FOR IMMEDIATE RELEASE

MPHC reports QR 135 million net profit for the six months period ended 30 June 2020

- *Challenging global macro-economic conditions continued to impact the financial performance with weaker crude prices and unprecedented spread of COVID-19 pandemic*

- *Robust liquidity position with closing cash and bank balances of QR 1.5 billion as at 30 June 2020*

- *Total assets stood at QR 15.7 billion as at 30 June 2020*

- *Continued focus on cost optimization*

- *Several measures have been taken to contain the spread of COVID-19, to ensure health and safety of manpower and business continuity*

- *Earnings per share (EPS) of QR 0.011 for the six months period ended 30 June 2020, as compared to QR 0.024 for the same period last year*

Doha, Qatar; 13 August 2020: Mesaieed Petrochemical Holding Company ("MPHC" or "the Group"; QE: MPHC), one of the region's premier diversified petrochemical conglomerates, today announced a net profit of QR 135 million for the six months period ended 30 June 2020.

Business performance and macroeconomic backdrop

MPHC's business performance during the first half of 2020 continued to be impacted by the declining selling prices against a backdrop of challenging macroeconomics, which affected MPHC performance since 2019. The negative macroeconomic environment was further amplified during the period, due to the outbreak of the COVID-19 pandemic, affecting the consumer and industrial demand due to lockdowns, together with the decline in the crude oil prices.

MPHC responded by leveraging its inherent strengths: its competitive advantage of having uninterrupted, long-term access to competitively priced feedstock, and its marketing partnership with a leader in chemical product marketing and distribution, and improved Group's access to global markets. In the current distressed situation, the dedicated marketing and sales team was able to provide MPHC an access to wider geographies in the most competitive means and thereby limiting the impact of such vulnerabilities, thereby, creating several arbitrage opportunities, including successful identification of new markets to divert the additional volumes and working closely with partners, customers and other government agencies to ensure the production, operations and sales & marketing activities remained uninterrupted.

The operational performance for the six months period ended 30 June 2020 was also impacted by the planned turnaround and preventive maintenance shutdowns implemented in certain MPHC's joint venture facilities, which caused the production volumes to decline, by 20% as compared to the same period last year, to reach 443 thousand MT.

These preventive maintenance programs are essential to ensure HSE standards, plant life, quality assurance and reliability to maintain long-term operational efficiency targets leading towards optimum plant performance. Also, there were no plant stoppages due to any demand related reasons, nor, were there any changes to the planned maintenance timelines, amid COVID-19 spread. All the facilities successfully completed their respective planned turnarounds within their planned timelines, with lower than budgeted CAPEX and operating expenditures. Going forward, the volumes are expected to be higher in the following quarters due to the successful completion of the planned turnaround and shutdowns.

Commenting on the financial and operational performance for the first half of 2020, **Mr. Ahmad Saif Al-Sulaiti, Chairman of the Board of Directors, MHPC**, said: *"Despite of distressed market situation, we remained resilient and continued to implement our business strategy to strengthen our market position, while driving cost optimization programs and preserving shareholder value. During the first half of 2020, as planned, we successfully implemented planned preventive maintenance shutdowns within the defined timelines and budget.*

In response to limit the spread of COVID-19 pandemic, our crisis management committees continued to ensure safety of our employees and business continuity. Our marketing partner, closely monitored the situation, as the pandemic situation evolved, and acted prudently to minimize the disruptions to the supply chain. MPHC has also implemented specific operating and capital expenditure optimization measures, in order to negate the negative impacts arising out of the pandemic and weaker economic environment. These measures will remain in place until the global economy recovers, and impacts of the pandemic are fully eradicated, in order for us to ensure our businesses continue to remain resilient and maintain its competitiveness."

Financial performance

MPHC reported a net profit of QR 135 million for the six months period ended 30 June 2020, down by 56%, compared to the same period last year, with total revenues of QR 975 million (assuming proportionate consolidation), down by 37%, as compared to the same period last year. The Company recorded an earnings per share (EPS) of QR 0.011 for the six months period ended 30 June 2020, as compared to QR 0.024 for the same period last year.

The financial performance was impacted by the deteriorating global macroeconomic uncertainty, slowing GDP growth and trade conflicts, including COVID-19 and volatile oil prices, which continue to weigh on the demand for MPHC products and resulted in declining selling prices, which declined by 24% as compared to the same period last year.

Group's sales volumes declined by 17%, versus first half of 2019, driven by a combination of reasons including lockdowns of key market geographies, weaker demand, lower production on periodic planned maintenance shutdowns.

The decline in selling prices and sales volumes, on a combined basis, contributed to a decrease of QR 574 million in the net profits for the six months period ended 30 June 2020, as compared to the same period last year.

The Group continued to benefit from the supply of competitively priced Ethane feedstock and fuel gas under long-term supply agreements. These contracting arrangements are an important value driver for the group's profitability in a competitive market environment. Lower feedstock costs on account of decline in feedstock volumes due to planned shutdowns and lowered unit prices positively contributed by QR 121 million to the net profits for the six months period ended 30 June 2020, as compared to the same period last year.

Compared to the first quarter of 2020, MPHC revenue declined by 11%, while net profit increased by 37%. The selling prices declined by 12%, as the impact of COVID-19 and the present oil price crisis was felt in the prices in Q2-20. Sales volumes improved by 1% mainly due to improved production volumes which increased by 33%. The Q2-20 profitability was also impacted by excess tax payment over provision in Q-Chem II for 2019, recorded during Q2-20, amounting to QR 37 million, which contributed positively to the bottom line profitability.

