





VALUE & FUTURE INDUSTRIES & GENERATIONS



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Echem at a glance

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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 2017/2018 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.

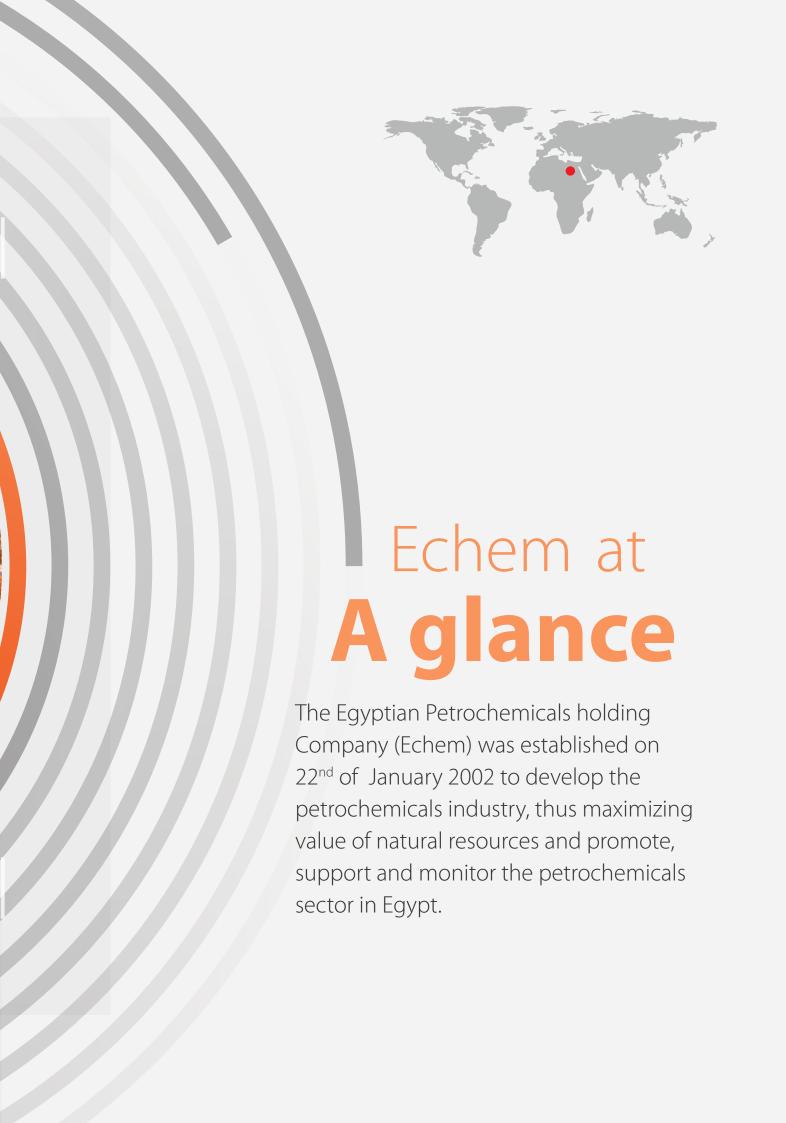
# 2018

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







To be a major player in the petrochemicals industry through transforming Egypt into a regional petrochemicals hub.

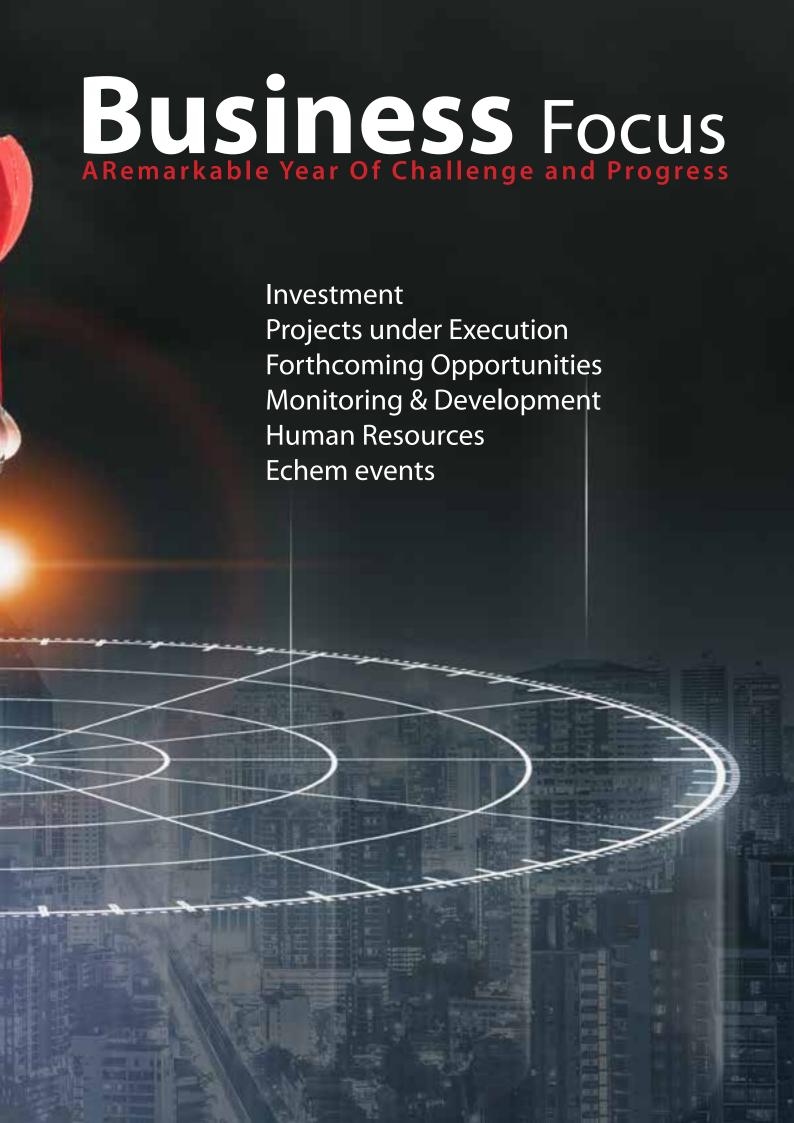
To develop a competitive petrochemicals industry based on local human and natural resources using state-of-the-art technology. We seek a high standard of performance, etching a prominent position in the competitive environment in which we exist and we aim to work closely with our partners and policy makers to advance more efficient and 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.



