

## **MPHC DECLARES NINE MONTHS PROFIT OF QR 1.4 BILLION**

*Third quarter net profit of QR 477.5 million • total cash of QR 2.2 billion across all group companies as of September 30, 2014 • tax refund of QR 94.9 million booked during the year-to-date*

**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 period ended September 30, 2014 with a net profit of QR 1.4 billion. MPHC closed the nine months period ended September 30, 2014 with net profit of QR 1.4 billion with the liquidity position across the group remaining strong at QR 2.2 billion. The third quarter net profit was QR 477.5 million, an increase of QR 41.8 million versus the second quarter representing an increase of 9.6%.

### **Consolidated Financial Results**

The group continued to maintain strong EBITDA margins which 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. Cash across all group companies as at September 30, 2014 remained at QR 2.2 billion indicating the group’s strong cash position. The utilisation rates during the third quarter remained strong.

### **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.

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 reported a revenue of QR 1.2 billion for the nine-months period ended September 30, 2014, while third quarter revenue was QR 385.4 million, a decrease of QR 13.2 million or 3.3% due to a drop in polyolefin sales volumes by 7.3% versus the prior quarter. In line with the business unit’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 third quarter. As a result, during the nine months period ended September 30, 2014, polyolefins constituted 90% of

revenue, alpha-olefins 7% with the remainder attributable to other minor products. Overall, prices of the company's key products were largely flat in comparison to the second quarter of 2014.

EBITDA for the quarter was QR 223.7 million, at a commendable EBITDA margin of 58.0%, as the company continued to benefit from competitively-priced ethane feedstock supplied by Qatar Petroleum. Net profit for the period was QR 445.6 million while the net profit for the third quarter was QR 132.2 million, marginally down by QR 1.6 million or 1.2% from the previous quarter. The net profit margin for the third quarter was at 34.3%.

## **Q-Chem II**

Revenue reported by Q-Chem II for the nine months period ended September 30, 2014 was QR 1.6 billion, while third quarter revenue was QR 539.7 million, an increase of QR 45.9 million or 9.3% due to an increase in the ethylene sales volumes versus the prior quarter. In line with the business unit'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 third quarter. During the nine months period ended September 30, 2014, polyolefins constituted 47% of revenue, alpha-olefins 41% with the remainder attributable to other minor products. Overall, prices of the company's polyolefin products were largely flat in comparison to the second quarter of 2014.

EBITDA for the quarter was QR 333.6 million, with a high EBITDA margin of 61.8%, as the company continued to benefit from competitively-priced ethane feedstock supplied by Qatar Petroleum. Net profit for the nine-month period ended September 30, 2014 was QR 799.9 million while the net profit for the third quarter was QR 277.0 million, up by QR 19.2 million or 7.5% from the previous quarter. The net profit margin for the third quarter was at 51.3%.

Total assets of the combined Q-Chem / Q-Chem II business unit as at September 30, 2014 were QR 6.7 billion, and total debt was QR 1.6 billion. The entire debt balance was due by Q-Chem II, while the combined companies' cash realisation ratio was over 100%.

## **QVC**

QVC registered revenue of QR 591.5 million, while the third quarter revenue of QR 243.3 million was up by QR 69.5 million or 40% from the previous quarter since all the plants were fully operational during the third quarter of 2014. Results for the nine months period ended September 30, 2014 were impacted by planned shut-downs of the company's EDC, VCM and caustic soda facilities.

Net profit recorded during the third quarter of 2014 was QR 23.7 million, an increase of QR 5.4 million from the previous quarter while the net profit during the nine months period ended September 30, 2014 was QR 42.0 million, while EBITDA was QR 111.4 million. 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 September 30, 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 51.8 million, and having no outstanding debt during the period.

### **Production Shut-Down Timetable**

No major down-time is planned during the fourth quarter of 2014.

### **Conclusion**

We look forward to the balance of the year optimistically with all production assets expected to operate more efficiently after the completion of 2014 shutdown at QVC plants.

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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, 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%).

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