



شركة مسيعةيد  
للبنزوكيماويات  
القبضة  
Mesaieed  
Petrochemical  
Holding Company

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# Mesaieed Petrochemical Holding Company IR Presentation

31 March 2021

*“one of the region’s premier diversified petrochemical conglomerates with interests in the production of olefins, polyolefins, alpha olefins and chlor-alkali products.”*

# Disclaimer

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

This presentation contains 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. Where applicable, all values refer to Mesaieed Petrochemical Holding Company’s share. Values expressed in US \$’s have been translated at the rate of US \$1 = QR3.64.

## DEFINITIONS

Cash Realisation Ratio:  $\text{Cash Flow From Operations} / \text{Net Profit} \times 100$  • Debt to Equity:  $(\text{Current Debt} + \text{Long-Term Debt}) / \text{Equity} \times 100$  • Dividend Yield:  $\text{Total Cash Dividend} / \text{Closing Market Capitalisation} \times 100$  • 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:  $\text{Cash Flow From Operations} - \text{Total CAPEX}$  • HCL: Hydrochloric Acid • HDPE: High Density Polyethylene • NAO: Normal Alpha Olefins • NaOH: Caustic Soda • MT / PA: Metric Tons Per Annum • Payout Ratio:  $\text{Total Cash Dividend} / \text{Net Profit} \times 100$  • P/E: Price to Earnings (Closing market capitalisation / Net Profit) • Utilisation:  $\text{Production Volume} / \text{Rated Capacity} \times 100$  • VCM: Vinyl Chloride Monomer

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# About MPHC

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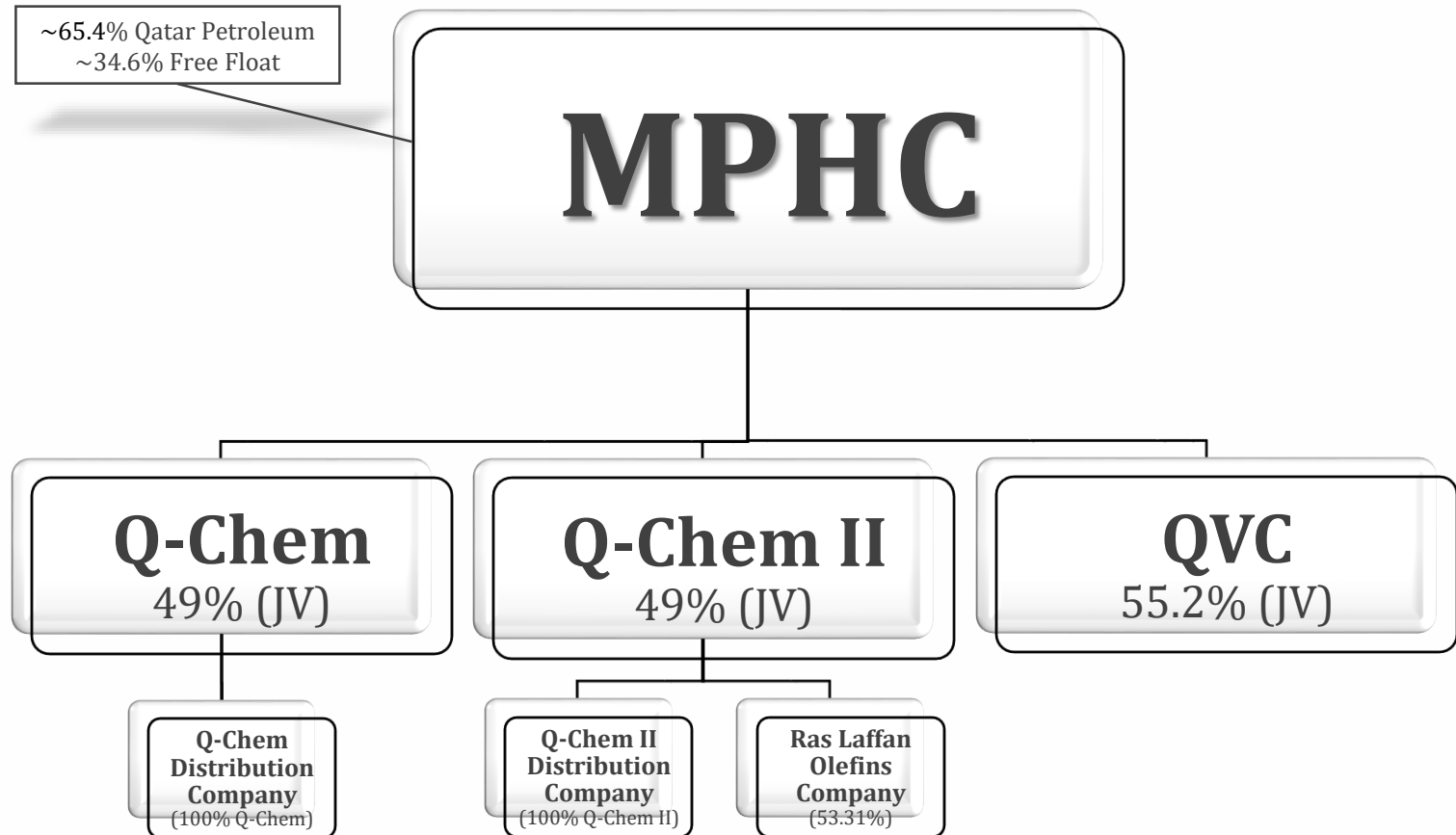
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# About MPHC

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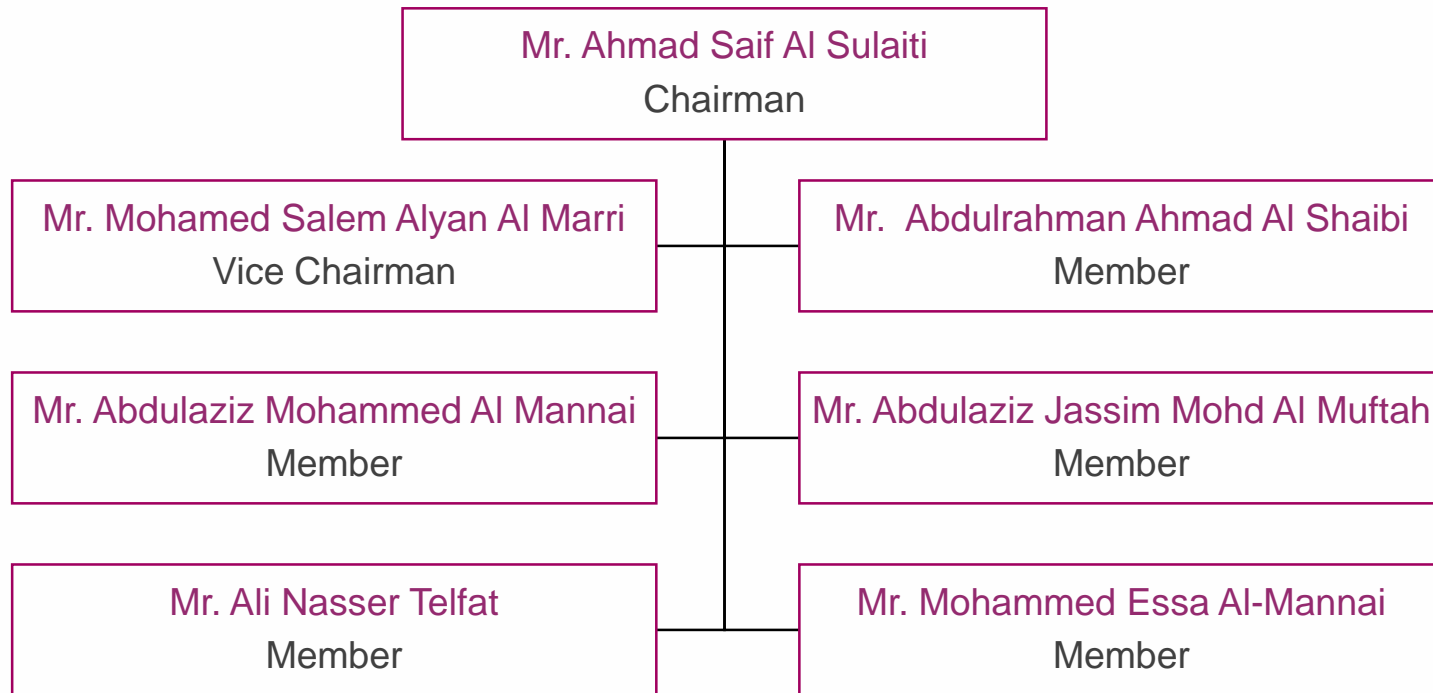
- Mesaieed Petrochemical Holding Company Q.P.S.C. (“MPHC” or “the group”; QE ticker: MPHC) was incorporated on May 29, 2013 and was listed on the Qatar Stock Exchange on February 26, 2014;
- The issued share capital consists of 12.56 billion shares. ▫ The free float consists of circa 4.3 billion shares, with a foreign ownership limit of 49% of the market capitalization and a maximum shareholding size of 2% per shareholder;
- The operations of the joint ventures remain **independently managed** by their respective Boards of Directors and senior management teams
- Through its group companies, MPHC operates in 2 business segments - **Petrochemical** (Q-Chem / Q-Chem II) and **Chlor-Alkali** (QVC)
- Qatar Petroleum (“QP”), the largest shareholder, provides most of the head office functions through a comprehensive service level agreement.

