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## **PRESS RELEASE**

### **QAPCO TO INAUGURATE THE THIRD LOW-DENSITY POLYETHYLENE PLANT**

Qatar Petrochemical Company's (QAPCO) preparations are almost complete for what promises to be a memorable inauguration on the 20th of November 2012 at Mesaieed Industrial City for its new state-of-the-art petrochemical facility, the 2.3 billion Qatari riyal LDPE 3. The high-profile event will see the facility, officially launched by His Highness Sheikh, Hamad bin Khalifa Al Thani, Emir of the State of Qatar.

QAPCO considers the LDPE 3 facility as another step in the company's role towards fulfilling the economic diversification goals of the Qatar National Vision 2030. While the country is blessed with ample hydrocarbon resources, the added value lays in the refined product.

Low Density Polyethylene, or LDPE, is the raw material required to manufacture most thermoplastic-based products. This includes items such as packaging films, agricultural film, extrusion and coating lamination film, high clarity film, injection molding, pipes, cables, wires, and other related products. The new facility will produce prime high pressure grade LDPE than existing QAPCO facilities, thus positioning the company as a global leader in LDPE production.

Currently, QAPCO's manufacturing facilities consist of an 800 KTPA (kilo-ton per annum) ethylene plant, a 70 KTPA sulfur processing facility, and two pre-existing LDPE plants, with a capacity of 400,000 MTPA. While the LDPE 3 facility came fully online, it is designed to take advantage of the company's excess ethylene feedstock, it will be producing 300,000 metric tons of LDPE per annum; thus increasing QAPCO's annual production of LDPE to 700,000 metric tons per annum.

LDPE 3 was conceptualized in 2002, when the company laid out its growth strategy and identified a high potential for the feasibility of launching this project to satisfy the growing global demand of the LDPE product. Construction began in 2009 when the foundation stone was laid by His Highness the Heir Apparent, Sheikh Tamim Bin Hamad Al Thani, with construction taking three years. Testing and commissioning has already been completed, and with operating parameter normalized, the facility has been producing commercial prime grade LDPE since the mid-August, 2012.

*"No stone was left unturned in our quest to deliver a world-class facility," explained Dr. Mohammed Yousef Al-Mulla, QAPCO's Vice Chairman and Chief Executive Officer. "The EPC (Engineering, Procurement, and Construction) contract was awarded to the German firm Udhe, which has extensive experience in constructing facilities for the petrochemical industry. In addition, our technology is licensed by Bassell, another global giant in the sector."*

Construction of the facility also presented an opportunity for QAPCO to streamline its operations; a new central control room was constructed to run all three facilities simultaneously. The entire migration process took place with very little downtime, and normal operations at the existing facilities were not disrupted at any point.

LDPE 3 also meets extremely stringent environmental standards as set forth by Qatar's Ministry of Environment, especially with the cooling water that is carefully treated before recycling it to the seashore of Mesaieed, and additionally, heat produced at the plant is recycled for heating and power. Safety regulations were especially adhered to, with a milestone 12.7 million man-hours with no loss time recorded.

*"QAPCO has some of the most stringent safety regulations; even meeting and exceeding international standards," explained Dr. Al-Mulla. "Thus hitting nearly 13 million man-hours with no loss time is a milestone by any standard."*

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LPDE 3's products will be sold through QAPCO's global marketing network, which stands at around 30-self operated offices, in addition to the logistic facilities. Thanks to international partners and other representative offices, 4500 industrial customers are currently being served by QAPCO's Global Marketing Network in 145 countries. The company's LDPE is being sold under the brand name 'Lotrène'.

*"At some point in the future, most plastic products sold world-wide can essentially have a 'Made in Qatar' stamp on them as the raw material would have been supplied by us," concluded Dr. Al-Mulla. "At the rate of the QAPCO's growth, and our increasingly diversified petrochemical portfolio, I believe that that future may not be too far away."*

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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.