



EQUATE Group FY 2019 Earnings Presentation

May 31, 2020



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Agenda

- 🎯 Market Overview
- 🎯 EQUATE Group Overview
- 🎯 Financial Results Highlights
- 🎯 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

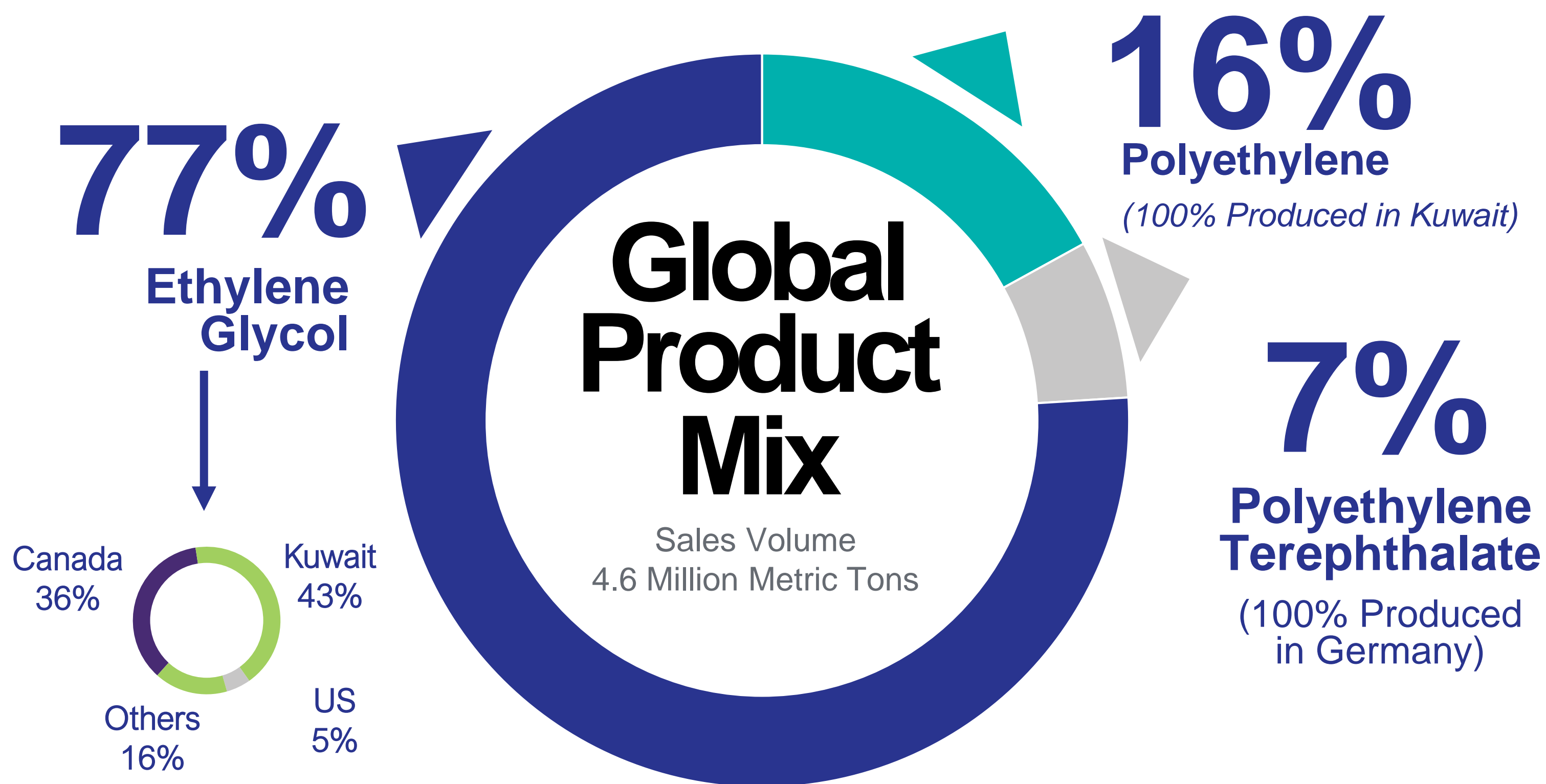
