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Whilst, the pace of development of new technologies is unlikely to slowdown, there are now developments and new thinking in the identification of advantaged feedstock that have the potential to alter the structure of petrochemical industry in certain geographies.

In this regard, and well into its second decade, Echem has reviewed its strategy to embrace new international strategies and apply it not only in its greenfield projects but also through developing existing facilities to maximize economic returns.

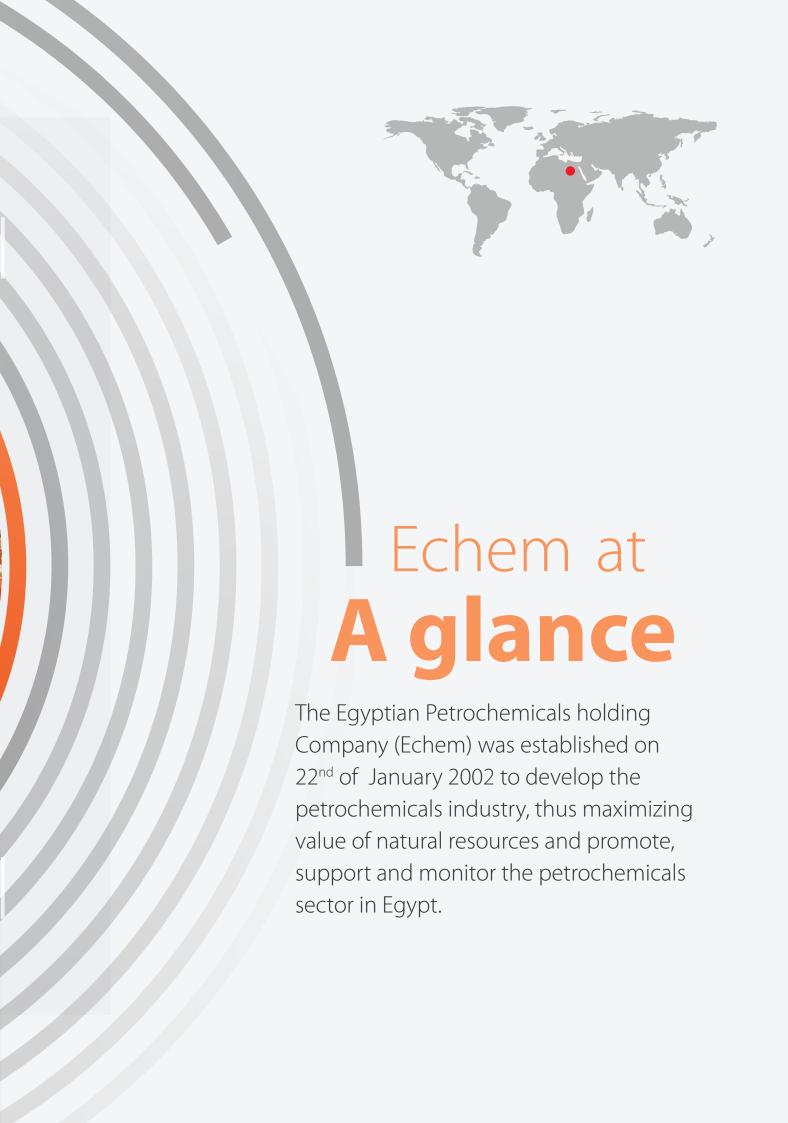
Looking back at 2018/2019 Echem managed to move 6 projects to be in execution phase with estimated total investment of 2 billion US Dollars, mostly building on existing facilities and feedstock from operating companies to realize the targeted integration.

Our path forward comprises some projects integrated with existing plants and a mega greenfield project aiming to introduce new products to the local market which are essential in supporting small and medium sized value added industries to further boost the national economy and avail the very much needed job opportunities and expertise.

At Echem we set high standards of performance and ethical behavior. Our reputation is upheld by how we live up to our values and we believe that our long term success together with shareholder benefits depend on our dedication to social responsibility, environmental protection, market satisfaction, technological partnerships and fair competition.

