



صناعات قطر
Industries Qatar

Press Release

For the six months ended June 30, 2015

IQ DECLARES FIRST HALF NET PROFIT OF QR 2.4 billion

**Results boosted by QR 0.5 billion versus Q1, 2015 driven by
improved product prices**

- **Group weighted average selling price up by 3.6% on last quarter.**
- **Sales volumes significantly up by 17.1% on last year.**
- **Results well ahead of 2015 budget**

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, 2015 with net profit of QR 2.4 billion.

The group recorded commendable financial results across all segments during the second quarter following the strong recovery in petrochemical product prices and improved sales volumes across all segments. The group also reported a strong year-on-year sales growth of 17.1 % as most of the group’s production facilities were on extensive planned and warranty maintenance shutdown during the first half of 2014. As for the group’s current projects, Qatar Steel has opted to sell its 50% stake in the joint venture Qatar Steel International to Qatar Mining Company, the other joint venture partner. Qatar Steel will, however, continue to be involved in the project by providing technical services and support.

Financial Performance

Revenue

Reported revenue under IFRS 11 for the period ended June 30, 2015 was QR 2.9 billion, a modest decrease of 8.1%, over the first half of the previous year. However, on a like-for-like basis, management reporting revenue - assuming proportionate consolidation under IAS 31 - was QR 8.2 billion, a decrease of 4.8%, versus the same period of 2014. This year-on-year reduction in revenue was primarily driven by a significant reduction in petrochemical product’s selling prices following the oil price decline that began in early Q4, 2014 and moderate reduction in the fertiliser product prices driven by favorable market conditions primarily for some of the key supplier markets. Sales volumes nevertheless were significantly up on last year as the group benefited by comparatively lower number of planned maintenance days in the current year since most of the group’s production facilities completed their planned and warranty maintenance shutdown in 2014 resulting in a significantly higher maintenance days in the first half of 2014.

Reported revenue for the second quarter was QR 1.6 billion, significantly up by 20.1% on the last quarter, while management reporting revenue, assuming proportionate consolidation, was significantly up by more than 16%. The quarter-on-quarter revenue improvement was primarily driven by the improved product prices, notably in the petrochemical segment and improved sales volumes in the petrochemical and steel segments.

Net Profit

Net profit for the period under review was QR 2.4 billion, a reduction of 14.6%, against the same period of 2014. This reduction in net profit was primarily driven by the reduced revenues resulting from the petrochemical product price deflation following the significant fall in global oil prices that started to impact group’s products in late 2014 and weaker fertiliser prices driven by favorable market conditions primarily for some of the key supplier markets.

Net profit for Q2, 2015 was QR 1.5 billion, up QR 0.5 billion or 54.9% on last quarter. This robust increase in the quarterly net profit was aided by the strong recovery in the product prices most notably in the petrochemical segment and improved sales volumes in the petrochemicals and steel segments.

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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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