



شركة مسيعةيد
للبنزوكيماويات
القايزة
Mesaieed
Petrochemical
Holding Company

Mesaieed Petrochemical Holding Company

IR Presentation

Q3, 2019

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

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 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. Mesaieed Petrochemical Holding Company Q.P.S.C., its Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Mesaieed Petrochemical Holding Company Q.P.S.C., its joint ventures and associated companies are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Mesaieed Petrochemical Holding Company Q.P.S.C. does not guarantee the accuracy of the historical statements contained herein.

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 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.

DEFINITIONS

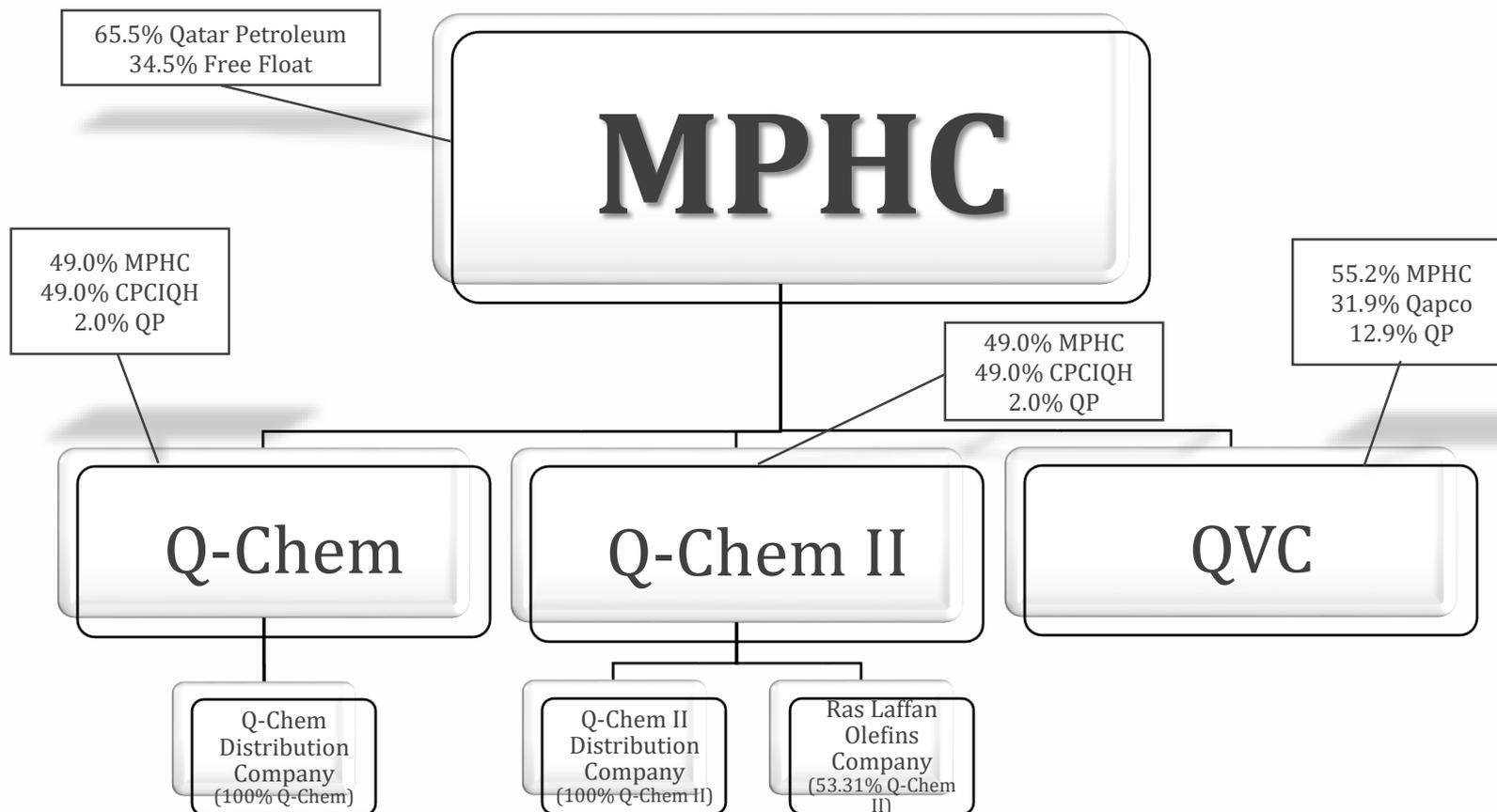
Cash Realisation Ratio: $\text{Cash Flow From Operations} / \text{Net Profit} \times 100$ • Debt to Equity: $(\text{Current Debt} + \text{Long-Term Debt}) / \text{Equity} \times 100$ • Dividend Yield: $\text{Total Cash Dividend} / \text{Closing Market Capitalisation} \times 100$ • EDC: Ethylene Dichloride • 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

