

# PRESS RELEASE

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**For the period ended 30 June 2019**

## **MPHC DECLARES 2019 HALF YEAR NET PROFIT OF QR 305 MILLION**

- **EPS of QR 0.024 compared to EPS of QR 0.053 in 2018, impacted by drop in selling prices.**
- **Strong liquidity position with closing cash of circa QR 1.4 billion as at 30 June 2019.**

**DOHA, QATAR - 05 August 2019:** Mesaieed Petrochemical Holding Company (“MPHC” or “the group”; QE: MPHC), one of the region’s premier diversified petrochemical conglomerates with interests in the production of olefins, polyolefins, alpha olefins and chlor-alkali products, announced its financial results for the half year ended 30 June 2019 with net profit of QR 305 million.

## **Financial Results**

MPHC reported net profit of QR 305 million for the half year ended 30 June 2019 with earnings per share of QR 0.024 (30 June 2018: QR 0.053, taking into effect the stock split transaction mandated by Qatar Financial Markets Authority), down on the corresponding period of the previous year by QR 361 million or 54%. The decrease in profit was due to reduction in selling prices in line with the drop in crude oil prices at the end of 2018.

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.

## **Segmental performance**

While the petrochemical segment’s revenue for the six months period ended 30 June 2019 was QR 1.2 billion, a decrease of 13% from previous year, the profit was QR 379 million compared to the profit in the corresponding period in the previous year of QR 524 million. The revenue was impacted by the drop in selling prices compared to the previous year and the profit was impacted by higher operating costs. Production was down by 3% on the previous year and sales volumes were marginally up by 1% on the previous year.

The chlor-alkali segment reported revenue of QR 353 million for the six months period ended 30 June 2019, a decrease of 14% from previous year. The profit was QR 73 million compared to the profit in the corresponding period in the previous year of QR 65 million. Sales revenue was impacted by the decrease in sales volumes by 2% and decrease in selling prices by 12%. Production was lower by 5% from the previous year. The profit improved on previous year primarily due to the reduction in operating costs.

## **Financial Position and Cash Flows**

The closing cash position after the first six months of operations in 2019 was a robust QR 1.4 billion as at 30 June 2019. Total assets at 30 June 2019 stood at QR 14.6 billion, compared to QR 15.3 billion as at 31 December 2018.

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## 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. 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 ( $\text{Net Profit} / \text{Number of Ordinary Shares outstanding at the year end}$ ) • 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 ( $\text{Closing market capitalisation} / \text{Net Profit}$ ) • Utilisation:  $\text{Production Volume} / \text{Rated Capacity} \times 100$  • VCM: Vinyl Chloride Monomer

## ABOUT MPHC

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%).

## CONTACT DETAILS

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