.1 billion</u>

Acquisition of 25% stake in Qafco, with effect from 01 Jan 2020, added **QR 313.5 million** to the free cash flows of the Group for the nine months period ended 30 Sep 2020

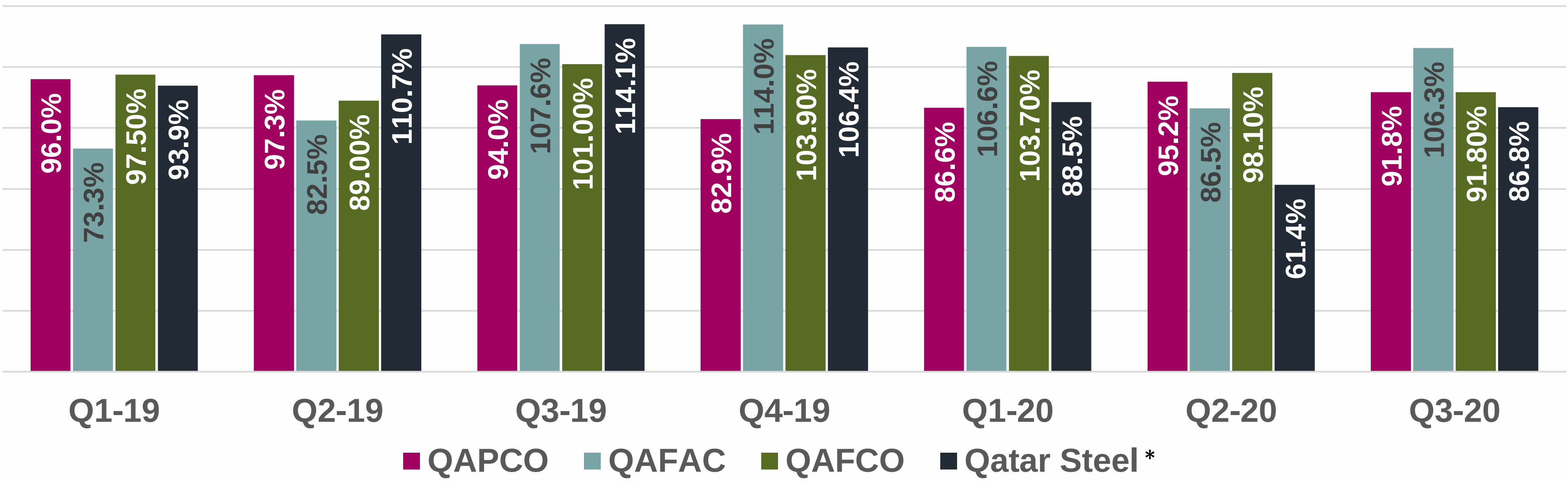
Robust EBITDA margins

Despite the adverse trends in commodity prices,
IQ's EBITDA margins remained robust



IQ's operating rates remained stable

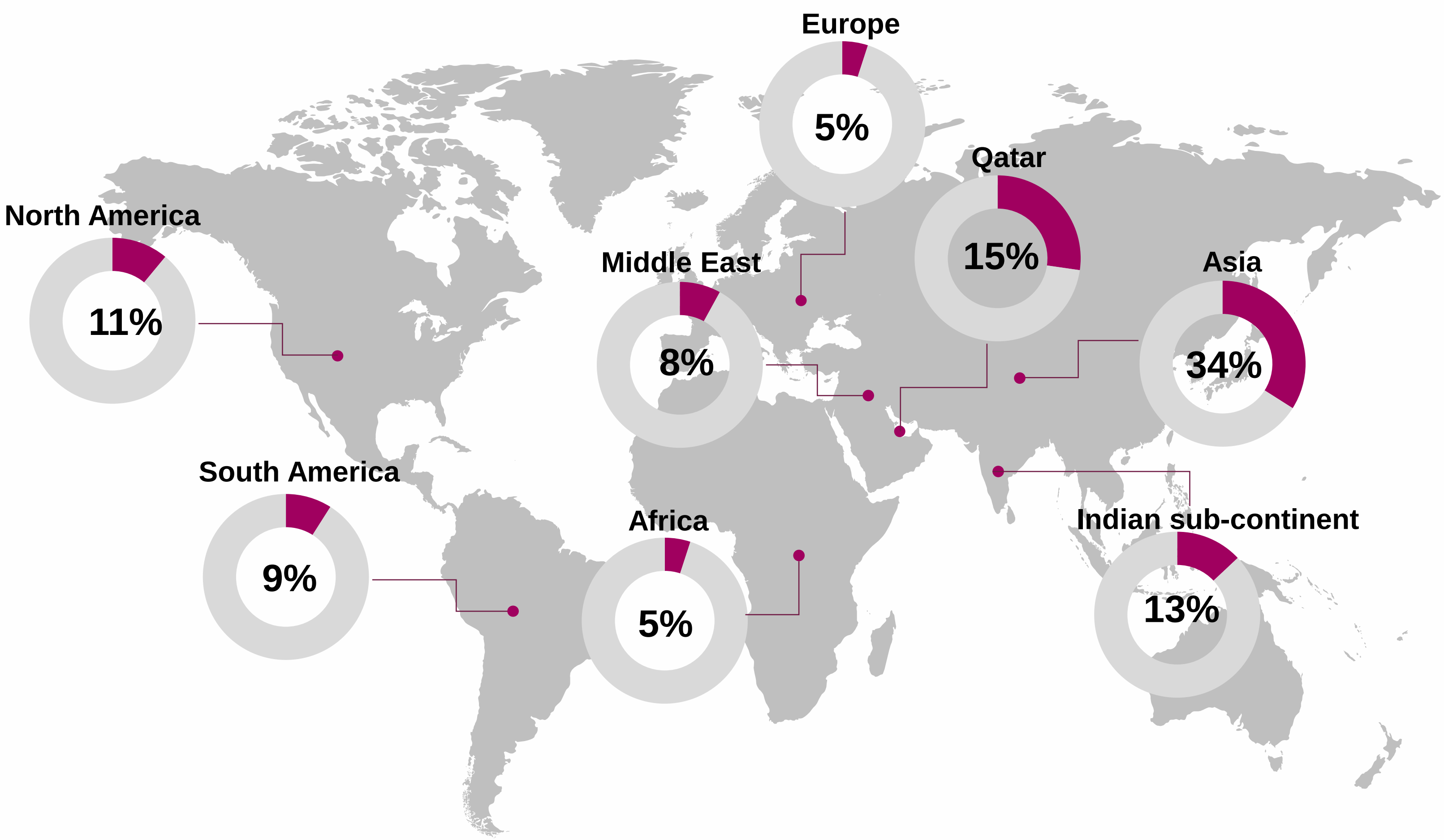
Despite the adverse macroeconomic conditions, the operating rates remained stable



Note: With effect from 01 April 2020, management decided to mothball certain facilities of Qatar Steel, hence, the nameplate capacity was accordingly adjusted to reflect the new capacity levels post mothballing.

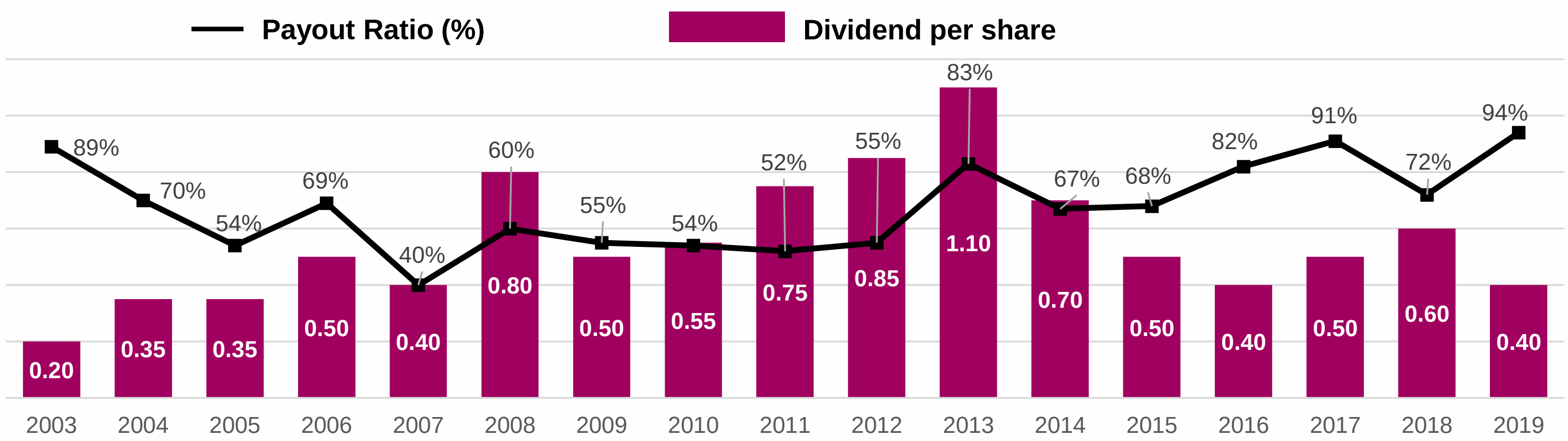
Geographic analysis – IQ Group revenue

Asia remained the Group's largest market, while its presence in Americas and continued to be substantial

