

Industries Qatar

Investor Relations Presentation

31 December 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.

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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

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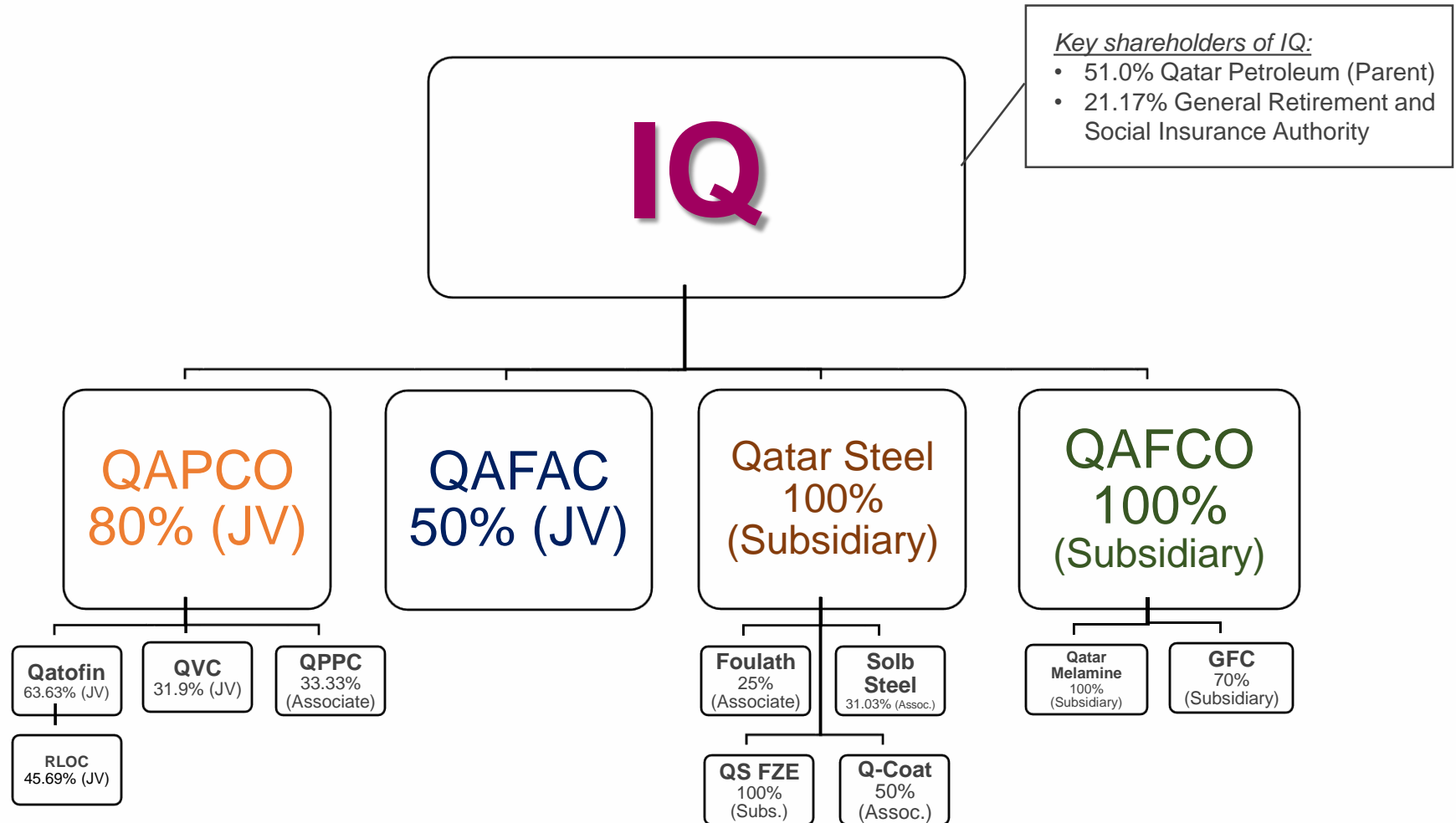
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About IQ

- 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;
- IQ is the second largest company at Qatar Exchange by Market Capitalization;
- 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;

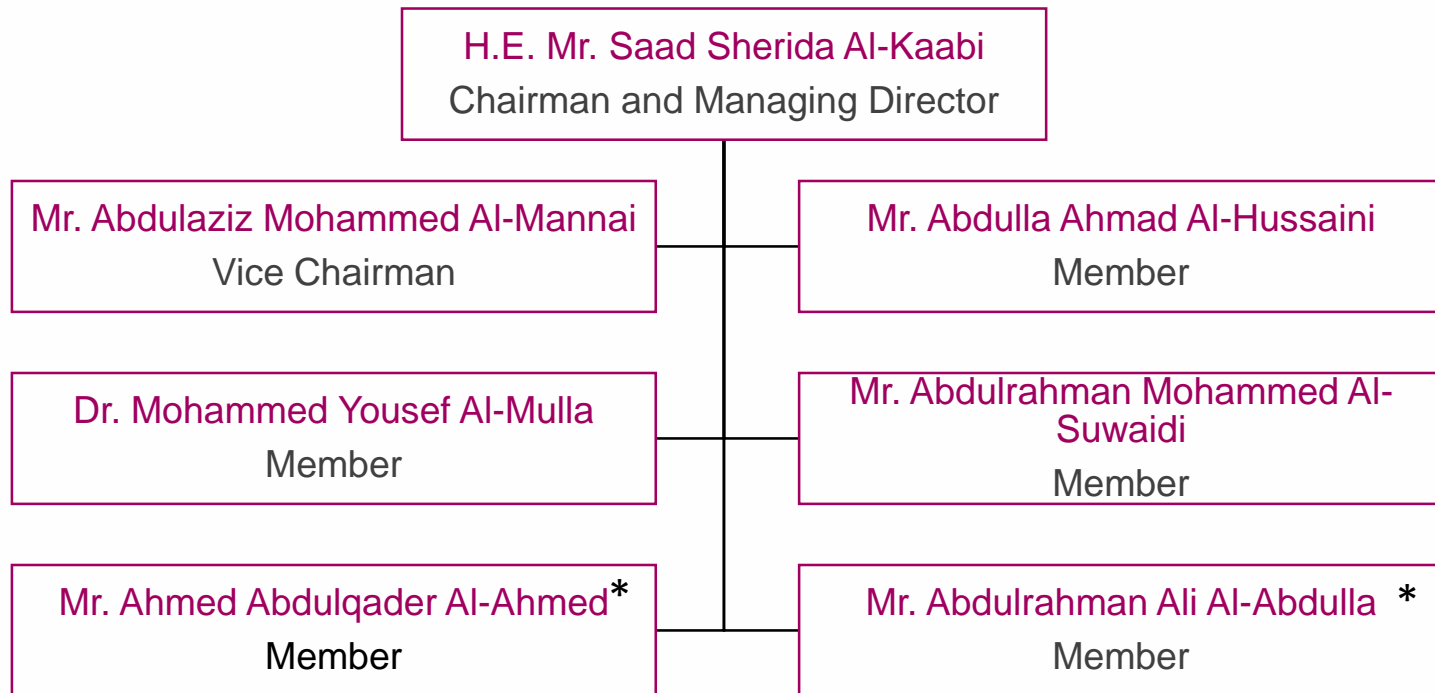
Group Structure

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



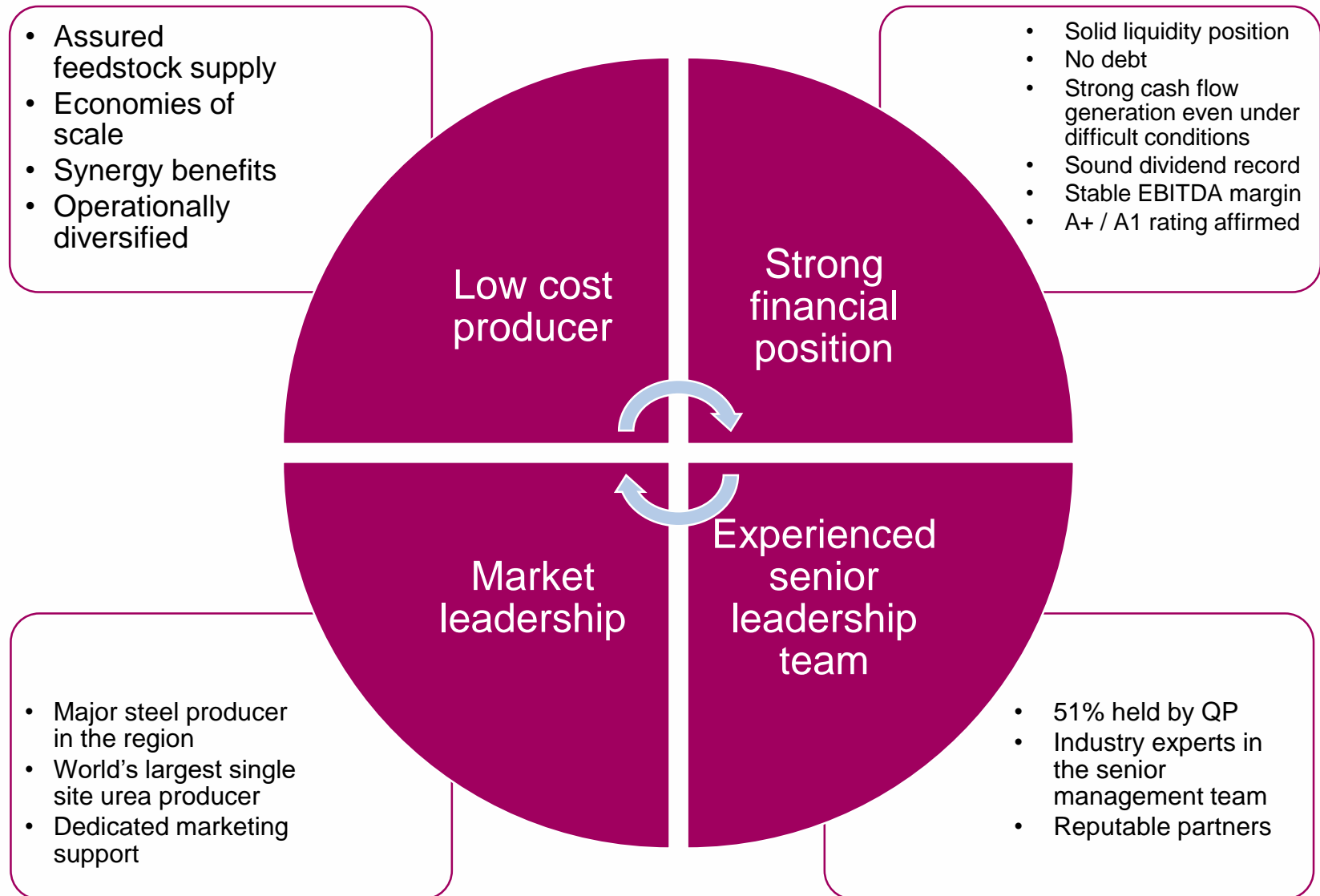
Board of Directors

- The Board of Directors of the Group consists of:



* Note: Mr. Ahmed Abdulqader Al-Ahmed has been appointed as the Chief Executive Officer (CEO) of Qatar Fuel Additives Company (QAFAC) with effect from 1st November 2020 and Mr. Abdulrahman Ali Al-Abdulla has been appointed as the CEO of Qatar Steel with effect from 1st January 2021, along with the appointment of each of them as a member of Industries Qatar's Board of Directors with effect from the date of their appointment.