 9%

QURAIN PETROCHEMICAL

 6%

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

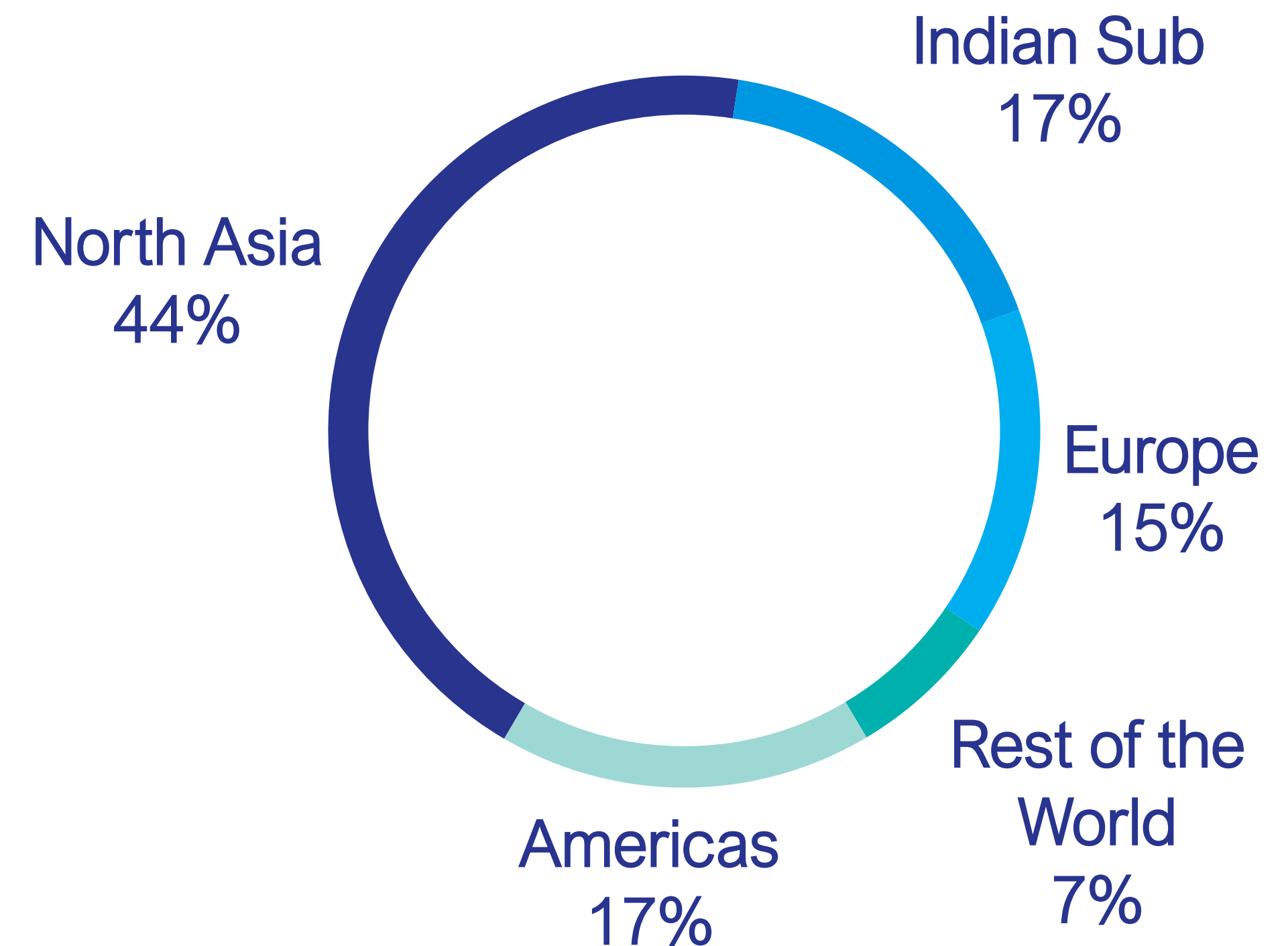
MOODY'S
STANDARD & POOR'S

Baa2

BBB

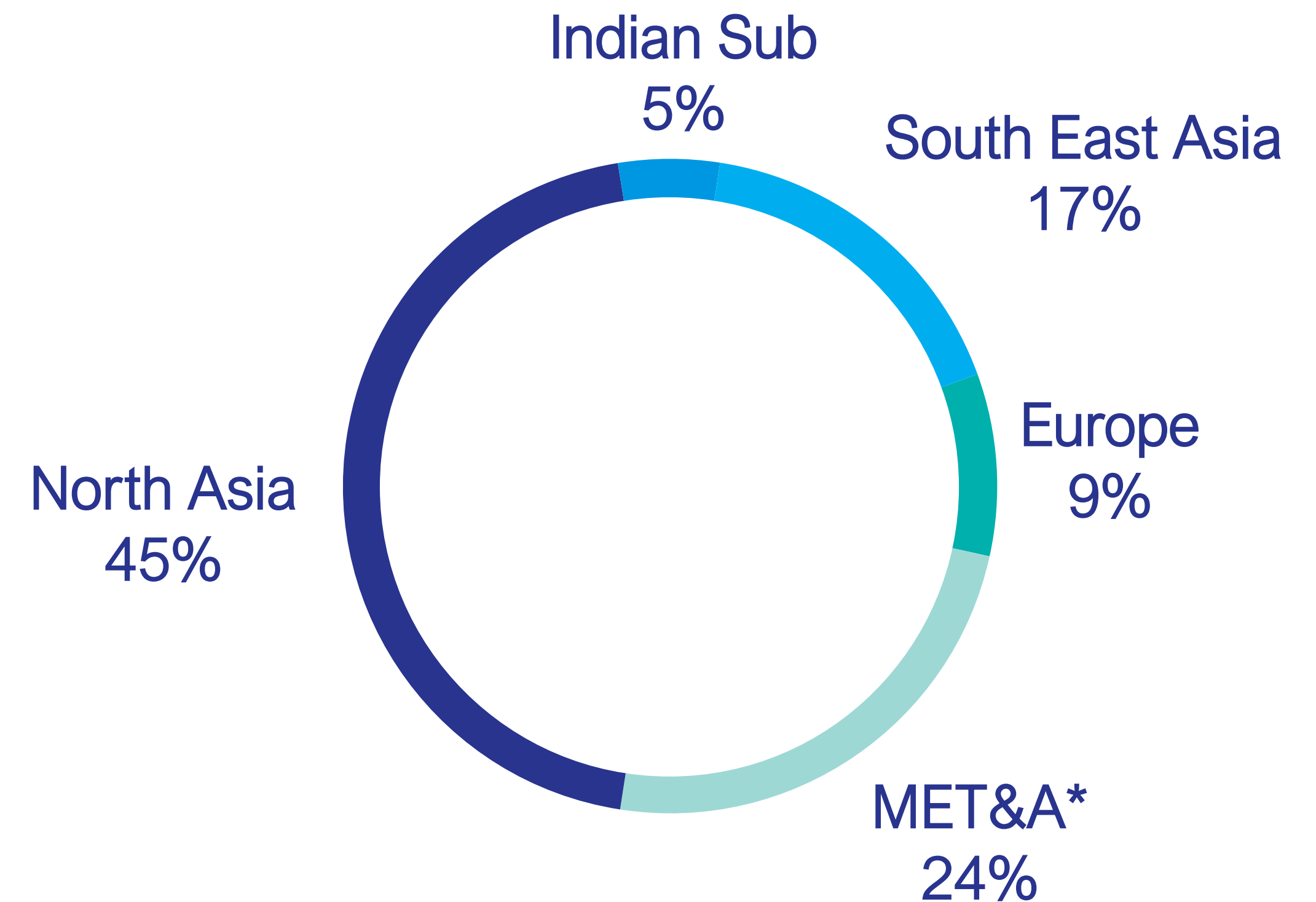
**EQUATE Group
Maintains a Strong
Foothold in Key
EG Markets.**

