



شركاء في النجاح
Partners in Success

EQUATE Group

FY 2017 Earnings Presentation

March 7, 2018



Starting Shortly

Disclaimer

The content of this presentation is for information only, is intended solely for your own and personal reference, and is strictly confidential. Such information is subject to change without notice and its accuracy is not guaranteed and it may not contain all material information concerning the EQUATE Group. We do not make any representation regarding, and assume no responsibility or liability (however arising and regardless of nomenclature) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

Historical and current performance data are not necessarily indicative of future performance. Materials contained this presentation may contain unaudited financial information and forward-looking statements. While these views are based on current assumptions which are subject to various risks and may change over time. As such we make no representations in respect of the correctness, accuracy, and/or completeness of such assumptions. Further, no assurance can be given that future events will occur, and/or that projections will be achieved. Past performance is not a reliable indication of future performance. Actual results may differ materially from those projected. This presentation shall not be distributed to any third party without the explicit consent of EQUATE Group's management under any circumstance. Nothing included herein shall be considered, in any way construed, as an offering of securities. The contents of this presentation are disclosed and provided on non-reliance basis.



شركاء في النجاح
Partners in Success

EQUATE Group

FY 2017 Earnings Presentation

March 7, 2018



Agenda

- ◎ Group Overview
- ◎ 2017 Financial Results Highlights
- ◎ 2017 Financial Review
- ◎ Outlook and USGC Update
- ◎ Q&A

“ *EQUATE is the world's second largest producer of Ethylene Glycol, the raw material used mainly to manufacture polyester fibers.* ”



Our Shareholders

EQUATE has a robust shareholder base comprising the Government of Kuwait and Dow Chemical, a global industry leader.
57.5% of owners are public shareholding companies.

PETROCHEMICAL INDUSTRIES Co.

42.5%

THE DOW CHEMICAL COMPANY

42.5%

BOUBYAN PETROCHEMICAL

9%

QURAIN PETROCHEMICAL

6%

Group Overview

EQUATE Group is a global manufacturer and distributor of petrochemical products

Distribution markets

Kuwait facilities mainly distribute to Asia and METIP*



Germany facilities mainly distribute to Europe



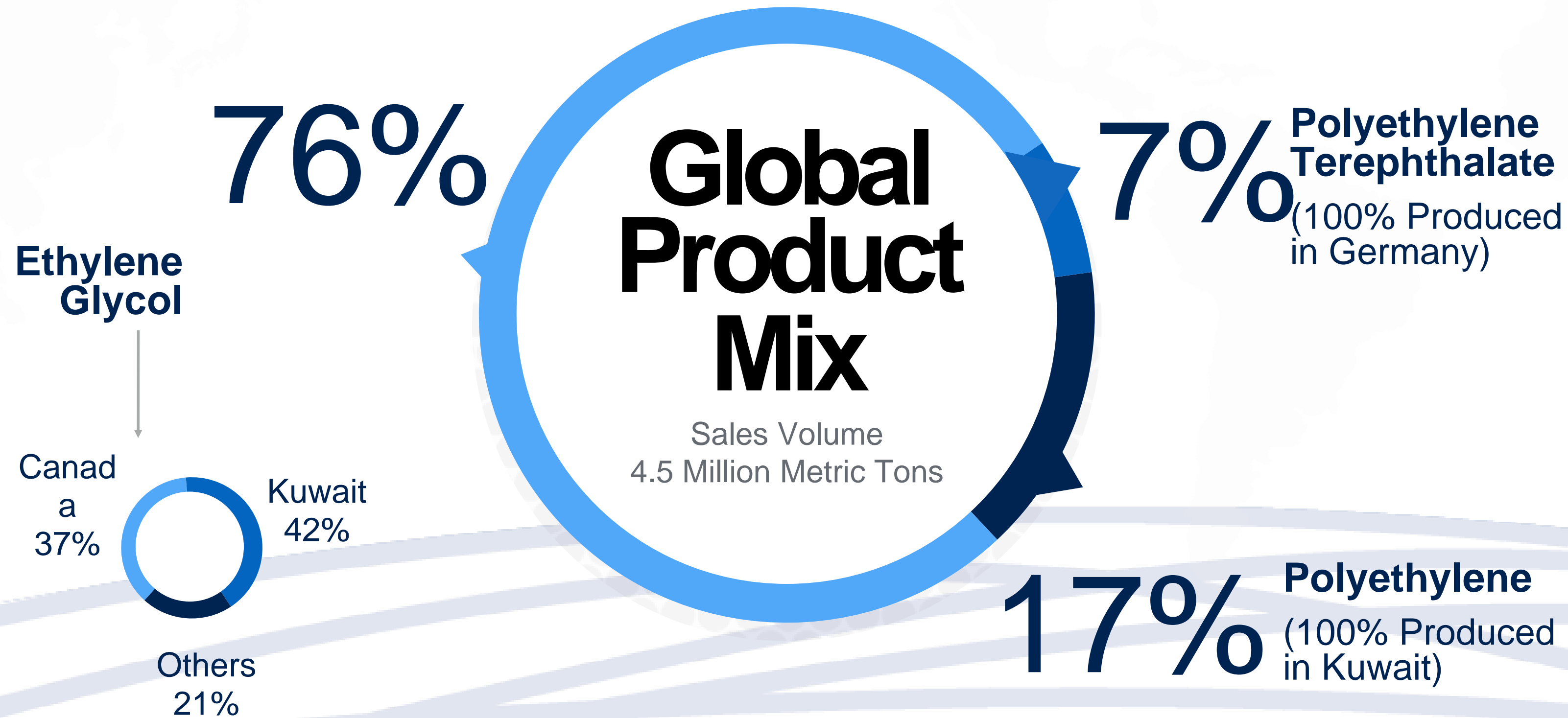
North America facilities mainly distribute to North America, South America and Asia



