

# QatarEnergy

## H1 2022 Investors Update Presentation

November 2022

# Disclaimer

- This presentation has been prepared by QatarEnergy (the “Company”) solely for informational purposes. Certain of the information concerning industry trends and performance is/may be based upon or derived from information provided by third-party industry sources. The Company cannot guarantee the accuracy of such information or has independently verified the assumptions upon which such projections of future trends and performance are based.
- This presentation may contain certain forward-looking statements with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as “believes”, “expects”, “are expected to”, “anticipates”, “intends”, “estimates”, “should”, “will”, “shall”, “may”, “is likely to”, “plans”, “outlook” or similar expressions, including variations and the negatives thereof or comparable terminology. These forward-looking statements reflect the Company’s current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future and must be read together with such assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Company, and the forecast financial performance of the Company is not guaranteed. No reliance should be placed on these forward-looking statements.
- The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company’s behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this presentation.
- This presentation and the information contained herein do not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Company. This presentation does not constitute or form part of and should not be constructed as an offer to sell or issue, solicitation, or invitation to subscribe for, underwrite or otherwise acquire, and should not be construed as an advertisement for, any securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, adequacy, completeness or correctness of the information or opinions contained herein or any further information supplied.



# Key Messages

---

Market situation and condition

Strong focus on LNG and development of LNG projects

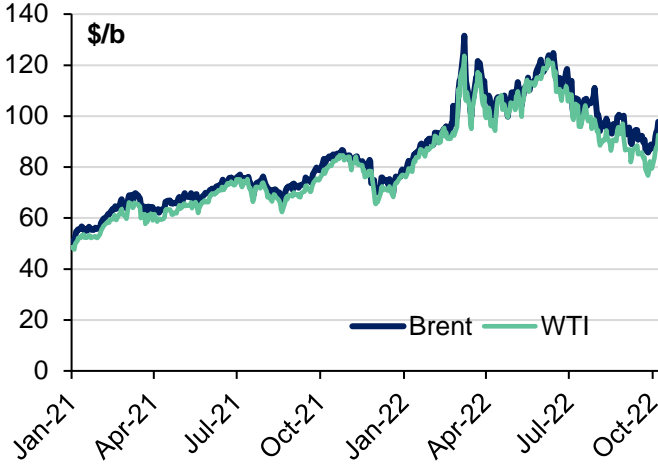
Sustainability

International expansion and other operations

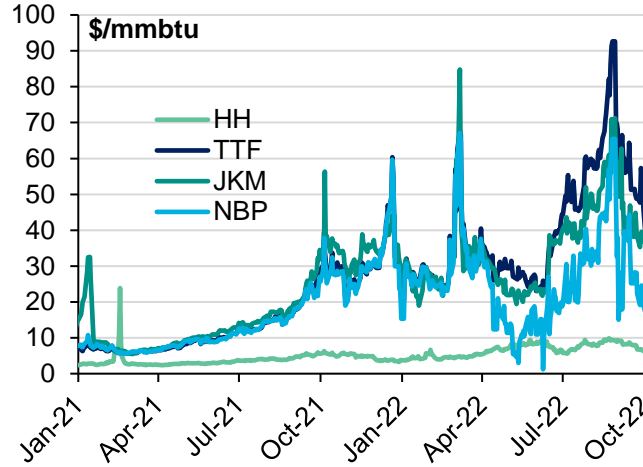
Robust financial results

# Market Review & Long-Term Outlook

## Oil



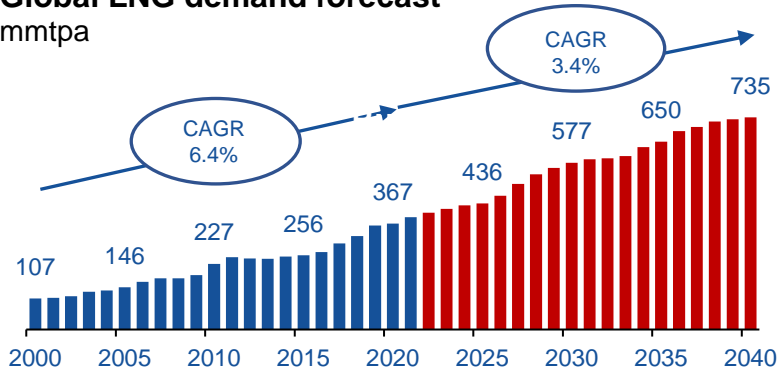
## Gas



## Key comments

- Energy prices have surged to record levels on tight supply, robust post-pandemic demand and the war in Ukraine
- TTF day-ahead up 303% y/y on in H1 2022, while JKM was up 191%
- Dated Brent up 66% y/y in H1 2022
