



MONTACHEM

I N T E R N A T I O N A L



General Presentation

January 2017

Montachem International distributes a complete line of thermoplastic resins and related additives to meet the needs of plastics' processors worldwide.

We have been serving the plastics industry since 1988, we combine high quality resources, exceptional customer service and established relationships with some of the world's top plastics resin manufacturers.

On that basis, we provide our customers with prime, name-brand and generic globally recognized materials.

Core values:

- Honesty and integrity
- Teamwork and communication
- Leadership and motivation
- Respect and commitment

Vision:

To be the value driven leader in global plastic trading and distribution

Mission:

To deliver quality products and overall value with outstanding customer service for small to mid-sized resin converters worldwide



HQ - Locations:	Fort Lauderdale, FL. Houston, TX., – USA & Bogota, Colombia
Founded:	1988
Website:	www.montachem.com
Full-Time Employees:	49 (including 6 foreign independent sales reps.)
2016 SALES (KT / US\$):	240KT / US\$268MM

Core competencies:

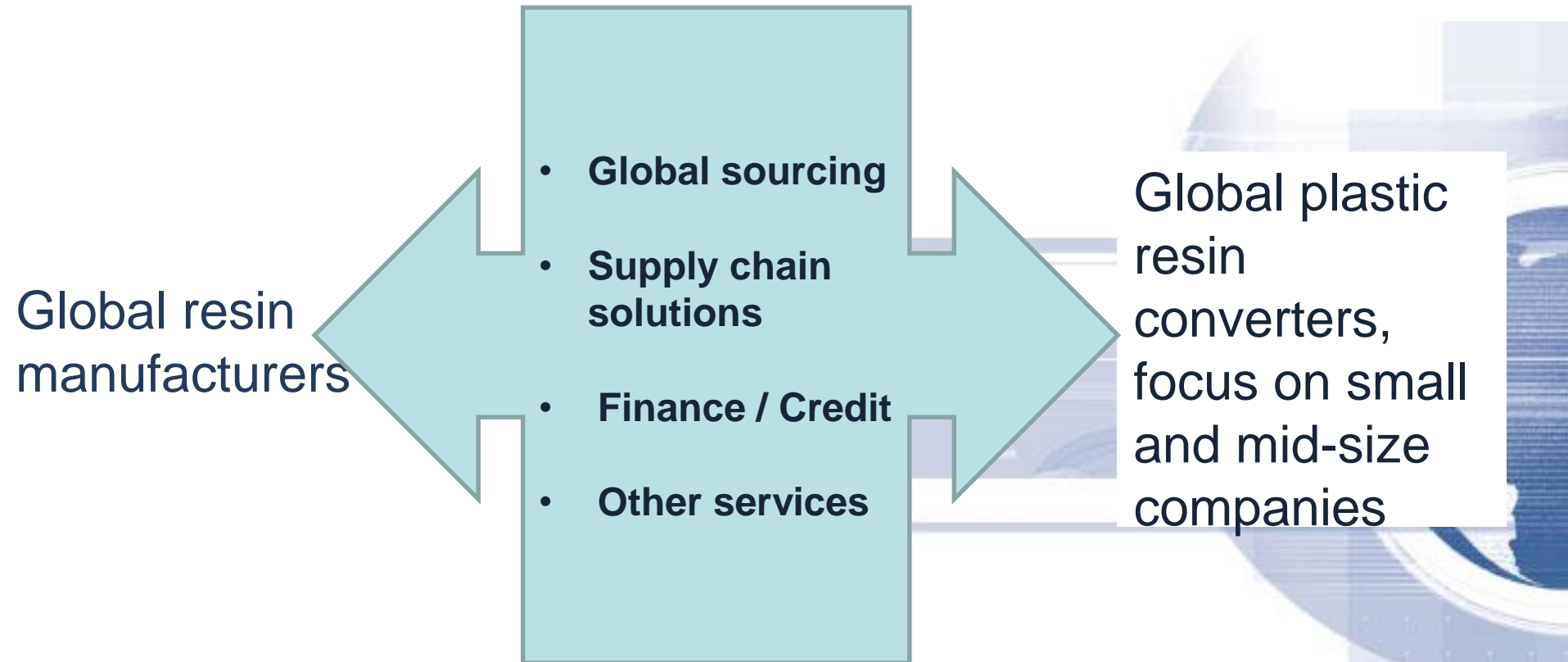
- Technical and commercial expertise in plastic resins,
- Supply Chain / Logistic Services
- Credit Risk / Financial support to our customers

