



شركة مسيعة
للبنزوكيماويات
القبضة
Mesaieed
Petrochemical
Holding Company

Mesaieed Petrochemical Holding Company IR Presentation

31 March 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.

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 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 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

Table of Content

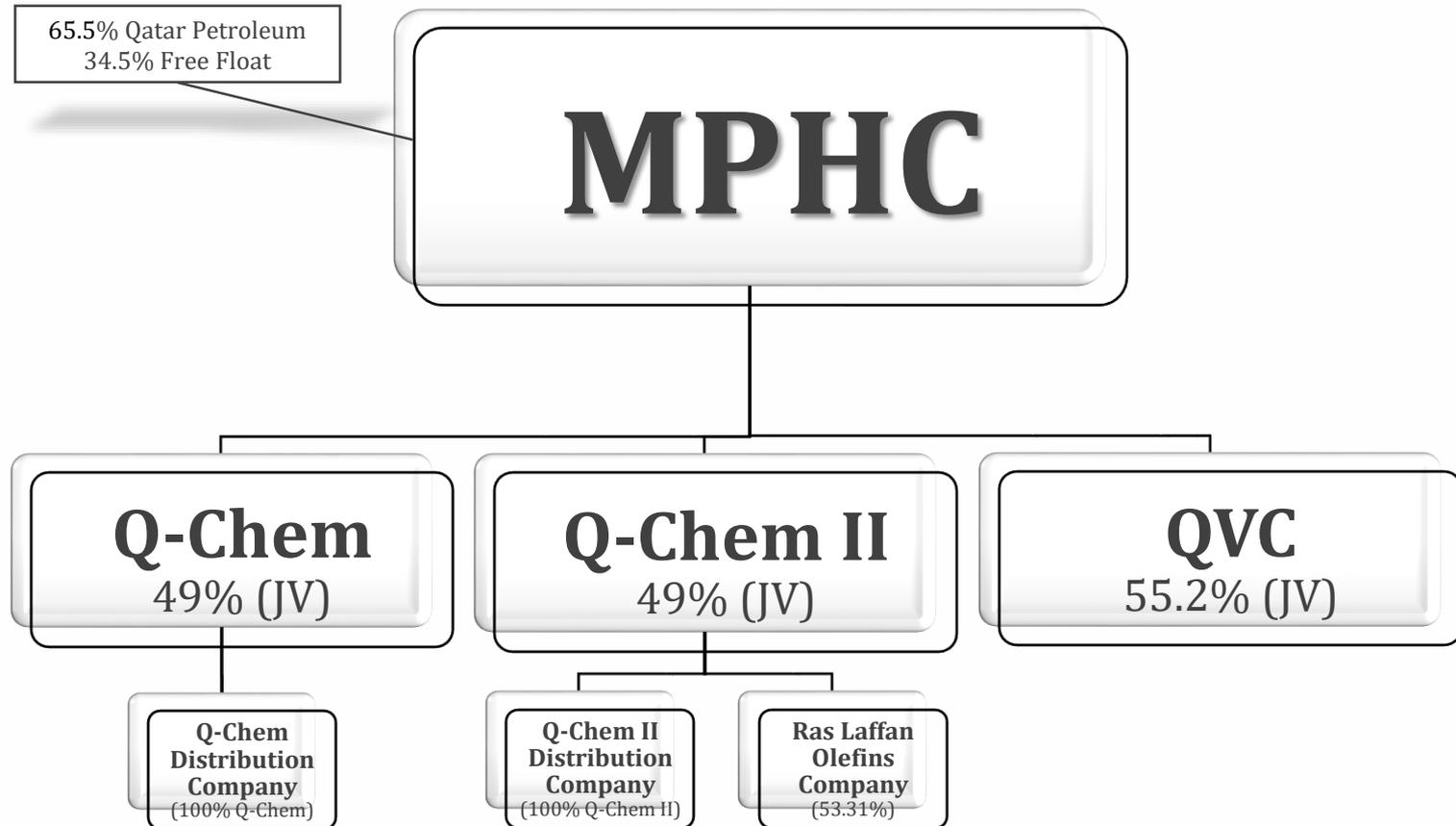
1. About MPHC
2. Ownership Structure
3. Board of Directors
4. Competitive advantages
5. Results at a Glance (2015 – 2019)
6. Results at a Glance (For period ended 31 March 2020)
7. Dividends and market statistics
8. Segmental details
9. CAPEX (2020 – 2024)
10. COVID-19 impact analysis
11. Governance structure
12. Sales and marketing

About MPHC

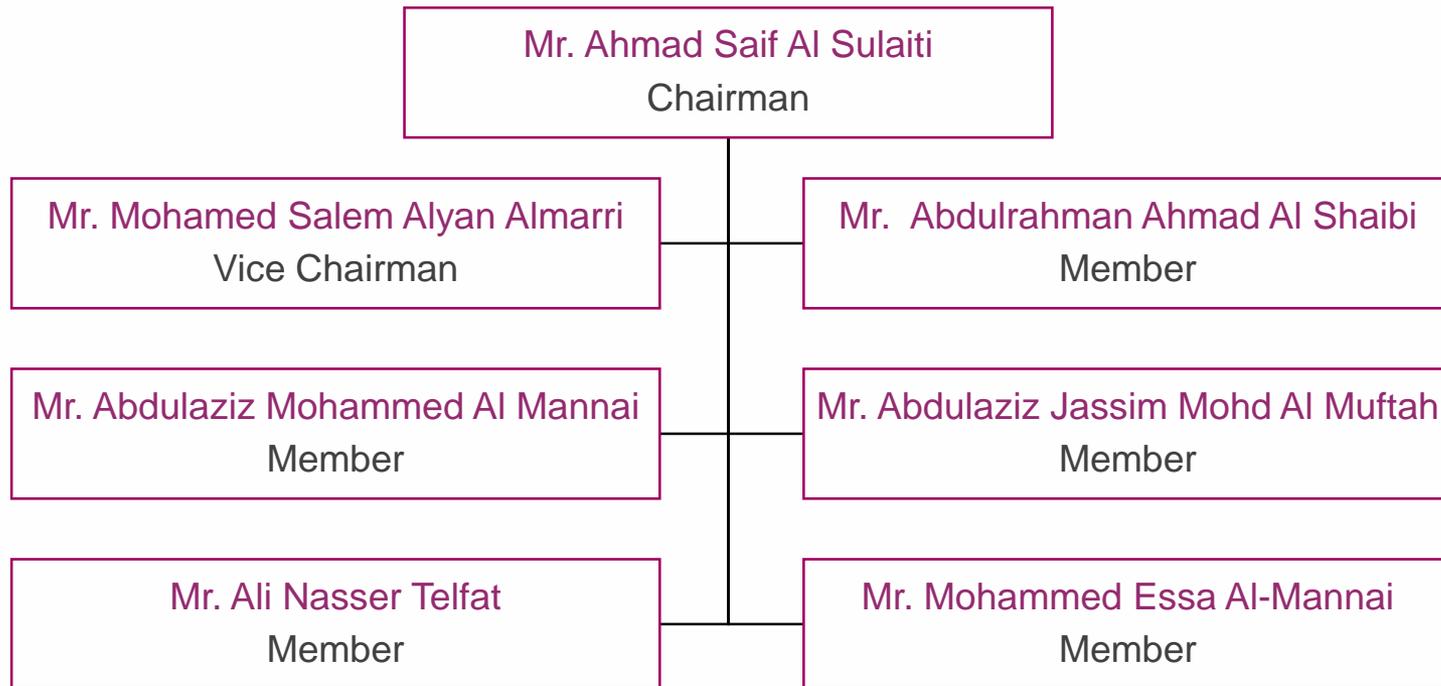
About MPHC

- 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

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

Low cost producer

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

Strong Financial Position

Market leadership

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

Experienced senior leadership team

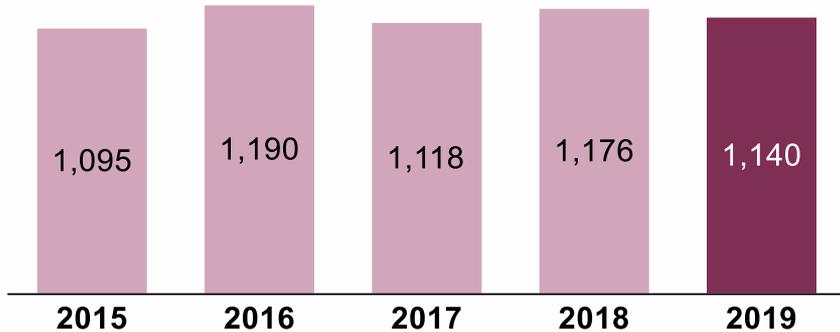
- Dedicated marketing support.
- Reputed listed entity.