About MPHC

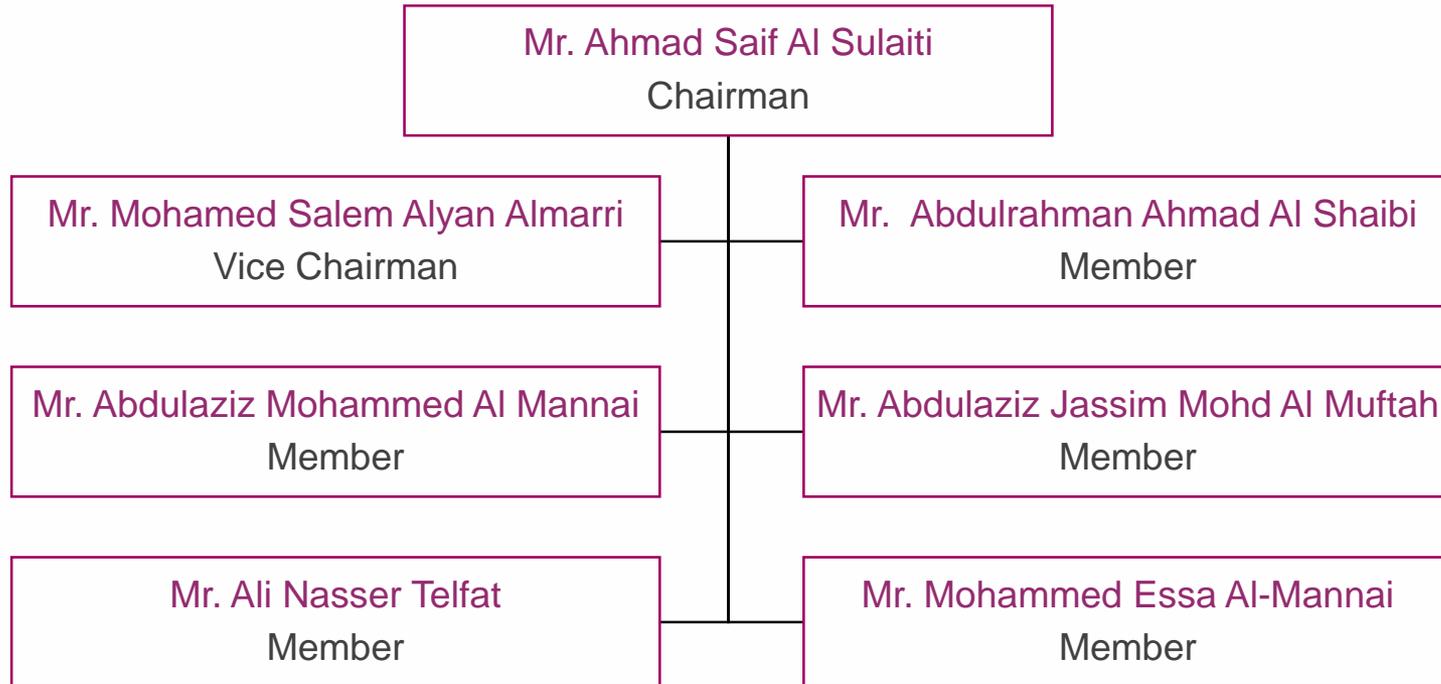
About MPHC

- Mesaieed Petrochemical Holding Company Q.P.S.C. (“MPHC” or “the group”; QE: 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 and the free float consists of circa 4.33 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) and head count is approximately 1,300 employees;
- Qatar Petroleum (“QP”), the largest shareholder, provides most of the head office functions through a comprehensive service level agreement.

About MPHC



MPHC Board of Directors



Competitive Advantages

- Assured feedstock supply.
- Feedstock competitively priced.
- Economies of scale.
- Synergy benefits.
- Operationally diversified.

- Solid liquidity position.
- Cash flow generation even under stressed conditions.
- Sound dividend record.
- Stable EBITDA margin.

Low cost producer

Strong Financial Position

Market leadership

Experienced senior leadership team

- Dedicated marketing support.
- Reputed listed entity.
- MSCI included.

