

FOR IMMEDIATE RELEASE

**Industries Qatar reports a net profit of QR 2.7 billion  
for the three-month period ended 31 March 2022, representing  
an increase of 87% compared to 1Q-21**

- Earnings per share (EPS) of QR 0.45 for 1Q-22, as compared to QR 0.24 for 1Q-21
- Prices across most of the product range slightly declined during 1Q-22 versus 4Q-21, after peaking during last year; while year-on-year price trajectories remained elevated
- Qatar Steel decides to switch mothballing of DR facilities by restarting a DR facility with larger capacity
- Liquidity continues remain strong with a total cash and bank balance of QR 12.6 billion, after paying out 2021 dividends

**Doha, Qatar; 25 April 2022:** Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), today reported a net profit of QR 2.7 billion for the three-month period ended 31 March 2022, representing an increase of 87% compared to 1Q-21.

**Updates on macroeconomic environment**

Macroeconomic environment remained uneven during the first three months of 2022, where demand for most of the downstream products slightly inched downward, as buyers remained cautious hoping for lower prices after reaching its peak last year. Also, seasonal effects weighed on most of the commodities' demand, mainly during early parts of the year.

On the other hand, specifically during latter part of 1Q-22, supply side was affected amid Russia-Ukraine conflict enforcing sharp rise in energy prices; challenging plant economics. Specifically on fertilizers' front, amid Russian sanctions has created considerable uncertainty for buyers to secure volumes.

On an overall basis, during the first two months of the year, commodity prices were essentially balanced to bearish; while starting from March'22 the prices started to demonstrate strength on account of higher energy prices, coupled with additional layer of supply side disruptions. However, the year-on-year price trajectories remain elevated on account of continued support from better economic activity, GDP growth and limited supply.

### Operational performance updates

Key operational performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Production (MT' million)	3.9	3.7	3.6	+5%	+9%
Utilization rates (%)	95%	94%	91%	--	--
Average reliability factor (%)	97%	97%	94%	--	--

Group's operations remained strong as production volumes for the quarter improved by 5% to reach 3.9 million MT's in comparison to 1Q-21, while 9% growth was noted in comparison to 4Q-21. Growth in production volumes was mainly driven by multiple factors including the Group's recent decision to restart one of the previously mothballed DR-2 facility with a larger capacity, while mothballing previously operational DR-1 facility with lower capacity. This decision was made to improve the overall efficiencies on account of raw material mix and offer opportunities to sell excess capacities of DR directly in the market.

Additionally, the Group had higher number of operating days during 1Q-22 compared to 1Q-21 and 4Q-21, as there were relatively lower number of planned and unplanned shutdowns reported during the current period. Plant utilization rates for the quarter reached 95%, while average reliability factor stood at 97%.

### Financial performance updates – 1Q-22 vs 1Q-21

Key financial performance indicators	1Q-22	1Q-21	Variance (%)
Average selling price (\$/MT)	747	481	+55%
Sales volumes (MT' 000)	2,685	2,464	+9%
Revenue (QR' billion)	7.1	4.2	+69%
EBITDA (QR' billion)	3.2	1.9	+67%
Net profit (QR' billion)	2.7	1.4	+87%
Earnings per share (QR)	0.45	0.24	+87%
EBITDA margin (%)	46%	46%	--

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

Group reported a net profit of QR 2.7 billion demonstrating a notable growth of 87%, versus the same period of last year. Revenue for 1Q-22 significantly improved by 69% to reach QR 7.1 billion as compared to QR 4.2 billion reported for 1Q-21. Earnings per share (EPS) for 1Q-22 was QR 0.45, versus QR 0.24 for the same period last year. EBITDA for 1Q-22 increased by 67% versus 1Q-21 and reached QR 3.2 billion, while EBITDA margin for 1Q-22 arrived at 46%.

