



شركة مسيعة
للبنزوكيماويات
القبضة
Mesaieed
Petrochemical
Holding Company

Mesaieed Petrochemical Holding Company

IR Presentation

31 December 2020

“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 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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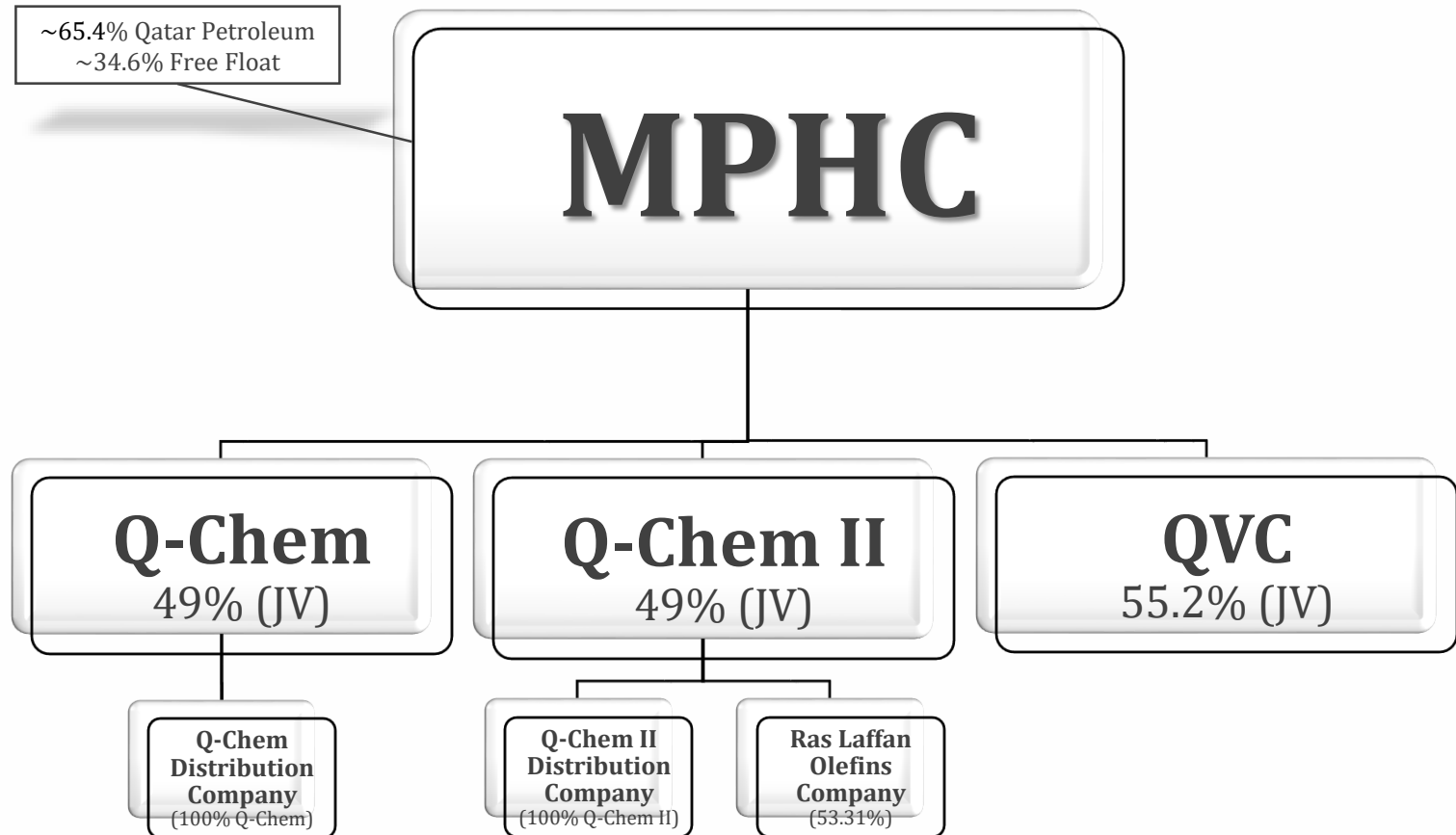
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About MPHC

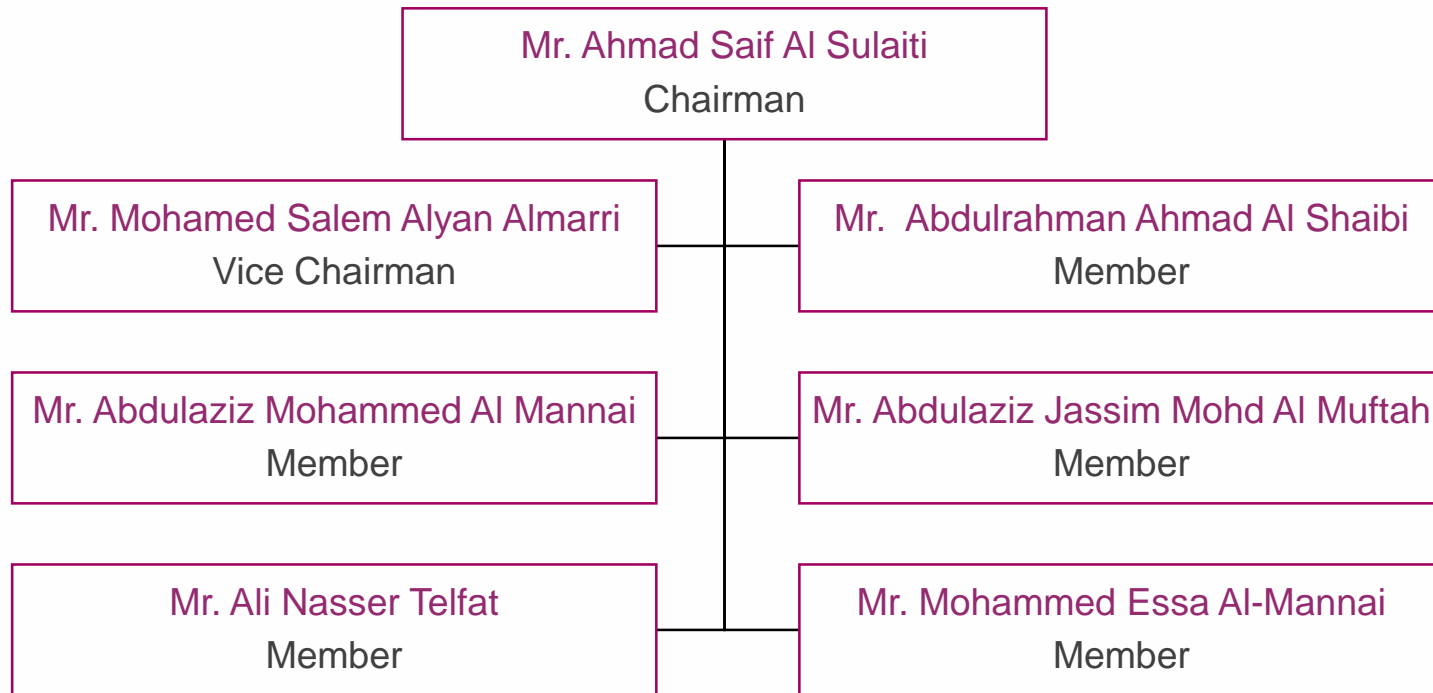
About MPHC

- 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.