Credit Rating

MOODY'S	Baa2
STANDARD & POOR'S	BBB+

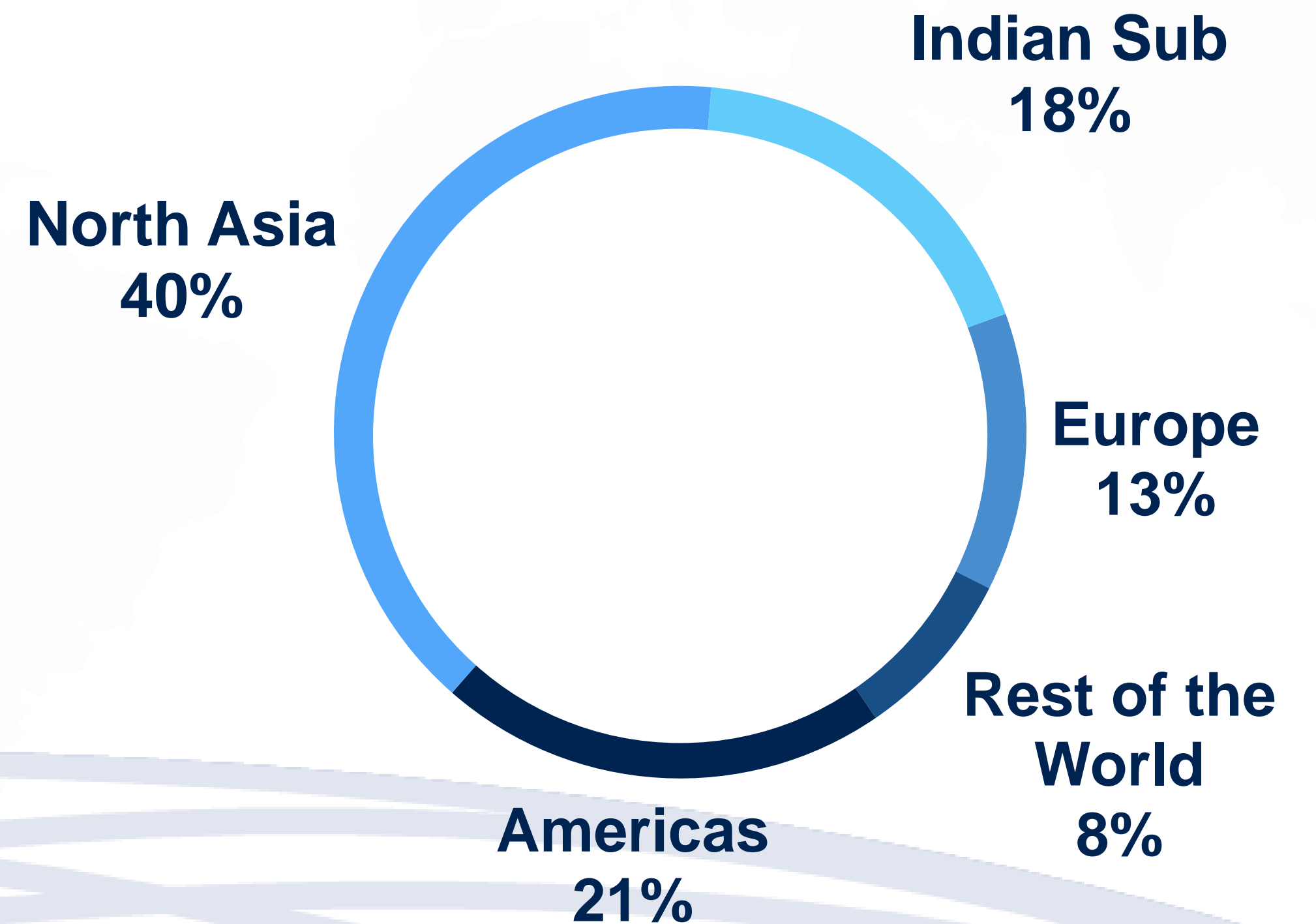
*METIP: Middle East, Turkey, and the Indian Subcontinent region