- Shift in LNG trade flows towards Europe due to lower Russian pipeline gas
- Europe's LNG imports rose 59% y/y in H1 2022

## Global LNG demand forecast



Natural gas is the cleanest fossil fuel in terms of carbon dioxide emissions and, in July 2022, was classified as “green” by the European Commission



Long term demand growth, led by growth in Asia



Natural gas is critical to global energy demand



# QatarEnergy's Existing & New LNG Ventures

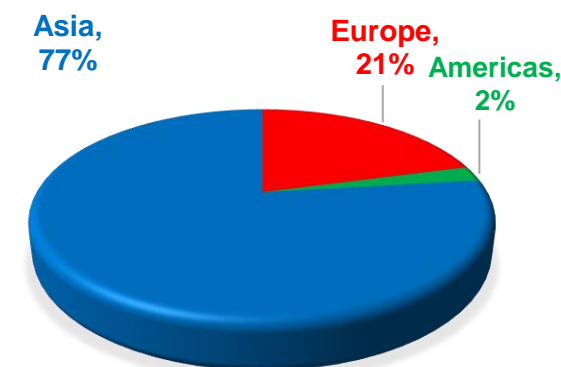
## Optimization of Existing Qatari LNG Ventures

QatarEnergy's seven LNG Ventures sold approximately 77 MT of LNG in 2021 (about 21% of the global trade) via ~1,070 cargoes to 25 countries, maintaining our reputation as the most reliable supplier, missing no shipments, customer focused, and flexible to customers' needs.

At the end of 2021, QatarEnergy increased equity ownership from 65% to 100%, in the QG1 LNG venture (the 1st LNG project of Qatar that started operations in 1996) upon the expiry of the company's joint venture agreement. QG1 continues to be operated by Qatargas.

In 2021, Qatari LNG Ventures contracted several new long-term SPAs for supplying LNG to various Asian customers. Some of these new SPAs were assigned to QG1 LNG Venture, to replace expiring SPAs.

**Distribution of Qatar's LNG Sales Volume in 2021**



Source: BP Statistical Review of World Energy (June 2022)

## Development of New LNG Ventures in Qatar

QatarEnergy has finalized the equity participation of five select world renowned energy companies in the under-construction North Field East Expansion (NFE) project (32 MTPA of LNG, consisting of 4 LNG Trains). The partners are: TotalEnergies, Shell, ExxonMobil, ConocoPhillips, and ENI. For the North Field South Expansion (NFS) project TotalEnergies, Shell and ConocoPhillips have just been selected as the partners.

In 2022, QatarEnergy started the process of entering into contracts for leasing (TCPs) LNG ships. The said ships will be owned by international shipping companies, who will lease them to the under-construction NFE and NFS ventures and some of the existing ventures for replacing part of the current LNG shipping fleet. QatarEnergy played a key role in the selection of the design of the new ships, and for arranging building-slots in international shipyards. The ships will have dual-fuel engines, capable of using either fuel oil (Diesel or LSFO (Low Sulphur Fuel Oil)) or LNG/ gas, which is intended to be used the majority of time, so as to enhance the energy efficiency and reduce the carbon emissions of the ships.



