

Industries Qatar (IQCD)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR12.65	Target Price	QR15.20
Implied Upside	19.8%		

Urea Price Strength Brightens 2H Outlook; Stay Accumulate

We reiterate our Accumulate rating and our price target of QR15.20. 2Q2025 earnings were below expectations despite a top-line beat mostly driven by lower-margin DRI/HBI steel volumes as petchems' (LLDPE) volumes languished due to shutdowns and operating costs tracked higher-than-expected in all segments (primarily petchems). **Overall 1H2025 earnings/EPS declined 8.9% on a normalized basis** from QR2.1bn/QR0.35 in 1H2024 to QR2.0bn/QR0.32. Including one-off gains related to QAFAC/SOLB that boosted 1H2024 net income/EPS to QR2.7bn/QR0.44, 1H2025 earnings declined a steeper 26.5%. **While IQCD maintained a flat 80% payout, interim DPS also declined 16.1% from QR0.31 to QR0.26 in 1H2025. However, 2H2025 looks decidedly brighter with urea benchmark prices averaging almost 45% YoY/25% QoQ to \$495/MT thus far in 3Q2025** (despite falling to around \$450/MT in the last couple of weeks). In spite of the recent decline, we expect urea prices to remain elevated, albeit progressively softening, given a resumption in Chinese exports from July. With no planned shutdowns in 2H2025, other than a routine QAPCO shutdown (90 facility days) in 4Q2025, **we expect 2H2025 earnings to increase 27.9% from QR2.0bn in 1H to QR2.5bn**. IQCD shares have had a sluggish start this year, the stock is just flattish YTD on a total return basis vs. the QE Total Return Index's gain of ~11%. We expect IQCD to post a 2.5% growth in 2025 normalized earnings (-8.4% reported earnings decline), followed by a 3.0% uptick in 2026. **We see several catalysts: (1) February's buyback announcement of up to QR1bn** (4.0% of FF market cap) could help provide a boost as it is possible this program begins after IQCD's earnings announcement in late October. **(2) Middle East urea prices should remain strong in 2H despite potentially progressively declining; we are modeling an average realized price of \$398/MT for urea in 2025, up 26.5%**. Urea breached the \$500/MT levels in late June/early July peaking in August. Strong Indian seasonal buying, along with supply disruptions from Iran and Egypt aided the growth in prices. While Chinese exports have resumed, there is a cap of 2 MT between June and mid-October, which is likely not enough to balance the market given expectations of additional Indian tenders and Brazilian buying. We expect IQCD's average realized prices to increase from \$375/MT in 2Q2025 to \$450/MT (3Q) and \$406/MT (4Q). **(3) If IQCD is able to acquire the remaining 50% of QAFAC, it could boost EPS**. However, we do not have color if a deal will actually be completed. **(4) Startup of a new 350 KTPA PVC plant** (QR455mn net cost) by 2H2025/early 2026, along with **an increase in effective stake in its QVC JV** (to 44.8% from its current indirect stake [via QAPCO] of 25.52%) from May 2026, could also lead to a ~3% growth in earnings. **(5) IQCD should also benefit from the Blue Ammonia (Ammonia-7) project starting mid-2026**. This could lead to ~10% earnings acceleration -- in our model to an extent -- but difficult to quantify completely given the expected premium of blue vs gray ammonia, the fee paid to QatarEnergy RS for carbon capture and storage, etc. The A-7 project should also boost IQCD's ESG credentials. **(6) Moreover, similar to the QAFAC deal, IQCD could look to acquire Total's 20% stake in QAPCO when its JV agreement expires in 2029, which could add ~5% to EPS**. IQCD is trading at 17.2x/16.7x its 2025/2026 EPS. Investors should accumulate IQCD given its favorable risk-reward characteristics and attractive dividend yield (5.8%/6.0% for 2025/2026).

Highlights

- After a soft 1H2025, we expect 2H2025 earnings/dividends to increase 27.9%/84.6%. 2H earnings/EPS should increase to QR2.5bn/QR0.41, up from QR2.0bn/QR0.32. While 1H dividend payout was flat vs. the year-ago period at 80% translating into a DPS of QR0.26, if IQCD maintains its 100% full year payout (like it did in 2024), we expect 2H2025 DPS to grow almost 85% to QR0.48 bringing FY2025 DPS to QR0.74, flat with 2024. See page 4 for full estimate changes. **Investment Highlights continued on Page 2.**

Catalysts

- Near term, oil/urea to determine earnings, sentiment and stock price. The buyback could finally commence after 3Q results. Longer term, projects such as A7 remain key catalysts.

Recommendation, Valuation and Risks

- Recommendation & valuation: IQCD is an Accumulate with a SOTP-derived PT of QR15.2.**
- Risks: (1)** Tariffs imposed by the US could substantially affect prices/demand. **(2)** 15% GMT (not currently in our model) could impact earnings but exact details not known and seems like IQCD could be largely unscathed. **(3)** Buyback could reduce FF affecting IQCD's weight in key indices, such as MSCI & FTSE. **(4)** IQCD may not be able to secure the remaining stakes in QAFAC/QAPCO. **(5)** Oil/urea prices influence IQCD's operations & investor sentiment. **(6)** Geopolitical risks remain and cannot be modeled.

Key Data

Current Market Price (QR)	12.65
Dividend Yield (%)	5.8
Bloomberg Ticker	IQCD QD
ADR/GDR Ticker	N/A
Reuters Ticker	IQCD.QA
ISIN	QA000A0KD6K3
Sector*	Industrials
52wk High/52wk Low (QR)	13.90/11.46
3-m Average Volume ('mn)	1.6
Mkt. Cap. (\$ bn/QR bn)	21.0/76.5
EV (\$ bn/QR bn)	18.5/67.5
Shares Outstanding (mn)	6,050.0
FO Limit* (%)	100.0
Institutional FO* (%)	7.9
1-Year Total Return (%)	3.4
Fiscal Year End	December 31

Source: Bloomberg (as of September 24, 2025), *Qatar Exchange (as of September 23, 2025); Note: FO is foreign ownership

Key Financial Data and Estimates

	2024	2025e	2026e
Sales (QR mn)	12,652	15,611	16,640
EPS (QR)	0.80	0.74	0.76
P/E	15.7	17.2	16.7
EV/EBITDA	18.6	14.6	13.6
Dividend Yield	5.8%	5.8%	6.0%

Source: Company data, QNB FS Research

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Investment Highlights (Cont.)