Group Overview - EG

**EQUATE
Maintains a
Strong Foothold
in Key EG
Markets**

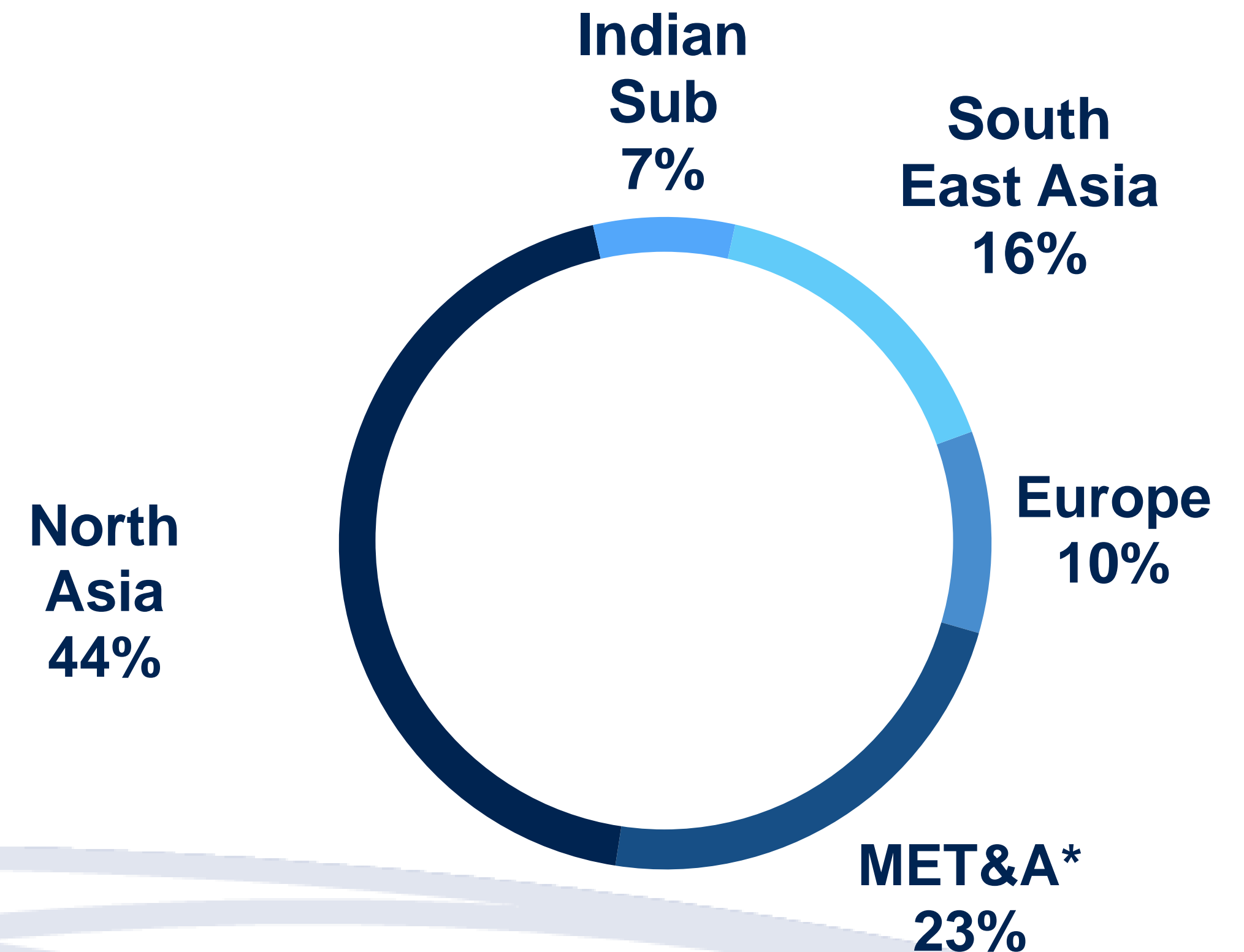
Group EG Sales by Region (2017)



Group Overview - PE

EQUATE is a
World Class
Producer of PE

Group PE Sales by Region (2017)



* Middle East, Turkey & Africa

Financial Results Highlights

(\$MM)

Revenue

4,252

+20% vs 2016

Operating Profit

1,378

+67% vs 2016

EBITDA

1,730

+47% vs 2016

Net Debt to EBITDA

1.5x

Volume ('000 MT)