# Ownership Structure

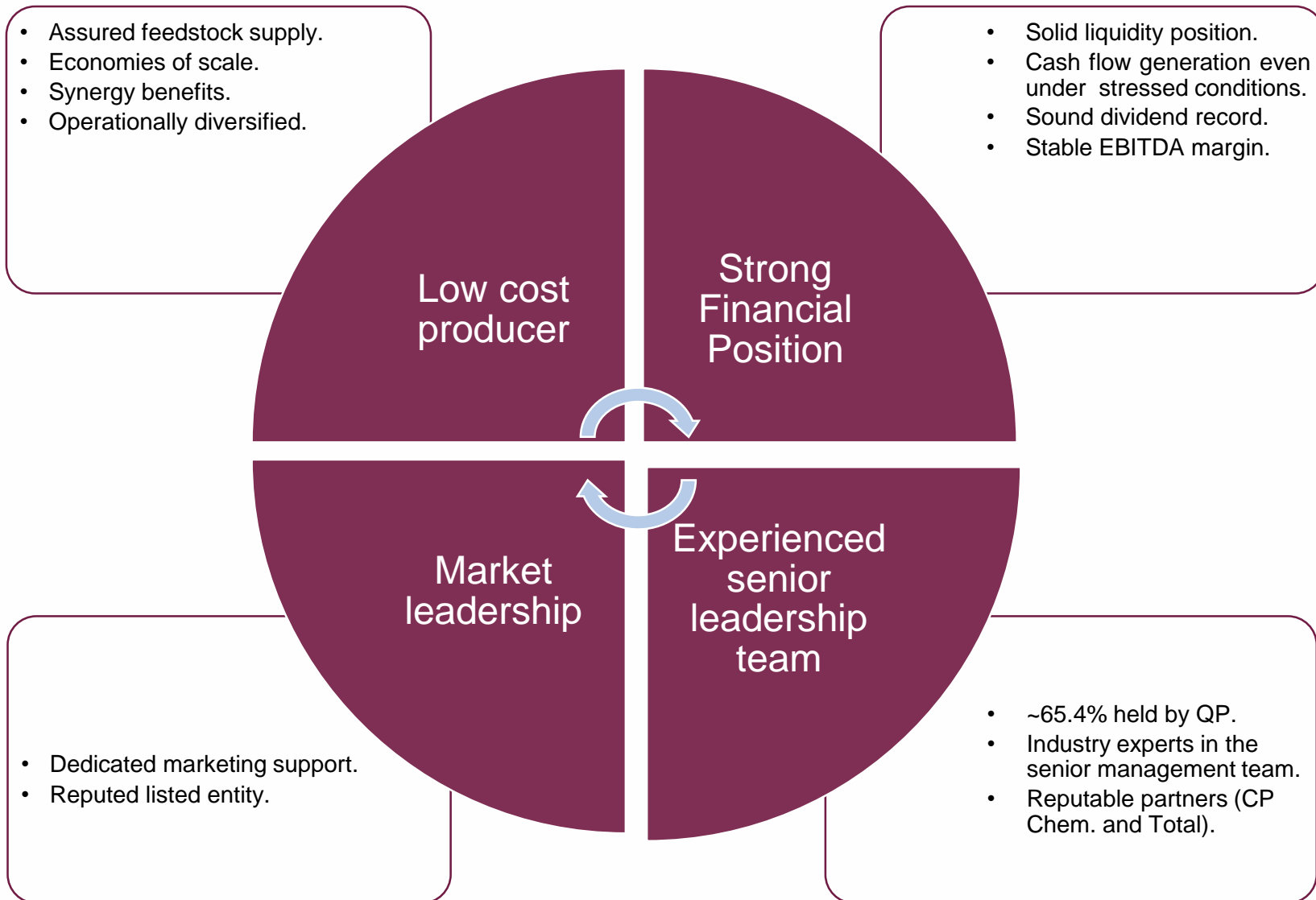


# Board of Directors

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# Competitive Advantages





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## Results at glance (2015 to 2020)

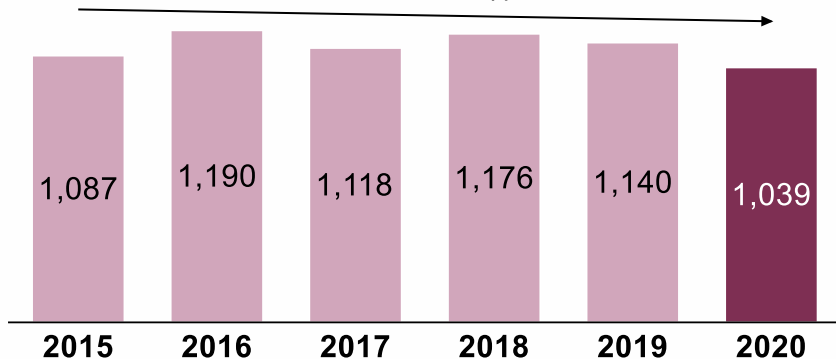
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# Results at a glance (2015 to 2020)

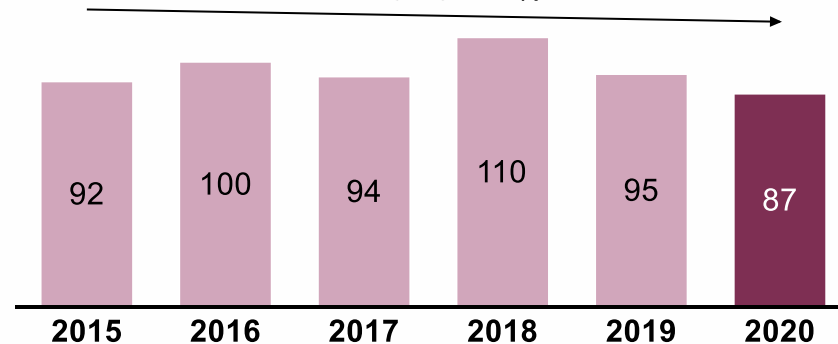
## Production (MT'000)

CAGR -1%



## Utilization (%)

CAGR -1%

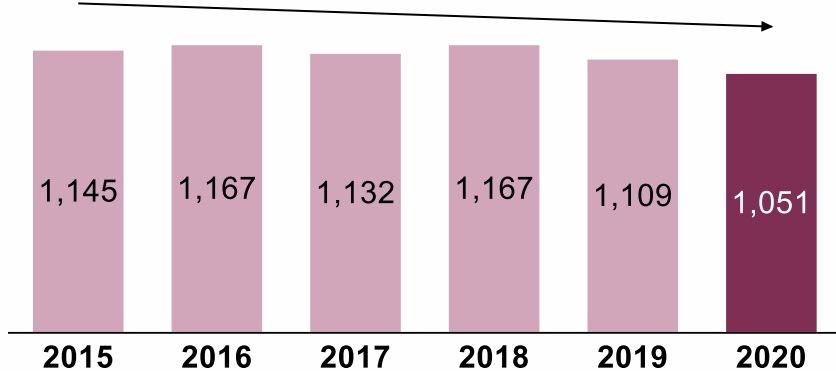


Production and sales volumes remained relatively stable since the incorporation of MPHC

- Utilization moved in line with the production levels
- Selling prices reflected cyclical movements inline with the global commodity prices linked to macro-economic conditions

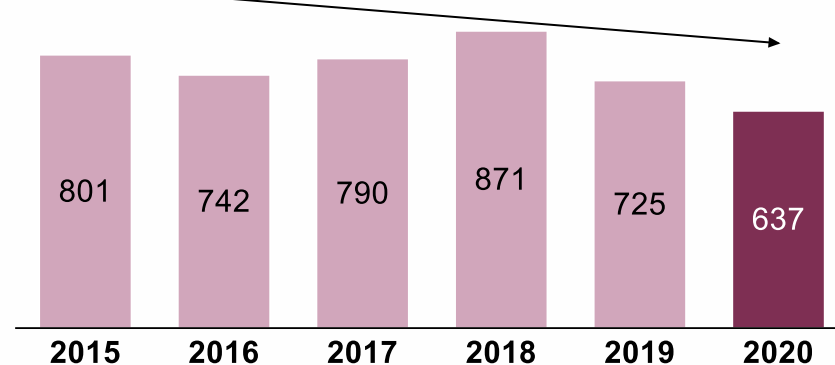
## Sales Volume (MT'000)

