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## **PRESS RELEASE**

### **MUNTAJAT ADDS LOTRÈNE® TO ITS EXPORT PORTFOLIO**

- Transition to Muntajat of sales and marketing activities for products produced by QAPCO and Qatofin begins
- Upon completion of the transition process of LDPE and LLDPE marketing and distribution responsibilities, Muntajat's portfolio will cover nearly 90% of Qatar's chemical, polymer and fertiliser export portfolio

**Doha, Qatar** – The marketing and distribution responsibilities for the globally recognised Lotrène brand of low density polyethylene (LDPE) and linear low density polyethylene (LLDPE) have been successfully transitioned to Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C., the company with the mandate to export Qatar's 10 million tonnes of chemicals and petrochemicals to worldwide markets.

In the State of Qatar, LDPE and LLDPE are produced by Qatar Petrochemical Company (QAPCO) Q.S.C and Qatofin Company Limited, respectively, and these high-quality Qatari products are being sold to over 4,500 customers worldwide under the brand name "Lotrène".

Muntajat has assumed the commercial and export responsibilities for QAPCO's LDPE and Qatofin's LLDPE products, making it the representative of the "Lotrène" brand. This achievement marks the company's entry to the polymers sector, Muntajat's third area of operations after the successful transitions of the marketing and distribution activities of the chemicals and fertilisers produced in the State of Qatar earlier this year.

In comments on the occasion, H.E. Dr. Mohammed Bin Saleh Al-Sada, Minister of Energy & Industry and Chairman of the Board of Directors of Muntajat, said "QAPCO has long been a standard by which we measure the success of Qatar's downstream industry. With Muntajat now marketing its products, QAPCO will have ample opportunity to continue its growth and contributions to the national vision, leveraging its new LDPE-3 plant that was inaugurated last year."

H.E. Dr. Al-Sada also welcomed Qatofin as the latest successful addition to Muntajat's marketing activities, and said "its production of LLDPE is a testament to Qatar's efforts to develop the polyethylene product range"

Dr. Al-Sada said: "Qatar's chemical and petrochemical industry investments over the next few years will further increase its export portfolio to 23 million tonnes per year by 2020, thus positioning Qatar among the top exporters in the industry."

"We are confident that Muntajat is on track to become one of the world's leading marketing and distribution companies in the chemicals and petrochemicals industry in the near future," Dr. Al-Sada concluded.

Mr. Abdulrahman Ali Al-Abdulla, CEO of Muntajat, said: "Lotrène is a brand known worldwide for quality and reliability of supply. We promise our loyal customers that they will continue to receive the same high quality LDPE and LLDPE products they have been importing from the State of Qatar without any interruptions to the supply chain. We believe that quality products coupled with world-class service levels, before and after sales, will help our customers in achieving production efficiencies and enhancing their competitive advantages. We are committed to grow the Lotrène brand to become renowned globally as a leading brand for all polymers produced in the State of Qatar."

Mr. Al-Abdulla added: "This milestone marks our largest customer base transition. With QAPCO and Qatofin's products now on-board, we look forward to the final steps in our operational set up. Muntajat is delivering on its promise to be the gateway for Qatar's chemical and petrochemical products with over 2 million tonnes of chemicals and petrochemicals shipped already to over 40 countries around the world since Muntajat started its marketing activities on February 1st."

Mr. Al-Abdulla concluded his comments by saying: "Since the first transition four months ago, we have accomplished many milestones and are well advanced in achieving our strategic objectives. I am pleased to announce that Muntajat now markets, sells and distributes nearly 90% of Qatar's chemical, polymer and fertiliser export portfolio."

In the course of the past few months, Muntajat's shipments have reached across Asia, Africa, Europe, North America and South America. The company will rely on its advanced supply chain programme to reduce product delivery lead times and better serve its global customers.

