



EQUATE Group H1 2019 Earnings Presentation

September 5, 2019

Starting Shortly

A photograph of two workers in an industrial setting. They are both wearing white hard hats and safety glasses. The worker on the left is a woman with dark hair, smiling and looking towards the right. The worker on the right is a man with a beard, also smiling and looking towards the right. They are wearing dark blue work shirts. The background is filled with industrial equipment, including pipes and structural elements, illuminated by warm, orange-toned lights. A bright light source on the left creates a lens flare effect near the woman's head.

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A photograph of two workers in an industrial setting. They are both wearing white hard hats and safety glasses. The worker on the left is a woman with dark hair, smiling and looking towards the right. The worker on the right is a man with a beard, also smiling and looking towards the right. They are wearing dark blue work shirts. The background is a dimly lit industrial environment with various pipes and structures. A bright light source is visible behind the woman, creating a lens flare effect.

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Our Speakers



Dr. Ramesh Ramachandran
President and CEO



Dawood Al-Abduljalil
Chief Financial Officer



Naser Aldousari
Senior Vice President



Gonzalo Beltran
VP Operations

Agenda



- ⦿ EQUATE Group Overview
- ⦿ Financial Review
- ⦿ Market Overview and USGC Update
- ⦿ Safety and Sustainability
- ⦿ 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 Group 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 COMPANY

 **42.5%**

BOUBYAN PETROCHEMICAL

 **9%**

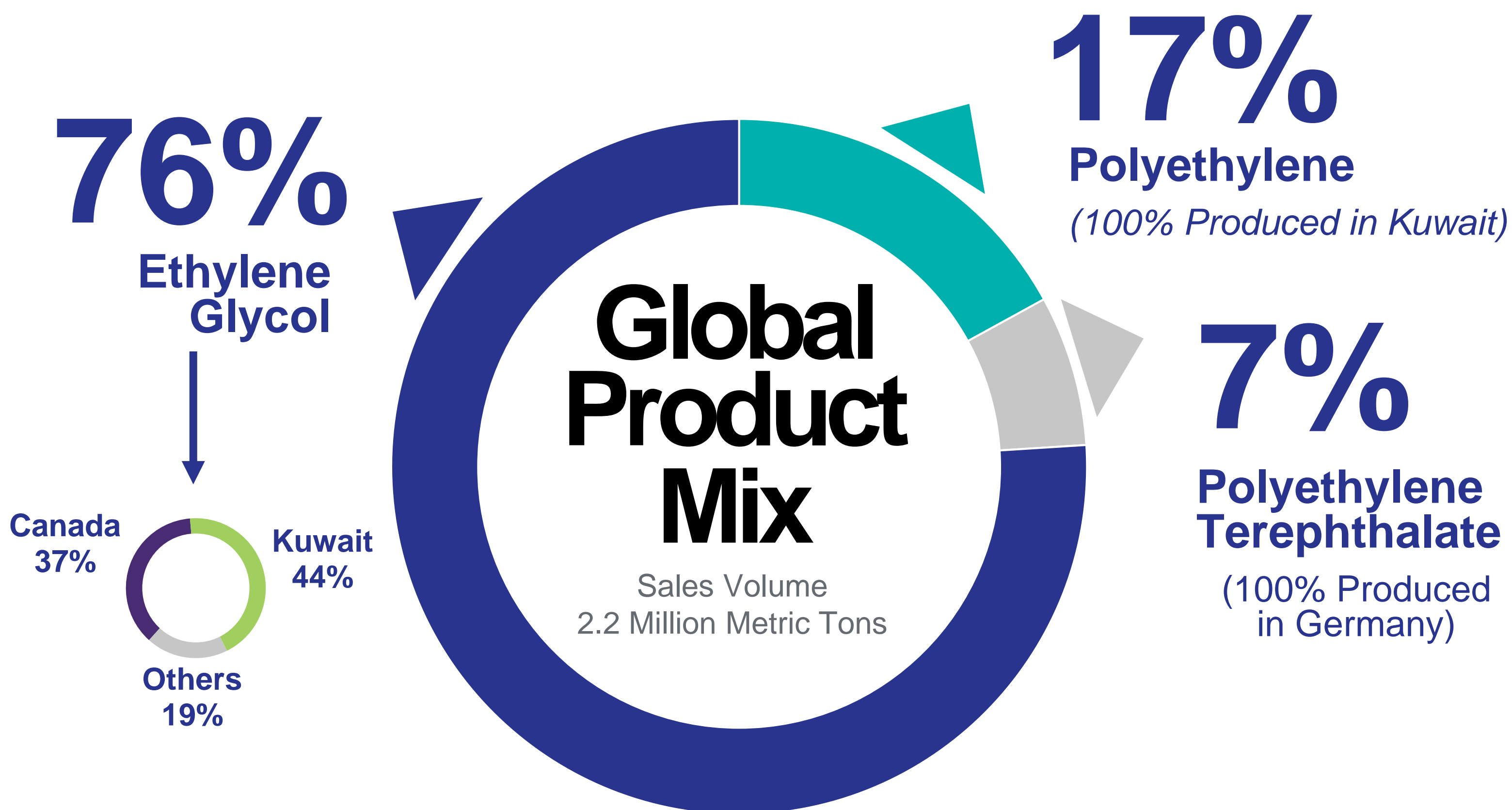
QURAIN PETROCHEMICAL

 **6%**

EQUATE Group Overview



EQUATE Group is a global manufacturer and distributor of petrochemical products.