- IQCD reported QR962.5mn/QR0.159 in 2Q2025 earnings/EPS (-30.3% YoY/-3.1% QoQ), missing our estimate of QR1,088.0mn/QR0.180 by 11.5%. There were substantial one-offs (due to an accounting treatment change for QAFAC and reversal of a provision for a bank guarantee for its steel associate, SOLB) recorded in 2Q2024 and excluding these, earnings grew by 11.2% YoY. Relative to last year, urea prices increased to \$375/MT, up from \$291/MT in 2Q2024, aiding overall normalized yearly earnings growth. Sequentially, the dip in earnings came from petchems and fertilizers (lower prices but higher volumes), offsetting an earnings uptick from steel (mostly, increased volumes). *See page 4 for full estimate changes.*
- **DPS should track EPS; we model flat DPS at QR0.74 (DY: 5.8%) in 2025, before gaining 2.7% to QR0.76 (6.0%) in 2026.** This translates to an average payout of ~100% (flat with 2024), which we believe could be the norm until EPS recovers beyond the QR1 mark. **While payouts are high, IQCD retains a strong balance sheet with ~2Q2025 cash/share of ~QR1.6 supporting dividends.**
- **Bulletproof balance sheet with ~QR9.9bn in cash/equivalents (after QR2.6bn in 2H2024 dividend payments) & zero long-term debt.** We note that IQCD has ample internal resources to fund its capex outlay of QR12.6bn over 2025-2029. IQCD, on a proportionate basis, generated OCF of QR1.8bn and FCF of QR0.6mn in 1H2025. Net-net, given IQCD's strong balance sheet, we expect the company to withstand difficult market conditions, while retaining dry powder to take advantage of opportunities. IQCD's strong FCF-generating ability (QR0.59/share on average over 2024-30, with an average yield of 4.7%), along with its large cash balances, also helps lower DPS volatility.

Valuation – Our Price Target Implies a 19.8% Appreciation Potential

Our target price of QR15.20/share implies an upside of 19.8% from the current market price. We value IQCD using a Sum-Of-The-Parts (SOTP) methodology, which comprises of separate DFC-based models for its segments:

Valuation Summary

Segment	Methodology	Equity Value	EV/Share	TP/Share	% Of TP
Fertilizers	DCF	54,602	9.0	9.8	65%
Petrochemicals & Fuel Additives	DCF	17,930	3.0	3.2	21%
Steel	DCF	10,516	1.7	1.9	13%
Corporate/Others	DCF	1,113	0.2	0.2	1%
IQCD		84,161	13.9	15.2	100%

Source: Company data, QNB FS Research

IQCD is Trading Above Historical Median (16.6x) But Below Historical Mean (18.0x)



Source: Bloomberg

Comparative Multiples

Fertilizers

BBG Ticker	Price (LC)	MKT Cap (US \$ mn)	P/E (X)		EV/EBITDA (X)		DY (%)	
			2025e	2026e	2025e	2026e	2025e	2026e
SAFCO AB EQUITY	118.00	14,975.7	13.6	15.9	9.5	10.7	5.8	5.5
YAR NO Equity	371.80	9,565.5	9.1	10.8	5.0	5.2	4.0	4.5
MOS US EQUITY	33.97	10,781.3	10.5	10.7	5.3	5.5	2.6	2.6
FERTIGLOBE UH EQUITY	2.56	5,785.8	22.5	20.5	8.1	8.0	4.4	5.0
Peers Average			13.9	14.5	7.0	7.4	4.2	4.4
Peers Median			12.0	13.3	6.7	6.8	4.2	4.7

Petchems

BBG Ticker	Price (LC)	MKT Cap (US \$ mn)	P/E (X)		EV/EBITDA (X)		DY (%)	
			2025e	2026e	2025e	2026e	2025e	2026e
YANSAB AB EQUITY	33.90	5,083.8	57.8	37.5	11.3	9.8	6.0	6.4
KAYAN AB EQUITY	5.21	2,083.5	N/M	N/M	15.6	9.4	0.0	1.0
SABIC AB EQUITY	61.30	49,028.2	N/M	35.2	11.0	9.5	5.0	5.1
PETROBRAS AB EQUITY	7.04	3,136.3	N/M	N/M	98.6	23.7	N/A	N/A
SIPCHEM AB EQUITY	18.39	3,595.4	40.3	23.6	10.2	8.8	5.5	5.8
BOROUGH UH EQUITY	2.57	21,031.4	19.4	17.5	10.7	7.7	6.0	5.9
Peers Average			39.2	28.5	26.2	11.5	4.5	4.8
Peers Median			40.3	29.4	11.1	9.5	5.5	5.8

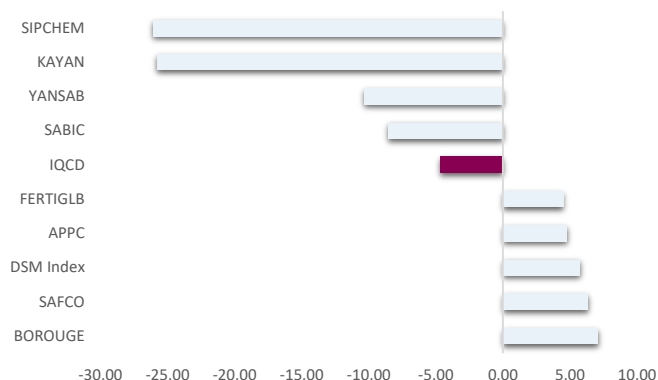
Steel

BBG Ticker	Price (LC)	MKT Cap (US \$ mn)	P/E (X)		EV/EBITDA (X)		DY (%)	
			2025e	2026e	2025e	2026e	2025e	2026e
MT NA EQUITY	30.59	30,785.8	8.3	7.8	6.0	5.1	1.6	1.7
TKA GR EQUITY	11.48	8,430.1	34.6	13.9	3.4	2.6	1.4	1.4
NUE US EQUITY	135.26	31,047.0	16.7	12.4	8.4	7.0	1.6	1.6
5411 JP EQUITY	1,880.50	8,129.2	14.9	8.6	7.5	6.1	4.3	4.3
SAIL IN EQUITY	138.19	6,431.1	14.7	13.1	7.5	6.9	1.8	1.9
JSTL IN EQUITY	1,145.70	31,570.2	22.8	17.5	11.0	9.4	0.6	0.7
Peers Average			18.7	12.2	7.3	6.2	1.9	1.9
Peers Median			15.8	12.7	7.5	6.5	1.6	1.7