Chem.\Saad Helal





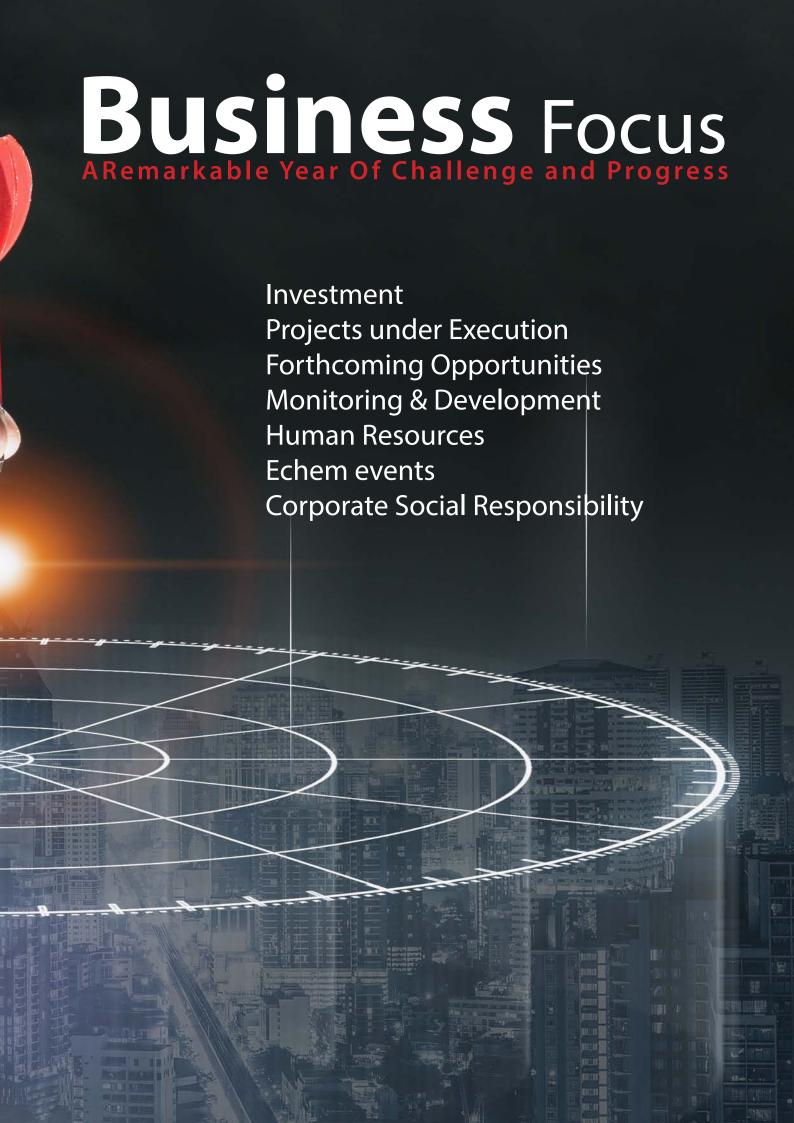


sustainable use of our natural resources.



We set a high standard of performance and ethical behaviors and our reputation is upheld by how we live up to our values. We believe that our long-term success and shareholders' benefits depend on our dedication to social responsibility, employee empowerment, technological partnership and integrity. Our future business will therefore be governed the very same values.



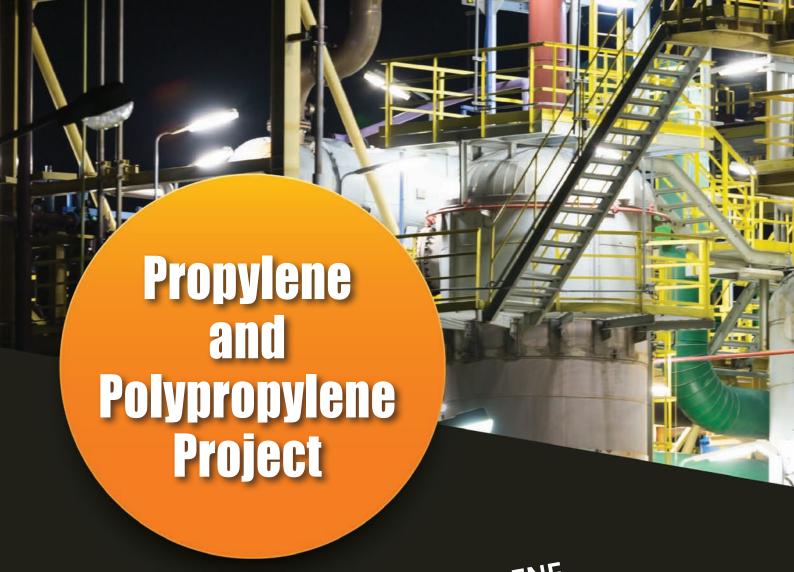






Echem methodology is based on models designed to attract "Foreign Direct Investment" through equity participation of International Organizations or financing through local and foreign financial institutions.