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

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

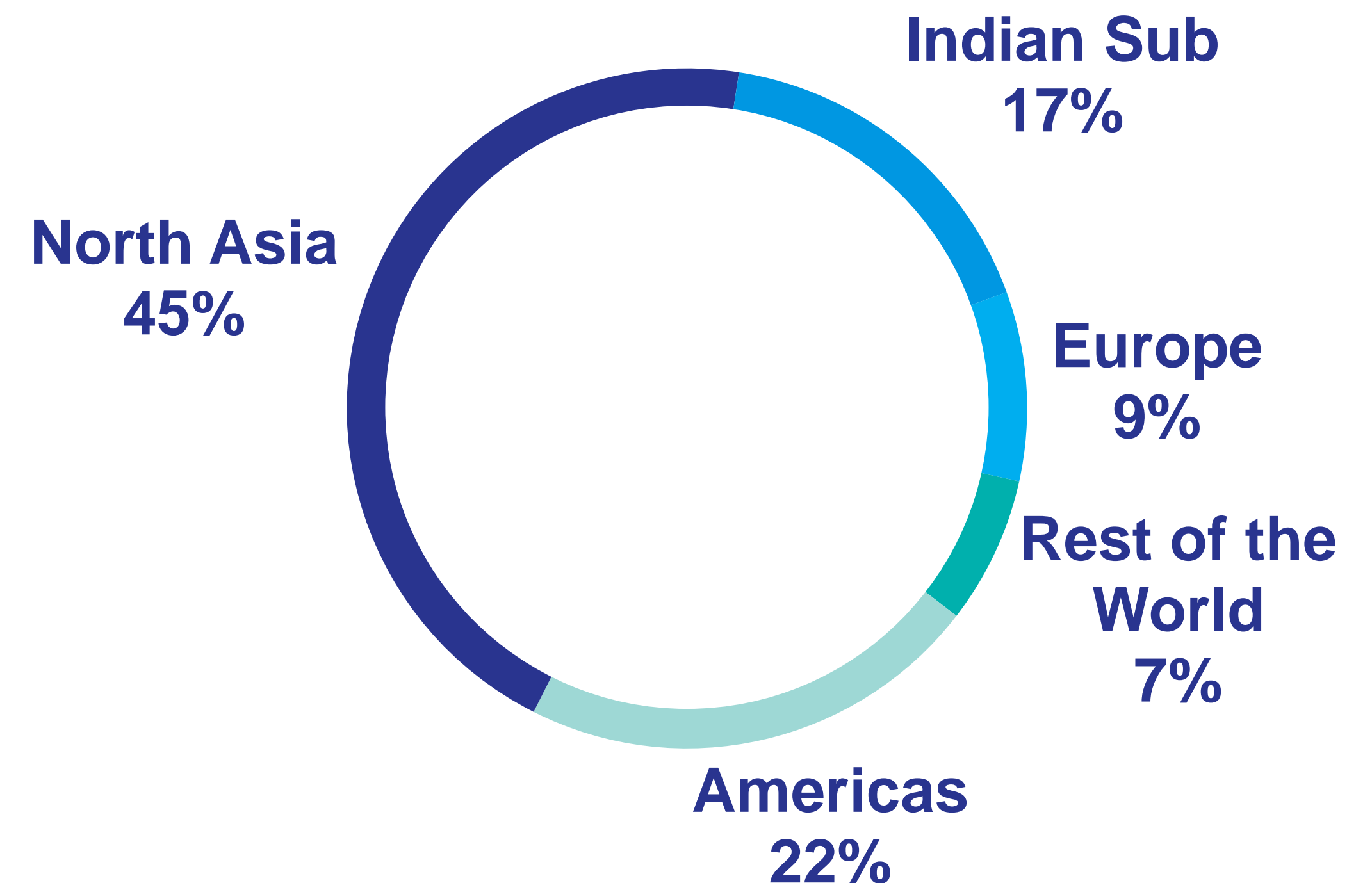
MOODY'S
STANDARD & POOR'S

Baa2

BBB+

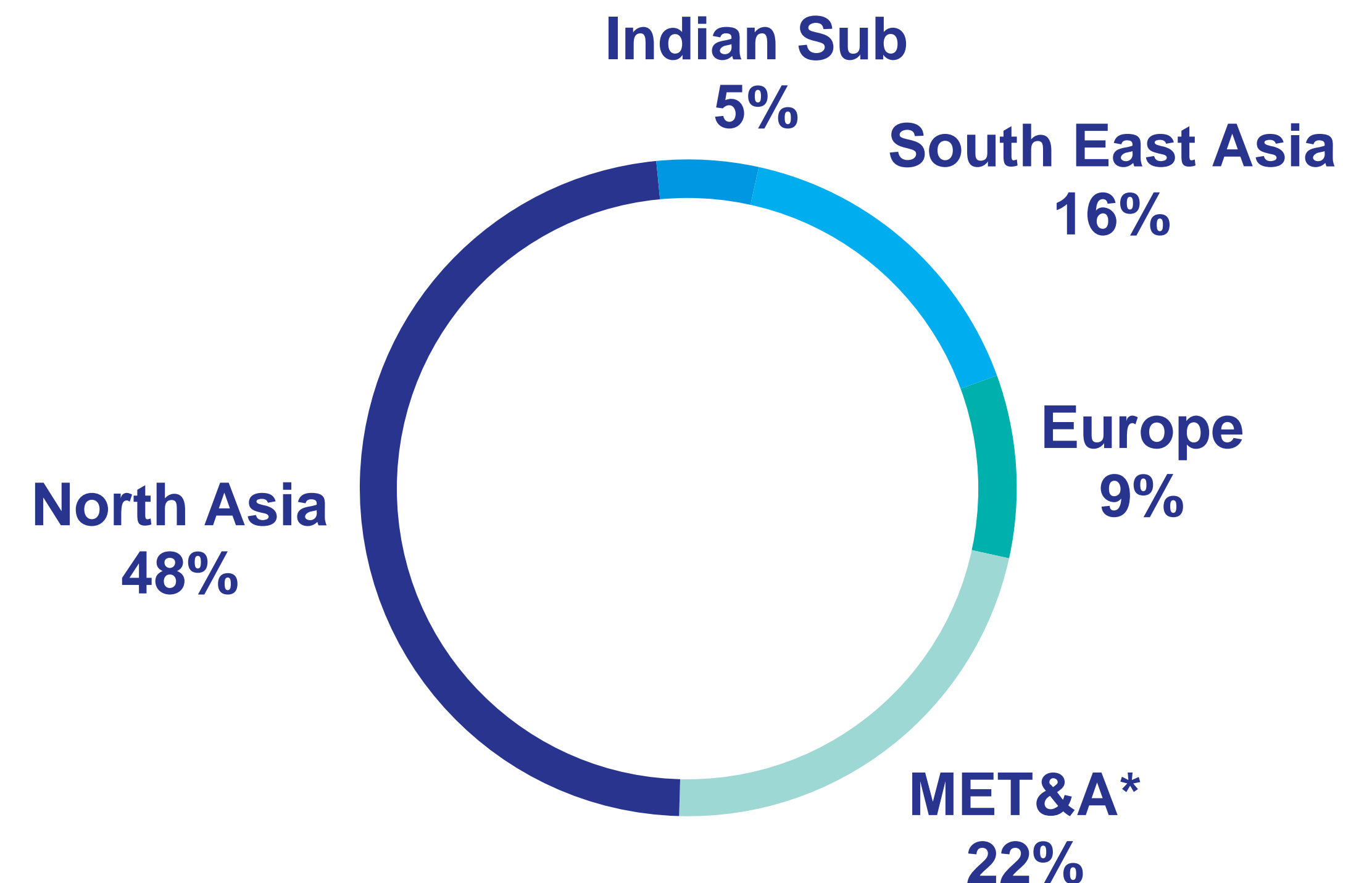
**EQUATE Group
Maintains a
Strong Foothold
in Key EG
Markets.**

**EQUATE Group EG Sales by Region
(1H2019)**



**EQUATE Group
is a World
Class Producer
of PE.**

EQUATE Group PE Sales by Region (1H2019)



* Middle East, Turkey & Africa

Financial Results Highlights (\$MM)



Revenue

1,711

-32% vs H1 2018

EBITDA

526

-54% vs H1 2018

Net Income

308

-64% vs H1 2018

Net Debt to EBITDA

2.81x

Volume ('000 MT)