Products:

- Polyethylene
- Polypropylene
- Polystyrene
- PVC
- PET
- Master batches & Additives
- Others

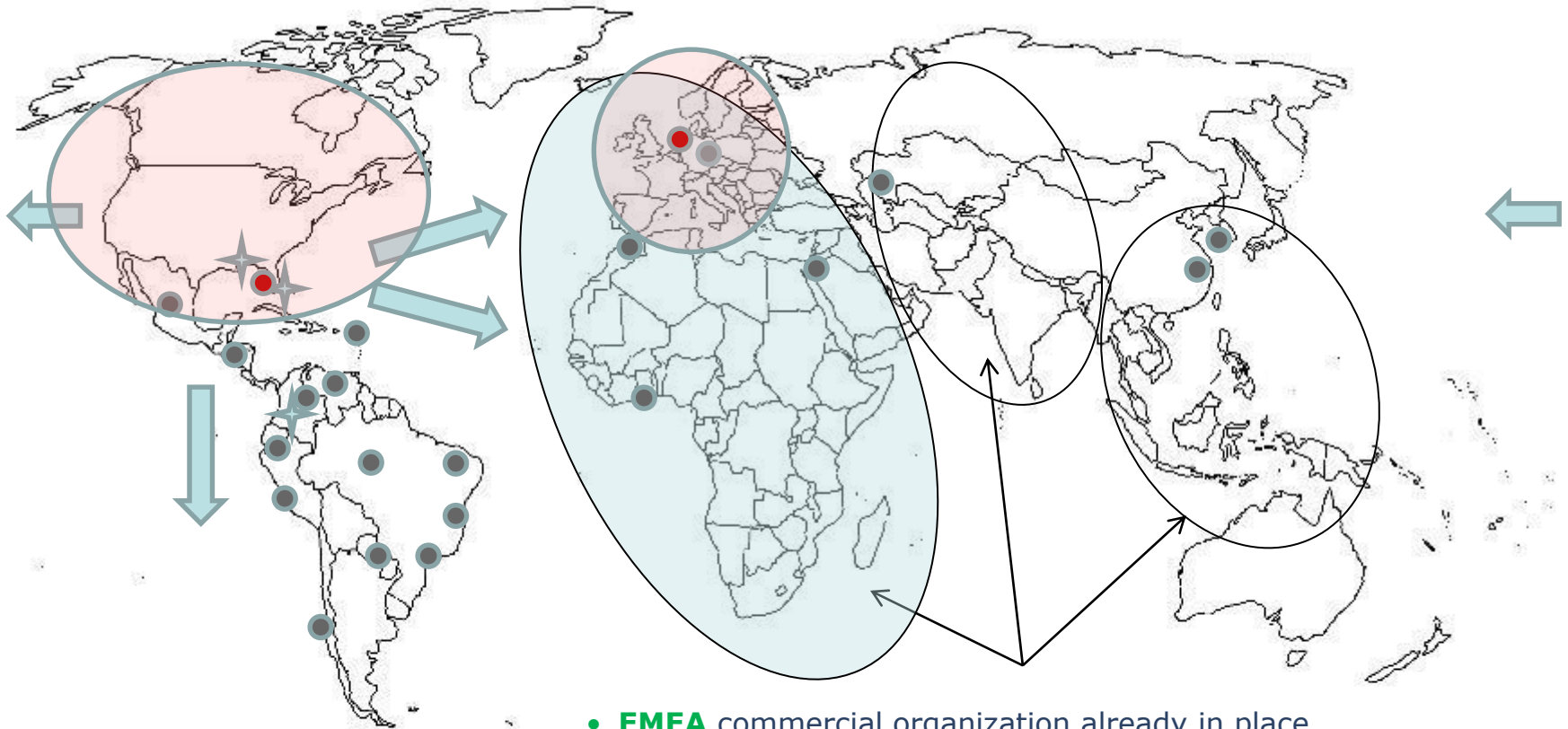
Global operations: Strong market coverage in Latin America, Europe, West Africa and expanding to other world areas. Customer base of over 1200 customers. Sales in 4 continents.