IQCD QD Equity	12.65	21,017	17.2	16.7	14.6	13.6	5.8	6.0
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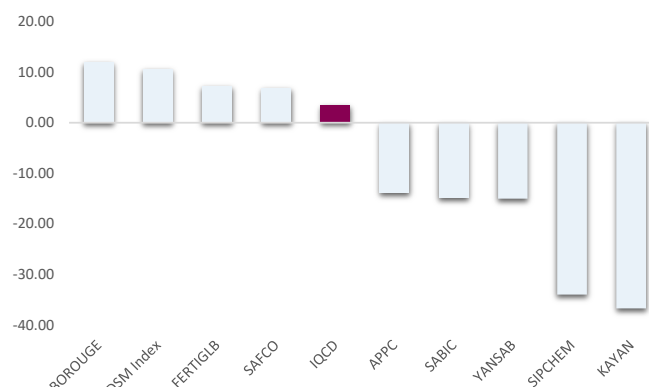
Source: Bloomberg, Company data, QNB FS Research

IQCD's Stock Price Performance Has Been Soft YTD (%)...



Source: Bloomberg

...& On A 1-Year Total Return Basis (%)



Earnings Estimates Changes

QNB FS New Vs. Previous Model

	2024		2025		2026		2027			
Income Statement (QR mn)	Actual	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
Revenue	12,652	15,611	14,971	4.3%	16,640	16,132	3.1%	17,055	16,646	2.5%
Cost of Sales (Excl. D&A)	(8,290)	(9,948)	(9,071)	9.7%	(10,422)	(9,548)	9.2%	(10,416)	(9,918)	5.0%
Gross Profit	4,362	5,663	5,901	-4.0%	6,218	6,584	-5.6%	6,639	6,728	-1.3%
Gross Margin	34.5%	36.3%	39.4%		37.4%	40.8%		38.9%	40.4%	
Cash G&A (Excl. D&A)	(691)	(889)	(663)	34.3%	(913)	(681)	34.0%	(927)	(705)	31.6%
Cash Selling & Distribution Expenses (Excl. D&A)	(89)	(63)	(92)	-31.3%	(66)	(96)	-31.3%	(68)	(99)	-31.3%
EBITDA	3,583	4,710	5,146	-8.5%	5,240	5,808	-9.8%	5,644	5,925	-4.7%
EBITDA Margin	28.3%	30.2%	34.4%		31.5%	36.0%		33.1%	35.6%	
Depreciation & Amortization	(1,592)	(1,689)	(1,731)	-2.4%	(1,886)	(2,002)	-5.8%	(1,908)	(2,109)	-9.5%
EBIT	1,991	3,022	3,415	-11.5%	3,354	3,806	-11.9%	3,735	3,816	-2.1%
EBIT Margin	15.7%	19.4%	22.8%		20.2%	23.6%		21.9%	22.9%	
Finance Costs	(30)	(26)	(28)	-7.0%	(25)	(27)	-7.0%	(24)	(26)	-7.0%
Income from Investments	709	599	719	-16.7%	602	723	-16.7%	605	726	-16.7%
Associates' Income	346	220	361	-39.1%	230	377	-39.1%	240	394	-39.1%
JV Income	1,260	786	937	-16.1%	580	755	-23.2%	706	939	-24.8%
Other, Net	698	(43)	(32)	33.2%	(44)	(33)	33.2%	(46)	(34)	33.2%
Impairments	-	-	-		-	-		-	-	
Profit before Tax	4,974	4,557	5,372	-15.2%	4,696	5,601	-16.2%	5,217	5,816	-10.3%
Tax	(42)	(35)	(95)	-62.7%	(37)	(82)	-55.0%	(37)	(73)	-49.8%
Profit After Tax - Continuing Operations	4,932	4,522	5,277	-14.3%	4,659	5,520	-15.6%	5,180	5,743	-9.8%
Minority Interest	(69)	(65)	(257)	-74.6%	(68)	(221)	-69.3%	(68)	(198)	-65.8%
Profit for Equity Holders	4,862	4,456	5,020	-11.2%	4,591	5,298	-13.3%	5,112	5,545	-7.8%
Net Profit Margin	38.4%	28.5%	33.5%		27.6%	32.8%		30.0%	33.3%	
EPS	0.80	0.74	0.83	-11.2%	0.76	0.88	-13.3%	0.85	0.92	-7.8%
DPS	0.74	0.74	0.83	-10.8%	0.76	0.88	-13.6%	0.85	0.92	-7.6%
Payout Ratio	92.1%	100.5%	100.0%		100.1%	100.5%		100.6%	100.4%	
	2024		2025		2026		2027			
Proportional Segment Details (QR mn)	Actual	Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
Petchem/Fuel Additives Revenue	5,541	4,976	5,230	-4.9%	4,629	4,863	-4.8%	4,937	5,223	-5.5%
Petchem/Fuel Additives PBT	1,368	882	1,284	-31.3%	679	1,053	-35.5%	804	1,205	-33.2%
PBT Margin	24.7%	17.7%	24.6%		14.7%	21.7%		16.3%	23.1%	
Fertilizers Revenue	7,246	8,392	7,730	8.6%	9,265	8,858	4.6%	9,809	9,177	6.9%
Fertilizers PBT	1,970	2,429	2,277	6.7%	2,728	2,628	3.8%	3,126	2,580	21.2%
PBT Margin	27.19%	28.94%	29.46%		29.44%	29.67%		31.87%	28.11%	
Steel Revenue	3,981	4,985	4,585	8.7%	5,455	4,837	12.8%	5,593	5,162	8.4%
Steel PBT	565	531	566	-6.2%	593	716	-17.2%	611	849	-28.1%
PBT Margin	14.2%	10.7%	12.4%		10.9%	14.8%		10.9%	16.4%	

Source: Company data, QNB FS Research

2Q25 Review: Soft Petchems' Margins Bite; Urea Prices Stage A Recovery

IQCD reported QR962.5mn/QR0.159 in 2Q2025 earnings/EPS (-30.3% YoY/-3.1% QoQ), missing our estimate of QR1,088.0mn/QR0.180 by 11.5%. There were substantial one-offs recorded in 2Q2024 (including a QR142.7mn reversal of bank guarantee in the steel segment and QR372.2mn in FV adjustments given the shift in QAFAC's accounting treatment to a 50%-owned subsidiary from a 50%-JV) and excluding these, earnings grew by 11.2% YoY.