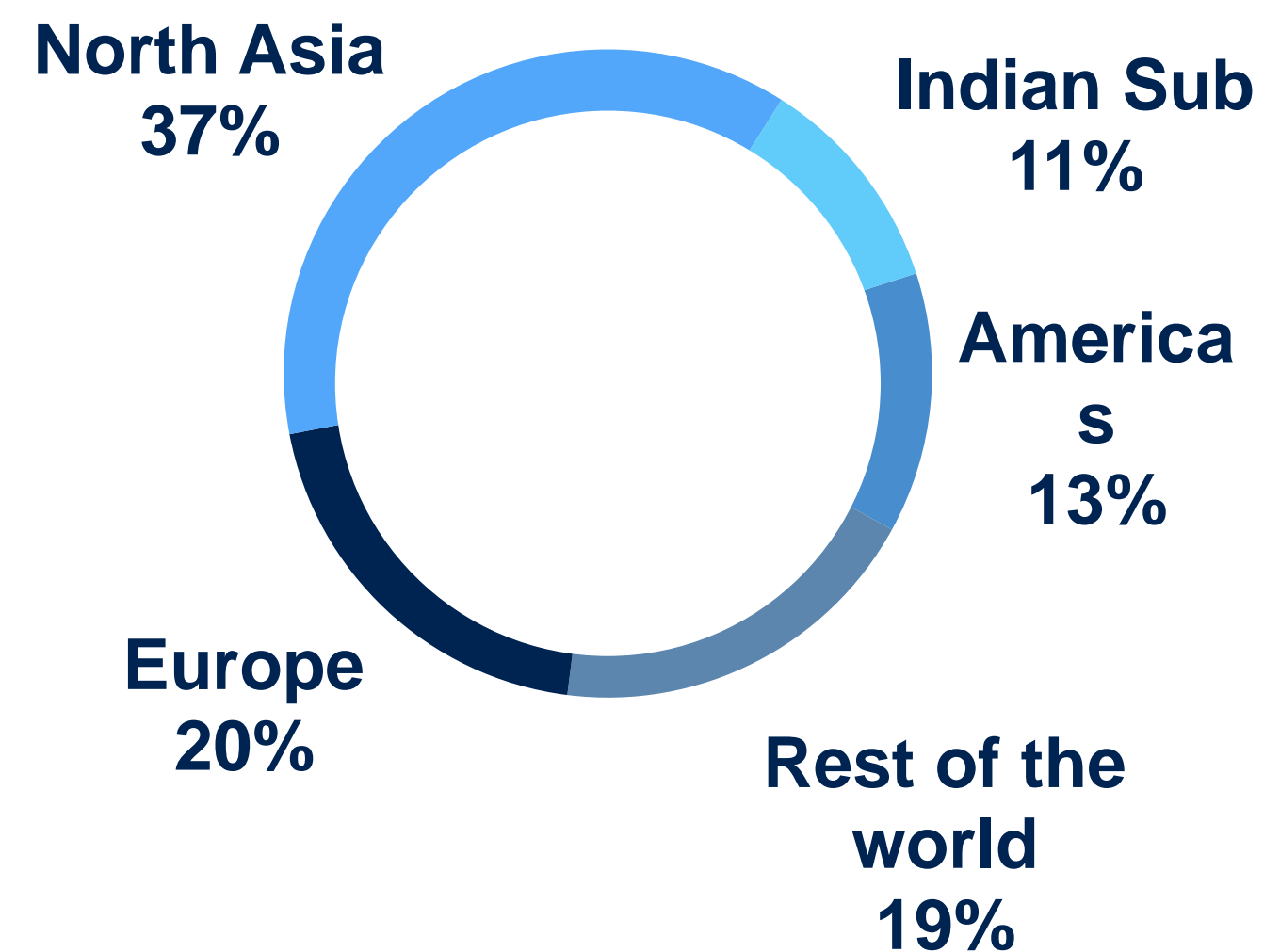
2,222



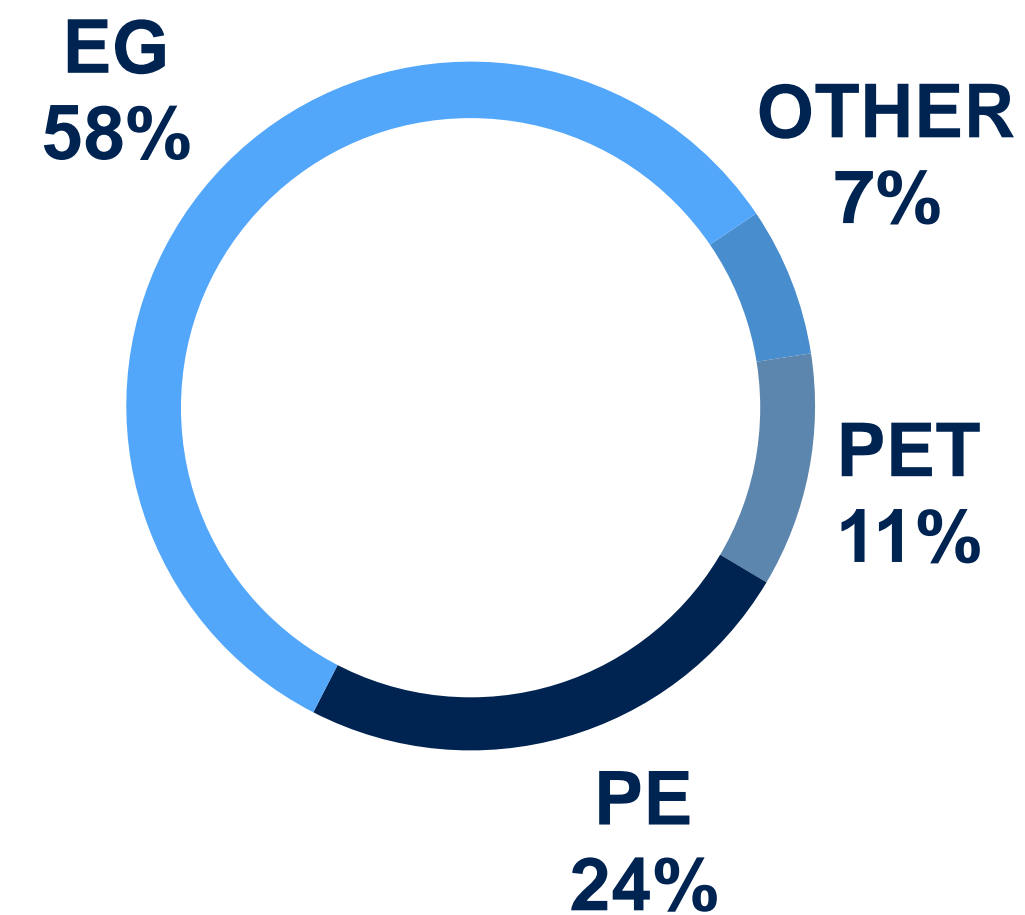
Financial Review

H1 2019 Revenue

Revenue by Region



Revenue by Product



A Closer Look

EG Volume*: 1,677 -5%
Price: \$594 -38%

PE Volume*: 385 +0%