Commodity thermoplastics: PE / PP / PET / PVC / PS

Strategy: Target Growth Areas



- **EMEA** commercial organization already in place.
- 2015 added a SR for North Africa based in Morocco.
- 2016 expansion to East Africa & opened **MONTACHEM BV** - Netherlands + MC Polymers - USA

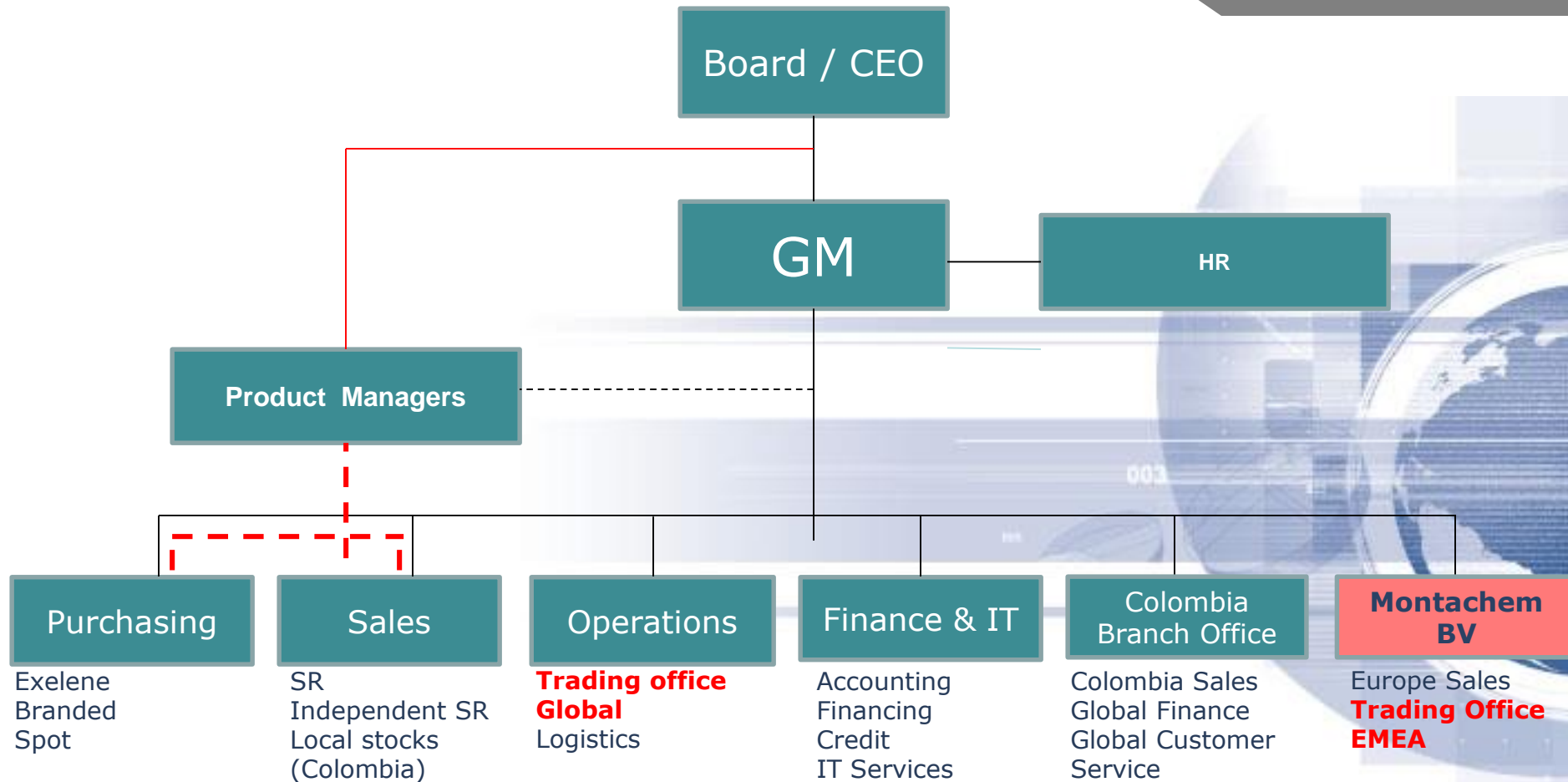
★ HQ Office

● Dedicated commercial organization

● New company location



Organization Fundamentals / Business Functions



MC Polymers (USA) – independent sister company, service fee based relationship

New Companies summary



Pompoenweg 9, Unit C A-11/12
2321 DK Leiden - Holland

Mandate:

To distribute a complete line of commodity thermoplastic resins in the European region

Sales and management: +30 years experience in the business.