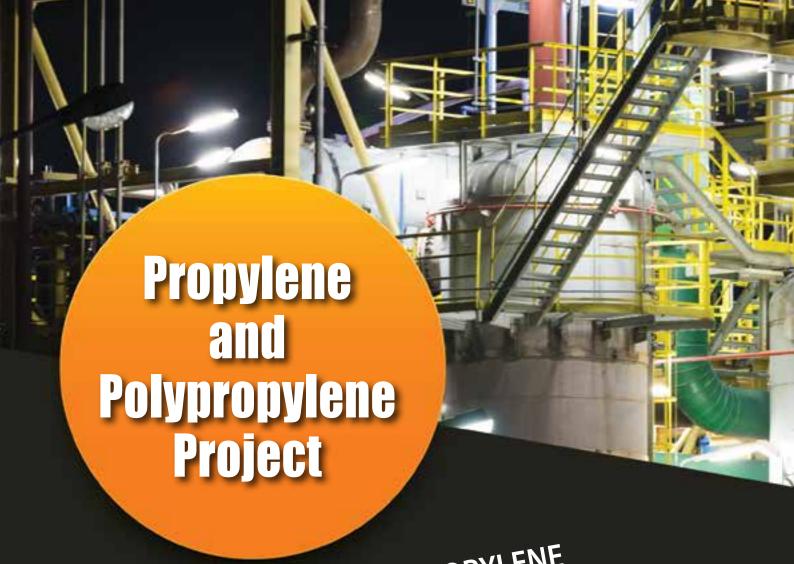






Echem methodology is based on models designed to attract "Foreign Direct Investment" through equity participation of International Organizations or financing through local and foreign financial institutions.

- 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 1 450 KTA POLYPROPYLENE PHASE 2 80 KTA SAP

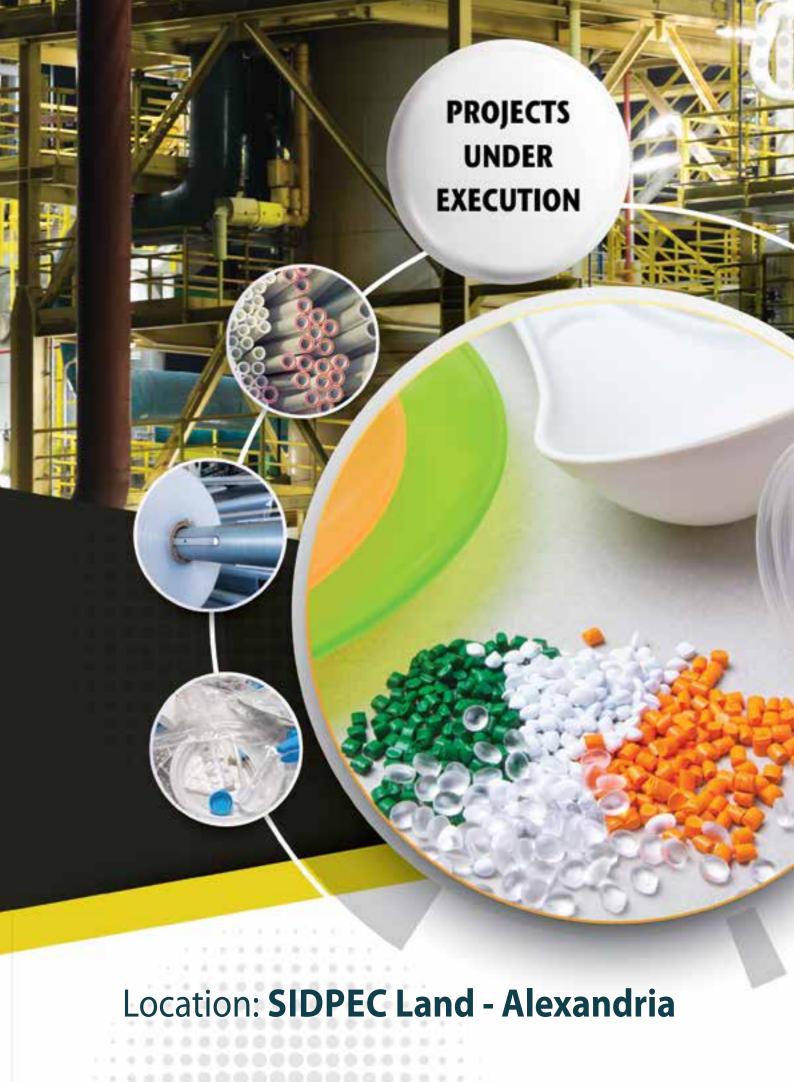
## PROJECT STATUS

- Propane Supply contract has been signed with GASCO. Electricity supply contract has been signed with ETHYDCO.