YoY, urea prices increased to \$375/MT up from \$291/MT in 2Q2024 aiding overall normalized yearly earnings growth. Sequentially, the dip in earnings came from petchems and fertilizers (lower prices but higher volumes), offsetting an earnings uptick from steel (mostly, increased volumes). Petchems faced both planned/unplanned shutdowns in 2Q as did fertilizers (minor unplanned), while steel only had planned shutdowns. Fuel additives had no shutdowns in 2Q (after unplanned downtime in 1Q2025).

Quarterly top-line of QR3,872.9mn (39.0% YoY but not comparable given QAFAC's treatment as a JV until June 9, 2024, 13.0% QoQ) exceeded our QR3,583.4mn estimate by 8.1%. The revenue beat primarily came from the steel segment (mostly DRI/HBI and some rebar) along with fertilizers (not urea or ammonia but melamine that is also produced by QAFAC). Further attribution of the revenue outperformance reveals that overall realized prices for major products, including LDPE, LLDPE, urea and rebar, were generally in-line with our forecasts, with a volume miss in petchems (primarily LLDPE) more than offset by steel (mostly DRI/HBI, along with some rebar) leading to the top-line upside in 2Q2025.

However, operating costs continue to remain elevated vs. our model leading to the significant earnings miss in petchems and modest/moderate underperformance in fertilizers and steel.

2Q2025 Price & Sales Volumes Comparisons

Wtd Average Selling Prices (\$/MT)	2Q2024	1Q2025	2Q2025	2Q2025E	A Vs. E	YoY	QoQ
Petrochemicals & Fuel Additives							
LDPE	1,081	1,110	1,100	1,094	1%	2%	-1%
LLDPE	943	928	922	916	1%	-2%	-1%
Methanol	258	278	235	239	-2%	-9%	-15%
MTBE	873	722	658	682	-4%	-25%	-9%
Fertilizer							
Ammonia	306	349	296	298	-1%	-3%	-15%
Urea	291	380	375	376	0%	29%	-1%
Steel							
Rebar	640	660	624	627	0%	-3%	-5%
DRI/HBI	368	325	324	361	-10%	-12%	0%
Billets	-	506	-	481	-100%		-100%
Sales Volume (MT' 000)	2Q2024	1Q2025	2Q2025	2Q2025E	A Vs. E	YoY	QoQ
Petrochemicals & Fuel Additives							
LDPE	159	160	157	160	-2%	-1%	-2%
LLDPE	47	64	54	75	-28%	15%	-16%
Methanol	107	67	107	107	0%	0%	60%
MTBE	94	87	86	89	-3%	-9%	-1%
Fertilizer							
Ammonia	159	148	94	110	-15%	-41%	-36%
Urea	1,532	1,235	1,361	1,310	4%	-11%	10%
Steel							
Steel Bar	272	244	311	274	14%	14%	27%
DRI/HBI	150	188	481	230	109%	221%	156%
Billets	-	46	-	34	-100%		-100%

Source: Company data, QNB FS Research

QNB FS 2Q2025 Estimates and Comparisons

Income Statement (QR Million)	2Q2024	1Q2025	2Q2025	2Q2025e	A Vs. E	YoY	QoQ
Revenue	2,786.094	3,427.468	3,872.878	3,583.376	8.1%	39.0%	13.0%
Cost of Sales (Ex. D & A)	(1,901.188)	(2,186.471)	(2,694.362)	(2,316.653)	16.3%	41.7%	23.2%
Gross Profit	884.906	1,240.997	1,178.516	1,266.724	-7.0%	33.2%	-5.0%
General & Admin. Expenses	(174.965)	(198.848)	(210.727)	(205.808)	2.4%	20.4%	6.0%
Selling & Distribution Costs	(26.662)	(13.430)	(15.221)	(24.231)	-37.2%	-42.9%	13.3%
EBITDA	683.279	1,028.719	952.568	1,036.684	-8.1%	39.4%	-7.4%
Depreciation & Amortization	(375.493)	(412.466)	(430.040)	(431.303)	-0.3%	14.5%	4.3%
EBIT	307.786	616.253	522.528	605.382	-13.7%	69.8%	-15.2%
Finance Costs	(7.113)	(7.811)	(7.619)	(7.447)	2.3%	7.1%	-2.5%
Share of Results from Associates	49.712	38.808	63.229	78.081	-19.0%	27.2%	62.9%
Share of Results of JVs	346.122	238.273	217.793	246.448	-11.6%	-37.1%	-8.6%
Other Income	707.191	135.317	166.111	188.125	-11.7%	-76.5%	22.8%
Profit Before Tax	1,403.698	1,020.840	962.042	1,110.590	-13.4%	-31.5%	-5.8%
Tax	(9.319)	(11.298)	(6.728)	(9.425)	-28.6%	-27.8%	-40.4%
Profit After Tax - Continuing Operations	1,394.379	1,009.542	955.314	1,101.165	-13.2%	-31.5%	-5.4%
Minority Interest	(13.968)	(16.663)	7.183	(13.168)	N/M	N/M	N/M
Profit for Equity Holders	1,380.411	992.879	962.497	1,087.997	-11.5%	-30.3%	-3.1%
EPS (in QR)	0.228	0.164	0.159	0.180	-11.5%	-30.3%	-3.1%
DPS (in QR)	0.310		0.260	-16.1%			