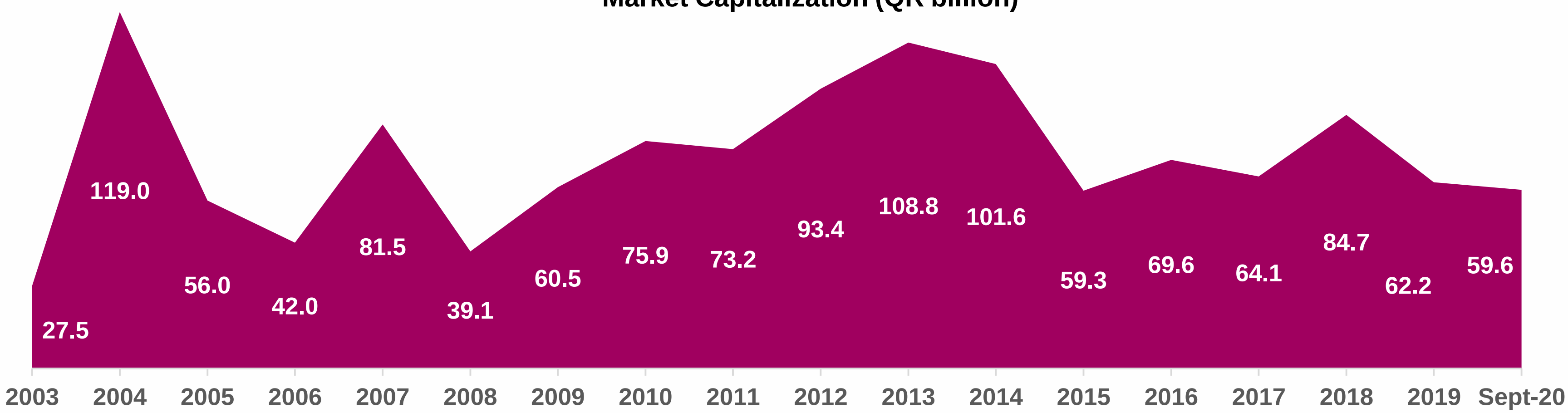


Dividend and market statistics

Dividend Record & Market Statistics



Market Capitalization (QR billion)



- To date, cash dividends totaling QR 53.4 billion have been distributed, equivalent to QR 8.9 per share;
- The Company was included on the MSCI Qatar Index in May 2014.

Segmental Details

Segmental Details: Petrochemical

- The companies in the Petrochemical segment (Qapco, Qatofin, Qafac and QVC) are engaged in the production of:

Product	*(in 000 MT PA)* Capacity[1]
Ethylene	920
LDPE	600
LLDPE	280
Methanol	500
MTBE	305
Total	**2,605**

- The segment's primary feedstocks are methane gas (which is used for the production of methanol), ethane gas (ethylene) and butane gas (MTBE);

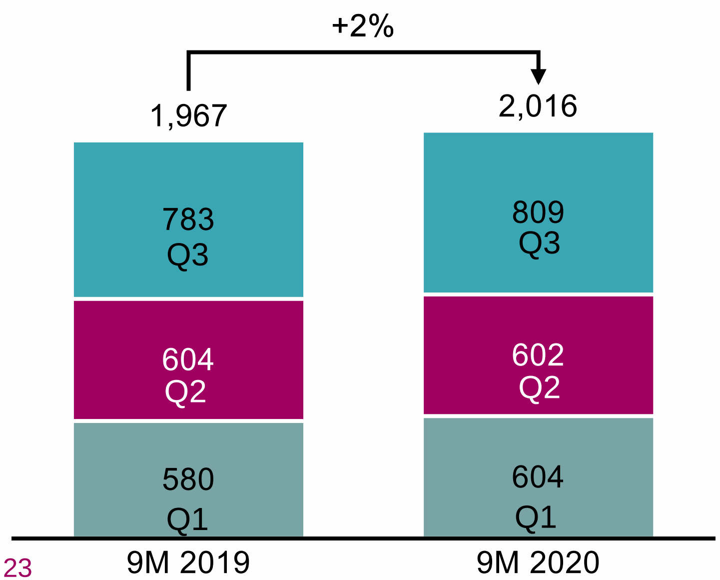
[1] *Production capacity reflect IQ's share in the respective entities*

Segmental Details (Petrochemical)

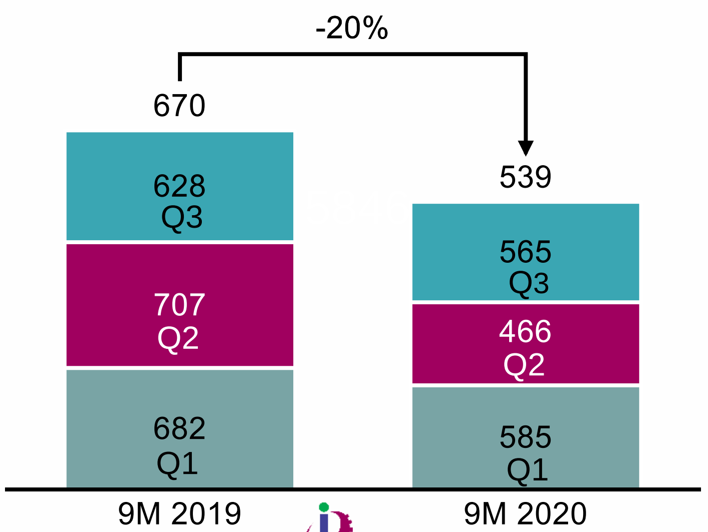
Analysis of production & selling prices

- **Production**: Production up by 2% compared to 9M-19, as the segment had lesser number of planned and unplanned maintenance shutdowns during 2020 compared to last year;
  - Q3-20 Production volumes up on Q2-20, mainly as a result of MTBE & LLDPE facilities returned to production following a planned shutdown in Q2-20.
- **Selling Prices**: Down on 9M-19 by 20%, due to reduction in crude oil prices and softened demand in major markets.
  - Q3-20 selling prices improved by 21% compared to Q2-20, following the recoveries noted in crude oil prices and improved economic activities in key markets due to better demand on the back of government stimulus in most of the advanced and emerging economies. Also, supply side was affected due to back-to-back hurricanes in US, disrupting operations for certain producers, and deferral of many new capacity additions.

Production (000's MT)



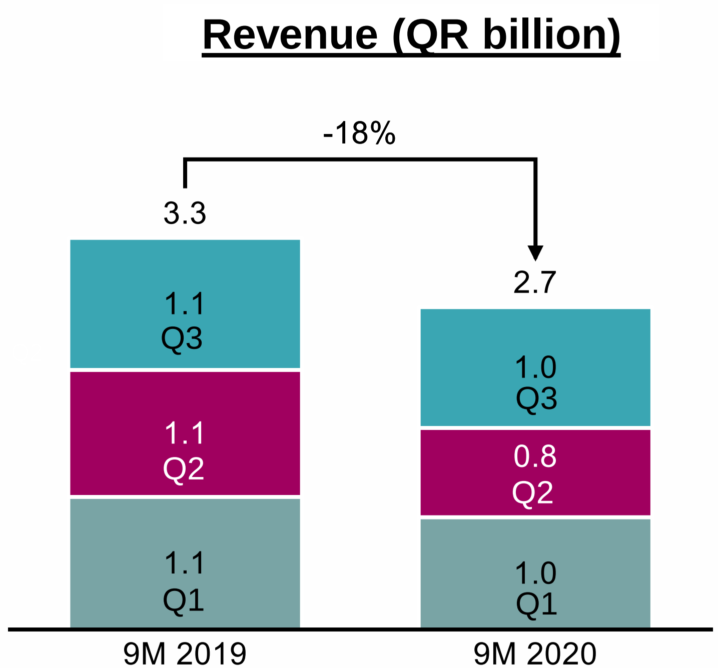
Prices ($ / MT)

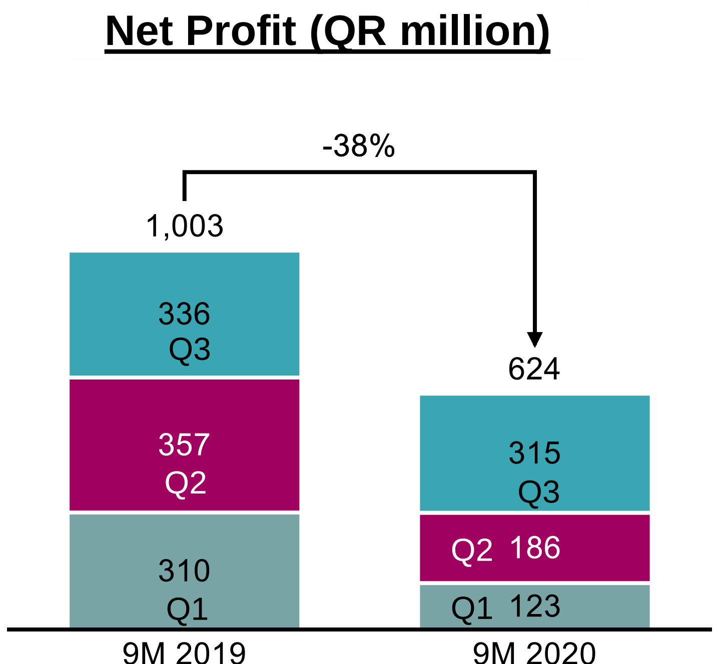


Segmental Details (Petrochemical)

Analysis of segment revenue & net profit

- **Revenue**: QR 2.7 billion, down by 18% compared to last year. This decline in revenue was mainly due to lowered product prices across the segment, slightly off-set by better sales volumes which increased by 2% compared to 9M-19;
  - Revenue improved by 35% as compared to Q2-20, mainly due to recoveries in selling prices.
- **Net profit**: QR 624 million, down by 38% compared to last year. Reduction is mainly due to the overall decline in segment revenue.
  - Net profit increased by 69% compared to Q2-20 mainly due to improved market sentiments positively affecting the selling prices leading to a positive growth in the segment revenue.