Sourcing, Finance & Logistics:

Integrated Montachem International Inc. – USA team

2017 Sales targets:

17.2KT – Domestic Europe sales
30.7KT – Indent Orders to EU customers



515 E. Las Olas Blvd. Ste 120
Fort Lauderdale FL. 33301 - USA

Mandate:

To distribute a complete line of commodity thermoplastic resins in N.A.

Sourcing & Sales:

+34 years experience in the business + Independent sales reps. network

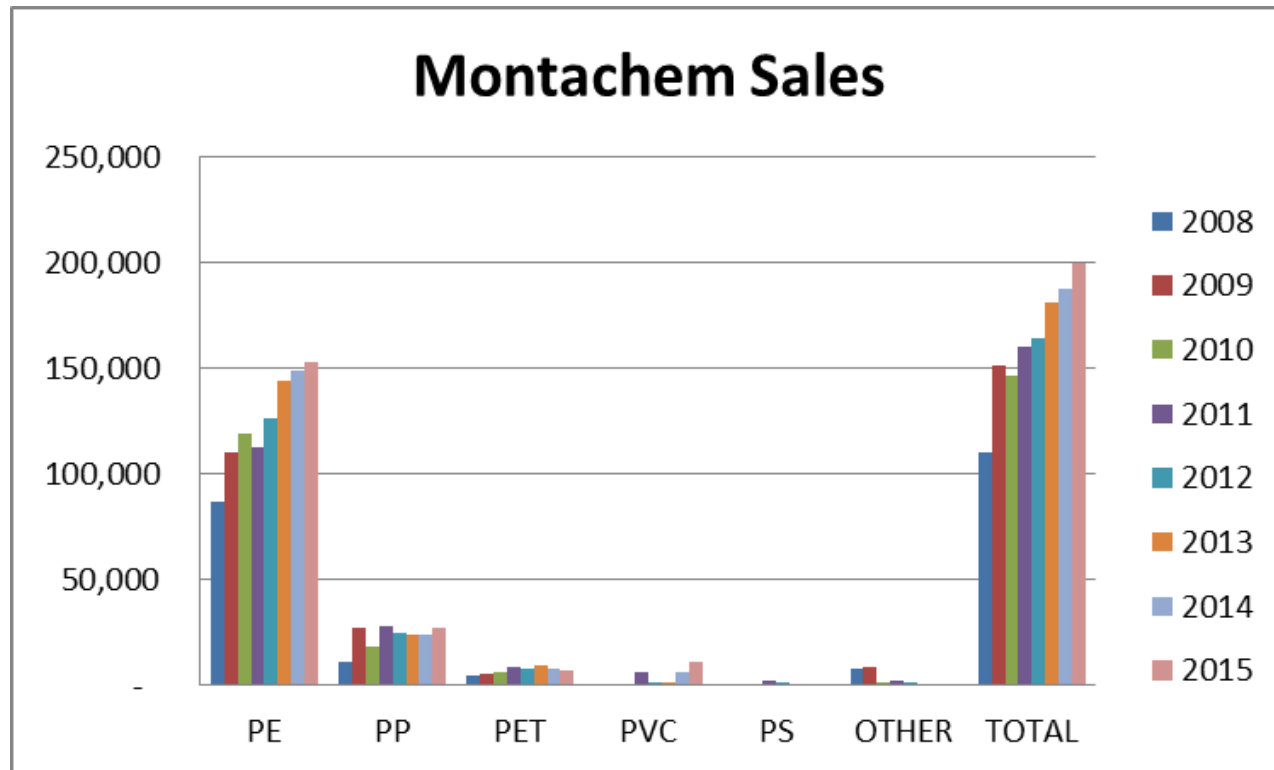
Financial & Logistics:

Integrated Montachem International Inc. – USA team

2017 Sales target:

40KT – Domestic NA sales

Montachem sales by product type...