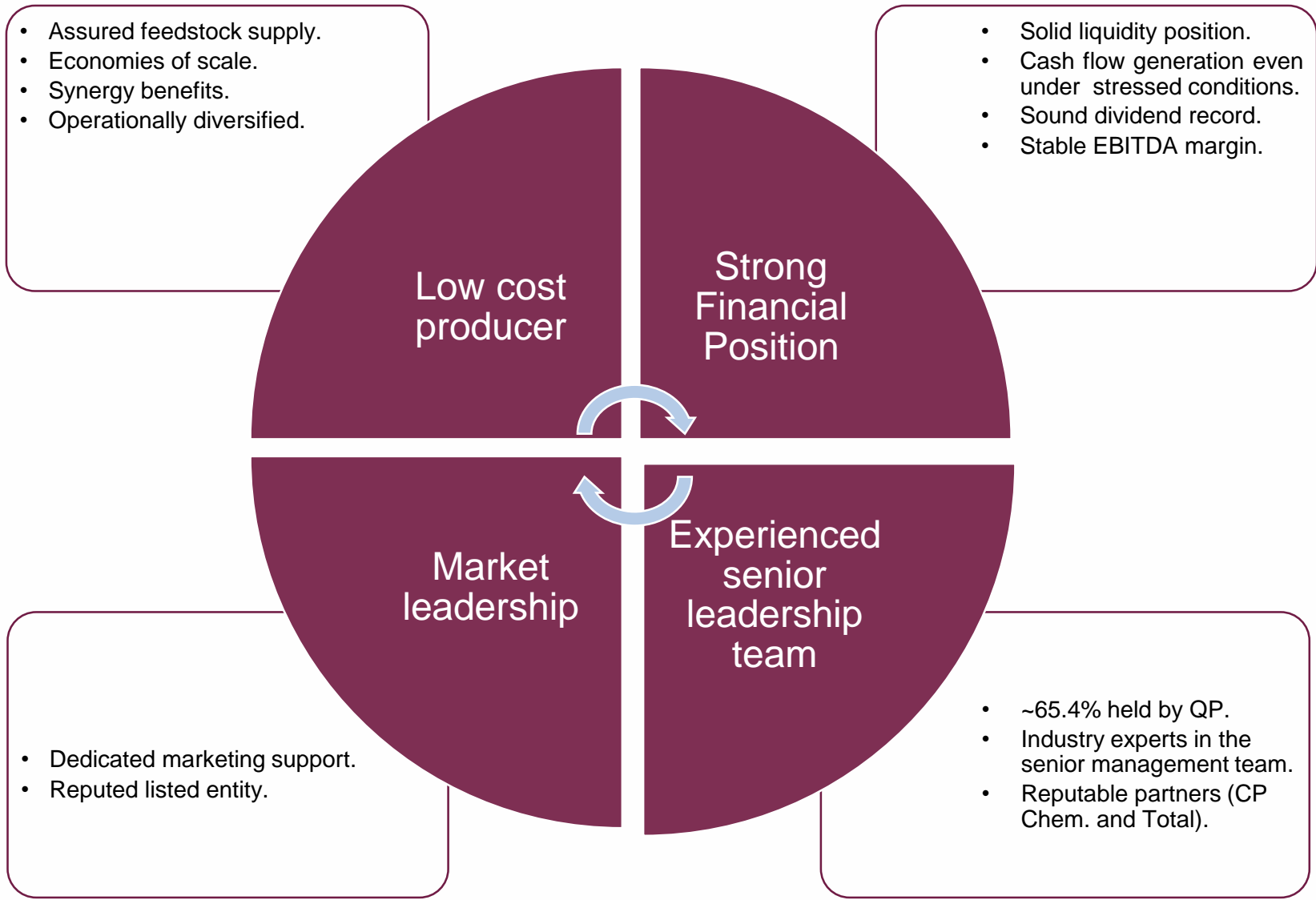
Ownership Structure



Board of Directors



Competitive Advantages

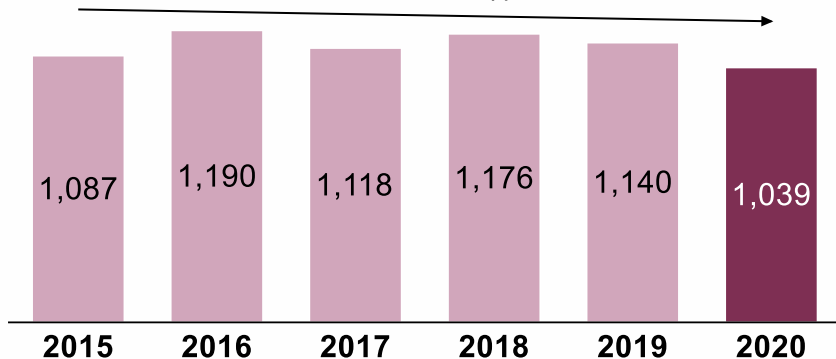


Results at glance (2015 to 2020)

Results at a glance (2015 to 2020)

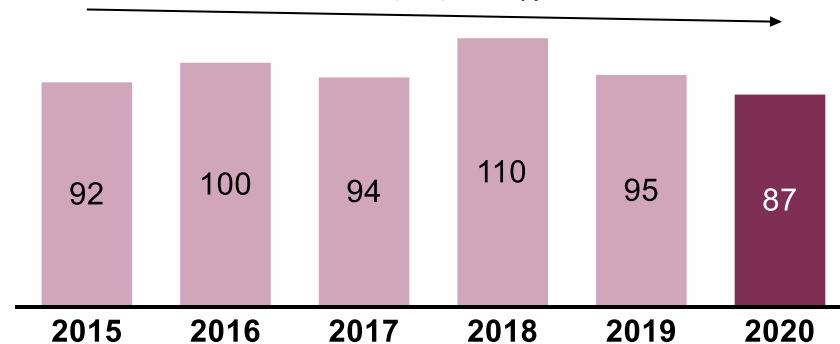
Production (MT'000)

CAGR -1%



Utilization (%)

CAGR -1%

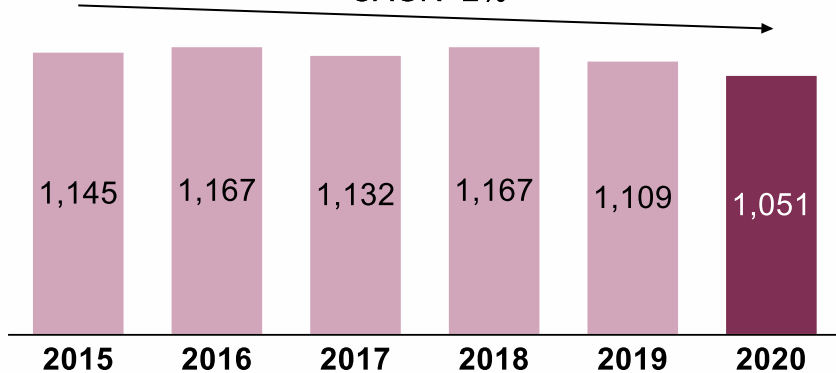


Production and sales volumes remained relatively stable since the incorporation of MPHC

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

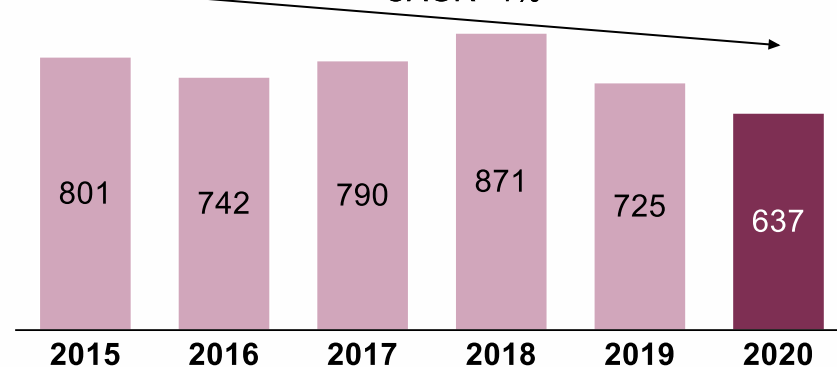
Sales Volume (MT'000)

CAGR -2%



Average Product Price (USD / MT)

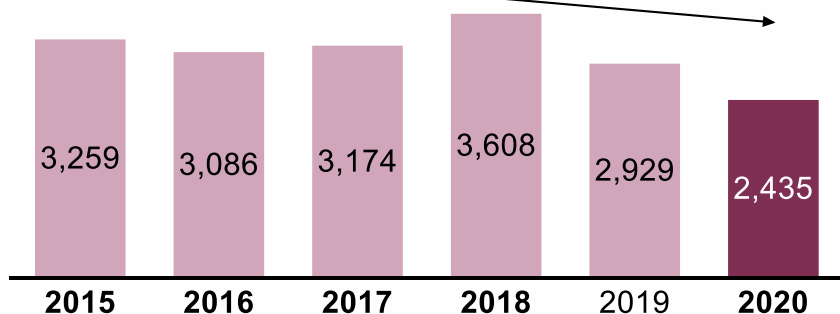
CAGR -4%



Results at a glance (2015 to 2020)

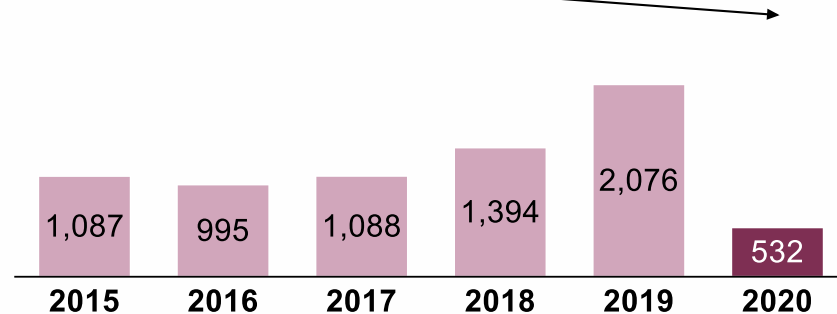
Revenue (Million QR)

CAGR -6%



Net Profit (Million QR)