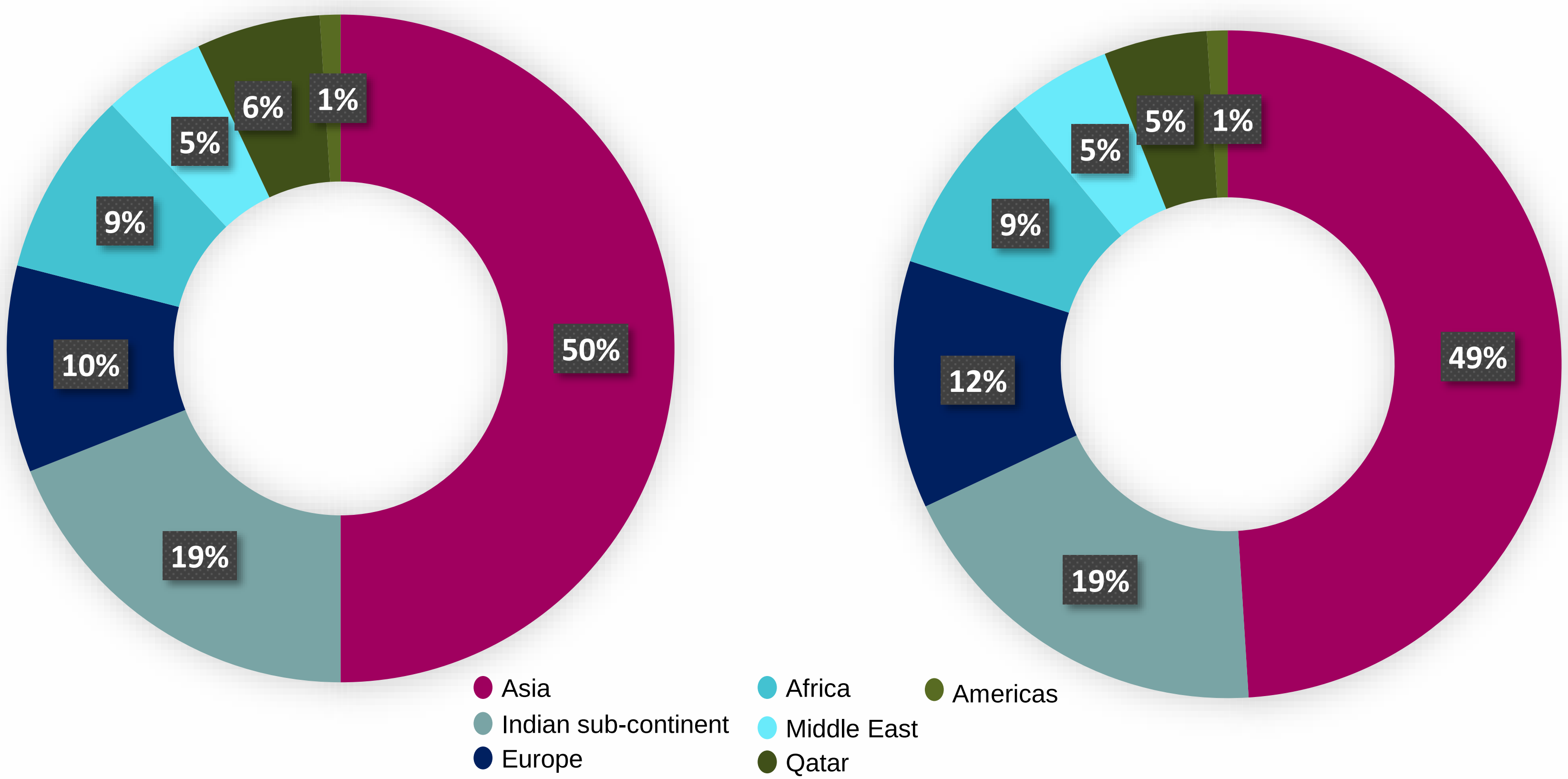


Segmental Details (Petrochemical)

Geographical analysis of segment revenue

- Asia remains a main market for IQ for Polyethylene (LDPE and LLDPE) and MTBE
- Indian sub-continent remains a key market for Polyethylene (LDPE & LLDPE) and Methanol

9M-20 Segment Revenue (%) | **9M-19 Segment Revenue (%)**



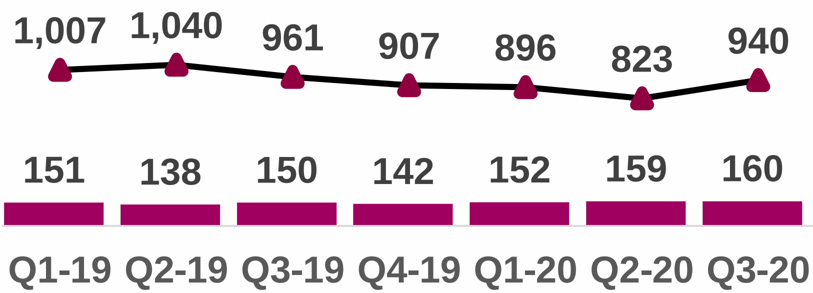
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Petrochemical)

Key segment products analysis

LDPE

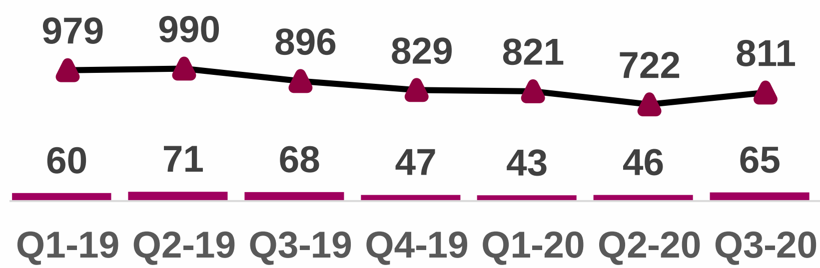
(contributed ~54% of the segment revenue in 9M-20)



Sales volumes remained positive compared to the last year. Selling prices showed some signs recovery in Q3-20 on the back of improved macroeconomic conditions, affecting the overall LDPE prices.

LLDPE

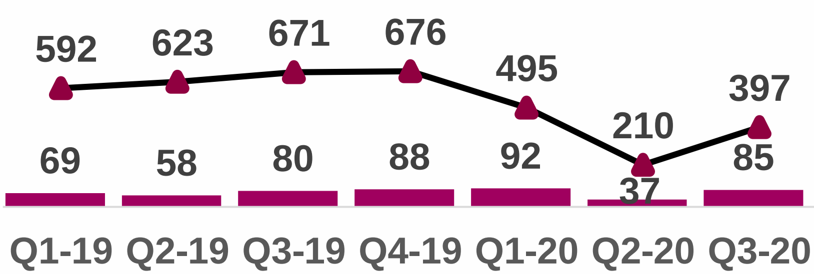
(contributed ~16% of the segment revenue in 9M-20)



Sales volumes reached to similar levels in Q3-20, as compared to the last year. Selling prices recovered in Q3-20, due to improved demand and ebbed supply.

MTBE

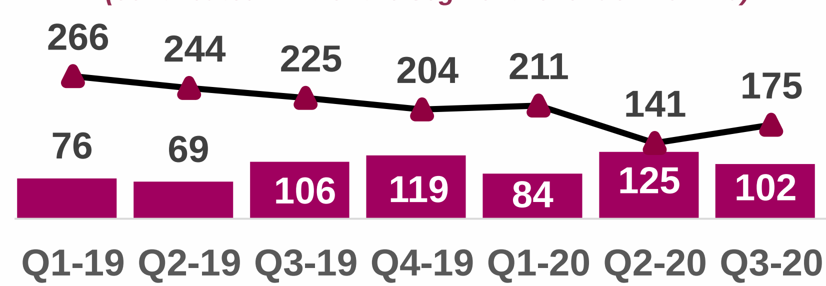
(contributed ~11% of the segment revenue in 9M-20)



Sales volumes recovered significantly Q3-20 mainly as a result of MTBE facilities returned to production. The selling prices also recovered due to better demand as the economies came out from the lockdown situation, at a global scale, amid COVID-19 spread.

Methanol

(contributed ~7% of the segment revenue in 9M-20)



Sales volumes improved on overall basis as compared to 9M-19. The selling prices recovered sharply from Q2-20.

Sales Volumes (MT '000) Selling price ($/MT)

Segmental Details: Fertilizer

- Qatar Fertiliser Company has six ammonia and six urea production trains all of which are located in Qatar.