# New LNG projects update

## On track to increasing LNG capacity in Qatar and abroad

**North Field East (NFE) project**, FID on 8 February 2021 with total investment cost \$28.75bn. Major project awarded since bond issuance in June 2021:

- Product Storage & Loading and MEG expansion facilities EPC including NFS option awarded in August 2021 to Tecnicas Reunidas S.A.
- NFE Topsides & Pipelines EPC including NFS option awarded to McDermott in December 2021
- Sulphur Storage & Loading expansion facilities EPC including NFS options awarded in April 2022 to Tecnicas Reunidas S.A. / Wison Engineering JV
- Ready for Startup (RFSU) Dates: Train 8 in 2025; Train 9 in 2026; Trains 10 and 11 in 2027
- Expected Commercial startup 2026

### North Field South (NFS) project:

- Onplot FEED completed in March 2022 with ITT issued for EPC tendering
- Jackets EPC awarded to McDermott in March 2022
- Pipelines FEED awarded to McDermott in July 2022.
- Ready for Startup (RFSU) Dates: Train 1 in 2027; Train 2 in 2028
- Expected Commercial Startup 2027

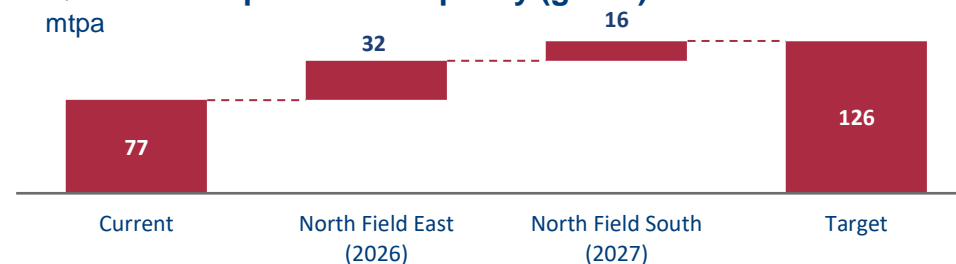
### Golden Pass:

- Total investment requirement: \$11.5bn
- Ready for Startup (RFSU) dates: Train 1 in 2024; Trains 2 and 3 in 2025
- Expected Commercial Startup 2025