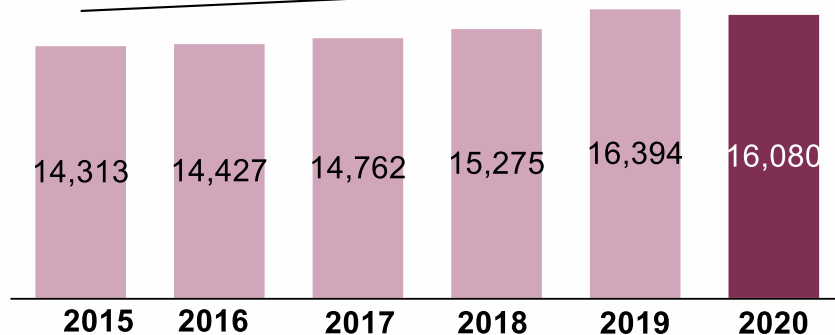
CAGR -13%



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

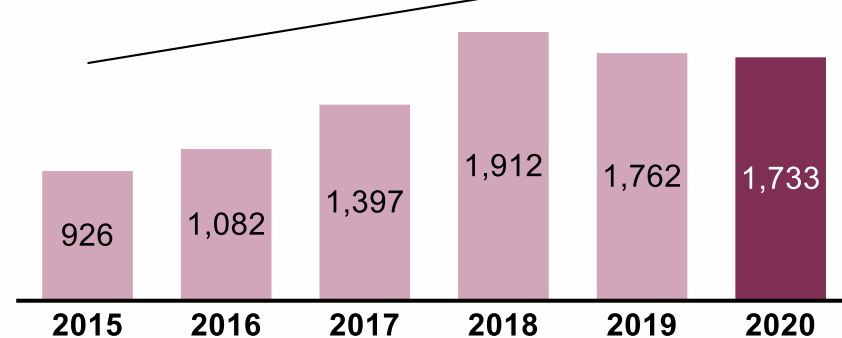
Total Assets (Million QR)

CAGR +2%



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

CAGR +13%



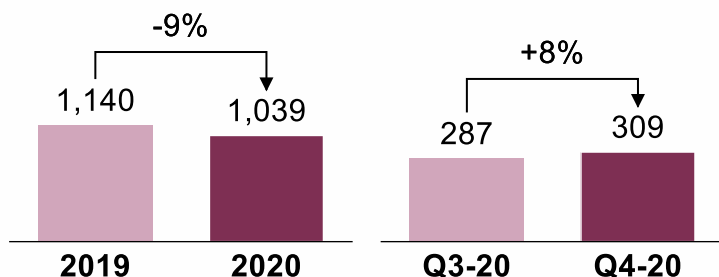
Results at glance

(For the year ended 31 December 2020)

Key Highlights

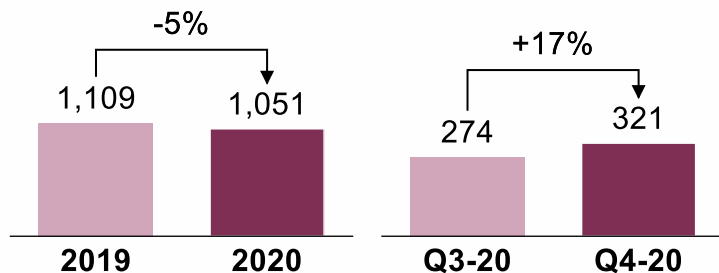
For the year ended 31 December 2020 (MPHC Share)

Production (MT'000)



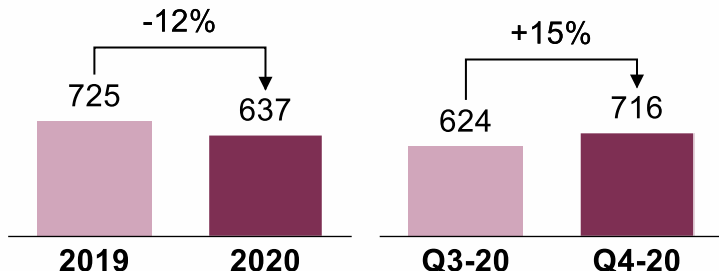
- Production down on last year due to the planned maintenance shutdowns.
- Production volumes improved significantly in Q4-20 vs Q3-20, with no major shutdowns reported in Q4-20.
- Major shutdowns were mainly conducted in Q1-20.
- Production not affected by COVID-19.

Sales Volumes (MT'000)



- Sales volumes down on last year mainly due to drop in production volumes and to an extent due to lower product demand.
- Sales volumes improved significantly in Q4-20 vs Q3-20, with overall growth in production volumes and improved product demand amid better macroeconomic conditions prevailed in Q4-20 as compared to Q3-20.

Selling Prices (\$/MT)

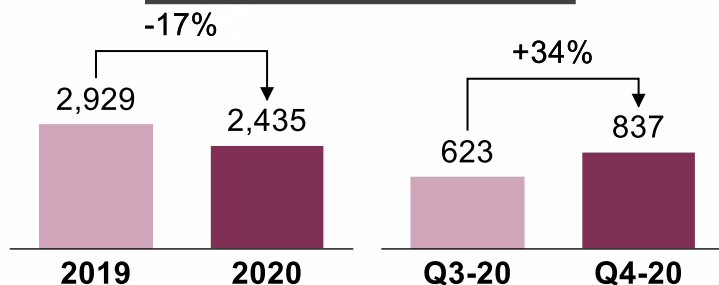


- 2020 vs 2019: Significant decline in prices noted driven by multiple factors including lower crude and weaker demand on account of COVID-19 pandemic.
- Q4-20 vs Q3-20: Prices improved in Q4-20 on account of crude price recovery and product demand recoveries on the back of government stimulus announcements by most of the advanced and emerging economies and easing out of lockdown situation, along with optimism around vaccine roll-out.

Key Highlights

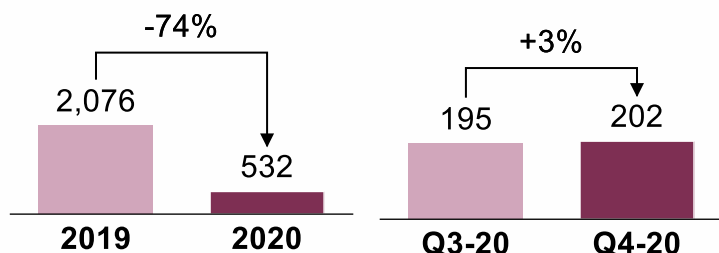
For the year ended 31 December 2020 (MPHC Share)

Revenue (QR million)



- 2020 Group revenue down significantly on last year driven by lower prices and lower sales volumes.
- Q4-20 revenue up on Q3-20 by 34%, on account of improved sales volumes and recoveries noted in selling price.

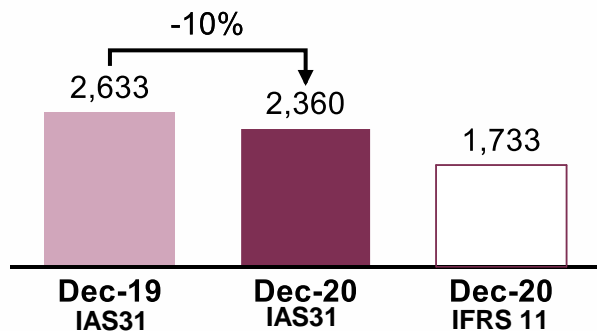
MPHC's Net Profit (QR million)



2020 vs 2019: results mainly impacted by reduced sales volumes and selling prices, slightly off-set by lower feedstock costs on account of decline in volumes due to planned shutdowns and lowered unit prices. 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.

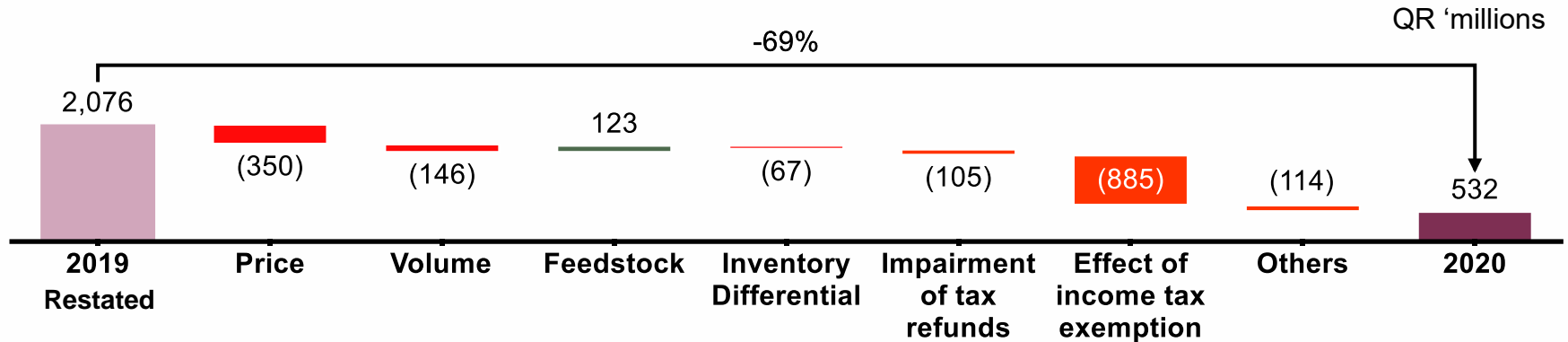
Q4-20 vs Q3-20: profitability improved significantly on the back of recoveries in selling prices and better volumes.