  - Feasibility study updating in progress.

Estimated Investment Cost: 1.25 BILLION USD

Planned Startup Date: Q1: 2022





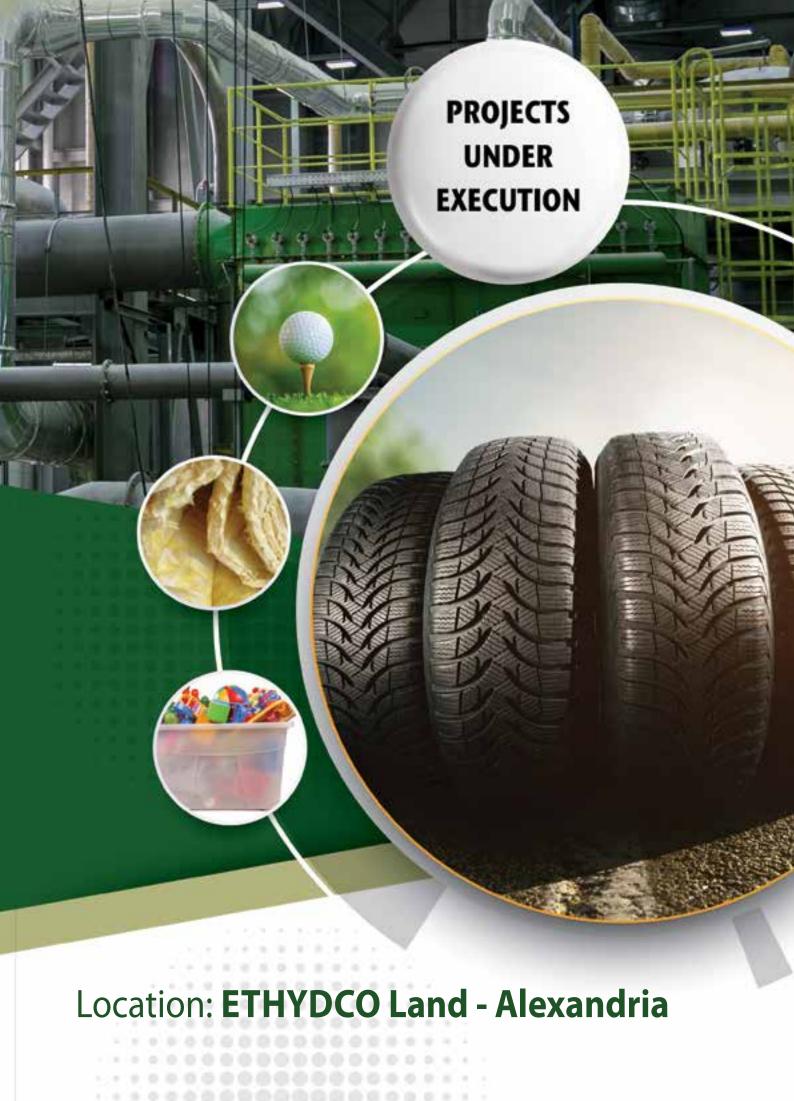
# 44 KTA POLYBUTADIENE RUBBER (LCBR)

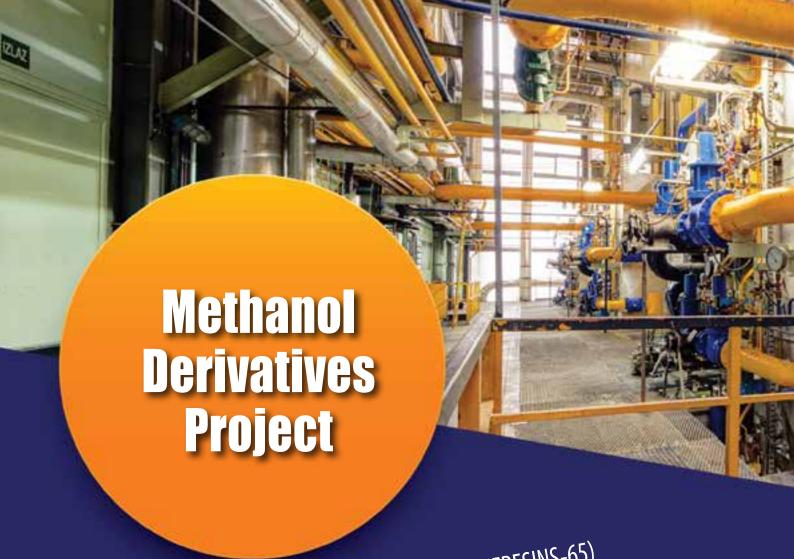
# PROJECT STATUS

- Detailed Feasibility Study has been completed
  - Licence coordination in progress with VERSALIS.