## North Field Expansion Projects

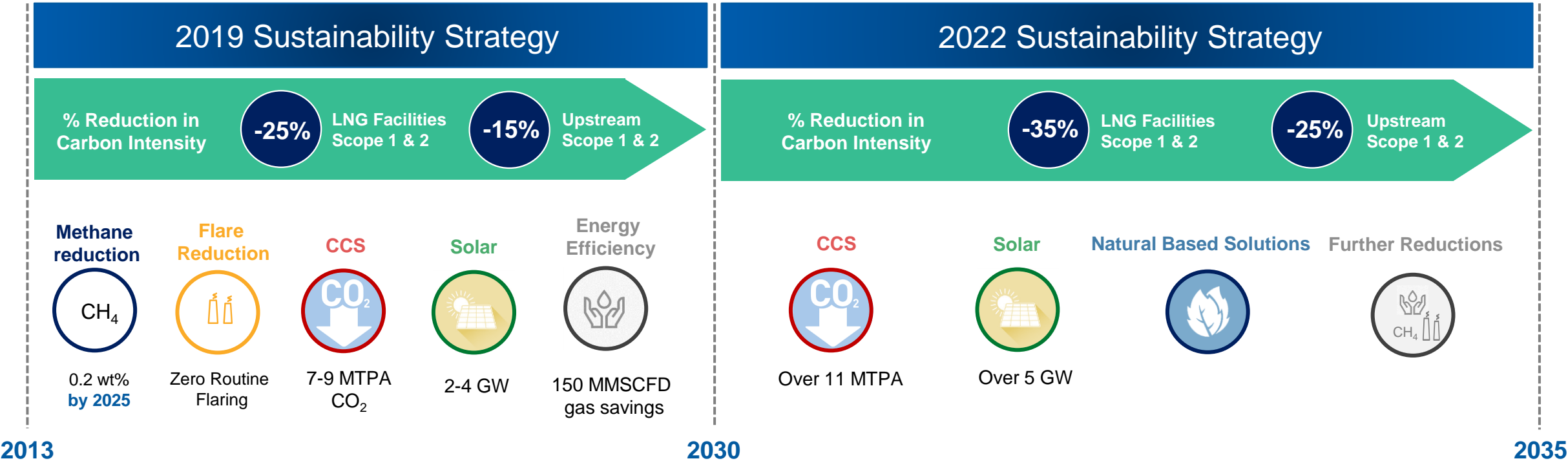


### Qatar LNG liquefaction capacity (gross) mtpa



# QatarEnergy Climate Ambitions

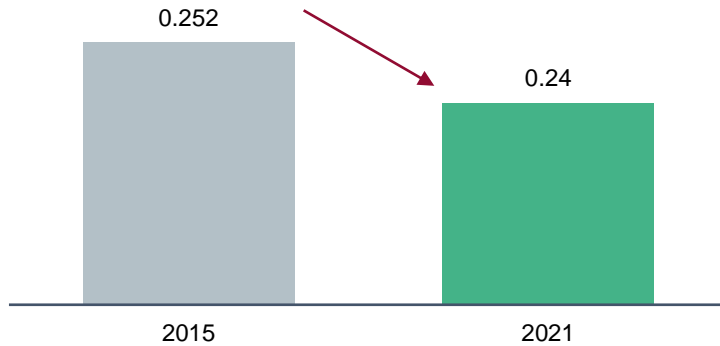
QatarEnergy has recently published its updated sustainability strategy highlighting more ambitious Climate Action goals by year 2035 to facilitate the energy transition.



# Climate Change Mitigation Framework

## Upstream (SoQ) GHG emissions intensity (Scope 1+2) – equity basis

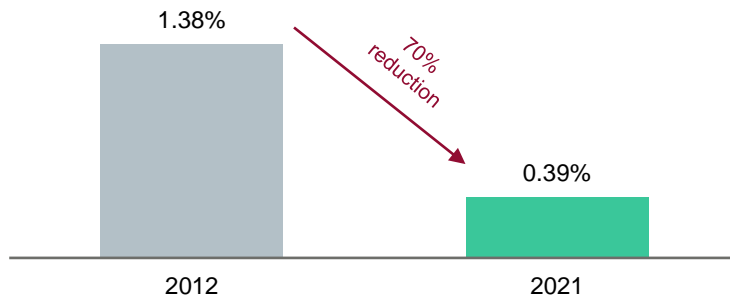
million tons CO<sub>2</sub>eq / million tons of hydrocarbon production



In 2019, QatarEnergy launched the largest CO<sub>2</sub> recovery and sequestration facility in MENA with a capacity of 2.2 MTPA of CO<sub>2</sub>.

## Flare reduction progress in the LNG Facilities

vol.% (flared gas/sweet gas production)



QatarEnergy dedicated **\$900mm** to flare reduction projects between 2012-2018 and have invested over **\$170mm** from 2018 to 2021.

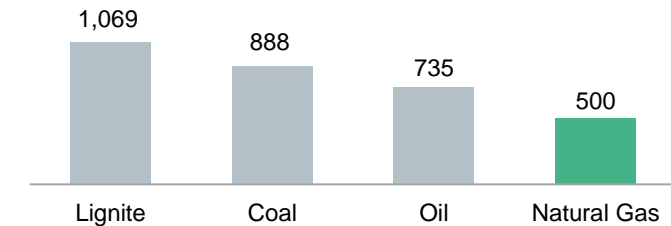
Integration of operations further reduced flare volumes.

## CURB

## CONSOLIDATE

### Summary of lifecycle GHG emission intensity\*

tonnes CO<sub>2</sub>eq / GWh



Natural gas emits 45%-55% fewer GHG emissions than coal when used to generate electricity, and its demand is expected to remain robust



By 2030, QatarEnergy Group LNG upstream production will increase by 64%, and 90% of the portfolio will be gas based



Qatar is a member of the Net-Zero Producers Forum and has ratified the Paris Agreement