Group Cash & Cash eqv. (QR million)



- MPHC's share of cash and cash equivalents reduced from last year, due to payment of dividends, CAPEX and repayment of loans.

Net Profit Variance Analysis



Profitability impacted due to:

Unfavorable variance

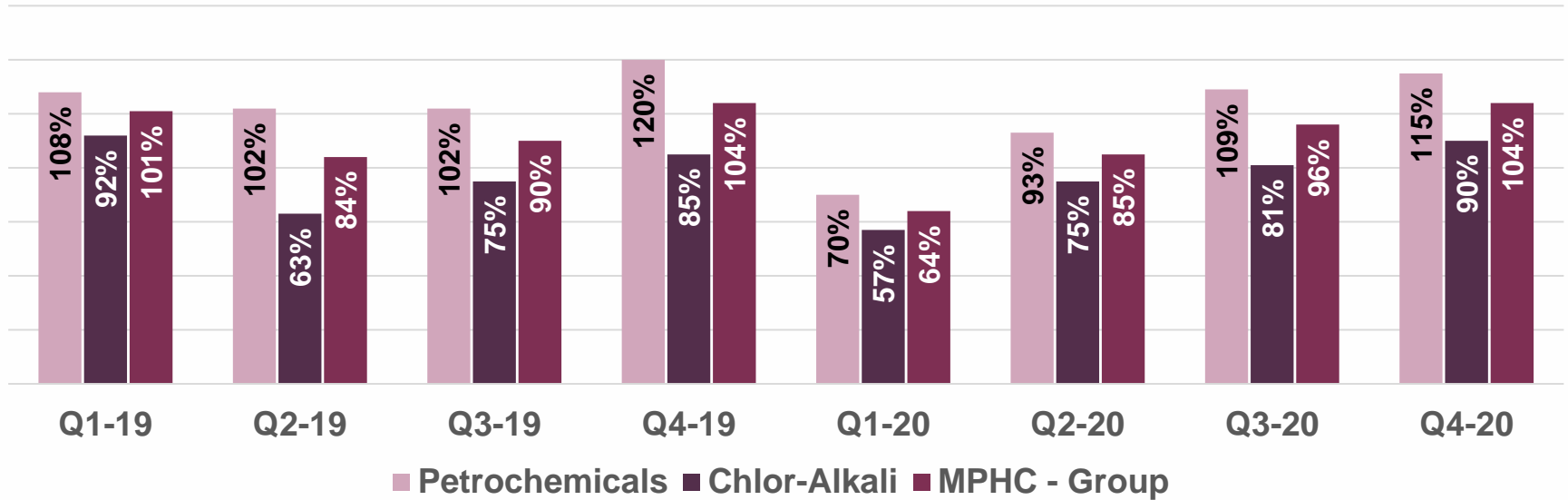
- Reduced selling prices 12% and sales volumes 5%;
- Unfavorable inventory differential due to huge inventory drawdowns on account of turnarounds and shutdowns;
- Other negative variance arising primarily from QVC deferred tax income recognized in the previous year, reduced interest income and higher selling expenses.
- 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.
- Current year profitability was also impacted by impairment provisions booked during the year amounting to QR 105 million in relation to certain tax refunds.

Favorable variance

- Lower feedstock costs on account of decline in feedstock volumes and unit prices;

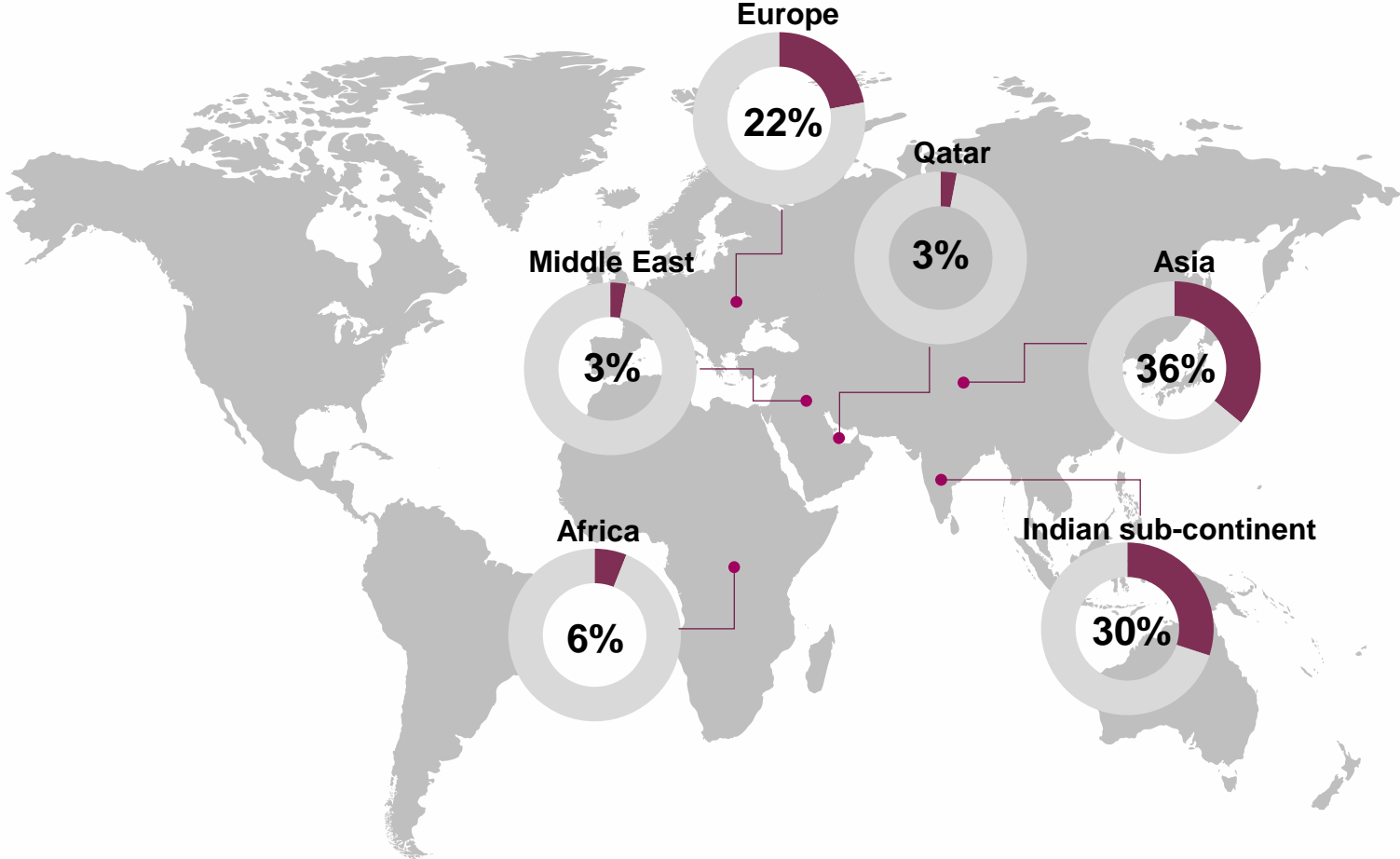
MPHC operating rates remained stable

Despite the adverse macroeconomic conditions, operating rates of MPHC segments remained stable