Cost of Sales	68.2%	63.8%	69.6%	64.7%
Gross Margin %	31.8%	36.2%	30.4%	35.4%
G&A % Sales	6.3%	5.8%	5.4%	5.7%
Selling Expenses % Sales	1.0%	0.4%	0.4%	0.7%
EBITDA %	24.5%	30.0%	24.6%	28.9%
D&A % Sales	13.5%	12.0%	11.1%	12.0%
EBIT %	11.0%	18.0%	13.5%	16.9%
Net Margin %	49.5%	29.0%	24.9%	30.4%

Source: Company data, QNB FS Research

QNB FS 2Q2025 Segment Estimates and Comparisons

In QR Millions

Steel	2Q2024	1Q2025	2Q2025	2Q2025e	A Vs. E
Revenue	888.144	953.080	1,351.328	1,032.743	30.8%
EBITDA	115.787	181.477	214.237	228.701	-6.3%
EBITDA Margin	13.04%	19.04%	15.85%	22.15%	
Profit Before Tax	202.117	117.670	151.129	153.854	-1.8%
PBT Margin	22.76%	12.35%	11.18%	14.90%	
Revenue YoY	-22%	-8%	52%	16%	
EBITDA YoY	-41%	-15%	85%	98%	
Profit Before Tax YoY	40%	-25%	-25%	-24%	
Revenue QoQ	-14%	-9%	42%	8%	
EBITDA QoQ	-46%	-7%	18%	26%	
Profit Before Tax QoQ	29%	-8%	28%	31%	
Petrochemicals & Fuel Additives	2Q2024	1Q2025	2Q2025	2Q2025e	A Vs. E
Revenue	1,320.000	1,288.000	1,238.000	1,328.868	-6.8%
EBITDA	512.000	408.000	403.000	507.813	-20.6%
EBITDA Margin	38.79%	31.68%	32.55%	38.21%	
Profit Before Tax	367.000	263.000	224.000	334.675	-33.1%
PBT Margin	27.80%	20.42%	18.09%	25.19%	
Revenue YoY	-7%	-6%	-6%	1%	
EBITDA YoY	-15%	-20%	-21%	-1%	
Profit Before Tax YoY	-17%	-26%	-39%	-9%	
Revenue QoQ	-3%	-7%	-4%	3%	
EBITDA QoQ	0%	7%	-1%	24%	
Profit Before Tax QoQ	4%	30%	-15%	27%	
Fertilizers	2Q2024	1Q2025	2Q2025	2Q2025e	A Vs. E
Revenue	1,779.063	1,904.906	1,967.537	1,922.425	2.3%
EBITDA	660.807	838.650	811.402	835.783	-2.9%
EBITDA Margin	37.14%	44.03%	41.24%	43.48%	
Profit Before Tax	365.499	553.708	527.746	548.739	-3.8%
PBT Margin	20.54%	29.07%	26.82%	28.54%	
Revenue YoY	18%	2%	11%	8%	
EBITDA YoY	40%	-9%	23%	26%	
Profit Before Tax YoY	72%	-13%	44%	50%	
Revenue QoQ	-5%	14%	3%	1%	
EBITDA QoQ	-29%	14%	-3%	0%	
Profit Before Tax QoQ	-43%	33%	-5%	-1%	
Total Revenue	3,987.207	4,145.986	4,556.865	4,284.036	6.4%
YoY Growth	-2%	-3%	14%	7%	
QoQ Growth	-7%	1%	10%	3%	
Steel	22%	23%	30%	24%	
Petrochemicals & Fuel Additives	33%	31%	27%	31%	
Fertilizers	45%	46%	43%	45%	
Total Profit Before Tax (Ex. Unallocated)	934.616	934.378	902.875	1,037.268	-13.0%
Steel	22%	13%	17%	15%	
Petrochemicals & Fuel Additives	39%	28%	25%	32%	
Fertilizers	39%	59%	58%	53%	

Group Net Income	1,380.411	992.879	962.497	1,087.997	
Segment Profit Before Tax/Group NI	68%	94%	94%	95%	
Unallocated Net Income	445.795	58.501	59.622	50.729	