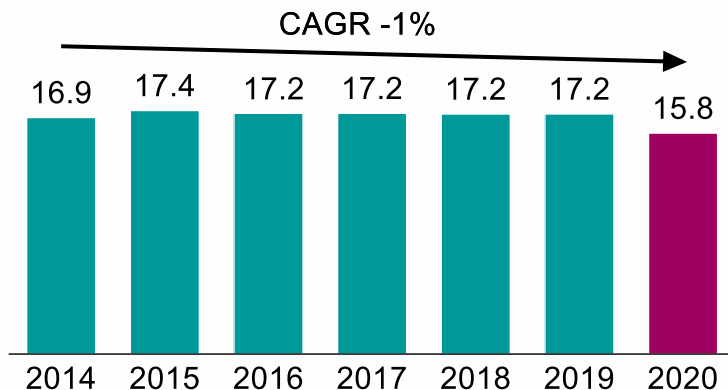
Competitive Advantages



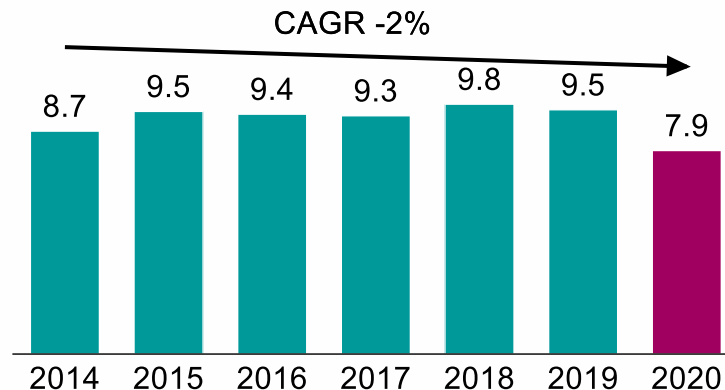
Results at a glance (2014 - 2020)

Results at a Glance (2014 - 2020)

Production (M MT's)

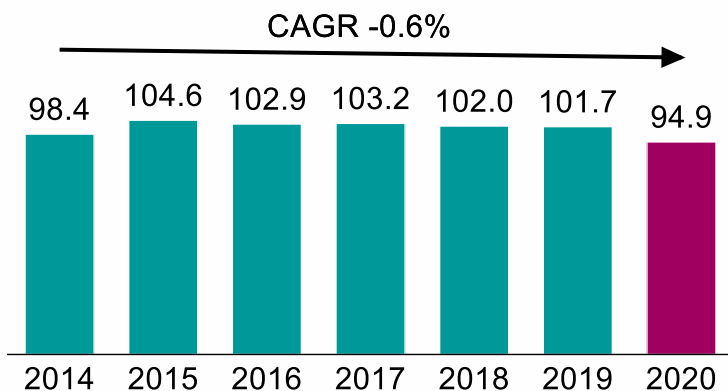


Sales Volumes (M MT's)

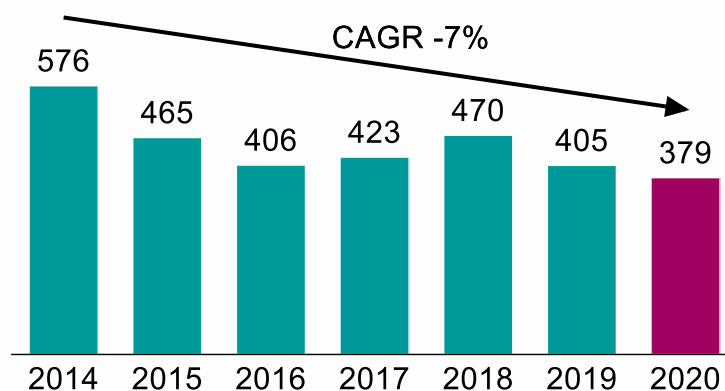


Production steadily grew from 16.9 million MT's in 2014 and peaked to reach 17.4 million MT's in 2015. The decline in production in 2020 was mainly owed to mothballing decision of certain steel facilities and Qafco's temporary gas processing arrangement ▪ The sales volume grew over the period and reached its highest in 2018. 2020 sales volumes were affected due to decline in production ▪ Selling prices were affected due to macroeconomic cycles

Utilization (%)

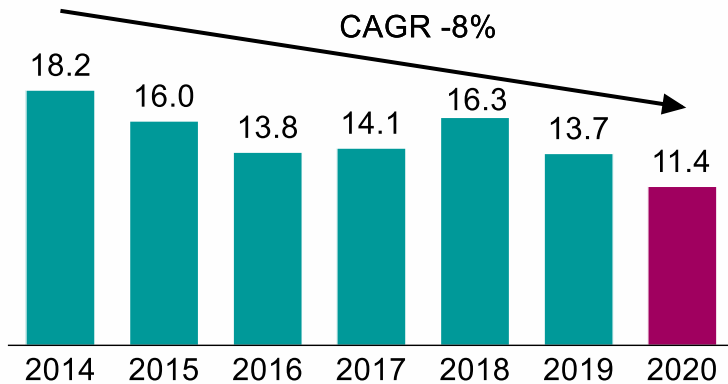


Selling Prices (USD / MT)

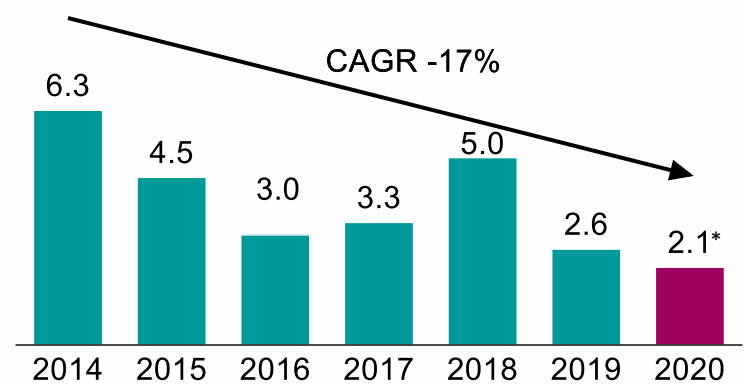


Results at a Glance (2014 - 2020)

Revenue (QR Bn)

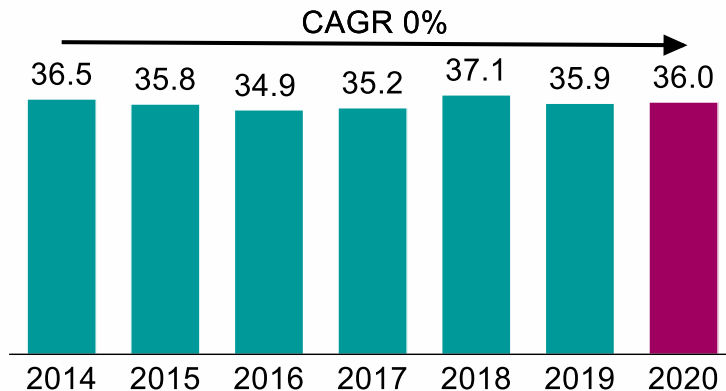


Net income (QR Bn)

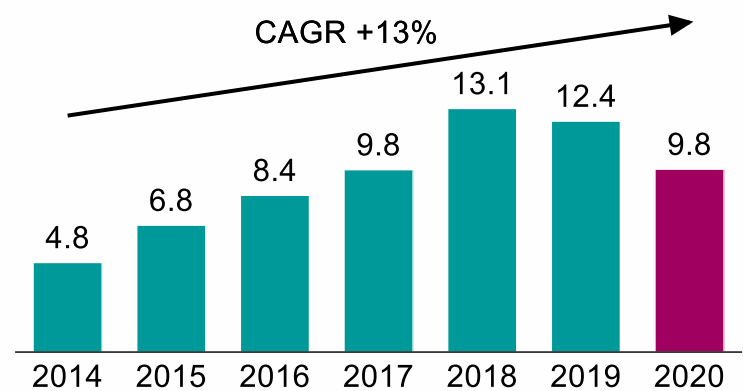


Revenue trends moved in line with the selling prices ▪ Movements in revenue together with operating costs affected the net income growth ▪ Cash across the Group continued to grow and reached its peak in 2018. Decline in net cash position as at the end of financial year 2020, was mainly attributed to acquisition of 25% stake in Qafco and 2019 dividend payments.

Total Assets (QR Bn)



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

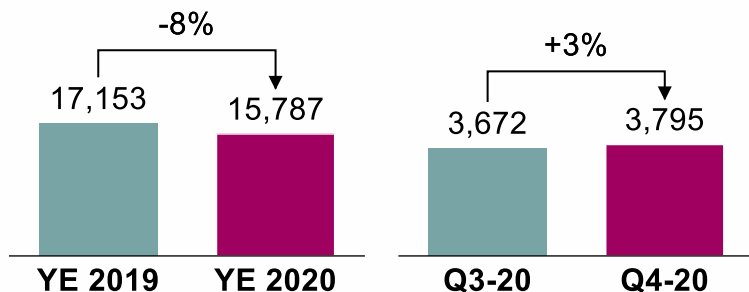


Results at a glance

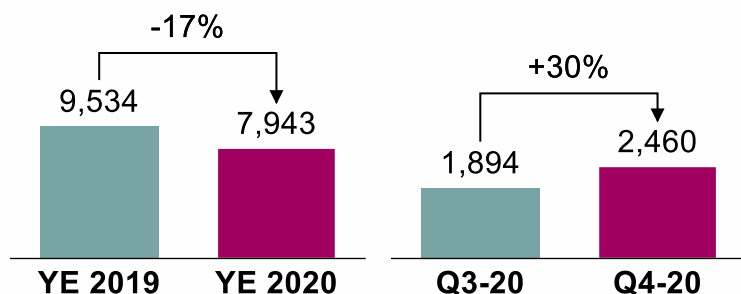
(For the year ended 31 December 2020)

Key Highlights

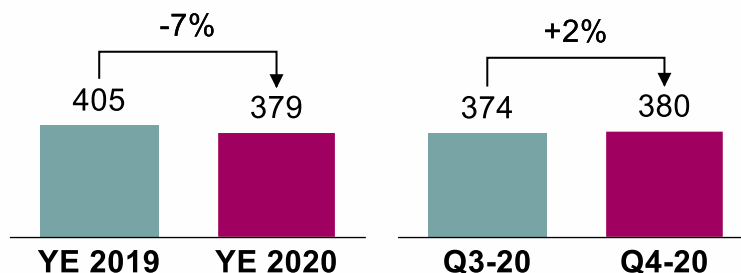
Production (MT'000)



Sales Volumes (MT'000)



Selling Prices (\$ / MT)



- 2020 production volumes declined as compared to 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.
- Q4-20 production levels were marginally up by 3% as compared to Q3-20, mainly due to higher production volumes from polyethylene and fertilizers facilities partially offset by lower volumes from steel and fuel additives facilities.
- Production not affected by COVID-19, except for MTBE facilities which was on planned shutdowns for certain periods in Q2-20 (57 days) and Q4-20 (32 days), due to commercial reasons, but the impact to the Group was insignificant considering a very limited contribution to the Group.
- 2020 sales volumes down on last year, mainly due to temporary gas processing arrangement in relation to Qafco trains 1-4 for the first seven months ended 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 and MTBE facilities due to 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 the oil price crisis did not materially affect the sales volumes.
- Q4-20 sales volumes significantly up as compared to Q3-20, due to notable volume uplift across all segments except for fuel additives due to commercial shutdowns.
- 2020 vs 2019: Reduction in prices was noted in petrochemicals and fertilizer segments, driven by external factors including lower crude and weaker demand on account of COVID-19 pandemic.
- Q4-20 vs Q3-20: Prices improved in Q4-20 on account of continued positive crude price trajectory, supply shortages and demand recoveries to an extent on the back of government stimulus announcements and further easing of lockdowns, along with vaccine optimism.