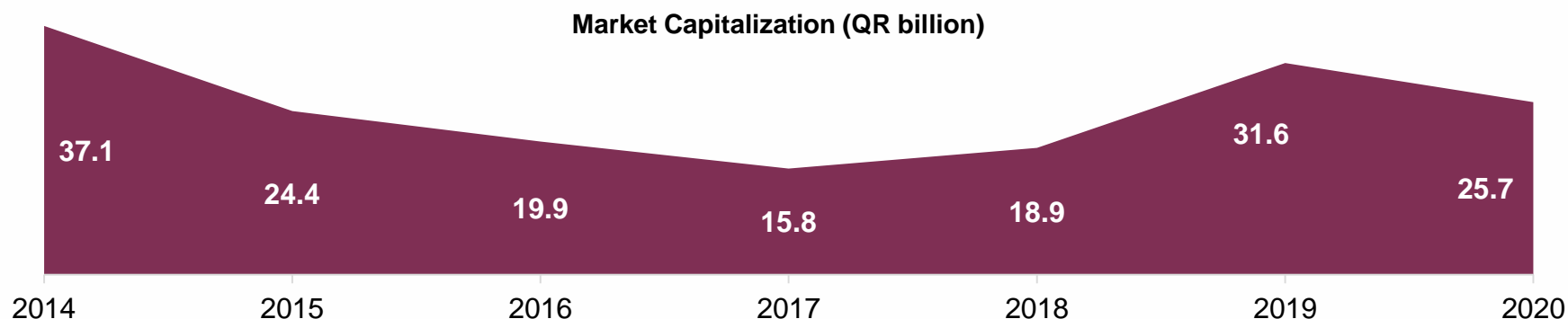
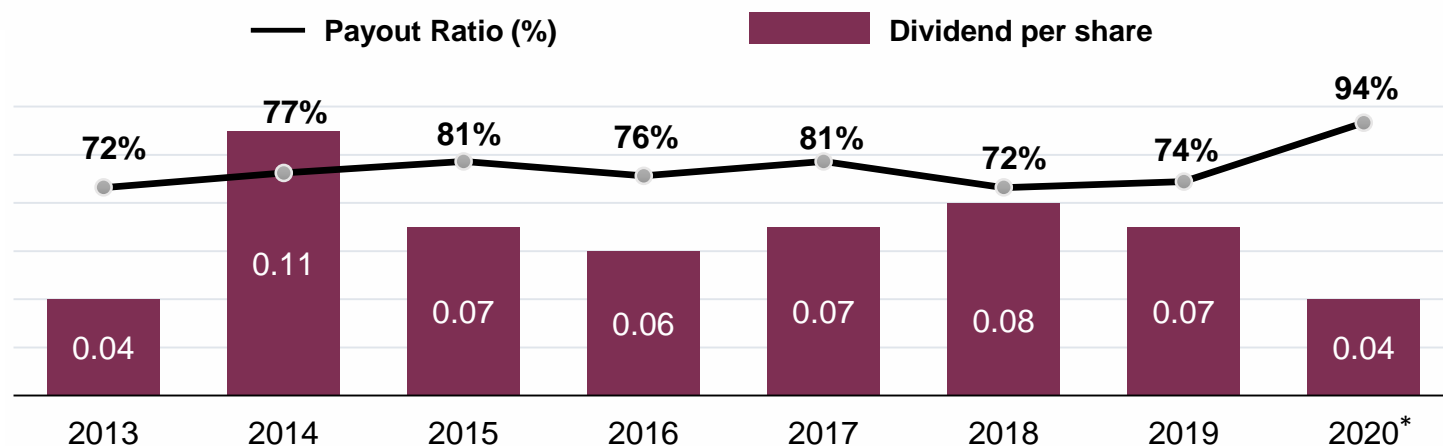
Geographic analysis – MPHC Group revenue

Asia remained the Group's largest market, while its presence in Indian sub-continent and Europe continued to be substantial



Dividends & Market Statistics

Dividends & Market Statistics (2013 - 2020)



- To date, cash dividends totaling **QR 6.3 billion** (excluding 2020 proposed dividends) have been distributed;
- MPHC was included in **MSCI Index** in May 2019.

Segment Details

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.

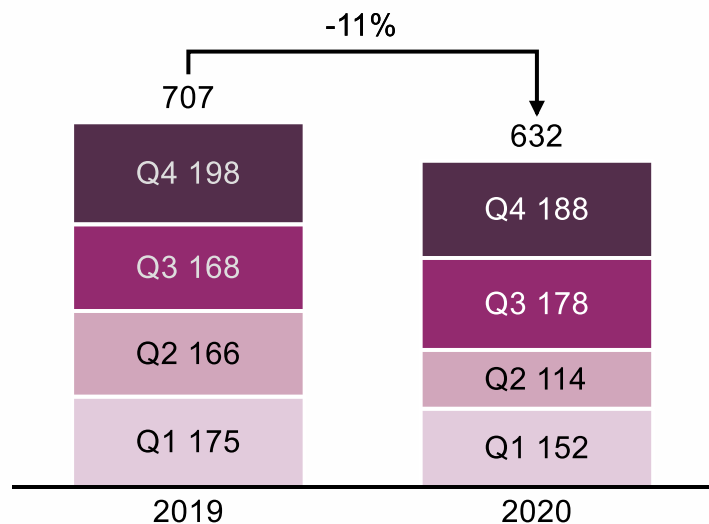


Segmental Details: Petrochemicals

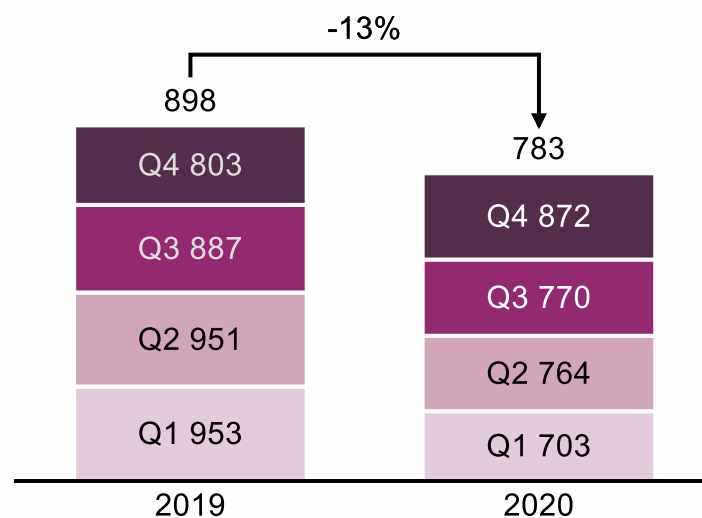
Analysis of production & selling prices

- **Production:** Production down by **11%** as compared to 2019, affected by maintenance shutdowns;
 - Production increased during the Q4-20 by **6%** compared to Q3-20, due to operating rates in Q4-20.
- **Selling Prices:** Declined as compared to 2019 by **13%**, due to adverse macro-economic conditions.
 - Selling prices improved significantly by **13%** during Q4-20 compared to Q3-20, due to recoveries noted in demand side due to better macroeconomic dynamic.

Production (000's MT)



Prices (\$ / MT)

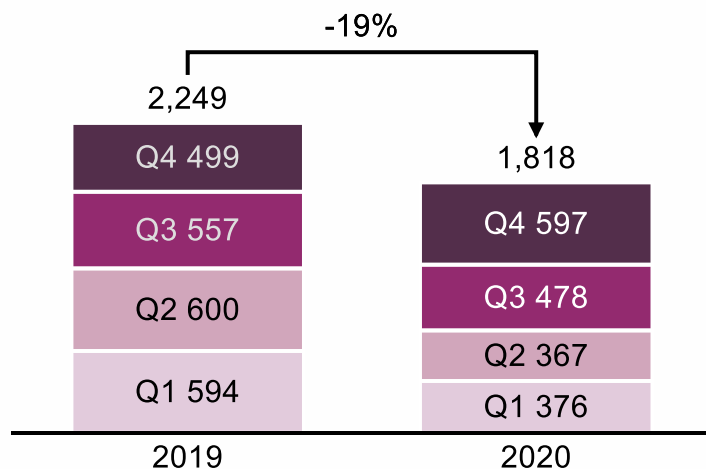


Segmental Details: Petrochemicals

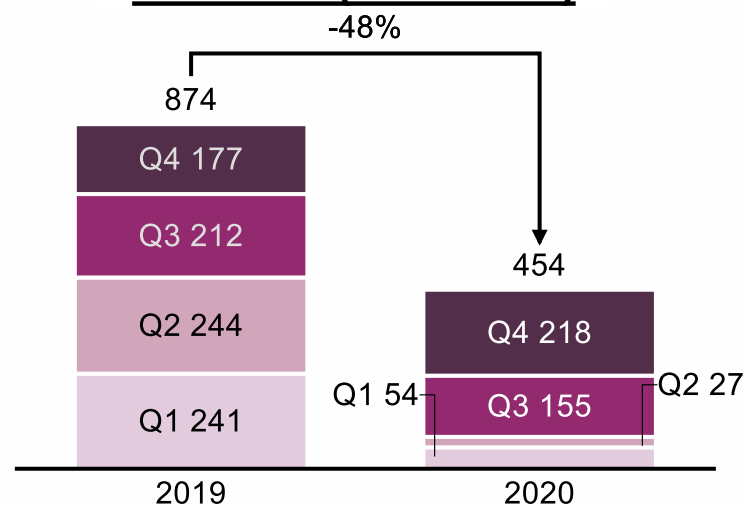
Analysis of segment revenue & net profit

- **Revenue:** QR 1.8 billion, down by 19% as compared to 2019 due to lowered product prices against a backdrop of challenging macroeconomic conditions and decline in sales volumes due to reduced production volumes, amid planned maintenance shutdowns;
 - Q4-20 revenue up by 25% compared to Q3-20 on the back of improved sales volumes (+6%) and selling prices (+13%).
- **Net profit:** QR 454 million, down by 48% as compared to 2019. Reduction mainly due to drop in revenue & production levels, slightly offset by booking of one-off income on excess tax payment over provision in Q-Chem II for 2019, recorded during Q2-20.
 - Net profit increased in Q4-20 by 40% compared to Q3-20, mainly due to improved revenue.