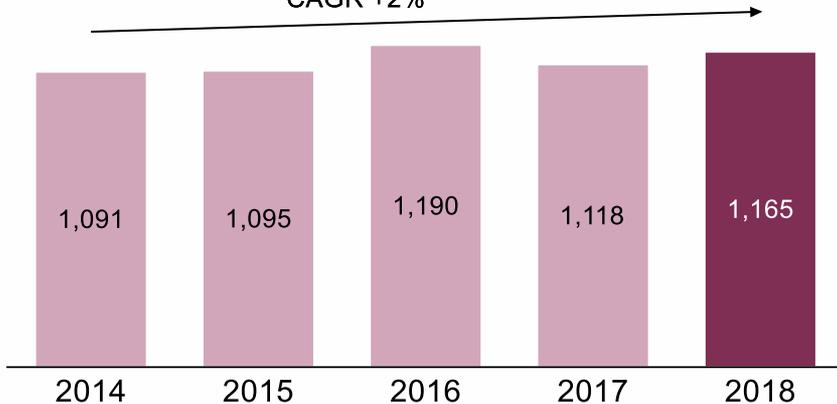
- 65.5% held by QP.
- Industry experts in the senior management team.
- Reputable partners (CP Chem. and Total)

Results at glance (2014 to 2018)

Results at a glance (2014 to 2018)

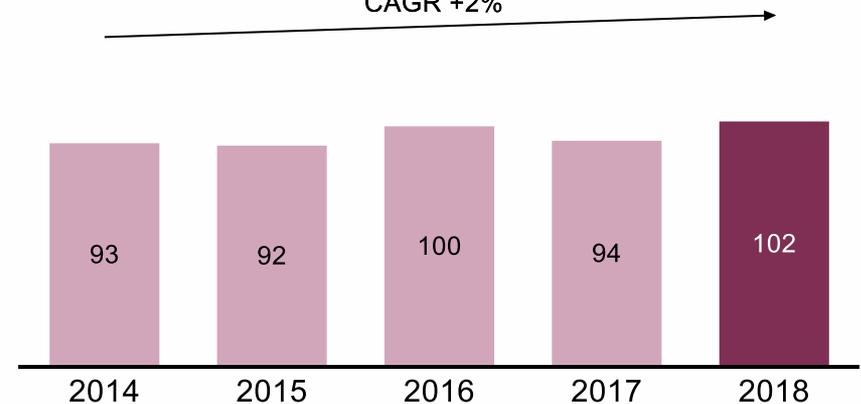
Production (MT'000)

CAGR +2%



Utilization (%)

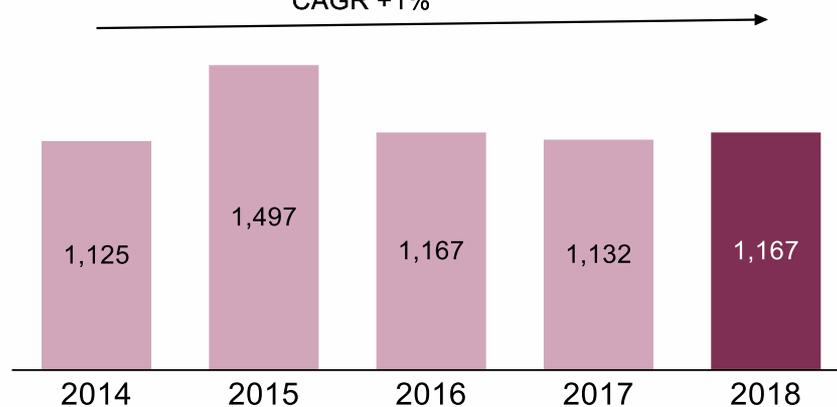
CAGR +2%



Production remained relatively stable since the incorporation of MPHC ▪ Utilization and sales volume remained relatively flat in line with the stable production ▪ Selling prices had a drop in 2015 and 2016, then witnessed a relative growth thereafter.

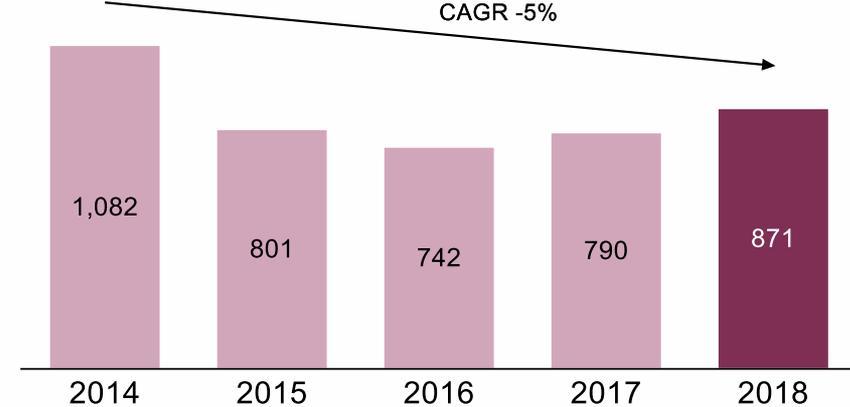
Sales Volume (MT'000)