4,453

Net Profit

1,131

+66% vs 2016

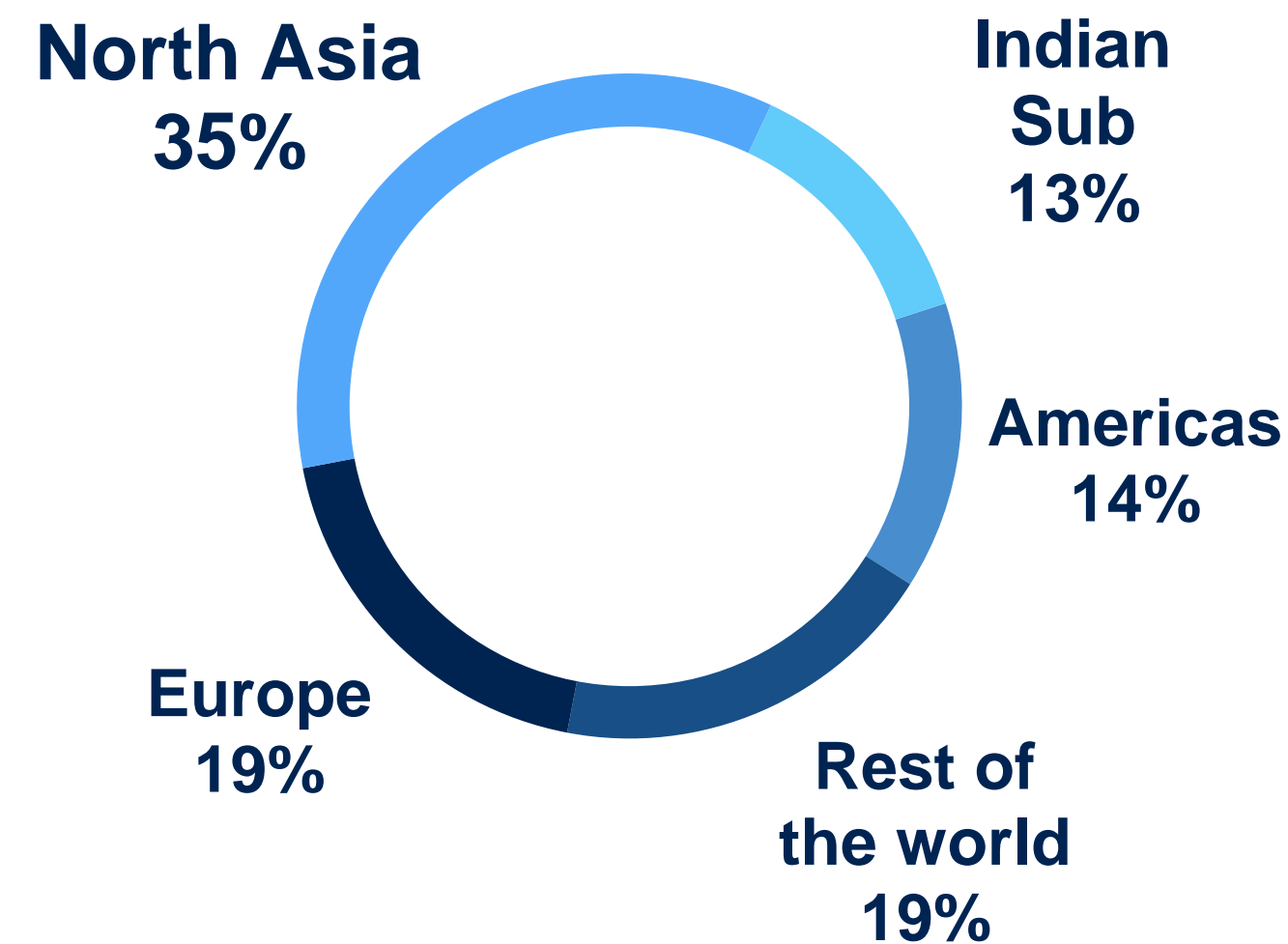


شركاء في النجاح
Partners in Success

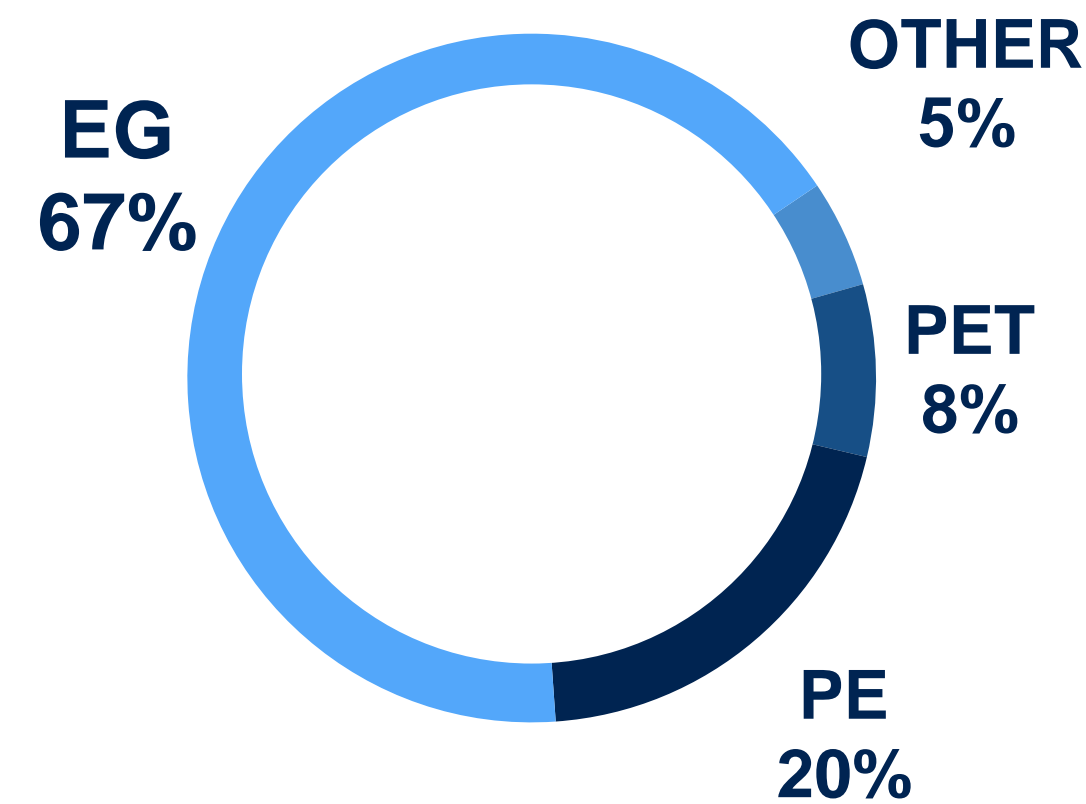
Financial Review

2017 Revenue

Revenue by Region



Revenue by Product



A Closer Look

EG Volume*: 3,390 -2%
Price: \$856 +29%

PE Volume*: 743 +1%
Price: \$1,151 +3%

PET Volume*: 320 0%
Price: \$1,106 +15%