EQUATE Group EG Sales by Region (2019)



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

EQUATE Group PE Sales by Region (2019)



* Middle East, Turkey & Africa

Financial Results Highlights (\$MM)

Revenue

3,346

-31% Vs 2018

EBITDA

1,124

-47% vs 2018

Net Income

638

-59% vs 2018

Net Debt to EBITDA

3.42x

Volume ('000 MT)

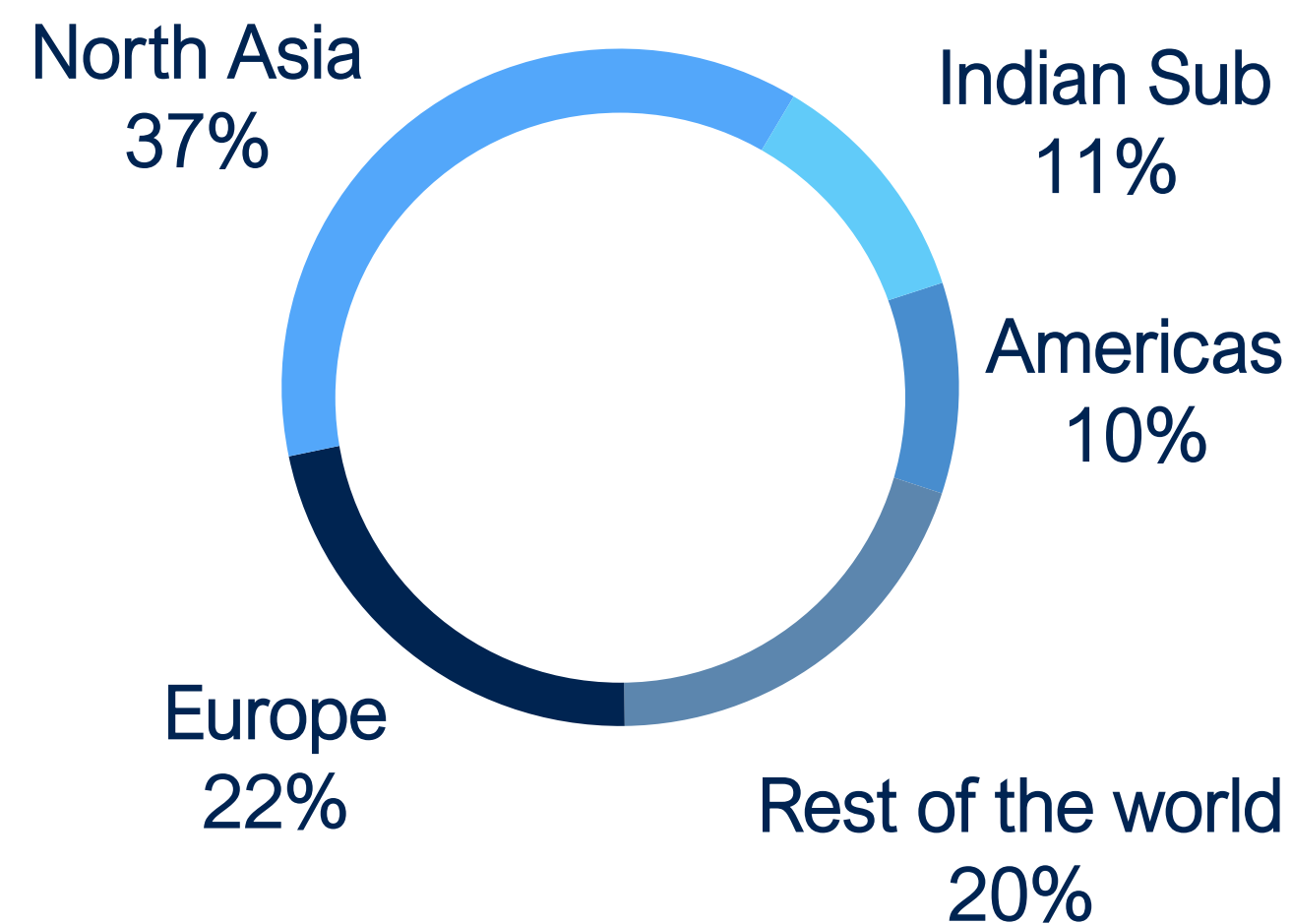
4,618



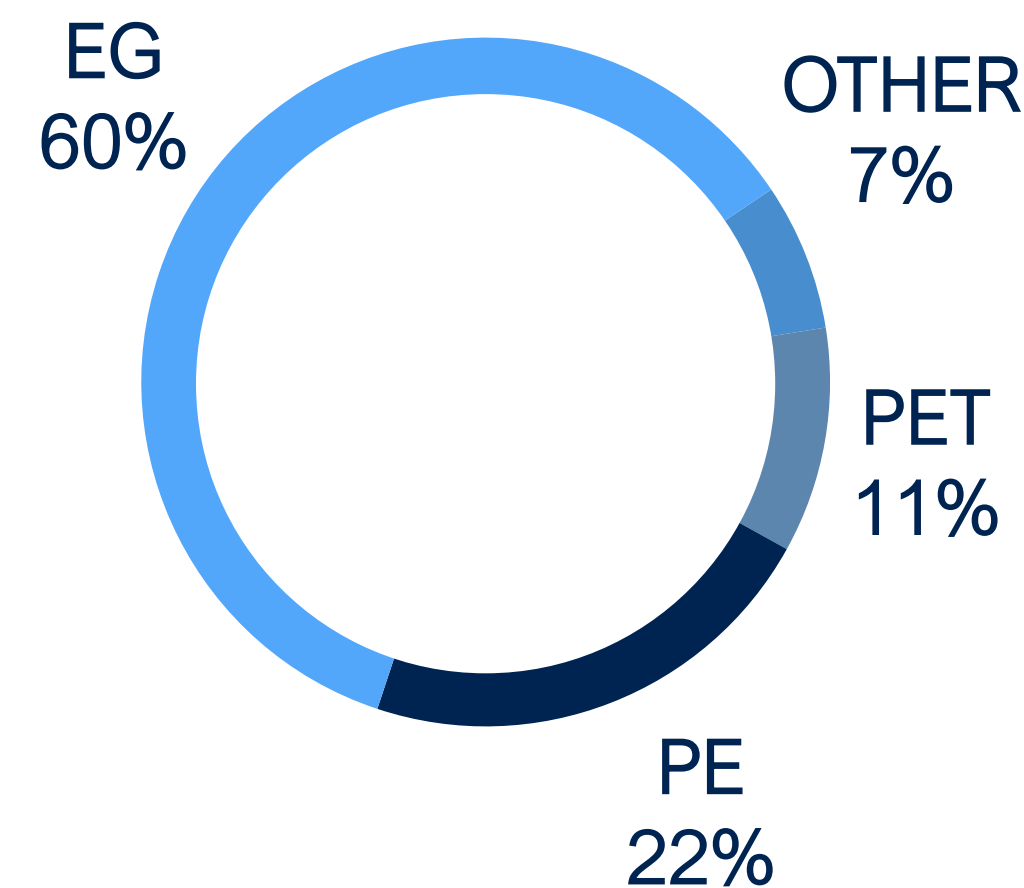
Financial Review

2019 Revenue

Revenue by Region



Revenue by Product



A Closer Look

EG Volume*: 3,545 -2%
Price: 571 -36%

PE Volume*: 759 +1%
Price: \$970 -20%

PET Volume*: 313 -7%
Price: \$1,130 -14%

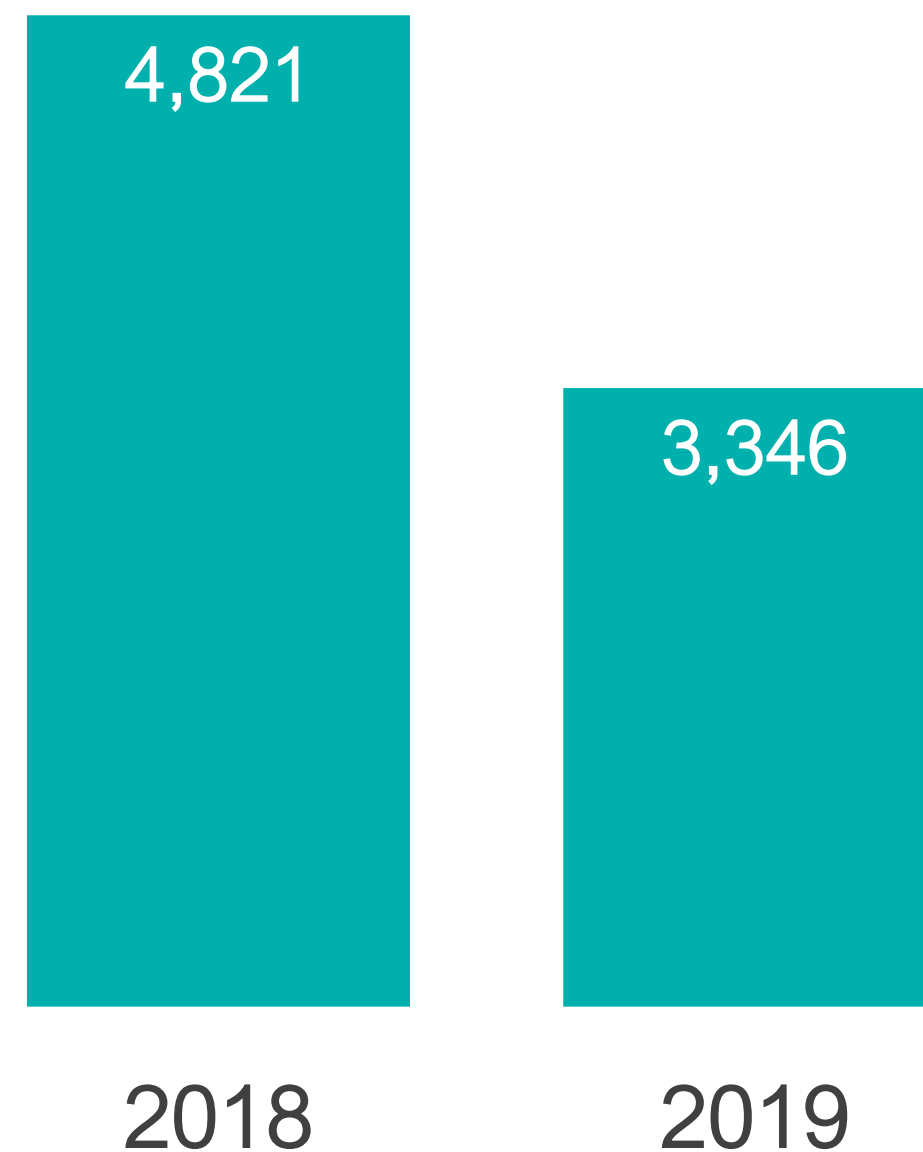
% Change compared to same period last year