Estimated Investment Cost: 105 MILLION USD

Planned Startup Date: Q1 2021





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

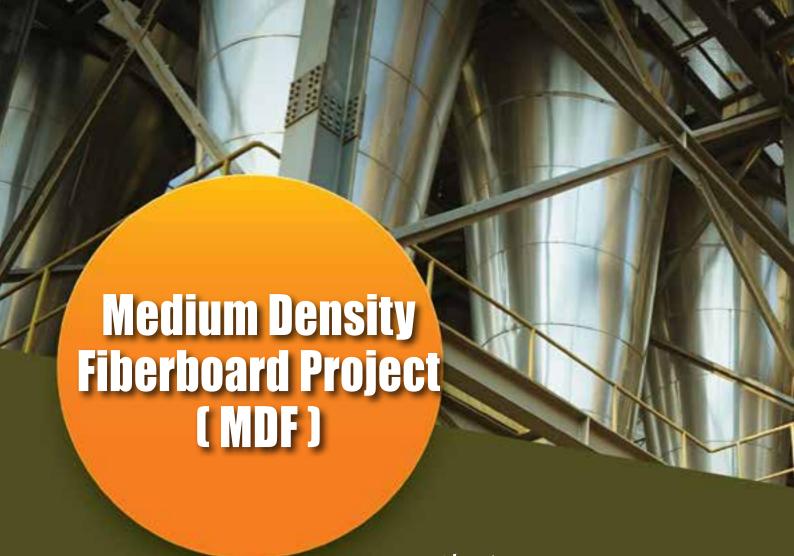
## PROJECT STATUS

- Finance agreement signed and foundation stone layered.
- Licence evaluation is completed by Nexant.
- Engineering and procurement works in progress.
- A confidentiality agreement has been signed by BASF. Memorandum of intent has been signed by VINMAR.

