



# Mesaieed Petrochemical Holding Company

## IR Presentation

30 June 2024

*“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

# Table of Content

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1. About MPHC
2. Competitive strengths
3. Regional peers review
4. Macroeconomic updates
5. MPHC results (For the six-month period ended 30 June 2024)
6. Segmental results (For the six-month period ended 30 June 2024)
7. CAPEX (2024F – 2028F)
8. Dividends and market capitalization
9. Historical performance (2018 – 2023)
10. Governance structure
11. Sales and marketing

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# About MPHC

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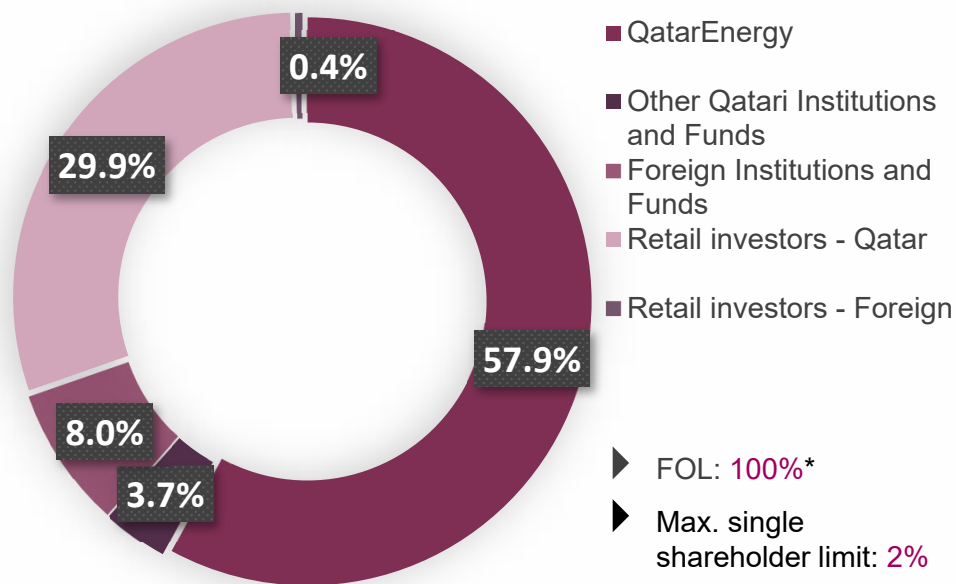
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# MPHC at a glance

## Overview

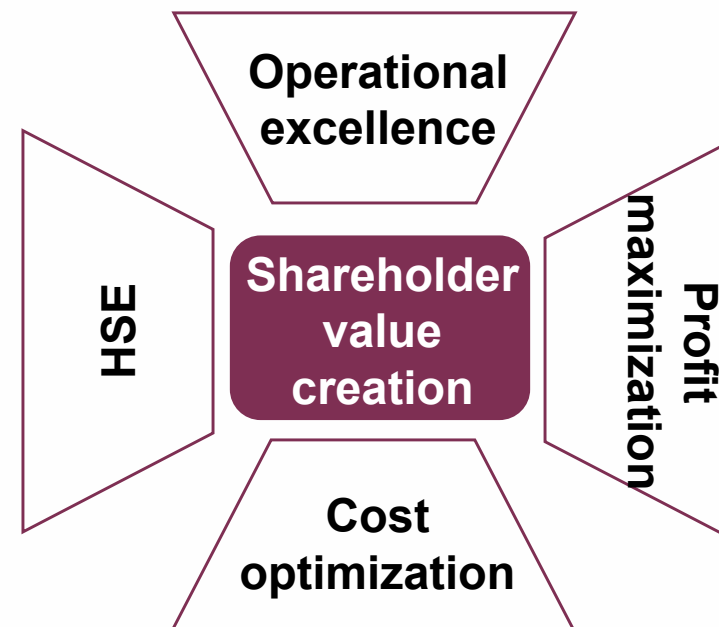
- Mesaieed Petrochemical Holding Company Q.P.S.C. (“MPHC” or “the Group”; QE ticker: MPHC) was incorporated on May 29, 2013 and was listed on the Qatar Stock Exchange on February 26, 2014.
- MPHC is among top 10 companies at Qatar Exchange by Market Capitalization.
- QatarEnergy provides most head office functions through a comprehensive service-level agreement.
- The operations of joint ventures remained independently managed by their respective Boards of Directors and senior management teams.

## MPHC’s shareholding structure



Note: Shareholder data as of 30-June-24

## Core values



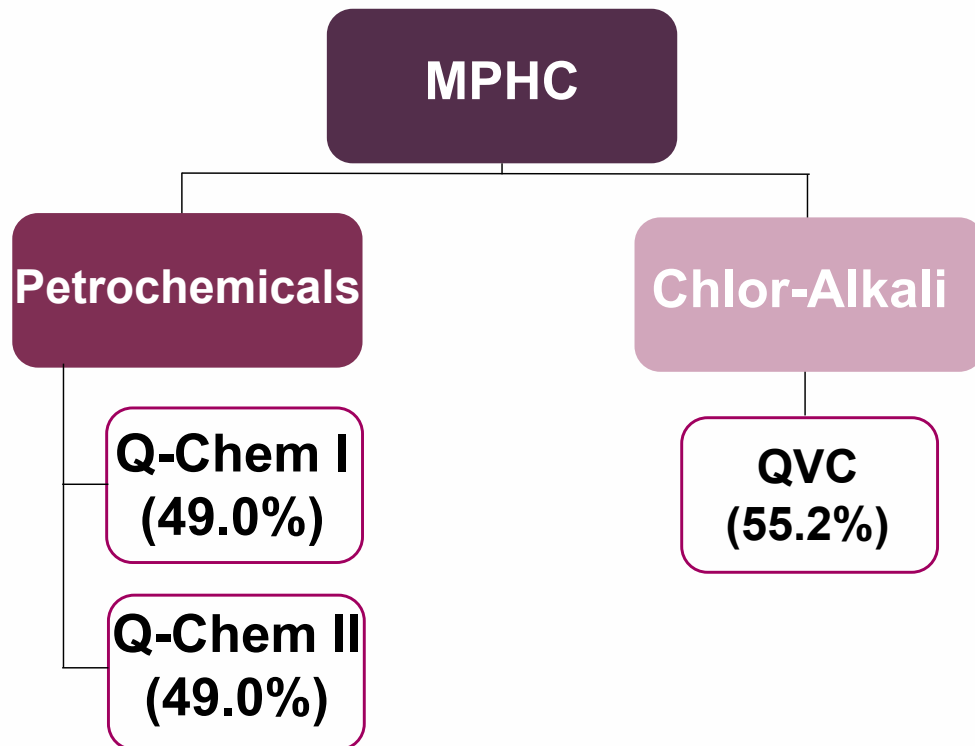
5 \* Board of Directors approved to increase the FOL to 100%. Council of Ministers approval received; all necessary measures will be taken in this regard with the relevant concerned authorities.



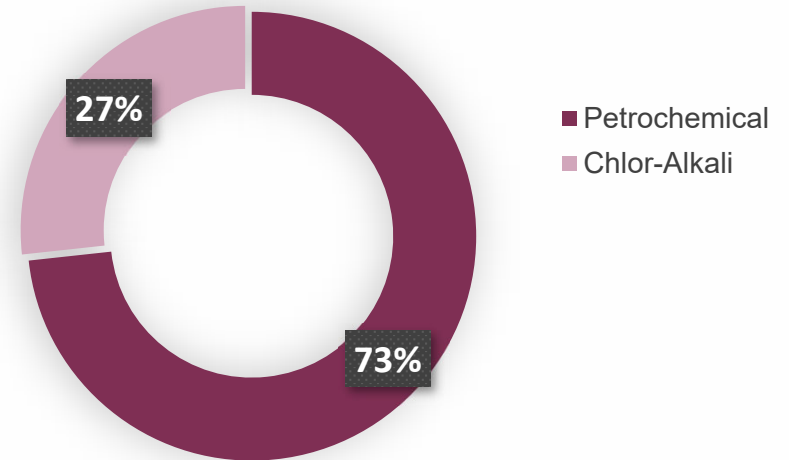
# MPHC business segments at a glance

## Business segments overview

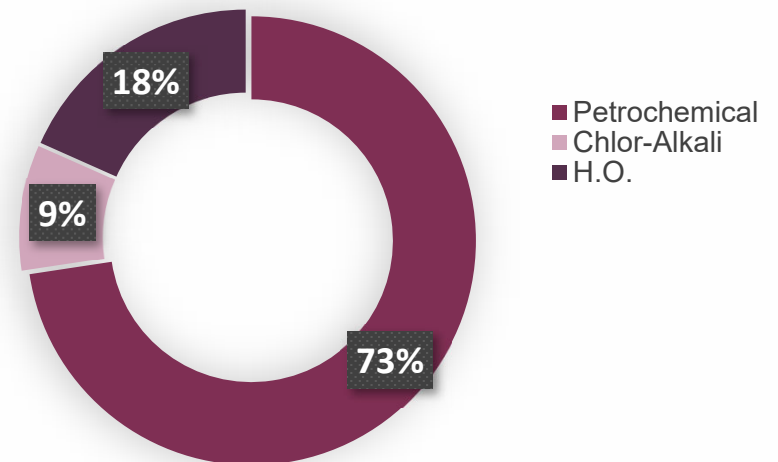
- Through its joint ventures companies, MPHC operates in **two** distinct business segments: **Petrochemical** and **Chlor-Alkali**;
- Production facilities are located in the State of Qatar.



## Segments size by Revenue



## Segments size by Net Profits



\* All the investments in operating companies is in the form of Joint venture stake

Note: Revenue and net profit data as of 30-June-24



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# Competitive strengths

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# Competitive strengths

## Low cost producer

- Assured feedstock supply
- Economies of scale and operationally diversified
- Synergy benefits

## Strong financial position

- Solid liquidity position
- Strong cash flow generation with stable EBITDA margins
- Sound dividend record

## Market leadership

- One of the region's premier diversified petrochemical conglomerates
- Dedicated marketing support in form of Muntajat

## Experienced team

- Industry experts in the senior management team
- Reputable JV partners



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## Regional peers review

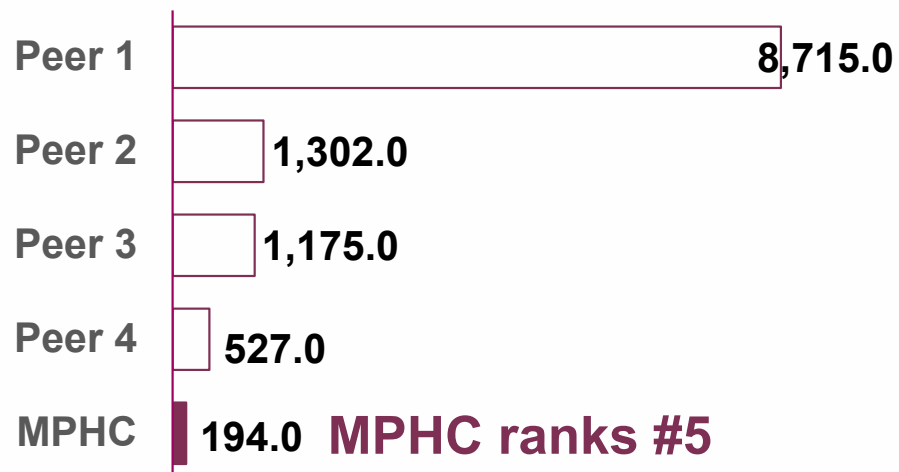
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MPHC ranked #98 among  
***“2023 Forbes List of Top 100 Listed Companies in the Middle East”***