EQUATE Group reported total revenue of \$3,346 MM in 2019, a 31% decrease compared to the same period last year.

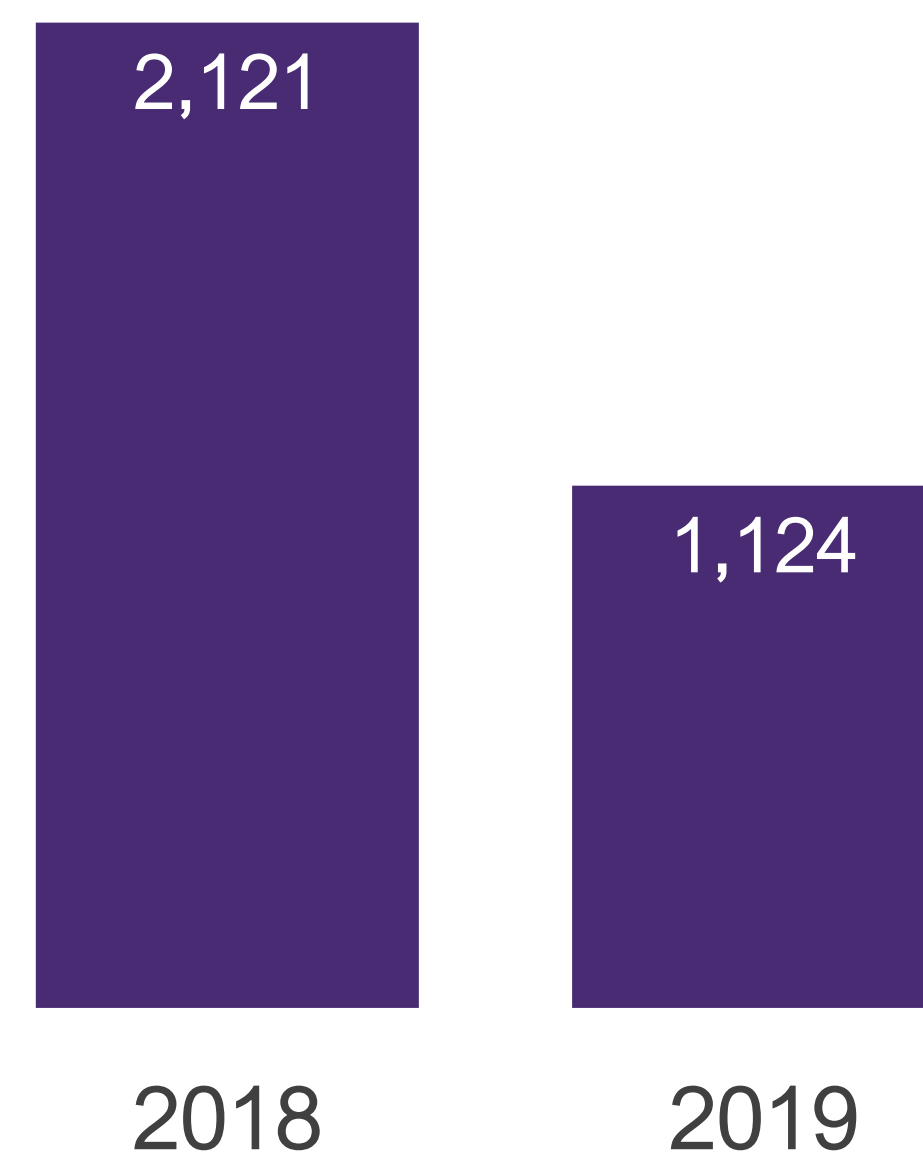
* '000 Metric Tons (MT)

Profitability with EBITDA Margin exceeding 34%, driven by operational excellence and effective cost management.