Gas will be a significant part of the energy mix under the 2 °C climate scenario

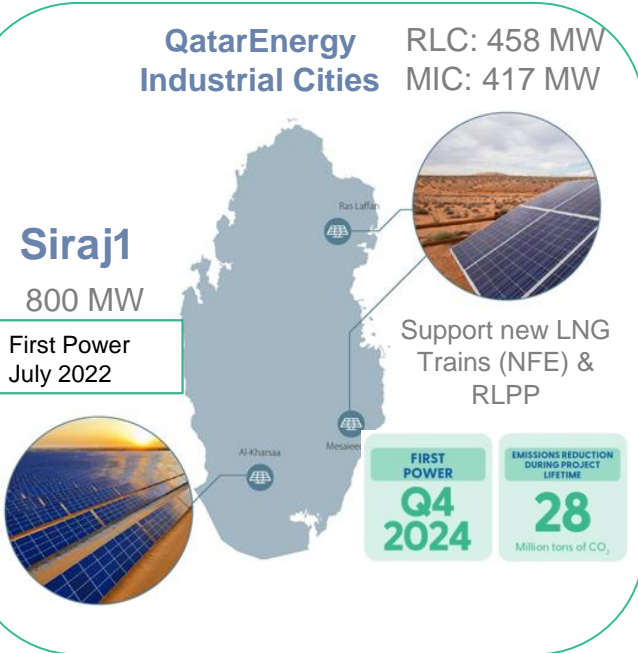
\* World Nuclear Association (2011) Comparison of Lifecycle Greenhouse Gas Emissions of Various Electricity Generation Sources. WNA Report, London.





# Climate Change Mitigation Framework

**CREATE** low carbon energy by growing renewable and clean energy capacity.



Establishment of **QatarEnergy Renewable Solutions**, a wholly owned affiliate focusing in renewable energy and sustainability.

- Signed agreement with Shell to pursue joint investments in blue and green hydrogen projects in the UK.
- Signed an agreement with Korea's Hydrogen Convergence Alliance (H2Korea) for cooperation in the field of hydrogen energy.

BLUE AMMONIA SALES

1.2

MMT/a

CO<sub>2</sub> SEQUESTERED

1.5

MMT/a

READY FOR STARTUP

Q1 2026



**Blue Ammonia Project**

**COMPENSATE** for residual emissions through wide deployment of carbon capture and sequestration technology at our facilities.

Future CO<sub>2</sub> capture potential (MTPA)

Total (2020 onwards)



Natural sinks

Ongoing studies on existing trains



NFS Project



NFE Project



Current CO<sub>2</sub> capture facility

Existing LNG Facilities-2020



**North Field East (NFE):** investing over US\$ 700 million to apply new technologies to achieve a 30% reduction in GHG emissions, compared to similar LNG facilities.

- CCS: 2.1 MTPA.
- Recovery of 'jetty boil-off gas' equivalent to a 1 MTPA of CO<sub>2</sub>.
- NO<sub>x</sub> emissions will be reduced by 60% via enhanced Dry Low NO<sub>x</sub> technology.
- NFE design focuses on water consumption and treatment, targeting 75% recovery.

In 2019, commissioned a new facility at Ras Laffan with a capacity of 2.2 MTCO<sub>2</sub>e/yr (largest CO<sub>2</sub> recovery and sequestration facility in the MENA region).



# International Expansion: E&P

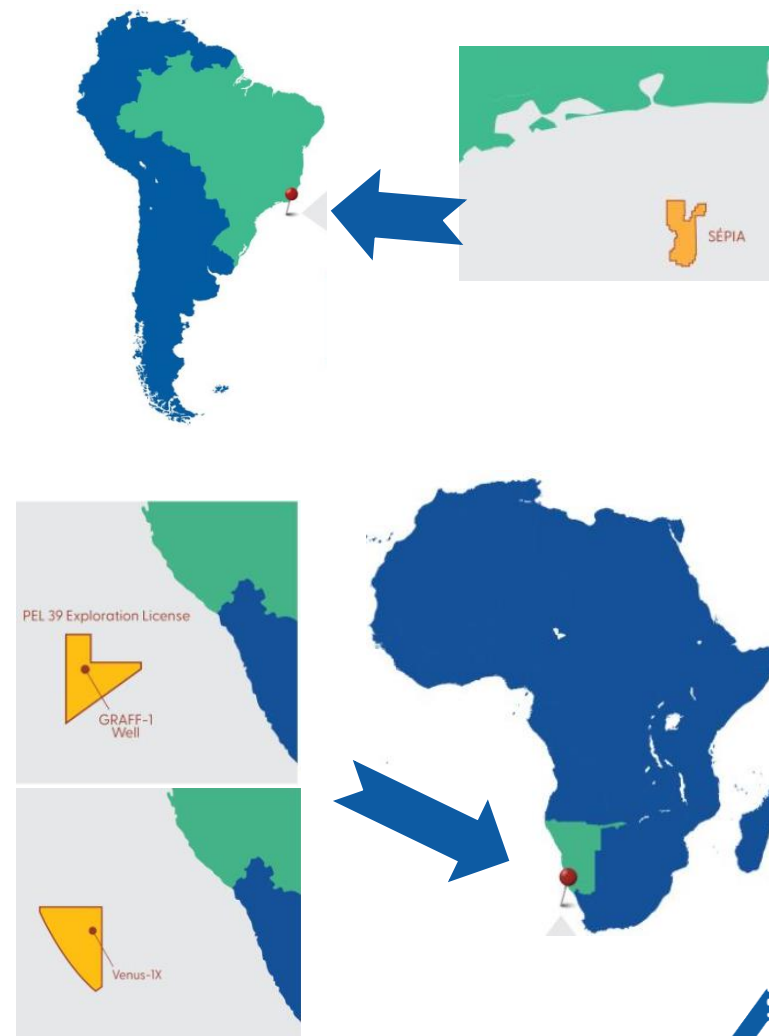
## Entry into world class asset in Brazil