QAPCO has an existing network of established global offices that previously served the company's sales and marketing functions. These offices are under evaluation as Muntajat integrates many into its new Global Marketing Network Company that will serve customers in more than 120 markets worldwide. All future LDPE and LLDPE orders coming in from existing QAPCO and Qatofin customers will be channelled through to Muntajat except these quantities that will be promoted through the QAPCO existing established global offices till the completion of establishment of the Muntajat new Global Marketing Network Company and its branches and offices.

Dr. Mohammed Yousef Al Mulla, Vice Chairman and Chief Executive Officer of QAPCO and Qatofin, said: "With the recent opening of our new LDPE-3 plant, we remain focused on expanding the production of products that are known throughout the world for quality and reliability. The transition of sales, marketing and distribution to Muntajat will provide further market leverage to drive the Lotrene brand's growth and the position of Qatar in the global petrochemical market. QAPCO and Muntajat are coordinating closely for a smooth transition to ensure that our customers will receive the same high quality LDPE and LLDPE products and the excellent customer service that they are used to receiving."

Since its establishment in August 2012, Muntajat has been finalising the necessary approvals as well as consulting all nine operating entities in Qatar's chemical and petrochemical industry to prepare for a full transition of their sales, marketing and distribution functions to Muntajat.

Already this year, Muntajat has taken over all the marketing and distribution functions of Qatar Fuel Additives Company Limited (QAFAC), Qatar Fertiliser Company (QAFCO), SEEF Limited, and Qatar Vinyl Company (QVC).

Muntajat was established by Minister of Business and Trade Decision 54/2012 in August 2012. By the Decree Law 11/2012, Muntajat is empowered to be exclusively responsible for Qatar's chemical and petrochemical exports, consolidating marketing and distribution efforts into a single entity to meet the needs of customers worldwide.

### **About QAPCO and Qatofin**

Qatar Petrochemical Company (QAPCO) Q.S.C was established in 1974 as a joint multinational venture to utilize the associated and non-associated ethane feed from petroleum/natural gas production in line with the industrialization plan of the State of Qatar. Commencing commercial production in 1981, QAPCO soon became well established in the global market for its commitment to quality and reliability.

QAPCO is owned by Industries Qatar (IQ) with 80% share and Total Petrochemicals of France with the remaining 20% share.

QAPCO's manufacturing facilities consist of an ethylene plant with a designed annual capacity of 720 KTA (though production is achieved over 800 KTA), three low density polyethylene (LDPE) plants with a total capacity of 700 KTA, a sulphur plant of 70 KTA, a hydrogenated propane/butane mix unit of 55 KTA, a hydrogenated pygasoline unit of 45 KTA beside the self-sufficient utilities plants and other offsite & auxiliary facilities. QAPCO is located in Mesaieed Industrial City.

Qatofin came about through the signing of a joint venture agreement in 2005 among three partners: QAPCO (63%), Total Petrochemicals (36%) and Qatar Petroleum (1%).

### **QAPCO and Qatofin Products**

QAPCO produces a wide range of LDPE grades suitable to all thermoplastics processing techniques with applications including packaging films, agricultural films, extrusion and coating lamination films, high clarity films, injection molding, foamed and other products that are widely used all over the world. Qatofin, on the other hand, produces LLDPE.

QAPCO's LDPE and Qatofin's LLDE are marketed under the trademark Lotrène®.

**Low-density polyethylene:** LDPE is a thermoplastic made from the monomer ethylene. It is translucent to opaque, robust enough to be virtually unbreakable and at the same time quite flexible. LDPE has excellent resistance to water, moisture and most organic solvents and chemicals

LDPE is widely used for manufacturing various containers, dispensing bottles, wash bottles, tubing, plastic bags for computer components, and various molded laboratory equipment.

**Linear low-density polyethylene:** LLDPE is a polyethylene known to be very flexible and elongates under stress. Qatofin produces a wide range of LLDPE grades suitable for all thermoplastics applications, such as packaging films, agricultural films, stretch films, cling films, lamination and other products having wide usage, which meet high quality performance and consistency.