Results at glance (2015 to 2019)

Results at a glance (2015 to 2019)

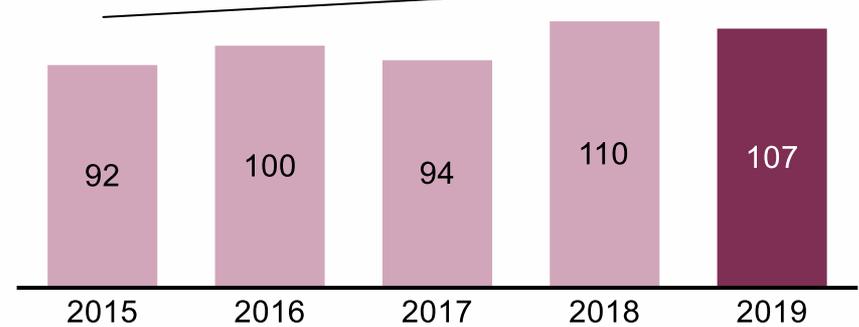
Production (MT'000)

CAGR +1%



Utilization (%)

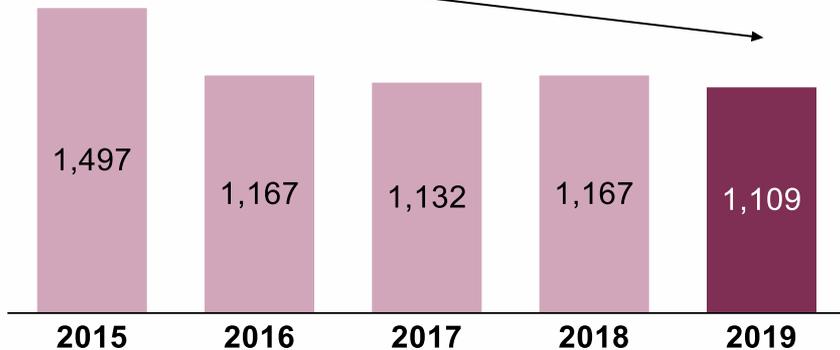
CAGR +4%



Production remained relatively stable since the incorporation of MPHC ▪ Utilization marginally improved in the backdrop of stable production ▪ Selling prices moved inline with the global commodity prices linked to macro-economic conditions

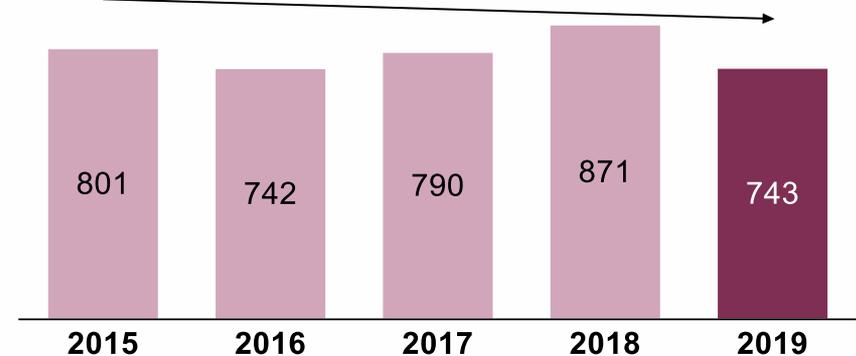
Sales Volume (MT'000)

CAGR -7%



Average Product Price (USD / MT)

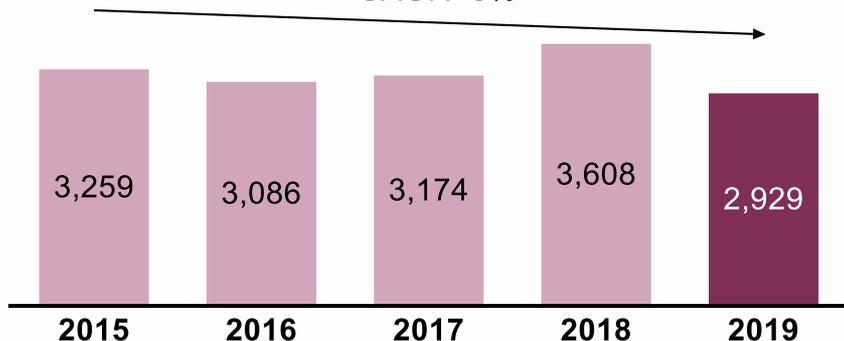
CAGR -2%



Results at a glance (2015 to 2019)

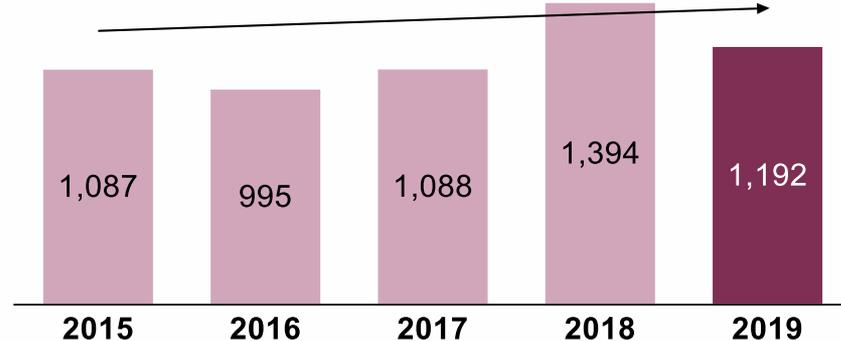
Revenue (Million QR)

CAGR -3%



Net Profit (Million QR)

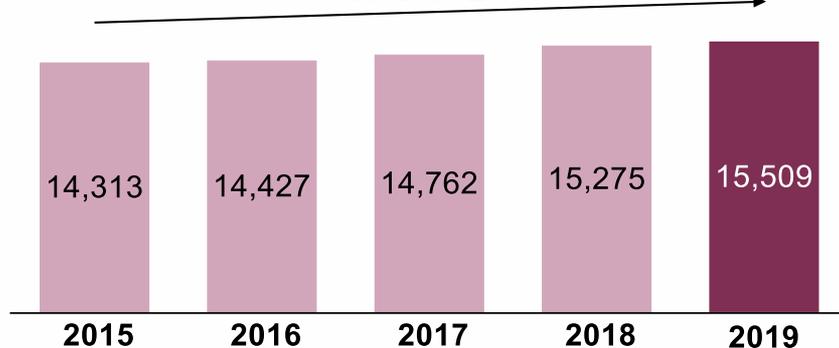
CAGR +2%



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.

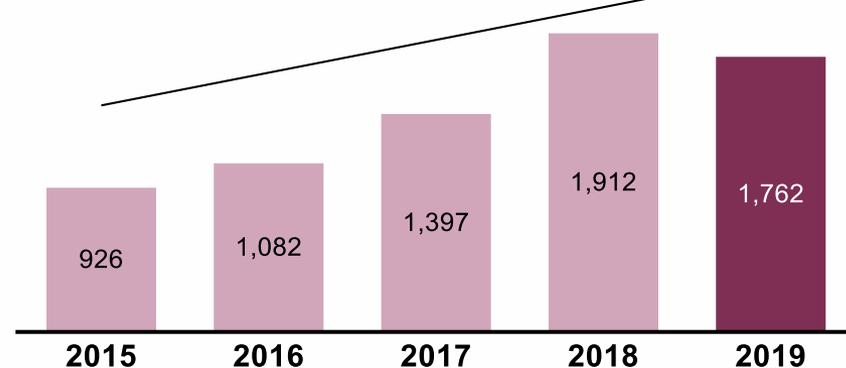
Total Assets (Million QR)

CAGR +2%



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

CAGR +17%

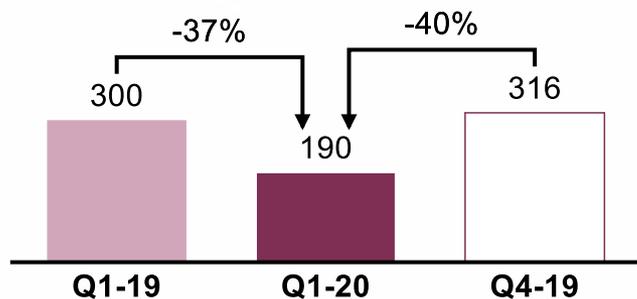


Results at glance (For the period ended 31 March 2020)

Key Highlights

For period ended 31 March 2020 (MPHC Share)

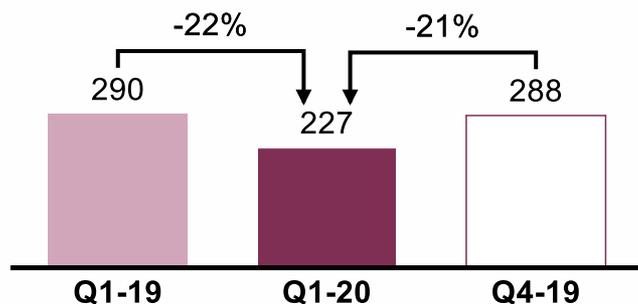
Production (MT'000)



Production down on last year due to the planned maintenance shutdowns. Production not affected by COVID-19. Major shutdown include planned shutdowns at:

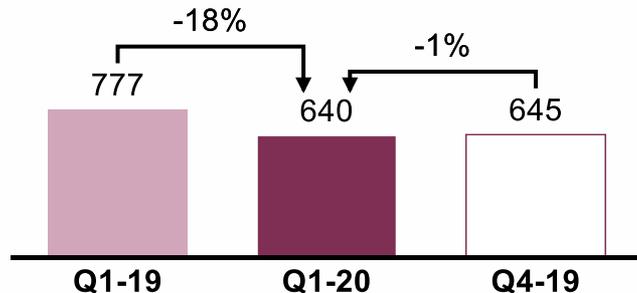
- QChem (11 days);
- QChem II (44 days); and
- QVC (86 days).