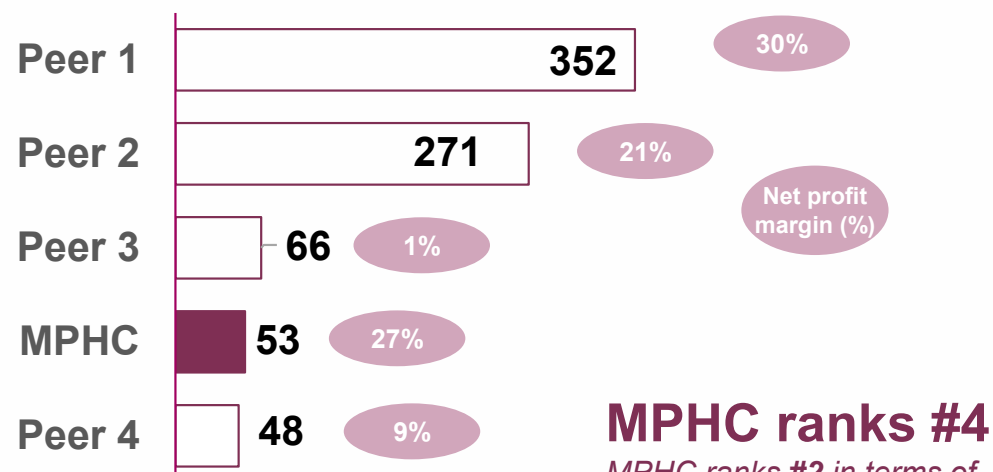
# Competitive positioning versus regional peers

## Revenue. (USD' million)



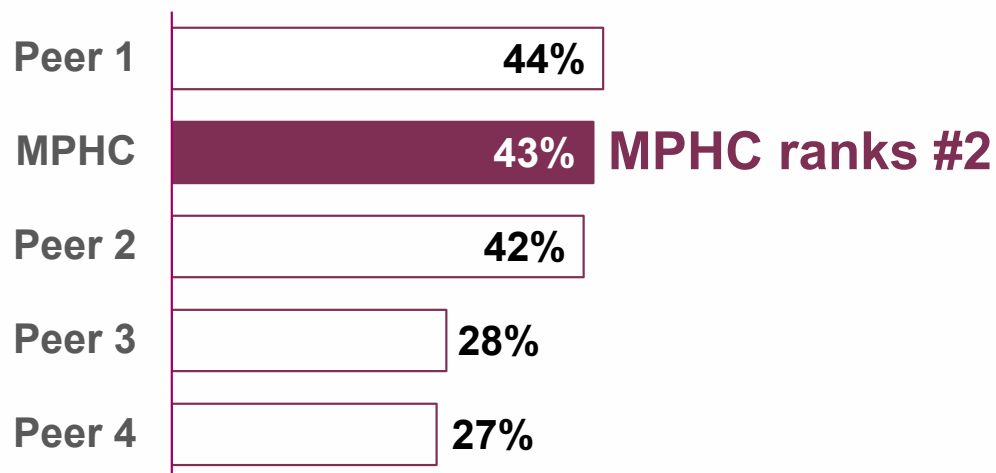
Note: Data as of Mar-24

## Net profit (USD' million)



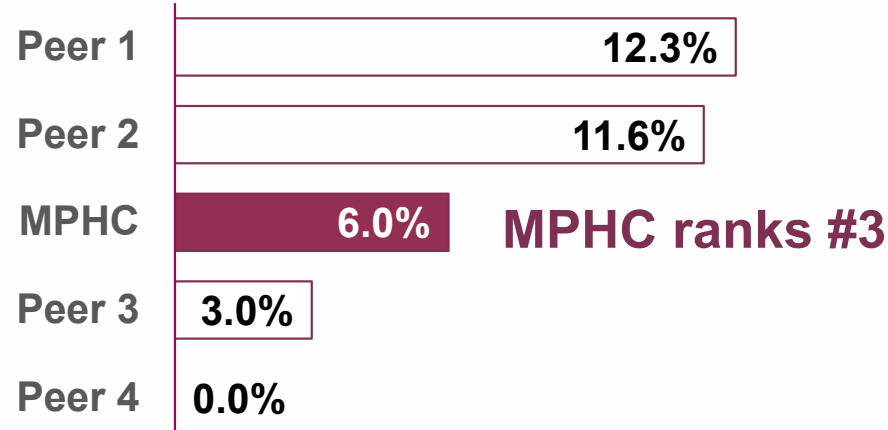
Note: Data as of Mar-24

## EBITDA Margins (%)



Note: Data as of Mar-24

## ROA (%)



Note: Data as of Mar-24



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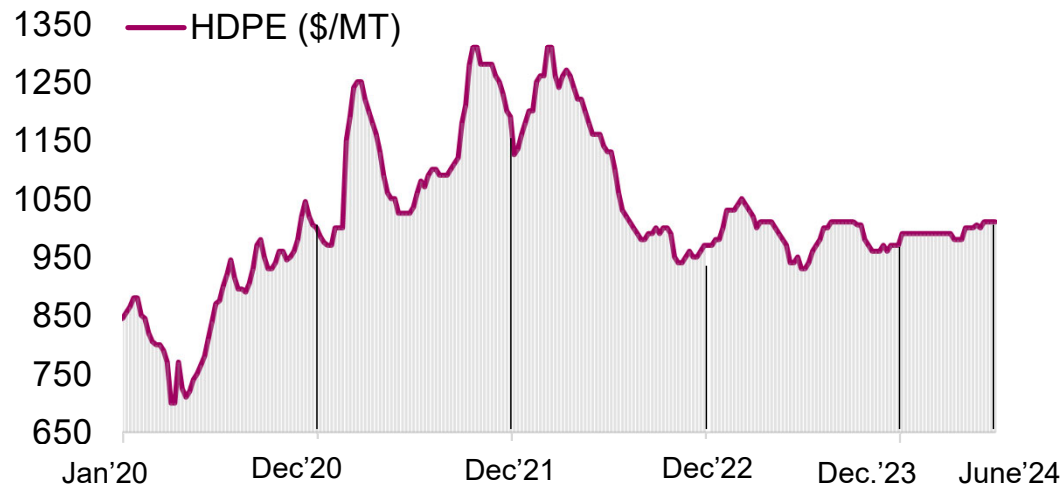
# Macroeconomic updates

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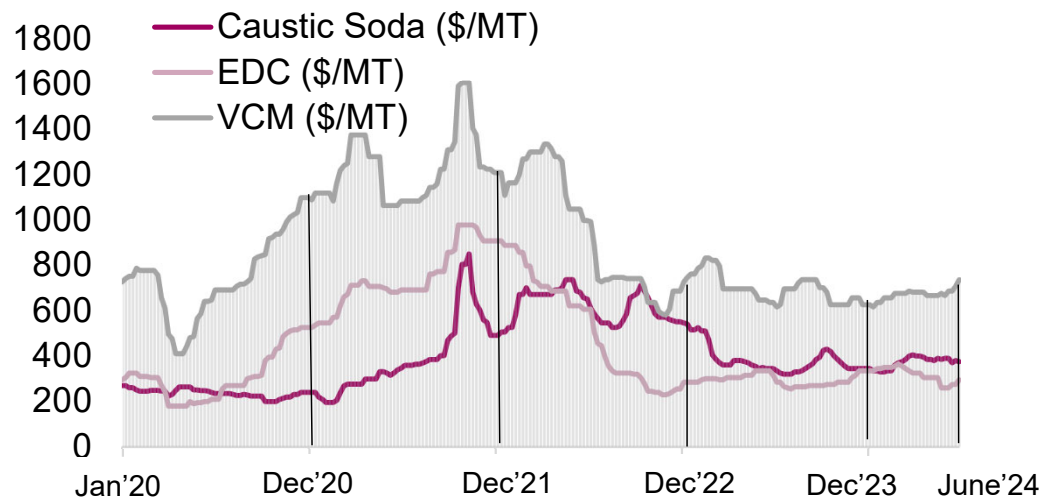
# Macroeconomic updates

## Petrochemicals



The petrochemical sector faced challenges in the past year, influenced by a sluggish global economic recovery, fluctuating oil prices, and uncertain global macro-outlook. Buyer caution stemmed from recessionary fears. Sequentially, prices shows signs of stabilization.

## Chlor-Alkali



- Prices for most of MPHIC's chlor-alkali products exhibited bearish trends. Industries using these end-products, including alumina, aluminum, PVC, etc., continued to face challenges due to macroeconomic uncertainties. Sequentially, the chlor-alkali prices is gradually recovering due to improved economical fundamentals.

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# MPHC results

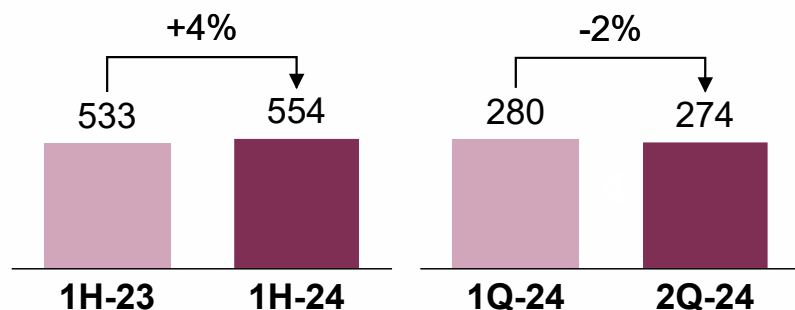
## (For the six month-period ended 30 June 2024)

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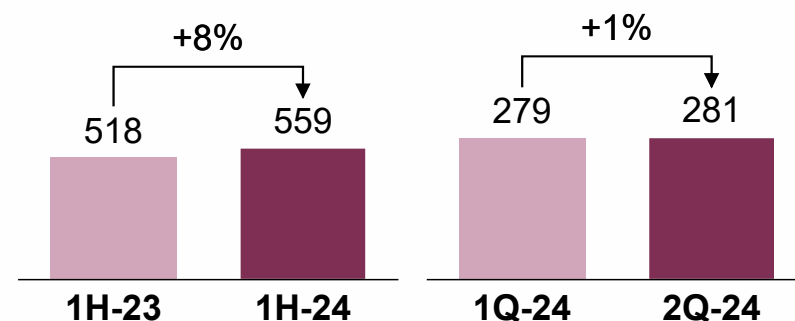
# Operational performance review

## Production (MT' 000)



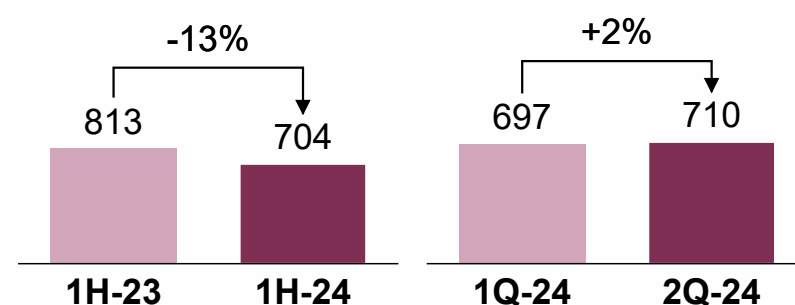
- 1H-24 vs 1H-23: production for 1H-24 increased compared to same period of last year, mainly due to a maintenance turnaround carried out at QVC facilities during 1H-23 which affected production volumes for 1H-23.
- 2Q-24 vs 1Q-24: On a quarter-on-quarter basis production volumes for 2Q-24 decreased marginally in comparison to 1Q-24, mainly due to a decline noted in production volumes from petrochemicals segment, linked to maintenance turnaround.