Key Highlights

Revenue (QR Billion)



- 2020 Group revenue down on last year mainly driven by lower prices (petrochemicals and fertilizers), lowered sales volumes, temporary gas processing arrangement in relation to Qafco trains 1-4. This was partially offset by acquisition of 25% stake in Qafco with effect from 01 January 2020 and the new GSPA relating to Qafco trains 1-6 effective 01 August 2020.
- Q4-20 revenue significantly up on Q3-20, on account of improved sales volumes, mainly from fertilizers & steel segments, while selling price continued its positive trajectory.

2020 vs 2019: results were impacted by:

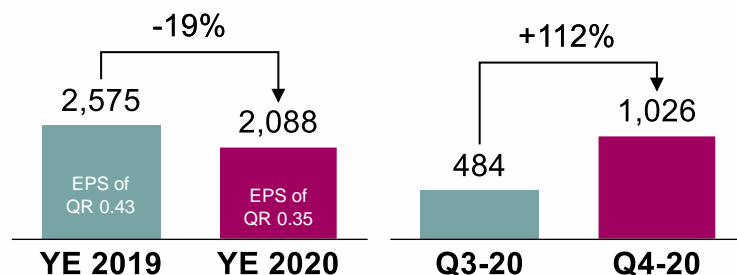
- Lower prices;
- Lower sales volumes;
- One-off booking of impairment loss on steel facilities moth-balled and QMC, offset by the booking of one-off revaluation gain on account of Qafco's acquisition.

Q4-20 vs Q3-20: results significantly improved due to:

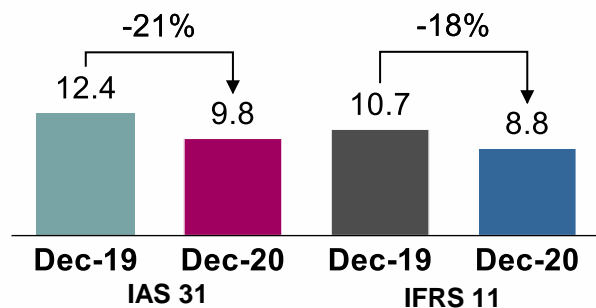
- Selling price recoveries;
- Improved sales volumes;
- Recognition of additional fair value / bargain purchase gain after amounting to QR 245 million, after initially recognizing a gain of QR 1.2 billion. This was partially offset by additional depreciation charge of QR 199 million, on account of PPA exercise.

- Total cash across the Group stood at QR 9.8 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 as part of Qafco's acquisition).
- There is no debt across the Group.

Net profit – normalized (QR Million)¹



Net Cash / (Debt) (QR Billion)



Note 1: Normalized profits have been reported after considering 25% profits from Qafco for the first nine months until 30 Sep 2020, amounting to QR 113 million, as the same had been reported as part of retained earnings in the published financial statements for the year ended 31 December 2020.

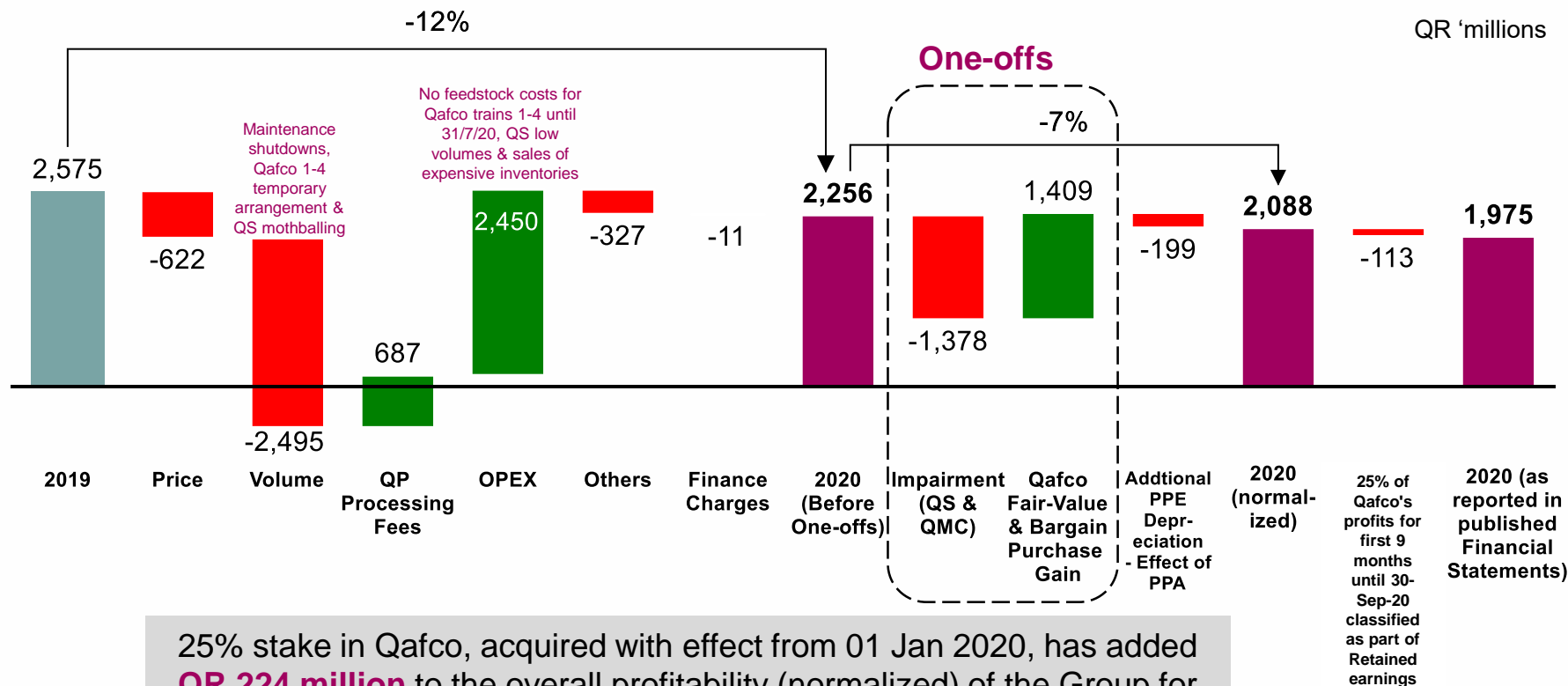
Note 2: Quarterly figures for the year 2020 have been restated to show the effects of acquisition of Qafco's 25% stake retrospectively, with effect from 01 January 2020.

Net Profit Variance Analysis

Net profit (normalized) of **QR 2.1** billion, down on 2019 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 gas processing arrangement for Qafco trains 1-4 and lower sales volumes on account of Qatar Steel's moth-balling of certain facilities.

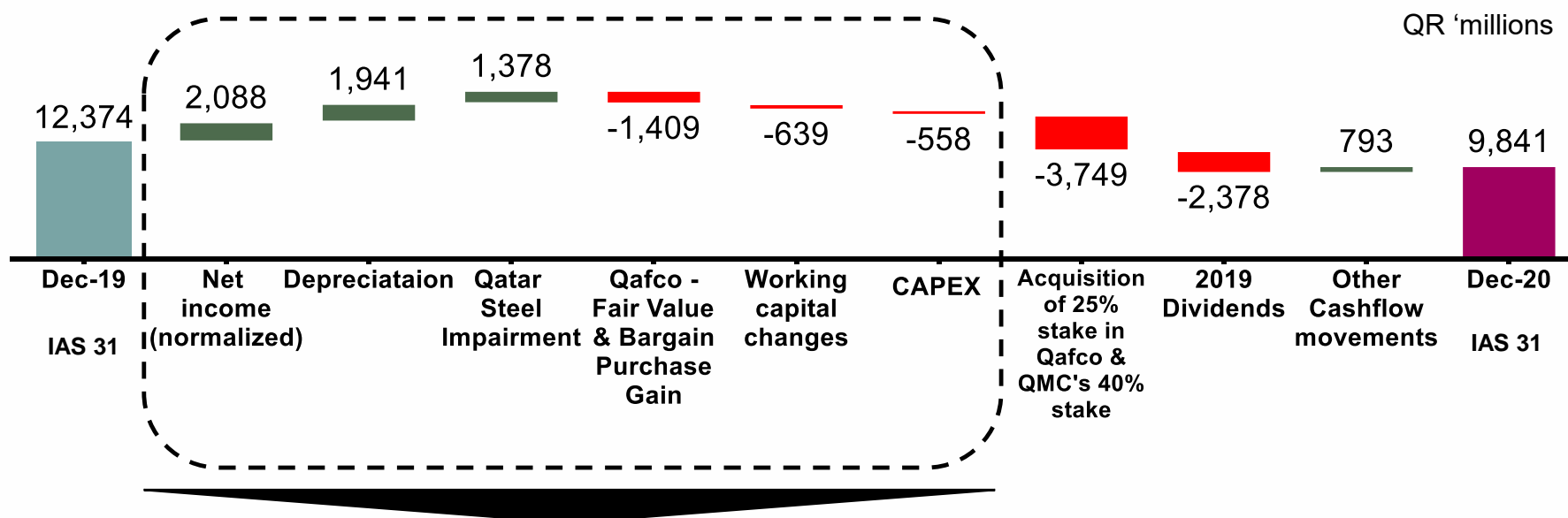
The results were also affected by the following two one-off bookings:

- recognition of one-off 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 and bargain purchase gain of QR 1.4 billion, 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.