Source: Company data, QNB FS Research

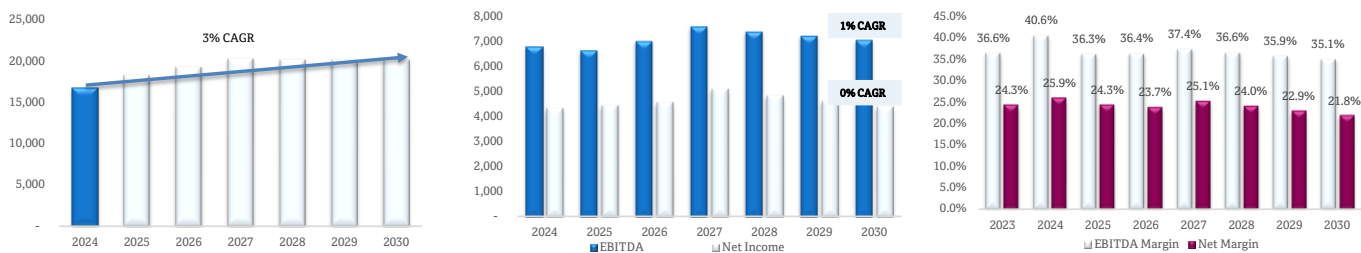
Key Metrics

Segment Revenue, EBITDA, Net Income, Pricing and Sales Volumes

Revenue (QR Million) - Group	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Group	20,150	25,769	16,919	16,769	18,353	19,348	20,340	20,231	20,211	20,185
Petrochemicals & Fuel Additives	5,981	6,975	5,175	5,541	4,976	4,629	4,937	4,822	4,790	4,719
Fertilizer	10,283	14,532	7,480	7,246	8,392	9,265	9,809	9,709	9,593	9,502
Steel	3,886	4,262	4,264	3,981	4,985	5,455	5,593	5,700	5,828	5,965
EBITDA (QR Million) - Group	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Group	10,142	10,960	6,185	6,809	6,660	7,033	7,614	7,413	7,247	7,083
Petrochemicals & Fuel Additives	3,055	3,083	1,898	2,004	1,542	1,356	1,497	1,466	1,462	1,448
Fertilizer	6,122	6,402	3,001	3,174	3,587	4,101	4,540	4,379	4,218	4,072
Steel	882	1,086	627	662	777	844	863	873	887	898
Net Income (QR Million) - Group	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Group	8,089	8,815	4,720	4,862	4,456	4,591	5,112	4,856	4,628	4,409
Petrochemicals & Fuel Additives	2,479	2,460	1,360	1,368	882	679	804	761	740	717
Fertilizer	5,106	5,347	1,882	1,966	2,424	2,723	3,120	2,917	2,713	2,522
Steel	716	889	1,027	565	531	593	611	619	632	641
Corporate/Unallocated	(212)	118	451	963	619	597	577	559	543	529
Revenue (QR Million)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Petrochemicals & Fuel Additives										
LDPE	3,058	3,161	2,364	2,455	2,393	2,221	2,525	2,545	2,560	2,573
LLDPE	1,076	1,256	983	989	854	831	967	975	981	987
Methanol	609	471	315	392	324	314	286	242	234	206
MTBE	629	1,319	1,051	1,023	794	647	540	439	390	328
Petrochemical & Fuel Additives Revenue	5,980	6,974	5,176	5,541	4,976	4,629	4,937	4,822	4,790	4,719
Fertilizer										
Ammonia	1,154	1,742	809	551	431	1,161	1,847	1,854	1,830	1,811
Urea	8,994	12,821	6,436	6,495	7,727	7,870	7,728	7,620	7,529	7,457
Melamine	448	420	235	200	234	234	234	234	234	234
Fertilizer Revenue	10,283	14,532	7,480	7,246	8,392	9,265	9,809	9,709	9,593	9,502
Steel										
Rebar	2,844	2,966	2,960	2,702	2,731	2,773	2,863	2,919	2,981	3,046
DRI/HBI	147	901	746	825	1,925	2,340	2,384	2,430	2,492	2,559
Billets	543	81	272	233	85	94	95	97	99	101
Coils	359	353	286	222	244	248	252	254	257	259
Steel Revenue	3,886	4,262	4,264	3,981	4,985	5,455	5,593	5,700	5,828	5,965
Wtd Average Selling Prices (\$/MT)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Petrochemicals & Fuel Additives										
LDPE	1,508	1,378	1,041	1,069	1,086	1,100	1,110	1,119	1,125	1,131
LLDPE	1,202	1,139	972	950	920	932	942	950	956	961
Methanol	351	307	247	253	238	221	204	187	171	157
MTBE	736	1,007	911	807	645	522	443	378	325	282
Fertilizer										
Ammonia	542	922	390	344	308	318	323	318	313	310
Urea	463	618	324	315	398	385	377	372	367	364
Steel										
Rebar	698	728	630	626	637	648	661	674	688	703
DRI/HBI	416	450	378	359	323	328	334	341	348	355
Billets	491	621	562	505	506	514	523	532	542	553
Sales Volume (MT' 000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Petrochemicals & Fuel Additives										
LDPE	557	630	624	631	605	555	625	625	625	625
LLDPE	246	303	278	286	255	245	282	282	282	282
Methanol	477	421	351	426	392	389	385	355	375	360
MTBE	235	360	317	370	345	340	335	319	330	320
Fertilizer										
Ammonia	585	519	569	441	385	1,002	1,572	1,604	1,604	1,604
Urea	5,333	5,698	5,449	5,669	5,332	5,616	5,628	5,634	5,634	5,634
Steel										
Rebar	1,119	1,119	1,290	1,185	1,178	1,175	1,190	1,190	1,190	1,190
DRI/HBI	97	550	542	632	1,638	1,959	1,960	1,960	1,970	1,980
Billets	304	36	133	127	46	50	50	50	50	50

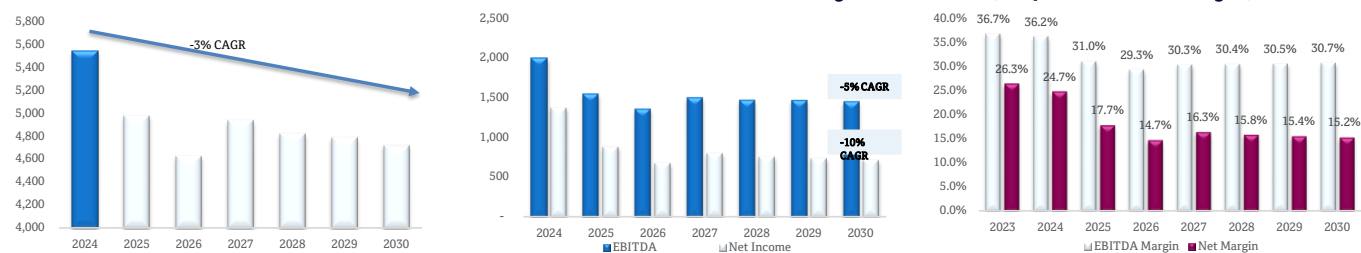
Source: Company data, QNB FS Research

Group – Revenue, Group EBITDA, Normalized Net Income, Margins & Growth (In QR Mn & Percentages)



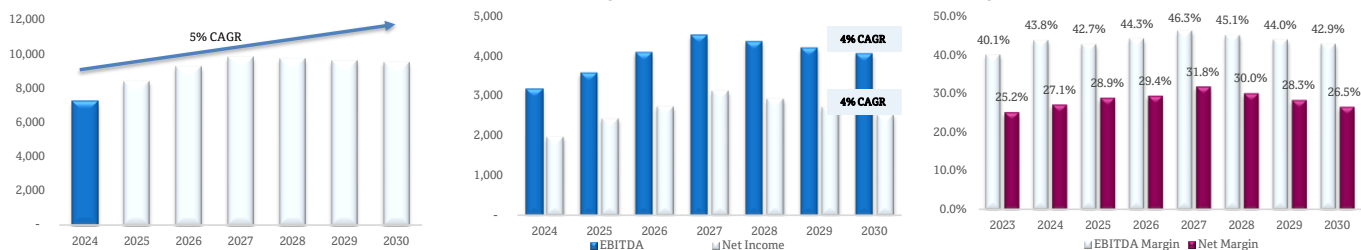
Source: Company data, QNB FS Research

Petrochemicals & Fuel Additives – Revenue, EBITDA, Normalized Net Income, Margins & Growth (In QR Mn & Percentages)