## Sales volume (MT' 000)



- 1H-24 vs 1H-23: Sales volumes increased versus 1H-24, mainly driven by higher sales volumes reported by the chlor-alkali segment partially offset by lower sales volumes reported by the petrochemicals segment.
- 2Q-24 vs 1Q-24: Sales volumes inched upward versus 1Q-24.

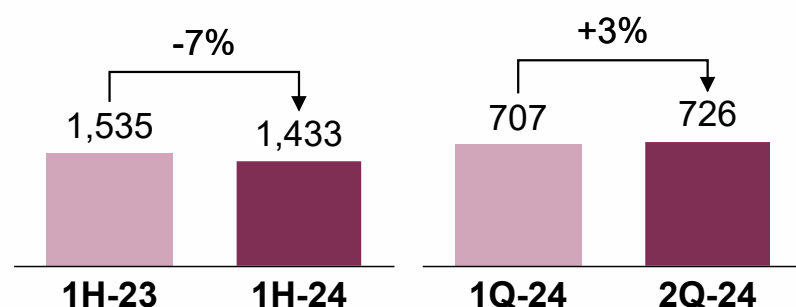
## Selling prices (\$/MT)



- 1H-24 vs 1H-23: year-on-year price trajectories declined due to subdued product demand along with excessive supply resulted in lowered commodity prices.
- 2Q-24 vs 1Q-24: quarter-on-quarter prices inched upward, mainly on the back-drop of relatively enhanced supply-demand dynamics.

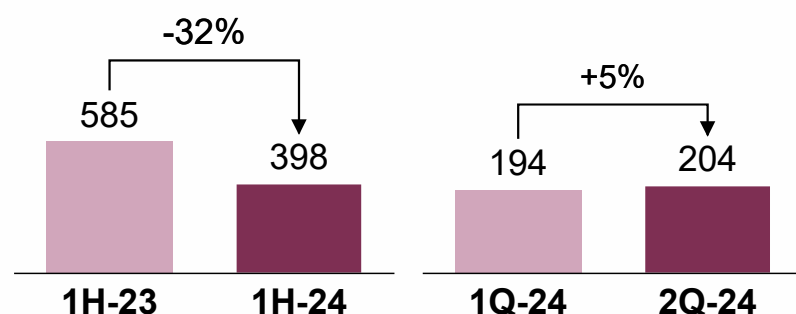
# Financial performance review

## Revenue (QR' million)



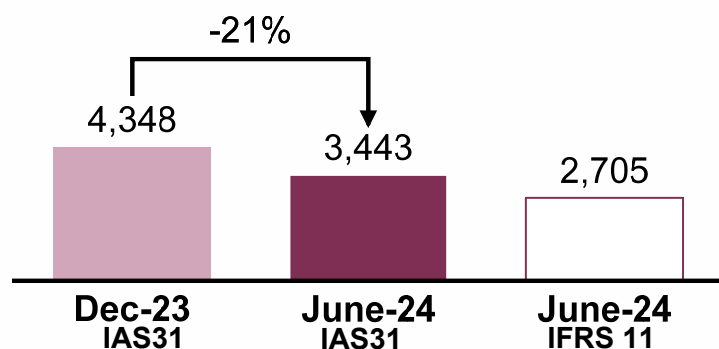
- 1H-24 vs 1H-23: Group revenue decline mainly linked to the decrease noted in average blended product prices, partially offset by higher sales volume.
- 2Q-24 vs 1Q-24: revenue increased on a quarter-on-quarter basis, due to improved sales volumes and avg. selling price.

## Net profit (QR' million)



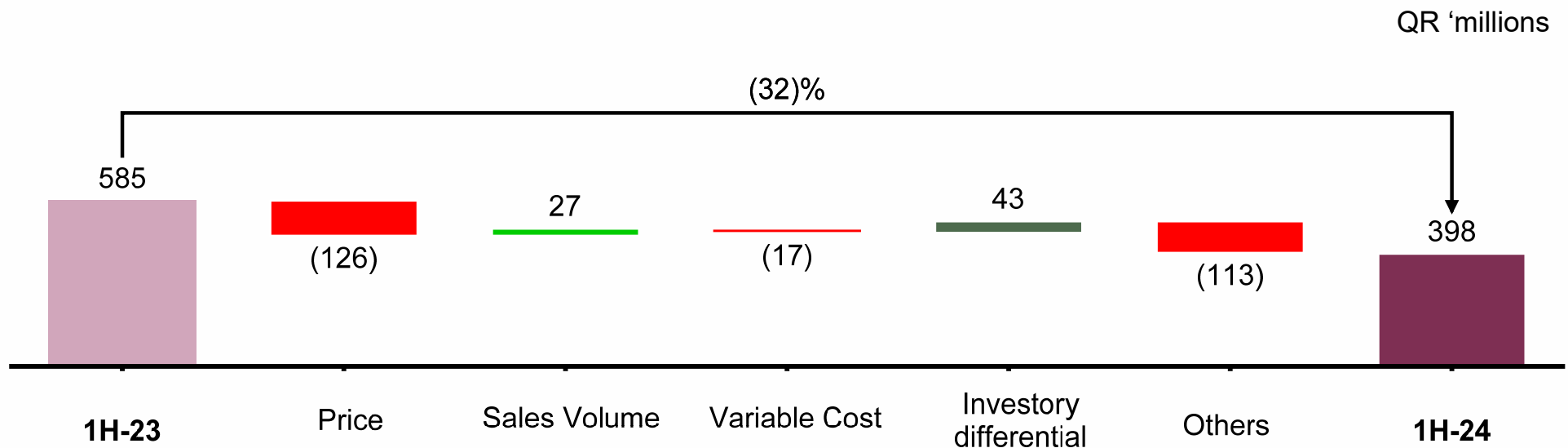
- 1H-24 vs 1H-23: Net profit declined in year-on-year bottom-line results reported on account of lower selling prices resulting in lower revenue.
- 2Q-24 vs 1Q-24: Quarter-on-quarter results inclined on account of higher revenue.

## Cash & bank balances (QR' million)



- MPHC's share of cash and bank balances declined from last year, mainly due to dividend payment for the financial year 2023, being partially offset by positive cash flow generation during 1H-24.

# Net Profit Variance Analysis



Net profits decreased due to:

## Unfavorable variance

- Lowered average realized blended selling prices;
- Higher variable costs;
- Lower others due to lower interest income.

## Favorable variance

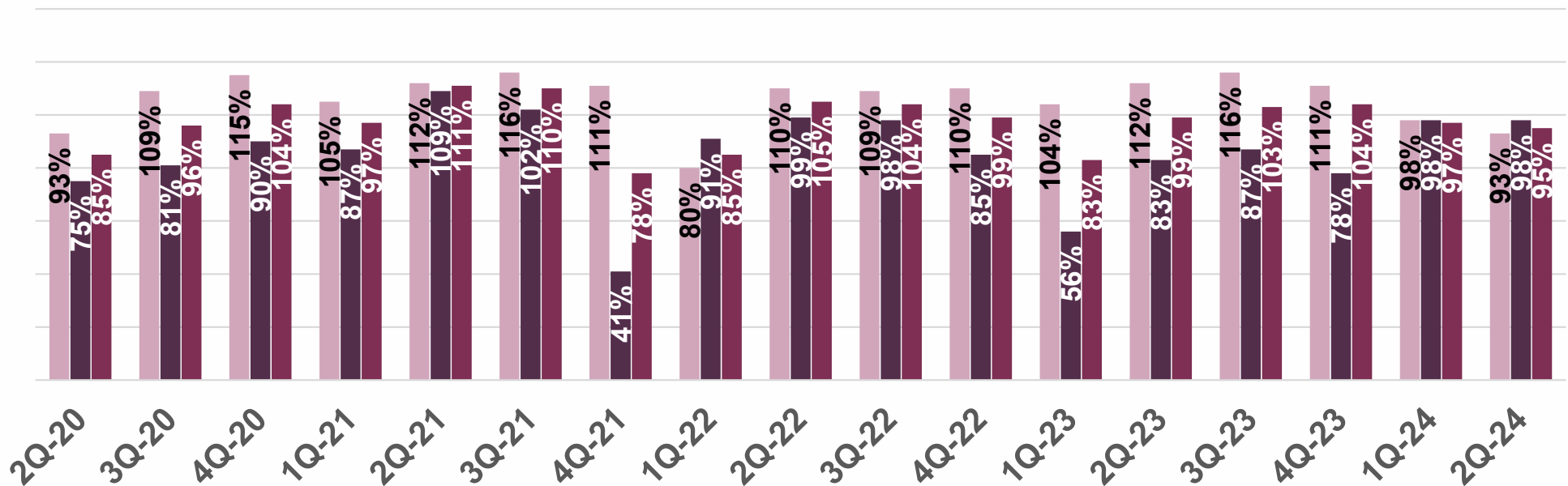
- Higher sales volumes;
- Favorable inventory movement .



# MPHC operating rates

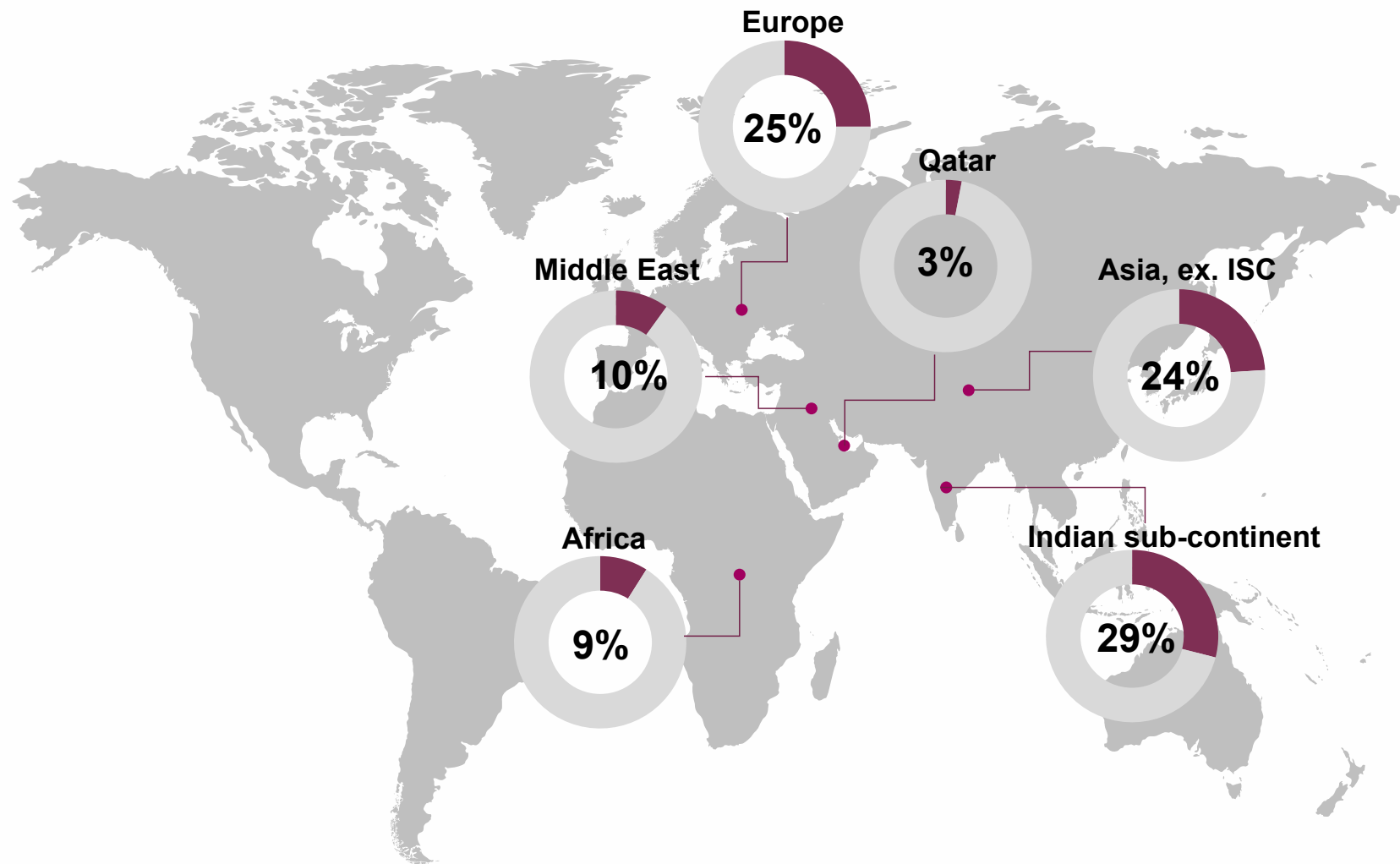
Operating rates of MPHC segments remained stable

