FOR IMMEDIATE RELEASE

Industries Qatar reports net profit of QR 2.0 billion for the year ended 31 December 2020

Board of Directors recommends cash dividend of QR 0.33 per share, equating to a payout of 100% of 20*20* year-end net earnings

- *Group revenue[1] amounted to QR 11.4 billion for the year ended 31 December 2020*
- *Q4-20 net profit[1] (normalized) significantly increased by 112% on Q3-20 to reach QR 1.0 billion, amid product price recoveries*
- *Year-to-date product prices and financial performance remained negatively affected due to volatile macro-environment, amid spread of COVID-19 pandemic and crude oil price fluctuations*
- *Earnings per share[1] (normalized) amounted to QR 0.35 for the financial year 2020, compared to QR 0.43 for 2019*
- *EBITDA[1] margins stood at 35% versus 30% of last year, a testament to Group's operational and cost optimization measures*
- *Group's liquidity position continues to remain robust, despite the macroeconomic headwinds*
- *Group successfully placed proactive measures to safeguard assets, people, operations, shareholder interest, while optimizing OPEX and CAPEX to address risks and volatilities*
- *Average reliability factor for the year remained around 95%, in line with historical rates, despite of planned and unplanned maintenance shutdowns*

Doha, Qatar; 08 February 2021: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), one of the region's industrial giants with holdings in petrochemicals, fertilizer and steel producers, today reported a net profit[2] of QR 2.0 billion for the year ended 31 December 2020.

Business performance and macroeconomic backdrop

Group's 2020 business performance was marked by challenging macroeconomic backdrop carried forward from the previous year, in form of slower economic growth, weaker crude oil prices, trade conflicts, lack of infra-structure investments, continued negative consumer sentiments and stiff competition. The negative macroeconomic environment was further fueled due to the outbreak of COVID-19 pandemic, which materially affected consumer and industrial demand due to lockdowns, affecting the overall global GDP growth. This led to increased pressure on IQ's product prices and sales volumes to

[1] Based on non-IFRS proportionate consolidation

[2] Based on IFRS based published financial statements, profit attributable to equity holders of the Parent i.e. excluding the portion relating to non-controlling interest

some extent, which negatively affected the Group's financial performance for the year ended 31 December 2020.

There has been signs of gradual recovery of the global economy noted in the later part of the year 2020 with notable recovery in product prices on the back of crude price rebound, supply shortages due to natural disasters in key markets causing disruptions for many producers and deferral of new capacity additions by many producers amid uncertainties on account of spread of COVID-19 pandemic. On the demand side, recent resurgence was evident amid continuous unprecedented stimulus announcements and lifting of lockdown in major markets, along with notable optimism due to vaccine roll-out.

On an overall basis, IQ responded to these external challenges by positioning its competitive advantages including its long-term access to feedstock and a relatively low-cost operating infrastructure, stronger financial position, diversified product range including efficient and flexible production facilities, wider global presence, and a dedicated marketing and sales partner; thereby limiting the impact of such extreme external pressures.

Group's marketing partner also played a pivotal role in ensuring Group's product volumes remained sold, even during the peak of COVID-19 pandemic, without any disruptions to production, and thereby generating positive throughput to the Group. During the peak of the pandemic, IQ's marketing partner continued to ensure marketing and logistics operations is effectively and efficiently managed, thereby, creating several arbitrage opportunities, including successful identification of new markets, so as to divert the additional volumes, while closely working with business partners, customers and government agencies in order to ensure the production, operations and supply chain activities remain uninterrupted.

Operational Performance for the year

Total production for the year ended 31 December 2020, reached 15.8 million MT's, down by 8%, on last year. This reduction was mainly driven by periodic planned and unplanned maintenance shutdowns, mothballing of certain steel facilities and shutdowns at MTBE facilities due to commercial reasons. This was partially offset by the additional production volumes related to Qafco's acquisition.

There were no major plant stoppages due to any demand related reasons associated with COVID-19 pandemic, except for a planned shutdown of MTBE facilities for certain periods during Q2-20 and Q4-20, due to commercial reasons. The impact to the Group in relation to these temporary shutdowns of MTBE facilities has remained immaterial, considering its overall contribution to the Group volumes.

The Group's average reliability factor remained at 95%[3], amid focus on preventive maintenance. This level of reliability is an indication of Group's commitments towards improving asset quality and sustainability.

