

Innova near to US\$400mn sale

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Brazilian chemical company Elekeiroz and plastic packaging producer Videolar are the final two contenders to acquire Innova, the styrene unit of state-controlled energy giant Petrobras.

According to a report in Valor Econômico, Innova, based in Triunfo in southern Brazil, is valued at around US\$400mn. Innova produces styrene, polystyrene and ethylbenzene. Petrobras is selling a number of businesses to concentrate on deepwater exploration in Brazil.

Videolar, based in Manaus in the Amazon region, is one of Brazil's largest producers of styrene.

São Paulo-based Elekeiroz does not have a styrene business and currently produces chemical raw materials including oxo alcohols such as 2-Ethylhexanol and n-Butanol, as well as plasticizers and polyester resins. According to the report, the company wants to enter a new market such as styrene.

Other bidders for Innova, including multinationals, are now out of the running, according to the report. The high price in Brazil of ethylene and benzene, raw materials for the production of styrene, has delayed the sale process.

Innova's annual production capacity is 250,000t of styrene, 155,000t of polystyrene and 540,000t of ethylbenzene. All of the ethylbenzene production is used by Innova itself. Its annual sales are an estimated 1bn reais (US\$465mn).

The other major producer of styrene and polystyrene in Brazil, Unigel, has debt that is four times greater than its Ebitda and is in no position to bid for Innova. Unigel may sell some of its business lines, or the whole company may be sold. Unigel currently operates in the acrylics, packaging, styrenics and fertilizer businesses.

SOURCE Business News America