■ Petrochemicals ■ Chlor-Alkali ■ MPHC - Group



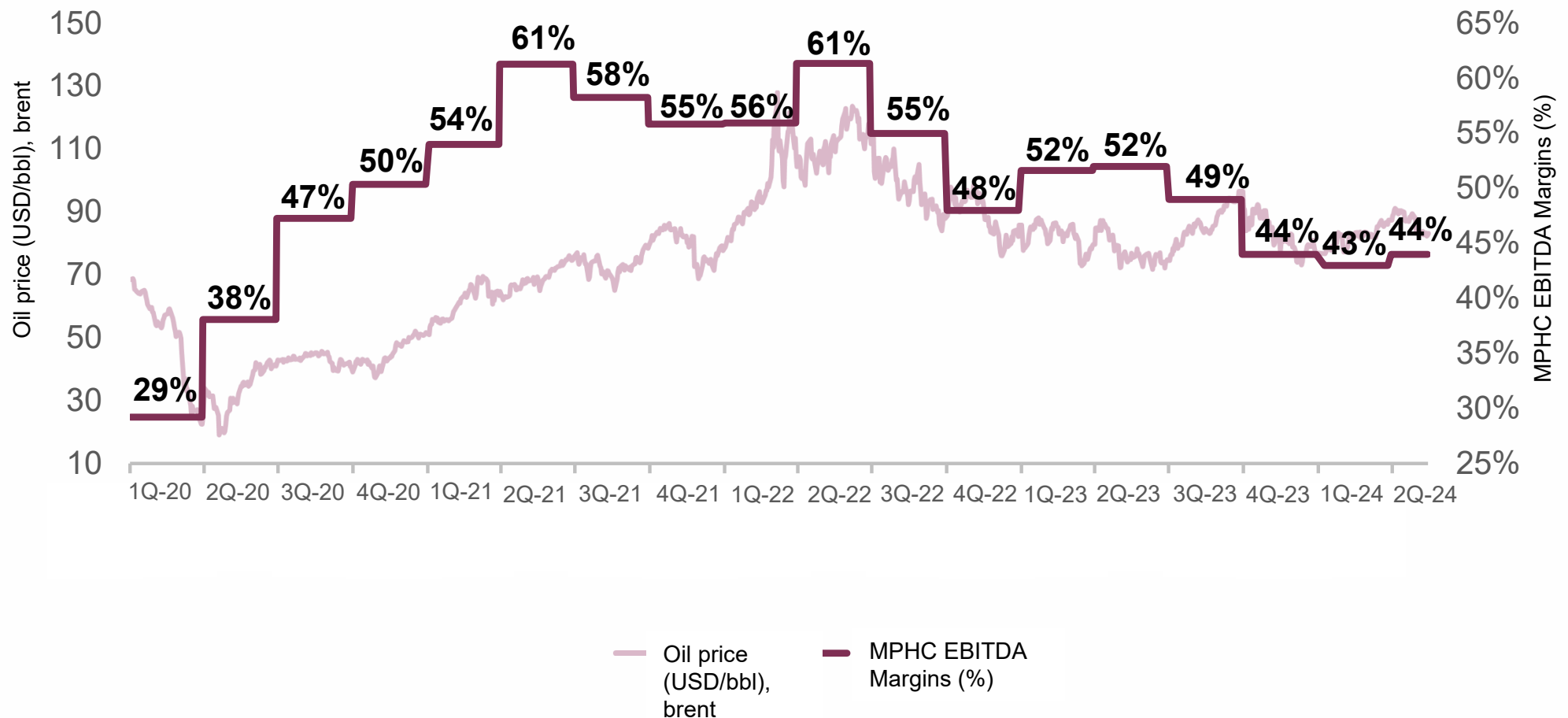
# Geographic analysis – MPHC Group revenue

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



# Robust EBITDA margins

Despite the volatile trends in commodity prices, MPHC's EBITDA margins continue to remain resilient



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# Segmental results

## (For the six-month period ended 30 June 2024)

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# Segmental Details: Petrochemicals

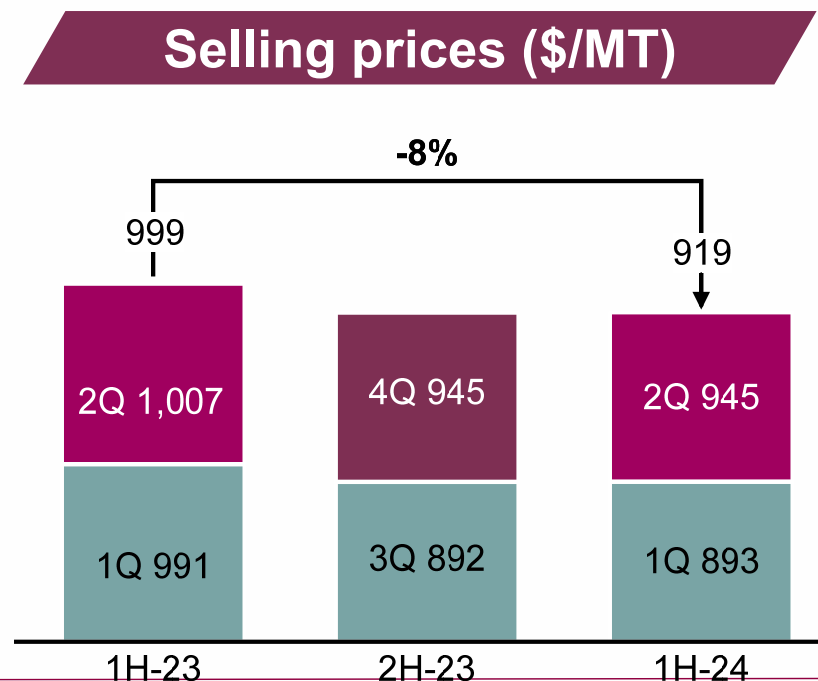
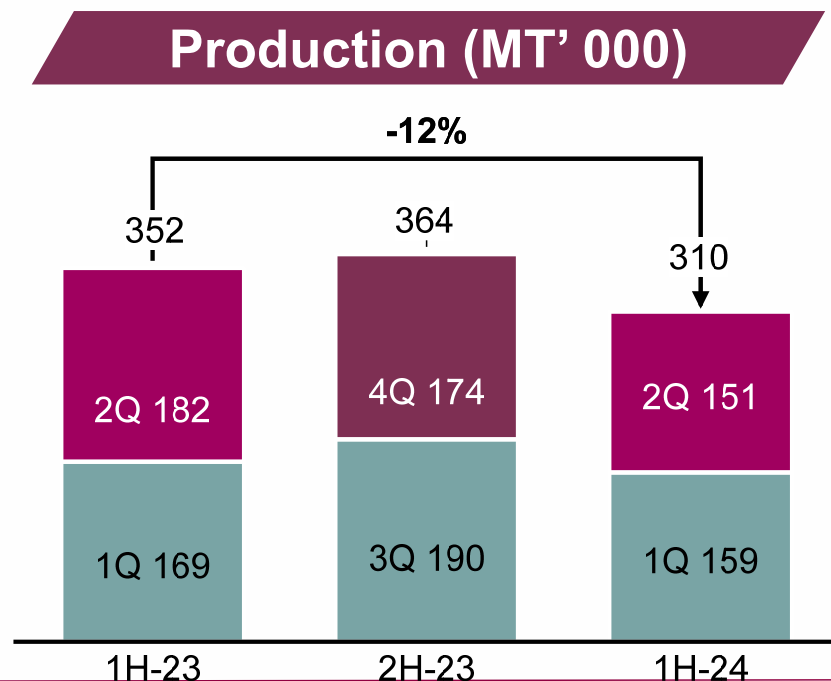
- Q-Chem and Q-Chem II are both owned 49% by MPHC, 49% by Chevron Phillips Chemical International Qatar Holdings L.L.C., and 2% by QatarEnergy;
- Q-Chem II also has an effective ownership of 53.85% in Ras Laffan Olefins Company Limited which owns an ethane cracker which provides ethylene feedstock to 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 (MPHC share);
  - NAO: 169,000 MT PA (MPHC share);
- All production facilities are based within the State of Qatar.



# Segmental Details: Petrochemicals

*Analysis of production & selling prices*

- **Production:** Production down compared to 1H-23, due to lesser plant availability , which affected the overall production volumes for the segment.
  - Production declined during 2Q-24 in comparison to 1Q-24, due to maintenance related turnaround in Q-Chem facilities.
- **Selling Prices:** declined as compared to 1H-23, as result of general decline of crude prices and weakened consumer demand, and general decline against a backdrop of deteriorating macroeconomic fundamentals.
  - Selling prices inclined during 2Q-24 compared to 1Q-24, as supply and demand dynamics gradually improves in polyethene market.