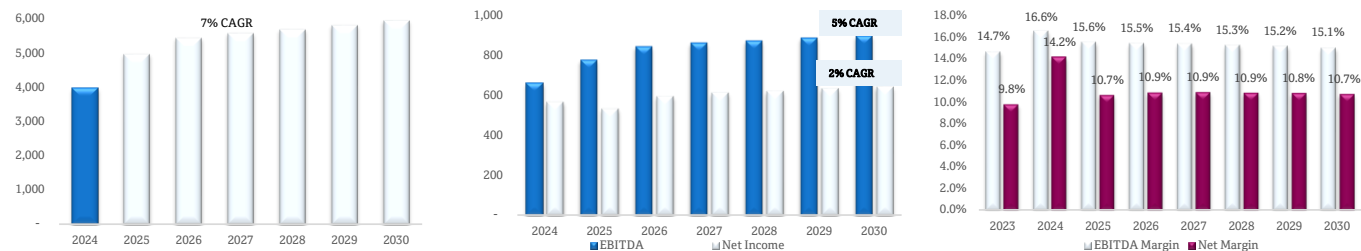
Source: Company data, QNB FS Research

Fertilizers – Revenue, EBITDA, Normalized Net Income, Margins & Growth (In QR Mn & Percentages)



Source: Company data, QNB FS Research

Steel – Revenue, EBITDA, Normalized Net Income, Margins & Growth (In QR Mn & Percentages)



Source: Company data, QNB FS Research

Ratio Analysis

Key Ratios & Valuation Metrics

Particulars	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Growth Ratios (In %)														
Revenue - Proportionate Group	3.6%	14.7%	(15.9%)	(17.4%)	77.4%	27.9%	(34.3%)	(0.9%)	9.4%	5.4%	5.1%	(0.5%)	(0.1%)	(0.1%)
Revenue - Reported	(1.0%)	25.1%	(12.0%)	45.2%	91.5%	32.6%	(37.5%)	7.7%	23.4%	6.6%	2.5%	(1.7%)	(0.6%)	(0.8%)
Gross Profit	(31.9%)	24.2%	(76.0%)	805.6%	195.6%	2.2%	(47.6%)	9.7%	29.8%	9.8%	6.8%	(3.3%)	(2.6%)	(2.8%)
EBITDA - Proportionate Group	(4.1%)	31.5%	(41.4%)	(10.2%)	212.0%	8.1%	(43.6%)	10.1%	(2.2%)	5.6%	8.3%	(2.6%)	(2.2%)	(2.3%)
EBITDA - Reported	(38.4%)	35.9%	(93.6%)	3326.4%	229.6%	2.8%	(53.3%)	11.6%	31.5%	11.2%	7.7%	(4.2%)	(3.4%)	(3.8%)
EBIT	(48.3%)	51.1%	N/M	N/M	1152.9%	2.7%	(68.2%)	16.6%	51.8%	11.0%	11.4%	(6.9%)	(6.4%)	(7.2%)
JV Income	51.9%	48.8%	(43.8%)	(51.1%)	132.7%	(0.8%)	(44.7%)	(7.4%)	(37.6%)	(26.2%)	21.8%	(3.9%)	(2.9%)	(1.8%)
PBT	12.2%	51.7%	(48.8%)	(28.3%)	338.4%	9.0%	(46.4%)	5.3%	(8.4%)	3.1%	11.1%	(5.2%)	(4.6%)	(4.9%)
PAT	12.2%	51.7%	(48.8%)	(28.4%)	338.8%	9.0%	(46.4%)	4.4%	(8.3%)	3.0%	11.2%	(5.2%)	(4.7%)	(4.8%)
Net Income - Reported	12.2%	51.7%	(48.8%)	(29.7%)	346.8%	9.0%	(46.5%)	3.0%	(8.4%)	3.0%	11.3%	(5.0%)	(4.7%)	(4.7%)
Net Income - Normalized	15.6%	48.7%	(51.3%)	28.8%	153.7%	9.0%	(53.4%)	5.8%	2.5%	3.0%	11.3%	(5.0%)	(4.7%)	(4.7%)
EPS - Reported	12.2%	51.7%	(48.8%)	(29.7%)	346.8%	9.0%	(46.5%)	3.0%	(8.4%)	3.0%	11.3%	(5.0%)	(4.7%)	(4.7%)
EPS - Normalized	15.6%	48.7%	(51.3%)	28.8%	153.7%	9.0%	(53.4%)	5.8%	2.5%	3.0%	11.3%	(5.0%)	(4.7%)	(4.7%)
DPS	25.0%	20.0%	(33.3%)	(17.5%)	203.0%	10.0%	(29.1%)	(5.1%)	0.0%	2.7%	11.8%	(5.9%)	(5.0%)	(3.9%)
Operating Ratios (In %)														
Gross Margin	20.1%	20.0%	5.4%	33.9%	52.4%	40.4%	33.9%	34.5%	36.3%	37.4%	38.9%	38.3%	37.5%	36.8%
EBITDA Margin - Prop. Group	33.0%	37.8%	26.3%	28.6%	50.3%	42.5%	36.6%	40.6%	36.3%	36.4%	37.4%	36.6%	35.9%	35.1%
EBITDA Margin - Reported	14.6%	15.9%	1.2%	27.4%	47.2%	36.6%	27.3%	28.3%	30.2%	31.5%	33.1%	32.2%	31.3%	30.4%
EBIT Margin	9.8%	11.8%	(4.3%)	5.6%	36.9%	28.6%	14.5%	15.7%	19.4%	20.2%	21.9%	20.7%	19.5%	18.3%
Net Margin	71.6%	86.9%	50.5%	24.5%	57.1%	46.9%	40.2%	38.4%	28.5%	27.6%	30.0%	29.0%	27.8%	26.7%
Working Capital Ratios (Days)														
Inventory days	142.6	135.2	140.3	145.6	108.5	101.1	133.1	148.1	130.0	130.0	130.0	130.0	130.0	130.0
Average collection period	98.8	63.3	64.3	78.5	79.6	37.7	34.1	52.3	38.0	38.0	38.0	38.0	38.0	38.0
Payable days	115.0	104.5	93.9	105.1	107.8	69.4	104.3	115.5	80.0	80.0	80.0	80.0	80.0	80.0
Finance Ratios														
Net Debt-Equity Ratio	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Interest Coverage	45.1	351.1	-19.0	11.2	206.4	227.2	59.9	66.7	114.3	133.5	156.5	153.2	150.9	147.4
Return Ratios (In %)														
ROE	9.9%	14.2%	7.5%	5.4%	20.5%	21.0%	11.8%	12.8%	11.8%	12.2%	13.4%	12.9%	12.4%	11.9%
ROA	9.4%	13.6%	7.2%	5.0%	19.1%	19.6%	11.0%	11.4%	10.6%	10.9%	12.0%	11.5%	11.0%	10.5%
Liquidity Ratios														
Current Ratio	7.8	10.4	11.2	8.9	10.1	10.7	9.0	6.4	6.7	5.6	5.4	5.1	4.9	4.9
Quick Ratio	6.8	9.2	9.7	7.6	9.2	9.3	7.7	5.2	5.2	4.2	3.9	3.7	3.4	3.5
Valuation														
EV/Reported EBITDA	101.7	71.6	N/M	33.4	9.3	8.7	19.3	18.6	14.6	13.6	12.7	13.4	14.0	14.5
EV/EBIT	152.4	96.4	N/M	162.3	11.9	11.1	36.4	33.5	22.7	21.2	19.2	20.9	22.5	24.2
P/E	23.1	15.2	29.7	42.3	9.5	8.7	16.2	15.7	17.2	16.7	15.0	15.8	16.5	17.4
P/Normalized Earnings	22.4	15.1	30.9	24.0	9.5	8.7	18.6	17.6	17.2	16.7	15.0	15.8	16.5	17.4
P/BV	2.3	2.2	2.2	2.3	1.9	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.1
Dividend Yield	4.0%	4.7%	3.2%	2.6%	7.9%	8.7%	6.2%	5.8%	5.8%	6.0%	6.7%	6.3%	6.0%	5.8%
FCF Yield	3.5%	7.6%	4.8%	4.0%	9.7%	11.6%	5.8%	4.0%	3.2%	2.7%	5.1%	5.9%	5.6%	6.2%