% Change compared to same period last year

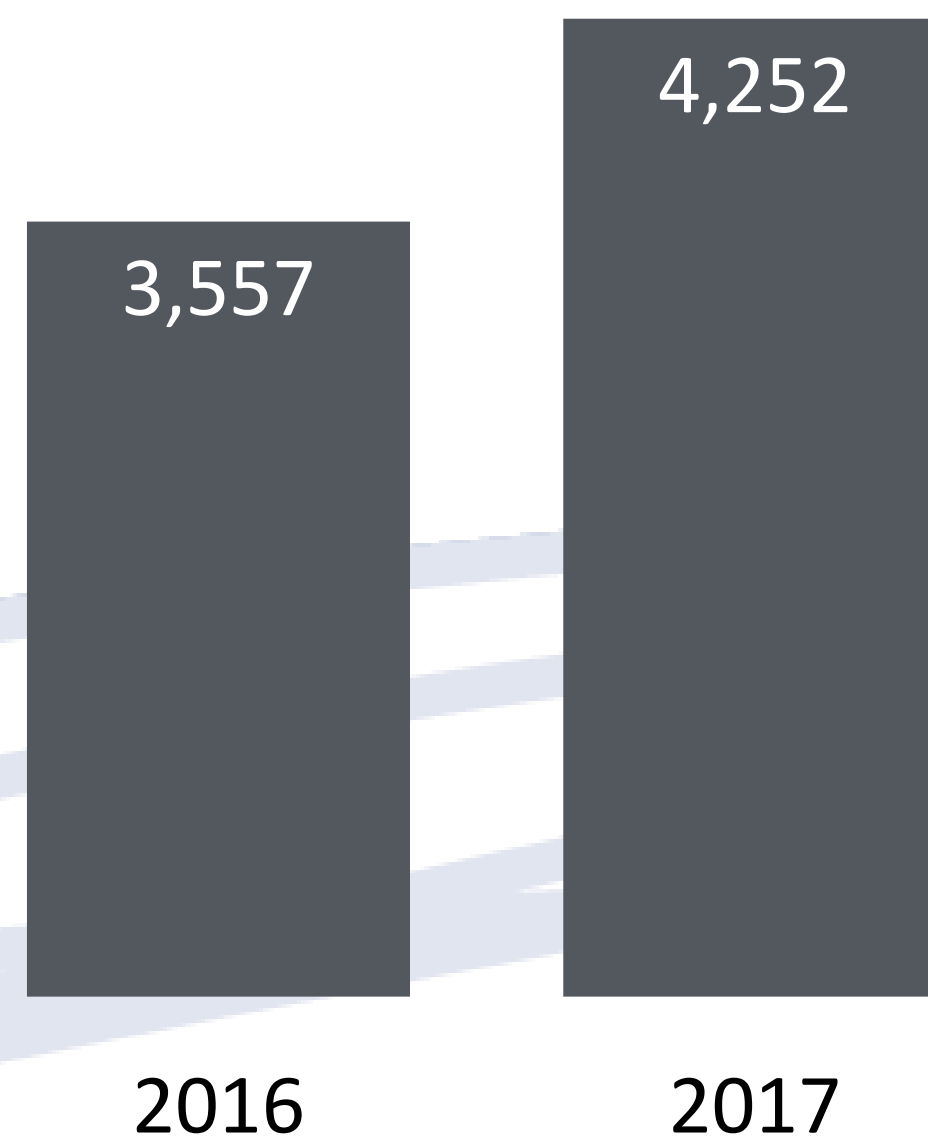
The group reported FY17 total revenue of \$4,252 MM, a 20% increase compared to the same period last year.

* '000 Metric Tons (MT)

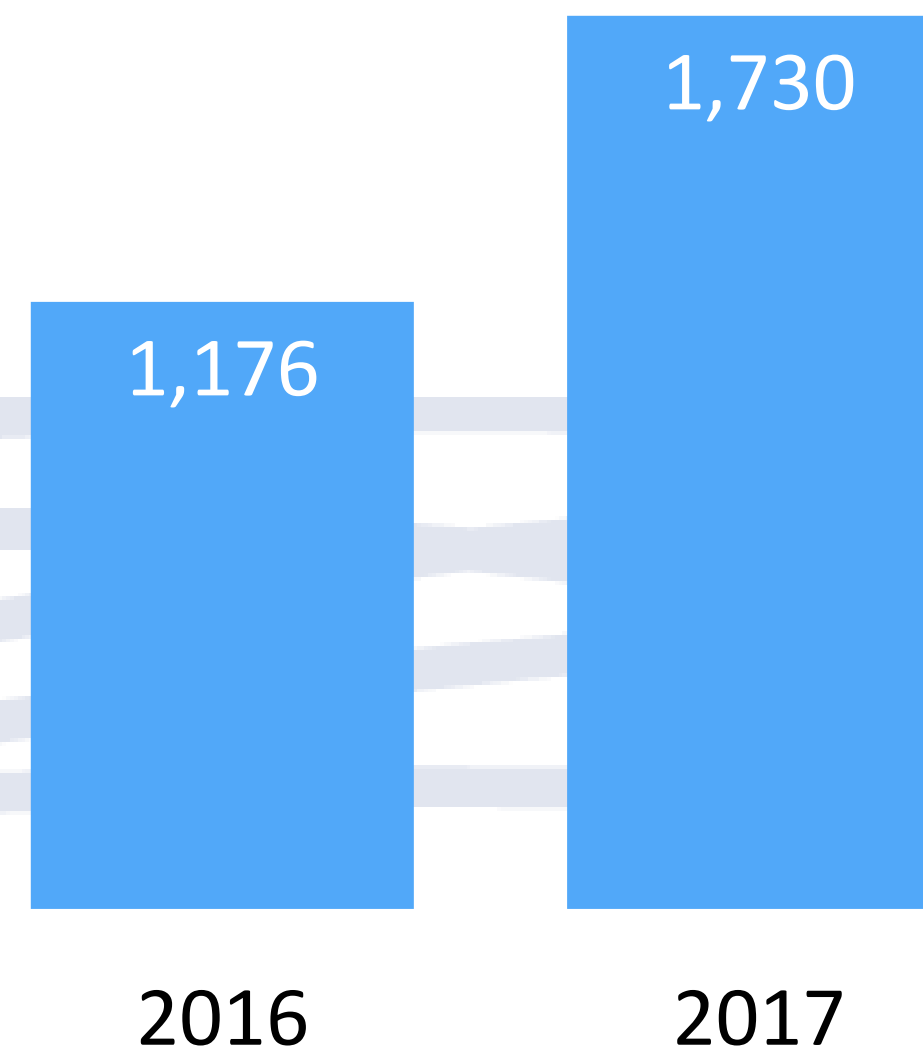
Profitability

Strong profitability with EBITDA Margin exceeding 40%, driven by operational excellence and effective cost management.