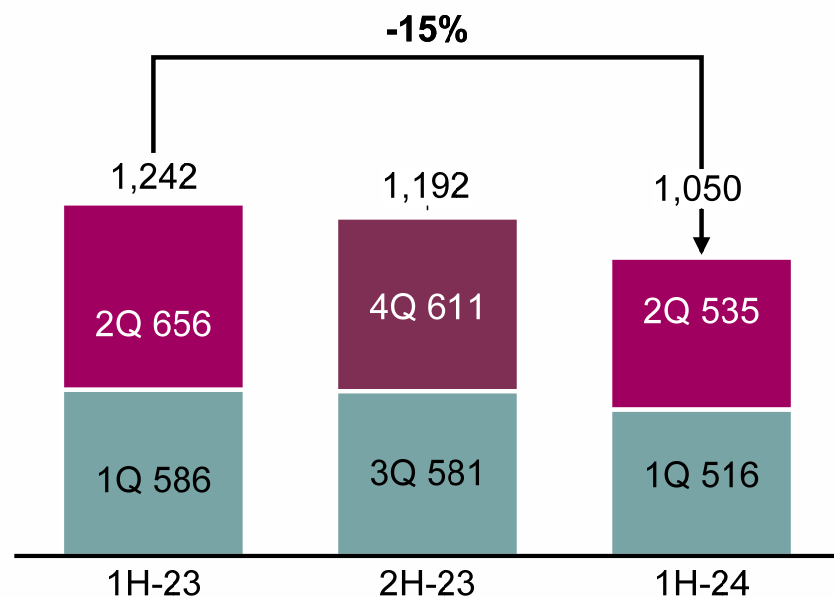


# Segmental Details: Petrochemicals

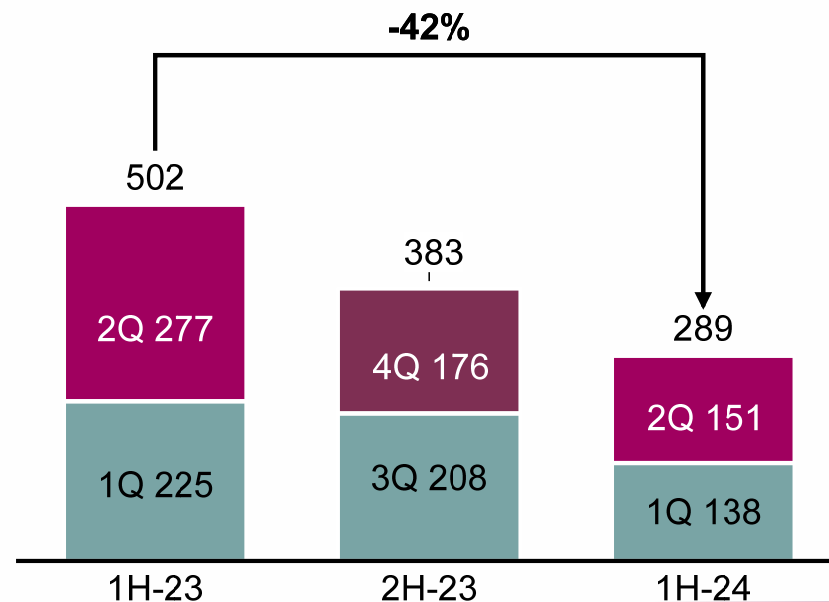
*Analysis of segment revenue & net profit*

- **Revenue:** Down as compared to 1H-23, due to lower selling prices and sales volumes on the back of lesser production amid lesser availability;
  - Q2-24 revenue inched upward due to higher selling prices, partially offset by marginal sales volume decline versus Q1-24.
- **Net profit:** Down as compared to 1H-23, primarily driven by macro-challenges affecting selling prices negatively, in addition to lower sales volume amid reduction in production;
  - 2Q-24 net profit up as compared to 1Q-24, primarily driven by higher revenue;

## Revenue (QR' million)



## Net profit (QR' million)

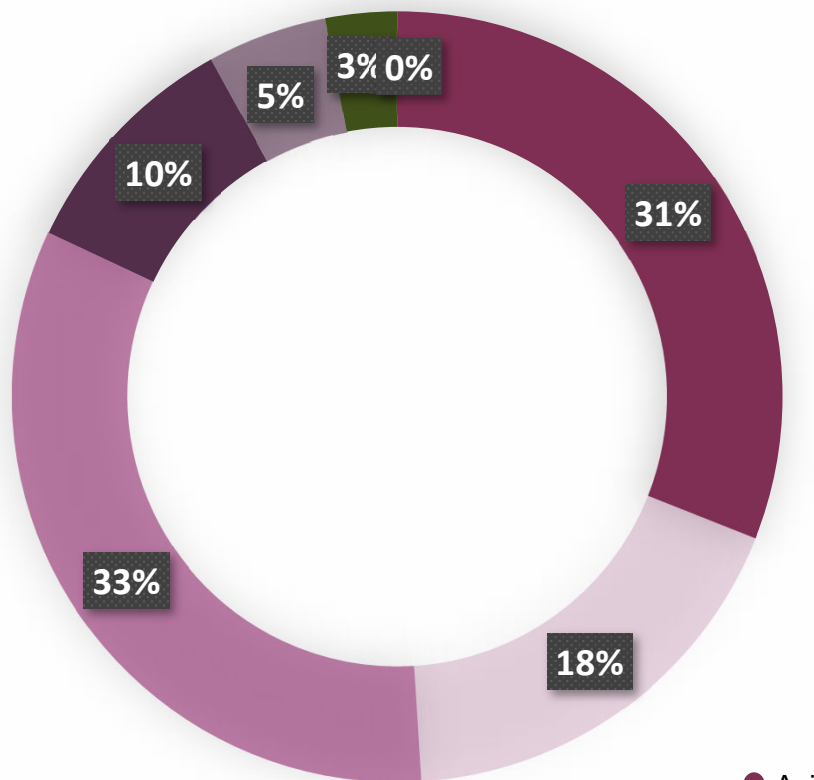


# Segmental Details: Petrochemicals

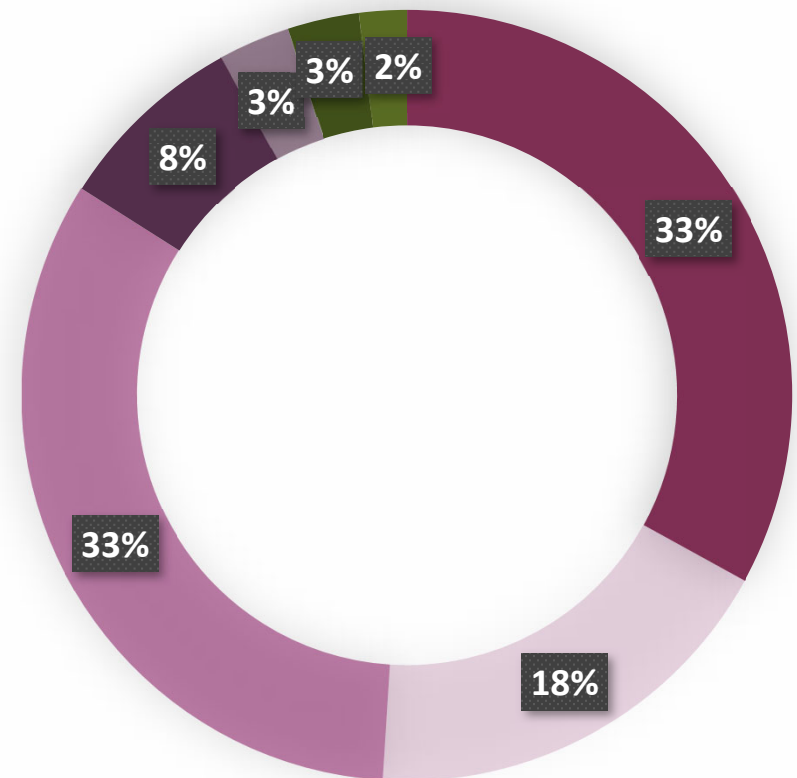
*Geographical analysis of segment revenue*

- Asia & Europe remains a main market for Petrochemical segment

H1-24 Segment Revenue (%)



H1-23 Segment Revenue (%)

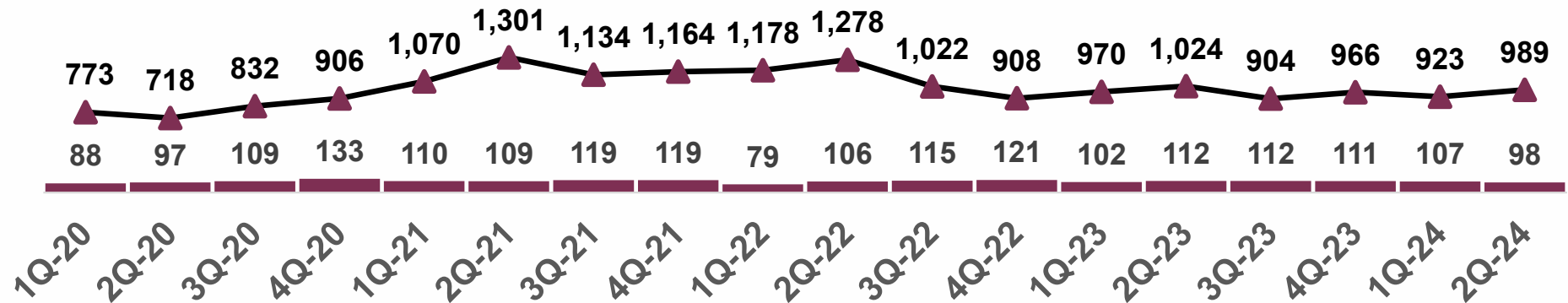




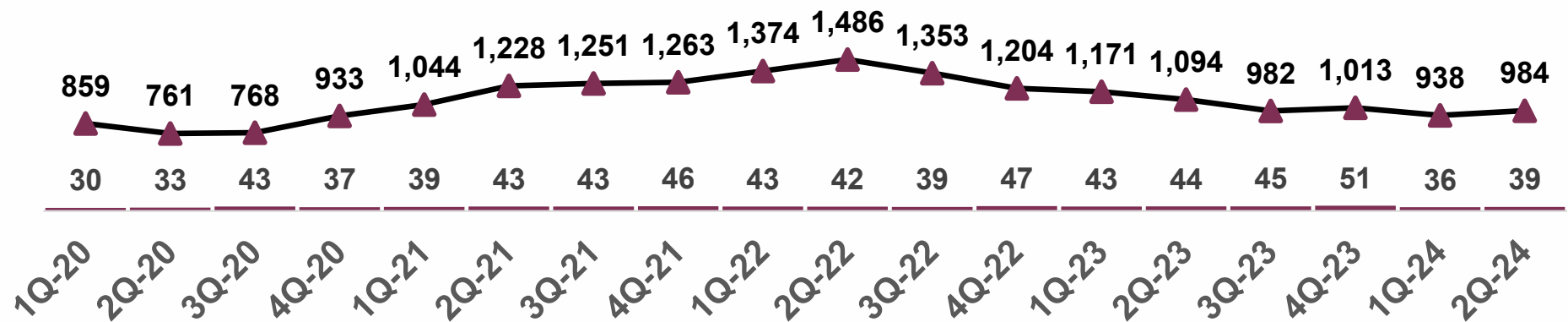
# Segmental Details: Petrochemical

Key segment products analysis

## HDPE



## NAO



- Commodity prices continued its downward trajectory since second half of 2022 mainly due to cautious approach from buyers and challenging macroeconomic climate.



# 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 QatarEnergy;
- 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 (MPHC share);
  - **Ethylene Dichloride (“EDC”):** 110,000 MT PA (MPHC share);
  - **Vinyl Chloride Monomer (“VCM”):** 215,000 MT PA (MPHC share);
- All production facilities are based within the State of Qatar.