CAGR +1%



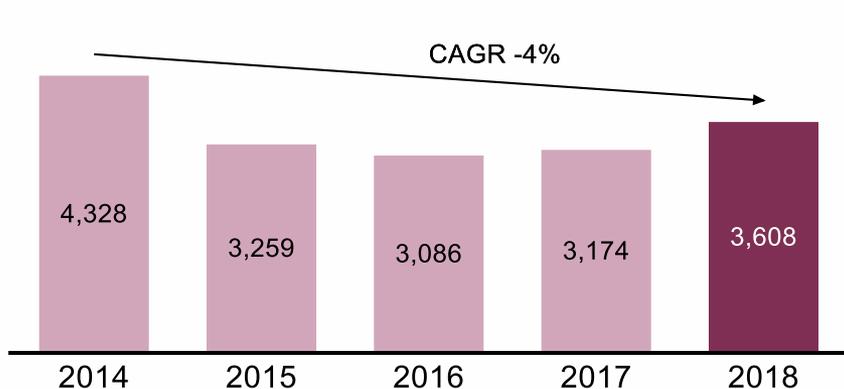
Average Product Price (USD / MT)

CAGR -5%

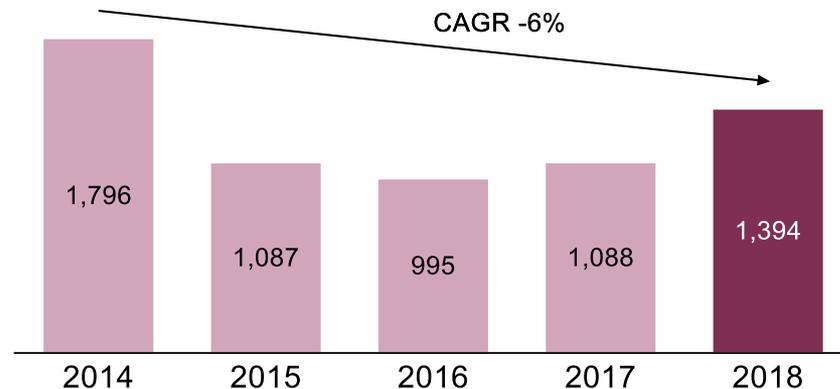


Results at a glance (2014 to 2018)

Revenue (Million QR)

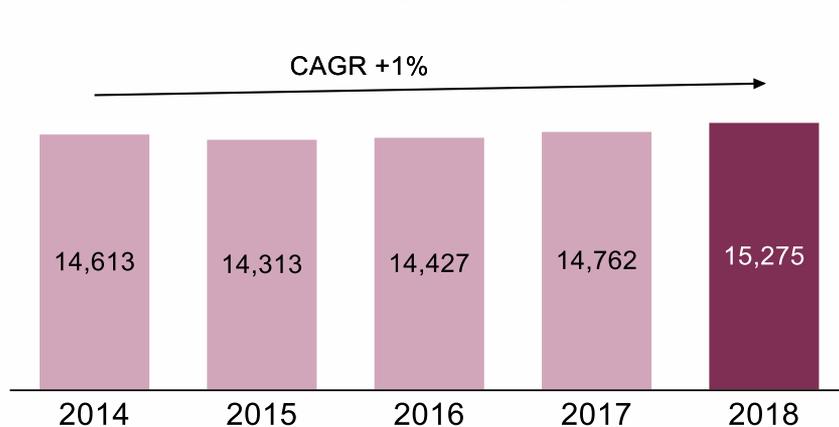


Net Income (Million QR)

