

PlasChem Park Witnesses Steady Investor Interest

Sadara and Saudi-German JV “SADIG-ILCO” sign supply agreement

JUBAIL, Saudi Arabia, January 16, 2018 – Sadara Chemical Company (Sadara) has signed an agreement to supply SADIG-ILCO, a new Saudi-German joint venture focused on the manufacture of a wide range of specialty chemicals with Ethylene Oxide (EO) and Propylene Oxide (PO).

Under the terms of the supply agreement, SADIG-ILCO’s new PlasChem Park facility will offtake EO and PO from Sadara through the EO and PO pipelines that are being established by Sadara. Using these products as feedstock, the company will manufacture a range of specialty chemicals, some of which will be produced for the first time in the Kingdom of Saudi Arabia. This will further enable the production of market-ready products in several areas, including coatings and adhesives, personal care products and many other industrial applications.

Commenting on the supply agreement, Mohammad Alazzaz, Director of Value Park for Sadara, highlighted the investment opportunities available with the new value chains being produced by the Sadara Chemical Complex, saying, “With Sadara’s products now in the local, regional and global markets, we are able to show investors definitively that the Kingdom is an attractive destination for new and exciting downstream manufacturing opportunities. The specialty chemicals that SADIG-ILCO will produce locally will replace imports and encourage development of new downstream specialty industries. I am pleased to see that Sadara’s investment in the EO and PO pipelines for PlasChem Park by Sadara, coupled with other Kingdom and PlasChem Park specific incentives, have already helped to attract a number of EO and PO investors.”

Eng. Ahmad Alubaid, Managing Director, SADIG Industries, highlighted that, “The project is in line with Saudi Vision 2030 and we are thankful for the supportive role of the Ministry of Energy, Industry and Mineral Resources. In addition, we appreciate and thank Sadara for aligning with the vision of developing downstream industries. The EO/PO project is part of SADIG Industries’ growth strategy, and will bring technical know-how to manufacture specialty chemicals in the Kingdom and create quality long-term stable job opportunities. The EO/PO project is part of our third generation project line-up, with an investment of approximately USD 40 million. It forms a key part of a number of projects we are currently working on with a total investment of approximately USD 300 million through which we aim to create more than 300 direct quality jobs. We envision that the project will introduce new chemicals that will enable further downstream industries in the Kingdom and will add value to the local economy and the country’s export portfolio.”

Dr. Corvin Volkholz, Technical Director, ILCO, added, “We believe diversification to the existing chemical market in the Kingdom will open new opportunities for further expansion of the Kingdom’s specialty chemicals industry. SADIG-ILCO will allow us to tap the region’s growing demand and expand into Saudi Arabia, as well as the other regional markets. By combining our downstream manufacturing experience and technical expertise with Sadara’s specialty chemicals value chain, we will be able to bring many new and exciting products to the Kingdom.”

PlasChem Park is a 12 km² industrial park in Jubail Industrial City II, dedicated to downstream chemical and conversion industries. PlasChem Park is a key element differentiating Sadara from other petrochemical, chemical and plastics manufacturing projects in Saudi Arabia. It is uniquely positioned to enable and

support downstream opportunities in many market segments, including the Hydrocarbon Resin Cluster, Ethylene Oxide/Propylene Oxide (EO/PO) Cluster, Polyurethane Cluster and a Plastics Cluster. These clusters are designed to attract diversified investments into PlasChem Park for downstream applications such as the production of oil and gas chemicals, construction materials, auto components, animal feed, paints and coatings, as well as home and personal care products. There are currently two downstream investments operating in Jubail Industrial City II and several existing investors in the PlasChem Park will conclude their planned project engineering activities by early 2018 with ground-breaking activities set to take place in the third quarter of 2018.

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About SADIG Industries and ILCO Chemikalien:

SADIG Industries is a Saudi company that develops, establishes and promotes downstream industries in Saudi Arabia. It is currently developing a number of industrial projects including phosphorus-related projects that involve the production of elemental phosphorus, phosphorus derivatives and specialty chemicals. ILCO Chemikalien is a German-based company with considerable expertise in the field of specialty chemicals. It is involved in developing, manufacturing, marketing and providing technical support for various specialty chemical products. ILCO develops and markets its own specialty products in addition to distributing those of major chemical companies. Together, they have formed a joint venture (SADIG ILCO) to explore opportunities for manufacturing specialty chemicals in Saudi Arabia.

About Sadara:

Sadara is a joint venture developed by the Saudi Arabian Oil Company (Saudi Aramco) and The Dow Chemical Company. Sadara is a multi-billion dollar world-scale chemical complex in Jubail Industrial City II in Saudi Arabia's Eastern Province. Comprised of 26 world-scale manufacturing units, the Sadara chemical complex is the world's largest to be built in a single phase and is the only chemical company in the Middle East to use refinery liquids, such as naphtha, as feedstock. By using best-in-class technologies to crack refinery liquid feedstock, Sadara will enable many industries that either currently do not exist in Saudi Arabia or only exist through imports of raw materials. The adjacent PlasChem Park, a unique collaboration between Sadara and the Royal Commission for Jubail and Yanbu', will create more value downstream, generating unprecedented investment, innovation, economic growth and thousands of jobs.

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Sadara - General Use Information

Sadara Chemical Company

A limited liability company
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س.ت 2055014427
رأس المال المدفوع 29,062,500,000 ر.س
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