Source: Company data, QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	14,169	18,794	11,744	12,652	15,611	16,640	17,055	16,770
Cost of Sales, Excluding D&A	(6,744)	(11,206)	(7,767)	(8,290)	(9,948)	(10,422)	(10,416)	(10,348)
Gross Profit	7,425	7,588	3,977	4,362	5,663	6,218	6,639	6,421
Cash G&A Expenses	(684)	(648)	(687)	(691)	(889)	(913)	(927)	(944)
Cash Selling Expenses	(59)	(68)	(79)	(89)	(63)	(66)	(68)	(70)
EBITDA	6,683	6,872	3,212	3,583	4,710	5,240	5,644	5,407
Depreciation & Amortization	(1,450)	(1,498)	(1,504)	(1,592)	(1,689)	(1,886)	(1,908)	(1,930)
EBIT	5,233	5,374	1,708	1,991	3,022	3,354	3,735	3,477
Finance Costs	(25)	(24)	(29)	(30)	(26)	(25)	(24)	(23)
Share of Results of Joint Ventures	2,479	2,460	1,360	1,260	786	580	706	678
Other Income, Expenses, Taxes & Minorities	402	1,004	1,680	1,641	675	683	695	723
Profit for Shareholders	8,089	8,815	4,720	4,862	4,456	4,591	5,112	4,856
EPS (QR)	1.34	1.46	0.78	0.80	0.74	0.76	0.85	0.80
DPS (QR)	1.00	1.10	0.78	0.74	0.74	0.76	0.85	0.80
Group Revenue	20,150	25,769	16,919	16,769	18,353	19,348	20,340	20,231
Group EBITDA	10,142	10,960	6,185	6,809	6,660	7,033	7,614	7,413

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Non-Current Assets								
PP&E & PUD	12,696	11,877	13,404	15,862	17,016	18,869	19,601	19,611
Investment Properties	0	0	0	0	0	0	0	0
Investment in Associates	1,577	1,890	1,811	2,082	2,301	2,531	2,771	3,022
Investment in Joint Ventures	6,823	7,097	6,783	5,846	6,003	6,119	6,260	6,396
Available-for-Sale Investments	0	0	0	0	0	0	0	0
Right-of Use Assets & Others	189	242	721	848	795	736	676	615
Total Non-Current Assets	21,284	21,106	22,719	24,637	26,115	28,255	29,308	29,644
Current Assets								
Inventories	2,004	3,105	2,833	3,364	3,533	3,702	3,700	3,676
Accounts Rec. & Prepayments	3,090	1,943	1,096	1,814	1,621	1,728	1,771	1,741
Due from Related Parties	1,494	1,535	1,569	1,628	1,639	1,747	1,791	1,761
Financial Assets at FVTPL	349	397	421	401	401	401	401	401
Cash and Bank Balances	14,086	16,919	14,414	10,806	8,811	6,460	5,776	5,157
Total Current Assets	21,023	23,899	20,334	18,013	16,006	14,038	13,438	12,736
Total Assets	42,308	45,005	43,053	42,650	42,122	42,293	42,746	42,380
Total Equity	39,510	42,020	39,976	38,816	38,747	38,815	39,269	38,918
Non-Current Liabilities								
Loans and Borrowings	0	0	0	0	0	0	0	0
EOS Benefits & Lease Liabilities	724	761	806	1,009	989	989	989	989
Total Non-Current Liabilities	724	761	806	1,009	989	989	989	989
Current Liabilities								
Accounts Payables & Accruals	1,991	2,132	2,220	2,623	2,174	2,278	2,277	2,262
Due to Related Parties, Lease Liabilities & Others	83	92	50	201	211	211	211	211
Loans and Borrowings	0	0	0	0	0	0	0	0
Total Current Liabilities	2,073	2,224	2,270	2,825	2,386	2,489	2,488	2,473
Equity and Liabilities	42,308	45,005	43,053	42,650	42,122	42,293	42,746	42,380

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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