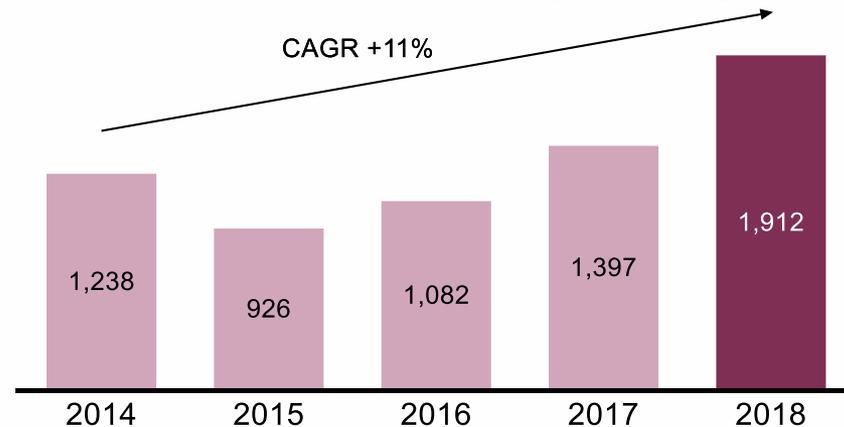


In line with lower product prices, both revenue and net profit witnessed a marginal decrease during 2015 to 2018 ▪ Total assets grew marginally while the cash grew significantly over the period.

Total Assets (Million QR)



MPHC Head office Cash (Million QR)

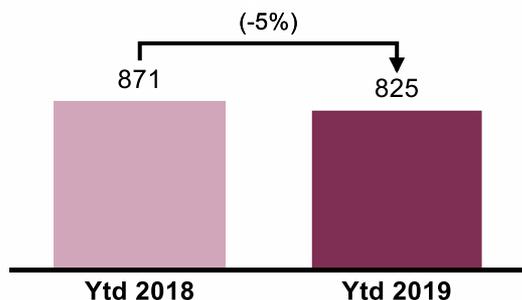


Results at glance (Year-to-date, Q3, 2019)

Key Highlights

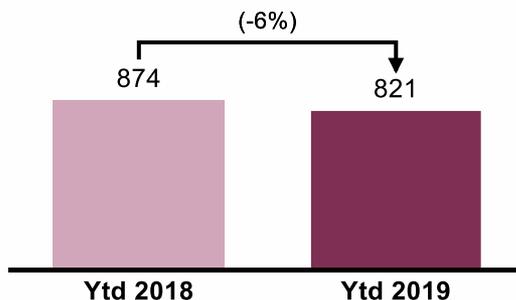
For period ended 30 September 2019 (MPHC Share)

Production (MT'000)



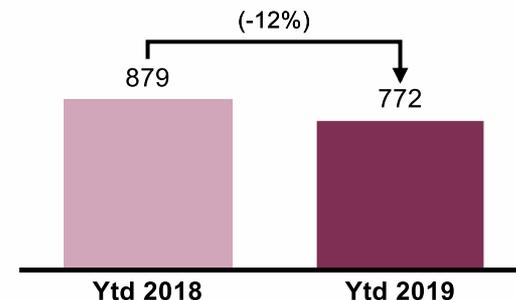
Production down on previous year due to the unplanned shutdowns.

Sales Volumes (MT'000)



Sales volumes down on previous year in line with the drop in production volumes.

Selling Prices (\$/MT)



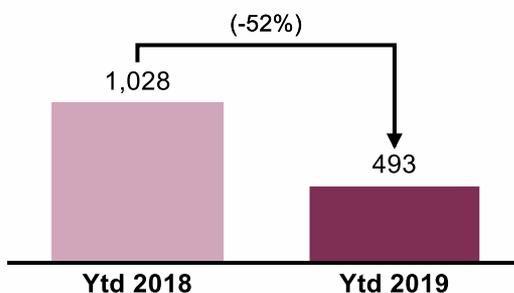
All product prices, except EDC and 1-Hexene, down on previous year.

Revenue (QR million)



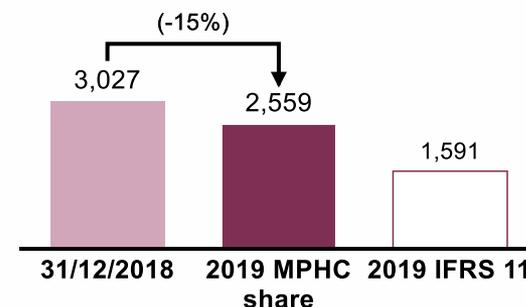
Group revenue down on previous year due to the combined effect of reduced sales volumes and selling prices.

MPHC's Net Profit (QR million)



Current year profits impacted by QR 170 million, being impairment of receivable from tax authorities. Furthermore no tax refund has been booked during the year. Profits partially down on last year due to reduced product prices and sales volumes.