CAGR -2%



## Average Product Price (USD / MT)

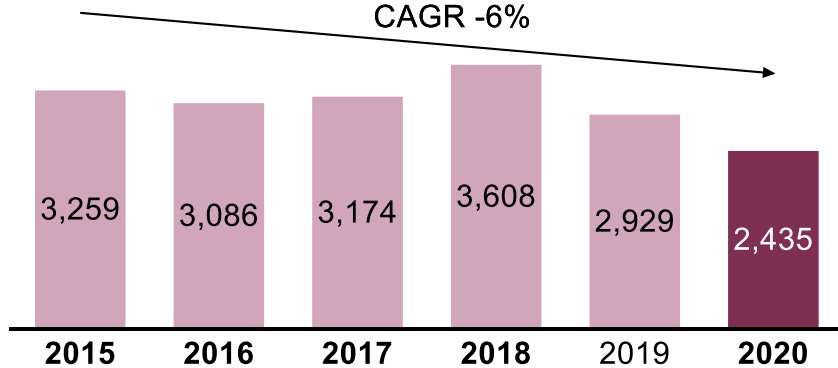
CAGR -4%



# Results at a glance (2015 to 2020)

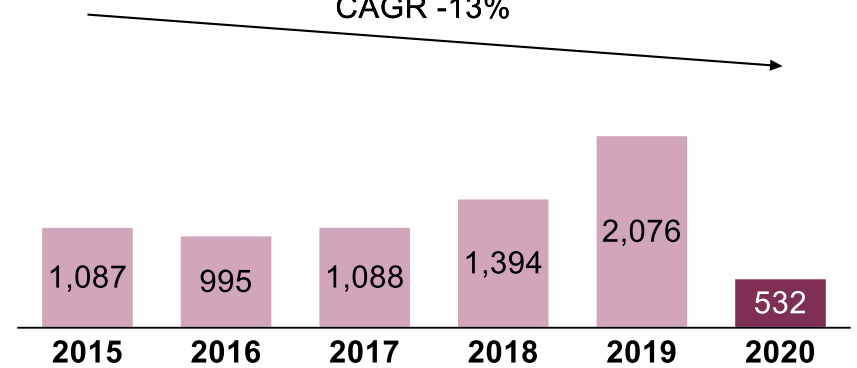
## Revenue (Million QR)

CAGR -6%



## Net Profit (Million QR)

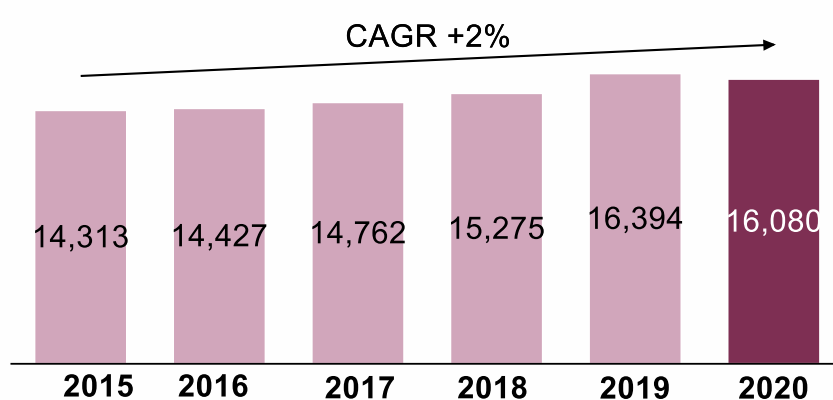
CAGR -13%



In line with product prices, both revenue and net profit witnessed movements ▪ Total assets grew marginally, while the cash and cash equivalents increased over the period

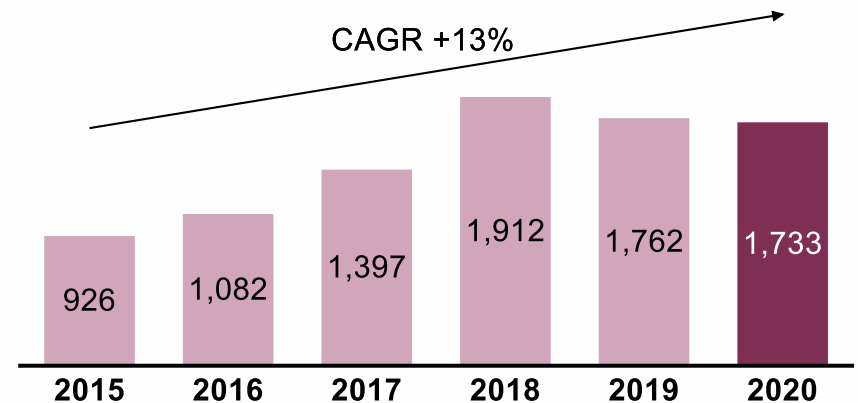
## Total Assets (Million QR)

CAGR +2%



## MPHC Head office Cash & Cash Eqv. (Million QR)

CAGR +13%



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# Results at glance

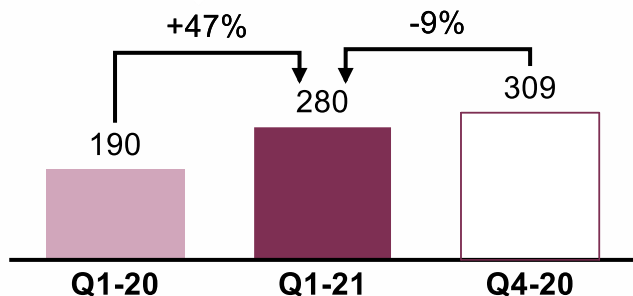
## (For the three-month period ended 31 March 2021)

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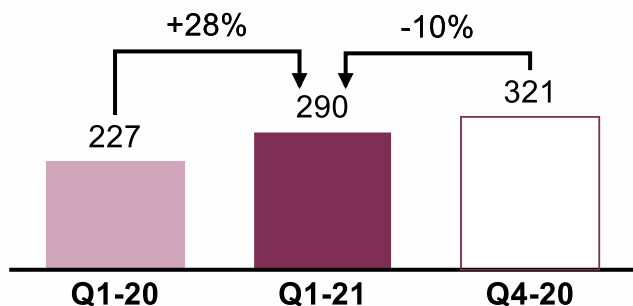
# Key Highlights

For the three-month period ended 31 March 2021 (MPHC Share)

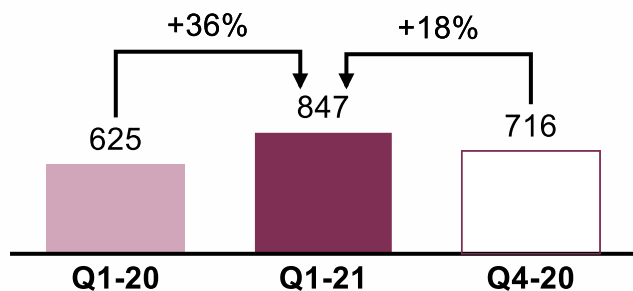
## Production (MT'000)



## Sales Volumes (MT'000)



## Selling Prices (\$/MT)

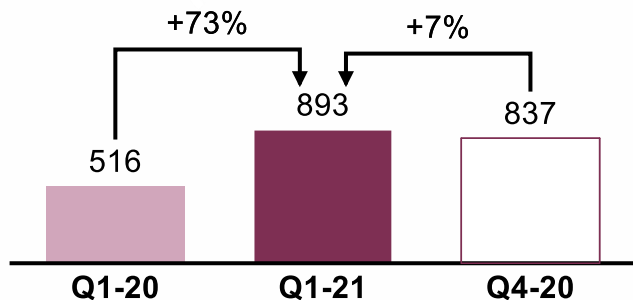


- Q1-21 production levels significantly up on Q1-20 due to lesser maintenance shutdowns in Q1-21, compared to Q1-20.
- Production volumes declined in Q1-21 vs Q4-20, with lesser plant operating rates in Q1-21 as compared to Q4-20.
- Major shutdowns were mainly conducted in Q1-20.
- Q1-21 sales volumes up on Q1-20 mainly due to improved production volumes.
- Sales volumes declined in Q1-21 vs Q4-20, inline with the overall decline in production volumes.
- Q1-21 price improvements: due to demand recoveries driven by crude price recovery, lifting of lockdown in major markets and optimism around vaccine roll-out; while supply constraints remained evident throughout Q1-21.

# Key Highlights

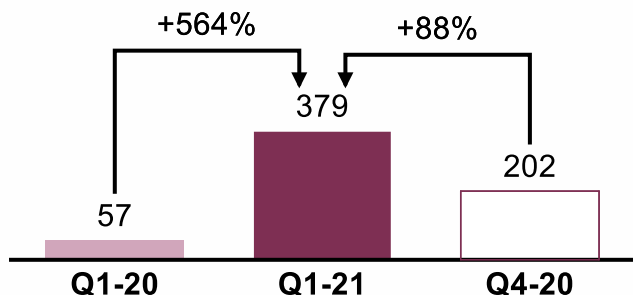
For the three-month period ended 31 March 2021 (MPHC Share)

## Revenue (QR million)



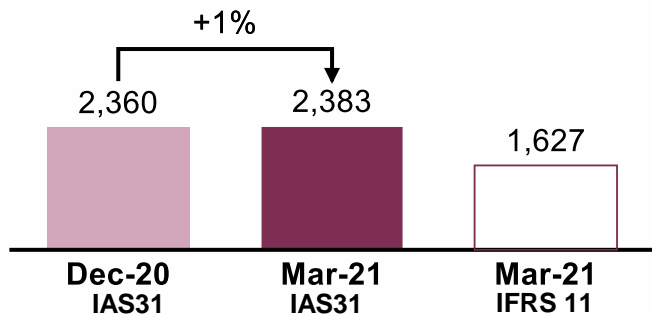
- Q1-21 Group revenue up on Q1-20 driven by higher prices and sales volumes.
- Q1-21 revenue up on Q4-20 by 7%, on account of improved selling price. There was a slight offset due to decline in sales volumes.