- Detailed feasibility studies by independent international specialized consultants to maximize safety of investments, generate credibility to interested parties and facilitate financing by reputable local and Foreign financial institutions.
- Avail appropriate project sites suitable for future expansions and enjoy proximity to utilities, feedstocks and export facilities.
- Guarantee feedstock at competitive prices.
- Long-term off-take agreements to guarantee loans payback.
- Diversified resources for financing projects.
- Participation in Equity.
- Applying Profitable Exit Strategy.

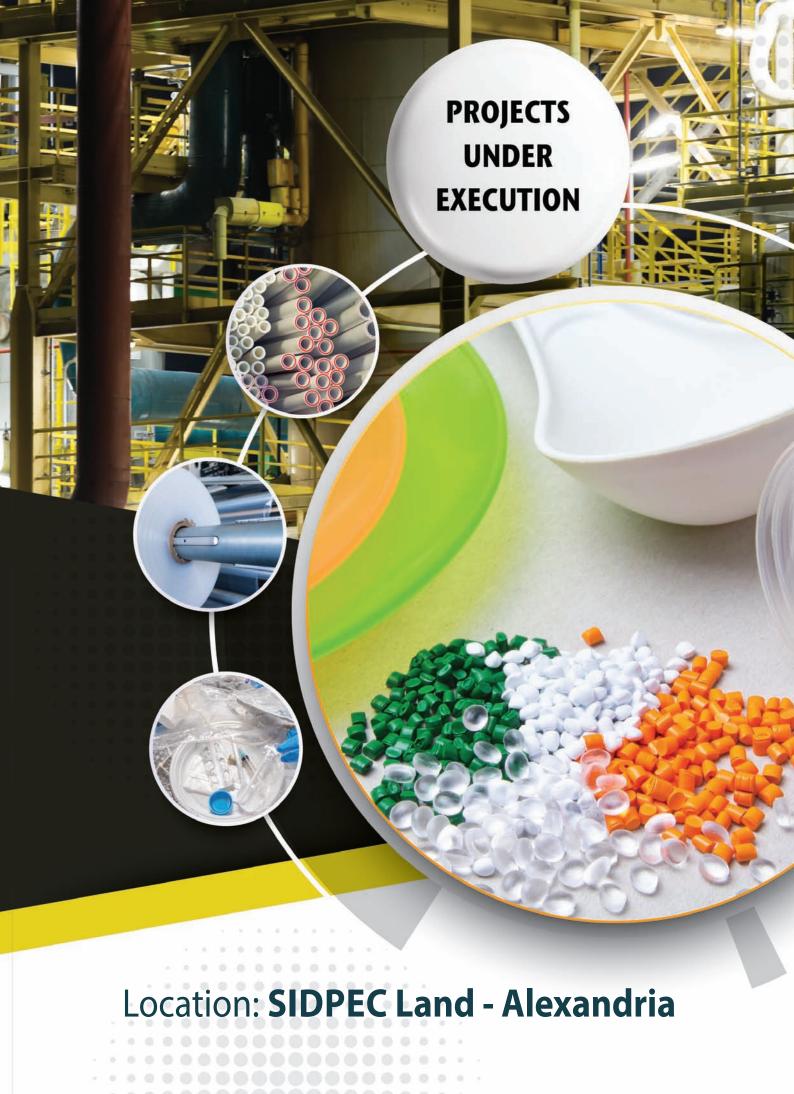


## PHASE 1 500 KTA POLYPROPYLENE

## PROJECT STATUS

- Basic designs have been completed for Propylene Project by UOP.
- Production license contract of polypropylene has been signed by Sidpec Engineering works contract has been signed with Enppi and Petrojet for and Grace.
  - OSBL, design and implementation of projects facilities.