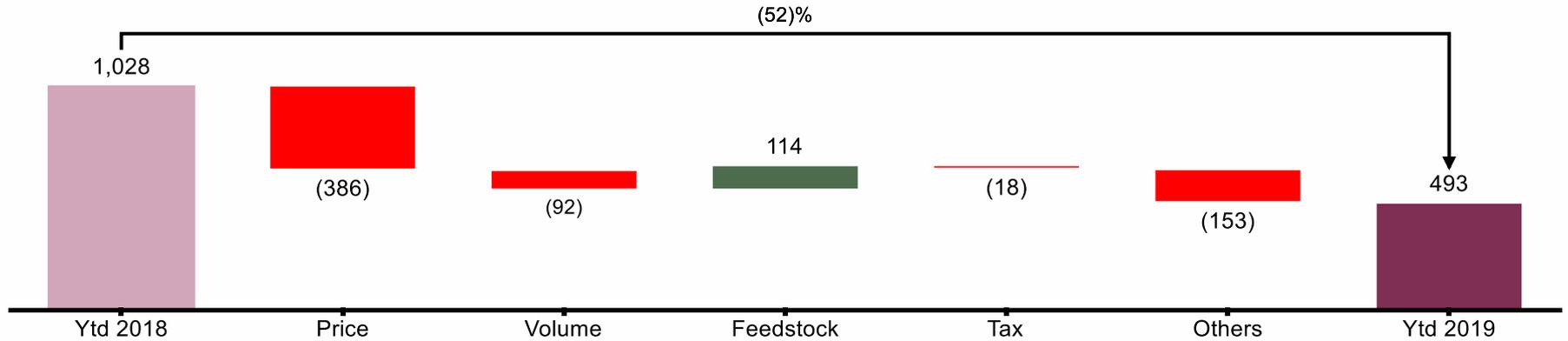
Group Cash (QR million)



MPHC's share of cash and bank balances reduced from previous year due to payment of dividends.

Net Profit Variance Analysis (versus Actual 2018)

QR in Million



Year-on-year performance lower by QR 535 million due to:

Unfavorable variance

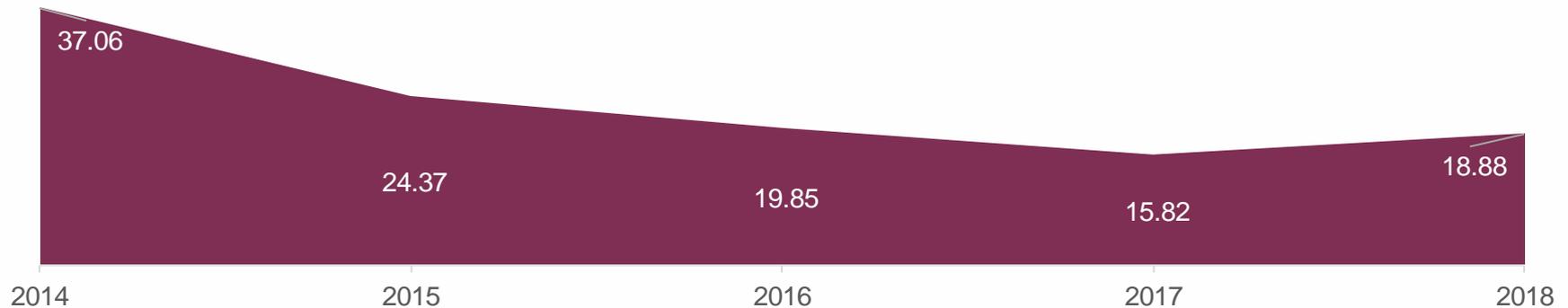
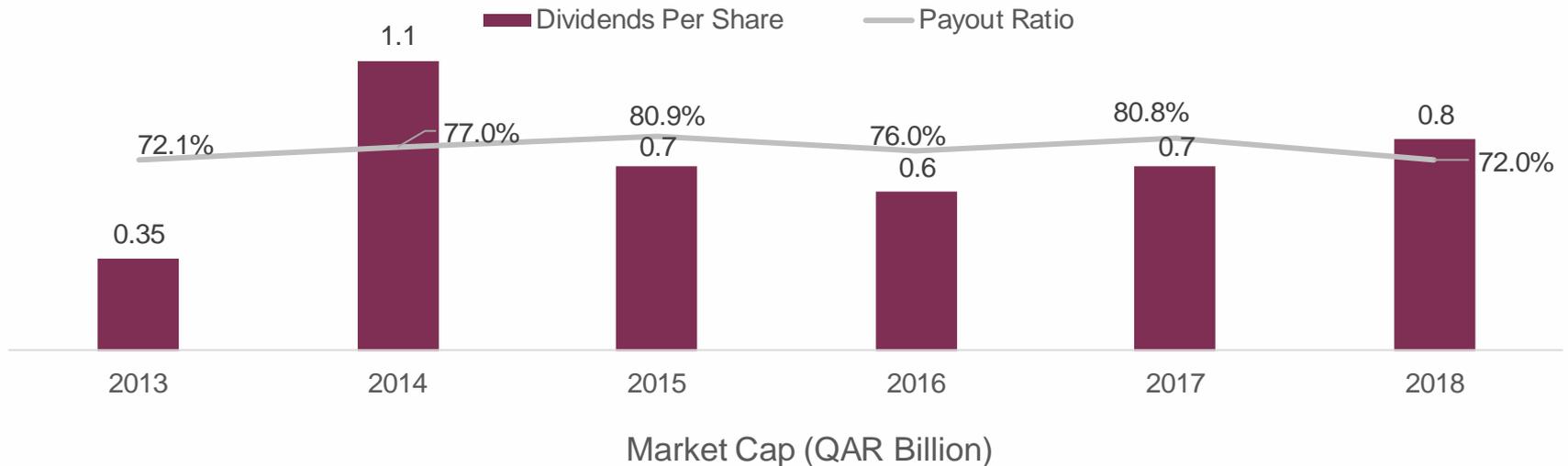
- Reduced product prices -12%;
- Lowered sales volumes -6%
- Impairment of tax refund receivable QR 170 million; and
- Reduced tax refund income by QR 98 million as no provision is made during the year, offset partially by reduced taxes in group companies due to reduced profits.