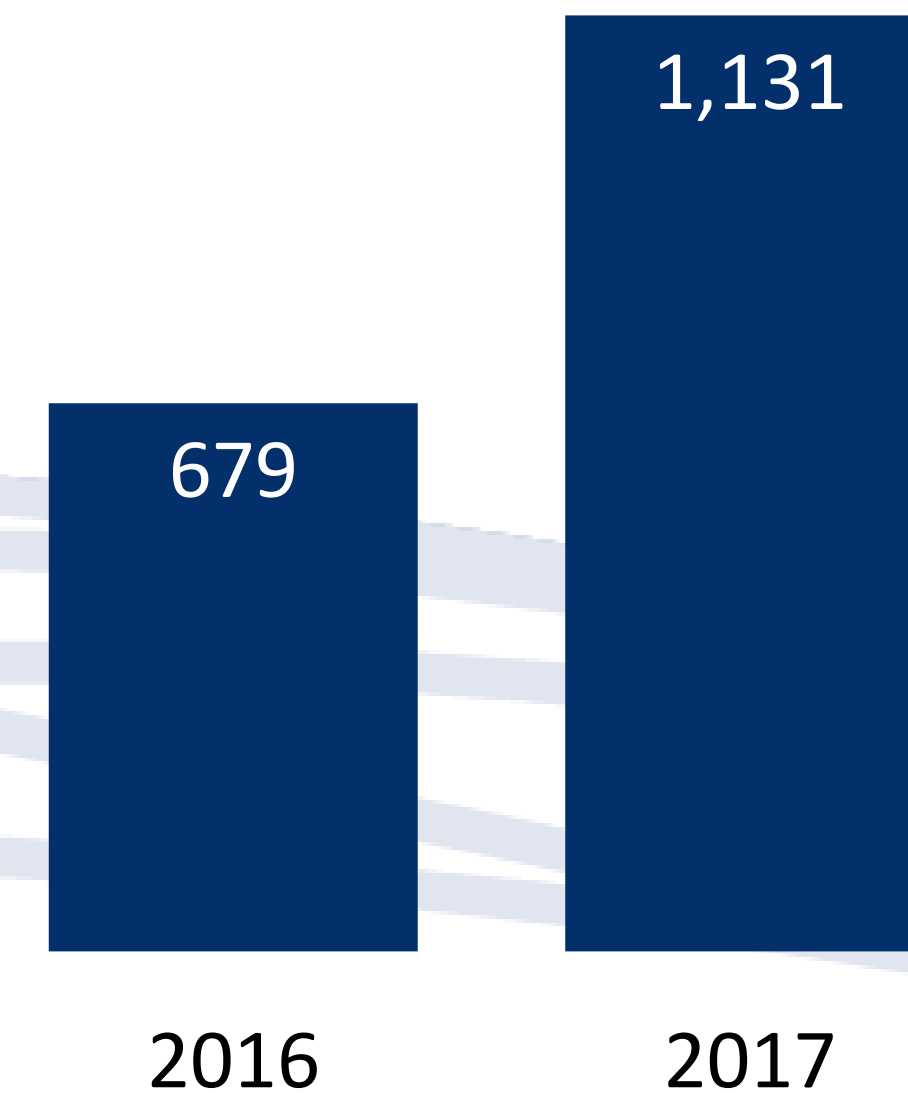
Revenue (\$MM)



EBITDA (\$MM)



Net Profit (\$MM)



Financial Position (\$MM)



Cash on Hand

2,107

Gross Debt

4,750

Net Debt

2,643

EBITDA

1,730

Net Debt to
EBITDA

1.5x

Total Assets



2016

2017

Total Liabilities



2016

2017

Total Equity



2016

2017

Cash Flow and Liquidity

Cash Flow*

(In \$MM)

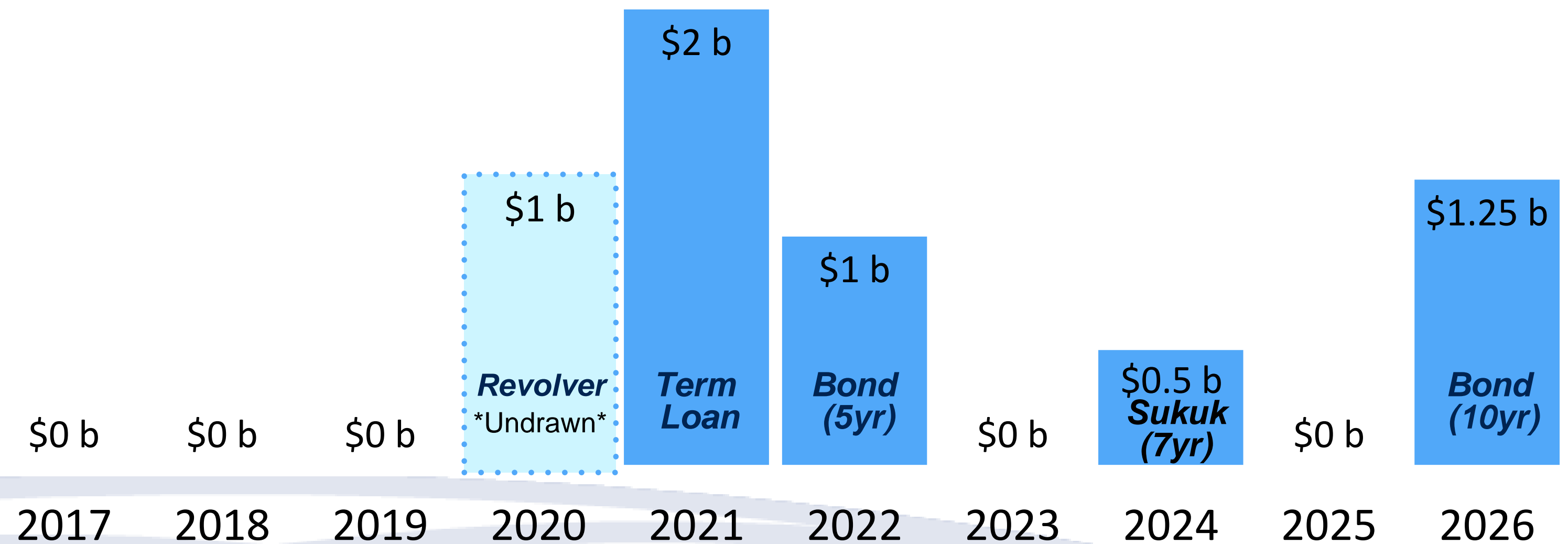
Cash flow from
operating activities 1,828

CAPEX (675)

Dividend (679)

Free cash flow 474

Debt Maturity Profile



* Updated 26 March 2018.