Sales Volumes (MT'000)



Sales volumes down on last year due to drop in production volumes. Impact of COVID-19 and present oil price crisis has not materially affected the sales volumes.

Selling Prices (\$/MT)

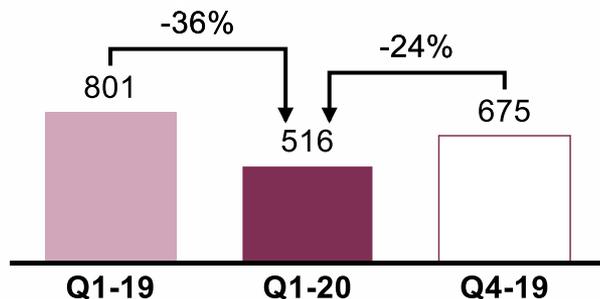


All product prices, except 1-Hexene, down on last year, driven by multiple factors including lower crude, weaker demand. Impact of COVID-19 and the present oil price crisis is partially felt in the prices.

Key Highlights

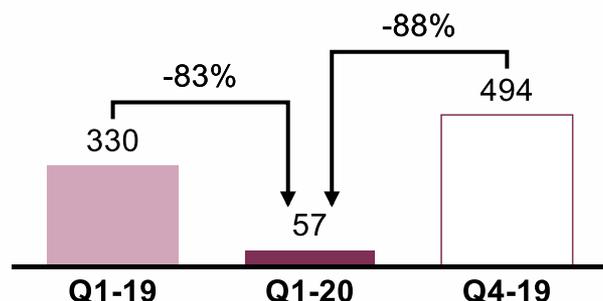
For period ended 31 March 2020 (MPHC Share)

Revenue (QR million)



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

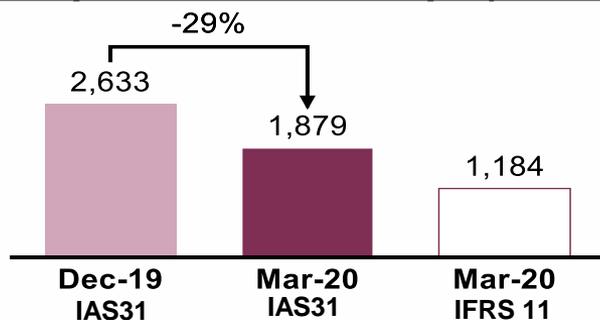
MPHC's Net Profit (QR million)¹



Results impacted by:

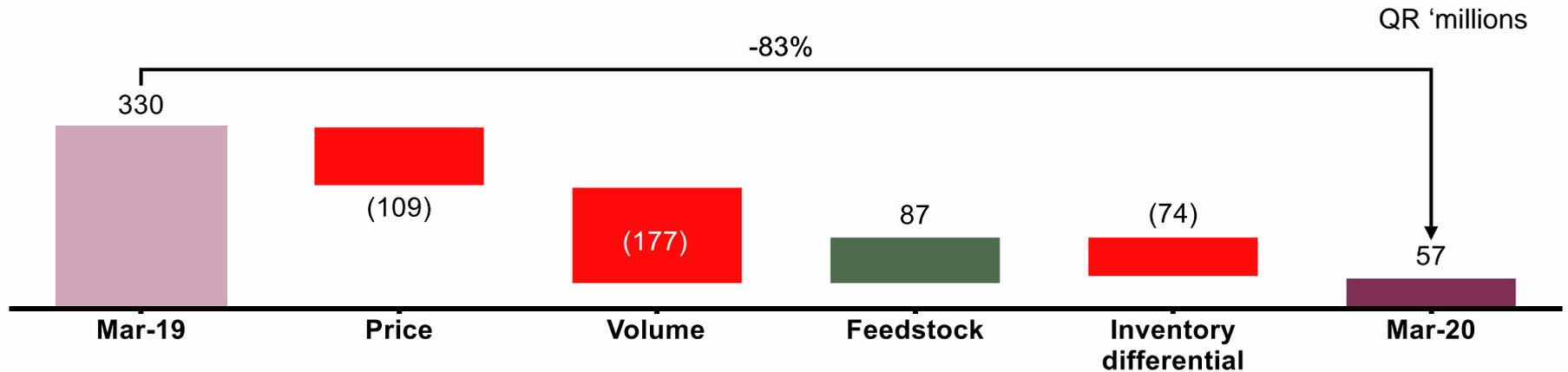
- Reduced sales volumes and selling prices
- Unfavorable inventory differential due to huge inventory drawdowns on account of turnaround and shutdowns.

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



Performance lowered by QR 273 million due to:

Unfavorable variance

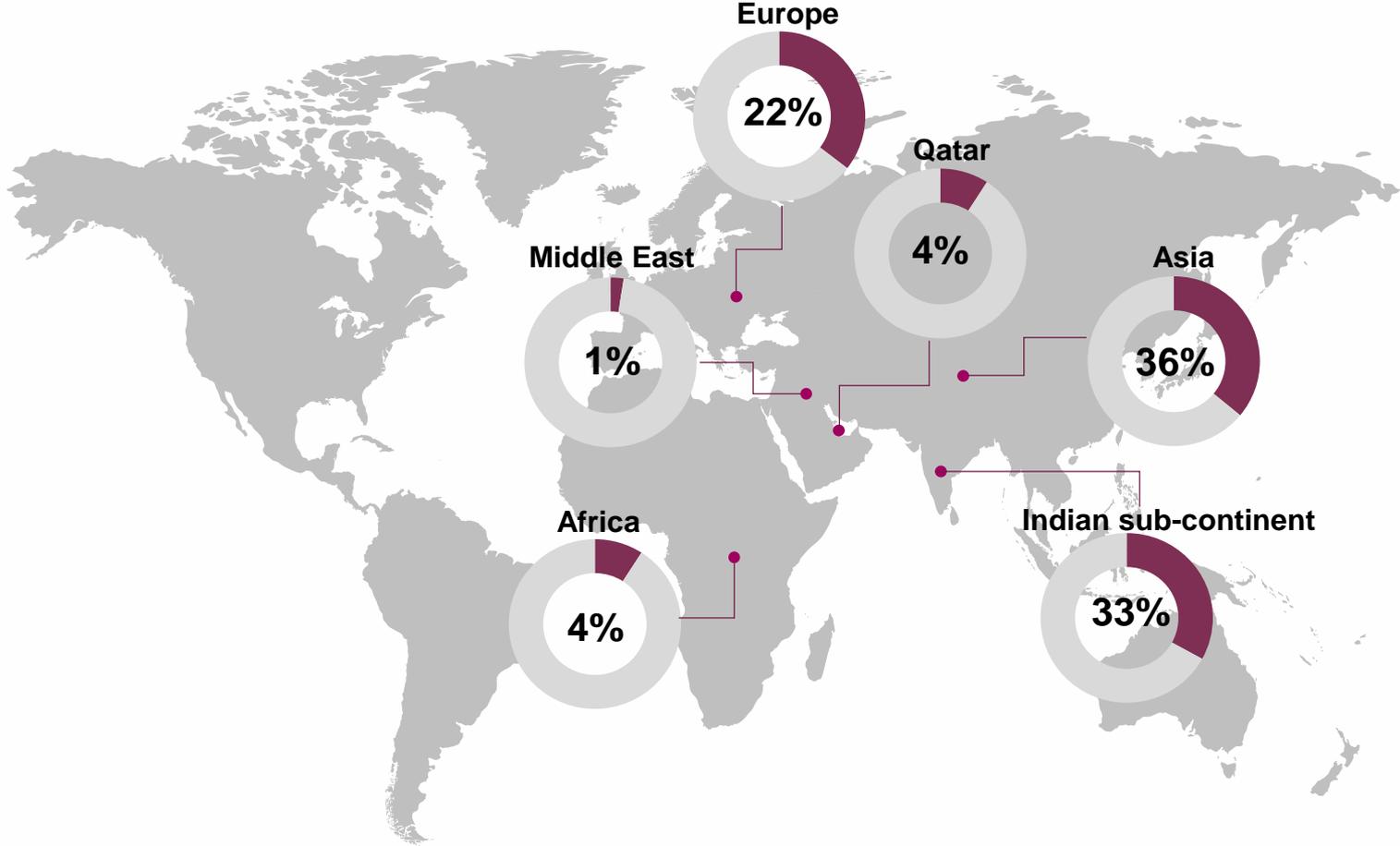
- Reduced product prices -18%
- Lowered sales volumes -22%
- Unfavorable inventory differential due to large inventory drawdowns on account of turnaround and shutdowns.