- In April 2022, QatarEnergy entered into a production sharing agreement with the Brazilian government related to surplus volume rights of the Sépia oil field, located in the Santos basin in Brazil
- Further establishes QatarEnergy's position in E&P in Brazil

## Major Discoveries

During February 2022, significant discoveries were announced in the Orange Basin, Offshore Namibia where QatarEnergy holds working interest:

- Oil discovery in a deep-water exploration well Graff-1 drilled in the PEL-39 license
- Light oil and associated gas discovery in the Venus-1X prospect located in block 2913B



# Other Highlights - Major Projects

- QatarEnergy and Chevron Phillips Chemical Company (CPChem) on 8 June 2022 announced awarding the early site works contract for the Ras Laffan Petrochemical Project (RLPP), marking the commencement of execution of the RLPP. Consolidated Contractors Company (CCC) has been selected as the contractor to undertake this work and was awarded a lump-sum contract to prepare the site for the new facility within Ras Laffan Industrial City. The project is expected to commence production in 2026 and increase Qatar's polyethylene output capacity by approximately 64%.
- QatarEnergy and Chevron Phillips Chemical Company (CPChem) took FID on United States Gulf Coast II (USGCII) Petrochemicals Project on 16 November 2022, an \$8.5 billion world-scale integrated polymers facility in the Texas Gulf Coast area in the United States of America. The plant will include an ethylene cracker unit with a capacity of 2.08 million tons per annum, making it the largest in the world, and two high-density polyethylene units with a combined capacity of 2 million tons per annum, also making them the largest derivatives units of their kind in the world.
- Barzan Gas Plant was inaugurated on 15 March 2022. The plant is capable of producing almost 1.4 billion standard cubic feet of sales gas per day for local power generation and water desalination; 2,000 tons of ethane per day as feedstock for the local petrochemicals industry; 1,500 tons per day of liquid petroleum gas (LPG) for export to international markets; 30,000 barrels of condensate per day for processing in the Laffan Refinery and export to international markets; and 3,500 tons of sulfur per day for export to international markets.



# Key Financial Highlights – YTD H1 2022



## FINANCIAL PERFORMANCE (\$'Bn)

### GROSS INCOME<sup>(1)</sup> Adjusted EBITDA<sup>(2,9)</sup> NET PROFIT

36.7

▲78%

(H1'21: 20.6)

25.1

▲79%

(H1'21: 14.0)

19.5

▲84%

(H1'21: 10.6)

#### Crude Price (\$/bbl)<sup>(3)</sup>

105.0 (H1'21: 64.0) ▲

#### Revenue & Other Op. Inc.

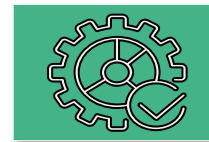
25.7 (H1'21: 14.7) ▲

#### Profit from JVs & Asso.

10.7 (H1'21: 5.7) ▲

#### EBIT<sup>(9)</sup>

23.8 (H1'21: 12.8) ▲



## CAPEX, INVESTMENT and CASHFLOW (\$'Bn)

### Adjusted OCF<sup>(4,9)</sup> CAPEX+ INVST<sup>(5)</sup> FCF<sup>(6,9)</sup>

23.3

▲92%

(H1'21: 12.1)