Estimated Investment Cost: 1.6 BILLION USD





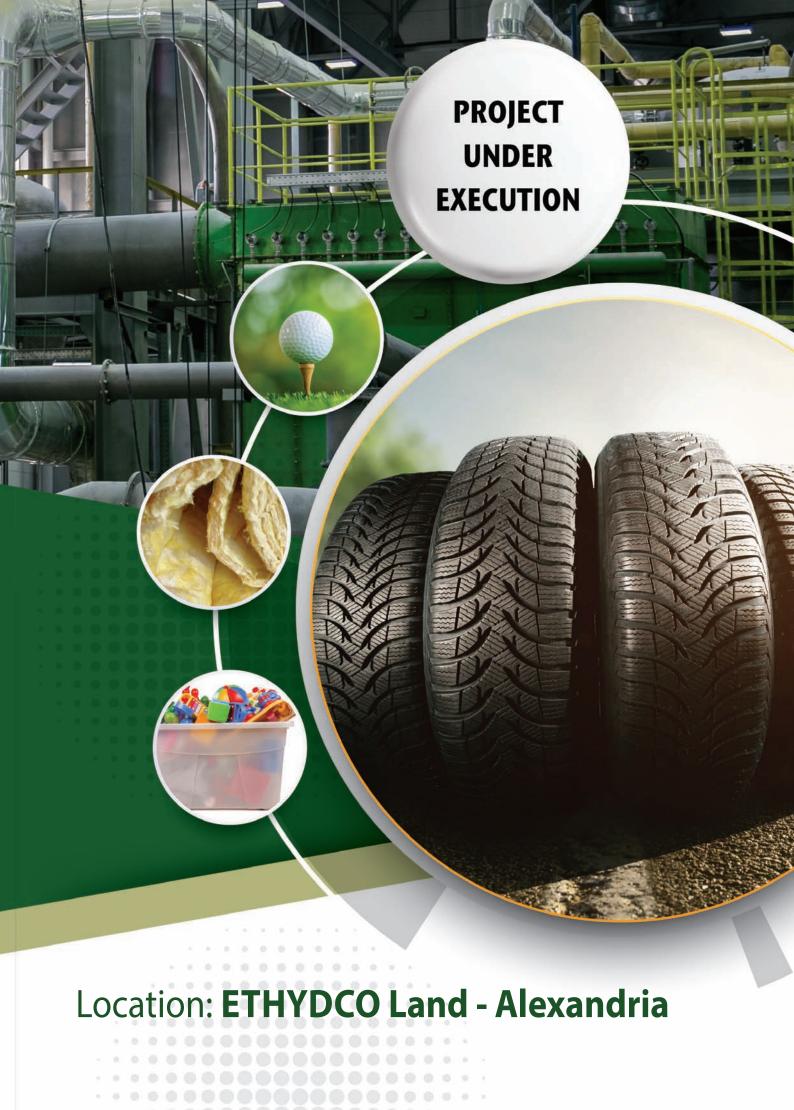
# 36 KTA POLYBUTADIENE RUBBER (LCBR)

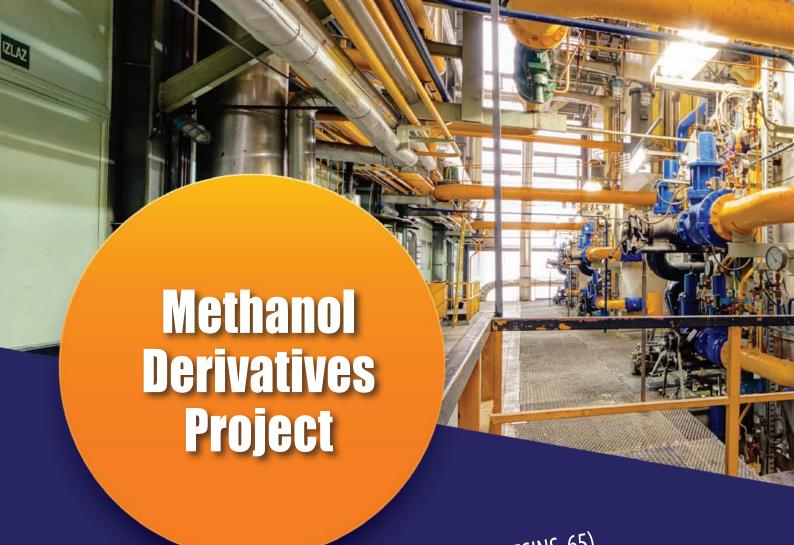
## PROJECT STATUS

 Petrojet and SPA alliance have been selected as a general contractor.