Favorable variance

- Lower feedstock costs due to decline in ethylene unit price.

Dividends & Market Statistics

Dividends & Market Statistics (2013-2018)



- To date, cash dividends totaling **QR 5.3 billion** have been distributed, equivalent to QR 4.25 per share;
- MPHC was included in **MSCI Index** in May 2019.
- DPS in this slide does not take into account the mandatory QFMA stock split during 2019.

Segment Details



Segmental Details: Petrochemical

- 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;

Update on Segment performance:

In the first nine months of 2019, the petrochemicals segment reported a revenue of QR 1.8 billion, a decrease of 15% compared to the same period of 2018. Net profit for the same period reached QR 540 million compared to QR 799 million in same period last year. The earnings were impacted primarily by the drop in selling prices. During the first nine months, production slowed 4%, whereas sales volume remained largely unchanged.





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;

Update on Segment performance:

Revenue in the chlor-alkali segment declined by 24% compared to same period of 2018 to reach QR 504 million for the nine months period ended 30 September 2019. During the same period, the segment reported a net profit of QR 91 million compared to QR 109 million in same period last year, due to the decline in sales volume by 14% and selling prices by 12%.



CAPEX and Cash Flows (2019 - 2023)

- Cumulative CAPEX spend of only **QR 1.5 billion** across all segments during 2019-2023;
- QChem/QChem II
 - CAPEX of QR 1.3 billion planned during 2019-2023;
 - QR 185 million is planned for new Furnace Project for which additional 40 KMT/p.a. of ethylene is expected to be produced.
 - HSE project of NZLD for QR 143 million, Dock jetty refurbishment of QR 90 million and NAO tanks upgrade of QR 56 million is also planned.
 - All other projects are minor in nature.
- QVC
 - QR 0.2 billion CAPEX is planned during 2019-2023;
 - Power plant upgrade for QR 66 million is the major CAPEX;
 - All other projects are minor in nature.
- Outstanding debt of QR 240 million in QChem II will be fully repaid by 2021;
- Strong dividend capacity driven by cash flows.

CAPITAL EXPENDITURE (in QR Million)

	2019	2020	2021	2022	2023	Total
New Furnace	11	64	85	25	0	185
Near zero liquid discharge	2	48	56	33	5	143
NAO tanks upgrade	10	16	16	14	0	56
Dock jetty refurbishment	10	23	19	19	19	90
QVC power plant upgrade	19	32	15	0	0	66
Others	249	258	171	199	86	963
Total CAPEX	300	440	363	290	110	1,502

CASH FLOWS (in QR Million)

	2019	2020	2021	2022	2023	Total
Cash Flows:						
- Operating	+1.1	+1.3	+1.6	+1.2	+1.4	+6.6
- Investing	-0.3	-0.4	-0.4	-0.3	-0.1	-1.4
- Financing	-1.2	-1.2	-1.1	-1.0	-1.2	-5.7
FCF	+0.8	+0.9	+1.2	+0.9	+1.3	+5.2

Sales and Marketing

Sales and Marketing

- Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (trading as “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; and
- All of the segment’s regulated petrochemical products are marketed by Qatar Chemical and Petrochemical Marketing and Distribution Company QJSC.