Product	(in 000 MT PA) Capacity[1]
Ammonia	3,840
Urea	5,957
Melamine	60
Total	**9,922**

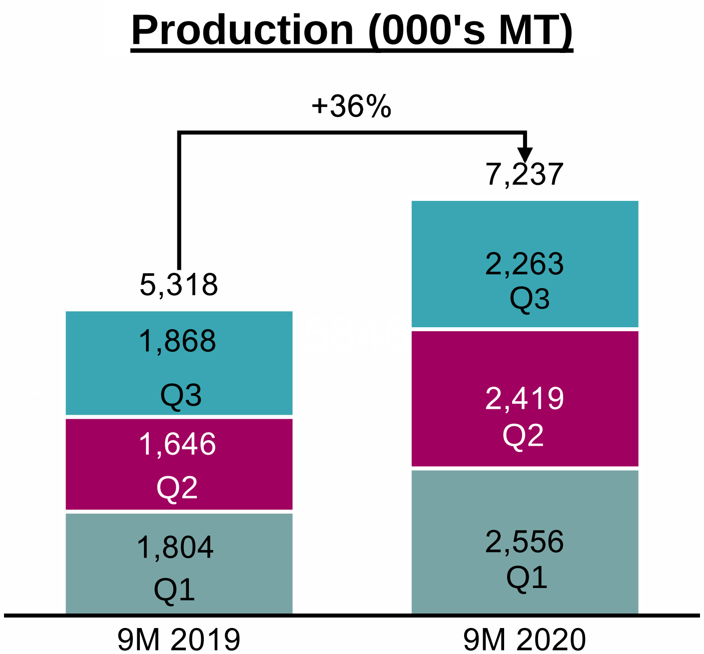
- The segment's primary feedstock is methane gas (which is used for the production of ammonia) and ammonia (which is used for production of urea).

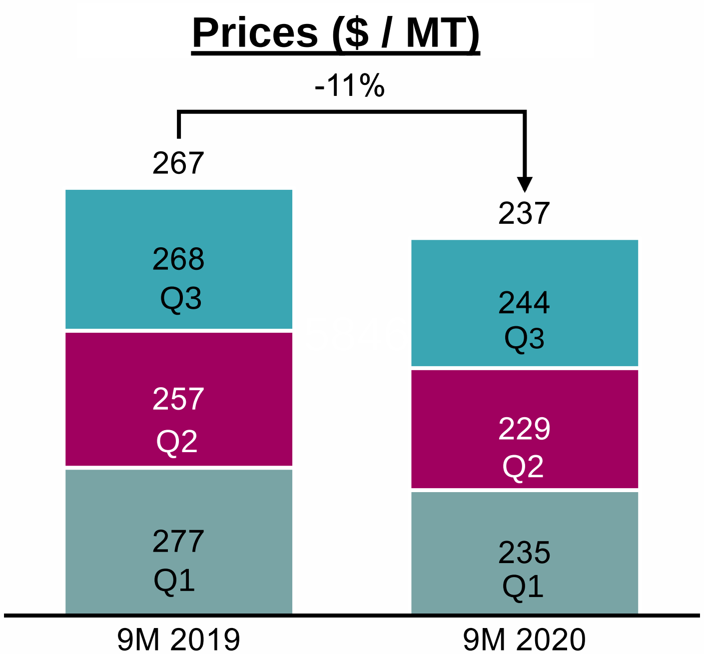
[1] *Production capacity reflect IQ's share (100% stake in QAFCO) in the respective entities*

Segmental Details (Fertilizer)

Analysis of production & selling prices

- **Production**: Production increased by 36% compared to 9M-19, as result of acquisition of 25% stake in Qafco, with effect from 01 Jan 2020;
  - Q3-20 production declined by 6% compared to Q2-20 amid slight maintenance shutdowns.
- **Selling Prices**: Prices down by 11% compared to 9M-19, due to weaker demand outweighed the gradual easing of supply side bottlenecks.
  - Prices increased by 7% in Q3-20, compared to the Q2-20, due to improved macroeconomic sentiments, especially new demand creation in India and Brazil due to a strong start into the new season, with favorable weather conditions and crop margins, and fears over a global second COVID wave, driving a pick-up in the product demand.





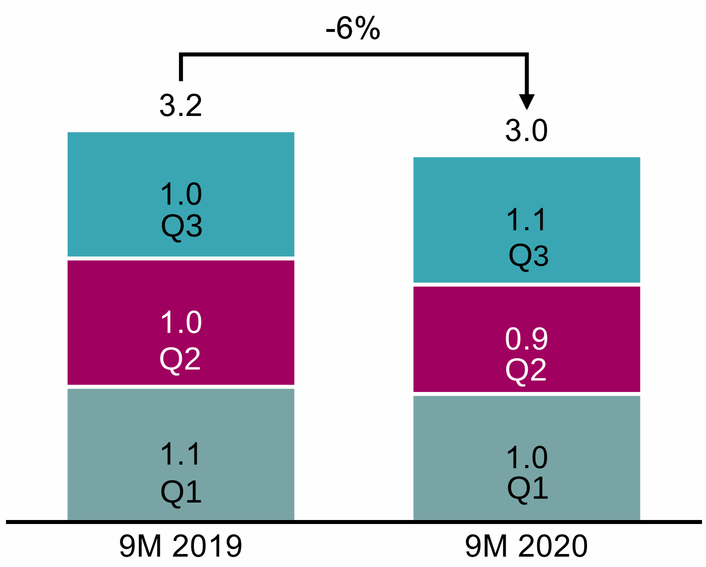
Note: Q1-20 and Q2-20 figures have been restated, to show the effects of acquisition of Qafco's 25% stake with effect from 01 January 2020.

Segmental Details (Fertilizer)

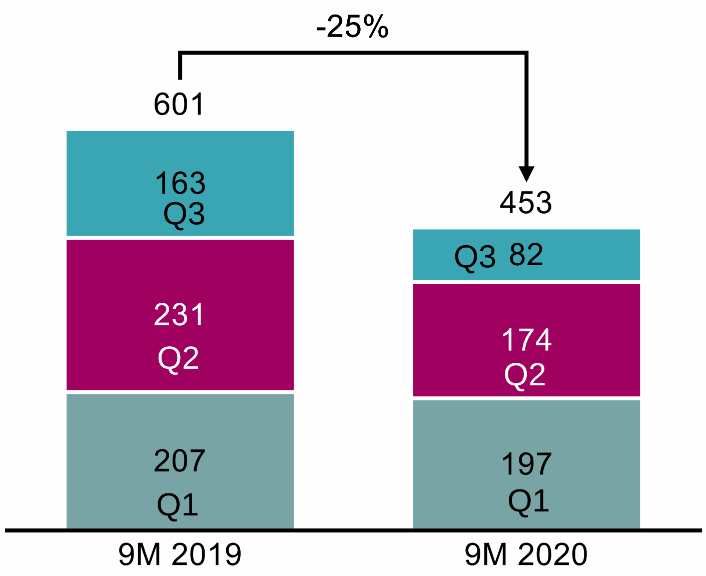
Analysis of segment revenue & net profit

- **Revenue**: QR 3.0 billion, down by 6% compared to 9M-19, mainly affected by a decline in selling prices and change in the revenue recognition methodology due to the temporary sales & operating arrangement for Qafco trains 1-4 applicable for the first seven months of 2020;
  - Revenue increased by 18% in Q3-20 compared to the Q2-20, mainly due to recoveries noted in selling prices and improved sales volumes.
- **Net profit**: QR 453 million, down by 25% compared to 9M-19, due to overall decline in revenue and impairment provision booked for QMC;
  - Net profit decreased by 53% in Q3-20 compared to Q2-20, due to booking one-off impairment loss in relation to QMC amounting to QR 153 million. The profitability for Q3-20 would improve by 35% compared to Q2-20, excluding one-off non-cash impairment loss, mainly on the back of improved product prices leading to a positive growth in revenues for Q3-20 compared to Q2-20.

Revenue (QR billion)



Net Profit - normalized (QR million)[1]



Note 1: Normalized profits have been reported after considering 25% profits from Qafco, as the same have been reported as part of retained earnings in the published financial statements for period ended 30 September 2020.
Note 2: Q2-20 & Q1-20 figures have been restated to show the effects of acquisition of Qafco's 25% stake with effect from 01 January 2020.

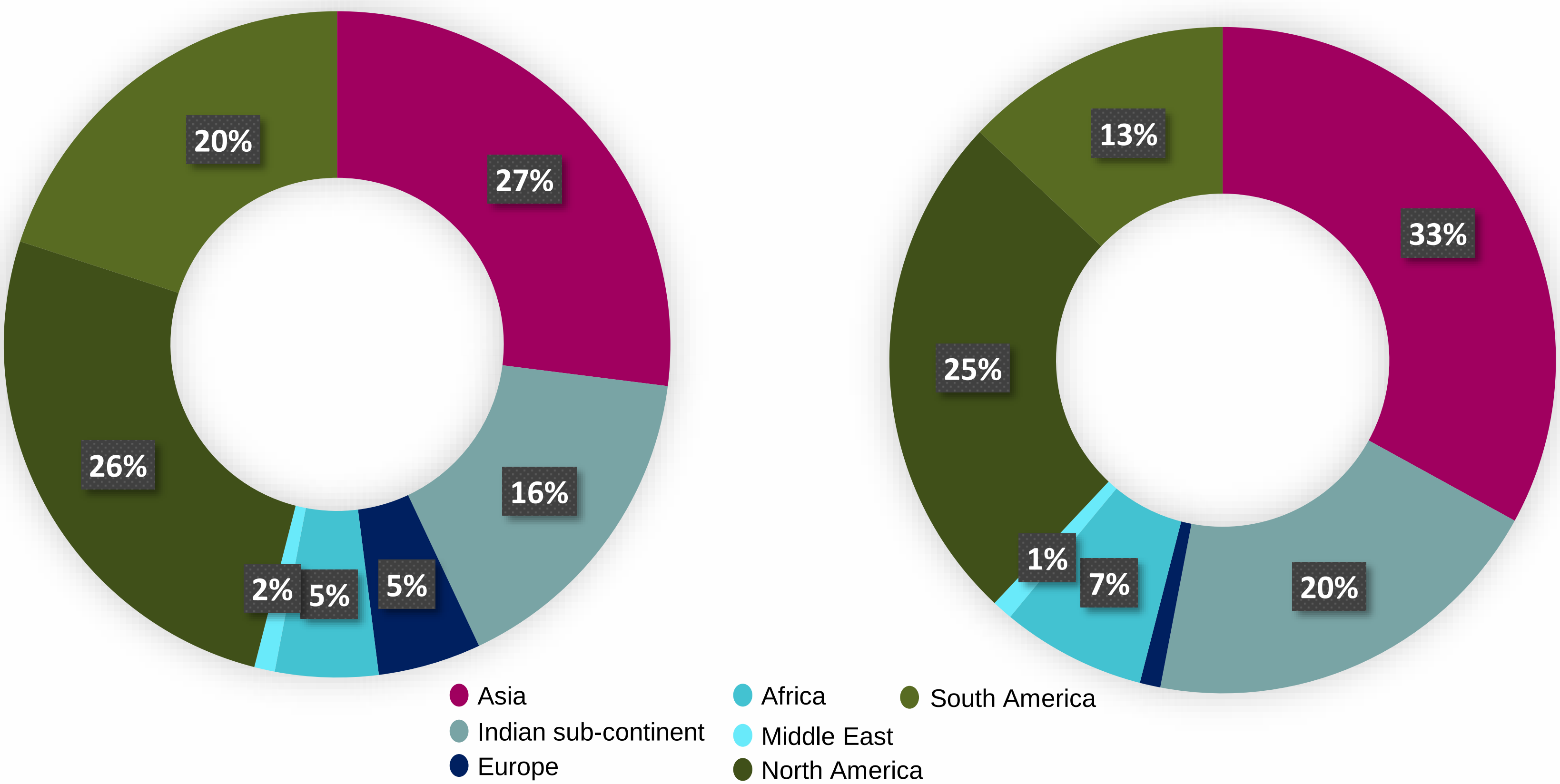
Segmental Details (Fertilizer)