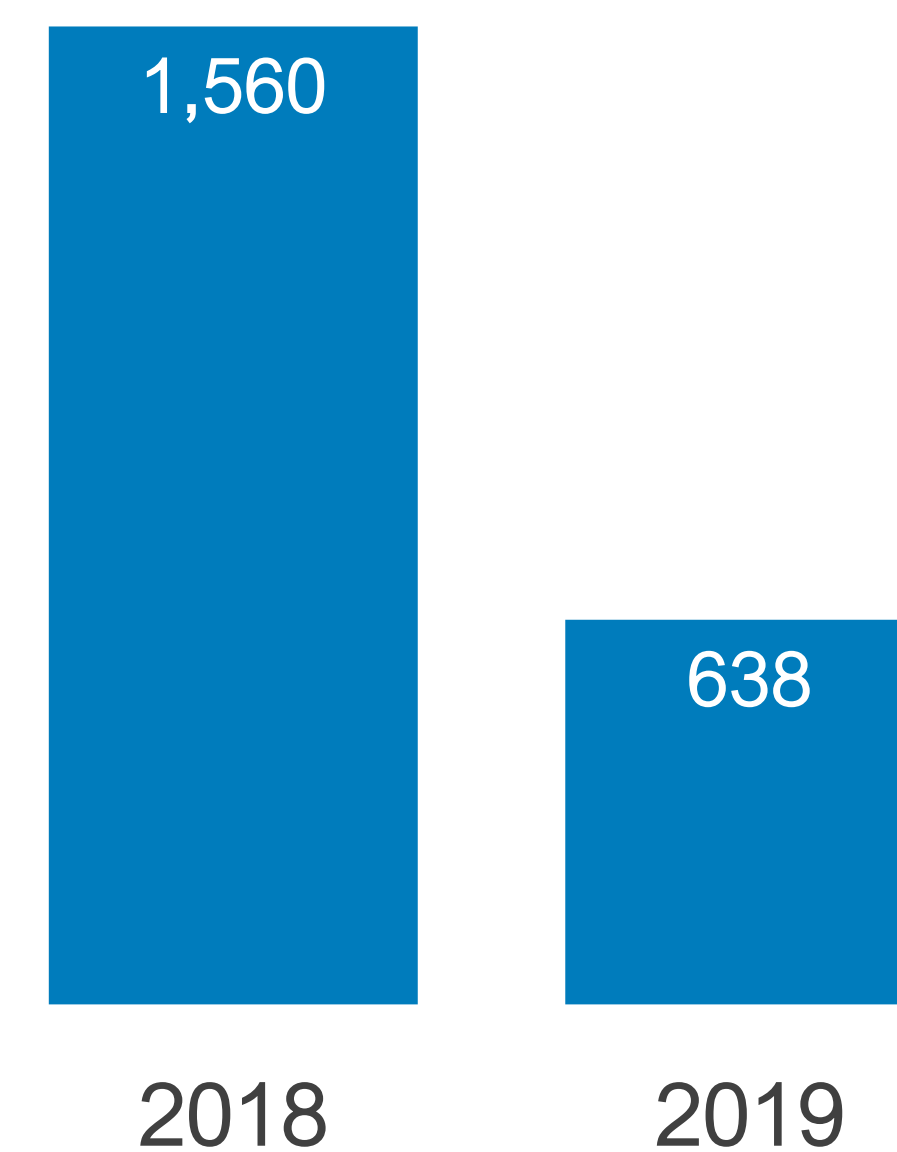
Revenue (\$MM)



EBITDA (\$MM)



Net Profit (\$MM)



Financial Position (\$MM)