IQ Cash flow generation capability

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

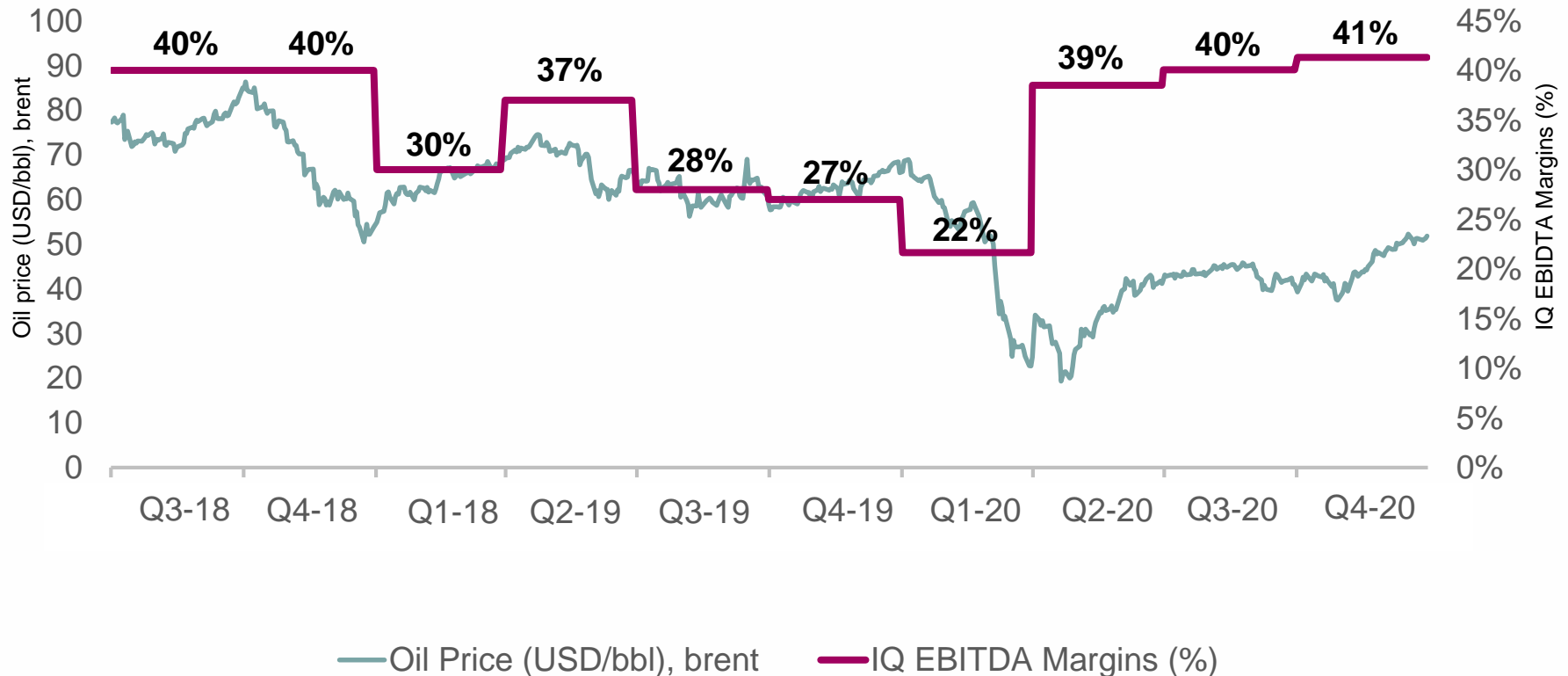


Free cash flows generated during the financial year ended 31 December 2020: QR 2.8 billion

25% stake in Qafco, acquired with effect from 01 Jan 2020, added **QR 427 million** to the free cash flows of the Group for the financial year ended 31 December 2020

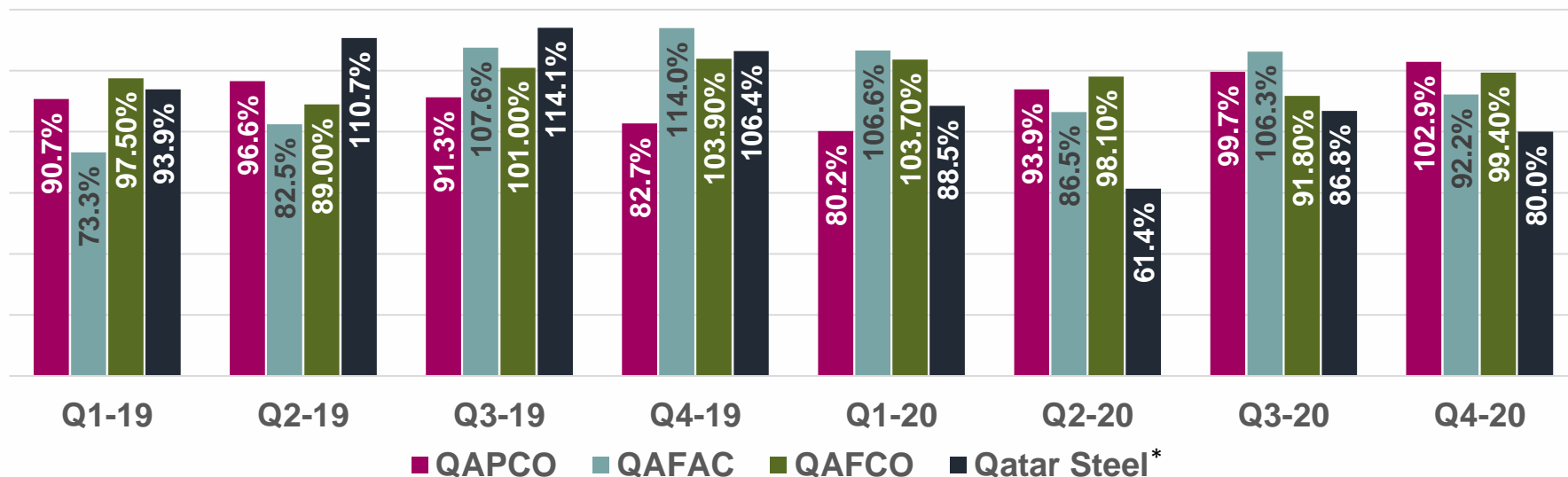
Robust EBITDA margins

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



IQ's operating rates continue to remain stable

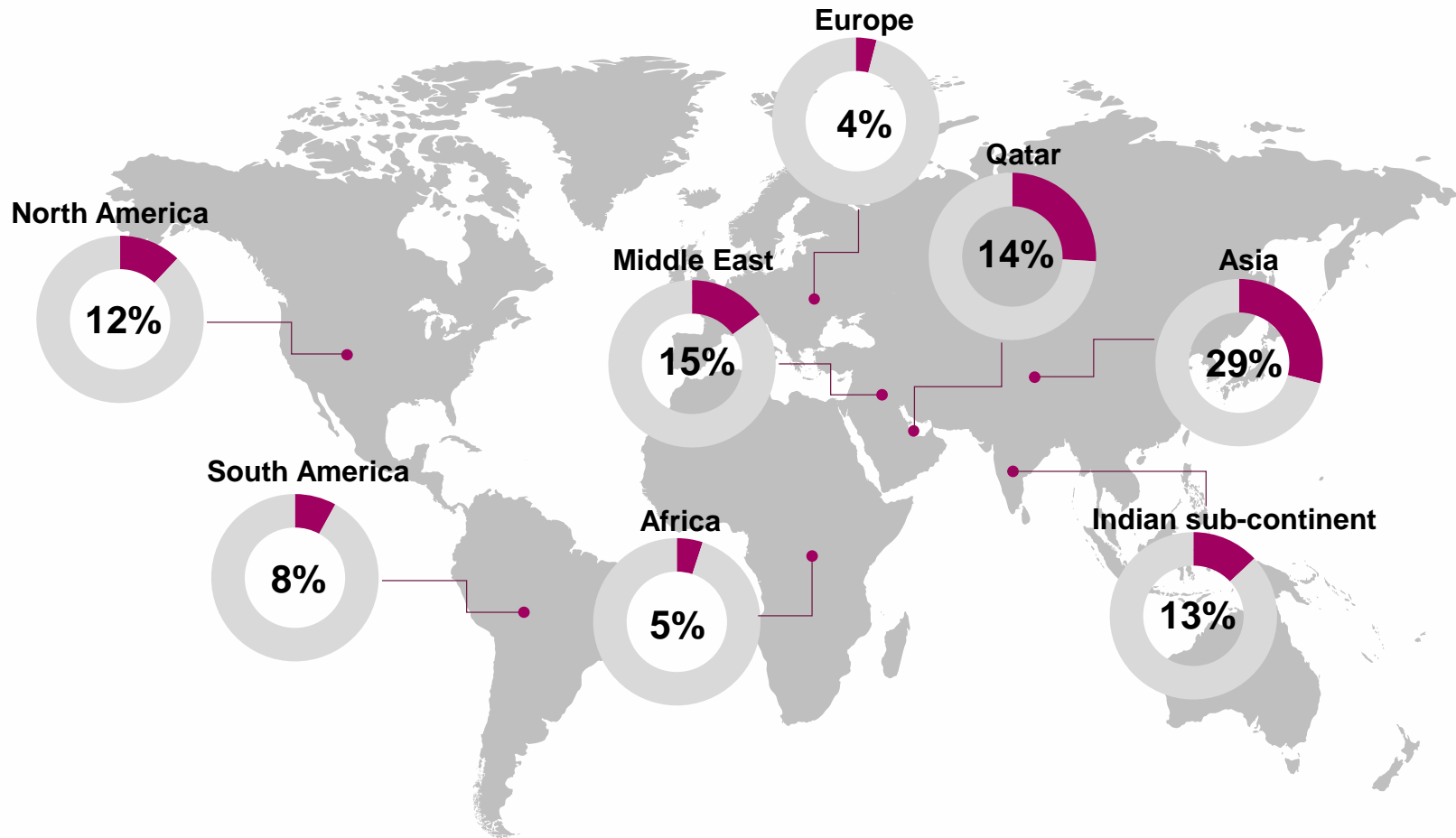
Despite the adverse macroeconomic conditions,
the operating rates remained stable



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.

