

MPHC DECLARES FIRST QUARTER PROFIT OF QR 464 MILLION

Results in line with budget, following strong 2013 performance

Total cash of QR 630 million generated from operations across all group companies • tax refund of QR 13 million registered during the quarter

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 quarter ended March 31, 2014 with a net profit of QR 463.8 million.

In comments issued to the Qatar Exchange, H.E. Dr. Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry, Chairman of Mesaieed Petrochemical Holding Company, stated, “All group companies performed in line with budgeted expectations. In addition, cash generation remained strong, with a total of QR 629.5 million of cash from operations across all group companies for the first quarter. These results compare favourably to the group’s 2013 four-month performance, and bode well for the balance of year outlook.”

Consolidated Financial Results

Elaborating on the financial results, Mr. Khalid Al-Subaey, Chief Coordinator, Mesaieed Petrochemical Holding Company, stated, “These results for the three months ended March 31, 2014 were aided by resilient key product prices, and the recognition of a tax refund from the Public Revenues and Tax Department. As a result, total cash and cash equivalents across all group companies grew by QR 459.9 million during the quarter to a total of QR 2.0 billion, indicating the group’s healthy cash position.”

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.S.C (“Q-Chem”) and Qatar Chemical Company II Limited Q.S.C (“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 Cracker 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.

Q-Chem / Q-Chem II

Continuing, Mr. Al-Subaey stated, "Revenue of the combined Q-Chem / Q-Chem II business unit for the first quarter of 2014 was QR 908.3 million. This commendable quarterly revenue was largely on par with the companies' performance in the last four months of 2013, and was primarily based on strong polyolefin utilisation rate of 123%. In line with the business unit's production and sales strategy, the polyolefin / alpha-olefin sales mix was adjusted versus the last four months of 2013 in order to take advantage of pricing and market opportunities identified during the quarter. As a result, polyolefins constituted 71% of revenue, alpha-olefins 27% with the remainder attributable to other minor products.

"Overall, prices of the business unit's key polyolefin and alpha-olefin products were largely flat in comparison to the previous four months of 2013," elaborated Mr. Al-Subaey.

Combined EBITDA for the period was QR 585.4 million, at a creditable EBITDA margin of 64.5%, as the business unit continued to benefit from the supply of competitively-priced ethane feedstock by Qatar Petroleum. Net profit for the quarter was QR 444.9 million and net profit margin was 49.0%, with the difference between net profit and EBITDA primarily due to current and deferred taxes (QR 81.0 million) and depreciation (QR 55.2 million).

Total assets of the combined Q-Chem / Q-Chem II business unit as at March 31, 2014 were QR 7.3 billion, with cash and cash equivalents before dividends increasing by QR 367.3 million versus the year-end, to close at QR 1.3 billion. Total debt was QR 1.8 billion, with the entire balance due by Q-Chem II, while the combined companies' cash realisation ratio was over 100%.

QVC

"QVC registered revenue of QR 174.5 million from the sale of its chlor-alkali products for the three months ended March 31, 2014," noted Mr. Al-Subaey. "Results were not materially impacted by planned shut-downs of the company's EDC, VCM and caustic soda facilities, as sales volumes were boosted by the release of prior period inventory. This major shut-down started towards the end of February and is due to be completed in April, 2014, and is in accordance with the plants' major maintenance cycles."

Net profit recorded during the period was QR 8.1 million, while EBITDA was QR 28.0 million. Profit margins were adversely affected by expenditure related to the major shut-down and increased selling expenses.

QVC's total assets as at March 31, 2014 were QR 1.3 billion, with cash and cash equivalents before dividends accounting for QR 438.1 million. The company's cash position was aided by a creditable cash realisation ratio of over 100%, minimal CAPEX of only QR 27.6 million, and having no outstanding debt during the period.

Group Taxation Status

Subject to fulfilling specified conditions in a clarification received from Public Revenues and Tax Department, MPHIC is eligible for a tax refund of QR 13.2 million for the period from the date of the company's listing to the end of the accounting period on March 31, 2014.

Clarification Statement

In a brief statement to the Qatar Exchange dated March 20, 2014, it was confirmed that MPHIC 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 Q-Chem, Q-Chem II and QVC of September 1, 2013. Accordingly, MPHIC's share of the 2013 results of each of Q-Chem, Q-Chem II and QVC is limited to the four-month period from the agreed effective share transfer date of September 1, 2013 to the financial year-end of December 31, 2013.

Dividend Distribution

Commercial Bank was appointed on March 26, 2014 as the dedicated dividend distribution bank of the group, and accordingly commenced distributing dividends for the four months ended December 31, 2013 immediately after the first post-IPO annual general assembly meeting on April 9, 2014. A number of distribution channels have been established to facilitate shareholders receiving their dividends, including electronic transfer, and payment by cheque or in cash. A dedicated call centre manned by trained specialists has also been established for handling queries.

Conclusion

In conclusion, H.E. Dr. Al-Sada, remarked, "Following the creditable financial performance of the group's first quarter, the Board of Directors and senior management remain confident of the positive future outlook for the group as it seeks to establish itself as one of the region's premier diversified petrochemical conglomerates."

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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 ($\text{Net Profit} / \text{Number of Ordinary Shares outstanding at the year end}$) • 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.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, which engages in the sale and distribution of all of Q-Chem's products through agency agreements with Muntajat and Chevron Phillips Chemical International Sales, Inc. ("CPCIS"); (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, which is engaged in the sale and distribution of all of Q-Chem II's products through agency agreements with Qapco and CPCIS, and an effective ownership interest of 53.85% in a joint venture, Ras Laffan Olefins Cracker 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