+6% AAGR in the last 5 years with a tight supply situation
2016 sales: 285KT invoiced (+20% YOY growth)

Sourcing: Strategic Alliances



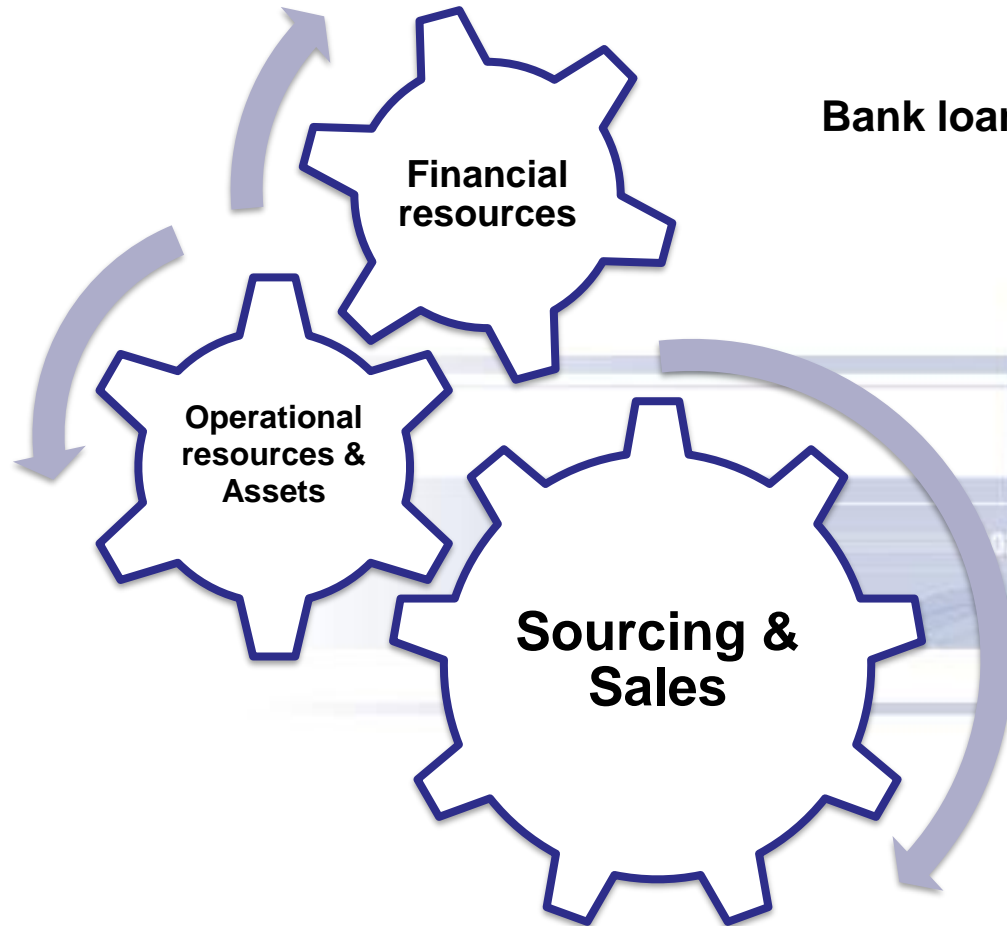
NA PE Capacity Expansion - Quick Facts

- **7-9,000KT's** North America PE capacity addition between 2016 to 2023
- 13 new PE projects scheduled to start up in NA between 2015 – 2019
- **By 2016/18:** Braskem – Idesa (1,000KT HD/LD), LB (450KT), **NOVA Chem.(450KT LLD C4)**, Exxon (1,300KT mLLD + LLD C4), **Ineos / Sasol (450KT HD-HMW)**, **FORMOSA (300KT LD)**, Dow (not published, estimated 750KT), CP Chem (1,000KT) , **Sasol (450KT mLLD, LLD, HD)**
- South and Central America can absorb some **(2-3,000KT) by 2023**
- LATAM capacity expansion plans delayed, start ups beyond 2020
- **Balance will be exported to other countries**

We are well connected with new capacity ex – N.A.