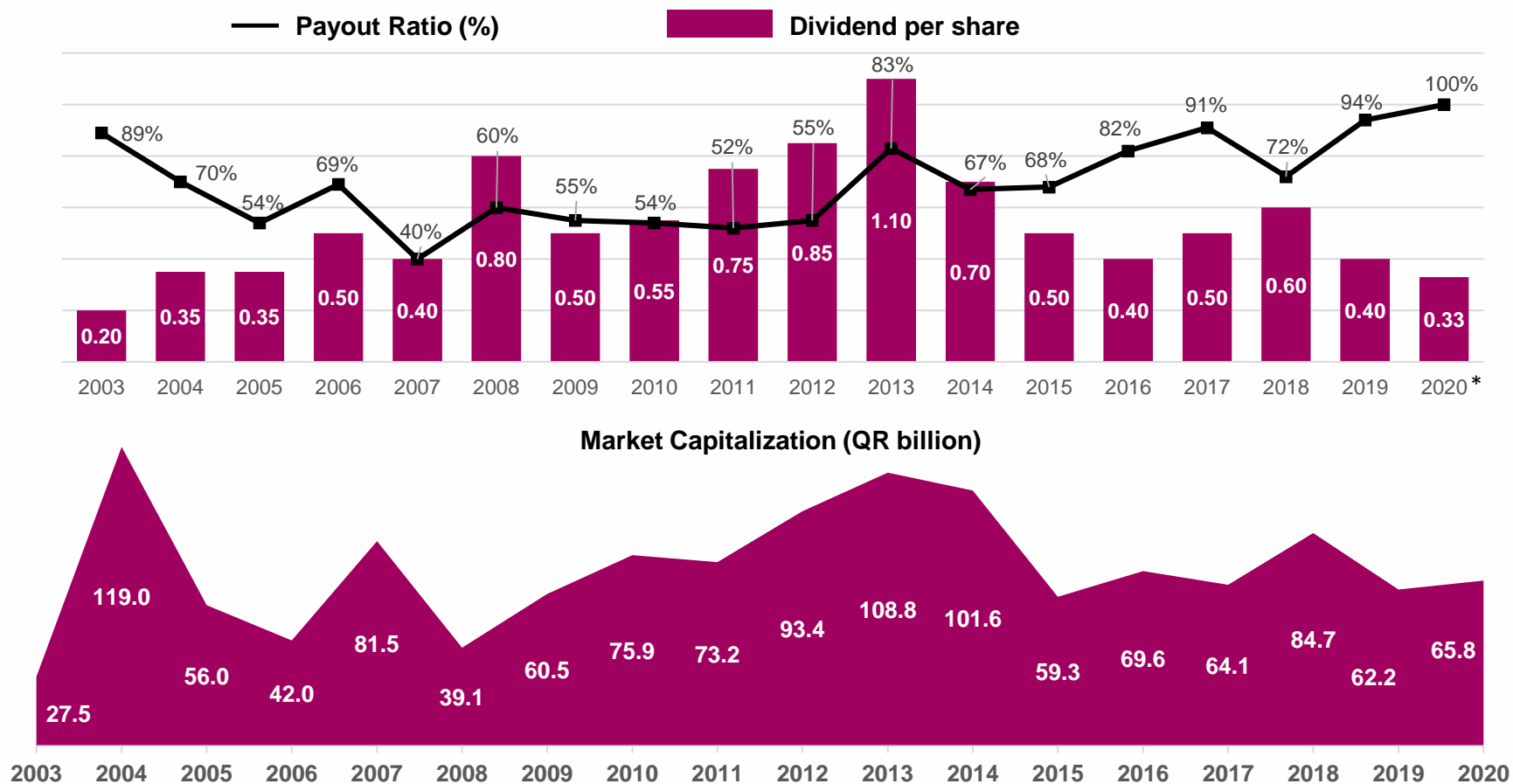
Geographic analysis – IQ Group revenue

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



- To date, cash dividends totaling QR **53.4** billion (excluding 2020 proposed dividends) 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: Petrochemicals

- 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);



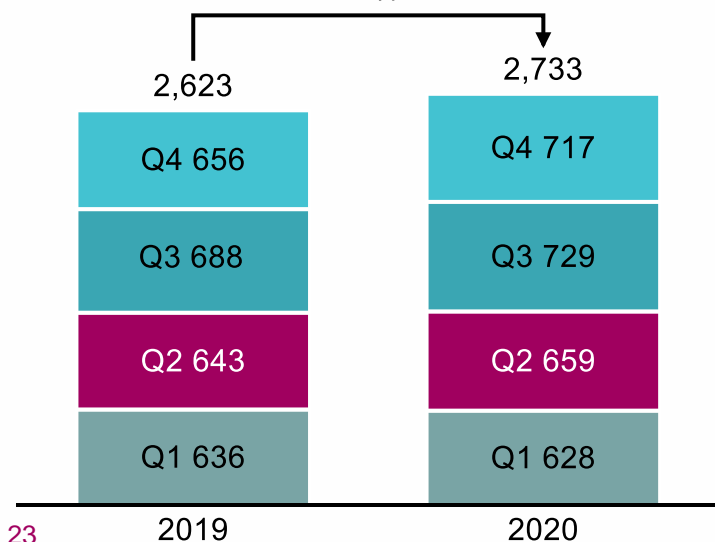
Segmental Details: Petrochemicals

Analysis of production & selling prices

- **Production:** Production up by **4%** compared to 2019, as the segment had lesser number of planned and unplanned maintenance shutdowns during 2020 compared to last year;
 - Q4-20 production volumes slightly down on Q3-20, mainly as a result of planned shutdown at MTBE facilities due to commercial reasons during Q4-20. This was partially offset by improved production volumes from polyethylene facilities.
- **Selling Prices:** Down on 2019 by **12%**, due to reduction in crude oil prices and softened demand in major markets amid outbreak of COVID-19 pandemic.
 - Q4-20 selling prices improved by **15%** compared to Q3-20, following continued recoveries noted in crude oil prices and improved economic activities in key markets due to better demand on the back of continuous government stimulus packages in most of the advanced and emerging economies along with vaccine optimism.

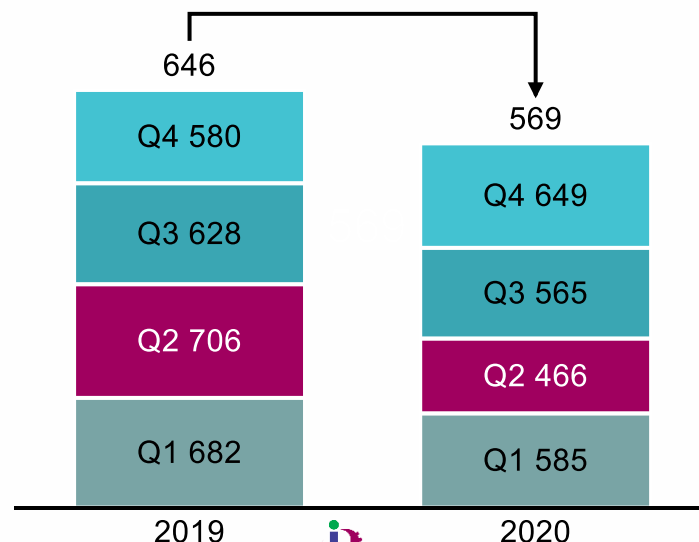
Production (000's MT)

+4%



Prices (\$ / MT)

-12%



Segmental Details: Petrochemicals

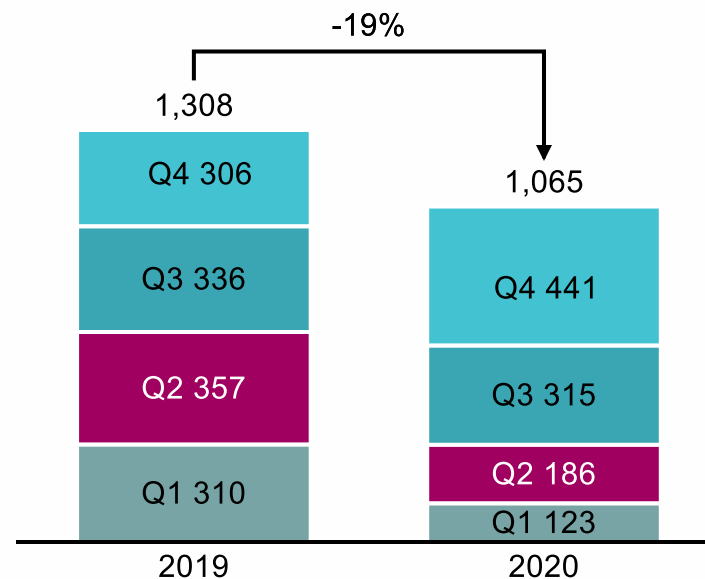
Analysis of segment revenue & net profit

- **Revenue:** QR 4.0 billion, down by 9% compared to last year. This decline in revenue was mainly due to lowered product prices which was slightly off-set by better sales volumes which increased by 3% compared to 2019;
 - Q4-20 revenue improved by 20% as compared to Q3-20, mainly due to recoveries in selling prices, coupled with better sales volumes which increased by 4% compared to Q3-20.
- **Net profit:** QR 624 million, down by 19% compared to last year. Reduction is mainly due to the overall decline in segment revenue.
 - Net profit increased by 40% compared to Q3-20 mainly due to continued improved market sentiments positively affecting the selling prices leading to a positive growth in the segment revenue.

Revenue (QR billion)



Net Profit (QR million)

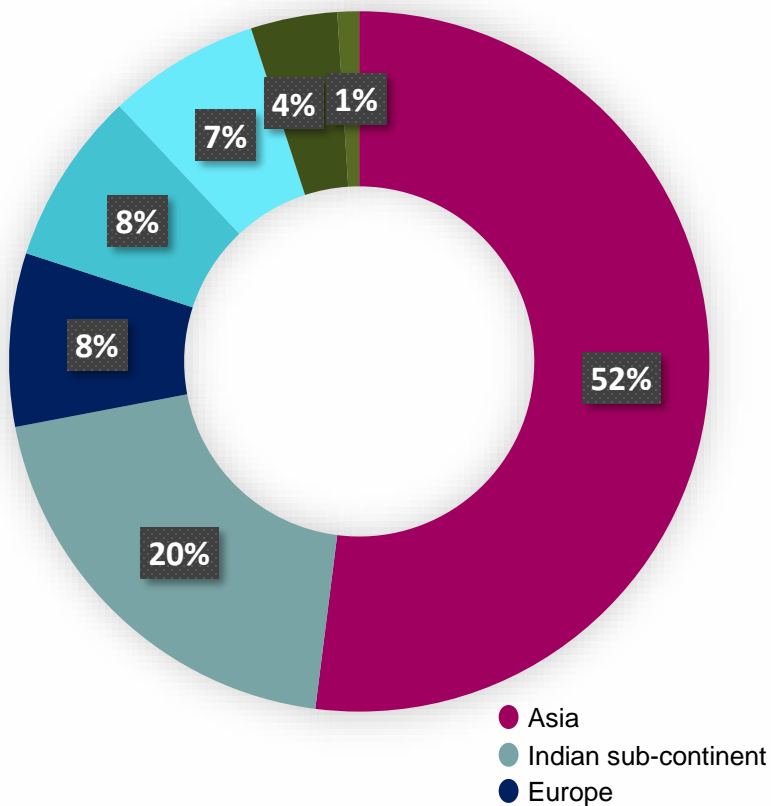


Segmental Details: Petrochemicals

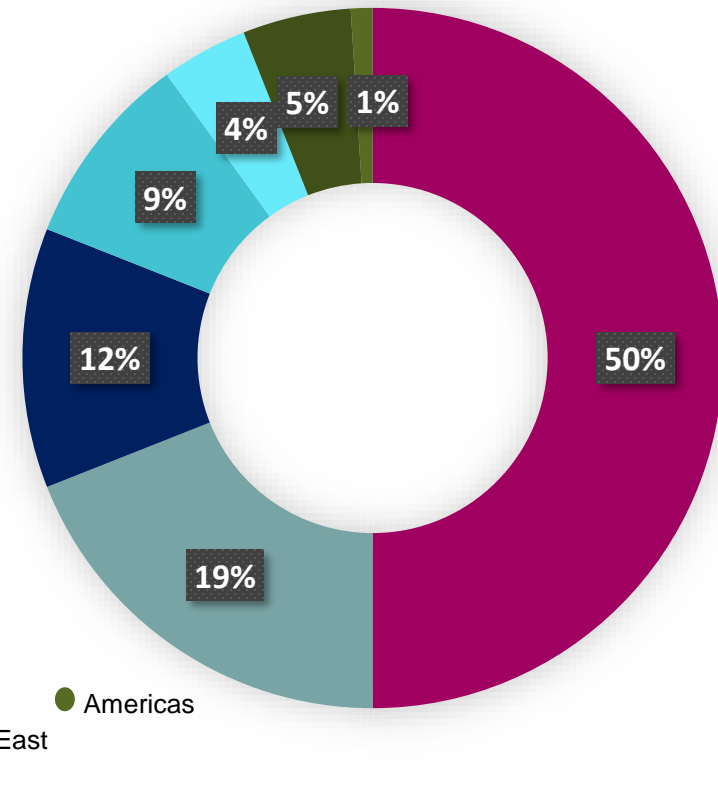
*Geographical analysis of
segment revenue*