In the latter part of Q2-20, there were some signs of gradual recovery in the global markets, on the back of continuous unprecedented economic stimulus package by various Governments and lifting of lockdown in major markets. The impact of the gradual recovery of the global economy, has not been fully factored in the Company's financial and operational results, as most economies started to show signs of recovery only during the latter part of Q2-20. On the same lines, the oil prices also began to recover only from June 2020. However, the risk of COVID-19 pandemic still persists and has not been fully eliminated, which may hamper the early signs of recoveries.

The Company's liquidity position continue to remain robust as cash and bank balances of MHPC as at 30 June 2020 amounted to QR 1.5 billion. The total assets amounted to QR 15.7 billion as at 30 June 2020, compared to QR 16.4 billion as at 31 December 2019.

Operational highlights by segment

Petrochemicals: During the period, the petrochemicals segment reported a revenue of QR 743 million, a decrease of 38% from 1H-19. Net profit amounted to QR 82 million, with a decline of 78% compared to the last year. Revenue and earnings were impacted by the drop in sales volumes by 19% and selling prices by 23%. The reduction in sales volumes was primarily due to the planned periodic turnaround of Q-Chem II facilities during Q1-20 and softening demand for petrochemical products amid current macroeconomic conditions. Production dropped by 22% due to the periodic planned turnaround, which is necessary to maintain the plant life and ensure HSE standards.

Chlor-alkali segment: During the period, revenue in the Chlor-alkali segment declined by 34%, compared to 1H-19 to reach QR 232 million. The decline in revenue was mainly due to the decrease in sales volumes by 13% and selling prices by 24%. Sales volumes fell due to the planned shutdown of the facilities in Q1-20 and non-availability of access to the core markets for Chlor-Alkali products, due to COVID-19 lockdowns in the first part of Q2-20. For such period, the segment continued with the production, built inventories by holding bulk liquids via floating storage. The decline in selling prices was mainly due to the adverse macroeconomic sentiments, causing supply-demand imbalances leading to negative effects on the commodity prices.

During the period, the segment reported a net profit of QR 5 million, with a decline of 93%, from 1H-19 mainly attributable to the overall drop in revenue. Production dropped by 16% due to the periodic planned turnarounds, which is necessary to maintain the plant lives and ensure HSE standards.

Cost optimization initiatives

Given the current sluggish market and macroeconomic outlook due to the spread of COVID-19 pandemic, MPHC has initiated several cost optimization initiatives, where the Company reviewed its operating expenditures, across all segments, and identified expenses which are not critical in the current circumstances. These measures included optimizing human capital structures, reducing direct costs in relation to utilities and maintenance, reducing non-production related expenditures including corporate and administrative expenses. Similarly, the Company reviewed its capital expenditure programs across all the segments and identified those expenditures that can either be avoided or deferred, while ensuring HSE standards remained buoyant.

Earnings Call

MPHC will host an IR earnings call with investors to discuss its 1H-20 results, business outlook and other matters on 18 August 2020 at 1:30 p.m. Doha Time. The IR presentation that accompanies the conference call will be posted on the publications page of MPHC's website.

-Ends-

About MHPC

Mesaieed Petrochemical Holding Company Q.P.S.C. ("MPHC") was incorporated as a Qatari joint stock company on May 29, 2013 with an agreed effective date for the transfer of Qatar Petroleum's previous shareholding in the joint ventures of September 1, 2013. The registered office is located at P.O. Box 3212, Doha, State of Qatar.

The main activity of MPHC is to act as a holding company: (i) Q-Chem is currently owned by MPHC (49%), Chevron Phillips Chemical International Qatar Holdings L.L.C. ("CPCIQH") (49%) and QP (2%), and has one wholly-owned subsidiary, Q-Chem Distribution Company Limited,(ii) Q-Chem II is currently owned by MPHC (49%), CPCIQH (49%) and QP (2%), and has one wholly-owned subsidiary, Q-Chem II Distribution Company Limited, and an effective ownership interest of 53.85% in a joint venture, Ras Laffan Olefins Company Limited, which supplies ethylene to Q-Chem II; and (iii) QVC, which was incorporated in 1997 as a joint venture, and is currently owned by MPHC (55.2%), Qapco (31.9%) and QP (12.9%).

For more information about the earnings announcement, e-mail mphc@qp.com.qa or visit www.mphc.com.qa

GENERAL NOTES

Mesaieed Petrochemical Holding Company's accounting year follows the calendar year. No adjustment has been made for leap years. Values expressed in QR billions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. Values expressed in US $'s have been translated at the rate of US $1 = QR3.64.

Amounts relating to income statement, including revenue, net profits, production, sales volumes, have been computed and reported for the purposes of this press release on proportionate basis, based on the share of ownership of MPHC in its respective joint ventures.

DEFINITIONS

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 • EDC: Ethylene Dichloride • EPS: Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year end) • EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation • Free Cash Flow: Cash Flow From Operations - Total CAPEX • HCL: Hydrochloric Acid • HDPE: High Density Polyethylene • NAO: Normal Alpha Olefins • NaOH: Caustic Soda • MT / PA: Metric Tons Per Annum • Payout Ratio: Total Cash Dividend / Net Profit x 100 • P/E: Price to Earnings (Closing market capitalisation / Net Profit) • Utilisation: Production Volume / Rated Capacity x 100 • VCM: Vinyl Chloride Monomer