Press Release

For the quarter ended 30 June, 2016

IQ DECLARES SOLID NET PROFIT OF QR 2.0 BILLION

Strong financial and operating performance in a challenging market • improved assets and operating reliability • stronger financial position maintained • group benefited from the on-going cost and operational optimization programs • Current year performance impacted by weaker product prices

- **Q2, 2016 net profit of QR 1.3 billion, significantly up by QR 0.6 billion on Q1, 2016**
- **Quarterly earnings growth propelled by higher polyethylene prices and lower operating costs**
- **Strong financial position maintained with total assets of QR 38.3 billion including total cash of QR 9.3 billion with minimal total debt of QR 3.4 billion**
- **Assets and operating reliability improved on last year with production utilisation moving to 108 %, up 6.1 percentage points**
- **Operating costs improved following the ongoing cost and operational optimization programs**
- **Year-to-date net profit of QR 2.0 billion, down QR 0.5 billion on 2015**
- **Price deflation affected group's financial performance by ~QR 0.9 billion, but partially negated by higher sales volumes and operating cost savings**

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 June, 2016 with net profit of QR 2.0 billion.

The group recorded commendable financial and operational performance across all of its operating segments on the backdrop of a challenging macro-economic environment. All segments within the group operated under tightened market conditions similar to those experienced over the last few quarters where prices of some of the segments experienced severe setbacks – most notably, the prices of fertilisers and fuel additives. Nevertheless the group was able to achieve commendable financial and operating results with notable improvements in both production and sales volumes, significantly exceeding the group's budget expectations.

Petrochemical prices have continued to recover from their 2015 lows, in line with their close correlation with the crude oil prices whilst the demand for the petrochemical products remained promising with some of the key markets having shown signs of recovery. Together with improved market dynamics and higher polyethylene production, the group was able to improve its sales volumes. The polyethylene production has improved on last year as some of the key facilities were on maintenance during the same period of last year. Fuel additive production, on the other hand was somewhat impacted due to an unplanned shutdown in one of the fuel additive facilities.

Fertiliser prices on the other hand remained weak due to a combination of factors including lower production costs, weak demand, weaker currency in some fertiliser exporting countries and planned new capacity additions in some of the key supplier markets. Nevertheless, sales volumes were up on last year in line with higher production driven by lower facility maintenance in the current year.

Prices in the steel segment were also marginally down on the previous year due to muted demand in the major regional markets following the decision to reduce capital expenditure, together with the availability of cheap steel from non-GCC producers especially China and Turkey. Prices during the current year, however continued to remain stable with minimal quarterly movements. Sales volumes were also down on last year in line with the lower demand and the absence of the sales of certain intermediate products in the current year.

The group's financial position continued to remain solid with the group holding cash[1] in excess of QR 9.3 billion. The group's total debt amounts to QR 3.4 billion, down QR 0.4 billion versus 31 December 2015.

Financial Performance

Revenue

Revenue reported under IFRS 11 for the period ended June 30, 2016 was QR 2.4 billion, a moderate decrease of 16%, over the same period of 2015. This year-on-year decrease was due to a marginal decrease in the prices of the group's steel products together with lower sales volumes

[1] Cash refers to cash, bank balance and deposits held across the group companies

in line with lower demand and the absence of the sales of certain intermediate steel products in the current year.

On the other hand, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation - was QR 7.1 billion, a modest decrease of QR 1.1 billion or 13%, versus the same period of 2015. This year-on-year variance was primarily due to a general reduction in the product prices across all segments most notably in the prices of fertilisers and lower demand in some of the major economies. The impact of reduced selling prices were partially negated by the improved sales volumes across most of the segments. The group revenue has improved on last quarter by ~11% driven by impressive sales volume growth most notably in the petrochemicals and fertiliser segments, and a moderate growth in polyethylene prices.

Net Profit

Net profit for the period under review was QR 2.0 billion with an earnings per share of QR 3.25, down QR 0.5 billion or ~19% against the same period of 2015 (2015 EPS of QR 4.01). This reduction in net profit was exclusively driven by the lower revenues resulting from the notable price deflation across all operating segments most notably in the fertiliser segment. The reduction in revenues was largely offset by the improvement in the operating costs on account of ongoing cost optimisation initiatives.

Net profit for the reported quarter was QR 1.3 billion, a commendable improvement of QR 0.6 billion on Q1, 2016 or 82% driven by the improved sales volumes, better polyethylene prices and reduced operating costs.

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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.

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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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