**MPHC Chairman’s Message (2016)**

**Introduction**

It gives me immense pleasure to welcome you to the 4th Annual General Assembly Meeting of Mesaieed Petrochemical Holding Company (MPHC), one of the region’s premier diversified petrochemical conglomerates. The company was able to withstand the pressures posed by the prevailing unfavourable market conditions on the product price front and post commendable financial and operational results for the year under review. The production and sales volumes surged on account of the successful completion of the major periodic turnaround in Q-Chem II plants during the previous year.

**Financial Results**

The financial year ended 31 December, 2016 was challenging for the group following the plunge in global crude oil prices. Despite this, MPHC closed the year ended 31 December, 2016 with a commendable net profit of QR 994.6 million, equivalent to an EPS of QR 0.79 per share with profit exceeding budgeted expectations by 18%. Total assets closed at QR 14.4 billion, with cash held by the company at QR 1,082 million as of 31 December, 2016.

**Cost Optimization**

MPHC is focusing on maximizing the value of its Shareholders through immense initiatives. As you are aware, MPHC embarked on a number of cost optimization programs in the previous year. MPHC continued to reinforce these initiatives and was thus able to achieve operational excellence without compromising the quality, and HSE of its group companies. During the year, reassessment of the business operations coupled with reassessment of CAPEX, OPEX and human capital requirements were carried out and costs were rationalized. These efforts have resulted in improvement in many operating areas and we achieved an overall cost savings of 6% from 2016 budget, and I am confident that the management team will continue to achieve greater cost optimization in the forthcoming year.

I believe that these measures are essential to ensure that the group maximizes its cost efficiency and deliver value to its shareholders.

**Capital Expenditure and Business Development**

Despite the current economic environment, MPHC is embarking on a selective capital expenditure program together with suitable business development opportunities. We believe that continued investment in operating assets are essential to remain competitive in the market and we will continue to invest when the right opportunity becomes available. These investments will further strengthen the group’s competitive position in the region.

**Competitive advantages**

MPHC possesses several competitive advantages, most notably that being an excellent cost positioning largely due to competitively priced feedstock. The group benefits from access to competitively priced feedstock under long-term supply agreements. Besides some of the tangible competitive advantages such as robust liquidity position and a strong asset base; qualified and highly trained workforce and a professional senior management team are the intangible competitive advantages that MPHC has built its success around. The company also enjoys a number of synergies through integrated production and export operations. Through its marketing agent, Muntajat, MPHC has gained access to a diverse base of worldwide clients. In addition, the group companies have established themselves as premier petrochemical producers, with the companies being established between 1997 and 2005, with recognized operational track records and the proven ability to continue to generate strong operating cash flows. The group has set a primary strategy of maximizing shareholder value by capitalizing on its three group companies’ numerous competitive strengths across its value chain.

MPHC thus is well poised to weather any downturn in crude oil prices. The Board of Directors of Mesaieed Petrochemical Holding Company are confident that the group can build on these core strengths to mitigate the risks and challenges posed by the current economic situation.

**Proposed Dividend Distribution**

Keeping in view the necessity of maintaining adequate liquidity for the group’s working capital requirements, debt repayment and capital expenditure and the principles of financial prudence, the Board of Directors are pleased to recommend a total annual dividend distribution for the year ended 31 December, 2016 of QR 754 million, equivalent to a payout of QR 0.6 per share representing 76% of the group’s profit.

**Conclusion**

In conclusion, I would like to express my gratitude to His Highness Sheikh Tamim binHamad Al-Thani, the Emir of the State of Qatar, for his vision and wise leadership. Gratitude is also extended to our shareholders for their tremendous confidence and support, and my fellow members of the Board of Directors, the senior management team and to the staff of our group companies for their hard work and commitment.

[**Ahmad Saif Al-Sulaiti**](http://www.mphc.com.qa/MPHC/MPHC.nsf/en_Pages/en_HTML/$File/member_ahmad_saif_al-sulaiti.html)

Chairman, Board of Directors