Estimated Investment Cost: 160 MILLION USD

Planned Startup Date: Q4 2021





52 KTA UREA FORMALDEHYDE (UFC-85 / UFRESINS-65) 26 KTA SULPHONATED NAPHTHALENE FORMALDEHYDE (SNF)

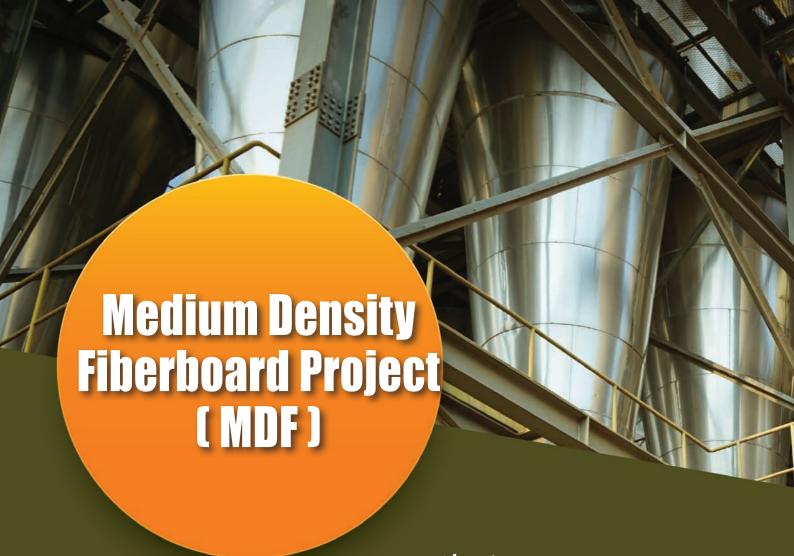
## PROJECT STATUS

- ZAFCOM have been selected for production licenses for all formaldehyde and naphthalene products. ZAFCOM, Sun Egypt and Nile Valley Contracting have
  - been selected as a general contractor.
    - Enppi have been selected as PMC Project Management

Estimated Investment Cost: 50 MM USD

Planned Startup Date: Q3: 2021





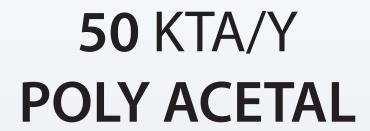
205,000 M<sup>3</sup>/Year MEDIUM DENSITY FIBERBOARD (MDF)

- Simple Kamp have been selected for designs, PROJECT STATUS
  - production lines supplies and services.
    - Petrojet have been selected for construction works.

Estimated Investment Cost: 210 MM EURO Planned Startup Date: Q4: 2021







Estimated Investment Cost
400 MILLION USD

#### **PROJECT STATUS**

Prefeasibility study has been prepared.

Preparation of detailed feasibility study is ongoing.

Methanol feedstock is secured (by Echem).

1.W.3016

FORTHCOMING OPPORTUNITIES





850 KTA/Y
PETROLEUM PRODUCTS

Estimated Investment Cost
8.5 BILLION USD

#### **PROJECT STATUS**

Prefeasibility study has been prepared.

Preparation of detailed feasibility study is ongoing

FORTHCOMING OPPORTUNITIES



OPERATIONS ACTIVITY

The continued support of existing petrochemical complexes through technical and administrative supervision has led to an increase in production and marketing of petrochemical products which had the greatest impact in supporting the financial position of these companies and increasing their competitive edge.

Our best practices to enhance operational excellence have yielded record breaking performance for the operating projects while forecasting a prolific vision for the upcoming ones depending on two essential axes:

#### 1- FOLLOW-UP & DEVELOPMENT:

Echem offers non-stop support for the affiliated companies to secure their need for raw materials and utilities.

The company as well follows-up execution of revamps, scheduled and preventive maintenance to enhance the continuity of operation and minimize shutdowns.

Typically, Echem shows interest in the development projects of affiliated companies to increase their income and profits along with enhancing their capability of competition in the local and global markets.