Group's financial performance for the quarter in comparison to the same period of last year was largely attributed to multiple factors, including:

- **Product prices:**  
Blended product prices significantly surged by 55% versus 1Q-21 and reached USD 747/MT. Growth in product prices translated into an increase of QR 2.8 billion in Group's net earnings. The price increase was mainly linked to elevated market prices across all the segments, on account of constructive macroeconomic drivers.
- **Sales volumes:**  
Sales volumes for the quarter increased by 9% versus the same period of last year, primarily driven by higher plant operating rates, leading to improved production volumes.

▪ Operating cost

Group operating cost increased by 59% versus same period last year. The increase in the operating cost was primarily linked to higher variable cost on account of increased sales volumes and end-product price indexed raw material cost.

**Financial performance updates – 1Q-22 vs 4Q-21**

Key financial performance indicators	1Q-22	4Q-21	Variance (%)
Average selling price (\$/MT)	747	790	-5%
Sales volumes (MT' 000)	2,685	2,147	+25%
Revenue (QR' billion)	7.1	6.0	+18%
EBITDA (QR' billion)	3.2	3.2	+2%
Net profit (QR' billion)	2.7	2.5	+10%
Earnings per share (QR)	0.45	0.41	+10%
EBITDA margin (%)	46%	53%	--

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

During 1Q-22, Group revenue and net profit improved versus 4Q-21, mainly linked to better sales volumes due to higher production, together with additional sales volumes from Qafco on account of timing of shipments carried forward from 4Q-21. Sales volumes increased by 25% on a quarter-on-quarter basis. On the contrary, product prices declined during 1Q-22 by 5% versus 4Q-21, amid volatile macro trends. EBITDA for 1Q-22 marginally increased by 2% to reach QR 3.2 billion, while EBITDA margins declined due to higher operating cost.

**Financial position**

Key performance indicators	As at 31-Mar-22	As at 31-Dec-21	Variance (%)
Cash and bank balances (QR' billion)	12.6	16.0	-21%
Total Assets (QR' billion)	38.8	42.3	-8%
Total Equity (QR' billion)	36.2	39.5	-8%

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 12.6 billion as of 31 March 2022, after accounting for a dividend payout relating to the financial year 2021, amounting to QR 6.0 billion. Currently, the Group has no long-term debt obligations.

Group's reported total assets and total equity reached QR 38.8 billion and QR 36.2 billion, respectively, as of 31 March 2022. The Group generated positive operating cash flows<sup>1</sup> of QR 2.8 billion, with free cash flows<sup>1</sup> of QR 2.6 billion during first three months of 2022.

<sup>1</sup> Reported based on non-IFRS based proportionate consolidation

## Segmental performance highlights

### Petrochemicals:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Production (MT' 000)	713	656	513	+9%	+39%
Average selling price (\$/MT)	979	828	904	+18%	+8%
Sales volumes (MT' 000)	532	472	407	+13%	+31%
Revenue (QR' million)	1,835	1,378	1,295	+33%	+42%
Net profit (QR' million)	673	608	306	+11%	+120%

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

Petrochemicals segment reported a net profit of QR 673 million for the three-month ended 31 March 2022, up by 11% versus the same period of last year. This notable increase was primarily linked to improved product prices owing to better macroeconomic dynamics.

The performance of the segment was also aided by higher production volumes as the segment's fuel additive operations were on a commercial shutdown during 1Q-21. This was partially offset by slightly lower production volumes from polyethylene facilities.

Blended product prices for the segment improved by 18% versus last year, against the backdrop of firm demand and higher energy prices, coupled with supply deficits. Sales volumes have improved by 13% compared to 1Q-21, inline with the growth in production volumes. Growth in selling prices combined with higher sales volumes, led segmental revenue for 1Q-22 to reach QR 1.8 billion, with an improvement of 33% versus same period of last year.

Revenue for the current quarter was up by 42% versus 4Q-21. This increase was primarily driven by improved sales volumes (+31%), as the Group's polyethylene segment was on a major planned shutdown during 4Q-21, which significantly lowered segment's sales volumes for 4Q-21. Additionally, selling prices at the segmental level improved by 8%, mainly due to higher MTBE prices, while PE prices were muted during 1Q-22 versus 4Q-21. Improved revenue aided segment's net profit to grow by 120% versus 4Q-21.