شركاء في النجاح
Partners in Success

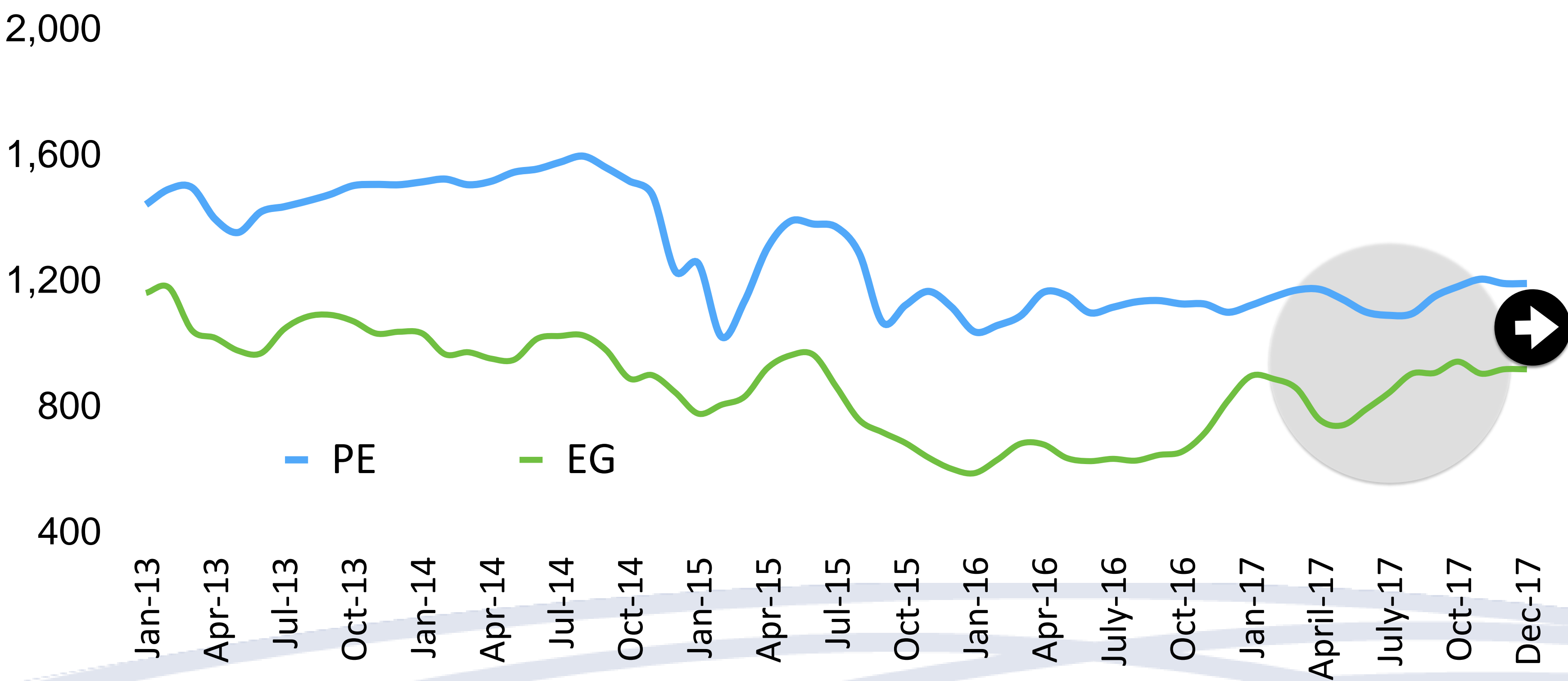
Outlook



Price Trend



PE + EG Prices



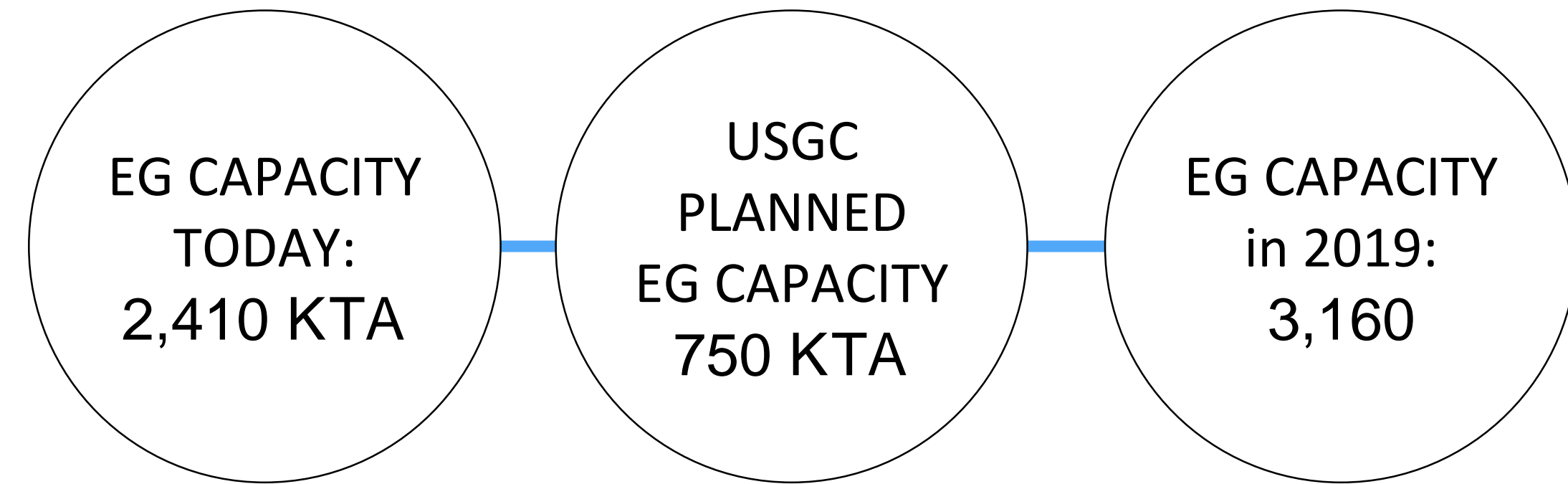
A growing market

EQUATE Group is strongly positioned to capture the EG and PE growth prospects, high profitability levels and overall stability, leveraging sizeable low cost competitive production capacity, high asset utilization, as well as a global and reliable distribution platform.