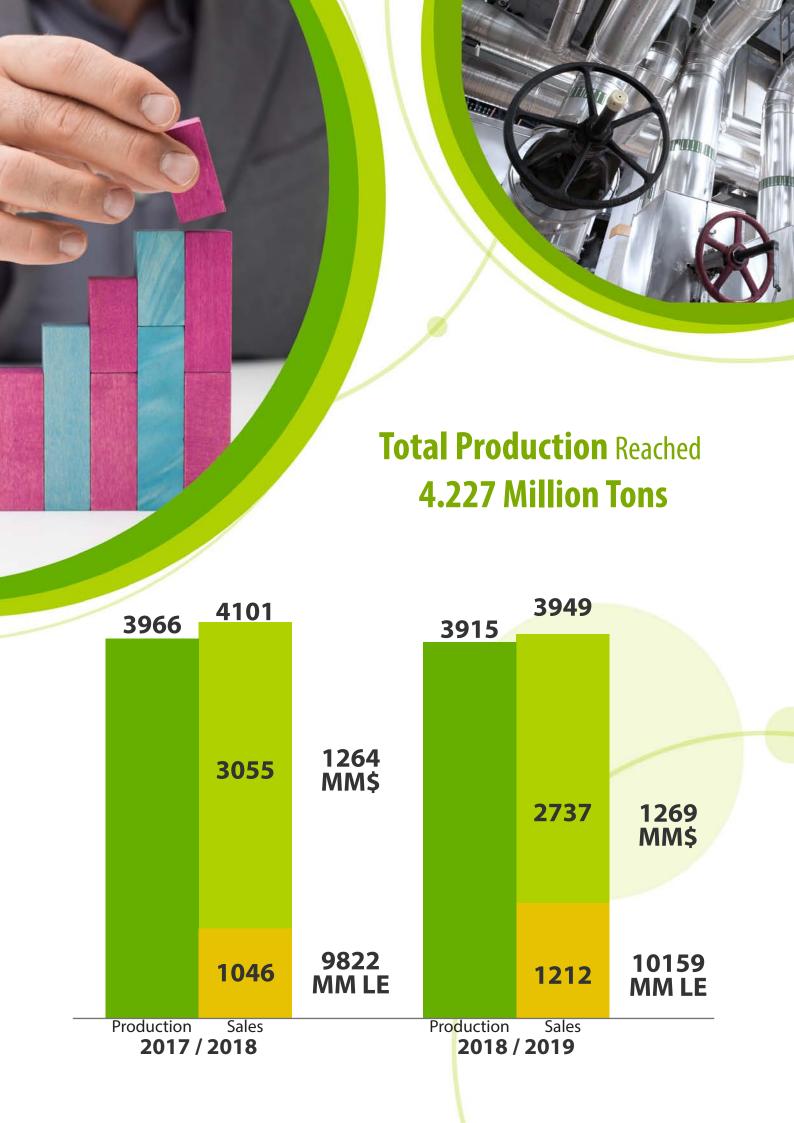
### MONITORING, DEVELOPMENT & INTEGRATION

#### 2-INTEGRATION & RESOURCES MANAGEMENT:

Moving to an advanced level of revamping, the fiscal year 2018/2018 has witnessed new renovation projects that embraced:

- Replacing the mono-polar electrolysis cells by Bi-polar cells in Chlorine plant (EPC)
- Upgrading the Automation system to Distributed Control Systems (DCS) in PVC plant (EPC)
- Establishing new EDC cracking unit in VCM Plant using TLX technology EPC
- Supply and installation of a fifth polymerization reactor for the production of PVC (EPC)
- Establishing two chlorides removal units, (ELAB)
- Revamp study in (PACOL) unit (ELAB)
   These promising projects are expected to achieve even bigger accomplishments than the last year by lowering production costs & energy consumptions hence affecting production, sales & revenues consequently.







# PRODUCTION & SALES

At ECHEM, we operate a portfolio of businesses; well positioned to take advantage of integration synergies with our affiliates and operating units, as well as maintaining focus on operational excellence.

Production and maintenance plans are key elements in enhancing productivity and reducing shutdown periods.

An ambitious plan was set for sales, as the total reached 3.915 Million tons where 1.212 Thousand tons of the production was dedicated to meet local market demands while 2.737 Million tons was directed for export.



## A DRIVER OF COMPETITIVE ADVANTAGE

During 2018/2019, Echem HR has set a key goal to foster a competent workforce and create an organizational culture to maintain its relevance as a place of opportunity and excellence.