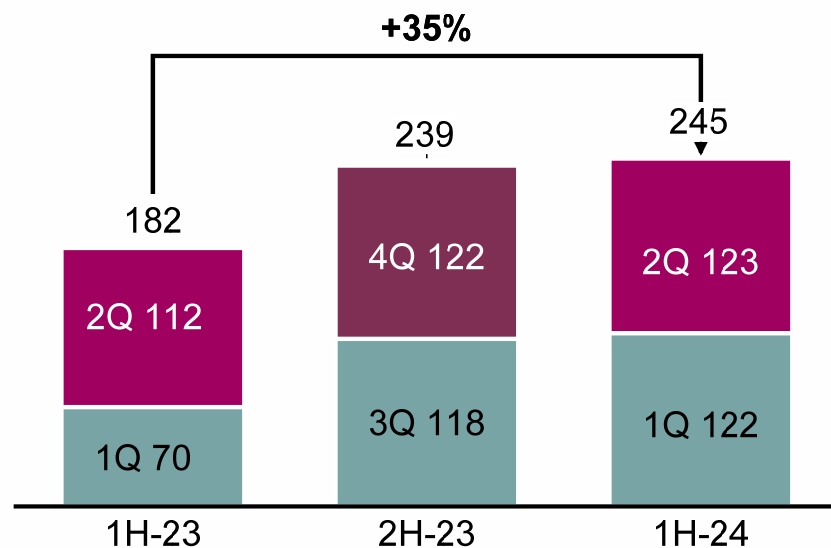


# Segmental Details: Chlor-Alkali

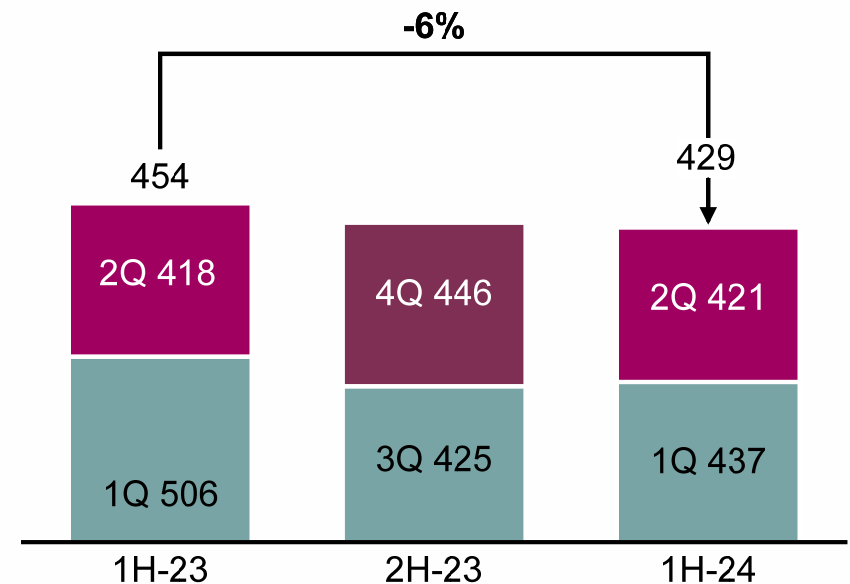
*Analysis of production & selling prices*

- **Production:** Production increased significantly as compared to 1H-23, mainly due to better plant availability;
  - Production inched upward compared to 1Q-24.
- **Selling Prices:** Declined versus 1H-23, reflecting the slower than expected recovery phase in global activities across sectors associated with chlor-alkali.
  - Selling prices marginally decreased versus 1Q-24, as volatility persisted in chlor-alkali market.

## Production (MT' 000)



## Selling prices (\$/MT)

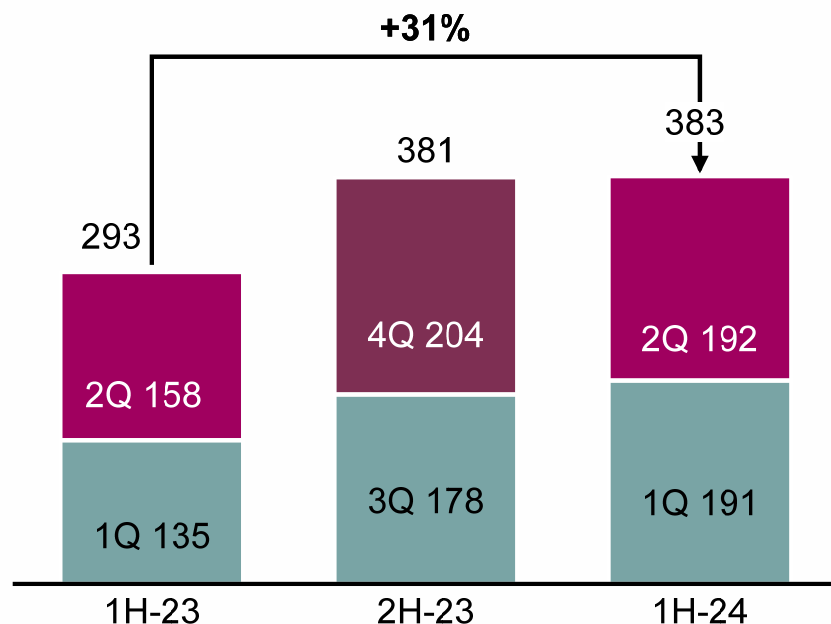


# Segmental Details: Chlor-Alkali

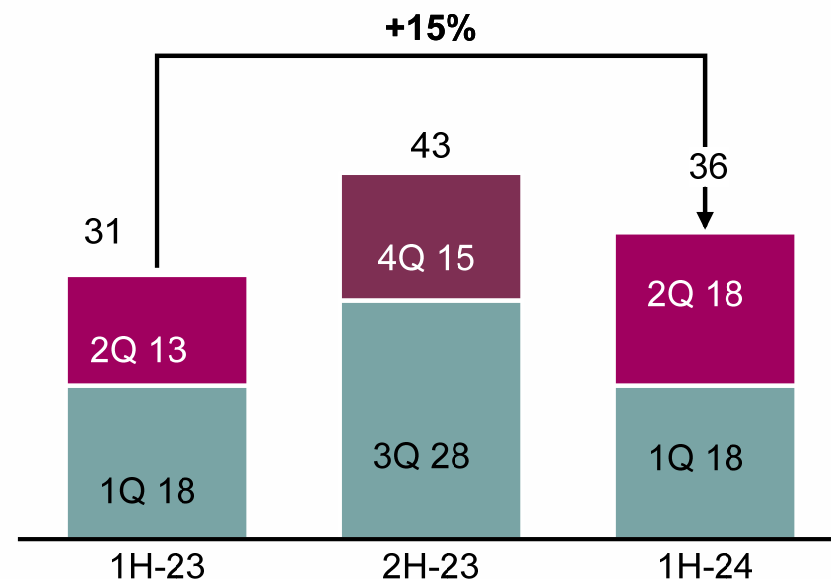
*Analysis of segment revenue & net profit*

- **Revenue:** Up as compared to 1H-23, mainly due to higher sales volumes, amid higher production, partially offset by lower selling prices;
  - Revenue for 2Q-24 remained relatively flat, as reduction in avg selling prices was fully offset by improvement in sales volumes.
- **Net profit:** Up as compared to 1H-23, primarily attributed to increase in revenue is partially offset by lower selling prices and higher cost.
  - Net profit remained flat versus 1Q-24, mainly due to flattish revenue on quarterly basis.

## Revenue (QR' million)



## Net profit (QR' million)

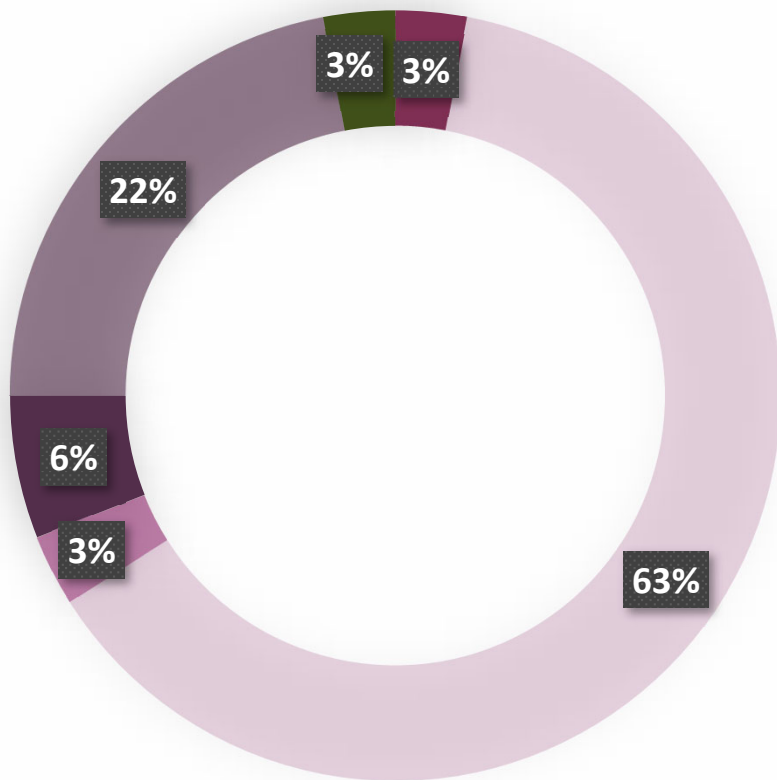


# Segmental Details: Chlor-Alkali

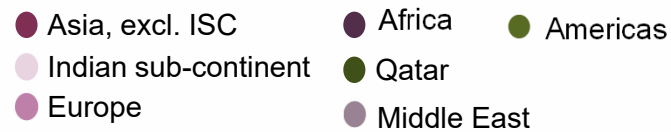
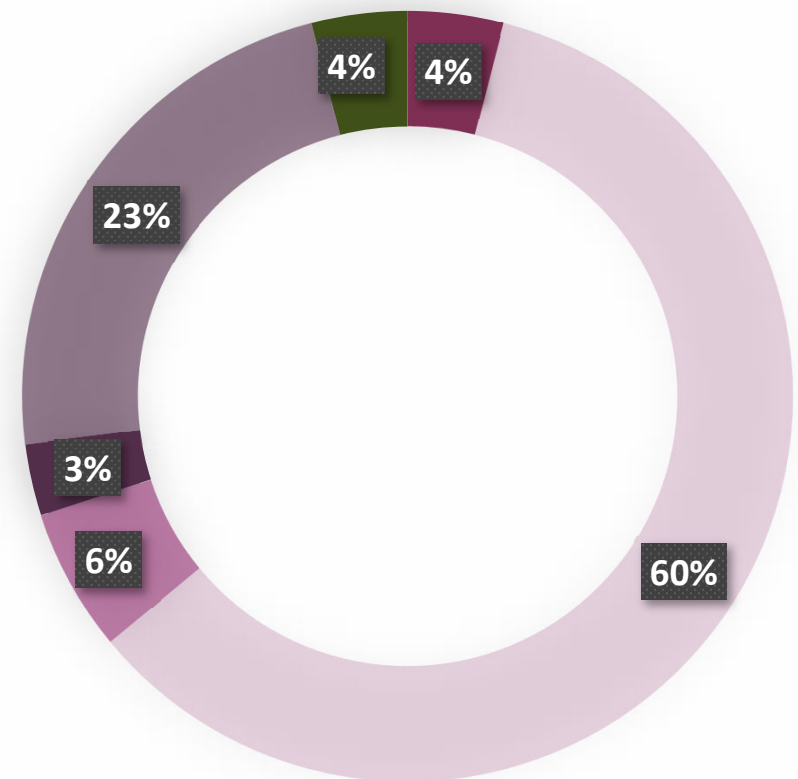
*Geographical analysis of segment revenue*