LLDPE has penetrated almost all traditional markets for polyethylene. It is used for plastic bags and sheets (where it allows using lower thickness than comparable LDPE), plastic wraps, stretch wraps, pouches, toys, covers, lids, pipes, buckets and containers, covering of cables, geo-membranes and mainly flexible tubing.

### **Qatar's Chemical and Petrochemical Industry**

Recognised as one of the world's leading oil and gas producing nations, Qatar produces 10 million tonnes of chemicals, polymers and fertilisers each year to meet ever-increasing global demand and to support the growth of a wide number of industries at home and abroad.

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Investments of around USD 25 billion will be made in Qatar's chemical and petrochemical fields by 2020, fuelling rapid growth and supporting the nation's economic development and diversification as it moves towards what has been dubbed the "chemical and petrochemical decade".

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## GENERAL NOTES

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Industries Qatar'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

**CAGR:** 5-Year Compound Annual Growth Rate (from 2010 actuals) • **Cash Realisation Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as [Net Profit + Interest Expense + Depreciation + Amortisation - QR1.2bn government grant received in 2009] • **EPS:** Earnings per Share [Net Profit / Number of Ordinary Shares outstanding at the year end] • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **HBI:** Hot Briquetted Iron • **Interest Cover:** (Earnings before Interest Expense + Tax) / Interest Expense • **LDPE:** Low Density Poly Ethylene • **LLDPE:** Linear Low Density Poly Ethylene • **mmBTU:** Million British Thermal Units • **MT / PA:** Metric Tons Per Annum • **MTBE:** Methyl Tertiary Butyl Ether • **Net Debt:** Current Debt + Long-Term Debt - Cash & Cash Equivalents • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings multiple [Closing market capitalisation / Net Profit] • **ROA:** Return On Assets [EBITDA / (Total Assets - CWIP - PUD) x 100] • **ROCE:** Return On Capital Employed [Net Profit before Interest & Tax / (Total Assets - Current Liabilities) x 100] • **ROE:** Return On Equity [Net Profit / Shareholders' Equity x 100] • **Utilisation:** Production Volume / Rated Capacity x 100 [For new facilities, measure includes first full operational quarter only]

## ABOUT QAPCO

Qatar Petrochemical Company Limited QSC ("QAPCO") was incorporated in 1974 as a joint venture, and is currently owned by IQ (80%) and TOTAL Petrochemicals (France) [20%]. QAPCO has three joint ventures, Qatofin Company Limited QSC ("Qatofin"), Qatar Vinyl Company Limited QSC ("QVC") and Qatar Plastic Products Company WLL.

**Products:** Qapco's petrochemical products are:

- **Ethylene:** Ethylene is used as a feedstock for a wide range of chemicals. Approximately 50% of ethylene produced by QAPCO is utilised in the LDPE production process. A further 25% is utilised by QVC in the production of ethylene dichloride, vinyl chloride monomer and caustic soda. The remainder is exported to a number of Asian countries. When production reaches full utilisation at RLOC, about 70% of the ethylene share of Qatofin would be utilized towards LLDPE production and the remaining 30% will be exported. Once the QAPCO LDPE-3 plant comes into operation in 2012, the excess ethylene balance would be utilized towards LDPE production and thus there will not be any further export of ethylene, thereafter.
- **Low-Density Polyethylene (LDPE):** Various grades of LDPE, which is suitable for a wide range of thermoplastics processing techniques with applications such as films, pipes, cables and wires and other moulded products, is marketed under the Lotrène brand. It is exported to over 85 countries throughout the world.
- **Sulphur:** High quality sulphur is generated as a by-product from the ethylene process and is mostly exported to the Indian sub-continent and China.
- **Pyrolysis Gasoline:** The limited quantities of pyrolysis gasoline produced by QAPCO are used by associated local companies as a feedstock.
- **Mixed LPG, C3/C4:** The minimal quantities of mixed LPG generated are used locally to produce propane and butane.