

MPHC DECLARES FULL YEAR NET PROFIT OF QR 1.8 BILLION

Proposed dividend payout of 77%

Cash dividend of QR 1.10 per share proposed, equivalent to a total payout of QR 1.4 billion • fourth quarter net profit of QR 418.8 million • enhanced liquidity position with total cash of QR 2.7 billion across all group companies as of December 31, 2014 • tax refund of QR 133.5 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, distribution and sale of olefins, polyolefins, alpha olefins and chlor-alkali products, announced its financial results for the year ended December 31, 2014, with a consolidated net profit of QR 1.8 billion.

Consolidated Financial Results

Management reporting revenue for the year ended December 31, 2014, calculated by proportionately consolidating group results as per IAS 31, was QR 4.3 billion. Management reporting revenue for the fourth quarter was QR 1.1 billion, a decrease of QR 11.5 million, or 1.0%, versus the third quarter of 2014.

The group continued to maintain strong EBITDA margins across all segments, as results were aided by resilient key product prices, supply of competitively priced ethane feedstock and fuel gas under long-term supply agreements with Qatar Petroleum and the recognition of a tax refund from the Public Revenues and Tax Department. These commendable results were achieved despite QVC witnessing planned maintenance during the first half of the year, and heightened operating costs. Consolidated net profit in the fourth quarter was QR 0.4 billion, a decline of QR 0.1 billion, or 12.3 %, versus the third quarter, principally due to a drop in alpha-olefin sales volume and prices.

The group’s liquidity position remained strong during the year, on buoyant cash realisation ratios across all group companies, with cash held across the group after distributing the previous year’s QR 439.7 million dividend, of approximately QR 2.7 billion. Total assets closed the year at QR 14.6 billion, an increase of QR 1.4 billion, or 10.9%, compared to the previous year.

Segmental Financial Results

The main activity of MPHC is to act as a holding company. The group consists of six companies, with three of them directly held: MPHC holds 49.0% of the issued share capital of each of Qatar Chemical Company Limited (“Q-Chem”) and Qatar Chemical Company II Limited (“Q-Chem II”), and 55.2% of the issued share capital of Qatar Vinyl Company Limited Q.S.C. (“QVC”).

Both Q-Chem and Q-Chem II each have a single, wholly-owned subsidiary, while Q-Chem II also has an effective ownership of 53.85% of Ras Laffan Olefins Company Limited. The group's facilities are all based within the State of Qatar, and are primarily engaged in the production of olefins, polyolefins, alpha olefins, and chlor-alkali products.

Prior year comparatives have not been included as the effective date of acquisition of the group's share in the joint ventures was September 1, 2013.

Q-Chem / Q-Chem II

The segment recorded revenue of QR 3.5 billion for the year ended December 31, 2014, while fourth quarter revenue was QR 0.9 billion, a marginal decrease of QR 5.7 million, or 0.7%, from the prior quarter, due to a drop in alpha-olefin sales volume and prices. In line with the segment's production and sales strategy, the polyolefin / alpha-olefin sales mix was adjusted in order to take advantage of pricing and market opportunities identified during the quarter. As a result, during the year ended December 31, 2014, polyolefins constituted 71% of revenue, alpha-olefins 26% with the remainder attributable to other minor products. Overall, prices of the company's key products were lower in the fourth quarter of 2014 in comparison to the third quarter of 2014.

EBITDA for the year was QR 2.2 billion, and QR 0.5 billion for the quarter. The segment's commendable quarterly EBITDA margin of 57.9% was achieved as the companies continued to benefit from excellent operating results and competitively-priced ethane feedstock supplied by Qatar Petroleum. Net profit for the year was QR 1.6 billion while the net profit for the fourth quarter was QR 0.4 billion, down by QR 58.1 million, or 14.2%, from the previous quarter. The net profit margin for the fourth quarter was 40.6%.

Total assets of the combined Q-Chem / Q-Chem II segment as at December 31, 2014 were QR 7.0 billion, and total debt was QR 1.5 billion. The entire debt balance was due by Q-Chem II, while the combined companies' cash realisation ratio was over 100%.

QVC

QVC registered full year revenue of QR 0.8 billion, while the fourth quarter revenue of QR 0.2 billion was marginally down on the previous quarter by QR 12.5 million, or 5.1%. Results for the year ended December 31, 2014 were impacted by planned shut-downs of the company's EDC, VCM and caustic soda facilities, principally during the first half of the year, while the negative quarter-on-quarter variance was due to a decrease in VCM and EDC sales volumes and prices.

Net profit for the year ended December 31, 2014 was QR 72.1 million, while EBITDA was QR 166.6 million. Fourth quarter earnings were QR 30.1 million, an increase of QR 6.4 million, or 27.1%, against the previous quarter. Year to date profit margins were adversely affected by expenditure related to the major shut-down and weak comparative selling expenses.

QVC's total assets as at December 31, 2014 were QR 1.3 billion. The company's cash position was aided by a creditable cash realisation ratio of over 100%, minimal CAPEX of only QR 64.2 million, and having no outstanding debt during the period.

Performance Versus Budget

Despite the planned maintenance noted in the first part of the year and the adverse trading conditions experienced in the latter part of the year, the group nevertheless was able to exceed full year budgeted profit expectations by over 20%. This commendable performance can be primarily attributed to the group's polyolefins business, where both sales volumes and product prices exceeded budgeted expectations.

Proposed Dividend Distribution

The Board of Directors aim to maximise the percentage of net profit paid as a cash dividend while maintaining adequate liquidity for the group's capital investments, working capital and financing needs, and the principles of financial prudence.

After ensuring sufficient cash is maintained for working capital, debt repayment and capital expenditure, and keeping in view the latest economic forecasts, the Board of Directors, in their meeting on January 7, 2015, recommended a total annual dividend distribution for the year ended December 31, 2014 of QR 1.4 billion. This is equivalent to a payout of QR 1.10 per share and represents 77.0% of the group's profits. This proposed dividend compares favourably to the previous distribution amount of QR 439.7 million, or QR 0.35 per share, that was paid for the four-month period ended December 31, 2013.

Conclusion

The Board of Directors and senior management look forward to 2015 with renewed confidence in the sound financial and operational position of the group, and continued strong support from our esteemed shareholders.

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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%).

CONTACT DETAILS

Name	Mr. Khalid Al-Subaey
Title	Chief Coordinator
Telephone Number	(974) 4013-2080
Fax Number	(974) 4013-9750