Cash on Hand

802

Gross Debt

4,650

Net Debt

3,848

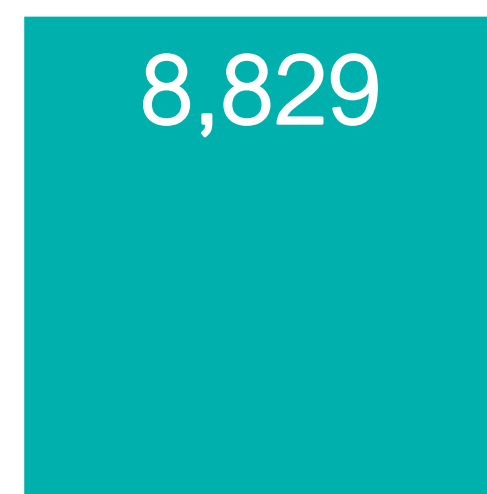
EBITDA

1,124

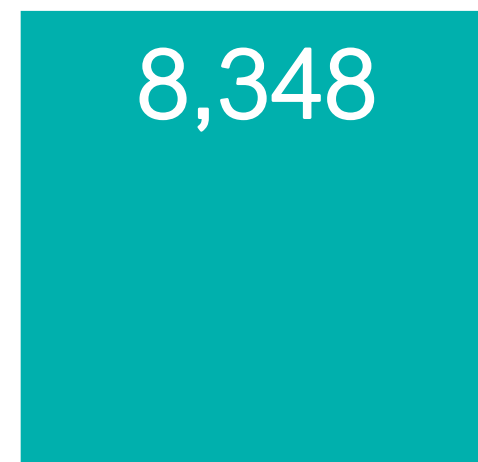
Net Debt to
EBITDA

3.42x*

Total Assets

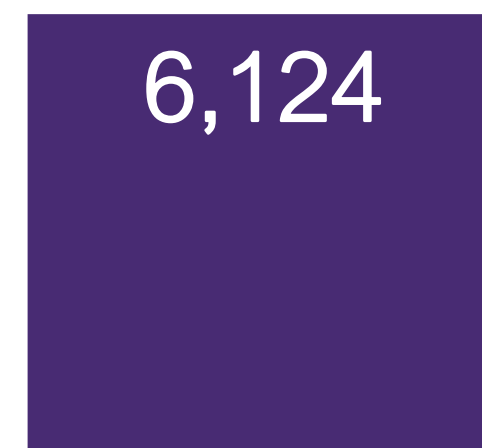


2018

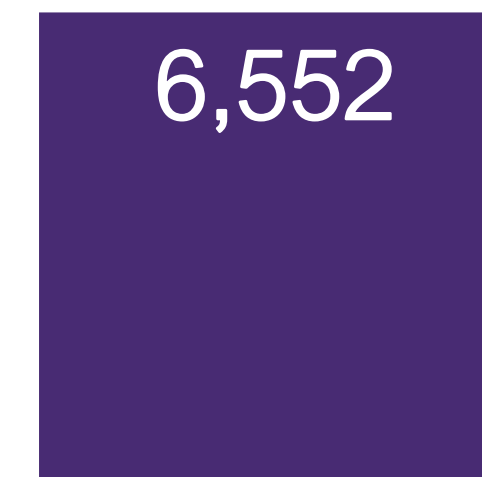


2019

Total Liabilities

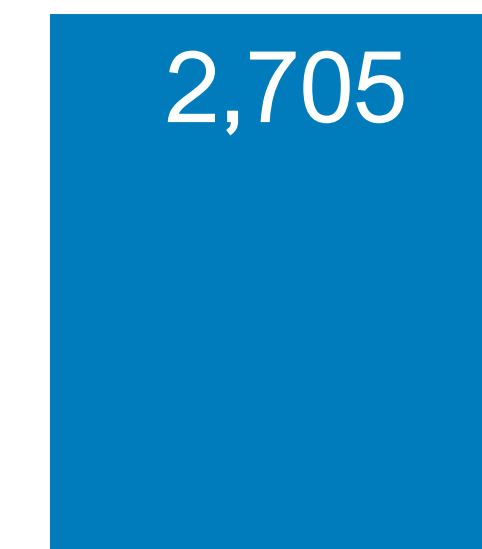


2018



2019

Total Equity



2018



2019

* 12 Month Trailing

Cash Flow and Liquidity

