

FOR IMMEDIATE RELEASE

MPHC posts QR 532 million net profit for the year ended 31 December 2020

*Board of Directors recommends a cash dividend of QR 0.04 per share,
equating to a payout ratio of 94% of 2020 net profits*

- *Group revenue amounted to QR 2.4 billion for the year ended 31 December 2020*
- *Q4-20 net profit surged by 3% on Q3-20 to reach QR 202 million underpinned by improved product prices*
- *Year-to-date performance remained under pressure due to volatile macroeconomic dynamics, amid spread of COVID-19 pandemic and crude oil price fluctuations*
- *Earnings per share amounted to QR 0.042 for the financial year 2020, compared to QR 0.165 for the financial year 2019*
- *Robust liquidity position with closing cash and bank balances of QR 1.7 billion at 31 December 2020*
- *Total assets stood at QR 16.1 billion as at 31 December 2020*
- *Continued focus on OPEX and CAPEX optimization initiatives to withstand market volatilities and maintain competitiveness*
- *Logging a 13th consecutive year without a single recordable incidence of heat stress at Q-Chem and Q-Chem II*
- *Group successfully placed proactive measures to safeguard assets, people, operations, shareholder interest, while optimizing OPEX and CAPEX to address risks and volatilities*

Doha, Qatar; 23 February 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 532 million for the year ended 31 December 2020.

Macroeconomic environment

Macroeconomic headwinds continued to weigh on the business performance of the Group during the year 2020, amid slower economic growth on account of weaker crude oil environment and COVID-19 pandemic. All of this led to an increased pressure on MPHC's product prices, and negatively affected the Group's performance for the financial year 2020.

There has been signs of gradual recovery of the global economy noted in the later part of the year, with notable recoveries in product prices on the back of crude price rebound, continuous unprecedented stimulus announcements while lifting of lockdowns in major markets, supplemented by notable optimism around the vaccine roll-out.

Business and operational performance

MPHC responded by leveraging its inherent strengths: its competitive advantage of having uninterrupted, long-term access to competitively priced feedstock; low operating cost base; stronger liquidity position; and its sales and marketing partnership with a leader in chemical product marketing and distribution which improved Group's access to global markets. In the current distressed situation, the dedicated sales and marketing team was able to provide MPHC wider access to geographies in the most competitive means and thereby limiting the impact of such vulnerabilities and creating several arbitrage opportunities.

The operational performance for the financial year ended 31 December 2020 was also impacted by planned turnaround and preventive maintenance shutdowns implemented in certain MPHC's joint venture facilities, which caused the production volumes to decline, by 9% compared to last year, to reach 1.0 million MT.

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 of the facilities successfully completed their respective planned turnarounds within their planned timelines, with lower than budgeted CAPEX and operating expenditures.

HSE realizations

MPHC demonstrated superior operational agility by achieving its production targets, while ensuring HSE standards remained buoyant. Q-Chem and Q-Chem II improved safety processes while logging a 13th consecutive year without a single recordable incidence of heat stress. In MPHC's chlor-alkali segment, the QVC venture completed a challenging maintenance shutdown with excellent safety results.

Commenting on the financial and operational performance for the year ended 31 December 2020, **Mr. Ahmad Saif Al-Sulaiti, Chairman of the Board of Directors, MHPC**, said:

"Despite momentous macroeconomic challenges, we remained resilient and continued to implement our business strategy to contain cost and specifically implemented OPEX and CAPEX optimization measures.

During this year, despite the threats posed to our operations amid spread of COVID-19, we successfully implemented our planned turnarounds within the defined timelines and budget. I am pleased to announce the success of our crisis management committees, along with our marketing partner, who not only kept a check on the ever evolving business and market conditions throughout the year, but also collectively delivered commendable results and kept the business risk low, while ensuring minimal supply chain disruptions.

Entering 2021, we remain focused on our business strategy to solidify our market position, with a focus on generating improved shareholder returns, via leveraging our competitive advantages with a leaner cost base."

Financial performance – year-on-year basis

MPHC reported a net profit of QR 532 million for the year ended 31 December 2020, down by 74%, compared to last year. The Group revenue declined by 17% to reach QR 2.4 billion (assuming proportionate consolidation) as compared to QR 2.9 billion for 2019. Earnings per share (EPS) amounted to QR 0.042 for the financial year 2020, as compared to QR 0.165 for last year.

During the year, selling prices declined by 12%, while sales volumes fell by 5% as compared to last year, and both translated into a decrease in revenue by 17%. The production dropped by 9% amid periodic turnaround and maintenance shutdowns during the year. These shutdowns are part of the Group's commitment to HSE, ensuring plant life, quality and reliability standards, which ultimately improves and maintains Group operational efficiency.