- Indian sub-continent remain a main market for Chlor-Alkali segment

**H1-24 Segment Revenue (%)**



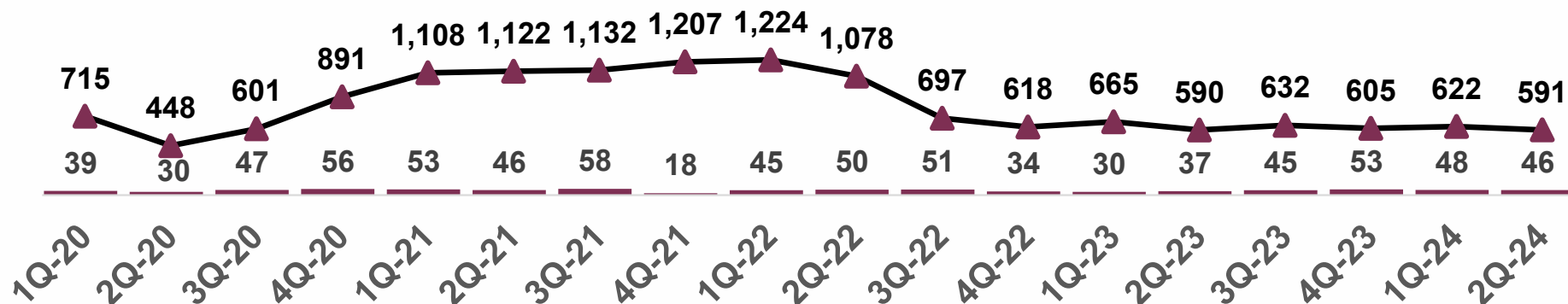
**H1-23 Segment Revenue (%)**



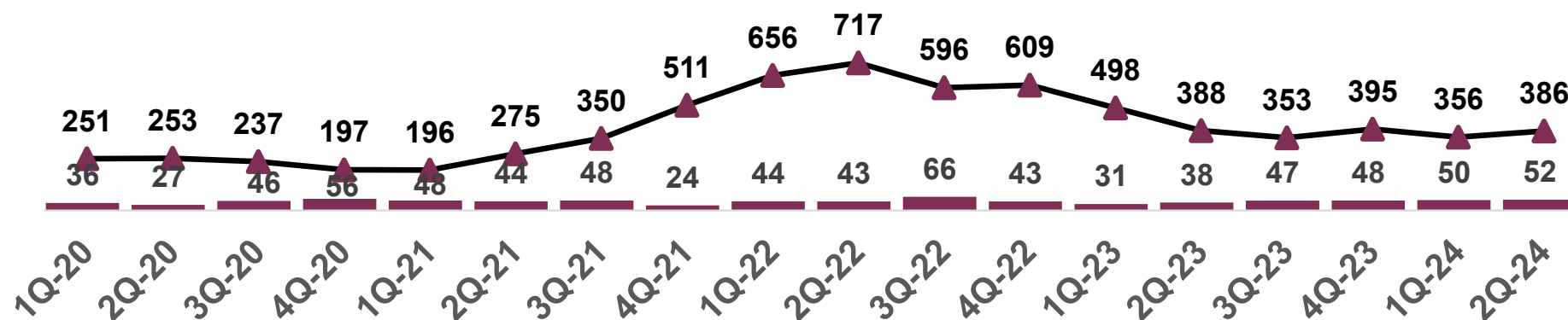
# Segmental Details: Chlor-Alkali

Key segment products analysis

## Vinyl Chloride Monomer (VCM)



## Caustic Soda



- Selling prices for chlor-alkali products rebounded since mid-2020 underpinned by better demand and constructive macroeconomic drivers. However, recent price decline was mainly attributed to lower end-product prices.



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# CAPEX (2024F – 2028F)

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# CAPEX (2024F – 2028F) – MPHC share –QR Million

- MPHC Share of Cumulative CAPEX spend across all segments during 2024-2028 is presented in the below table

Sr no	Project name	Category	2024	2025	2026	2027	2028
<b>Q-Chem : Major Projects</b>							
1	2026 Turnaround Cost	Turnaround	5.4	17.8	71.3	107.0	0.0
2	New 6th Furnace Project in Ethylene unit	Payout	0.0	0.0	0.0	0.0	0.0
3	Dock Jetty Upgrade	Safety	7.8	0.0	0.0	0.0	0.0
4	NZLD	Environment	4.6	13.4	31.7	47.4	16.2
5	Others: Less than QR 100 m		44.1	99.2	76.9	50.7	81.9
<b>GRAND TOTAL QChem</b>			<b>61.9</b>	<b>130.4</b>	<b>180.0</b>	<b>205.1</b>	<b>98.1</b>
<b>Q-Chem II : Major Projects</b>							
1	2025 Turnaround Costs	Turnaround	14.3	44.6	82.0	0.0	0.0
2	2025 Turnaround Costs (RLOC)	Turnaround	12.5	44.6	101.7	0.0	0.0
3	NAO Tanks Upgrade	Operational Necessity	8.0	13.7	4.3	1.8	0.0
4	NZLD Project for RLOC	Environment	27.8	0.0	0.0	0.0	0.0
5	Others: Less than QR 100 m		35.5	59.4	52.6	55.3	57.1
<b>GRAND TOTAL QChemII</b>			<b>98.1</b>	<b>162.3</b>	<b>240.6</b>	<b>57.1</b>	<b>57.1</b>
<b>QVC : Major Projects</b>							
1	PVC Project Phase 2	Operational Necessity	295.5	214.5	0.0	0.0	0.0
2	Power Plant Upgrade Investment Including Spare Parts	Operational Necessity	8.6	3.3	0.9	0.0	0.0
3	Revamping & Upgrading of Qapco Electrical Network	Operational Necessity	59.0	11.8	0.0	0.0	0.0
4	Others: Less than QR 100 m		93.6	51.1	28.9	13.7	9.1
<b>GRAND TOTAL QVC</b>			<b>456.6</b>	<b>280.8</b>	<b>29.8</b>	<b>13.7</b>	<b>9.1</b>
<b>GRAND TOTAL</b>			<b>616.6</b>	<b>573.5</b>	<b>450.4</b>	<b>275.8</b>	<b>164.2</b>

*Note: The CAPEX figures for the years 2024-28 are based on the 2024 approved budget and business plan, based on the expectations of the market conditions and commodity prices forecasted at the time of finalizing the 2024 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.*



# New PVC Project & QVC restructuring

## Key Highlights of New PVC project

*First PVC plant in the State of Qatar*

Nameplate capacity of **350k mtpa** Suspension PVC

EPC awarded valued at **USD 239 million** / Total project cost **USD 279 million\***

Project **fully integrated** with existing QVC facilities

Construction expected to be completed **by mid-2025**

Source feedstock (i.e., Vinyl Chloride Monomer (VCM) from the existing facilities

**MPHC will fund 55.2% of the project;** remaining funding by IQ

\* Total project cost of USD 279 million includes EPC contract value, owner cost (allocation of shared service cost) and other contingencies.

## QVC restructuring

*after expiry of current JVA on 1<sup>st</sup> May 2026*

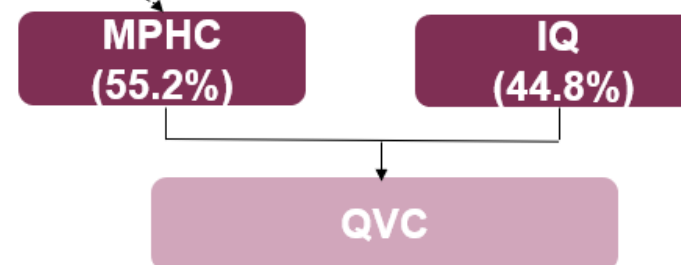
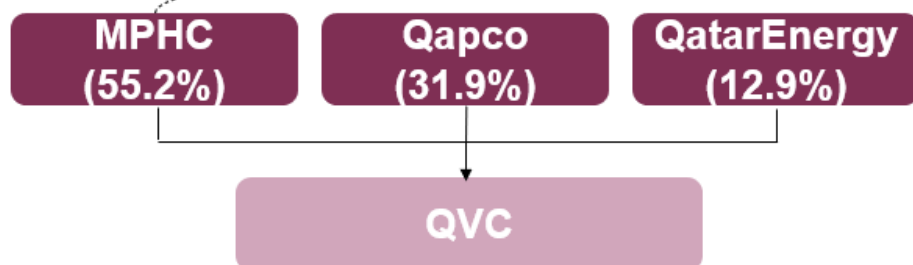


MPHC ownership to remain **unchanged**

**Ownership structure of QVC till the expiry of current JVA**

**New ownership structure of QVC – with effect from the date of the new JVA**

*No impact to MPHC's equity ownership in QVC; and MPHC will continue to own the same percentage of shareholding under the new JVA*



# New Salt Plant Project:

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## Project Overview:

- ✓ Board announced intention to enter into a joint venture “JV” with strategic partners for construction and operation of a salt plant.
- ✓ The initial studies of project estimated total cost of USD 290 million.
- ✓ Total production capacity estimated to reach 1 million tons per annum of industrial and table salt.
- ✓ The driver for the project to secure local demand for industrial salt. In addition, local demand of table salt. While surplus production would be available for export.

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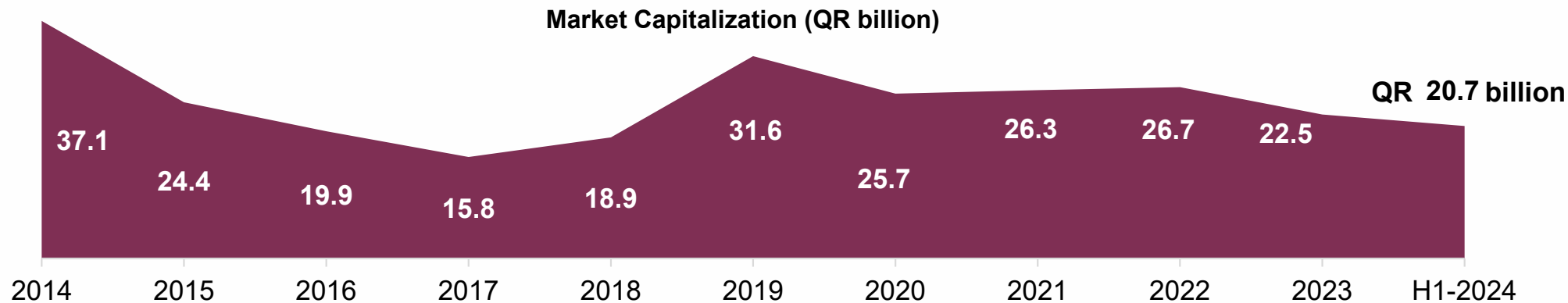
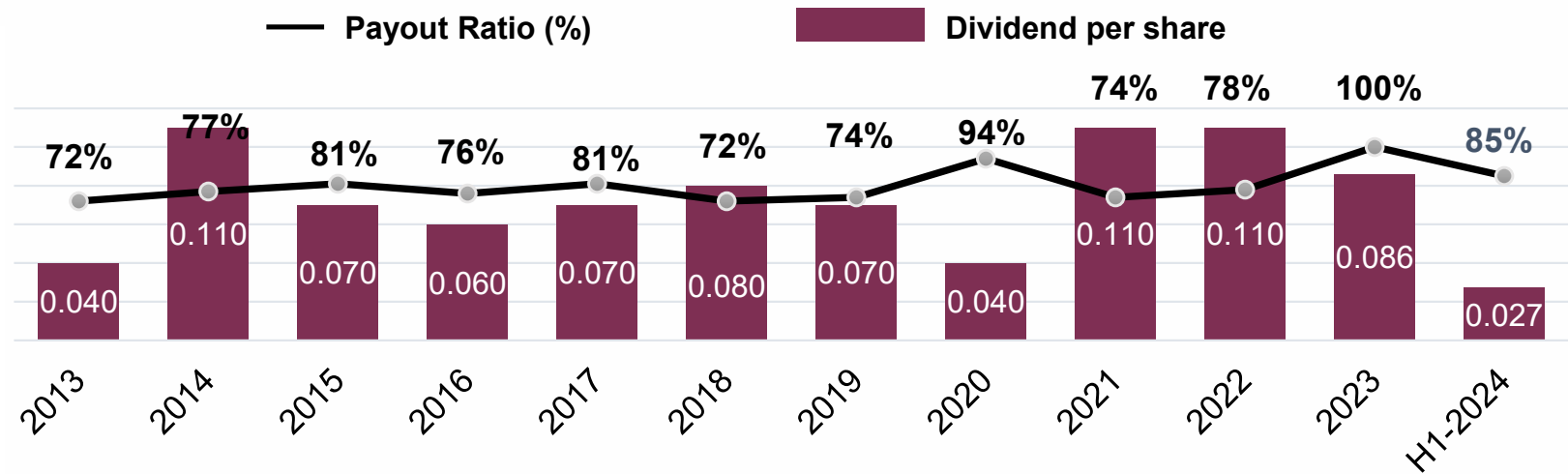
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# Dividends & Market Capitalization

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# Dividends & Market Statistics



- On 12th August 2024, the Board decided to distribute semi-annual dividend to the shareholders, inline with applicable regulations.