Revenue (QR Million)



Net Profit (QR Million)

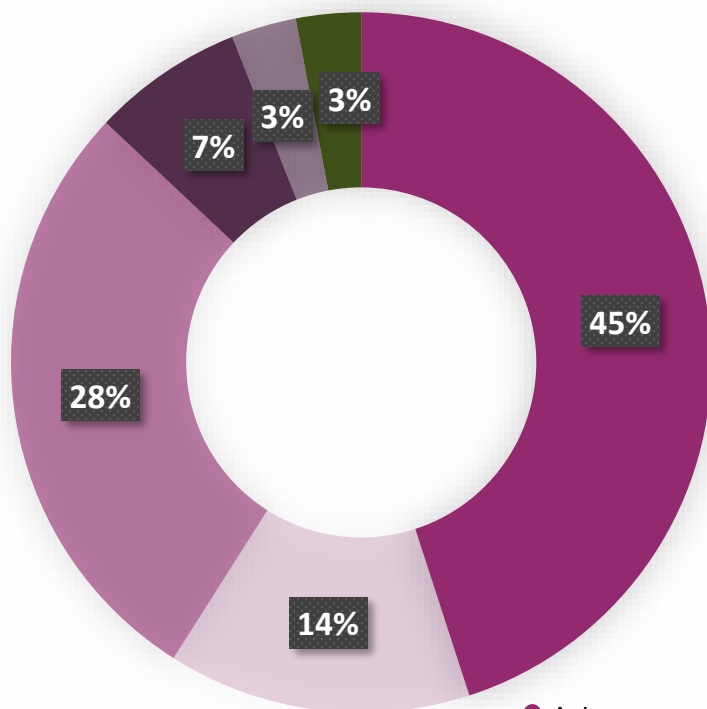


Segmental Details: Petrochemicals

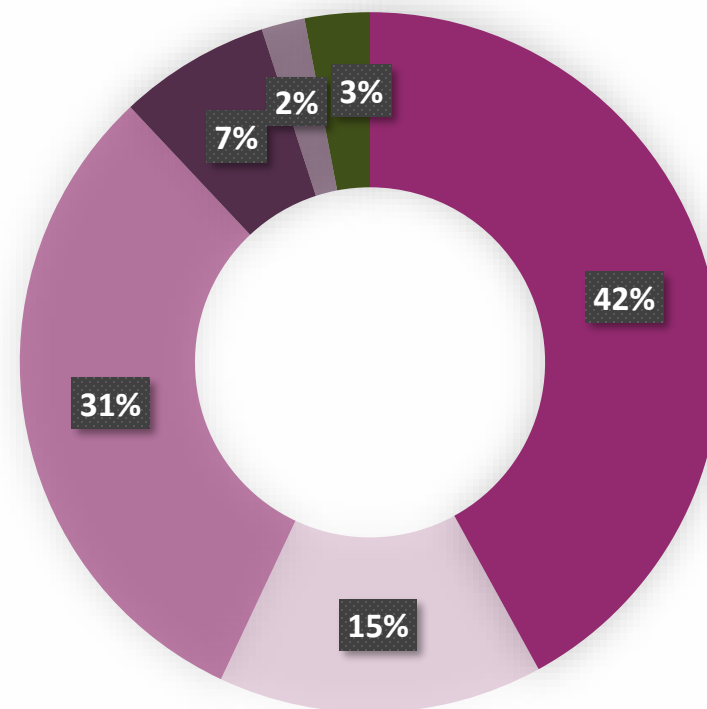
Geographical analysis of segment revenue

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

2020 Segment Revenue (%)



2019 Segment Revenue (%)



● Asia
● Indian sub-continent
● Europe
● Africa
● Middle East
● Qatar

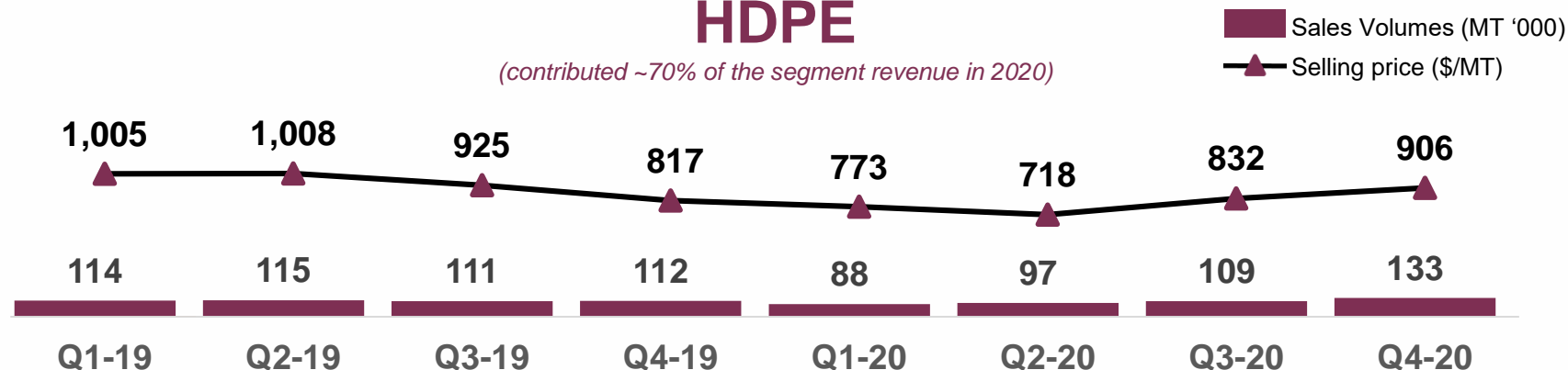


Segmental Details: Petrochemical

Key segment products analysis

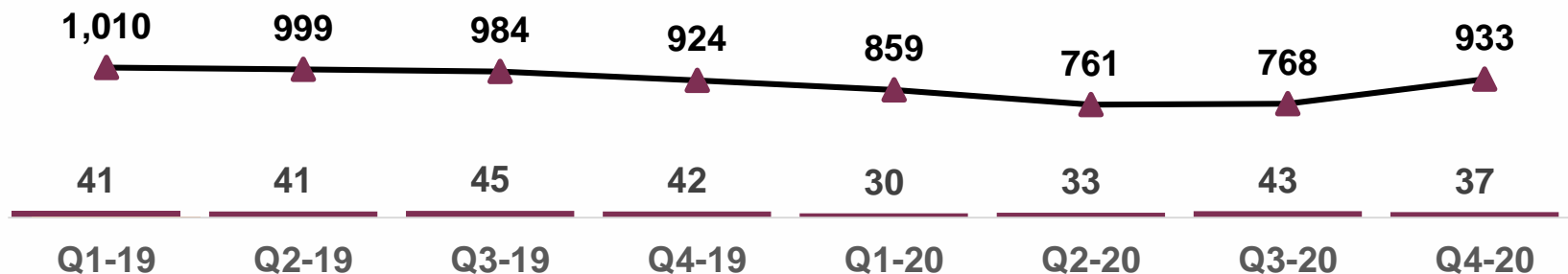
HDPE

(contributed ~70% of the segment revenue in 2020)



NAO

(contributed ~24% of the segment revenue in 2020)



- Sales volumes for HDPE & NAO remained stable throughout 2019, whereas, the decline in volumes in Q1-20 & Q2-20 was noted due to the decline in production volumes, amid planned maintenance shutdowns. The sales volumes showed improvement since Q3-20.
- Selling prices persistently declined throughout 2019 and the decline continued until 1H-20, amid challenging macroeconomic conditions, affecting overall product prices. Prices for Q3-20 & Q4-20 showed rebound, amid improved macroeconomic sentiments.

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.