This year, Echem HR main objective was to transform our petrochemical affiliates and operating units into "Learning Organizations" capable of developing knowledge in terms of know-how and expertise, and promote best practices in the petrochemical business.

Echem as a "think-tank" for Egypt's petrochemical industry, felt the crucial need to address key challenges and act as a platform where top executives from affiliate companies collectively address the challenges encountering the industry through a series of specialized workshops & training programs designed and conducted by Echem.

#### Echem HR has also set a key goal to integrate with its affiliates through:

- Identifying and analyzing HR issues, defining optimized systems to recruit and train the right people.
- Promoting a business culture that encourages innovation and rewards individual initiative.
- Ensures that the emerging petrochemical workforce has the right experience and skills needed to tackle the challenges that lie ahead and deliver business strategy.



Echem has managed to build a truly HR function capable of maintaining our talents across more than ten years of operation. Our priority is to retain close oversight of employees with most sought after skills. This allows us to manage all aspects of their career journeys from graduate recruitment to pay and performance management.

We believe that, in order to function in a more sustainable way, it is vital that Echem has the right people with the right skills in the right places.

Our "Competency Based Management" project is currently underway. Our endeavor is to:

- Develop an effective succession planning model
- Facilitate the selection and promotional processes
- Build career formation programs in alignment with shared competencies





#### **COLLEGE STUDENTS TRAINING & INTERNSHIP PROGRAMS:**

Since proper academic education & competent technical training have always been inseparable for efficient performance, ECHEM & its' affiliates have set a qualification program for college students to enhance their knowledge, boost their awareness level and make the most of their potentials. Internships & hands on experience, guided by ECHEM & its' affiliates, have greatly contributed to the students' expertise and shall serve them well after graduation and through their career paths in the near future.

#### **CODE OF ETHICS ACTIVATION:**

The Petrochemicals Sector together with The High Commission against Corruption and Administrative Illegality (HCCAI) are currently activating code of ethics among the petrochemical companies & projects in Egypt to conduct business with honestly and integrity. Breaking the code of ethics can result in taking disciplinary actions against the breaker according to the Egyptian Penal Code. This decent step has been put recently in progress to help employees conduct their actions in accordance with their organization's primary values and ethical standards.

## Echem Events









Ramadan Charity Bags Distribution









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Ramadan Charity Bags Distribution





LIST	COMPANY	CONTRACTOR	OVERALL
Total Number of Working Hours	16348396 hr	9919431 hr	26267827 hr
Number of Employees	6583	3863	10446
Fatality/Serious Injuries		-	
Lost Time Injuries (LTI)	<u> </u>		
First Aid/Minor Injuries			
Recordable Injuries	-		
Injuries (Outside Workplace)	2		2
Fatalities (Outside Workplace)			a - 44