Price: \$1,045 -17%

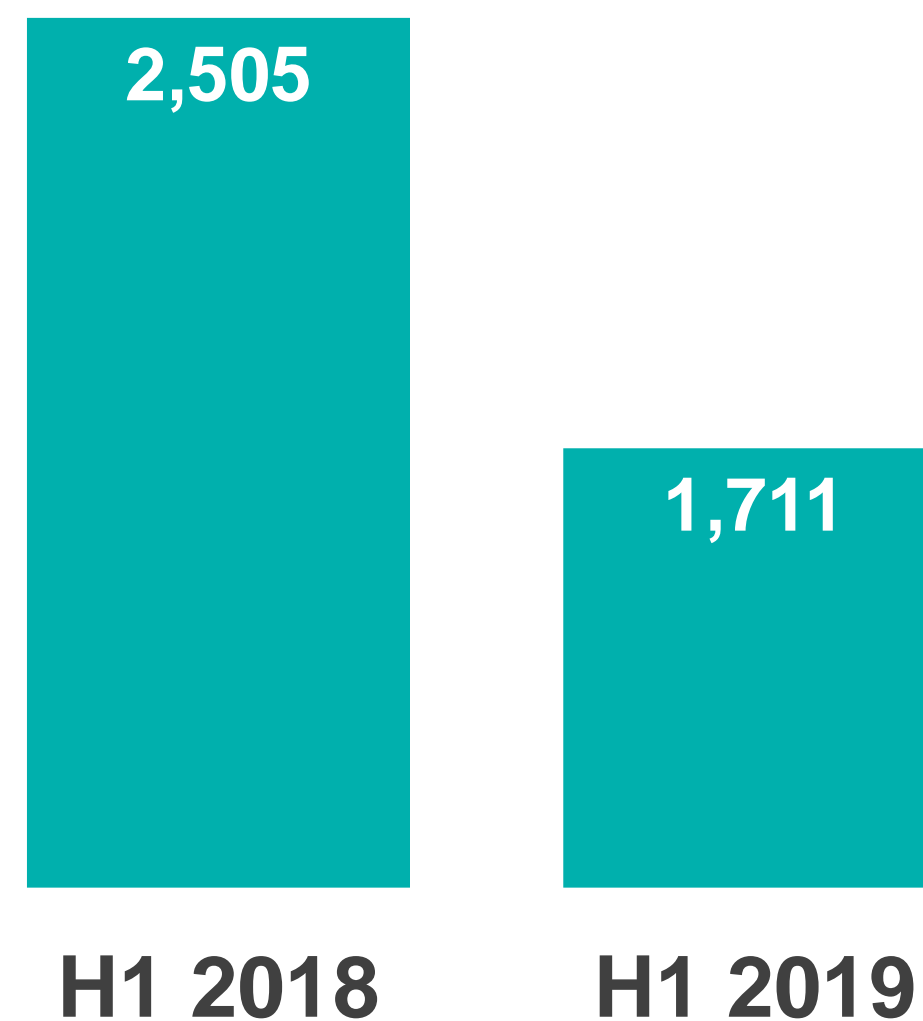
PET Volume*: 160 -4%
Price: \$1,220 -3%

% Change compared to same period last year

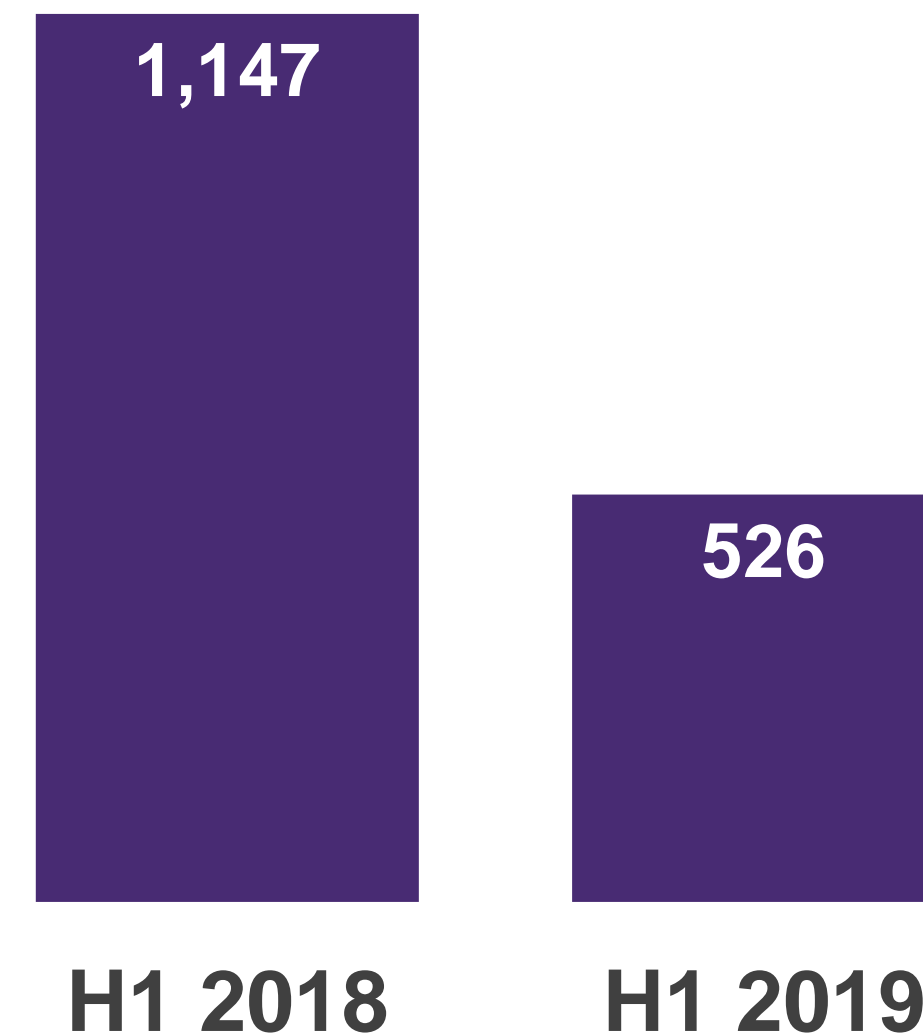
EQUATE Group reported total revenue of \$1,711 MM in H1 