- 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

2020 Segment Revenue (%)



2019 Segment Revenue (%)

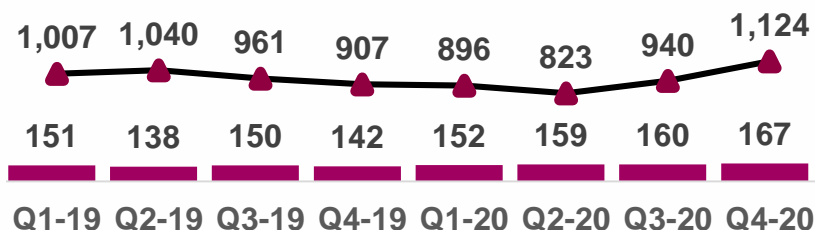


Segmental Details: Petrochemicals

Key segment
products analysis

LDPE

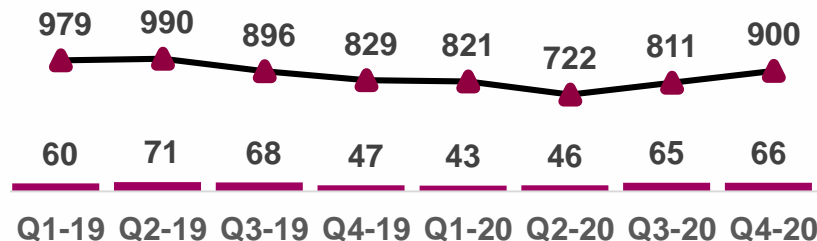
(contributed ~54% of the segment revenue in 2020)



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

LLDPE

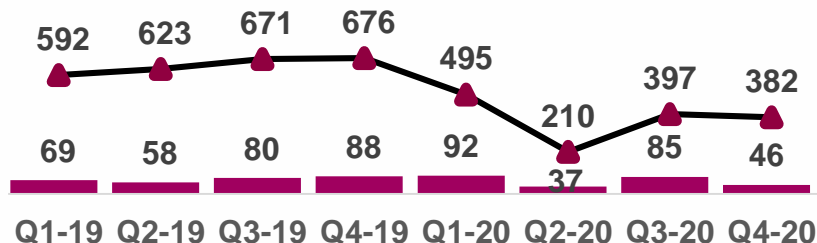
(contributed ~16% of the segment revenue in 2020)



Sales volumes remained buoyant compared to last year. Selling prices continuing the positive trajectory since Q3-20, due to improved demand and ebbed supply.

MTBE

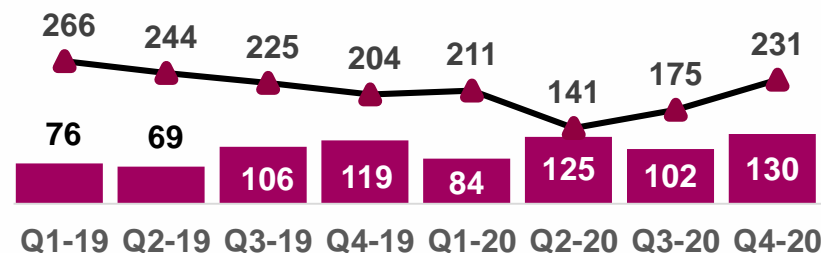
(contributed ~9% of the segment revenue in 2020)



Sales volumes declined Q4-20 as a result of MTBE facilities shutdown due to commercial reasons. The selling prices remained under pressure.

Methanol

(contributed ~7% of the segment revenue in 2020)



Sales volumes improved on overall basis as compared to last year. The selling prices recovered sharply from the lows in Q2-20.

Segmental Details: Fertilizers

- **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).

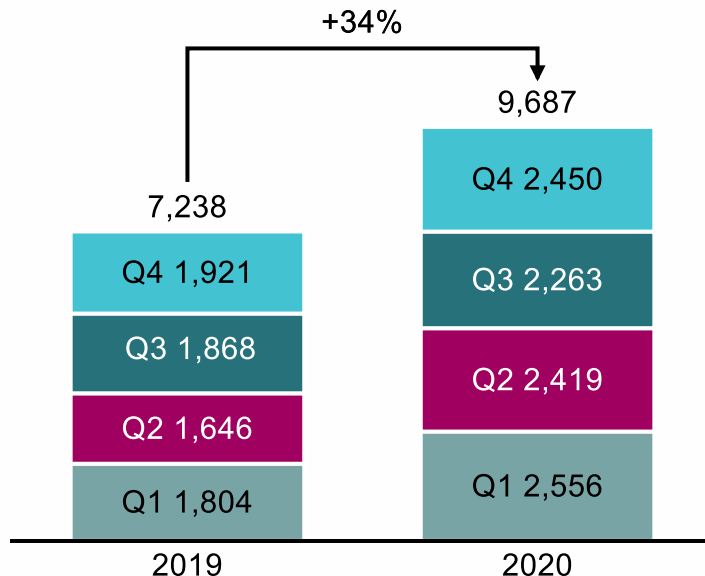


Segmental Details: Fertilizers

Analysis of production & selling prices

- **Production:** Production increased by **34%** compared to 2019, as result of additional volumes being added, amid acquisition of 25% stake in Qafco with effect from 01 Jan 2020;
 - Q4-20 production increased by **8%** compared to Q3-20 due to improved operating rates.
- **Selling Prices:** Prices down by **6%** compared to 2019, due to weaker demand outweighed the gradual easing of supply side bottlenecks.
 - Prices increased by **4%** in Q4-20, compared to the Q3-20, against a backdrop of limited supply in China due to winter supply cuts, as well as, a potential demand pick-up in the US ahead of the spring season and an overall demand from India.

Production (000's MT)



Prices (\$ / MT)



Segmental Details: Fertilizers

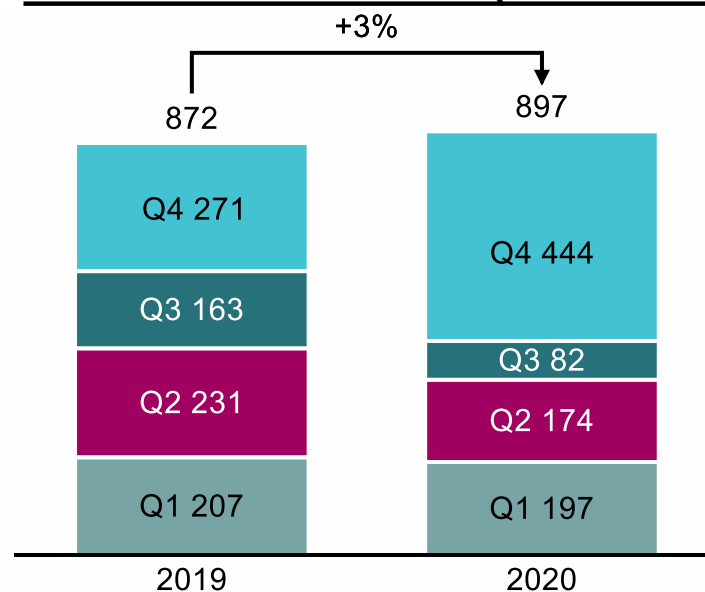
Analysis of segment revenue & net profit

- **Revenue:** QR 4.4 billion, up by 3% compared to 2019, mainly due to accounting for revenues from Qafco at 100% with effect from 01-Jan-20, due to acquisition of the additional 25% minority stake in Qafco. This was slightly 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;
 - Revenue increased by 50% in Q4-20 compared to the Q3-20, mainly due to recoveries noted in selling prices (+4%) and improved sales volumes (+44%).
- **Net profit:** QR 828 million, down by 5% compared to 2019, due to overall decline in selling prices and impairment provision booked for QMC;
 - Net profit increased by 356% in Q4-20 compared to Q3-20, due to overall growth in revenue and booking one-off impairment loss in relation to QMC amounting to QR 153 million in Q3-20. The profitability for Q4-20 would improve by 59% compared to Q3-20, excluding one-off non-cash impairment loss booked in Q3-20, which is closely aligned with the overall growth in revenues.

Revenue (QR billion)



Net Profit - normalized (QR million)¹



Note 1: Normalized profits have been reported after considering 25% profits from Qafco for the first nine months until 30 Sep 2020, amounting to QR 113 million, as the same had been reported as part of retained earnings in the published financial statements for the year ended 31 December 2020.

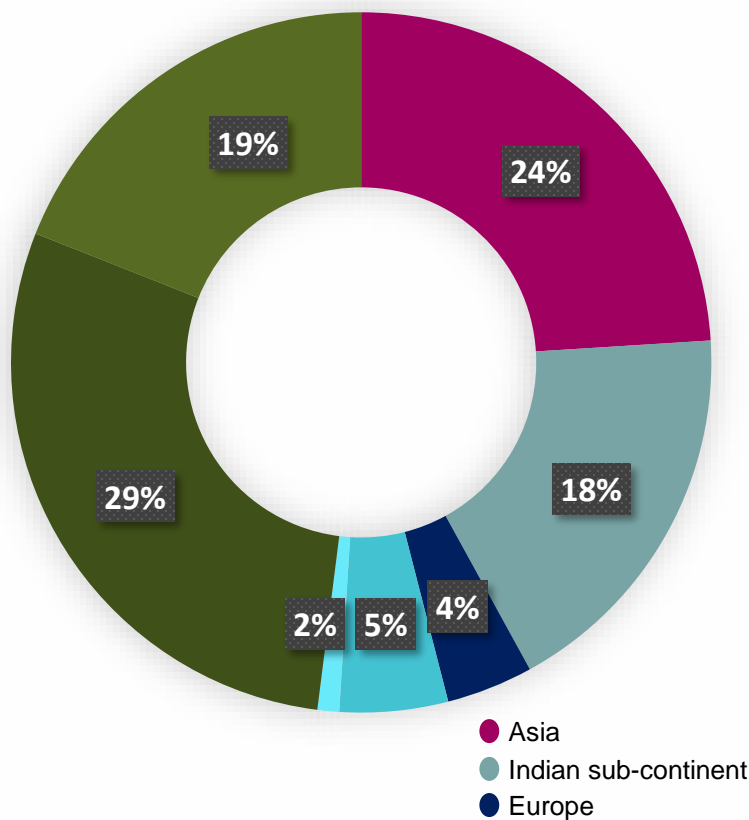
Note 2: Quarterly figures for the year 2020 have been restated to show the effects of acquisition of Qafco's 25% stake retrospectively, with effect from 01 January 2020.