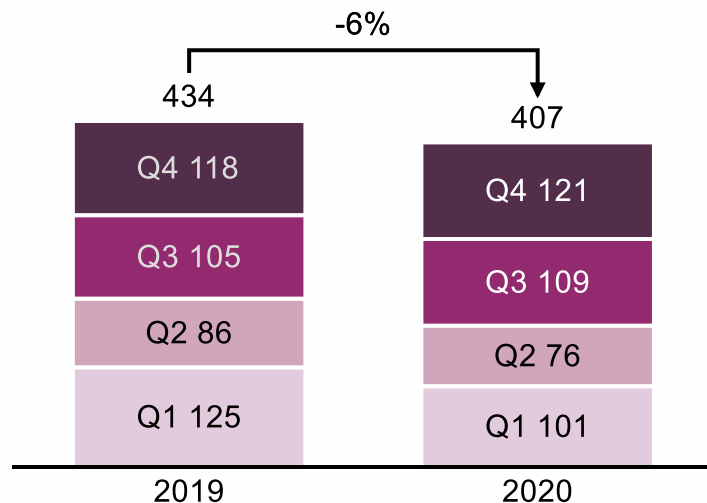


Segmental Details: Chlor-Alkali

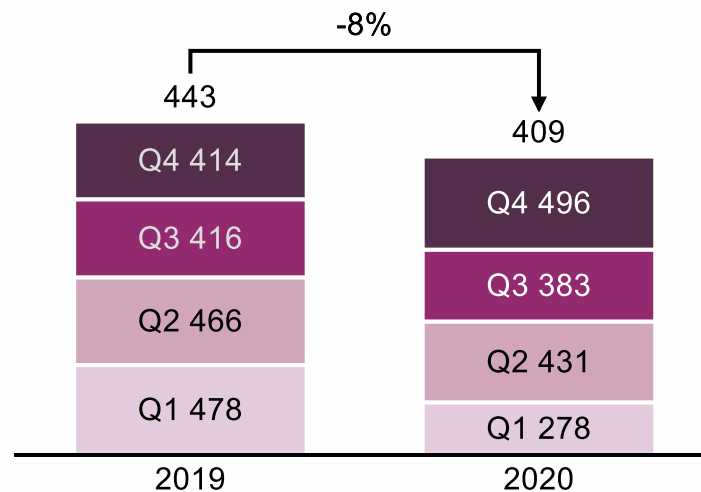
Analysis of production & selling prices

- **Production:** Production down by **6%** as compared to 2019, affected by turnarounds and maintenance shutdowns;
 - Production improved during the Q4-20 by **11%** compared to Q3-20, due to better operating rates.
- **Selling Prices:** Declined as compared to 2019 by **8%**, due to supply-demand imbalances.
 - Selling prices during Q4-20 improved significantly by **29%** compared to Q3-20 due to improved product demand amid easing of lockdown situation for most of the economies.

Production (000's MT)



Prices (\$ / MT)

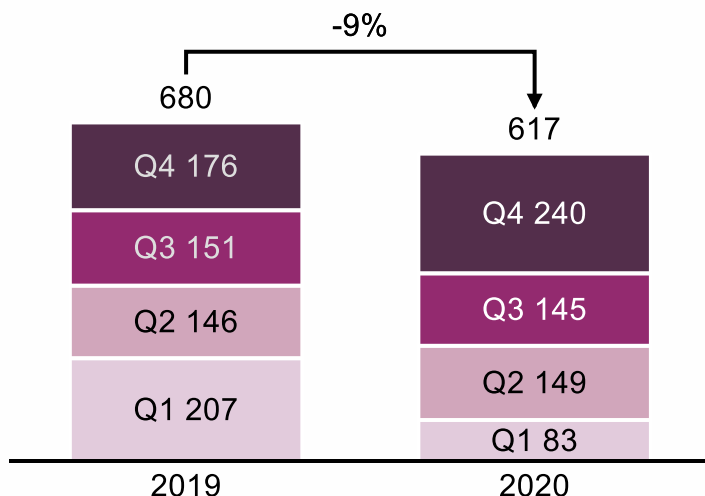


Segmental Details: Chlor-Alkali

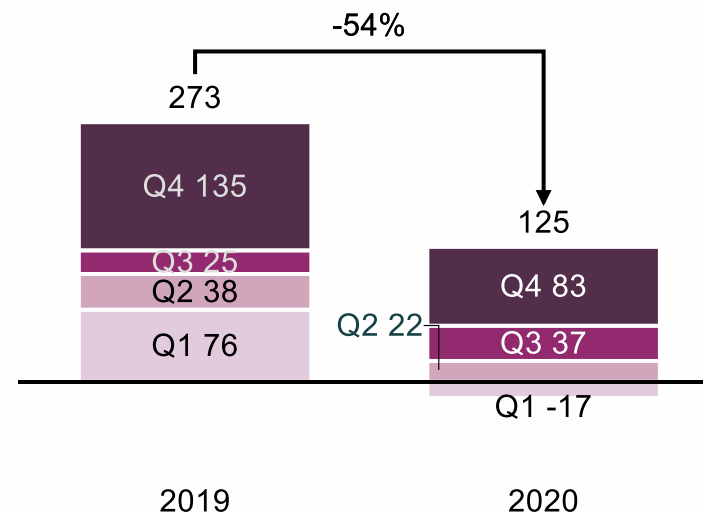
Analysis of segment revenue & net profit

- **Revenue:** QR 617 million, down by 9% as compared to 2019 due to lower product prices and sales volumes;
 - Revenue for Q4-20, up by 65% compared to Q3-20 on the back of improved in sales volumes (+28%) and selling prices (+29%).
- **Net profit:** QR 142 million, down by 54% as compared to 2019. Reduction mainly due to drop in selling prices and sales volumes.
 - Net profit increased in Q4-20 by 124% compared to Q3-20, mainly due to growth recorded in revenue.

Revenue (QR Million)



Net Profit (QR Million)

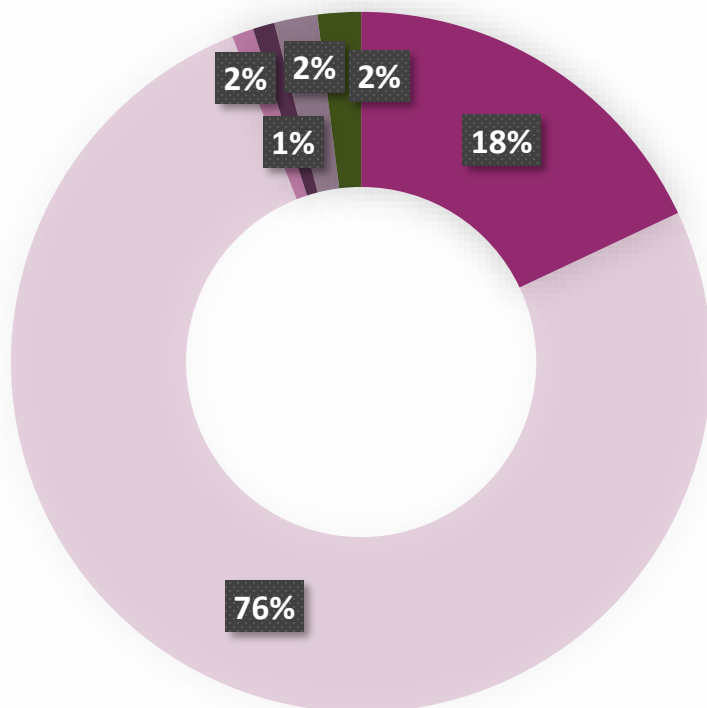


Segmental Details: Chlor-Alkali

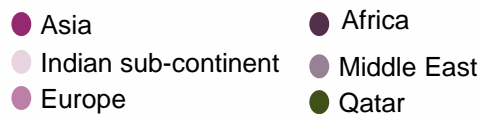
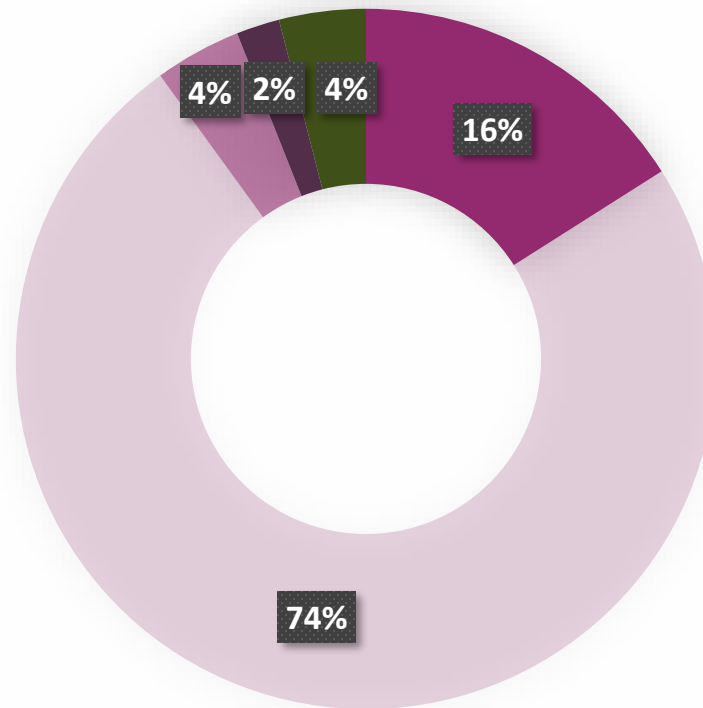
Geographical analysis of segment revenue