## MPHC's Net Profit (QR million)



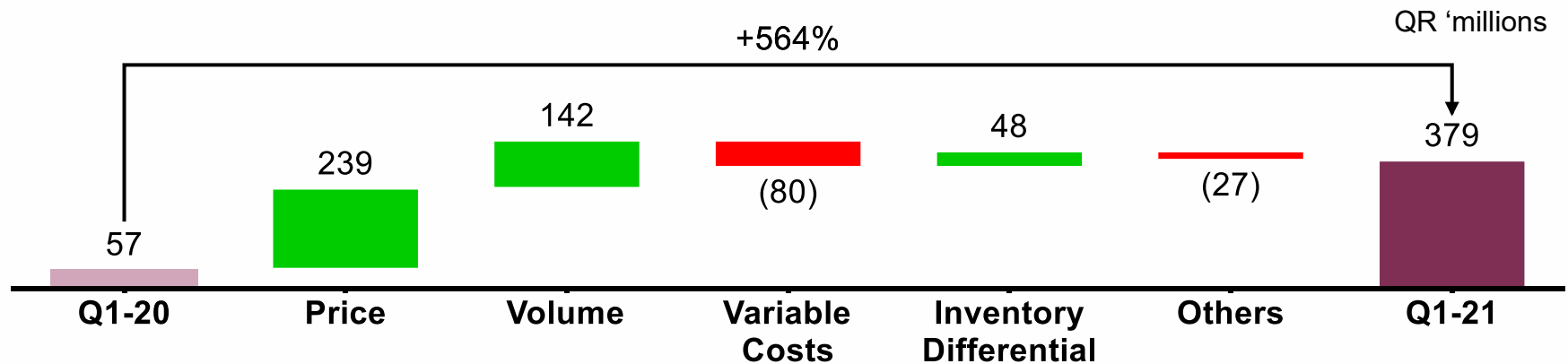
- Q1-21 vs Q1-20: results mainly impacted by higher sales volumes and improved selling prices.
- Q1-21 vs Q4-20: profitability improved on the back of recoveries in selling prices, while slightly offset by lowered sales volumes.

## Group Cash & Cash eqv. (QR million)



- MPHC's share of cash and cash equivalents slightly increased from last year, on the back of better operating cash flow generated during the period, almost offset by payment of 2020 dividends.

# Net Profit Variance Analysis



Net profits increased by QR 322 million due to:

## Favorable variance

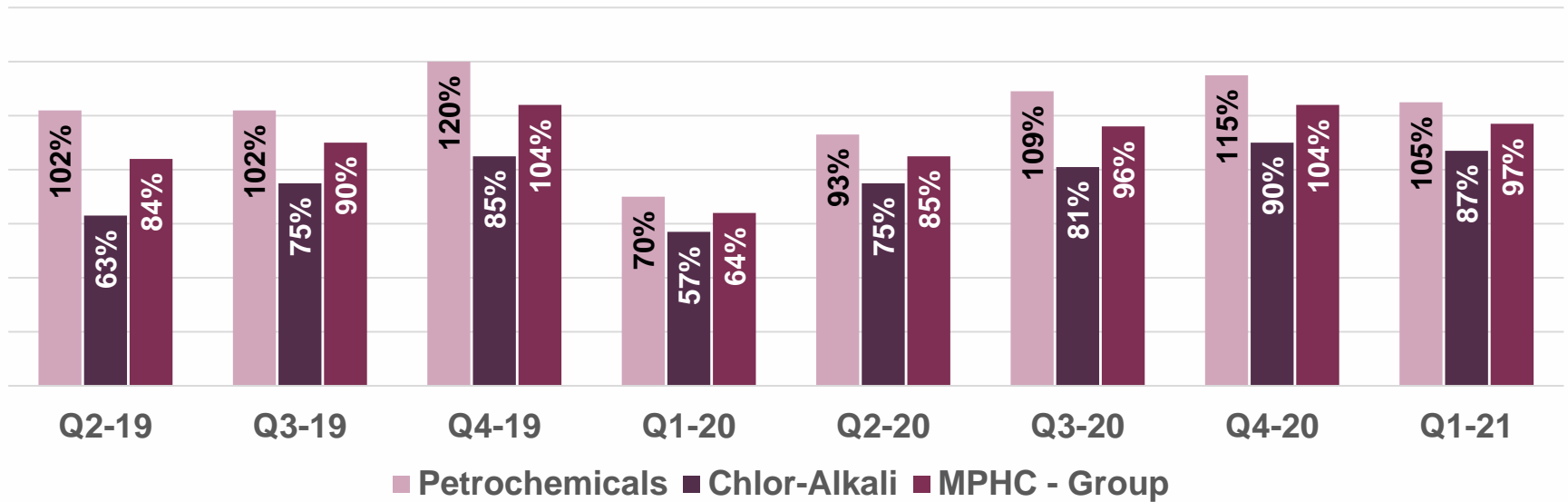
- Higher selling prices 36%;
- Higher sales volumes 28%;
- Favorable inventory differential due to lower drawdowns.

## Unfavorable variance

- Higher variable costs on account of increase in volumes and prices;
- Others are lower, due to lower interest income, provision for slow moving spares and prior year charges.

# MPHC operating rates

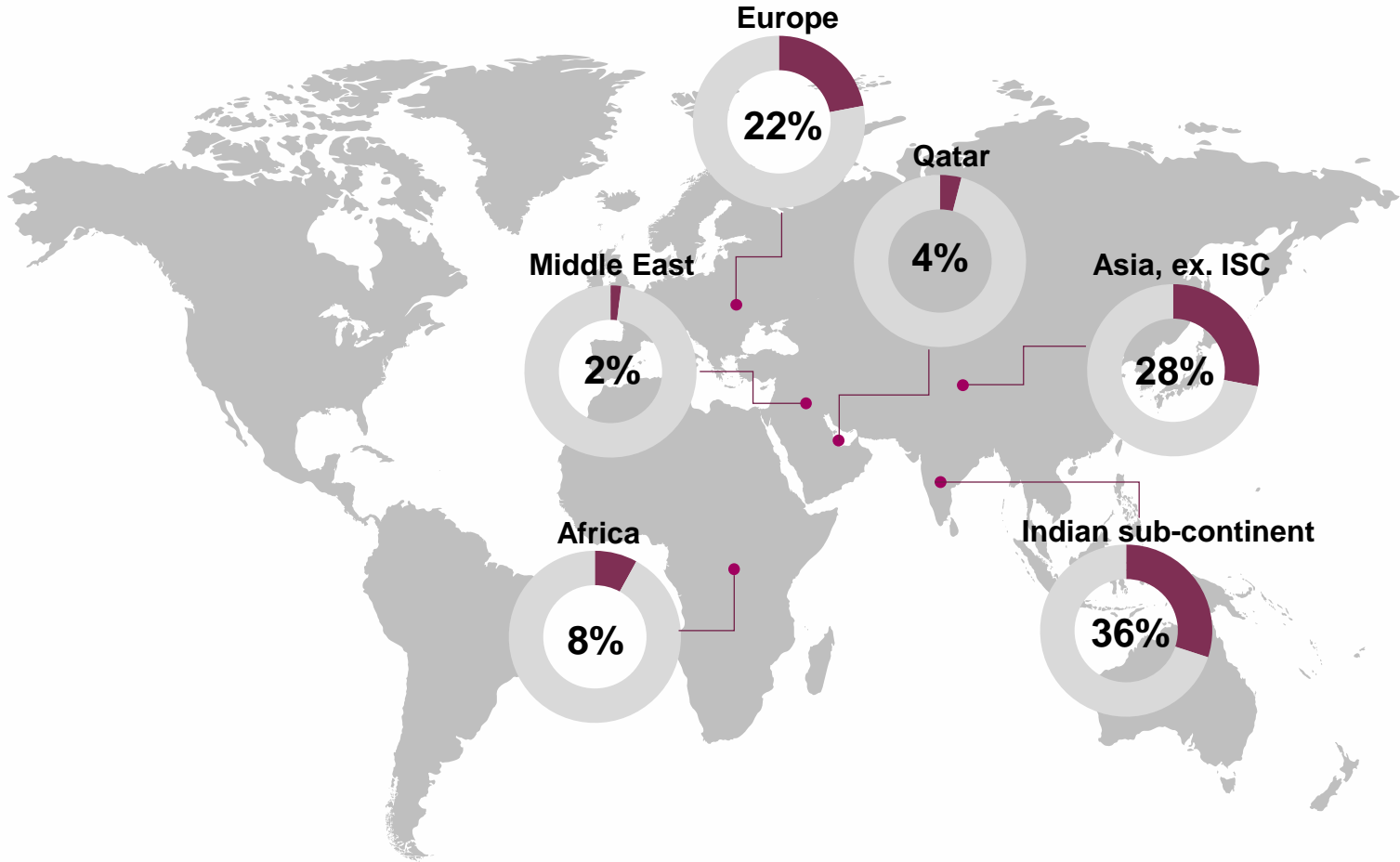
Operating rates of MPHC segments remained stable