Segmental Details: Fertilizers

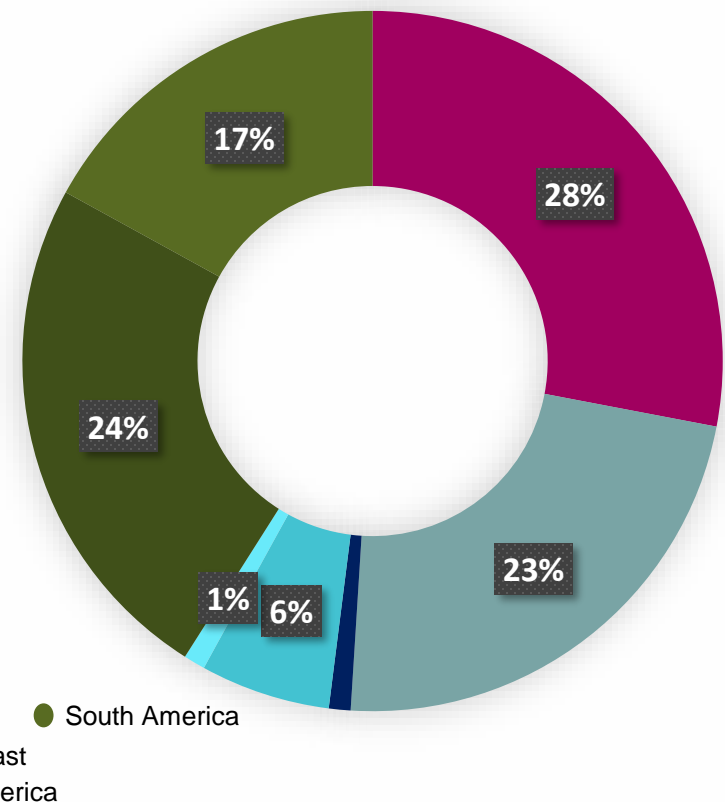
*Geographical analysis of
segment revenue*

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

2020 Segment Revenue (%)



2019 Segment Revenue (%)

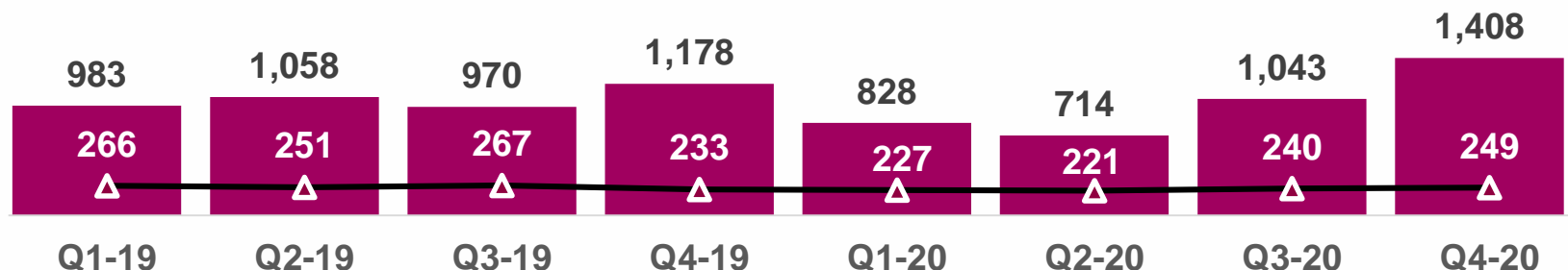


Segmental Details: Fertilizers

Key segment
products analysis

Urea

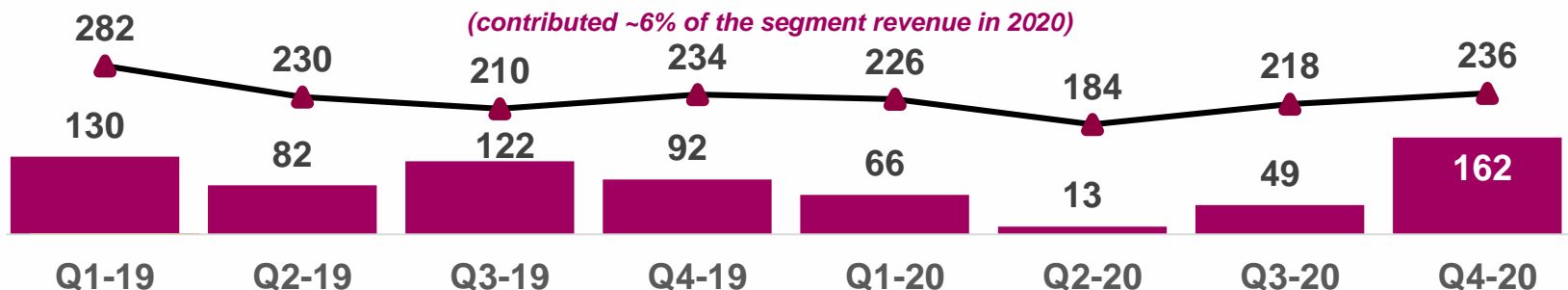
(contributed ~90% of the segment revenue in 2020)



Sales volumes during 2020 were affected due to the recognition methodology under the temporary gas processing arrangement for Qafco trains 1-4 for the first seven months of 2020. Selling prices declined in Q1-20 & Q2-20 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 and Q4-20 on the back of improved macroeconomic conditions.

Ammonia

(contributed ~6% of the segment revenue in 2020)



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)

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**.

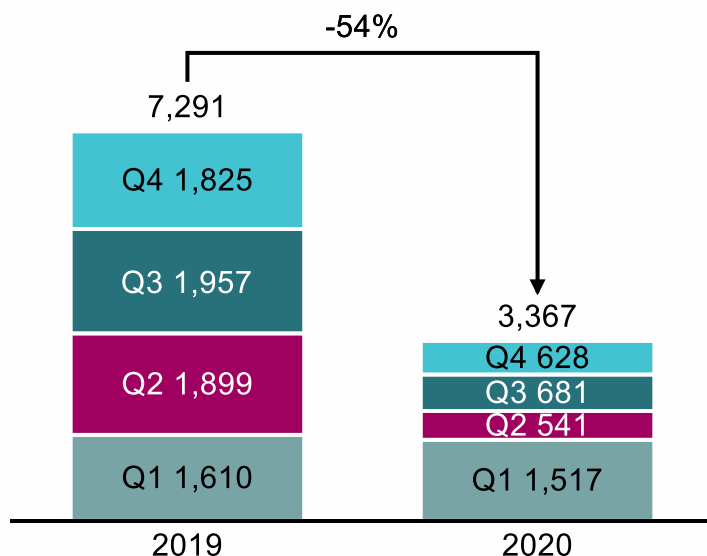


Segmental Details: Steel

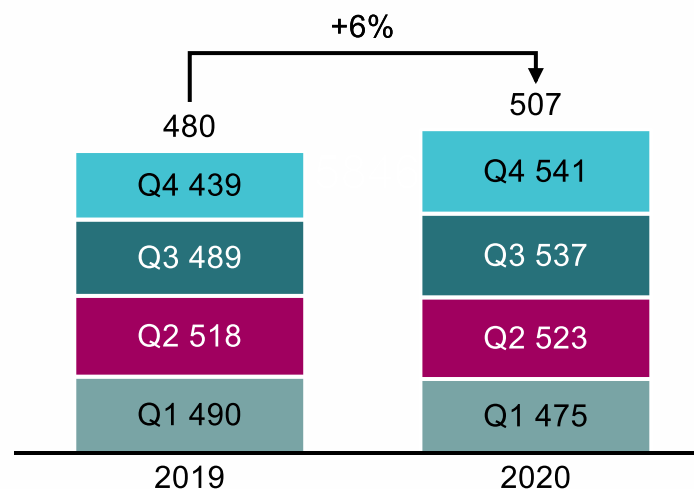
Analysis of production & selling prices

- **Production:** Production down by **54%** compared to 2019, due to the management's decision to mothball certain facilities;
 - Production decreased in Q4-20 by **8%** compared to Q3-20, due to maintenance shutdown during Q4-20.
- **Selling Prices:** slightly improved in 2020 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.
 - Prices slightly improved in Q4-20 by **1%** compared to the Q3-20.

Production (000's MT)



Prices (\$ / MT)

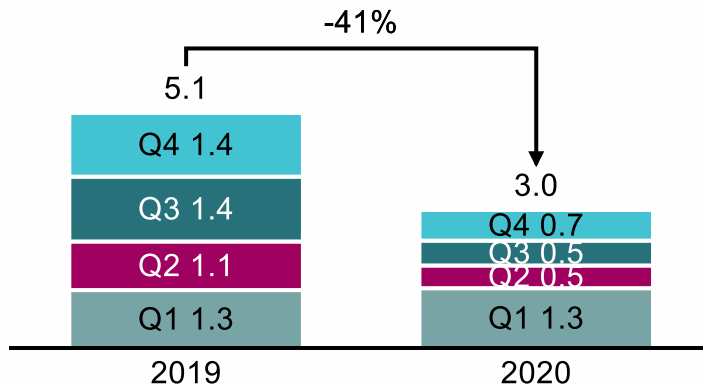


Segmental Details: Steel

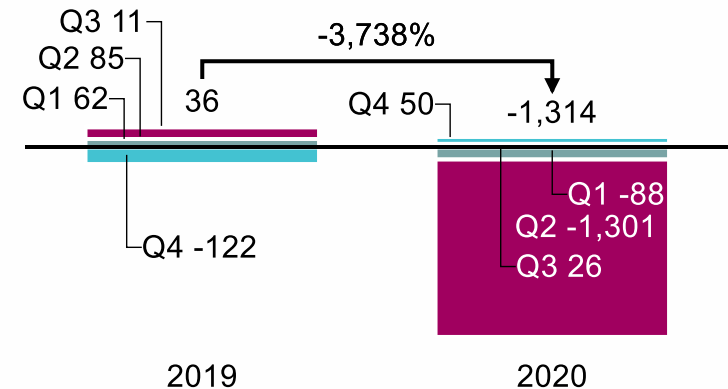
Analysis of segment revenue & net profit

- **Revenue:** QR 3.0 billion, down by 41% on 2019 amid decline in sales volumes due to management's decision to cater only local demand of steel starting from Q2-20;
 - Revenue increased by 23% in Q4-20 compared to Q3-20 due to better pricing levels (+1%) and sales volumes (+22%).
- **Net Profit:** Net Loss of QR 1.3 billion for year 2020 compared to a net profit of QR 36 million last year. Reduction primarily due booking on one-off impairment loss on the facilities mothballed amounting to QR 1.2 billion and lowered volumes on account of mothballing of certain facilities.
 - Profitability improved by 91% during Q4-20 compared to Q3-20, due to overall growth in revenue and better realizations on account of new optimization initiatives started since Q2-20.