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.

Current year profitability was also impacted by impairment provisions booked during the year amounting to QR 105 million in relation to certain tax refunds.

The restatement of last year's net profit amounting to QR 885 million in relation to booking of the effects of tax exemptions within last year's profitability, also contributed negatively to the overall bottom line's growth for the current year.

Financial performance – Q4-20 vs Q3-20

MPHC's financial performance improved in Q4-20. Revenue grew by 34% to reach QR 837 million, whilst the net profit increased by 3% versus Q3-20.

The growth in net earnings was mainly driven by remarkable run in the commodity prices, driven by persistent rebound in crude prices, along with a surge in product demand following easing out of lockdown restrictions, stimulus announcements and vaccine optimism. MPHC's blended selling prices increased by 15%, quarter-on-quarter basis. Sales volumes also increased by 17% versus Q3-20, on account of recovery in macroeconomic sentiments leading to improved demand and better operating rates. The growth in revenues was offset by booking of one-off impairment provision booked during Q4-20 amounting to QR 105 million in relation to certain tax refunds.

Financial position

Liquidity remained robust as cash and bank balances of MHPC amounted to QR 1.7 billion as at 31 December 2020. The total assets as at 31 December 2020 amounted to QR 16.1 billion compared to QR 16.4 billion as at 31 December 2019.

Cost optimization

Given the current volatile market and macroeconomic outlook, MPHC kicked-off several cost optimization initiatives during the year as an additional layer to the existing optimization programs of each operating entity. These measures included optimizing human capital structure revisions, reducing direct costs in relation to utilities and maintenance, reducing non-production related expenditures including corporate and administrative expenses. Similarly, the producing entities reviewed their respective CAPEX programs across and identified expenditures that can either be avoided or deferred, while ensuring HSE standards remained buoyant. The implementation of these optimization programs began in June 2020 and the effects of the same expected to be realized going forward.

Proposed Dividend Distribution

After reviewing the year's financial performance in light of current macroeconomic conditions, the Group's liquidity position and future investing and financing needs, the Board of Directors proposed a total annual dividend distribution for the year ended 31 December 2020 of QR 503 million, equivalent to a QR 0.04 per share and representing a pay-out ratio of 94%.

Operational highlights by segment

Petrochemicals: During the year, the Petrochemical segment reported a revenue of QR 1.8 billion, a decrease of 19% from 2019. Net profit amounted to QR 454 million, decreased by 48% versus last year.

Revenue and earnings were impacted by the overall drop in sales volumes which declined by 7% and selling prices which declined by 13%. The reduction in sales volumes was primarily due to the planned periodic turnaround of Q-Chem II facilities during Q1-20, while drop in crude prices coupled with softening demand for petrochemical products arising from the current macroeconomic backdrop affected the selling prices. Production volumes dropped by 11% due to the periodic planned turnaround, which are necessary to maintain the plant life and ensure HSE standards.

Net profit for Q4-20 reached QR 218 million, significantly up by 40% compared to Q3-20. This increase was primarily driven by improved product prices on the back of better macroeconomic conditions.

Chlor-alkali segment: Segment revenue for the year declined by 9% compared to last year to reach QR 617 million. The decline in revenue was attributed to the decrease in sales volumes by 2% and selling prices by 8%. Sales volumes fell due to the planned shutdown of facilities. Drop in selling price was against a backdrop of well-documented macroeconomic slowdown during 2020, which affected the industry globally. During the year, the segment reported a net profit of QR 125 million equivalent to a decline of 54% versus 2019. Production volumes dropped by 6% due to the periodic planned shutdowns.

Q4-20 net profit reached QR 83 million, significantly up by 124% compared to Q3-20. This increase was primarily driven by recovery in the macroeconomic climate which positively weighed on the product prices.

Earnings Call

MPHC will host an IR earnings call with investors to discuss its 2020 results, business outlook and other matters on 8th March 2020 at 1:30 p.m. Doha Time. The IR presentation that accompany the conference call will be posted on the 'financial information' page within the Investor Relations section 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 mphc.investorrelations@mphc.com.qa or visit www.mphc.com.qa

DISCLAIMER

The companies in which Mesaieed Petrochemical Holding Company Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "MPHC" and "the group" are sometimes used for convenience in reference to Mesaieed Petrochemical Holding Company Q.P.S.C.

This presentation may contain forward-looking statements concerning the financial condition, results of operations and businesses of Mesaieed Petrochemical Holding Company Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realisation of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this presentation are made as of the date of this presentation.

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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