# Geographic analysis – MPHC Group revenue

Asia remained MPHC’s largest market, while its presence in Europe continued to be substantial



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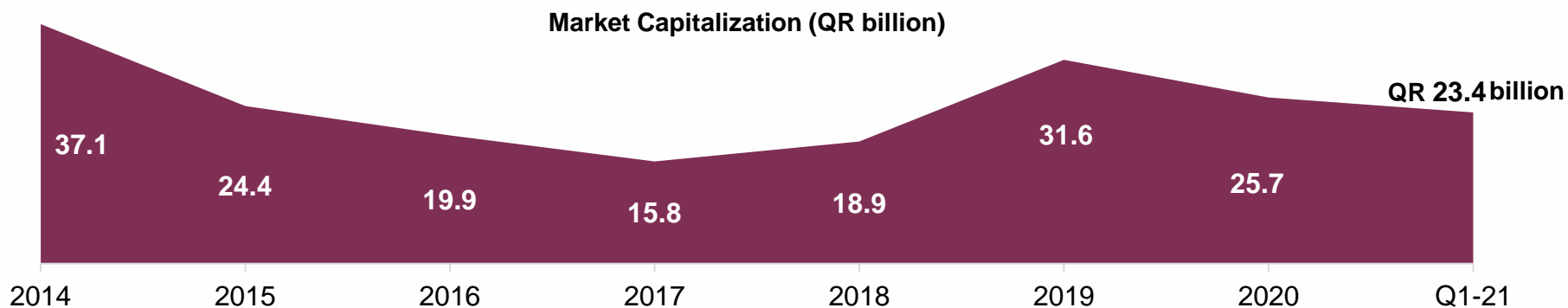
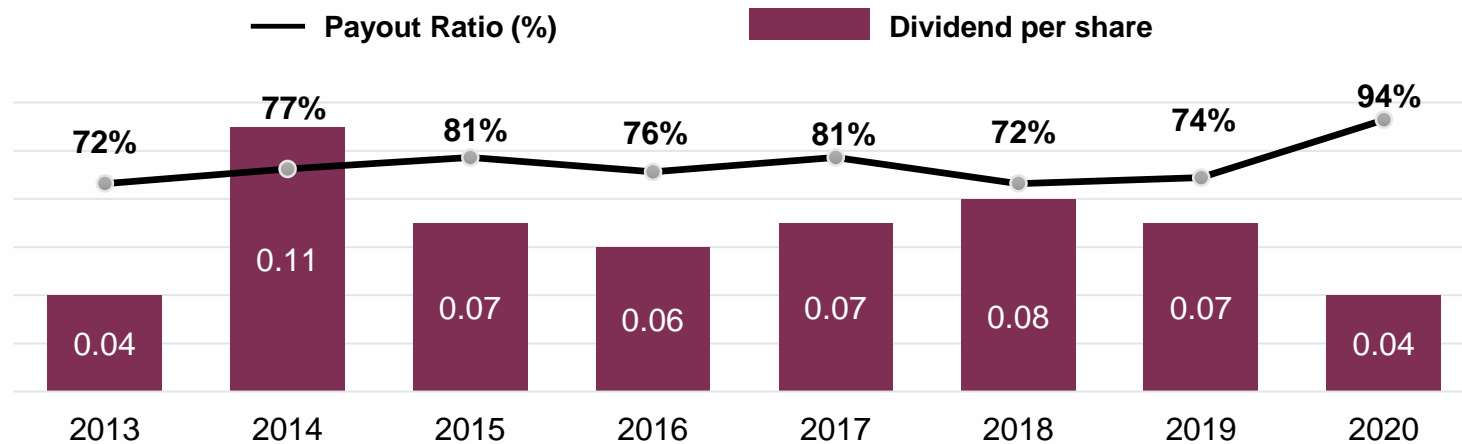
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# Dividends & Market Statistics

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# Dividends & Market Statistics



- To date, cash dividends totaling **QR 7.2 billion** have been distributed;
- MPHC was included in **MSCI Index** in May 2019.

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# Segment Details

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# Segmental Details: Petrochemicals

- Q-Chem and Q-Chem II are both owned 49% by MPHC, 49% by Chevron Phillips Chemical International Qatar Holdings L.L.C., and 2% by QP;
- Q-Chem II also has an effective ownership of 53.85% in Ras Laffan Olefins Company Limited which owns an ethane cracker which provides ethylene feedstock to Q-Chem II;
- The companies in the segment are engaged in the production of a range of petrochemical products including:
  - HDPE: (397,000 MT PA)
  - NAO: (198,000 MT PA);
- All production facilities are based within the State of Qatar.

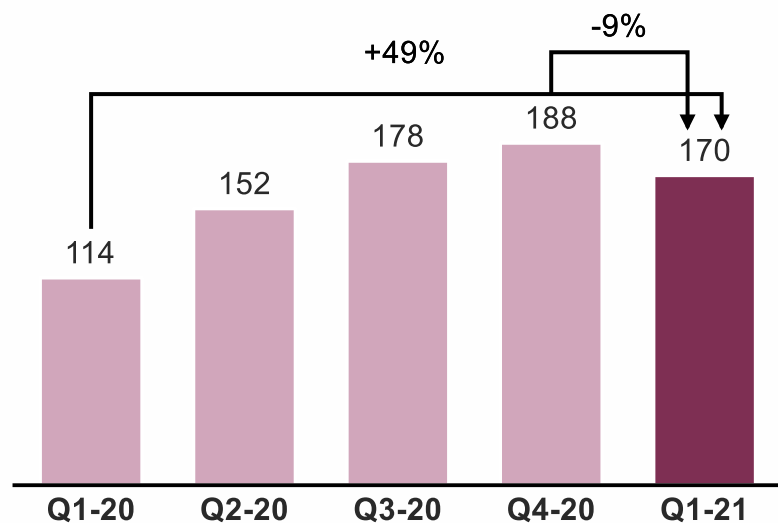


# Segmental Details: Petrochemicals

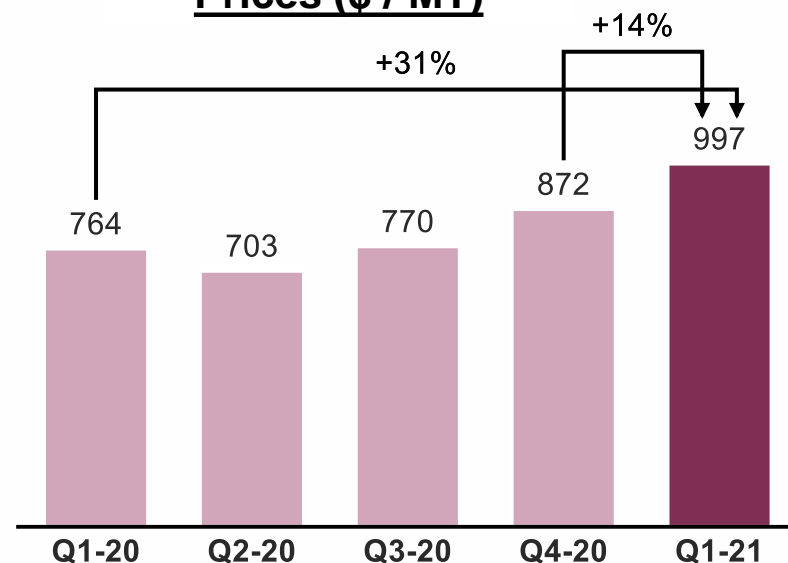
*Analysis of production & selling prices*

- **Production:** Production up by **49%** compared to Q1-20, as the segment had planned periodic turnaround of Q-Chem II facilities during Q1-20, which affected the overall operating rates for Q1-20 in comparison to Q1-21;
  - Production decreased during Q1-21 by **9%** compared to Q4-20, due to lesser plant operating rates in Q1-21 vs Q4-20.
- **Selling Prices:** increased as compared to Q1-20 by **31%**, due to improved macroeconomic conditions supporting overall petrochemicals demand.
  - Selling prices improved by **14%** during Q1-21 compared to Q4-20, due to continued recoveries noted on demand side, due to better macroeconomic dynamics, supplemented by supply side constraints evident throughout Q1-21.