Favorable variance

- Lower feedstock costs on account of decline in feedstock volumes due to shutdowns and lowered unit prices.

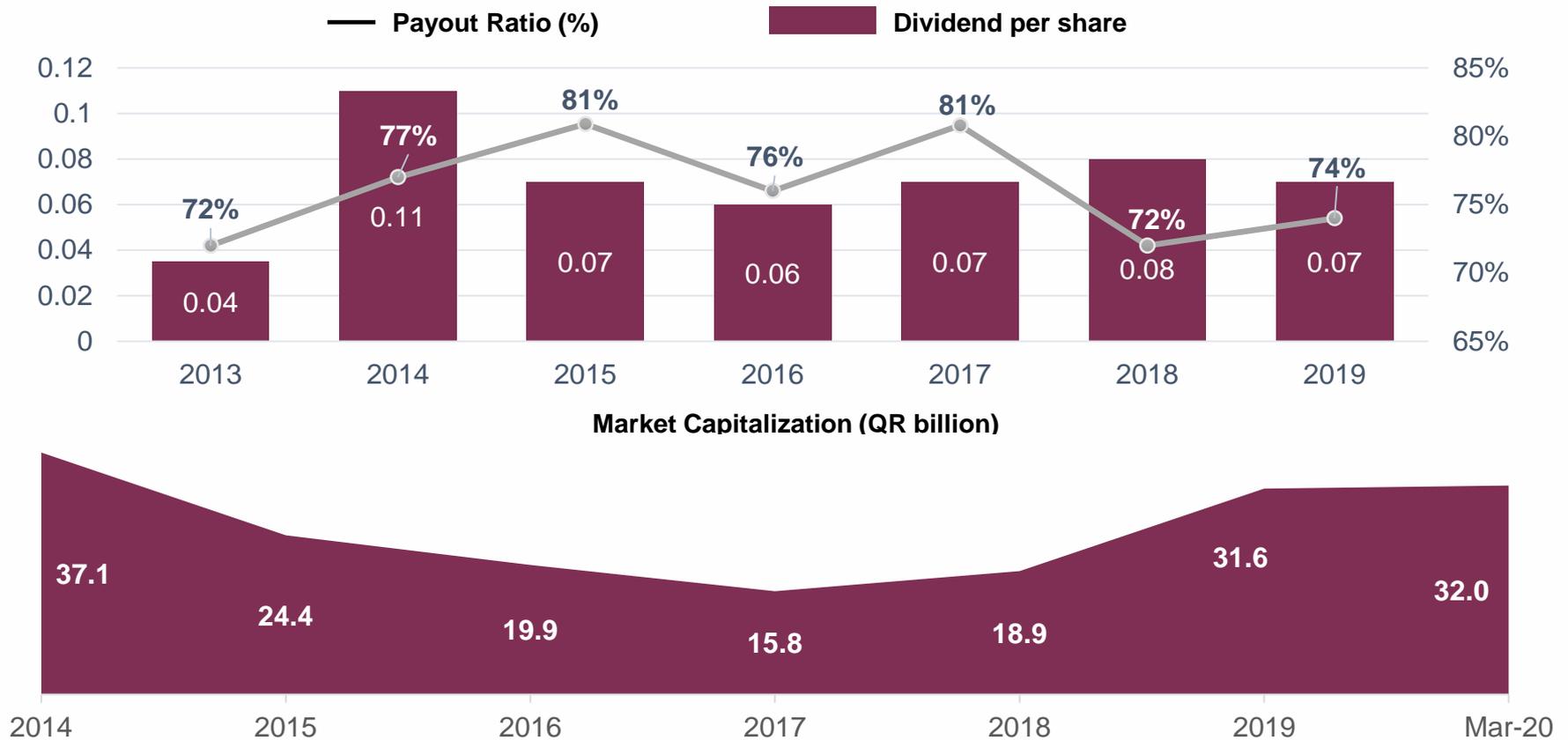
Geographic analysis – MPHC Group revenue

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 (2013-2019)

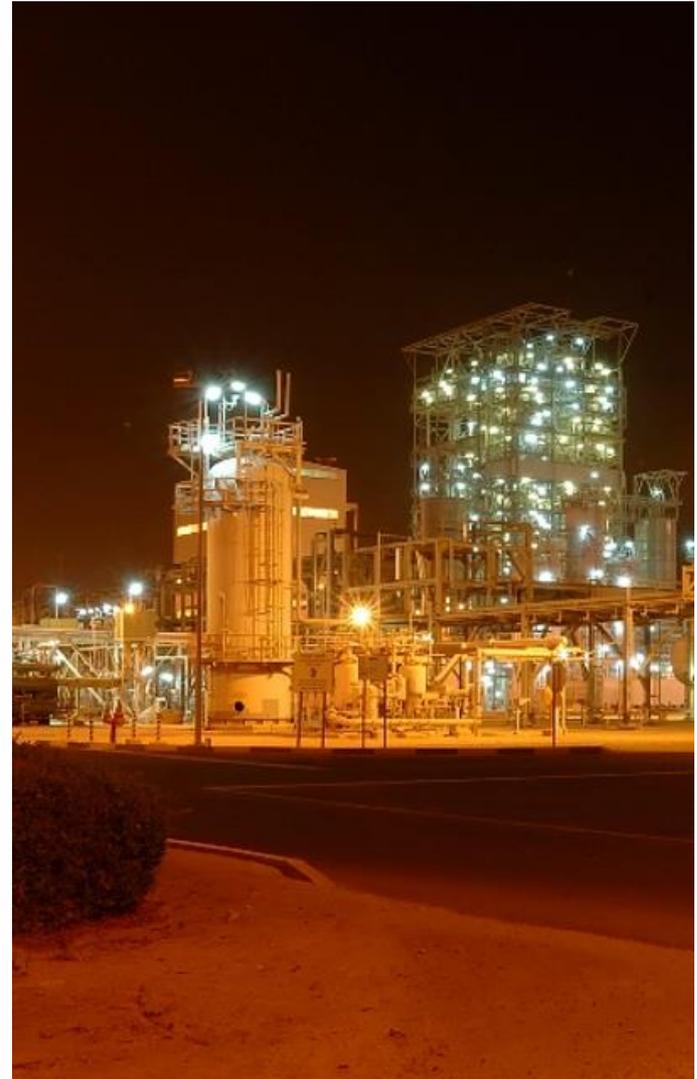


- To date, cash dividends totaling **QR 6.3 billion** have been distributed;
- MPHC was included in **MSCI Index** in May 2019.

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.