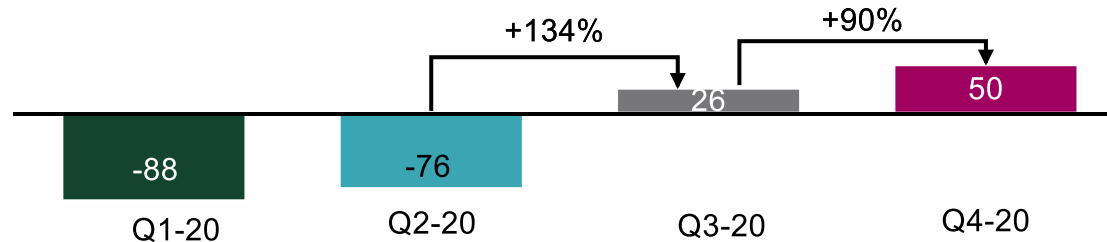
Revenue (QR billion)



Net Profit (QR million)



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

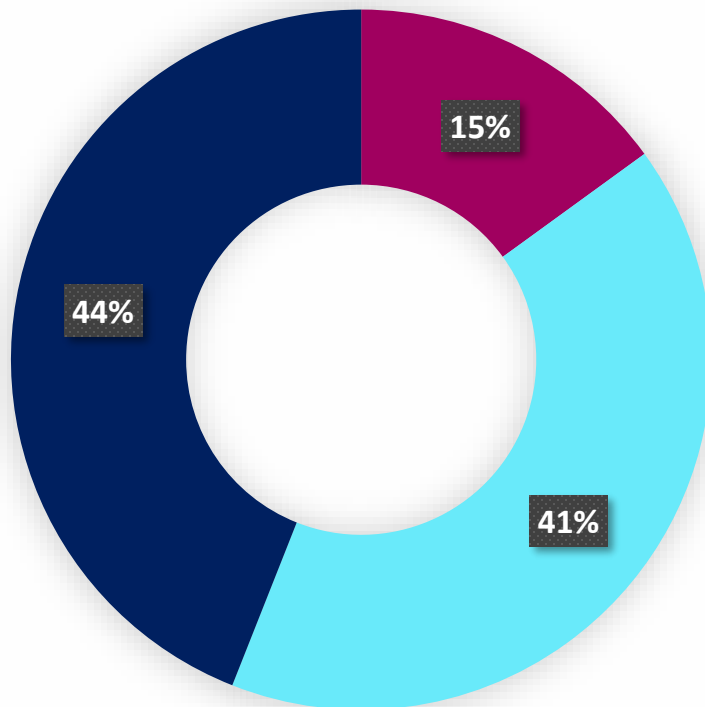


Segmental Details: Steel

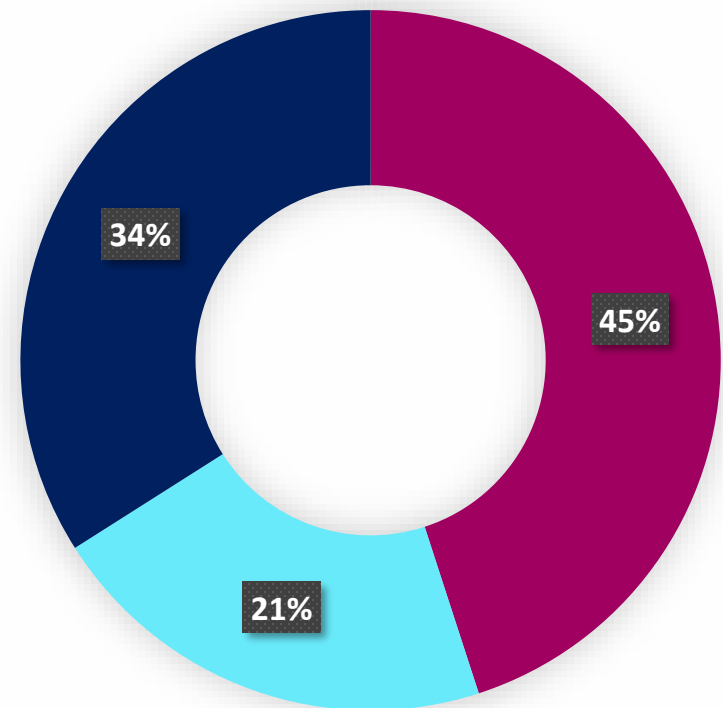
*Geographical analysis of
segment revenue*

- 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 predominantly, as compared to the international demand, amid higher competition and declining margins internationally

2020 Segment Revenue (%)



2019 Segment Revenue (%)



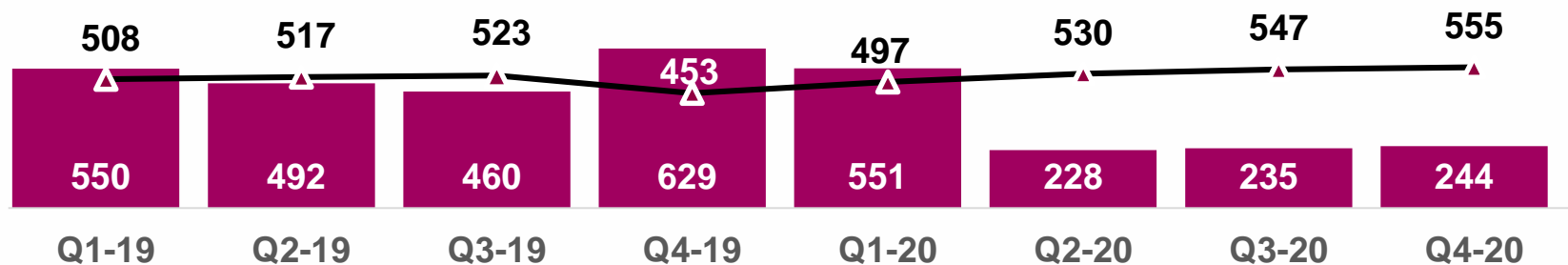
● Asia ● Middle East ● Africa
● Qatar ● Indian-subcontinent ● America

Segmental Details: Steel

Key segment
products analysis

Rebars

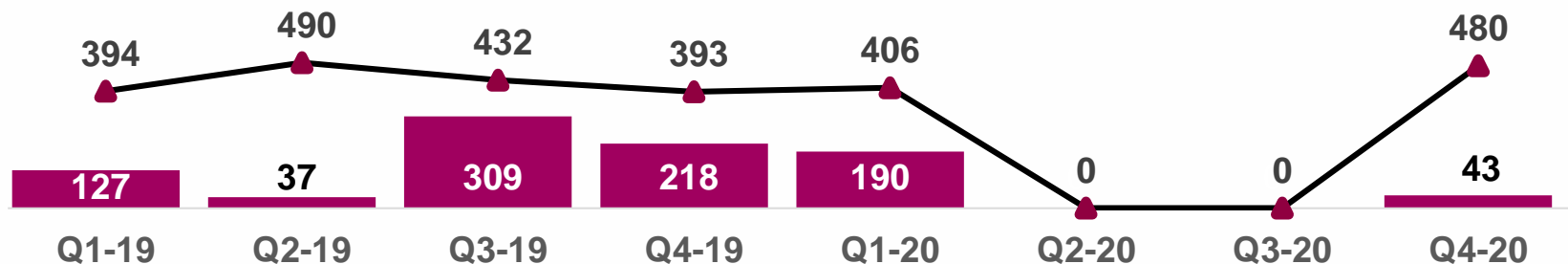
(contributed ~79% of the segment revenue in 2020)



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

Billets

(contributed ~12% of the segment revenue in 2020)



Sales of billets remained opportunistic depending on the market conditions and availability of excess billets, where most of the production of billets is used for Rebar production. No sales of billets were made in Q2-20 and Q3-20.

CAPEX & Cash flows (2021 – 2025)

CAPEX and Cash Flows (2021 - 2025)

- CAPEX / PUD spend of QR 5.2 billion across all segments doe 2021-2025 ▪ *No capacity related CAPEX and mostly related to reliability and HSE*
PUD / Investments QR 2.0 billion; Turnaround Capex QR 1.5 billion;
IT / Technical Road Map QR 0.7 billion; Other Capex QR 1.2 billion.
- Qapco (Capex of QR 1.2 billion)
 - QR 0.5 billion of routine CAPEX primarily related to HSE;
 - Turnaround / reliability related CAPEX of QR 0.7 billion;
 - No CAPEX related to PUD / Investments
- Qafac (Capex of QR 0.5 billion)
 - Turnaround & annual maintenance (2023) QR 0.1 billion, other routine CAPEX of QR 0.4 billion ▪ no capacity related CAPEX;
- Qafco (Capex of QR 3.2 billion)
 - Projects include (investment projects QR 1.6 billion, capital spares QR 0.2 billion, catalysts QR 0.1 billion, shutdown QR 1.1 billion, and others QR 0.2 billion)
- Qatar Steel (Capex of QR 0.3 billion)
 - CAPEX mainly related to maintenance replacement, HSE, and other minor projects;
- Additional borrowing of only QR 0.1 billion to finance operations of QAFAC

| CAPITAL EXPENDITURE (in QR Billion) | | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Capital Spares | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Catalysts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Turnaround CAPEX | 0.3 | 0.5 | 0.3 | 0.2 | 0.3 |
| Investments / PUD | 0.5 | 0.9 | 0.4 | 0.1 | 0.1 |
| IT / Technical | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other Routine CAPEX | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total CAPEX | 1.5 | 1.8 | 0.9 | 0.5 | 0.5 |
| CASH FLOWS (in QR Billion) | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Cash Flows: | | | | | |
| - Operating | +2.8 | +3.5 | +4.1 | +4.6 | +4.8 |
| - Investing | -1.4 | -1.6 | -0.6 | -0.2 | -0.2 |
| - Financing | -0.0 | -0.1 | -0.1 | -0.1 | -0.1 |
| FCFF | +1.3 | +1.7 | +3.2 | +4.1 | +4.3 |
| FCFE | +1.4 | +1.7 | +3.2 | +4.1 | +4.3 |

$FCFE = FCFF \pm \text{Net Debt} - \text{Finance Charges}$

Note: The cash flow & CAPEX figures for the years 2021-25 are based on the 2021 approved budget and business plan, based on the expectations of the market conditions and commodity prices forecasted at the time of finalizing the 2021 budget & business plan.

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. The Board may defer, delay or cancel projects based on market outlook and economics.

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.
- For the year 2020, the Group managed to further reduce controllable fixed operating expenditures during the year by 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.

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. (“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 completed during the year, only related to the operational level, where the marketing team would still be independently managed, hence, this integration will not have any impacts on Industries Qatar.
- Qatar Steel’s marketing activities has now moved back 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.