**Production (000's MT)**



**Prices (\$ / MT)**

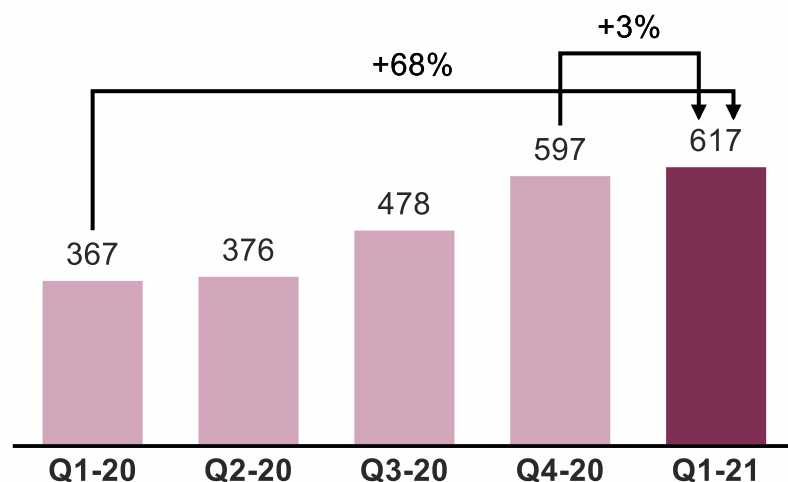


# Segmental Details: Petrochemicals

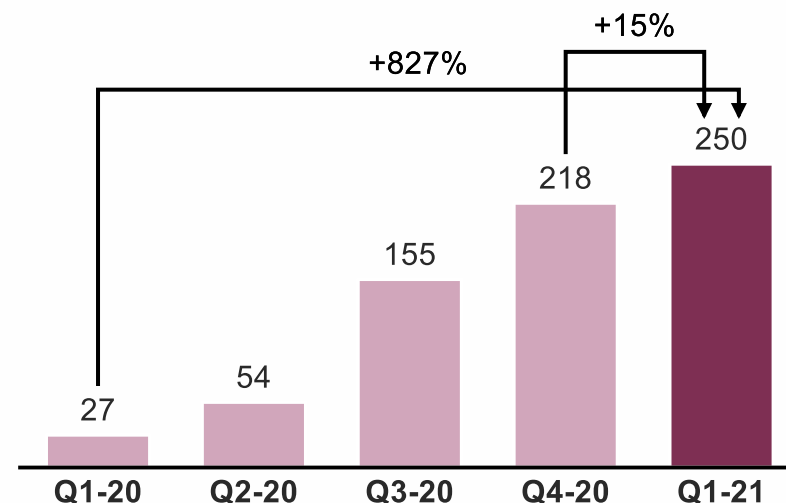
Analysis of segment revenue & net profit

- **Revenue:** QR 617 million, up by 68% as compared to Q1-20 due to higher product prices (+31%) and increased sales volumes (+29%);
  - Q1-21 revenue up by 3% compared to Q4-20 on the back of improved selling prices (+14%), offset by decline in sales volumes (-10%).
- **Net profit:** QR 250 million, up by 827% as compared to Q1-20. Improvement mainly due to increase in revenue.
  - Net profit increased in Q1-21 by 15% compared to Q4-20, mainly due to improved revenues linked to better selling price levels.

## Revenue (QR Million)



## Net Profit (QR Million)

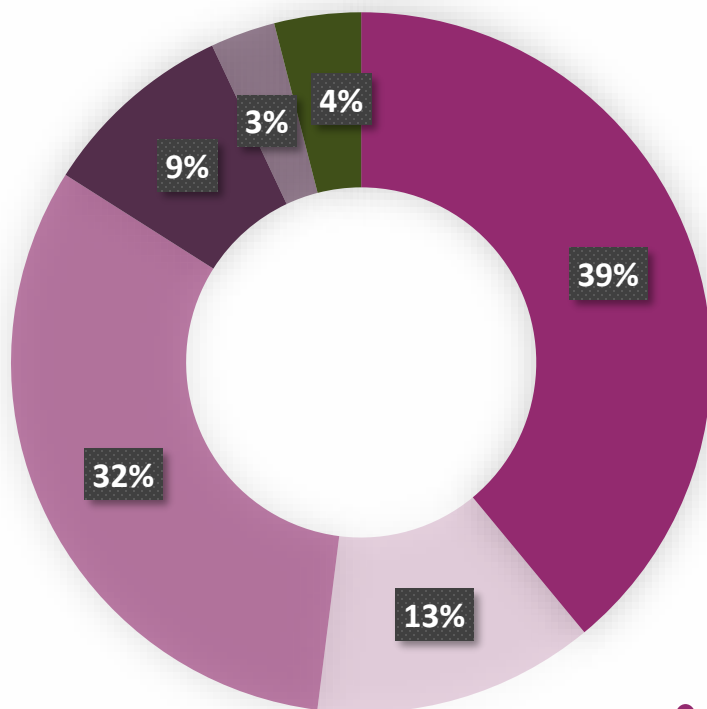


# Segmental Details: Petrochemicals

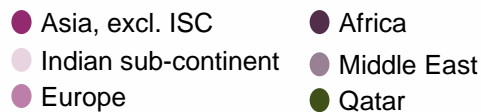
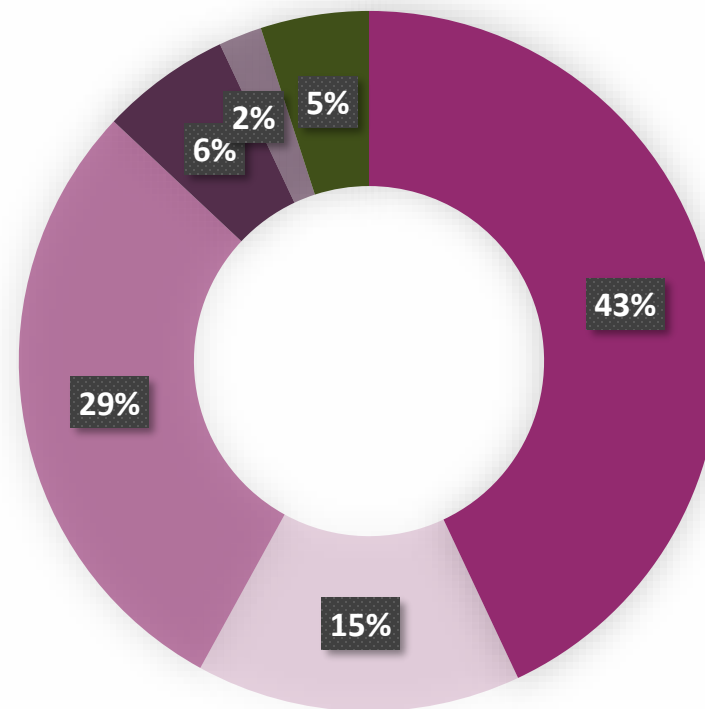
Geographical analysis of  
segment revenue

- Asia remains a main market for Petrochemical segment
- Europe and Indian sub-continent remains other key markets

**Q1-21 Segment Revenue (%)**



**Q1-20 Segment Revenue (%)**





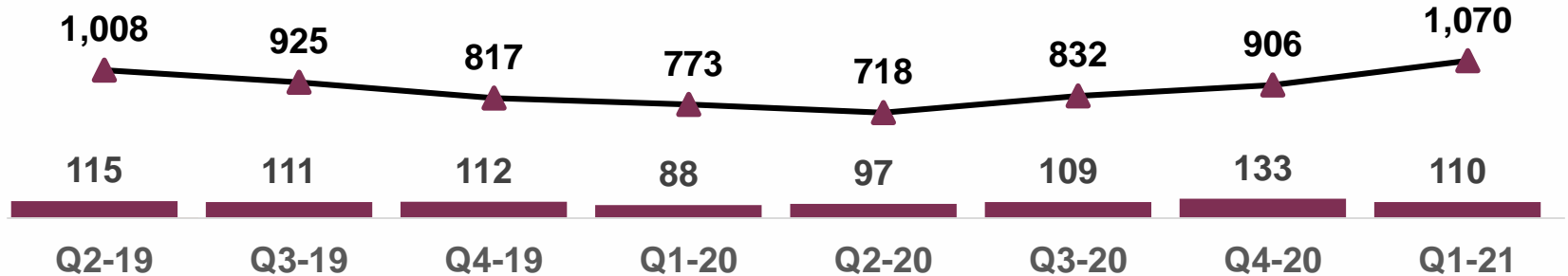
# Segmental Details: Petrochemical

Key segment products analysis

## HDPE

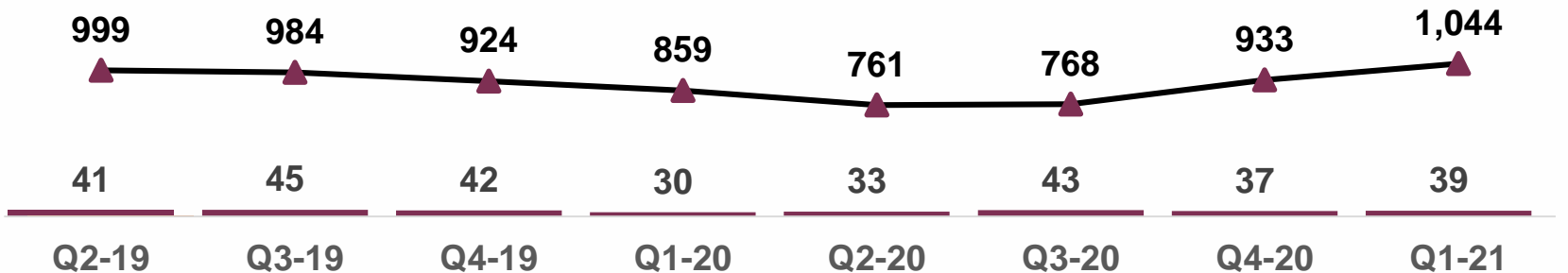
(contributed ~60% of the segment revenue in Q1-21)

■ Sales Volumes (MT '000)  
▲ Selling price (\$/MT)



## NAO

(contributed ~24% of the segment revenue in Q1-21)



- Sales volumes for HDPE & NAO remained stable since Q3-20 till date.
- Selling prices since Q3-20 showed rebound and continued the positive trajectory, amid improved macroeconomic dynamics creating renewed product demand while supply was constrained.