Estimated Investment Cost: 60 MM USD

Planned Startup Date: Q2: 2021



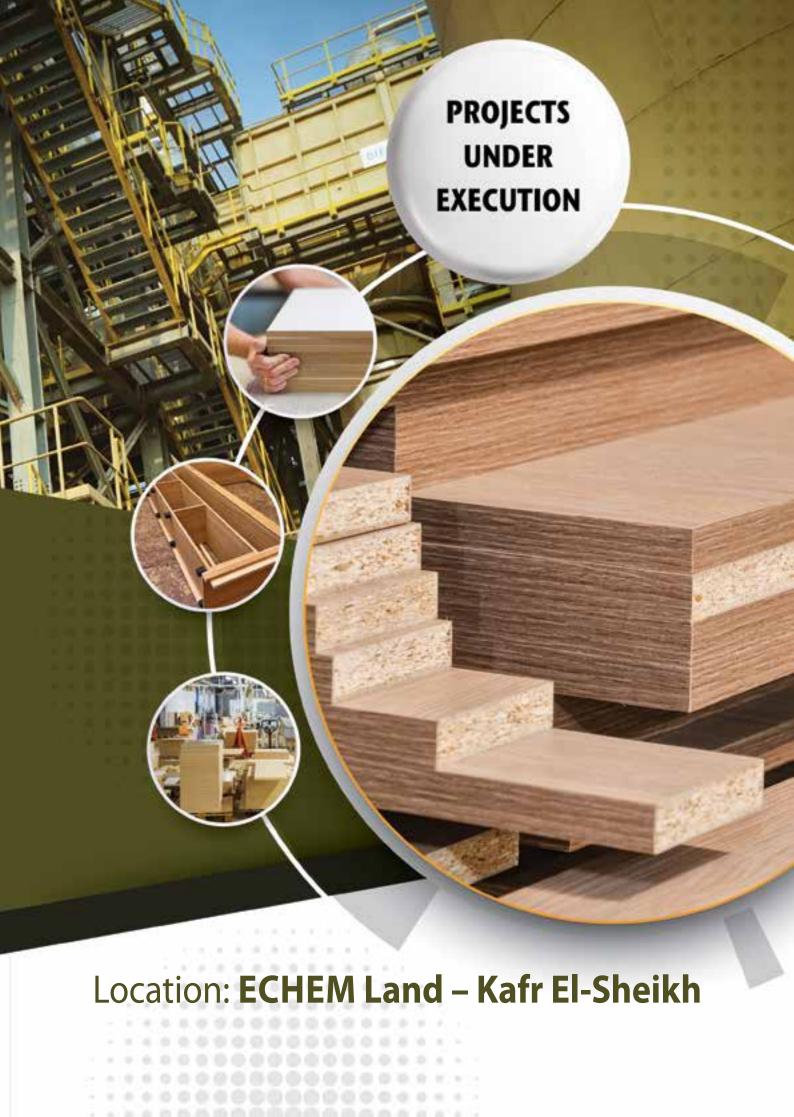


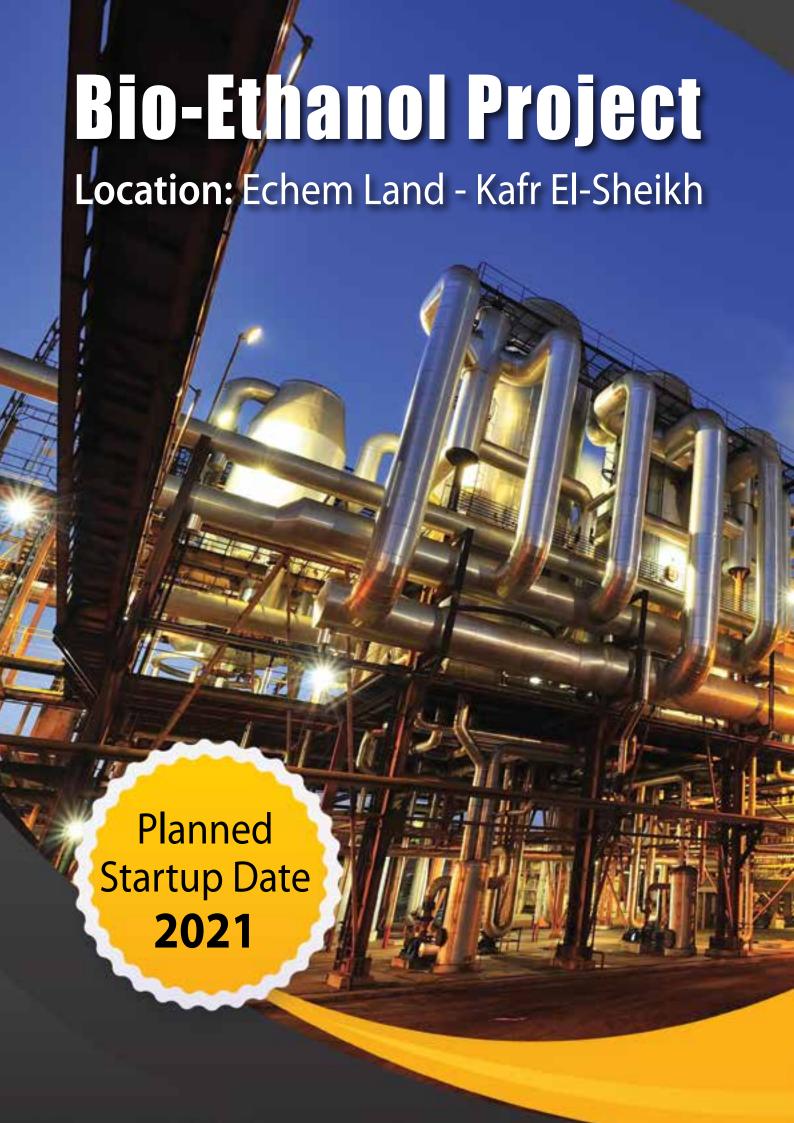
# 200,000 M<sup>3</sup>/Year MEDIUM DENSITY FIBERBOARD (MDF)

- Procedures of establishing the project company PROJECT STATUS in progress with proposed shareholders.
  - Technical and financial proposals have been
  - received for evaluation.

Estimated Investment Cost: 190 MM EURO

Planned Startup Date: Q1: 2021





### PRIMARY PRODUCT 100 KTA BIO ETHANOL

#### **SECONDARY PRODUCT**

130 KTA VINASSE 60 KTA CARBONDIOXIDE

Estimated Investment Cost

105 MILLION USD

#### **PROJECT STATUS**

Negotiation with sugar companies is in progress for securing feedstock and shareholder structure

Prefeasibility and economic studies have been prepared

FORTHCOMING OPPORTUNITIES





Estimated Investment Cost
400 MILLION USD

#### **PROJECT STATUS**

Prefeasibility and economic studies in progress

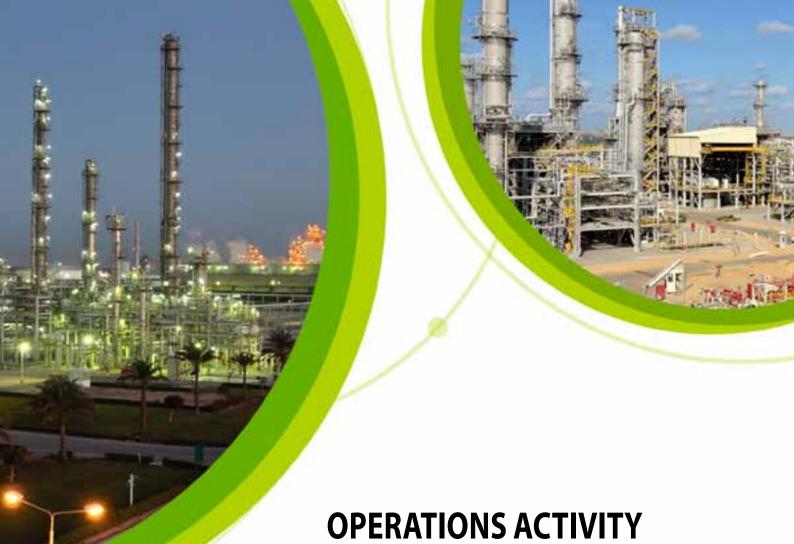
Securing of feedstock supply is under discussion with suppliers

1.W.3016

FORTHCOMING OPPORTUNITIES







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 2017/2018 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)
- Carbon dioxide recovery (SIDPEC)
- Establishing new Amine unit (SIDPEC)
- 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 4.322 Million tons where 1037 Thousand tons of the production was dedicated to meet local market demands while 3.283 Million tons was directed for export.







During 2017/2018, 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



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.