### Fertilizers:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Production (MT' 000)	2,300	2,306	2,411	-0%	-5%
Average selling price (\$/MT)	695	326	781	+113%	-11%
Sales volumes (MT' 000)	1,622	1,400	1,360	+16%	+19%
Revenue (QR' million)	3,981	1,612	3,750	+147%	+6%
Net profit (QR' million)	1,745	595	2,288	+194%	-24%

Fertilizer segment reported a net profit of QR 1.7 billion for the three-month period ended 31 March 2022, with an increase of 194%, versus the same period of last year. This increase was primarily driven by growth in revenue. Segment's revenue grew by 147% for the quarter versus the same period of last year, primarily due to improved selling prices. Selling prices improved significantly by 113% versus the same period of last year and reflected positively on the segmental performance. Restricted supply from key

exporting economies, together with inflationary pressures amid higher crop and energy prices remained key factors for elevated fertilizer prices on a year-on-year basis.

Sales volumes also increased during the current quarter versus the same period of 2021, while production volumes remained flat during 1Q-22 versus 1Q-21.

Segmental revenue improved moderately by 6% versus 4Q-21, mainly benefitting from higher sales volumes which increased by 19%. Growth in sales volumes was mainly linked to timing of shipments carried forward from 4Q-21. On the contrary, product prices declined during 1Q-22 by 11% versus 4Q-21, mainly due to lowered demand, amid cautious approach from buyers, during the first two months of 1Q-22. However, prices of fertilizers again started to climb from the latter part of the reporting period, owing to higher energy prices and Russian sanctions posing uncertainty of supply interruptions.

#### Steel:

Key performance indicators	1Q-22	1Q-21	4Q-21	Variance (%) [1Q-22 vs 1Q-21]	Variance (%) [1Q-22 vs 4Q-21]
Production (MT' 000)	932	779	700	+20%	+33%
Average selling price (\$/MT)	673	571	702	+18%	-4%
Sales volumes (MT' 000)	531	591	381	-10%	+39%
Revenue (QR' million)	1,300	1,228	973	+6%	+34%
Net profit (QR' million)	261	259	87	+1%	+199%

Steel segment reported a revenue of QR 1.3 billion, and net profit of QR 261 million, moderately up by 6% and 1% versus 1Q-21, respectively. Improvement in year-on-year financial performance for the segment was mainly driven by:

- *Selling prices:* average selling prices improved by 18% compared to last year, due to increase in demand linked to elevated construction activity carried forward from latter part of 2020, coupled with higher raw material costs internationally.
- *Sales volumes:* sales volumes declined by 10% versus the same period of last year, mainly due to lower billet sales made during 1Q-22.
- *Better performance from Associates:* Segment's associate that produces iron oxide pellets, Foulath Holdings, reported commendable financial results against a backdrop of improved operations. Share of results from Foulath Holdings increased by 164% to reach QR 57 million versus 1Q-21.

Segmental profit significantly increased by 199% versus 4Q-21, mainly on account of higher sales volumes. Sales volumes have improved significantly during current quarter, as the segment restarted DR-2 facility during 1Q-22, as against DR-1 which was operational until the end of 2021. DR-2 has a production capacity of 1,500k MT's per annum compared to DR-1 that has an annual capacity of 800k MT's per annum. Switch in mothballing of facilities would provide an opportunity of approximately 400k MT's of DR per annum to be sold directly in the market. On the other hand, average selling prices slightly decreased by 4% on a quarter-on-quarter basis, as the international steel prices inched downwards after peaking during 2021. Improved performance from Foulath Holdings also contributed positively towards segment's current period profitability, as the results from the associate increased by 130% versus 4Q-21.

#### Earnings Call

Industries Qatar will host an IR Earnings call with investors to discuss the latest results, business outlook and other matters on Tuesday, 26<sup>th</sup> April 2022 at 12:00 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.

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### 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"), 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](mailto:iq@qatarenergy.qa) or visit [www.iq.com.qa](http://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 • **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