Cash Flow

(In \$MM)

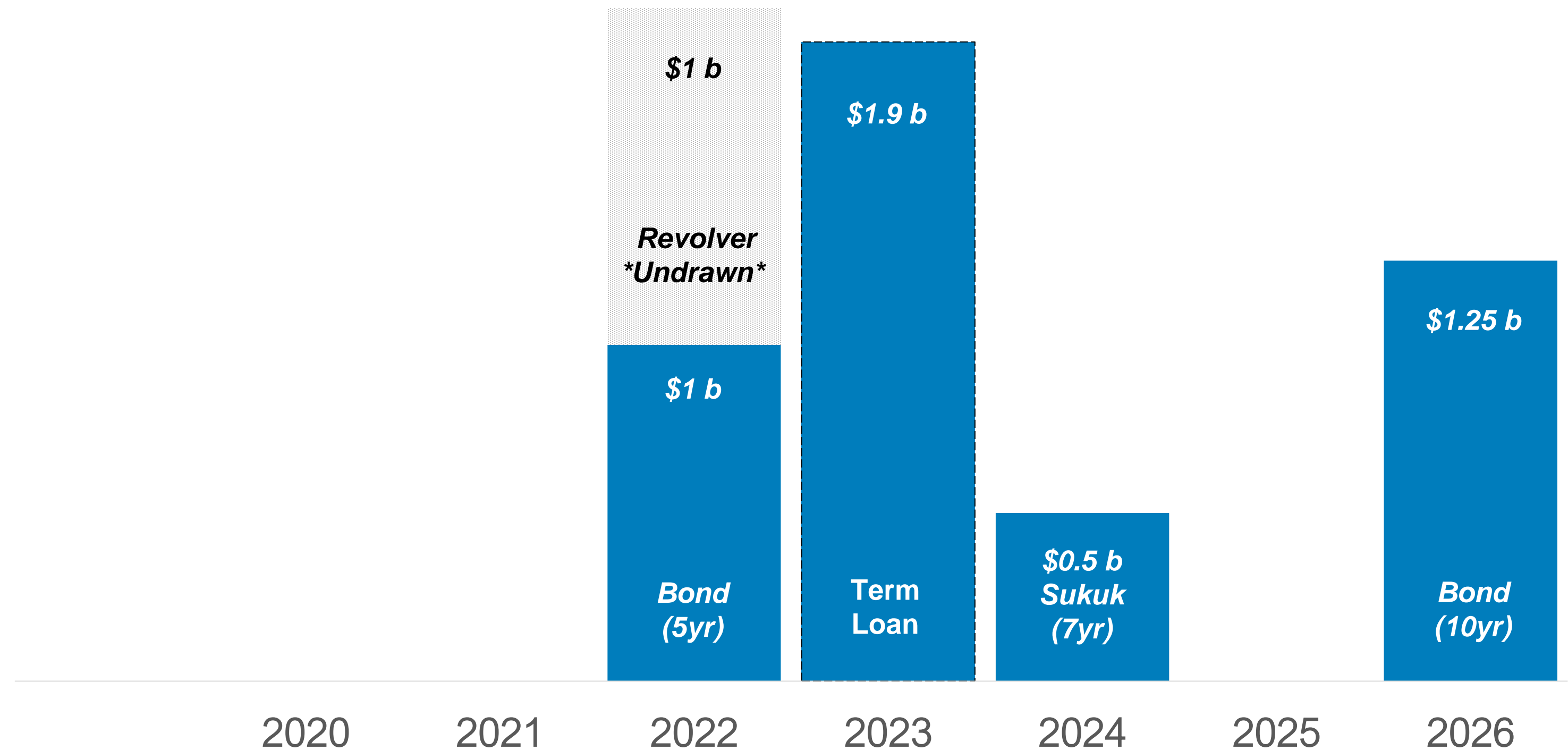
Cash flow from operating activities	1,229
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CAPEX	(885)
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Dividend	(1,560)
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Free cash flow	(1,216)
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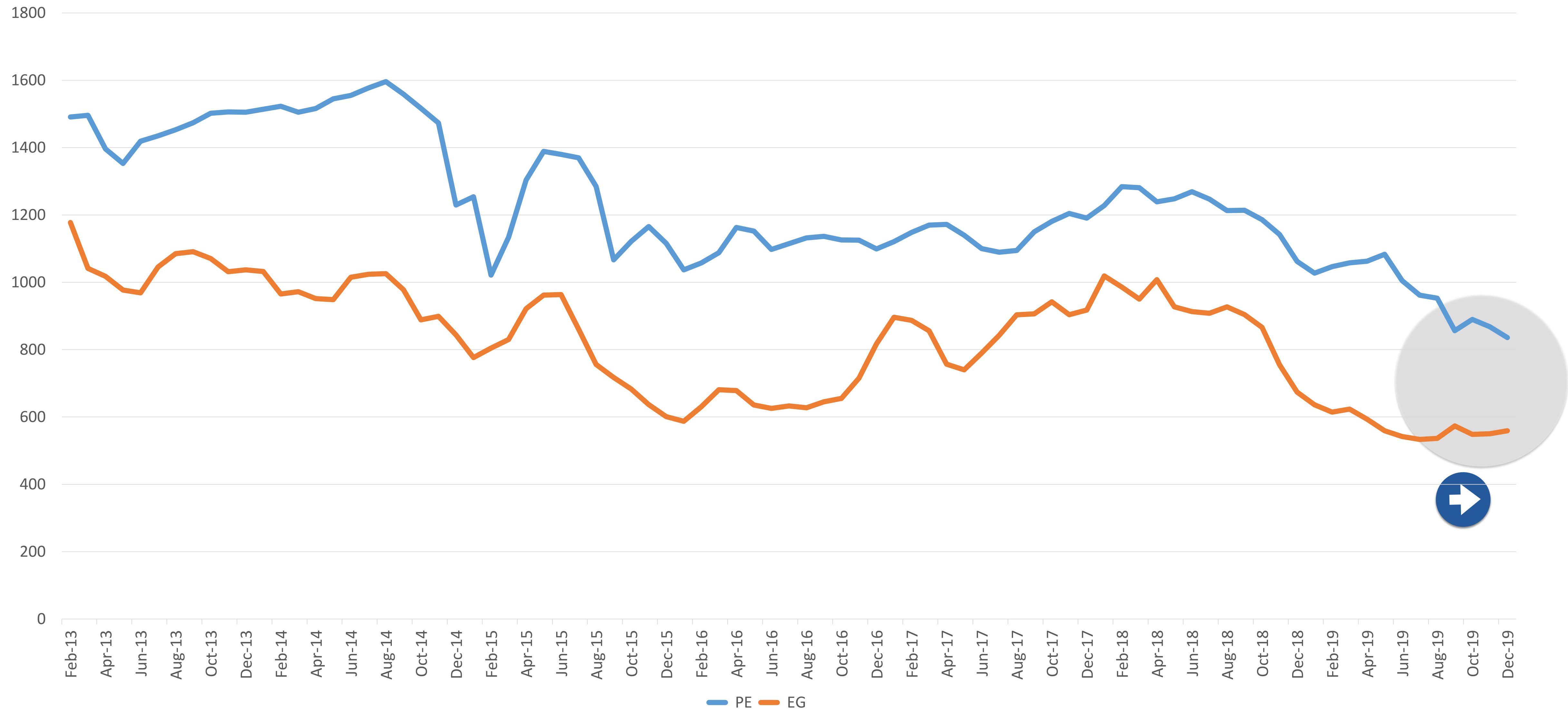
Debt Maturity Profile