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# Historical performance (2018 – 2023)

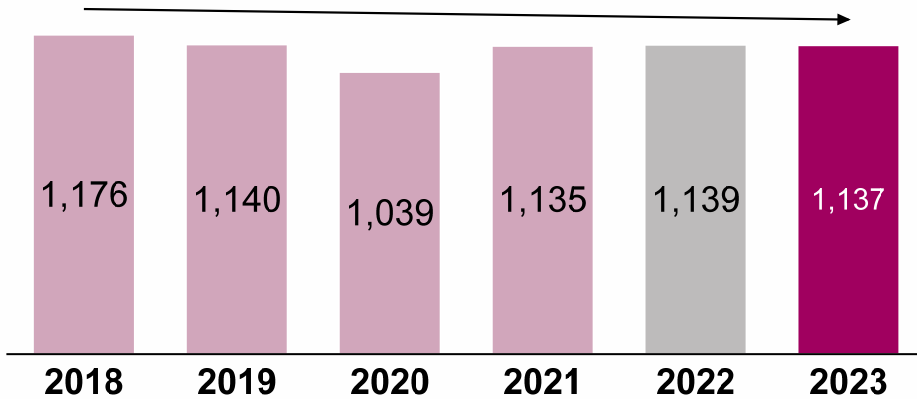
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# Historical performance (2018 – 2023)

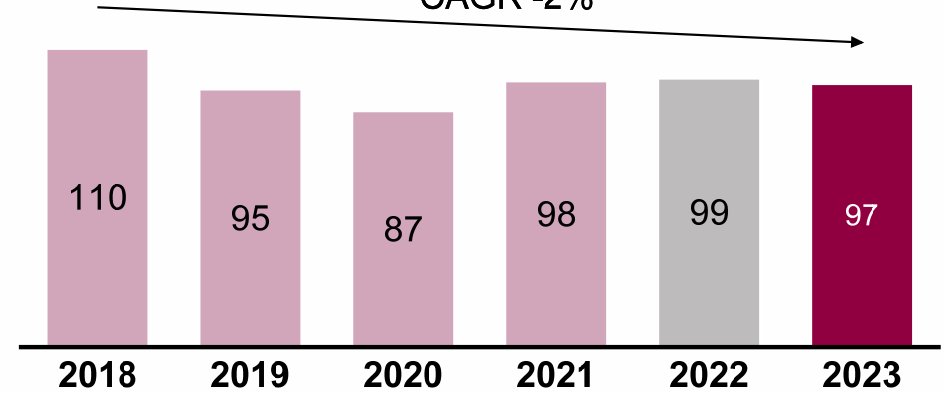
## Production (MT'000)

CAGR -1%



## Utilization (%)

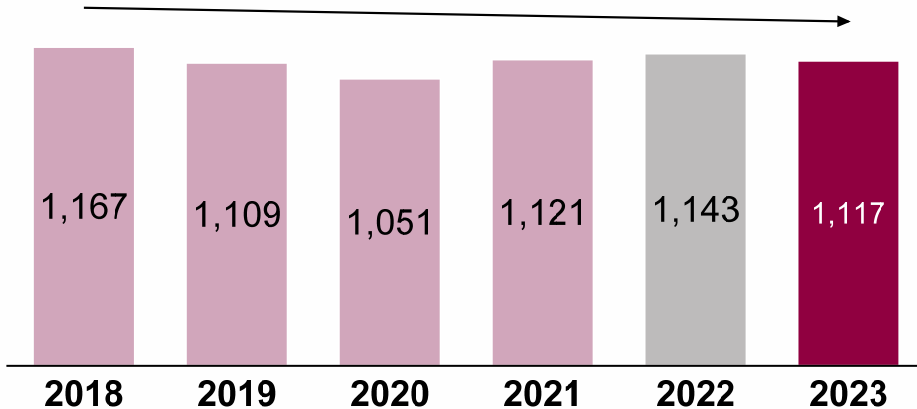
CAGR -2%



Production and sales volumes remained relatively stable ▪ Utilization moved in line with the production levels ▪ Selling prices reflected cyclical movements inline with the global commodity prices linked to macroeconomic conditions

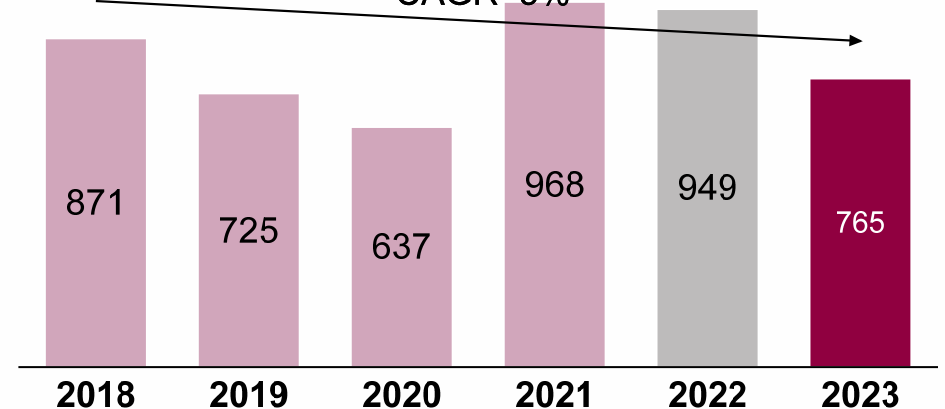
## Sales Volume (MT'000)

CAGR -1%



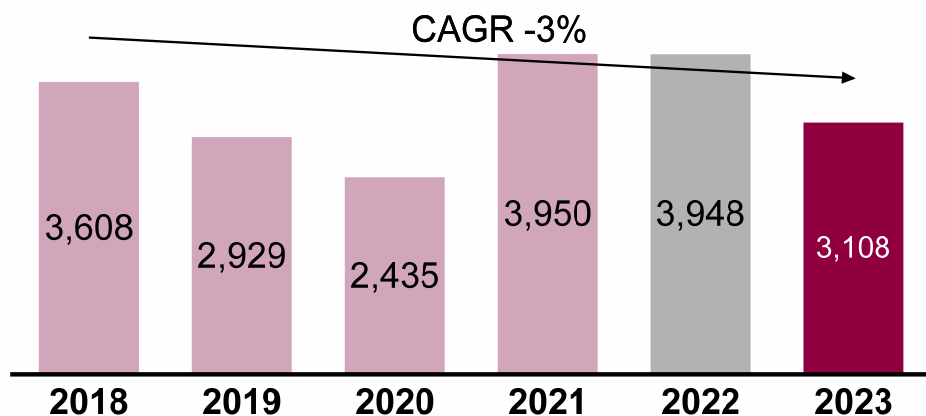
## Average Product Price (USD / MT)

CAGR -3%

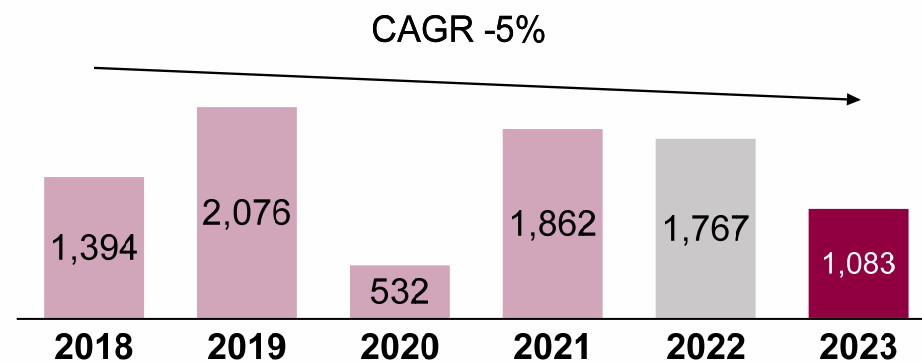


# Historical performance (2018 – 2023)

## Revenue (Million QR)

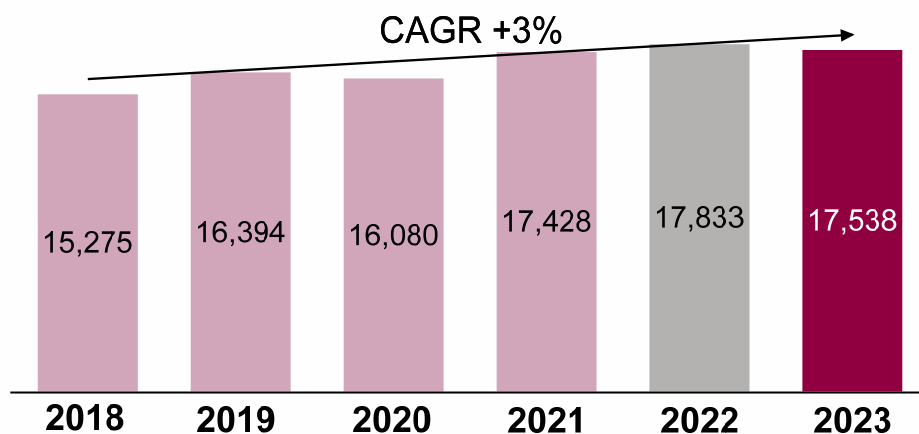


## Net Profit (Million QR)

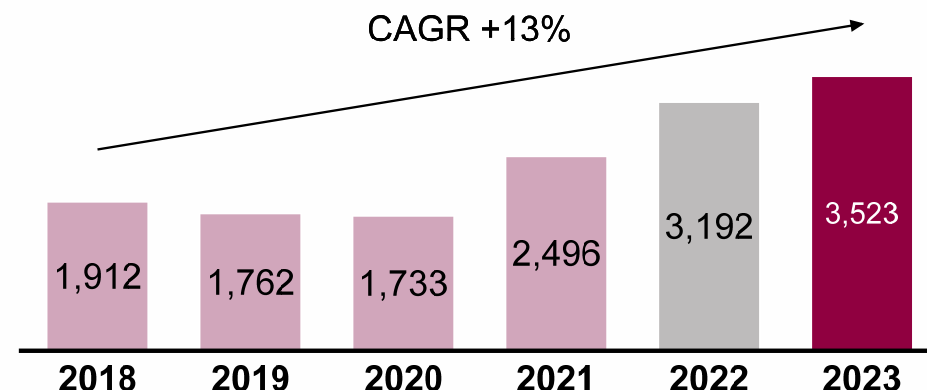


Both revenue and net profit witnessed movements, in line with product prices ▪ Total assets grew marginally, while the cash and cash equivalents remained robust

## Total Assets (Million QR)



## MPHC Head office Cash & Bank balances (Million QR)



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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 QatarEnergy.
- QatarEnergy 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 QatarEnergy 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 QatarEnergy 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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Please refer to [www.mphc.com.qa](http://www.mphc.com.qa) for the latest information, publications, press releases and presentations about MPHC and the group companies of MPHC.