# Segmental Details: Chlor-Alkali

- Qatar Vinyl Company Limited Q.S.C. (“QVC”) is owned 55.2% by MPHC, 31.9% by Qapco and 12.9% by QP;
- QVC’s operations have been integrated with Qapco, bringing additional synergies to the group.
- The segment is engaged in the production of a range of chlor-alkali products
  - Caustic Soda: 215,000 MT PA
  - Ethylene Dichloride (“EDC”): 110,000 MT PA;
  - Vinyl Chloride Monomer (“VCM”): 215,000 MT PA;
- All production facilities are based within the State of Qatar.

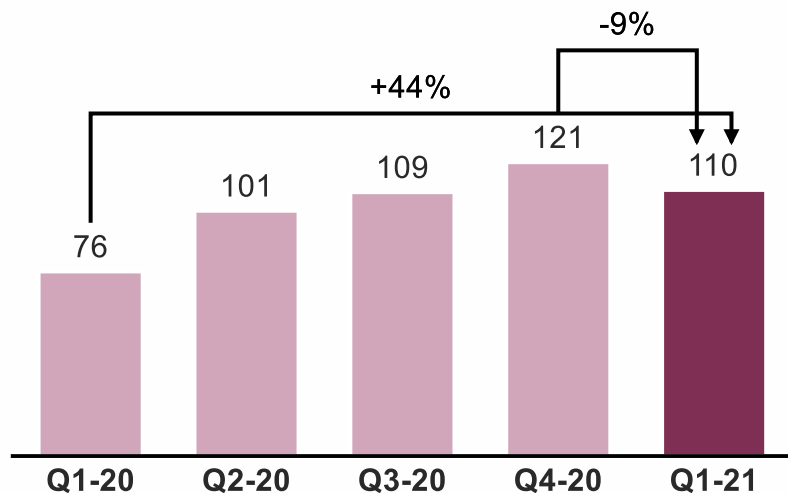


# Segmental Details: Chlor-Alkali

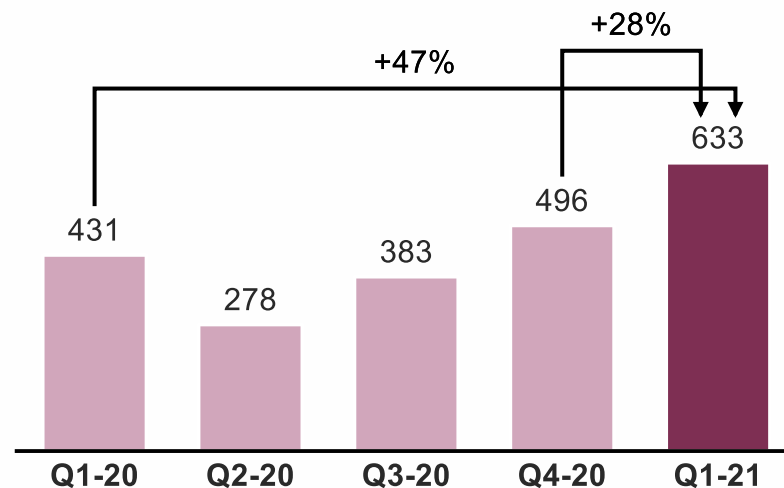
Analysis of production & selling prices

- **Production:** Production increased by **44%** as compared to Q1-20, as Q1-20 was mainly affected by a major planned shutdown;
  - Production declined during the Q1-21 by **9%** compared to Q4-20, due to lesser plant operating rates in comparison to Q4-20.
- **Selling Prices:** Improved significantly as compared to Q1-20 by **47%**, due to renewed demand amid improved macroeconomic sentiments.
  - Selling prices during Q1-21 improved by **28%** compared to Q4-20 due to improved product demand amid continued macro recovery, supplemented by supply constraints.

## Production (000's MT)



## Prices (\$ / MT)

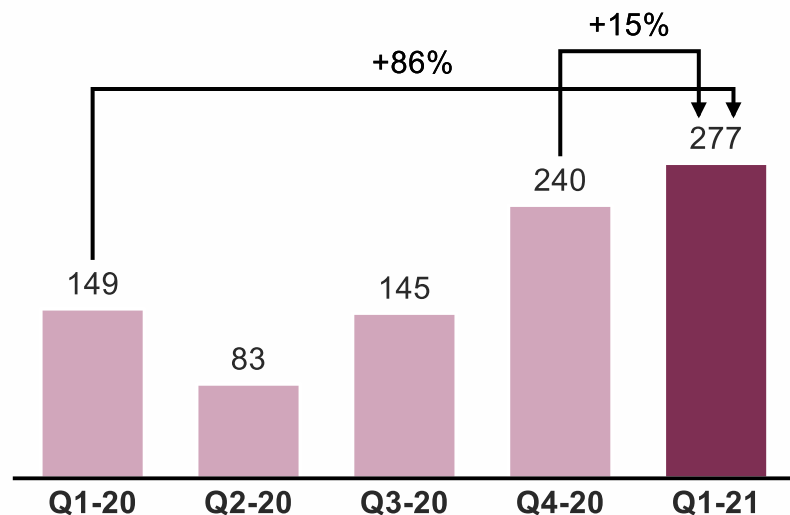


# Segmental Details: Chlor-Alkali

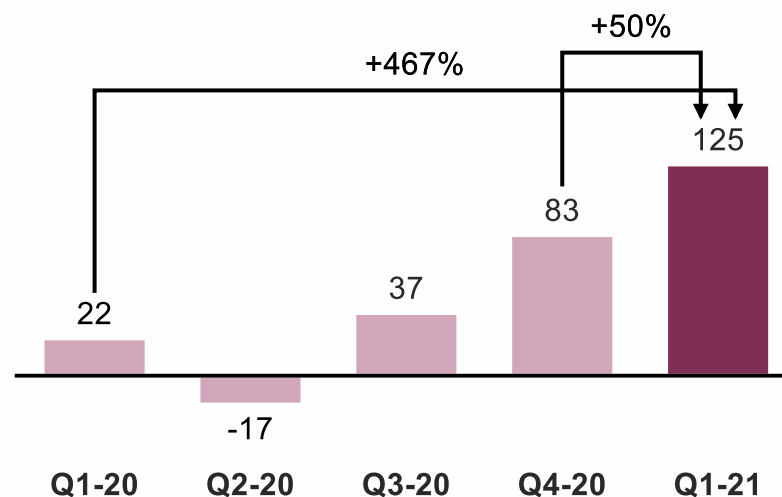
Analysis of segment revenue & net profit

- **Revenue:** QR 277 million, up by 86% as compared to Q1-20 due to higher product prices (+47%) and sales volumes (+26%);
  - Revenue for Q1-21, up by 15% compared to Q4-20 on the back of improved in selling price (+28%), partially offset by decline in sales volumes (-10%).
- **Net profit:** QR 125 million, significantly up by 467% as compared to Q1-20. Profitability growth mainly due to better selling prices and improved production levels leading to improved sales volumes.
  - Net profit increased in Q1-21 by 50% compared to Q4-20, mainly due to growth in revenue.

