

# **PRESS RELEASE**

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**For the year ended 31 December, 2016**

**MPHC DECLARES FULL YEAR NET PROFIT OF QR 995  
MILLION  
PROPOSED DIVIDEND PAYOUT OF 76%**

- **Cash dividend of QR 0.6 per share proposed; equivalent to a total payout of QR 754 million.**
- **Performance exceeds the group's budget.**
- **Strong liquidity position with closing cash of QR 1,082 million held by the company as at 31 December, 2016 after distribution of previous years' dividends of QR 854 million.**
- **The group continues to benefit from the ongoing cost optimization initiatives.**
- **Current year performance impacted by decline in product prices, partially offset by buoyant sales volumes.**
- **Tax refund of ~ QR 90 million booked during the year.**

**DOHA, QATAR** - Mesaieed Petrochemical Holding Company (“MPHC” or “the group”; QE: MPHC), a subsidiary of Qatar Petroleum and 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 year ended 31 December, 2016, with a net profit of QR 994.6 million.

The year 2016 was a crucial year as the group continued to excel in a highly volatile and competitive environment. The group witnessed significant instability in selling prices as the product prices declined by 7% on an average compared to the previous year on account of the plunge in global crude oil prices. However, the product prices recovered in November and December of 2016 following the recent uplift in crude oil prices. The financial and operational results were commendable despite the fluctuation in prices, and exceeded the group’s budget. With the successful completion of the periodic turnaround in some of the plants in the previous year, the production and sales volumes witnessed a significant improvement during the year.

## **Financial Results**

MPHC reported a commendable net profit of QR 994.6 million for the year ended 31 December, 2016 with an earnings per share of QR 0.79, posting a decline in profits of QR 92.5 million or 8% compared to a net profit of QR 1,087.1 million with an earnings per share of QR 0.87 during the previous year. The year-on-year decrease was due to the decline in selling prices by 7% despite improved sales volumes in the midst of a challenging market. This reduction was partially offset by the cost savings arising from the cost optimization initiatives undertaken by the group. These initiatives have resulted in improvement in many operating areas and the achievement of an overall cost savings of 6% from the 2016 budget.

The group’s profit was also aided by a tax refund of approximately QR 89.8 million booked during the year. The group continued to benefit from the supply of competitively priced ethane feedstock and fuel gas under long-term supply agreements. These contractual arrangements are an important value driver for the group’s profitability in the current challenging market conditions.

The closing cash position as at 31 December, 2016 after distribution of the previous years’ dividend of QR 854 million, was a robust QR 1,082 million. The total assets as at 31 December, 2016 was QR 14.4 billion, compared to QR 14.3 billion as at 31 December, 2015.

## **Performance Versus Budget**

The group closed the year with a net profit that was 18% more than the budgeted expectations. A favorable product price variance of 8% from the budget aided the variance.

## Proposed Dividend Distribution

The Board of Directors, in their meeting held on February 5, 2017, recommended a total annual dividend distribution for the year ended 31 December, 2016 of QR 754 million, equivalent to a payout of QR 0.6 per share, representing 76% of the group's profit.

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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 QR billions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

## DEFINITIONS

Cash Realisation Ratio:  $\text{Cash Flow From Operations} / \text{Net Profit} \times 100$  • Debt to Equity:  $(\text{Current Debt} + \text{Long-Term Debt}) / \text{Equity} \times 100$  • Dividend Yield:  $\text{Total Cash Dividend} / \text{Closing Market Capitalisation} \times 100$  • EDC: Ethylene Dichloride • EPS: Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year end) • EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation • Free Cash Flow:  $\text{Cash Flow From Operations} - \text{Total CAPEX}$  • HCL: Hydrochloric Acid • HDPE: High Density Polyethylene • NAO: Normal Alpha Olefins • NaOH: Caustic Soda • MT / PA: Metric Tons Per Annum • Payout Ratio:  $\text{Total Cash Dividend} / \text{Net Profit} \times 100$  • P/E: Price to Earnings (Closing market capitalisation / Net Profit) • Utilisation:  $\text{Production Volume} / \text{Rated Capacity} \times 100$  • VCM: Vinyl Chloride Monomer

## ABOUT MPHC

Mesaieed Petrochemical Holding Company Q.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%).

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