Financial performance – year-on-year basis[4]

For the financial year ended 31 December 2020, the Group recorded a net profit[5] of QR 2.0 billion as compared to QR 2.6 billion, down by 23%. The Group revenue declined by 17% to reach QR 11.4 billion (assuming proportionate consolidation) as compared to QR 13.7 billion for 2019. Earnings per share[5] (EPS) amounted to QR 0.33 for the financial year 2020, as compared to QR 0.43 for last year.

[3] Reliability Measure = (Number of Operating Days - Planned Shutdown Days - Unplanned Shutdown Days) / (Number of Operating Days - Planned Shutdown Days) x 100

[4] Figures based on non-IFRS proportionate consolidation

[5] Based on IFRS based published financial statements; profit attributable to equity holders of the Parent i.e. excluding the portion relating to non-controlling interest

In line with the requirements of IFRS, 25% of Qafco's net profits for the first nine months period ended 30 September 2020 amounting to QR 113 million have been reported directly as part Group's retained earnings, instead of reporting the same as part of Group's net profit (attributable to equity holders of the Parent) within the consolidated income statement. When considering the full year profitability of the Group including 25% of Qafco's profits for the first nine months of 2020, the net profit, i.e. normalized profits, for the year would reach QR 2.1 billion, down by 19%, as compared to QR 2.6 billion for last year. EPS including the impact of 25% of Qafco's profits for the first nine months of 2020, i.e. normalized EPS, would amount to QR 0.35 for the financial year 2020.

EBITDA (normalized) for the year amounted to QR 4.0 billion, compared to QR 4.2 billion in 2019. EBITDA margin reached 35% compared to 30% in 2019, which can be considered as a credible achievement given the momentous macroeconomic challenges and clearly underpins Group's continuous cost leadership along with its focus on operational excellence.

Group's financial performance for the year has been largely impacted by several factors, including:

1. External macroeconomic factors outside the Group's direct control, affected blended commodity prices at the Group level and caused product prices to fall across the Group by 7% year-on-year basis, and contributed to a decrease of QR 622 million in the Group's net profits for the financial year ended 31 December 2020 compared to last year;

2. Group sales volumes were mainly affected due to temporary gas processing arrangement in relation to Qafco trains 1-4 for the first seven months ended 31 July 2020, wherein, volumes relating to Qafco trains 1-4 were not recognized in IQ's books. The decline was also attributed to mothballing decision of certain steel facilities and lower production levels at PE and MTBE facilities due to shutdowns. This was partially offset by increase in volumes related to Qafco's acquisition. On an overall basis, sales volumes declined by 17% year-on-year basis and contributed to a decline of QR 2.5 billion in the Group's net profit for the year.

3. The Group's profitability was also impacted due to booking a one-off impairment loss amounting to QR 1.2 billion recognized at the Steel segment and QR 153 million of impairment loss booked in relation to QMC facilities.

4. The one-off impairment losses were fully offset by fair value and bargain purchase gains recognized in the Group's consolidated income statement amounting to a total of QR 1.4 billion. Such gains have been booked, in line with the requirements of International Financial Reporting Standards (IFRS), when accounting for the effects of transition from equity accounting to consolidation of Qafco's 100% stake, amid completion of the acquisition of 25% minority stake in Qafco.

Financial performance – Q4-20 vs Q3-20[6]

Group's financial performance improved significantly in Q4-20. Revenue grew by 27% to reach QR 3.3 billion, whilst the net profit[7] (normalized) soared by 112% versus the third quarter of 2020.

This notable growth in net earnings was driven by remarkable increase in the polyethylene prices and a slight improvement in steel prices, coupled with a marked uplift in the fertilizer and steel sales volumes. The sequential increase in the polyethylene prices was driven by persistent rebound in crude oil prices

[6] Figures based on non-IFRS proportionate consolidation

[7] Quarterly figures for the year 2020 have been restated to show the effects of acquisition of Qafco's 25% stake retrospectively, with effect from 01 January 2020.

and improved demand following the easing of lockdown restrictions, unprecedented Government stimulus announcements in many consumer markets, while the supply shortages continued due to natural disasters in US causing disruptions for many producers and downscaling capacity additions by many producers. On the other hand, steel prices have increased against a backdrop of global hike in iron ore prices, following supply side concerns in key iron ore markets amid trade frictions. The profit improvement was also partially attributed due to recognition of additional fair value / bargain purchase gain amounting to QR 246 million, after recognizing an initial gain of QR 1.16 billion, which was partially offset by an additional depreciation charge of QR 199 million, on account of PPA exercise.

Financial position

The Group's financial position remained robust, with liquidity position at the end of the year 2020 reaching QR 8.8 billion in cash and bank balances, after accounting for a QR 2.4 billion dividend paid for 2019 during the year, and QR 3.6 billion paid for the acquisition of 25% stake in Qafco from Qatar Petroleum.