Geographical analysis of segment revenue

- Americas remains a main market for fertilizer segment
- Asia is another key market for fertilizers along with Indian sub-continent

9M-20 Segment Revenue (%)

9M-19 Segment Revenue (%)



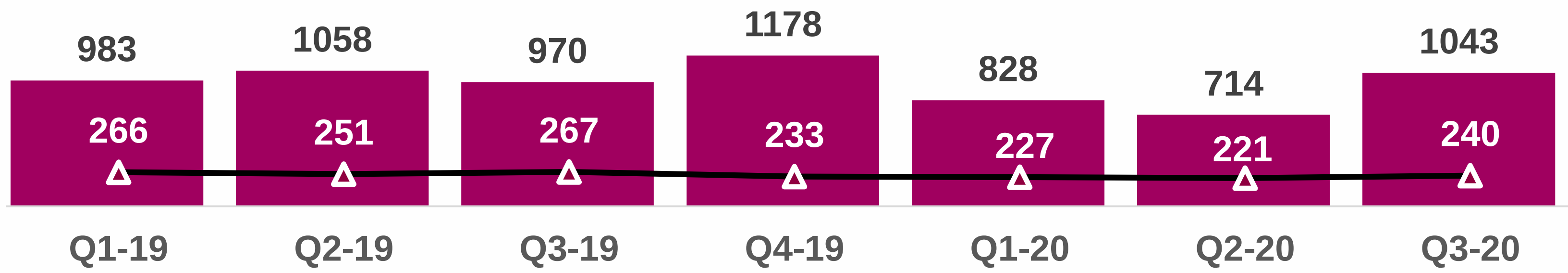
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Fertilizer)

Key segment products analysis

Urea

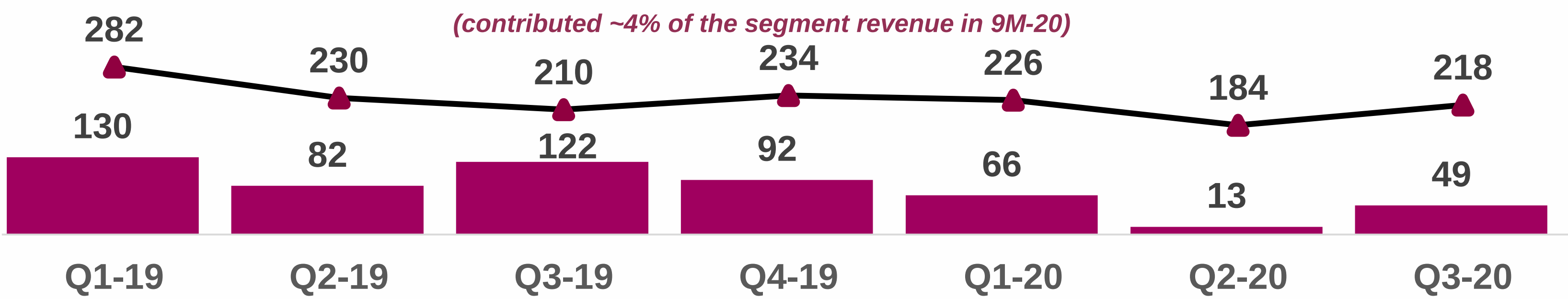
(contributed ~92% of the segment revenue in 9M-20)



Sales volumes declined during 2020, due to the recognition methodology under the temporary sales & operating arrangement for Qafco trains 1-4 for the first seven months of 2020. Selling prices declined in Q1-20 & Q2-20 and due to weakness noted in the demand outweighed the gradual easing of supply side bottlenecks, whereas, a recovery in urea prices was noted in Q3-20 on the back of strong demand in India/Brazil that pushed urea prices upwards due to a strong start into the new season, with favorable weather conditions and crop margins, and fears over a global second COVID wave, driving a pick-up in urea demand.

Ammonia

(contributed ~4% of the segment revenue in 9M-20)



Sales of ammonia remained opportunistic depending on the market conditions and availability of excess ammonia, where most of the ammonia production is used for Urea production.

Sales Volumes (MT ‘000) Selling price ($/MT)

Note: Q1-20 and Q2-20 figures have been restated, to show the effects of acquisition of Qafco’s 25% stake with effect from 01 January 2020.

Segmental Details: Steel

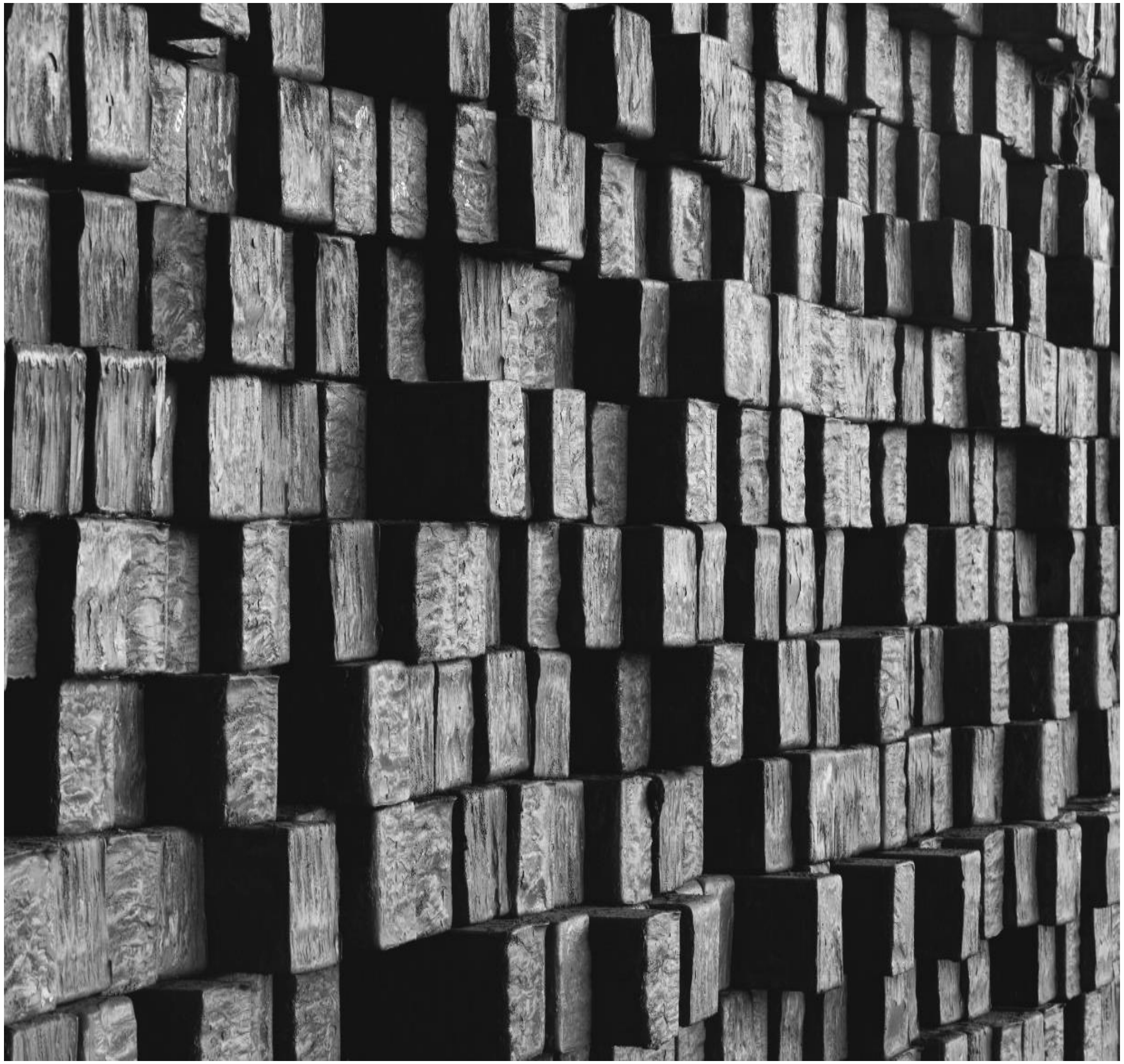
- Qatar Steel Company Q.S.C. produces a number of intermediate steel products.