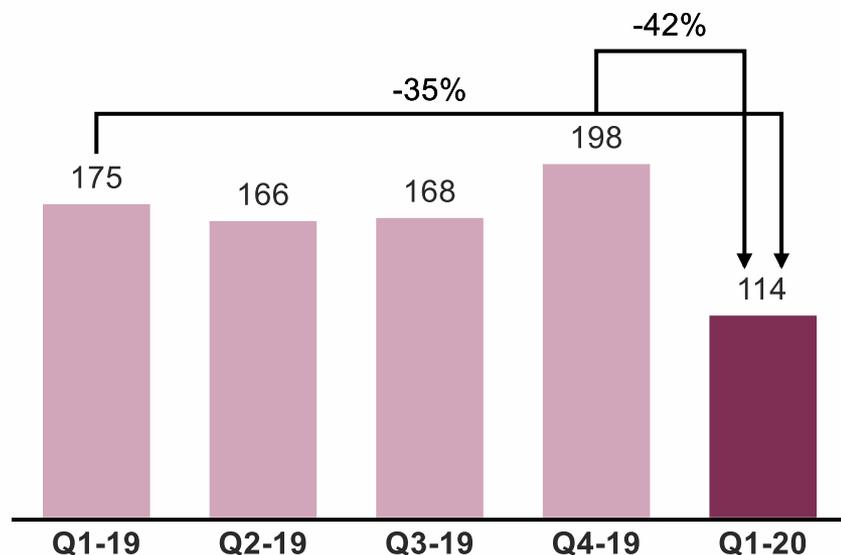


Segmental Details: Petrochemical

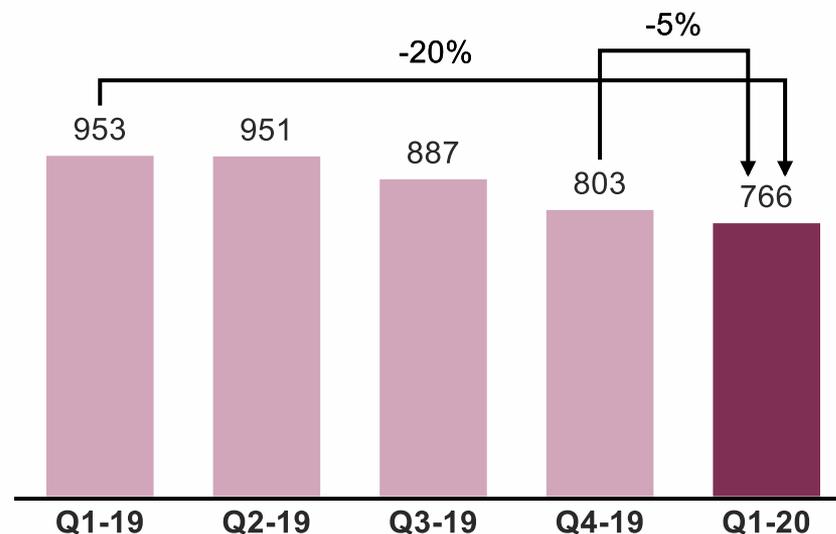
Analysis of production & selling prices

- **Production:** Production down by **35%** as compared to Q1-19, affected by maintenance shutdowns;
 - Production decreased during the Q1-20 by **42%** compared to Q4-19, due to planned maintenance shutdowns.
- **Selling Prices:** Declined as compared to Q1-19 by **20%**, due to adverse macro-economic conditions.
 - Selling prices declined by **5%** on Q4-19 due to reduction in crude oil prices and softened demand in major markets.

Production (000's MT)



Prices (\$ / MT)

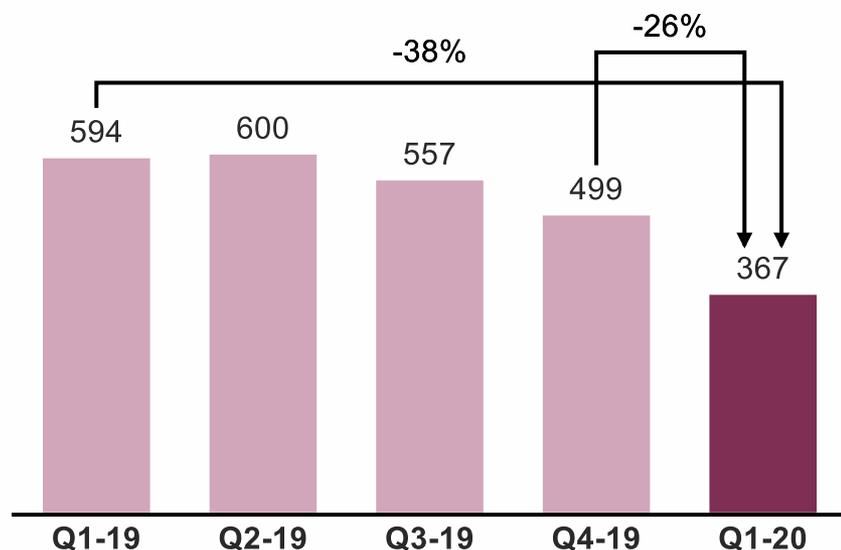


Segmental Details: Petrochemical

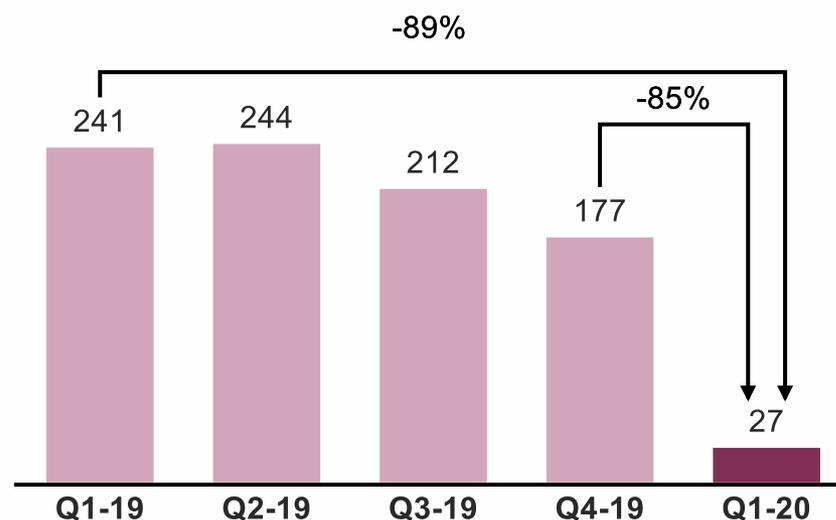
Analysis of segment revenue & net profit

- **Revenue:** QR 367 million, down by 38% as compared to Q1-19 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;
 - Q1-20 revenue down by 26% compared to Q4-19 on the back of softening selling prices and lowered sales volumes.
- **Net profit:** QR 27 million, down by 89% as compared to Q1-19. Reduction mainly due to drop in revenue and production levels due to planned maintenance shutdowns.
 - Net profit decreased in Q1-20 by 85% compared to Q4-19, mainly due to decline revenue.

Revenue (QR Million)



Net Profit (QR Million)¹

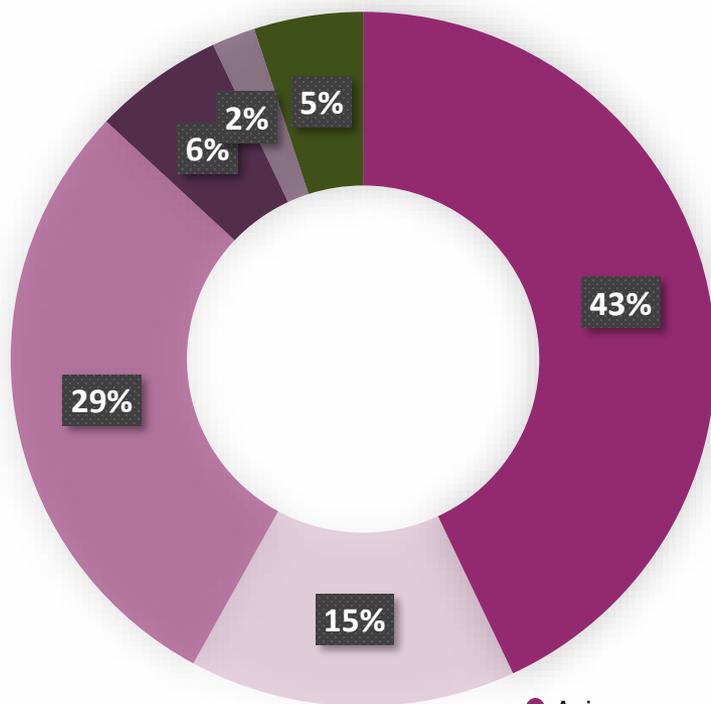


Segmental Details: Petrochemical

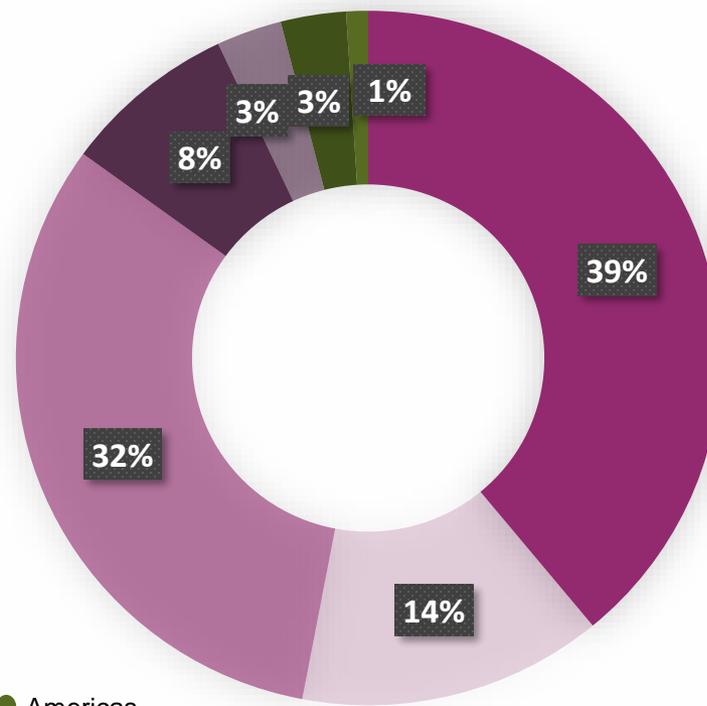
Geographical analysis of segment revenue