Governance Structure

Governance

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

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

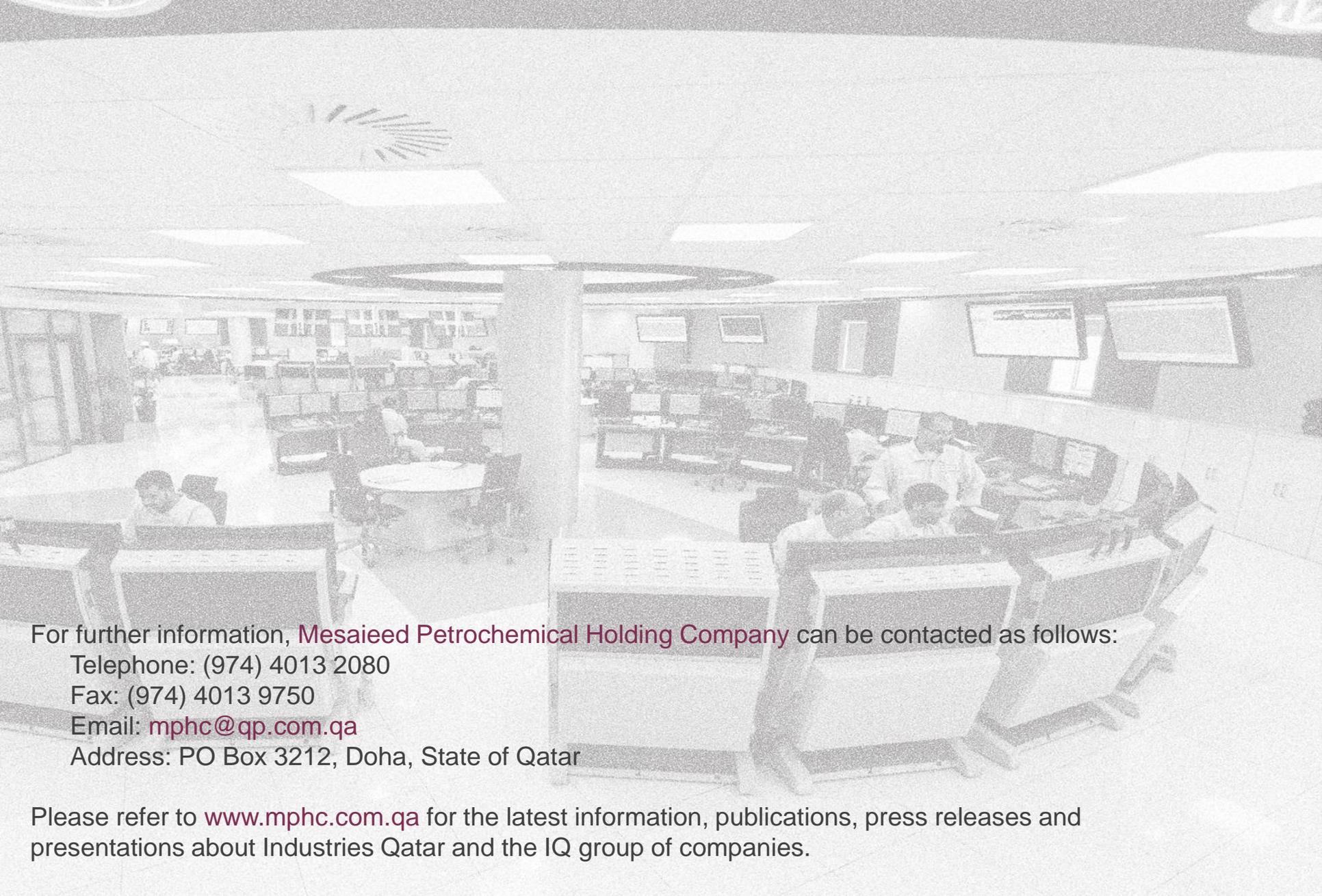
- The Board ensures that all disclosures are made in accordance with the requirements set by regulatory authorities, and that accurate, complete and non-misleading information is provided to all shareholders in an equitable manner.

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.



For further information, **Mesaieed Petrochemical Holding Company** can be contacted as follows:

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Please refer to www.mphc.com.qa for the latest information, publications, press releases and presentations about Industries Qatar and the IQ group of companies.