PP World Capacity Expansion - Quick Facts

- World demand 2014 calculated at 58,500KT's and an AAGR: 4 to 5% per year
- World capacity 2014 is 70,427KT and operating rate is 83%.
- **Capacity expansion plans announced ~15,900KT between 2014 – 2017**
 - **NE Asia = 12,745KT (80%) in the same period of time**
 - Indian Subcontinent = 975KT
 - Middle East = 960KT
 - **NA = 202KT by 2017 (FORMOSA Plastics) + Braskem's more recent pre-announcement?**
- **LATAM and West Africa remain as net importers**

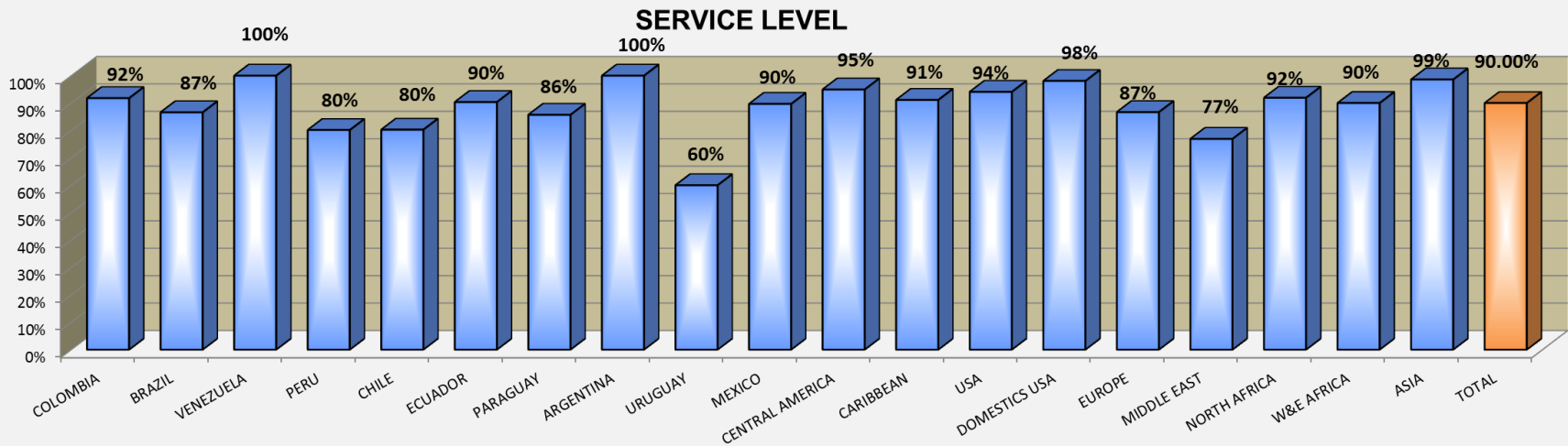


Bank loans / Export Insurance

- Key core competency of the business
 - Professional & Multilingual staff
 - In-house logistics process . In house freight forwarding services
 - Focus on process optimization, reduce inventory levels and accelerating turnaround.
 - Customer service driven mentality
 - Flexibility and low cost operation contributes to a competitive price structure
 - In the top 20 largest exporters out of Houston, TX.



2016 LOGISTICS SERVICE LEVEL



KPI's: Company threshold is 75% now moving to 85%

- **On time orders
(biggest deviation adjusted looking at uncontrollable Items)**
- **Documentation issues**
- **Short and over shipments**
- **Customer claims: Quality and others**

- First USA Trader / Distributor shipping Korean resin to LATAM
- First USA Trader / Distributor purchasing in the bonded warehouses in China for re-export
- First USA Trader / Distributor selling resin while in transit (on the water)
- First USA trader / Distributor purchasing Coal based PE / PP for export
- Biggest HDPE seller in the Imports market in Brazil
- 2nd. Largest resin seller in Colombia after DOW Chemicals
- Top 20 exporter from the port of Houston
- Over 10,500 ocean containers shipped in 2015

Value proposition - Suppliers

- Market reach: +1200 active customers globally
- Market intelligence / commercial expertise
- Flexibility / Adaptability. Flex Up / Flex Down volumes and ready to take commercial relationship to higher levels.
 - **Spot business – Prime and Off Grades**
 - Product specific market development programs
 - Full distribution service
- Competitive price structure - Flexible and low operational costs (back office in Colombia)
- World class logistics infrastructure
- Superior financial performance and stability
- Poised for growth and focused on high growth markets globally



Very efficient and dynamic organization

Key Strengths / Customers

- Global sourcing solution
- World class logistics infrastructure
- Comprehensive value proposition: Price + Financing + Logistics + Others
- Competitive price structure - Flexible and low operational costs
- Professional staff with deep product and market intelligence
- Solid, long-lasting customer and supplier relationships
- Superior financial performance and stability
- Poised for growth and focused on high growth markets globally



Very efficient and dynamic organization