USGC Update

On line in 2019, US Gulf Coast project presents significant growth opportunity for EQUATE.

- ⦿ Leverages Dow's USGC infrastructure and low-cost, world-scale ethylene
- ⦿ Enables further leveraging of MEGlobal's distribution footprint for EG
- ⦿ USGC will further enhance asset mix and profitability



Key Dates

Authorization by EQUATE BOD	26-May-2016
Ground Breaking	8-Aug-2016
EPCm Contract Signed	5-Oct-2016
Air Permit Granted	25-Oct-2016
Award Site Entrance & Bridge Construction Contract	31-Mar-2017
Award Buildings Design/Build Contract	13-Apr-2017
Award Piling Contract	2-May-2017
Award Cooling Water Tower Contract	30-May-2017
Award HV Substation Design/Build Contract	31-May-2017
3rd Party Terminal Contract Complete	26-Jun-2017
90% of Major Equipment POs Issued	30-Jun-2017
Award Civil Contract	18-Jul-2017
Main Scope of Site Development Complete	20-Jul-2017
Site Development Complete	24-Aug-2017
Piling Complete	17-Nov-2017
Site Entrance Bridge Complete	22-Dec-2017



شركاء في النجاح
Partners in Success

Safety & Sustainability

Operational Excellence

In EQUATE, operational excellence in EH&S goes hand in hand with top performance in reliability and assets utilization

2017 EH&S KPIs

Production 100% of plan

AMR 99%
Asset Mechanical Reliability

RIR 0.01
Recordable Injury Rate, accidents per 200,000 work hours.

PSCE 1
Process Safety & Containment Event. This applies to containment losses, reactive chemicals events and releases of hazardous process energy.

MVA 1
Motor Vehicle Accidents.

Safe Work Hours 55 million
The total of safe work hours without a day away from work case.
This includes all employees, contractors and visitors

NOV ZERO
Notice of Violation from EPA or any other regulatory authority due to non-compliance to the environmental regulation

Sustainability

Integration of United Nations Sustainability goals by 2025



EQUATE is a responsible operator with deep-rooted commitment to the sustainability of the environment and the economic development of communities.

In 2016, EQUATE strengthened its commitment to sustainability by adopting a strategy for the integration of the United Nations' 17 Sustainability Goals across EQUATE, **targeting integration by 2025 through three primary strategic focus areas: Environment, Economy, and Society.**

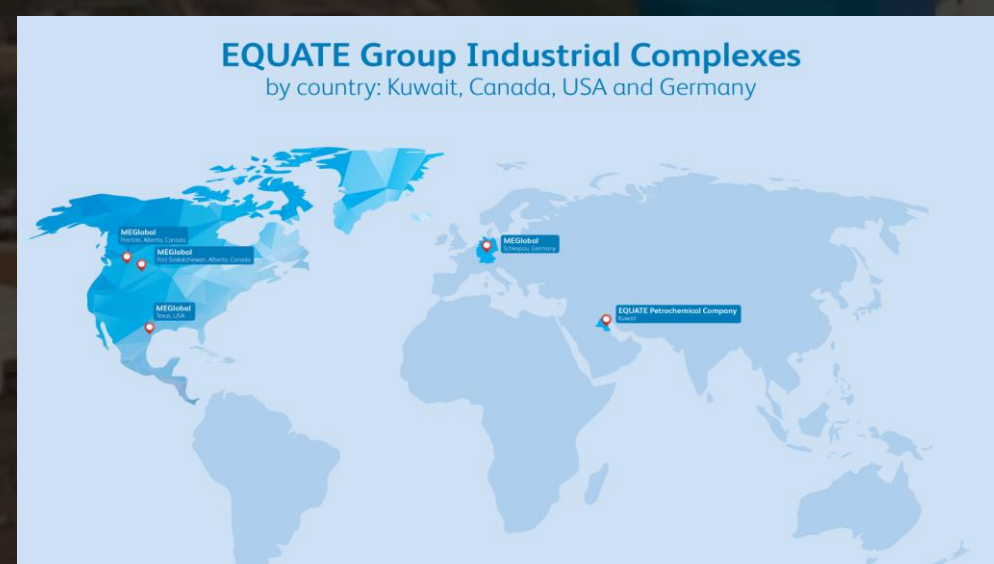
EQUATE has been maintaining the Responsible Care (RC 14001) certification since 2011 in Kuwait; and since 2004 for MEGlobal sites as per the RC code of practices in Canada.



شركاء في النجاح
Partners in Success

Q&A

We are



The world's second largest producer of Ethylene Glycol, the raw material used mainly to manufacture polyester fibers.



A strong advocate for the development and diversification of the petrochemical industry in Kuwait.



A responsible operator with deep-rooted commitment to the sustainability of our environment and the economic development of our community.



شركاء في النجاح
Partners in Success

Investor Relations Contact

Abdullah Al-Salem
Senior Treasury Specialist

Email: alsaleaa@equate.com

EQUATE Group Headquarters

Block 12
Building: 900011
Central Ahmadi

P.O. Box 100, Ahmadi 61001
Kuwait