  The production capacity of the plants are:

Product	*(in 000 MT PA)* Capacity[1]
DRI / HBI	2,300*
Rebar	1,800*
Billets	2,520*
Coil	240
Total	**6,860**

[1] Production capacity reflect IQ's share in the respective entities

- The segment's primary raw material is oxide pellets and scraps.



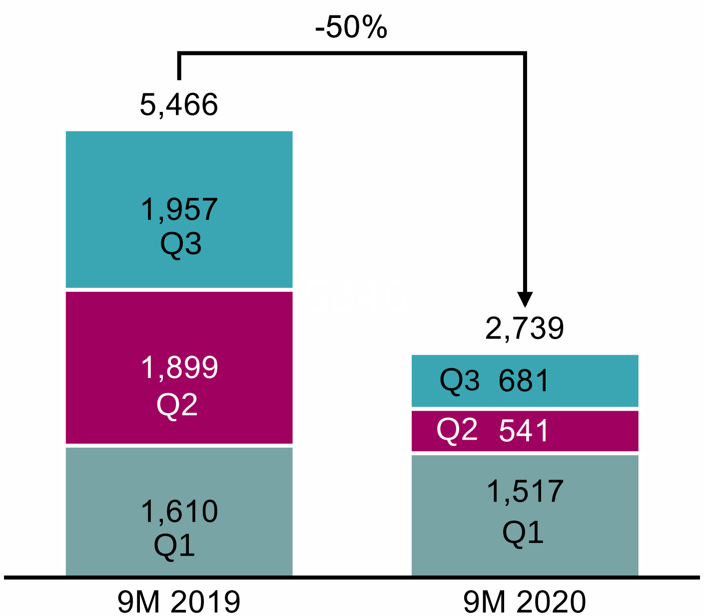
* Note: Based on the recent decision to mothball certain facilities of Qatar Steel, wef 01 April 2020, the name plate capacities have resized to; DRI/ HBI: 600k MT; Billets: 900k MT; Rebars: 800k MT per annum.

Segmental Details (Steel)

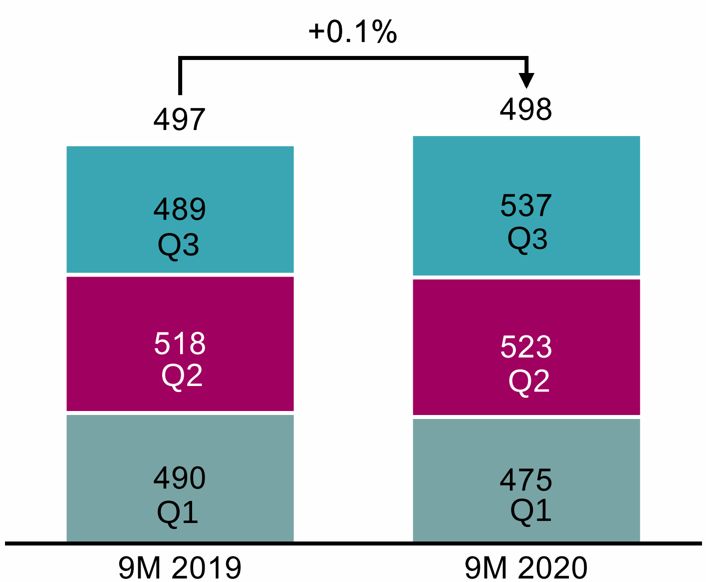
Analysis of production & selling prices

- **Production**: Production down by 50% compared to 9M-19, due to the management's decision to mothball certain facilities;
  - Production increased in Q3-20 by 26% compared to Q2-20, due to lesser shutdowns in Q3-20.
- **Selling Prices**: remained flat as compared to 9M-19.
  - Prices improved in Q3-20 by 3% compared to the Q2-20 amid management's decision to cater only the local demand starting from Q2-20, where the prices of steel tend to be higher than the international markets.

Production (000's MT)



Prices ($ / MT)

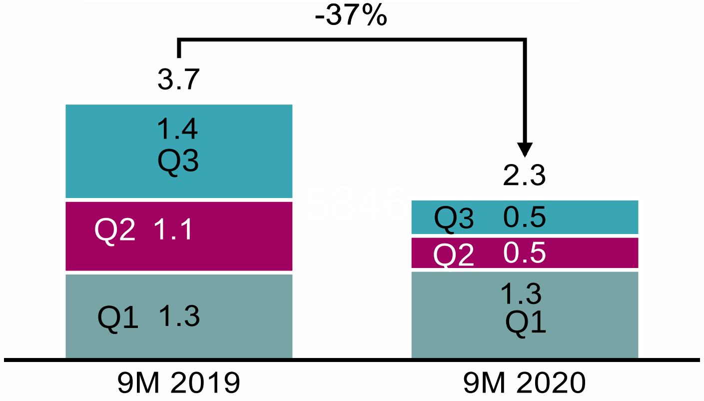


Segmental Details (Steel)

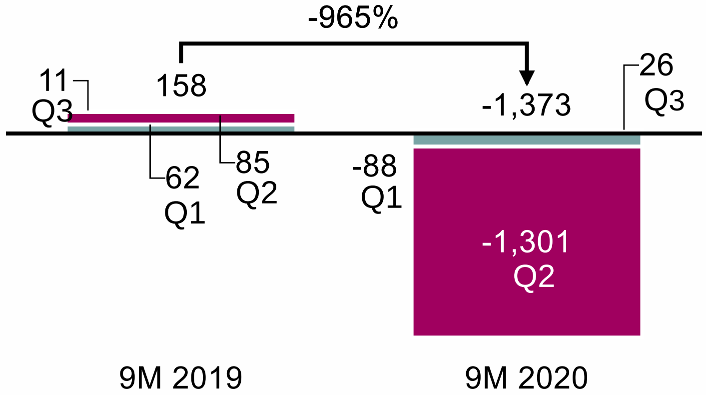
Analysis of segment revenue & net profit

- **Revenue**: QR 2.3 billion, down by 37% on 9M-19 amid decline in sales volumes due to management's decision to cater only local demand of steel starting from Q2-20;
  - Revenue increased by 10% in Q3-20 compared to Q2-20 due to better pricing levels (+3%) and sales volumes (+6%).
- **Net Profit**: Net Loss of QR 1.4 billion, down by 965% on 9M-19. Reduction primarily due booking on one-off impairment loss on the facilities mothballed amounting to QR 1.2 billion and lower volumes on account of mothballing of certain facilities.
  - Net losses significantly reduced during Q3-20 compared to Q2-20, as in Q2-20 the impairment provision was recognized.
  - Q3-20 profitability of QR 26 million when compared to Q2-20 losses, *excluding impact of one-off impairment of QR 1.2 billion*, amounting to QR 76 million, a growth of 134% was noted. This was mainly due to better margins available in the local market, as management decided to concentrate on the local market starting from Q2-20, following the mothballing decision. The profitability also improved on account of new optimization initiatives started since Q2-20.

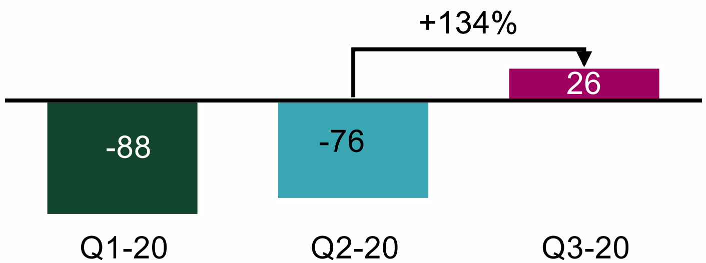
Revenue (QR billion)



Net Profit (QR million)



Steel segment 2020 profits, excl. impact of impairment (QR million)