Outlook

Price Trend



* Internal estimate



Oyster Creek site

Highway 332, Oyster Creek, TX

Capacity

In metric tons annually (mta)

750,000

mta of ethylene glycol (world-scale)

700,000

mta monoethylene glycol

50,000

mta diethylene glycol

>\$1B

Cost of project

Raw materials:
Ethylene & Oxygen



Jobs

Construction —2,000 at peak

Permanent jobs:

55 Direct Hire

25 to 30 Contract

Construction period:

2017 to 2019

(approx. 21 months)

Photo by Advanced UAS Technologies LLC

Site facts

- ~ First petrochemical facility built on U.S. Gulf Coast by Middle East-based company the EQUATE Group
- ~ More than 3 million consecutive safe work hours without a recordable incident
- ~ Total Recordable Incident Rate 0.06

Materials used for construction

- ~ 35,000 cubic yards of concrete
- ~ 8,000 tons of structural steel
- ~ 320,000 linear feet of piping (Oyster Creek to Houston)

USGC Project Completion

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

◎ EHS

- Over 6.7MM overall workhours on the project with over 5.2MM field hours.
- Over 373MM hours since last reportable.
- TRIR at 0.06.

◎ Project Capital Build Spend trending under budget.

- Mechanical completion August 23rd.
- Site turned over to operation.
- Insulation, scaffold removal continue after start-up.

◎ Start-up

- Plant started up October 7th.
- Currently in process of lining out and bringing products on spec.



Upcoming: Viridis 25

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

- ◉ Reduces the need for virgin PET with benefits for business, the environment and the community
- ◉ Sold out ahead of its commercial launch at the end of the 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*

2019 EH&S KPIs

RIR 0.06

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 21 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.

Production 100% of plan

AMR 99%

Asset Mechanical Reliability

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 EQUATE Group, **targeting integration by 2025 through three primary strategic focus areas: Environment, Economy, and Society.**

EQUATE Group 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.

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