2019, a 32% decrease compared to the same period last year.

Profitability with EBITDA margin exceeded 31%, driven by operational excellence and effective cost management.

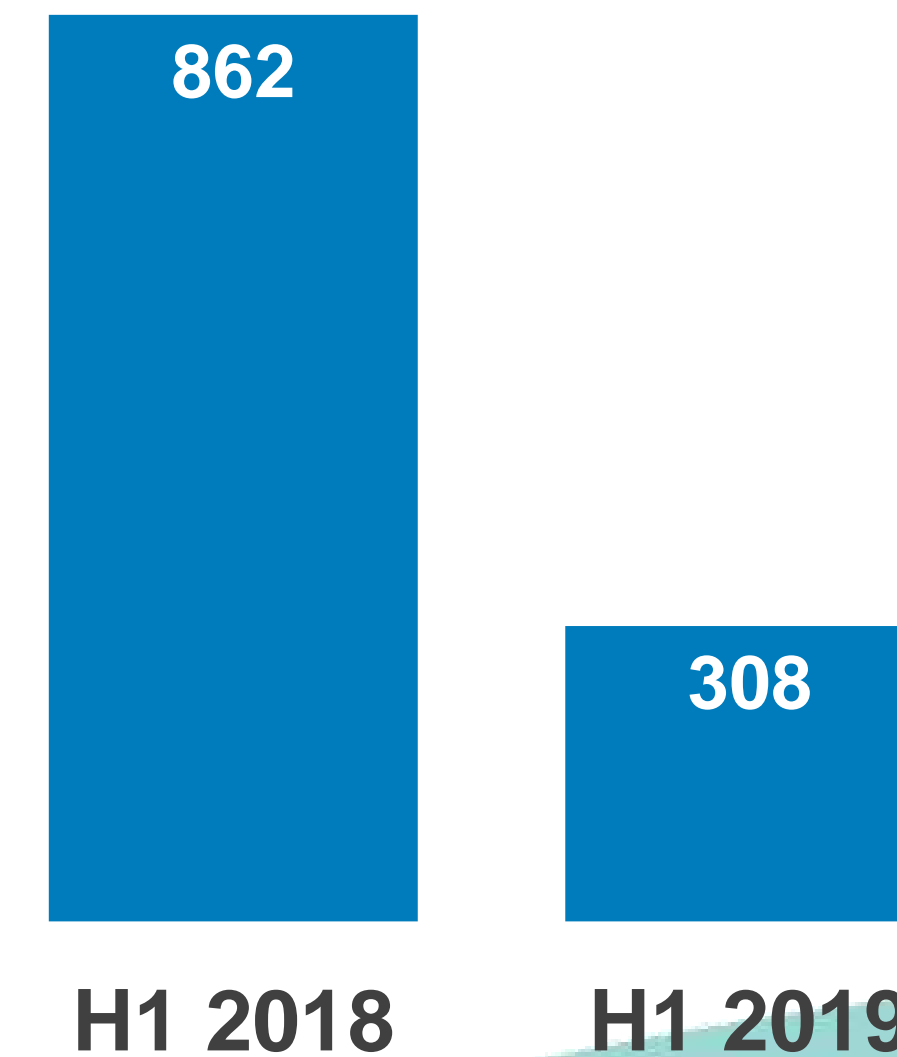
Revenue (\$MM)



EBITDA (\$MM)