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

Q1-20 Segment Revenue (%)



Q1-19 Segment Revenue (%)



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

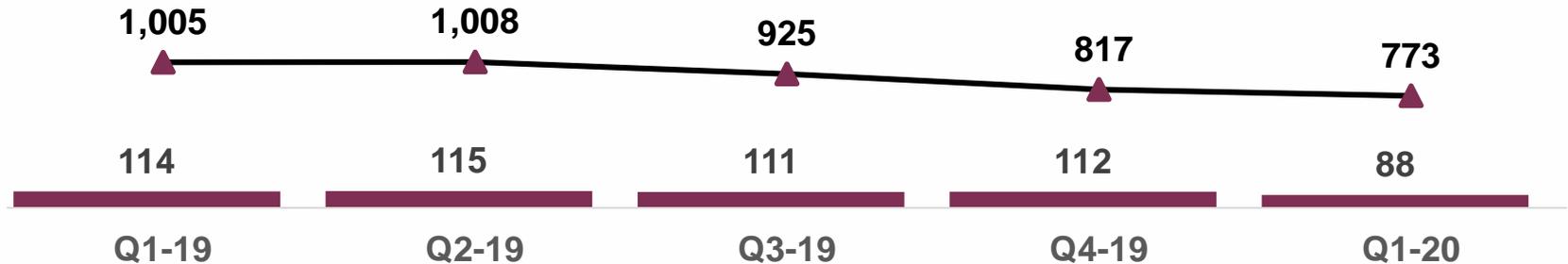


Segmental Details: Petrochemical

Key segment
products analysis

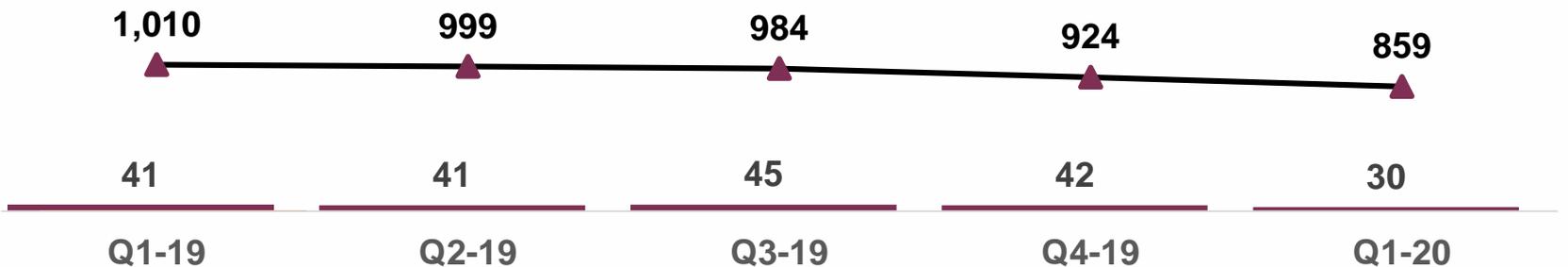
HDPE

(contributed ~68% of the segment revenue in Q1-20)



NAO

(contributed ~25% of the segment revenue in Q1-20)



- Sales volumes for HDPE & NAO remained stable throughout 2019, whereas, the decline in Q1-20 in sales volumes was due to decline in production volumes, amid planned maintenance shutdowns.
- Selling prices persistently declined throughout 2019 and decline continued in Q1-20, amid challenging macroeconomic conditions, affecting overall product prices.

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.

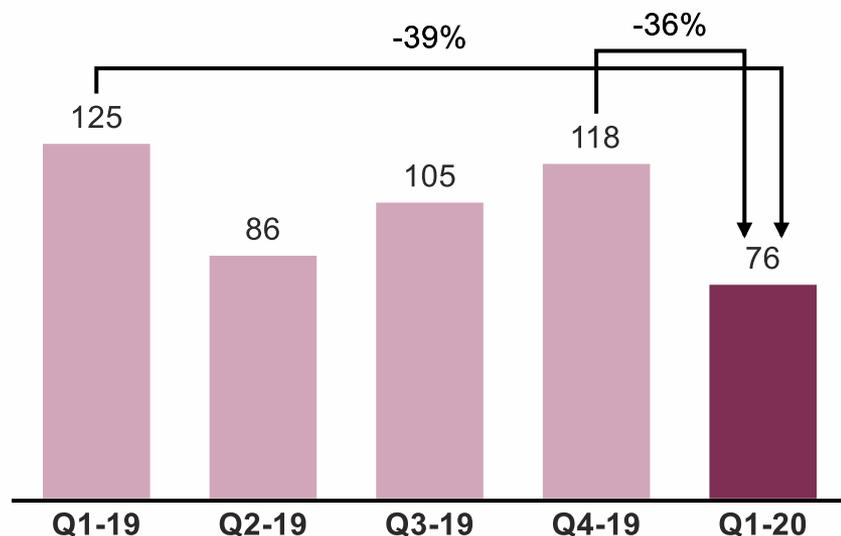


Segmental Details: Chlor-Alkali

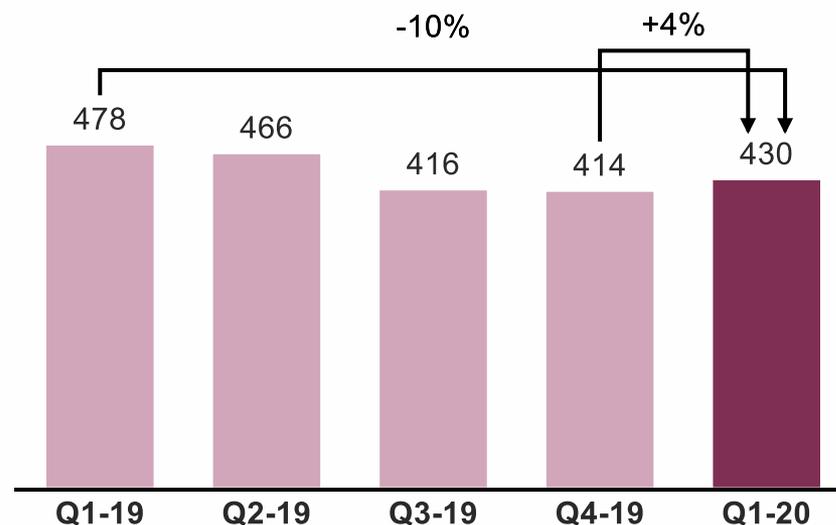
Analysis of production & selling prices

- **Production:** Production down by **39%** as compared to Q1-19, affected by planned maintenance shutdowns;
 - Production decreased during the Q1-20 by **36%** compared to Q4-19, due to planned shutdowns.
- **Selling Prices:** Declined as compared to Q1-19 by **10%**, due to supply-demand imbalances.
 - Selling prices improved by **4%** on Q4-19 due to improved EDC (+15%) and VCM (+2%) prices.