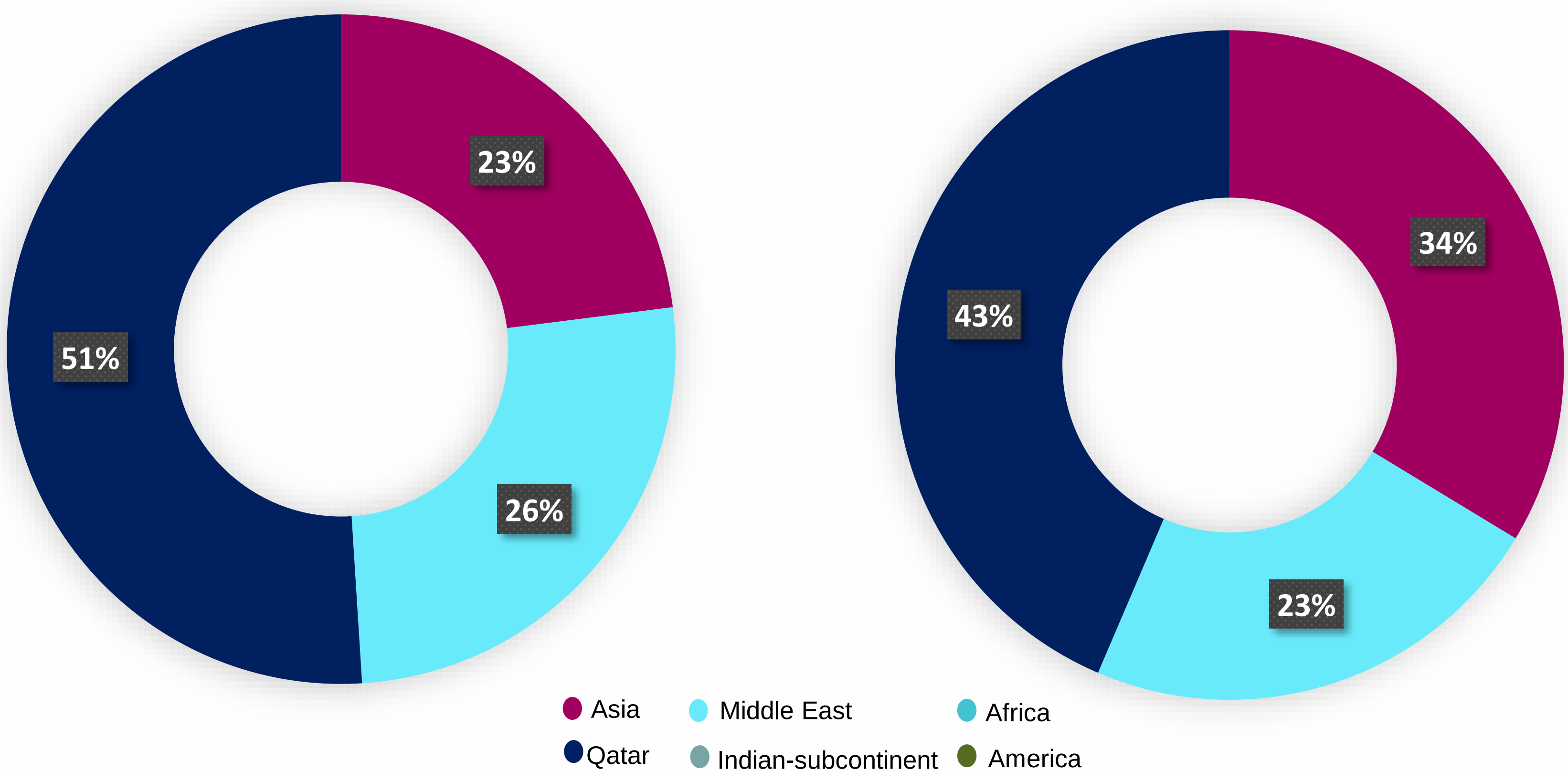


Segmental Details (Steel)

Geographical analysis of segment revenue

- Starting from the second quarter of 2020, the Group has decided to temporarily resize the capacity of domestic operations within the Steel segment to 0.8 million MT per annum of rebar with an intent to cater local sector demand only, as compared to the international demand, amid higher competition and declining margins internationally

9M-20 Segment Revenue (%) | **9M-19 Segment Revenue (%)**



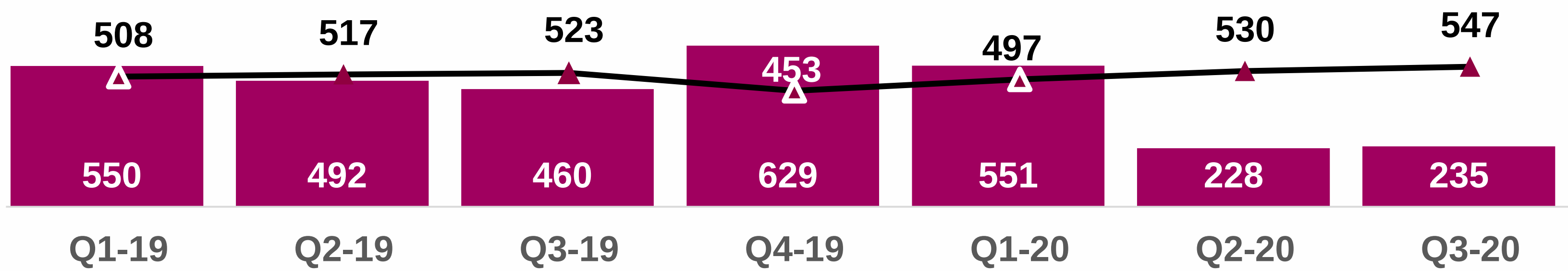
Note: The geographic analysis is based on the geographic location of the customer, to whom the sale is actually made by IQ's entities directly or via Sales & Marketing partner.

Segmental Details (Steel)

Key segment products analysis

Rebars

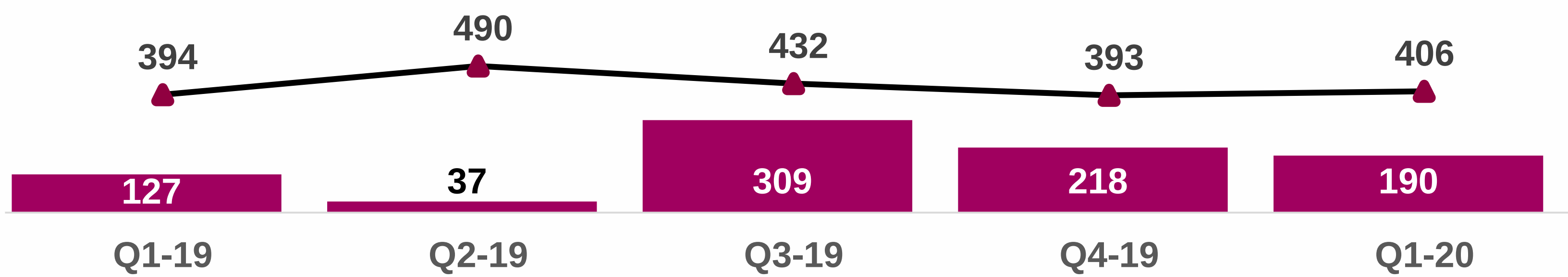
(contributed ~81% of the segment revenue in 9M-20)



Selling price continued the declining trend, although prices improved starting from Q2-20 as the management decided to concentrate on the local demand, where, price tend to be higher as compared to the international markets.

Billets

(contributed ~12% of the segment revenue in 9M-20)



No sales of billets were made in Q2-20 and Q3-20.

Sales Volumes (MT ‘000)   Selling price ($/MT)

CAPEX & Cash flows (2020 – 2024)

CAPEX and Cash Flows (2020 - 2024)

- Cumulative CAPEX / PUD spend of ~QR 4.6 billion across all segments;
- Qapco
  - Turnaround / reliability related CAPEX of QR 0.7 billion;
  - QR 0.5 billion of routine CAPEX primarily related to HSE;
  - No CAPEX related to PUD / Investments
- Qafac
  - Total CAPEX of only QR 0.5 billion, largely related to planned turnaround (in 2022 and 2023), and HSE;
- Qafco
  - Routine CAPEX of QR 2.2 billion in various projects including maintenance turnaround, and technical roadmap;
- Qatar Steel
  - No significant investment in PUD;
  - Routine CAPEX of QR 0.6 billion related to maintenance replacement, turnaround and other minor projects;
- Based on the recent Group's decision to further strengthen its optimization initiatives, the Group reviewed its CAPEX program across all the segments and identified expenditures that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations.

CAPITAL EXPENDITURE (in QR Billion)

	2019	2020	2021	2022	2023	2024
Capital Spares	0.1	0.1	0.1	0.1	0.0	0.0
Catalysts	0.0	0.0	0.0	0.0	0.0	0.0
Turnaround CAPEX	0.3	0.5	0.6	0.2	0.1	0.2
Investments / PUD	0.1	0.1	0.3	0.2	0.1	0.1
IT / Technical Road Map	0.0	0.1	0.1	0.1	0.2	0.2
Other Routine CAPEX	0.3	0.5	0.3	0.2	0.1	0.1
Total CAPEX	**0.8**	**1.3**	**1.3**	**0.7**	**0.6**	**0.7**

CASH FLOWS (in QR Billion)

	2019	2020	2021	2022	2023	2024
Cash Flows:						
- Operating	+4.1	+2.8	+3.4	+3.8	+4.7	+5.3
- Investing	-1.3	-1.1	-1.2	-0.7	-0.6	-0.6
- Financing	-3.3	-0.0	-0.0	+0.0	-0.0	-0.0
FCFF	**+3.3**	**+1.7**	**+2.1**	**+3.2**	**+4.1**	**+4.7**
FCFE	**+3.3**	**+1.7**	**+2.1**	**+3.2**	**+4.1**	**+4.7**

FCFE = FCFF +/– Net Debt – Finance Charges

Note: The cash flow & CAPEX figures for the years 2020-24 are based on the 2020 approved budget and business plan, based on the expectations of the market conditions and commodity prices prevailing in the start of the year.

With current market conditions and commodity price trends, the forecasts as disclosed in the above table cannot be relied on with absolute certainty, where, the actual realization of these figures might significantly differ as compared to these projections, subject to the macroeconomic conditions, including, among other factors, business environment, market dynamics, product prices etc. prevailing in that specific year.

Optimization updates

Optimization updates

- Given the current difficult market and macroeconomic outlook, the Group has further added an additional layer of optimization measures to withstand the Group against external pressures;
- Major areas focused by the Group companies to further optimize the overall cost structures included:
  - Manpower costs
  - Feedstock / utilities
  - Spares and equipment / external services
  - Corporate and Public relations expenditures
- The implementation of the optimization plan began in June 2020 and the effects of the same expected to be realized going forward.
- Although, the Group have taken the above listed initiatives, however, due to COVID-19 some of the costs were unavoidable.