### (ECHEM) COMPANIES LOST TIME INJURY FREQUENCY (LTIF) COMPARING WITH (\*IOGP)



LTIF	ECHEM	IOGP
OVERALL	0	0.26
COMPANIES	0	0.25
CONTRACTORS	0	0.26

## ENVIRONMENT, HEALTH & SAFETY





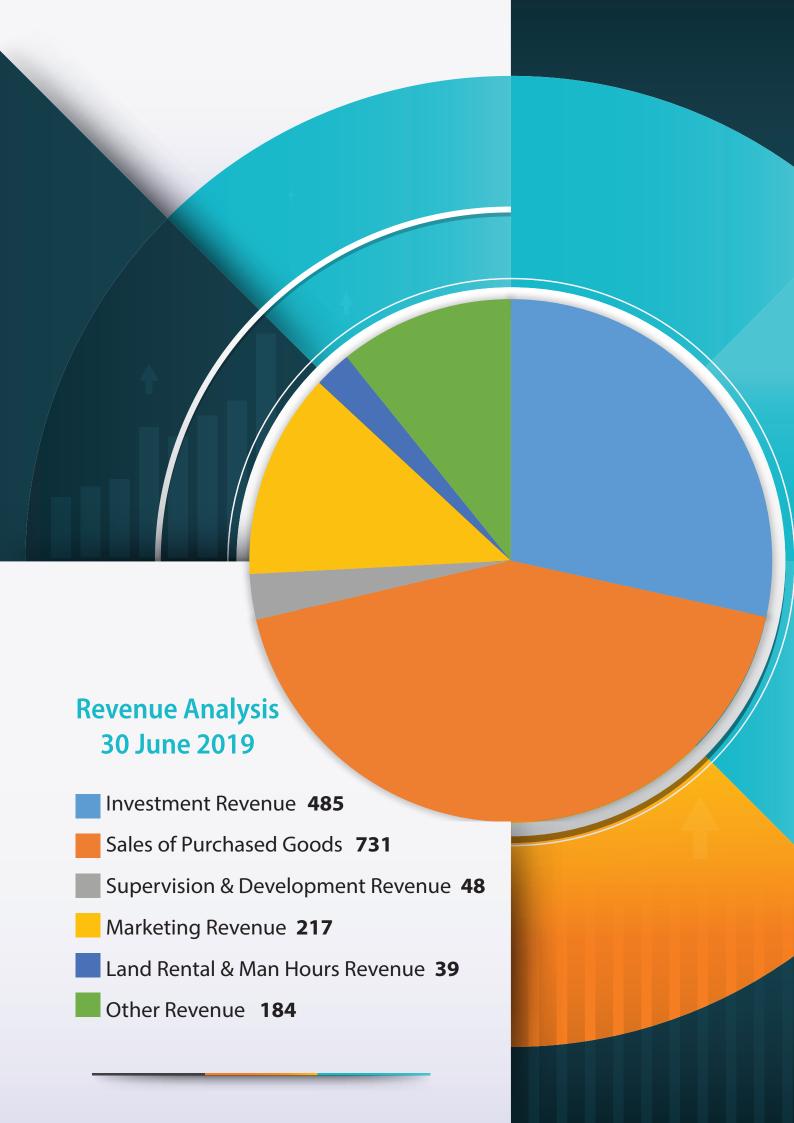
FAR	ECHEM	IOGP
OVERALL	0	1.01
COMPANIES	0	0.31
CONTRACTORS	0	1.20





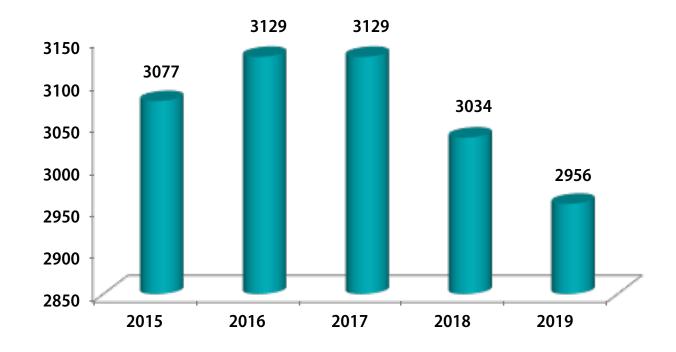


BALANCE SHEET (HIGHLIGHTS)				
In Million EGP	30/06/20	18 30/06/2019		
Assets				
Non Current Assets Cash & Cash Equivalent Accounts Receivable Inventory Other Current Assets	3,756 182 182 5 739	3,627 542 223 42 536		
Total Assets	4,864	4,970		
Liabilities				
Accounts Payable Accrued Expenses Dividends Current Portion Long Term Del Over Drafts Other Current Liabilities Total Non-Current Liabilities	209 35 66 ot 227 508 182 403	211 52 202 119 474 219 251		
Total Liabilities	1,630	1,528		
Total Shareholder's Equity	3,234	3,442		





#### A GROWTH STRATEGY 2019/Million EGP 2,956



#### **INCOME STATEMENT (HIGHLIGHTS)**

(In Million EGP)	6/30/2018	6/30/2019
Revenue	1,514	1,704
Expenses	(1,197)	(1,282)
Total Earnings Before Tax	317	422
Corporate Income Tax	(15)	(43)
Net Income	302	379



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# Our Resources ... Our Treasures We Strive To Make The Most Of What We Have

#### **ACKNOWLEDGEMENT**

In recognition of the resilient efforts of Eng. **Tarek El Molla**Minister of Petroleum & Mineral Resources to develop a sophisticated petrochemicals industry in Egypt.

Echem Management & Board of Directors would like to express their deep appreciation and sincere gratitude for the genuine support extended to meet company objectives in serving the National Economy.