Coacrung

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



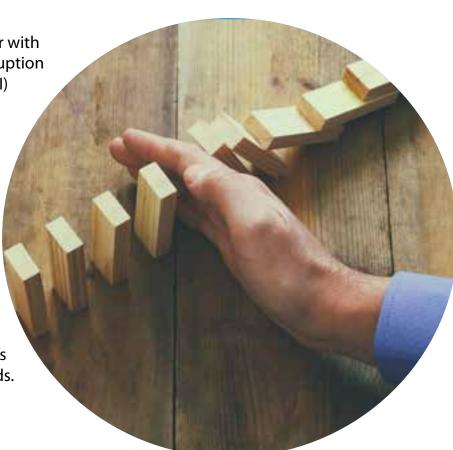


#### College Students Training & Internship Programs:

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









LIST	COMPANY	CONTRACTOR	OVERALL
Total Number of Working Hours	13168633.2	11589000	24757633.2
Number of Employees	6583	3863	10446
Fatality/Serious Injuries	-	6	6
Lost Time Injuries (LTI)	4	19	23
First Aid/Minor Injuries	90	85	175
Recordable Injuries	94	110	204
Injuries (Outside Workplace)	3		3
Fatalities (Outside Workplace)	-	1	1

LTIF

**OVERALL** 

COMPANIES

CONTRACTORS

**ECHEM** 

1.1

0.30

2.1

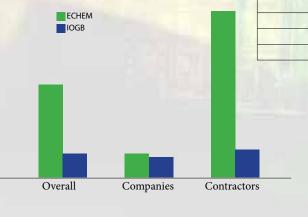
IOGP

0.27

0.24

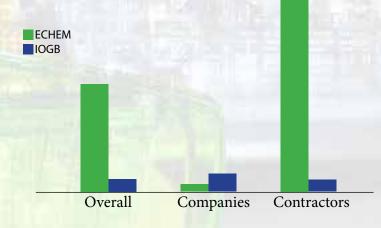
0.28

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



### ENVIRONMENT, HEALTH & SAFETY





LTIF	ECHEM	IOGP
OVERALL	24.2	1.73
COMPANIES	0	0.90
CONTRACTORS	51.7	1.97

## CORPORATE SOCIAL RESPONSIBILITY

#### OUR CORPORATE SOCIAL RESPONSIBILITY

In today's modern world, big industrial organizations are not only appraised for their successful financial figures or the importance of their field of activities, but also for their investment in the communities around them.

Investment in community is also investment in the long term success of any company; as they both deliver mutual benefits and promote shared progress. Wherever we are, we strive to be a good neighbour sharing the concerns of our communities and working to create a better future.

We manage our business in a way that promotes social, environmental and economic benefits for our stakeholders. We believe that the effort of building a competitive workforce, enhancing health & wellbeing while protecting the environment benefit both ECHEM and the communities in which it operates.



Our community investment revolves around major areas of focus which are the building blocks of any strong community:

#### \* ECONOMIC DEVELOPMENT:

We support programs that create sustainable employment opportunities. This promotes self-sufficiency, stimulates job growth & economic development thus raising the standard of living.

#### \* HEALTH:

We work on preventive care through applying state of the art technologies that ensure maintaining a clean environment.

#### \* EDUCATION:

We promote technical and career training to ensure people can help their communities thrive in the 21st century economy.

ECHEM's basic approach is "Living Our Values" through a long-standing commitment to health & safety, environmental stewardship, honesty & integrity, corporate citizenship and a high performance team. Our Corporate Social Responsibility (CSR) policy keeps us focused on key concepts that help align our social responsibility efforts with our business goals, needs and operations.

Over the upcoming lines, we will recite stories of success and dedication in which ECHEM & its affiliates participate to etch a smile on faces of needy people living in the communities in which we operate.

Talking CSR, we can't disregard the great role played by Egyptian Petrochemicals Company (EPC). The company was established in 1981 as a public Sector Company totally owned by the petroleum sector for producing, trading, importing, and exporting petrochemical products.



Since its establishment, EPC's endeavors have never stopped in raising the standard of living while maintaining the safety awareness and practices in the neighborhood. Among such endeavors comes EPC's renovation and development for Wadi Al-Qamar Delta and Al-Nahda road in an attempt to increase the efficiency of such vital and vivid areas. On health care scale, the company has supplied a number of governmental hospitals in Alexandria with large quantities of Chlorine, Hydrochloric & Sulfuric Acids for medicinal usage.

For EPC holds a strong creed that on hand job & experiential learning are crucial and as equally important as academic education, the company has offered summer internships and trainings for undergraduate students to properly prepare them for a fruitful future.

### MISR FERTILIZERS PRODUCTION COMPANY (MOPCO):

MOPCO is considered as one of the largest fertilizer plants in Egypt and Middle East. The company was established in 1998 in Damietta free zone and its capacity has been divided into 3 main trains to produce Urea & Ammonia.

Investing in community is an integral part of MOPCO's strategy. The company uses its skills, money and expertise to support the surrounding community and exerts a lot of effort to promote development in Damietta. In this regard, the company has subsidized many development projects & NGOs to ease the burden of underprivileged citizens in the neighborhood.

### EGYPTIAN LINEAR ALKYL BENZENE COMPANY (ELAB):

ELAB was implemented in November 2003 in Alexandria to meet local market demands for Linear Alkyl Benzene whereas surplus is dedicated for export. Production is widely used in the manufacture of liquid and powder detergents.