Group's net cash and bank balance including proportionate share of joint ventures amounted to QR 9.8 billion as at 31 December 2020, which proves the Group's efficient and effective cash-flow generation capabilities providing sufficient confidence and sustainability in turbulent times. Currently, the Group has no debt obligations. Group's total assets and total equity (attributable to Parent) reached QR 36.0 billion and QR 33.8 billion, respectively, as at 31 December 2020.

During the period, the Group generated positive operating cash flows of QR 3.4[8] billion, with a free cash flow of QR 2.8[7] billion. IQ's ability to generate positive operating cash flows in such distressed market conditions is a testament to the Group's efficient cash flow generation capabilities, effective cost management, robust investment, and working capital management, which could safeguard the Group against any unexpected adversities.

Proposed Dividend Distribution

After reviewing 2020's financial performance, with present and potential liquidity position, and considering the current and future macroeconomic conditions, business outlook, investing and financing needs of the Group, the Board of Directors proposed a total annual dividend distribution of QR 2.0 billion for the year ended 31 December 2020, representing a payout ratio of 100% 2020 net earnings. The dividend of QR 0.33 per share represent a dividend yield of 3.0% on 31 December 2020 closing share price.

Segmental performance[8]

Petrochemicals:
Financial performance of petrochemicals segment remained under pressure due to its close correlations to crude oil trends, as the segment's performance was affected by lower product prices and weaker demand associated with lower consumption caused by lockdowns in key markets linked to COVID-19 pandemic, especially during the first half of 2020. The net profits declined by 19% compared to last year and reached QR 1.1 billion.

Blended product prices in the Petrochemicals segment declined by 12%, while sales volumes marginally improved by 3%, year-on-year, which on a combined basis led to a decline in revenue by 9% within the segment to reach QR 4.0 billion for the financial year 2020.

Production volumes marginally improved on last year by 4%, as the segment's polyethylene and fuel additive segments were on maintenance shutdowns for a longer period during 2019 compared to 2020,

[7] Based on non-IFRS proportionate consolidation
[8] Figures based on non-IFRS proportionate consolidation

offsetting the negative effects of 2020's unplanned shutdowns in the polyethylene and commercial related closure of fuel additive facilities for certain period during 2020.

The segment reported a net profit of QR 441 million in Q4-20, with a significant uplift of 40% versus Q3-20. This increase was predominantly driven by a notable increase in the product prices. Polyethylene prices, notably LDPE and LLDPE, have recovered significantly and reached to pre-2018 levels, amid elevated macroeconomic sentiments with notable optimism. Sales volumes have also improved against a backdrop of renewed demand.

Fertilizers:

Fertilizer segment reported a net profit (normalized) of QR 897 million, with a slight increase of 3% compared to 2019, mainly due to the acquisition of 25% stake in Qafco, with effect from 1st January 2020. The segment profitability was also impacted due to an impairment loss amounting to QR 153 million booked in relation to QMC facilities.

Average selling prices were down on last year by 6% due to weak seasonal demand which outweighed the gradual easing of supply side bottlenecks.

Sales volumes were down by 7% due to the temporary gas processing arrangement for Qafco trains 1-4 which remained enacted until 31 July 2020, wherein, the related sales volumes were not recorded as part of segmental volumes, instead Qafco only acted as a producing agent. Additionally, the sales volumes were also affected due to unplanned maintenance shutdowns in some of the fertilizer trains during the year. This reduction was partially offset by the additional volumes booked due to the acquisition of 25% stake in Qafco from Qatar Petroleum, effective 1 January 2020 and booking of 100% sales volumes for Qafco trains 1-4 starting from 1 August 2020 under the new Gas Sale and Purchase Agreement (GSPA).

Segmental revenue reached QR 4.4 billion, up by 3% compared to 2019, mainly due to booking of revenues from Qafco at 100% with effect from 01 January 2020, due to acquisition of the additional 25% minority stake in Qafco. This was offset by decline in selling prices and change in the revenue recognition methodology due to the temporary gas processing arrangement for Qafco trains 1-4, applicable for the first seven months of 2020.

Production volumes significantly up by 34% versus 2019, as a result of additional volumes relating to 25% stake in Qafco. Production, excluding the impact of acquisition, remained flat, despite the segment experienced some interruptions in terms of unplanned maintenance shutdowns during second half 2020.