Production (000's MT)



Prices (\$ / MT)

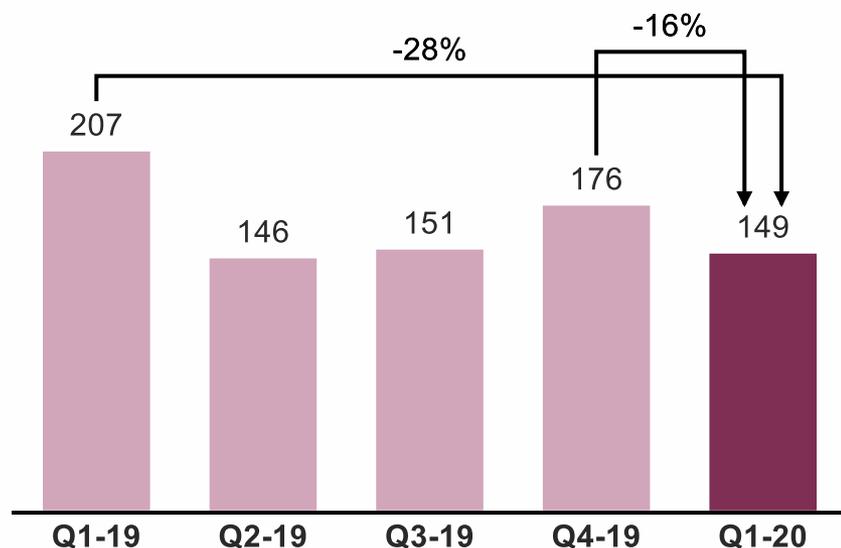


Segmental Details: Chlor-Alkali

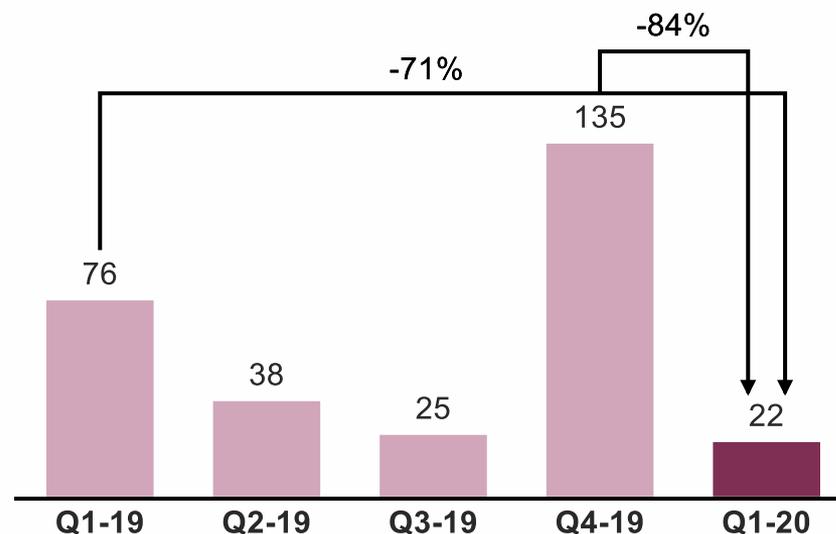
Analysis of segment revenue & net profit

- **Revenue:** QR 149 million, down by 28% as compared to Q1-19 due to lower product prices and sales volumes;
 - Revenue for Q1-20, down by 16% compared to Q4-19 on the back of decline in sales volumes due to reduced production levels amid planned maintenance shutdowns.
- **Net profit:** QR 22 million, down by 71% as compared to Q1-19. Reduction mainly due to drop in selling prices and sales volumes.
 - Net profit decreased in Q1-20 by 84% compared to Q4-19, mainly due to decline in revenue.

Revenue (QR Million)



Net Profit (QR Million)¹

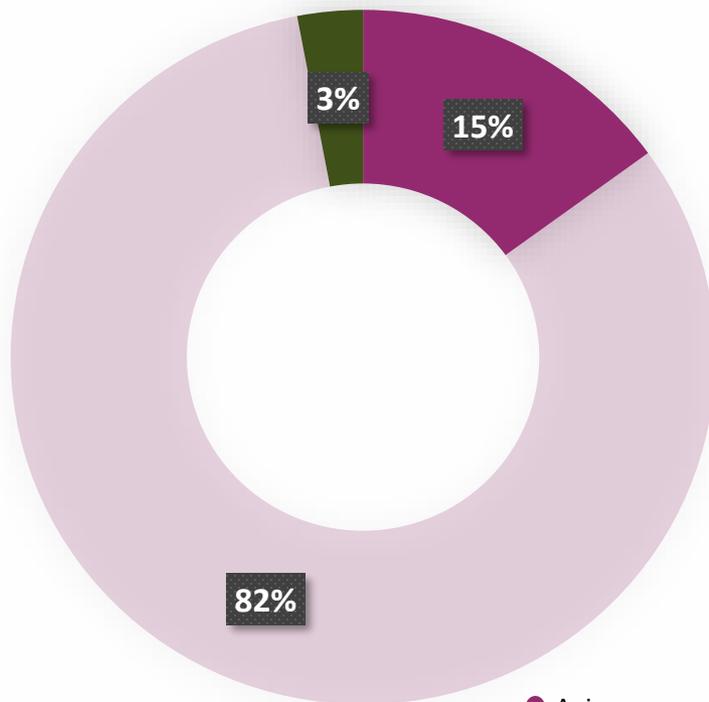


Segmental Details: Chlor-Alkali

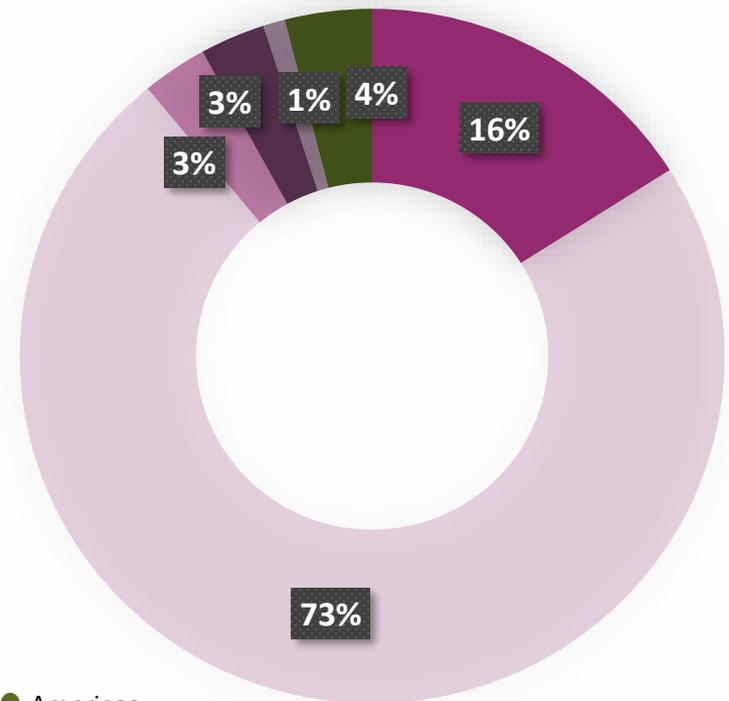
Geographical analysis of segment revenue

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

Q1-20 Segment Revenue (%)



Q1-19 Segment Revenue (%)

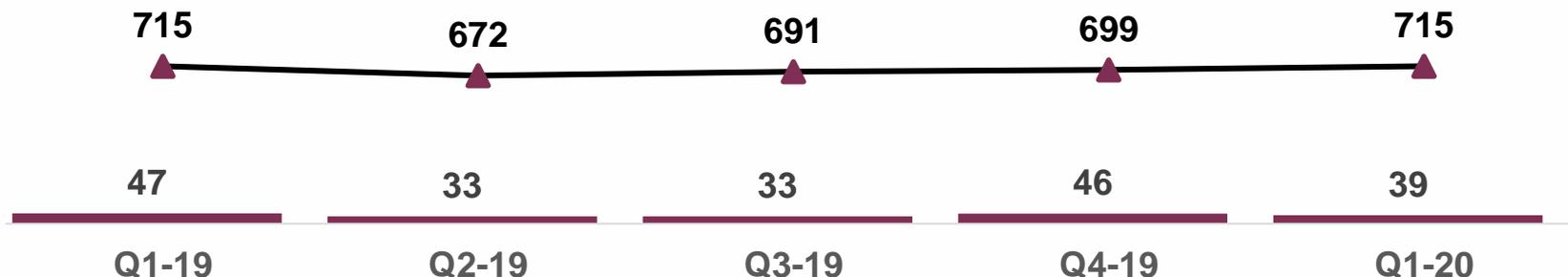


Segmental Details: Petrochemical

Key segment products analysis

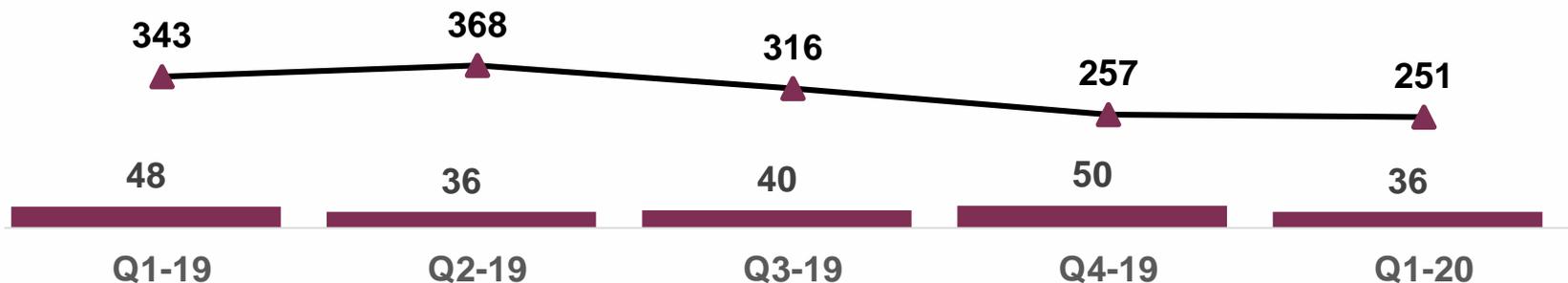
Vinyl Chloride Monomer (VCM)

(contributed ~66% of the segment revenue in Q1-20)



Caustic Soda

(contributed ~22% of the segment revenue in Q1-20)



- Sales volumes for VCM & Caustic Soda remained stable in 2019, whereas, the decline in Q1-20 in sales volumes was due to decline in production volumes, amid planned maintenance shutdowns.
- Selling prices for VCM is showing continued signs of recovery from Q3-19 and currently has recovered to reach similar levels of Q1-19.
- Selling prices for caustic soda persistently declined throughout 2019, and the declining trend continued in Q1-20, amid challenging macroeconomic conditions, affecting the overall product prices.