Since ELAB stands closely to those in need, the company has provided Al-Miry Hospital in Alexandria Governorate with brand new medical equipments and funded Ahl Masr Hospital to help them serve more patients in the neighborhood with more proficiency and accuracy.

### EGYPTIAN METHANEX METHANOL COMPANY (EMETHANEX):

EMETHANEX is an Egyptian joint venture with Canadian Methanex Corporation; the global leader in Methanol industry distribution and marketing. ECHEM along with a number of Egyptian governmental organizations hold sizeable percentages of this venture.

A great sense of belonging is shared between EMETHANEX and the neighborhood in which it operates. The company has touched the challenges the community has been facing long ago and is trying its best to improve their standard of living.

As part of EMETHANEX's commitment to CSR, the company has delivered 3 ICU beds, 3 ICU monitors, patient trolley, crash trolley & operations table to Kafr Al-Bateikh Central Hospital. As a partner in Damietta Free from Hepatitis C initiative, the company as well has delivered an anti-bodies device along with its accessories to screen all of the governorate's villages, detect patients and provide them with needed medication.

On educational scale, one of the key

social responsibility projects the company delivers is the Methanex Scholarship Program for high school students. High achieving student from Damietta communities are selected following a rigorous selection process to receive an annual stipend to cover tuition, books and living expenses. The scholarship program was launched in 2015, and in 2016/2017 the project continued, adding 20 new students as part of the second and third intakes of the program.



### EGYPTIAN ETHYLENE AND DERIVATIVES COMPANY (ETHYDCO):

ETHYDCO is an Egyptian joint stock company established on January 16th 2011 as a manufacturer and leading provider of value creating Plastics & Rubber products (Linear Low & High Density Polyethylene, Butadiene, Low

CIs and Solution Styrene Butadiene Synthetic Rubber).

As soon as the company starts operating, ETHYDCO took upon itself serving the community and raising the standard of living by subsidizing the NGOs and health care centers in the neighborhood. The Petroleum Hospital, Al-Amerya Public Hospital, together with Petroleum Sector Employees health care clinic have been provided with medical equipments and funds to better serve the underprivileged patients in the area.



Since its establishment, ETHYDCO believed dearly in the importance of education and its role in forming a future competent caliber. Hence, the company has provided the financially embarrassed students of Alexandria University and Ibrahim Khedr Elementary School with all their necessities as part of its core creed.

These are just examples of the efforts exerted to serve the community.

Initiatives displayed by ECHEM and its affiliates have always been received with warmth and happiness by the hosting societies. ECHEM believes that the importance of community service can be realized only when there is a feeling of gratitude to the society and sympathy for the underprivileged in it. Without community service in our society, many people would not know the meaning, usefulness, or importance of charity. Serving in your community addresses many deep rooted problems that fall through the cracks of government and social agencies.

### SIDI KERIR PETROCHEMICALS CO. (SIDPEC)

SIDPEC is an Egyptian joint stock company established on 16 November 1997 Under Egyptian investment law. SIDPEC is considered the first integral step towards the petrochemicals future in Egypt, by utilizing the latest available technology and design in order to satisfy the Egyptian environmental regulation and requirement.

SIDPEC commits to encouraging a safe, supportive and reproductive work environment through cooperative and sustainable principles of conduct and ethical behavior.

SIDPEC envision added human rights and social value by incorporating Social Responsibility into its activities. SIDPEC approach is built upon a holistic view, transparency and an open dialogue with consideration to SIDPEC stakeholders' interests.

Since its establishment, SIDPEC has been supporting the main communities associated with them and identified these communities by holding meetings with the local government authorities and conducting cooperation protocols with them to identify the required needs and support areas.

As a result of the economic challenges facing the society and the pressures experienced by the citizen, Ministry of petroleum, ECHEM, SIDEPC and ETHYDCO have been keen to organize a campaign to reduce electrical consumption and change the pattern of consumption among citizens in the surrounded community.

Contribution from Sidpec to the development of the surrounding society and reflect the implementation of the principles of sustainable development, the company has carried the largest contribution to the rehabilitation and development of the main road of El-Nahda (20% of the total cost) in addition to supervision of implementation.



Supporting charities in the surrounding area and beyond to ensure that they continue to perform their social role. The number of associations supported by more than 60 associations and charitable organizations.

Supporting universities through the organization of the charity market for students, allocation of cash to pay school expenses on behalf of the needy, and allocation of cash to support schools to qualify them to do their role by providing them with the necessary equipment aimed at the quality of the educational process.

Donation to government hospitals serving the limited and the non-income, and national nature projects such as Hospital 57357 for the treatment of childhood cancer. Continuing to help the urgent sick cases of the people, which resort to the company seeking treatment by depositing cash in the free treatment fund located in a charity hospital in the region in accordance with the protocol of cooperation.