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

2020 Segment Revenue (%)



2019 Segment Revenue (%)

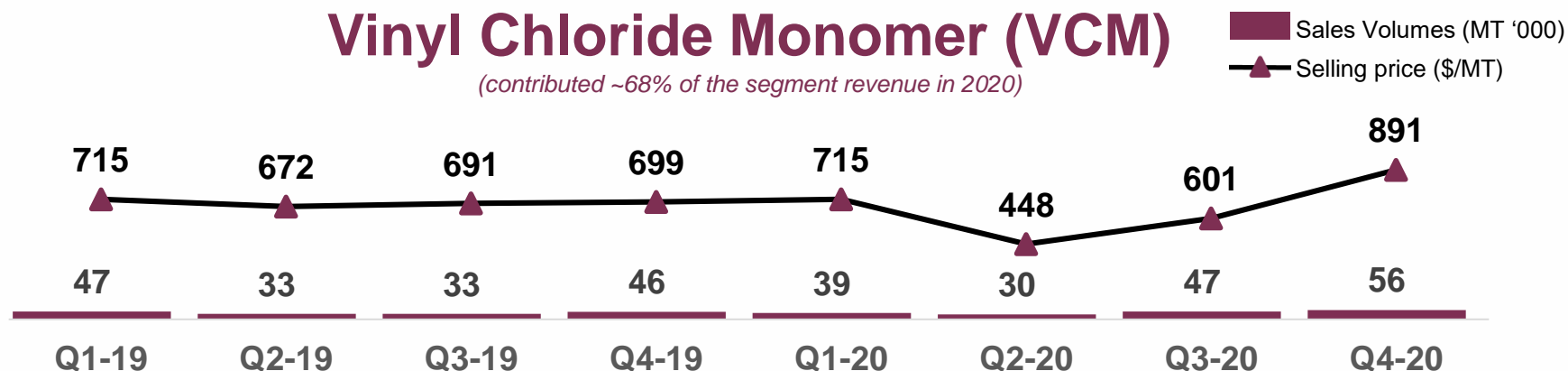


Segmental Details: Chlor-Alkali

Key segment products analysis

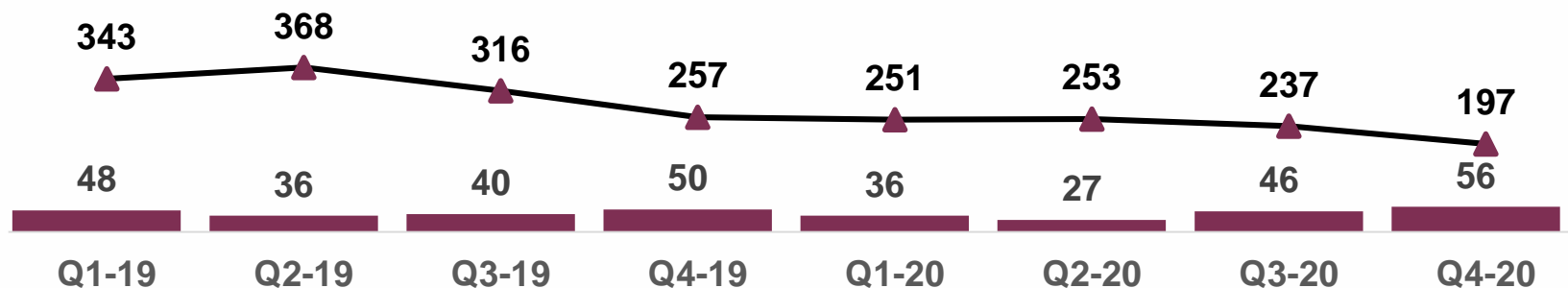
Vinyl Chloride Monomer (VCM)

(contributed ~68% of the segment revenue in 2020)



Caustic Soda

(contributed ~22% of the segment revenue in 2020)



- Sales volumes for VCM & Caustic Soda remained stable in 2019, whereas, the decline in sales volumes during 1H-20 was noted due to overall decline in production volumes, amid planned maintenance shutdowns. Sales volumes recovered starting from Q3-20, amid better operating rates.
- Selling prices for VCM fell sharply in Q2-20 amid sluggish demand due to challenging macroeconomic conditions, whereas, VCM rebounded starting from Q3-20 underpinned by better demand prospects.
- Selling prices for caustic soda persistently declined throughout 2019 and 2020, due to continued sluggish demand amid challenging macroeconomic dynamics.

CAPEX (2021 – 2025)

CAPEX (2021 - 2025) – 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
Total CAPEX	342.5	355.1	149.6	110.0	107.6

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.

Optimization updates

Optimization updates

- Given the current difficult market and macroeconomic outlook, the Group has further strengthen on its optimization initiatives to withstand the Group against external pressures and decisions were made to optimize cost;
- Major areas focused by the Group companies includes:
 - Manpower costs
 - Feedstock / utilities
 - Spares and equipment / external services
 - Corporate and Public relations expenditures
- The implementation of the optimization plan began in June 2020 and the effects of the same expected to be realized in the subsequent quarters.

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.

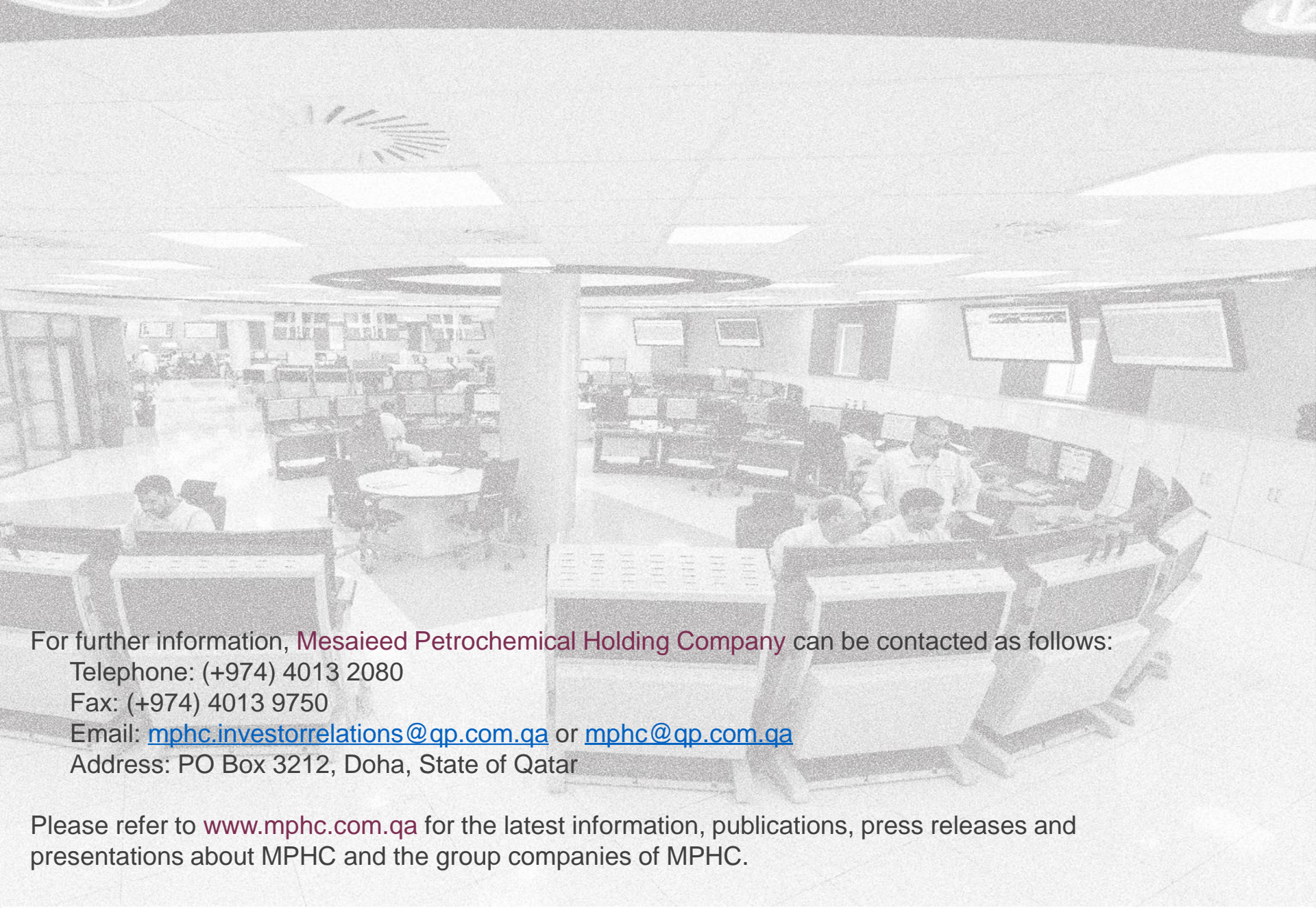
Company's control system

- 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.

Sales and Marketing

Sales and Marketing

- 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 the year, 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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Please refer to www.mphc.com.qa for the latest information, publications, press releases and presentations about MPHIC and the group companies of MPHIC.