**Revenue (QR Million)**



**Net Profit (QR Million)**

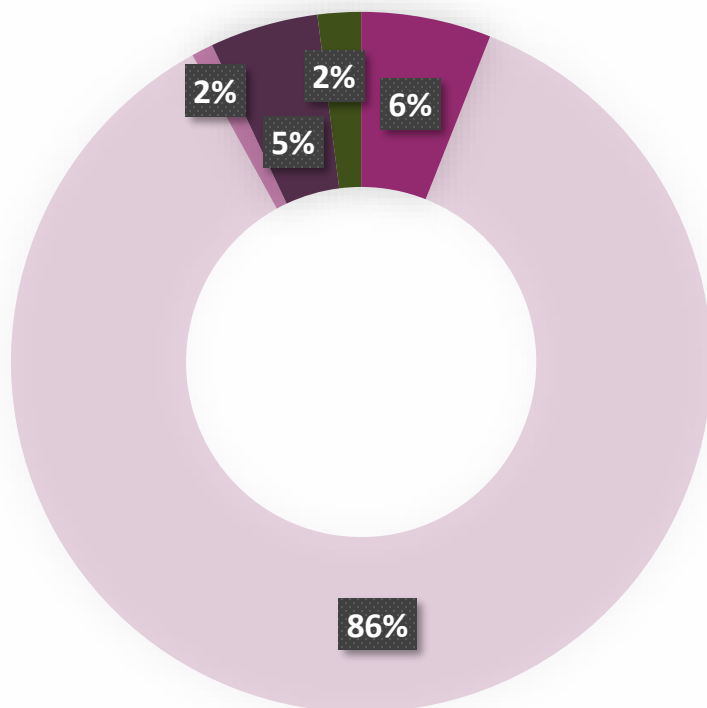


# Segmental Details: Chlor-Alkali

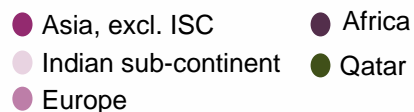
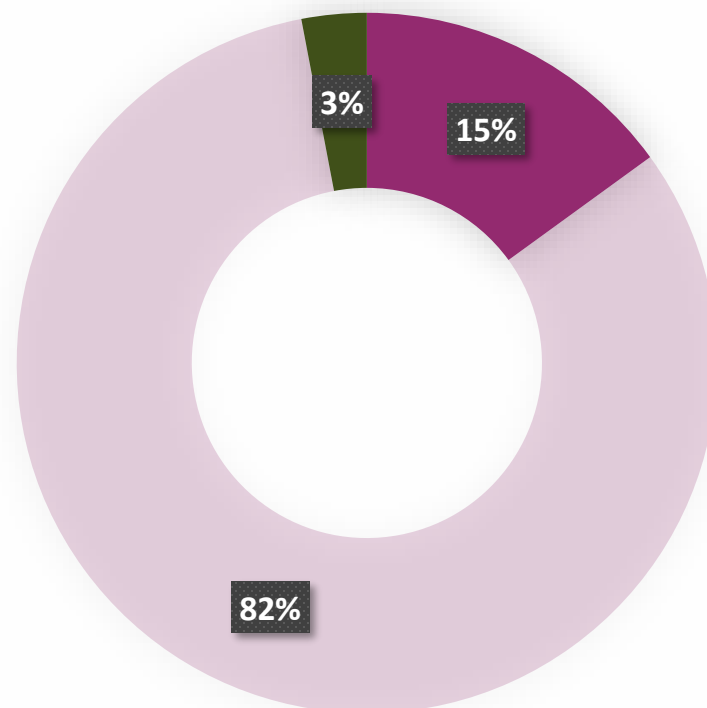
*Geographical analysis of segment revenue*

- Indian sub-continent and Asia remains a main market for Chlor-Alkali segment

**Q1-21 Segment Revenue (%)**



**Q1-20 Segment Revenue (%)**

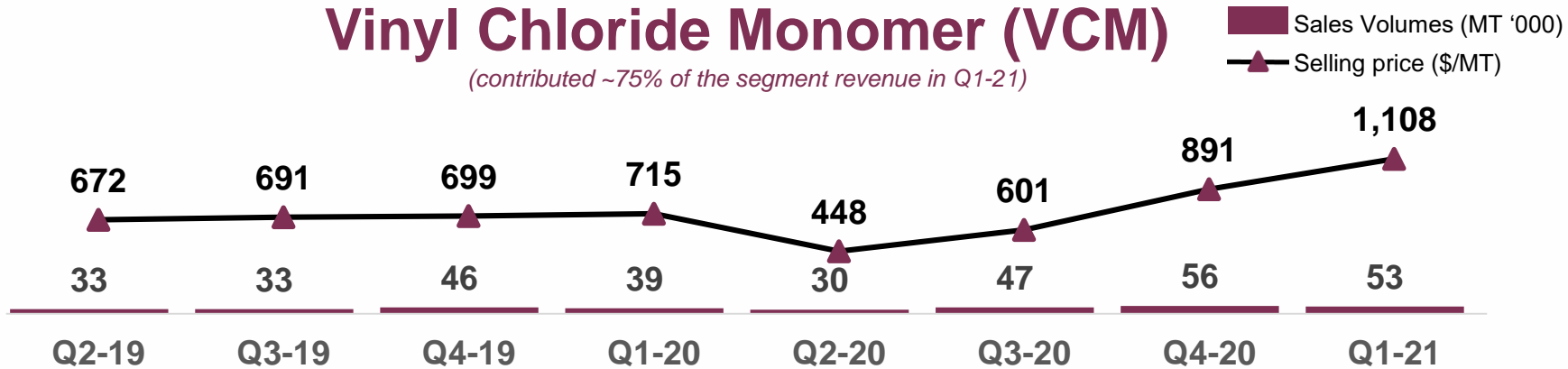


# Segmental Details: Chlor-Alkali

Key segment products analysis

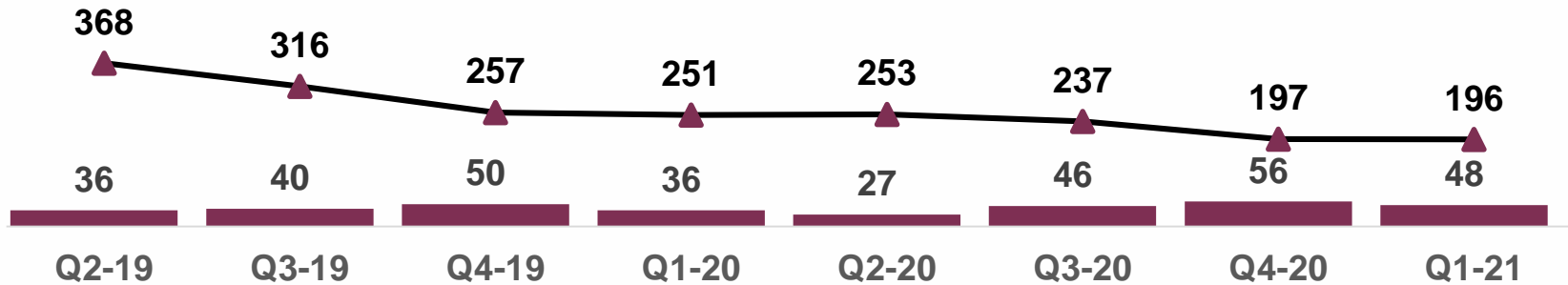
## Vinyl Chloride Monomer (VCM)

(contributed ~75% of the segment revenue in Q1-21)



## Caustic Soda

(contributed ~12% of the segment revenue in Q1-21)



- Sales volumes for VCM & Caustic Soda remained stable since Q3-20 till date.
- Selling prices for VCM rebounded starting from Q3-20 underpinned by better demand prospects and continued to its positive trajectory till date.
- Selling prices for caustic soda persistently declined throughout 2020 and Q1-21, due to continued sluggish demand.

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# CAPEX (2021f – 2025f)

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# CAPEX (2021f – 2025f) – MPHC share

- Cumulative CAPEX spend of QR 1.1 billion across all segments during 2021-2025;
- QChem/QChem II
  - CAPEX of QR 879 million planned during 2021-2025;
  - QR 128 million is planned for new Furnace Project.
  - NAO tanks upgrade would require QR 37 million of CAPEX.
  - CAPEX relating to Dock jetty project is estimated to be QR 85 million.
  - Sulphur Silo project would require CAPEX estimated to be QR 55 million
- QVC
  - QR 186 million CAPEX is planned for 2021-2025;
  - Power plant upgrade is estimated to require QR 42 million in form of CAPEX;

## CAPITAL EXPENDITURE (in QR Million)

	2021	2022	2023	2024	2025
New Furnance	59.9	41.0	26.8	-	-
NAO Tanks upgrade	9.1	5.5	12.1	10.7	-
Dock jetty upgrade	35.7	34.8	14.1	-	-
Sulphur Silo Project	21.4	23.2	10.0	-	-
QVC power plant upgrade	19.6	22.0	-	-	-
Plant Turnarounds	35.7	124.0	1.8	8.9	35.7
Others	161.2	104.7	84.9	90.4	71.9
<b>Total CAPEX</b>	<b>342.5</b>	<b>355.1</b>	<b>149.6</b>	<b>110.0</b>	<b>107.6</b>

*Note: The 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.*



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# Governance Structure

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# Governance

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## Board Structure

- MPHC 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.

## Governance and Compliance

- MPHC 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.

## 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.

## 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

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## 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 Qatar Petroleum under a service-level agreement

## 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.

## 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.

## 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.

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# Sales and Marketing

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# Sales and Marketing

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- Qatar Chemical and Petrochemical Marketing and Distribution Company (“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** regulated products.
- Both of the segments’ products are marketed by Qatar Chemical and Petrochemical Marketing and Distribution Company.
- Muntajat integration with QP completed during 2020, only related to the operational level, where the marketing team would still be independently managed, hence, this integration will not have any impacts on MPHC.



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