Support for people with special needs, such as blind associations and the small industries school for people with special needs. Community and Humanitarian Participation of Orphans in Orphan Day Celebrations



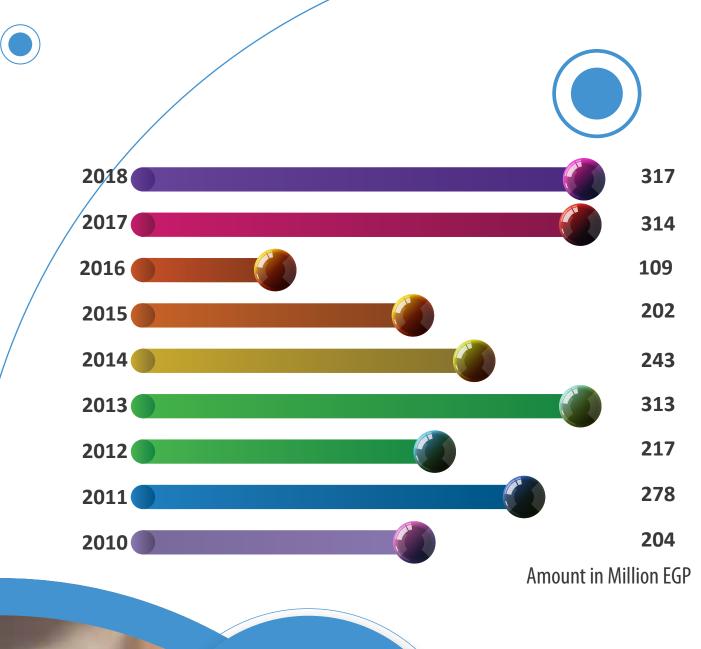


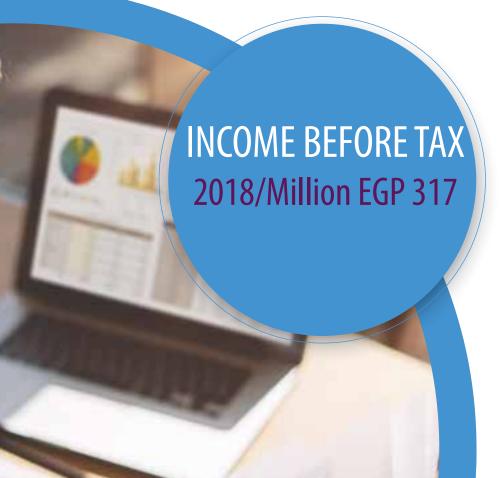


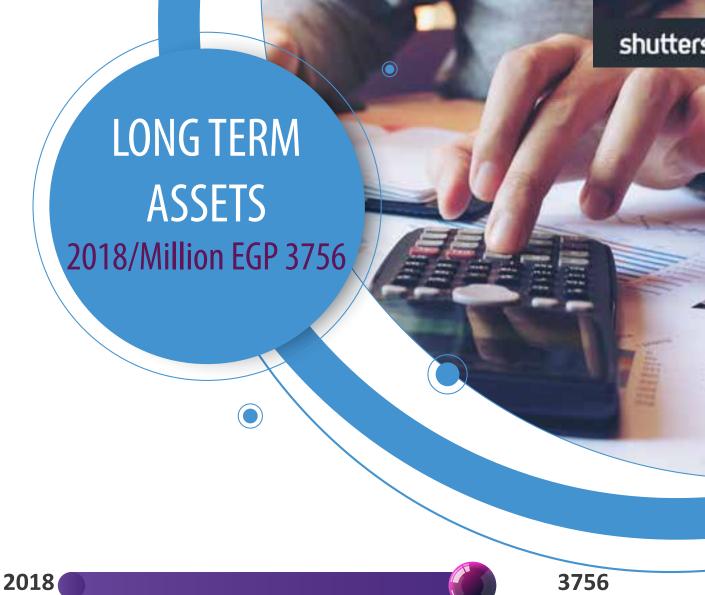


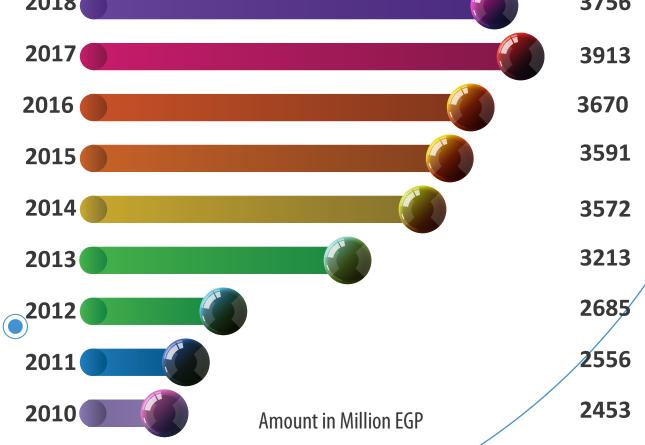
BALANCE SHEET (HIGHLIGHTS)					
	In Million EGP		30/06/2017	30/06/2018	
Assets					
	Fixed & Long Term Assets Cash & Cash Equivalents Accounts Receivable Inventory Other Current Assets Total Assets		3913 94 220 4 742 4973	3756 182 182 5 739 4864	
Liabilities					
	Accounts Payable Accrued Expenses Dividends Current Portion Long Term Debt Over drafts Other Current Liabilities Total Non-Current Liabilities Total Shareholders Equity		168 51 333 384 561 208 542 2247 2726	208 35 66 228 508 182 403 1630 3234	













#### A GROWTH STRATEGY 2018/Million EGP 3034



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

	·	
(In Million EGP)	6/30/2017	6/30/2018
Revenue	1141	1515
Expenses	(827)	(1198)
Total Earnings Before Tax	314	317
Corporate Income Tax	(18)	(15)
Net Income	296	302



#### **EGYPTIAN PETROCHEMICALS HOLDING COMPANY**

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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.