(7.2)

▲71%

(H1'21: (4.2))

25.5

▲98%

(H1'21: 12.9)

#### Capex<sup>(9)</sup>

(4.1) (H1'21: (1.8)) ▲

#### Capex / OCF<sup>(9)</sup>

17% (H1'21: (15%)) ▲

#### Investment

(3.1) (H1'21: (2.4)) ▲

#### Dividends received

9.4 (H1'21: 5.0) ▲

#### Dividend paid

(23.7) (H1'21: (12.2)) ▲

(1) Includes income from Sales, Other Income, Share of Profit from JVs and Associates, Dividend and Interest Income

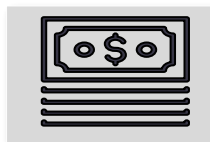
(2) EBITDA adjusted for Impairment losses or reversals, w/of of PPE, Dividend and Interest income and Net result of discontinued operations and includes Share of profits from JVs & Associates

(3) Average of Crude price earned by QatarEnergy and its Group companies

(4) Net cash from operating activities adjusted for interest payment on loans, bonds and leases

(5) Capex refers to that of QatarEnergy Standalone and fully consolidated Group companies. Investment refers to investments made by QatarEnergy in non-operated business and projects

(6) FCF after capex and investment and dividends received



## DEBT PROFILE (\$'Bn)

### CASH & Eq<sup>(9)</sup>

24.0

▲149%

(H1'21: 9.7)

### GROSS DEBT<sup>(7)</sup>

15.7

▲462%

(H1'21: 2.8)

### NET DEBT<sup>(9)</sup>

(8.3)

▲22%

(H1'21: (6.9))

#### OCF/ Gross Debt<sup>(8,9)</sup>

1.4 (H1'21: 11.6) ▼

#### Net Leverage<sup>(8,9)</sup>

(0.2) (H1'21: (0.3)) ▲

#### Gearing<sup>(9)</sup>

(5.0%) (H1'21: (7.3%)) ▲

#### ROACE<sup>(8,9)</sup>

35% (H1'21: 17%) ▲

(7) Includes loans, bonds and leases

(8) Based on last twelve months

❑ QatarEnergy's financial performance for H1'22 was very strong on the back of higher product prices

- Costs continued to be monitored and controlled very closely
- Investments were in line with schedule of underlying projects
- Overall Adjusted EBITDA and FCF were higher by 79% and 98% respectively, as compared to H1'21

❑ QatarEnergy's financial position as at end of H1'22 continued to be robust with **negative net debt** and **negative net leverage**

All financial amounts and associated analysis are based on QatarEnergy's Consolidated Financial Statements prepared based on Equity method of consolidation for 6 months period ended 30th June 2022 (unaudited) and comparative amounts from similarly prepared financial statements for 6 months period ended 30th June 2021 (unaudited)

(9) Alternative Performance Measures (APM) have been defined in the 2021 QatarEnergy Bond prospectus. Methodology for following APMs has been updated for better measurement and disclosure: OCF, Capex, FCF, Cash and Cash Equivalent, Net Leverage and ROACE. In addition to the definition in the 2021 QatarEnergy Bond prospectus, OCF now excludes interest payment; Capex now includes payment for intangible and RoU assets; FCF now is after investments made and dividends received; Cash and Cash Equivalent now excludes restricted cash balance; Net Leverage and ROACE are now calculated based on LTM EBITDA / EBIT. Methodology for other APMs remains the same.



# Useful Links & Contact

## Media Center

<https://www.qatarenergy.qa/en/MediaCenter/Pages/default.aspx>

## Sustainability

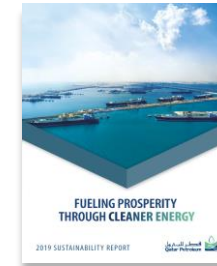
<https://www.qatarenergy.qa/en/Sustainability/Pages/default.aspx>

## Financial Statements

<https://www.qatarenergy.qa/en/MediaCenter/Pages/PublicationsDetails.aspx?itemId=12>

## Investors Relation

[investor.relations@qatarenergy.qa](mailto:investor.relations@qatarenergy.qa)



# End of Presentation