During the year, the Group successfully completed the acquisition of 25% stake in Qafco at a purchase consideration of USD 1.0 billion, with effect from 01 January 2020. With this acquisition, IQ now controls Qafco with 100% ownership. For the year ended 31 December 2020, the additional 25% stake in Qafco added QR 224 million and QR 427 million to the Group's net earnings (normalized) and free cash flows, respectively. As part of the bundled deal, with effect from 01 August 2020, QAFCO has entered into a new GSPA with Qatar Petroleum for a period until 31 December 2035, covering the gas requirements of Qafco trains 1-6 and QMC. In addition, and as part of the same transaction, Qafco acquired Qatar Petroleum's 40% stake in QMC, effective 1st July 2020, for a purchase consideration of QR 109 million.

Net profit for the fourth quarter of 2020 reached QR 444 million, significantly up by 441% compared to Q3-20. This increase was primarily driven by improved fertilizer price levels in Q4-20 together with a marked uplift in the sales volumes and booking one-off impairment loss in relation to QMC amounting to QR 153 million in Q3-20. Urea prices have improved by 4% against a backdrop of limited supply in China due to winter supply cuts, as well as, for a potential demand pick-up in the US ahead of the spring season and an overall demand from India. Sales volumes on the other hand grew by 44% versus the previous quarter, due to the full effect of the new GSPA, increased operating rates and a general uplift in the demand.

Steel:

The steel segment reported a net loss of QR 1.3 billion for the year ended 31 December 2020 versus QR 36 million of segmental profit the year 2019. The net loss includes an impairment loss of QR 1.2 billion relating to mothballing of part of Qatar Steel's production facilities. The net loss, excluding the one-off effect of impairment loss, would amount to QR 89 million.

The overall financial and operational performance of the steel segment was impacted due to several factors including:

1. Selling prices slightly improved in 2020, by 6% compared to last year, amid management's decision to cater the local demand predominantly starting from Q2-20, where the prices of steel tend to be higher than the international markets.
2. Economic uncertainties continued to prevail, where postponements of infrastructure and capital expenditure projects due to weaker fiscal outlook following lower oil price environment and COVID-19 related lockdowns were the main highlights, especially during first half of 2020. However, the near- to long- term prospects for the domestic market remains encouraging;
3. Lower production and sales volumes following management's decision to mothball part of the production facilities with an intent to predominantly sell steel products in the domestic market, amid declining profit margins and increased competition in the international markets;
4. Higher operating costs, as the segment disposed some of the expensive inventories carried forward from the previous periods. This was offset by OPEX savings on account of facility mothballing and optimization initiatives recently implemented.
5. 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 limited international component.

The segment reported a net profit of QR 49.6 million for the fourth quarter 2020, an increase of 90% versus third quarter of 2020. This improvement was driven by the combined effect of a significant increase in the sales volumes and selling prices. Sales volumes have improved by 22% on Q3-20, while the average selling prices have marginally improved by 1% versus the previous quarter. The increase in steel prices was mainly against a backdrop of a hike in iron ore prices, following supply side concerns in key iron ore markets amid trade frictions. Operating costs have slightly increased in line with increased raw material costs, and higher sales volumes.

Optimization initiatives

As the Group is operating in a highly competitive and uncertain business and economic environment, Group's business and competitive strategy is woven around its cost management policies.

Given the current difficult market and macroeconomic outlook, the Group kicked-off new optimization initiatives as an additional layer to the existing optimization strategy, to withstand the Group against the external pressures. There measures included:

1. Continuous review of the fixed operating costs across all segment in order to assess the necessity of such expenditures. The purpose of the review was to identify expenses which are not critical in the current circumstances and can either be elevated or curtailed. In this regard, the Group managed to further reduce controllable fixed operating expenditures during the year by 2%;

2. Constant assessment of processes to identify potential cost improvements. In this regard, within steel segment, the Group was able improve its variable costs substantially by changing the raw material mix between DRI and scrap;
3. The Group reviewed its CAPEX programs across all the segments and identified those expenditures that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations;
4. The Group companies are also working on several initiatives in order to identify procurement synergies across the group companies, which would benefit the Group in a long run from cost optimization perspective.

Earnings Call

IQ will host an IR Earnings call with investors to discuss the results, business outlook and other matters on Monday, 15 February 2021 at 1:30 p.m. Doha Time. The IR presentation that accompany the conference call will be posted on the 'financial information' page within the Investor Relations section of 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 Fertiliser Company SAQ ("QAFCO"), wholly- subsidiary, 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@qp.com.qa or iq.investorrelations@qp.com.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 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 = 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 • **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 capitalization / Net Profit) • **Utilization:** Production Volume / Rated Capacity x 100