Net Profit (\$MM)



Financial Position (\$MM)



Cash on Hand	Gross Debt	Net Debt	EBITDA	Net Debt to EBITDA
442	4,650	4,208	526	2.81x*

Total Assets



2018

H1 2019

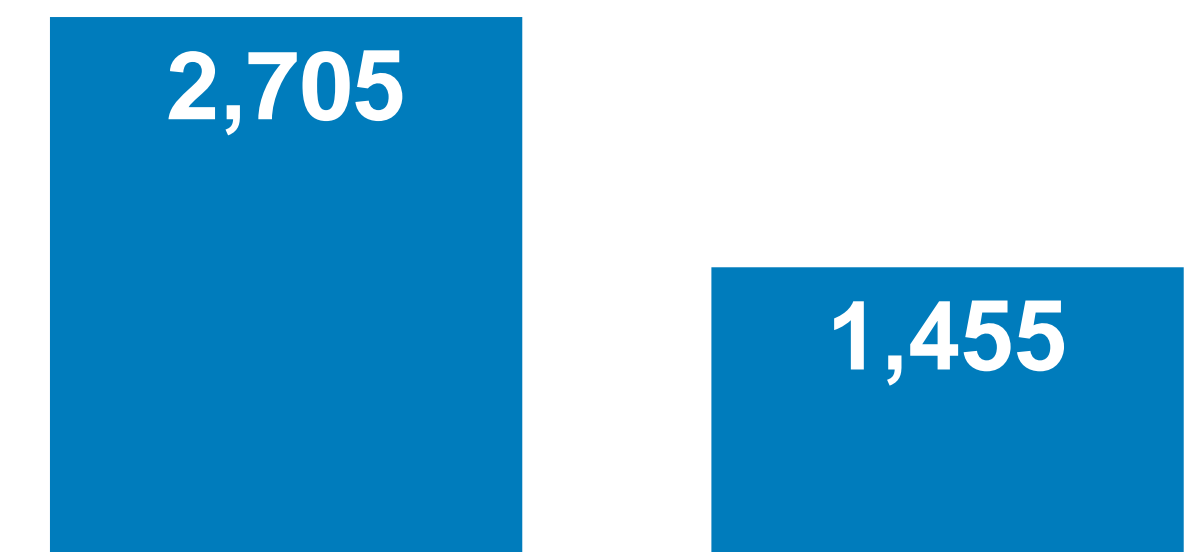
Total Liabilities



2018

H1 2019

Total Equity



2018

H1 2019

* 12 Month Trailing

Cash Flow and Liquidity

Cash Flow

(In \$MM)

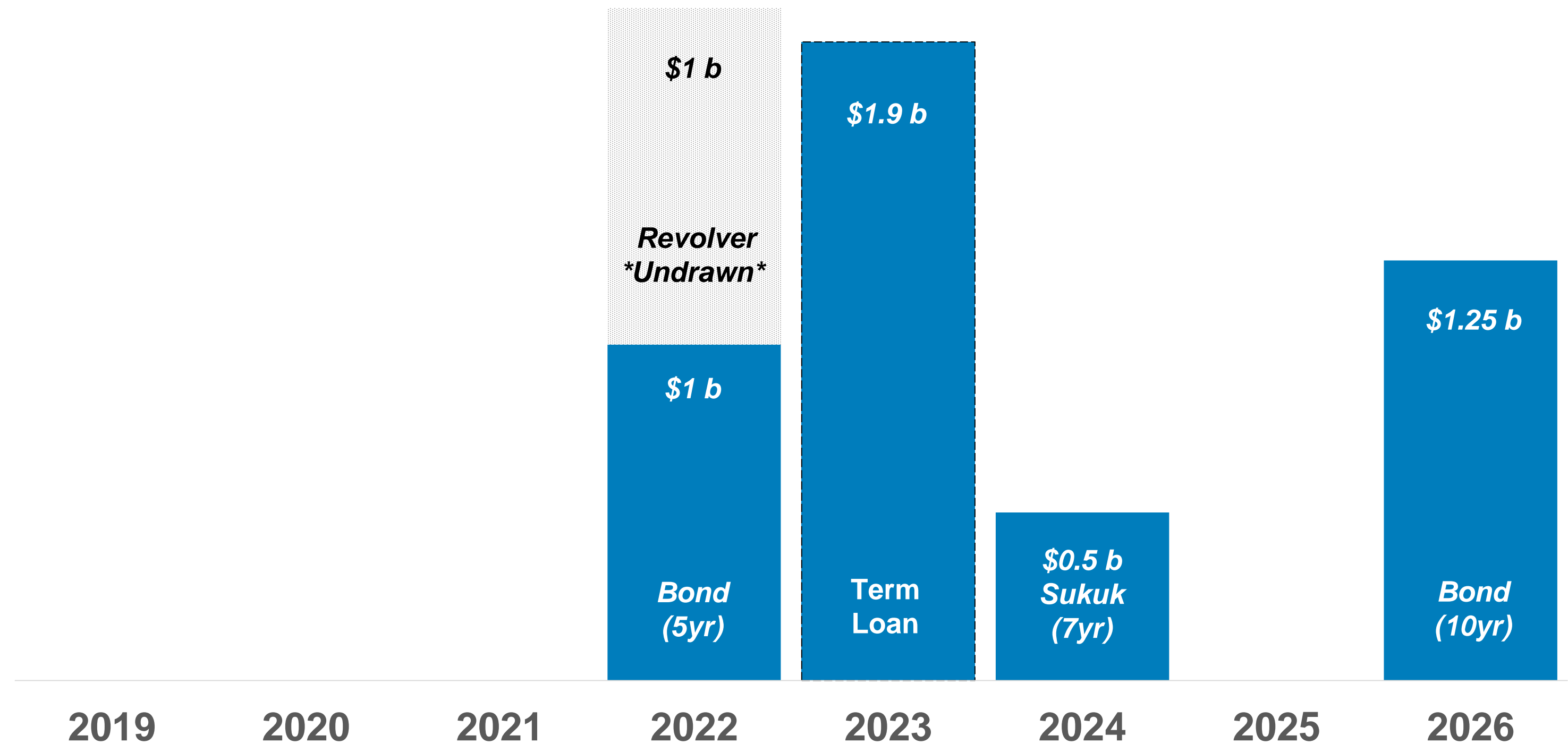
Cash flow from
operating activities **489**