COVID-19 – impact analysis

COVID-19 impact analysis

Business aspects:	Measures taken / key impacts & observations	Results at the Group level	Overall impact at the Group level
Operational performance	a) Crisis management committees established at each operating entity to ensure safety of employees and business continuity. b) New standard operating procedures implemented to cater the risk of COVID-19 at all working places. c) Most of the head office staff for all the Group entities working from home. d) Implementation of new shift plans for shift staff with strict controls, so as to reduce the risk of social gathering and spread of COVID-19, with increased hygiene measures at every site. e) 100% compliance with the Government regulations to prevent the spread of COVID-19.	a) Uninterrupted production continued at all facilities without disruption. b) Production and Sales volumes remained intact, except for production cuts at MTBE facilities for a short period during Q2-20 due to commercial reasons. The impact to the Group has remained immaterial, considering its overall contribution to the Group volumes. c) Successfully completed planned turnarounds within the budgeted timeline.	Limited impact

COVID-19 impact analysis

Business aspects:	Key impacts / observations	Results at the Group level	Overall impact at the Group level
Supply chain and distribution	a) Several countries enforced greater restrictions on the movement of people and goods, while other countries began to open slowly. b) Decline of vessel availability and greater restrictions placed around ports for the countries remained in lockdown during Q2-20.	a) Due to restrictions in certain regions, limited the access was available to those markets which increased pressure on supply chain activities. b) Alternate trade flows and capability of product diversion by switching between products, customers, countries & region remained intact. c) On several occasions, retained bulk liquids as floating storage. d) Close coordination with customers and logistics suppliers was the key to ensure continued movement of products. This was particularly important during the closure and opening up of countries and markets to understand the prices are and timing of the product movement without delays.	No impact till date; but remained cautious

COVID-19 impact analysis

Business aspects:	Key impacts/ observations	Results at the Group level	Overall impact at the Group level
Financial performance	a) Slowdown in GDP growth/ industrial activity causing decline in product demand leading to a decline in selling prices of our key products, specially petrochemicals. b) Oil prices remained volatile, with prices significantly declined in May-20 with notable recoveries starting from later part of Q2-20.	a) Petrochemicals segment most affected with revenue and net profit declined, specially the fuel additives products, where MTBE prices dropped significantly. b) Product prices across all the segments were impacted, but having a Sales & marketing partner on board with its presence in many countries through a global network, allowed to find alternative customers. c) The gradual recovery of the global economy that began during later part of Q2-20 is factored in the Group's financial and operational performance with notable price recoveries in Q3-20. However, the risk of COVID-19 pandemic still prevails and has not been fully eradicated, which may hamper these early signs of recoveries.	Negative impact

COVID-19 impact analysis

Business aspects:	Key impacts / observations	Results at the Group level	Overall impact at the Group level
Liquidity profile & credit risk	a) Decline in interest rates. b) Liquidity remained robust. c) Customers continue to pay per contractual settlement terms and overdue debtors have not increased. Only limited customer payment extension requests and banks continue to pay promptly on letters of credit. d) Reduced credit lines from insurers and bank appetite to confirm letters of credit remains reduced and more costly. e) Cash flows from the products are continuing essentially as normal.	a) Strong liquidity profile with robust financial position. b) Operational excellence maintained to ensure product is shipped, invoice and cash collected on time.	No impact; but remained cautious

Governance Structure

Governance Structure

Board Structure

- IQ Board of Directors consists of seven (7) Directors, all of whom were appointed by the Special Shareholder, which is Qatar Petroleum. QP appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives.

Board Committees

- The Board of Directors established Board Committees and Special Committees to carry out specific tasks. The Board remains liable for all the powers and authorities so delegated. Currently, Board Committees are Audit Committee and Remuneration Committee.

Governance and Compliance

- IQ is firmly committed to implementing the principles of good governance set out in the Governance Code for Companies Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA), that are consistent with the provisions of the Company's AoA.

- The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required.

Authorities

- No one person in the Company has unfettered powers of decision. Decision-making process is always done in accordance with the Company's Manual of Authorities and the relevant regulations.

Governance Structure

Remuneration

Board of Directors

- The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

Executive Management

- All financial, administrative and head office services are provided by resources from QP under a service-level agreement. Accordingly, the salary of the Company's Managing Director, who represents the Executive Management of Industries Qatar, is determined and approved by the Company's Board of Directors. IQ Managing Director do not receive remuneration in his capacity.

Shareholders rights

- The Company's Articles of Associations provide for the rights of shareholders, particularly the rights to receive dividends, attend the General Assembly and participate in its deliberations and vote on decisions, tag along rights as well as the right to access information and request it with no harm to the Company's interests.

Disclosure and Transparency

- The Board ensures that all disclosures are made in accordance with the requirements set by regulatory authorities, and that accurate, complete and non-misleading information is provided to all shareholders in an equitable manner.

Company's control system

- The Company adopted an internal control system that consists of policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.
- The internal control framework is overseen by the senior Executive Management, the Audit Committee and the Board of Directors.

Sales and Marketing

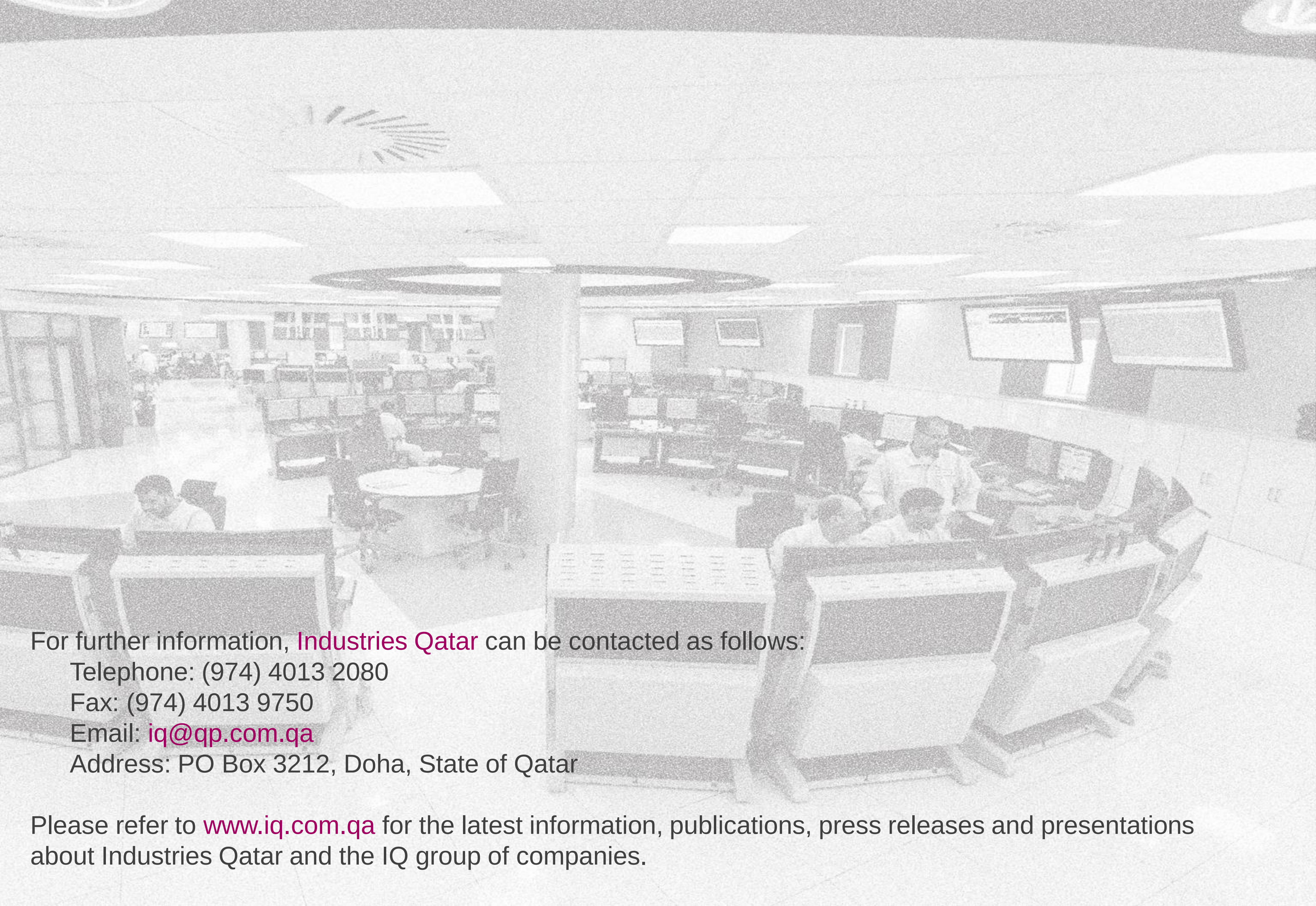
Sales and Marketing

- Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (trading as “Muntajat”), a wholly-owned company of the government of the State of Qatar, has the exclusive rights to purchase, market, sell and distribute the State’s production of petrochemical and Fertilizer regulated products.

- Marketing and distribution of Steel Products have been shifted to Muntajat in early 2018 after showing positive benefits to the other segments.

- Muntajat integration with QP will be only related to the operational level, where the marketing team will still independently manage the downstream products’ sales and marketing, hence, this integration will not have any impacts on Industries Qatar.

- Qatar Steel’s marketing activities has now been moved to Qatar Steel with effect from 1st September 2020, in line with the new operational strategy, where there will be very limited international component.



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Please refer to www.iq.com.qa for the latest information, publications, press releases and presentations about Industries Qatar and the IQ group of companies.