CAPEX (2020 – 2024)

CAPEX (2020 - 2024) – MPHC share

- Cumulative CAPEX spend of **QR 1.2** billion across all segments during 2020-2024;
- QChem/QChem II
 - CAPEX of QR 996 million planned during 2020-2024;
 - QR 168 million is planned for new Furnace Project for which additional 7% of ethylene is expected to be produced.
 - NAO tanks upgrade of QR 45 million is also planned.
- QVC
 - QR 210 million CAPEX is planned during 2020-2024;
 - Power plant upgrade for QR 38 million is the major CAPEX;

CAPITAL EXPENDITURE (in QR Million)					
	2020	2021	2022	2023	2024
New Furnance	49.0	93.8	25.2	-	-
NAO Tanks upgrade	12.0	6.8	3.6	13.8	8.9
Dock jetty refurbishment	35.7	17.8	23.3	26.8	-
QVC power plant upgrade	23.1	8.3	6.2	-	-
Others	308.6	147.9	183.3	87.3	123.7
Total CAPEX	428.4	274.7	241.7	127.9	132.7

COVID-19 – impact analysis

COVID-19 impact analysis

Business aspects:	Measures taken / key impacts	Results at the Group level	Overall impact at the Group level
Operational performance	<ul style="list-style-type: none"> a) Crisis management committees established at each operating entity to ensure safety of employees and business continuity. b) New standard operating procedures implemented to cater the risk of COVID-19 at all working places. c) Most of the head office staff working from home. d) Implementation of new shift plans for shift staff with strict controls, so as to reduce the risk of social gathering and spread of COVID-19, with increased hygiene measures at every site. e) 100% compliance with the Government regulations to prevent the spread of COVID-19. 	<ul style="list-style-type: none"> a) Uninterrupted production continued at all facilities without disruption. b) Successfully completed planned turnarounds within the budgeted timeline. c) Production and Sales volumes remained intact. 	No impact
Supply chain and distribution	<ul style="list-style-type: none"> a) Several countries have enforced greater restrictions on the movement of people and goods. b) Decline of vessel availability and greater restrictions placed around ports. 	<p>Due to restrictions, limited the access to those markets and increased pressure on supply chain activities.</p> <p>Although, alternate trade flows and capability of product diversion by switching between products, customers, countries & region remain intact.</p>	No impact till date; but remained cautious

COVID-19 impact analysis

Business aspects:	Key impacts	Results at the Group level	Overall impact at the Group level
Financial performance	<ul style="list-style-type: none"> a) Slowdown in GDP growth/ industrial activity causing decline in product demand leading to a decline in selling prices of our key products, specially petrochemicals. b) Decline in oil prices. 	<ul style="list-style-type: none"> a. Petrochemical segment most affected with revenue and net profit declined b. The full effect of COVID-19 outbreak has not been fully realized until 31 March 2020, as the effects began to realize in commodity markets, as the pandemic started to widespread in February 2020. In addition, the product prices have not yet factored fully the prevailing depressed oil prices till 31 March 2020. 	Negative impact
Liquidity profile & credit risk	<ul style="list-style-type: none"> a) Decline in interest rates although liquidity remained robust. b) Till date, no delays noted in cash receipts against letters of credit. c) Customers continue to pay per contractual settlement terms and overdue debtors have not increased. d) Cash flows from the products are continuing essentially as normal. 	<ul style="list-style-type: none"> a. Strong liquidity profile with robust financial position. b. Operational excellence maintained to ensure product is shipped, invoice and cash collected expeditiously. 	No impact; but remained cautious

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.

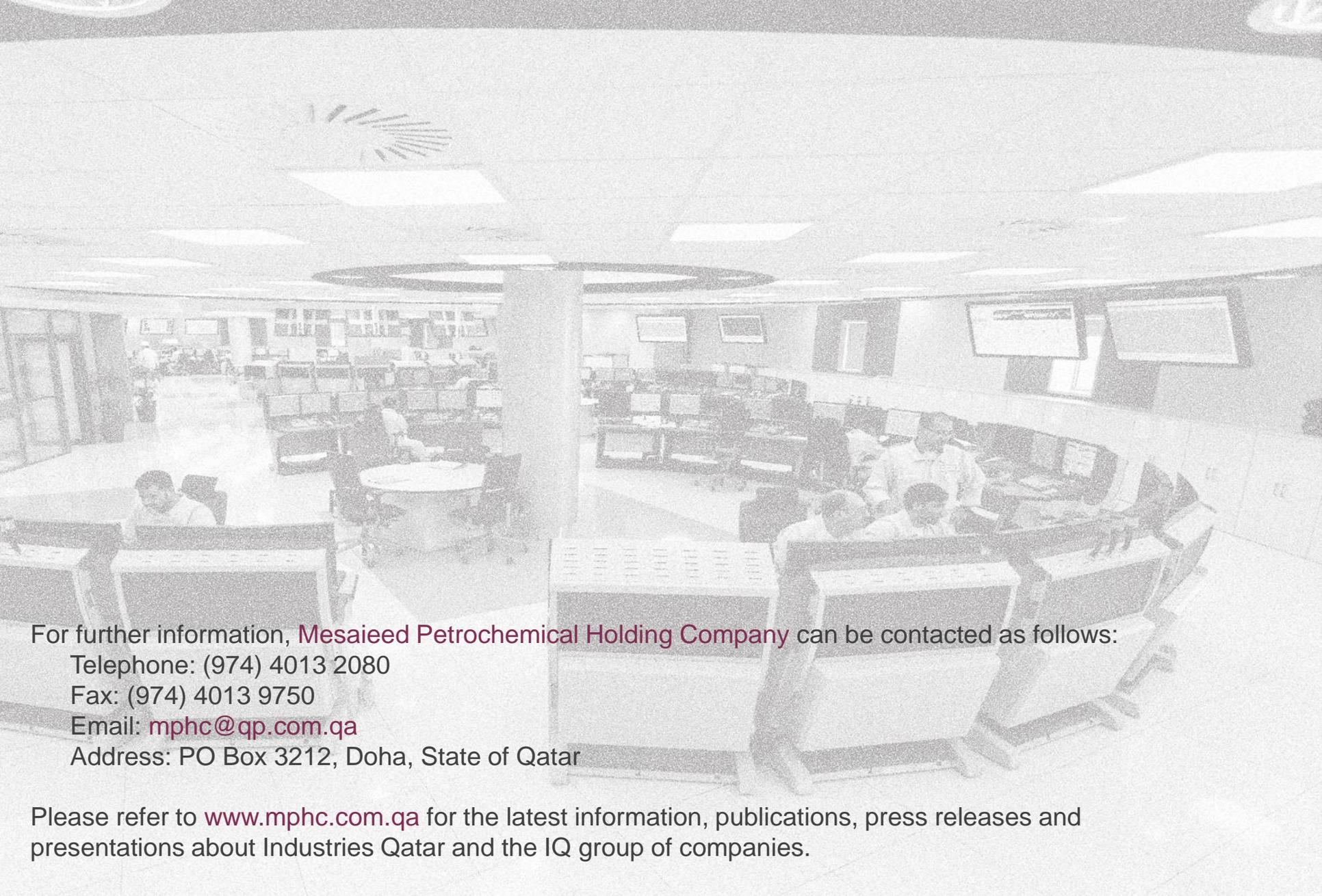
Company's control system

- 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 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.



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

Telephone: (974) 4013 2080

Fax: (974) 4013 9750

Email: mphc@qp.com.qa

Address: PO Box 3212, Doha, State of Qatar

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.