CAPEX **(673)**

Dividend **(1,560)**

Free cash flow (1,744)

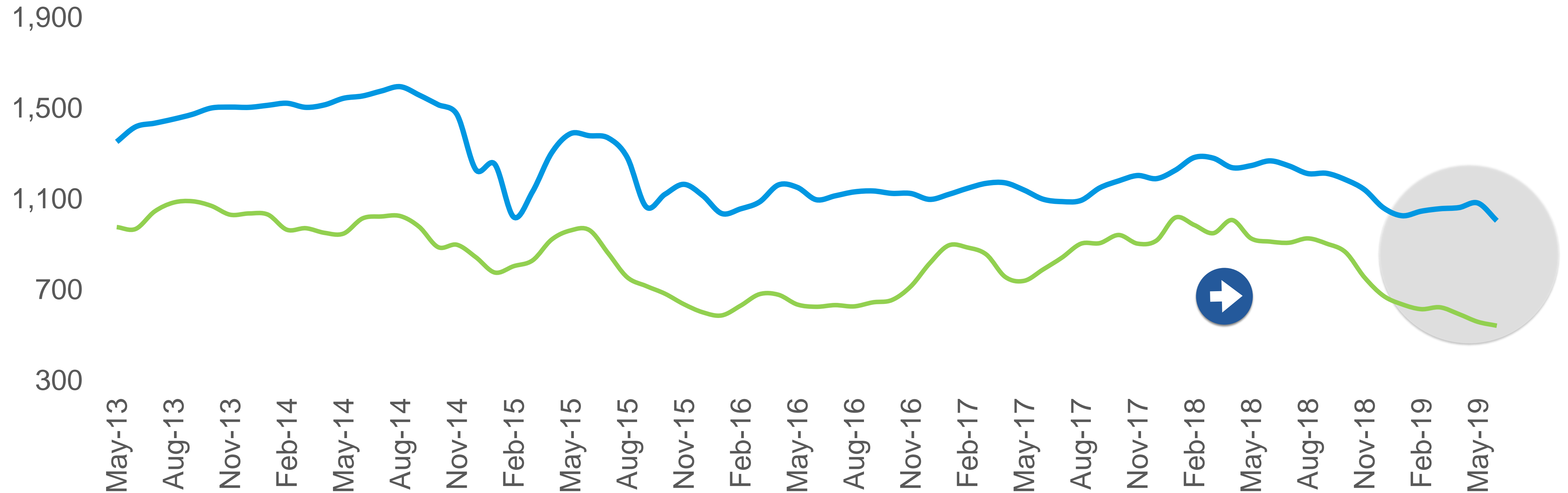
Debt Maturity Profile



Market Overview



PE + EG Prices



The US Gulf Coast project presents a significant growth opportunity for EQUATE Group.

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



Upcoming: Viridis 25

Viridis 25 is a new food-grade PET using up to 25% chemically recycled PET as feedstock.

- ⦿ Benefits the environment, business and the community by reducing the need for virgin PET
- ⦿ High demand for the product ahead of its commercial launch at the end of this year

THE PLASTIC OF THE FUTURE.





Safety & Sustainability

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

H1 2019 EH&S KPIs

Production 100% of plan

AMR 98%
Asset Mechanical Reliability

RIR 0.1
Recordable Injury Rate, accidents per 200,000 work hours.

PSCE 0
Process Safety & Containment Event. This applies to
containment losses, reactive chemicals events and releases of
hazardous process energy.

MVA 0
Motor Vehicle Accidents.

Safe Work Hours 16 million
The total of safe work hours without a day away from work
case. This includes all employees, contractors and visitors.

NOV 0
Notice of Violation from EPA or any other regulatory authority
due to non-compliance to the environmental regulation.

Integration of United Nations Sustainability Goals by 2025



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

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

The Group has maintained 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.

Q&A

We are



The world's second largest manufacturer and supplier 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, economy and community.

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