

Petrochemicals: Sipchem and Sahara Petrochemical consider merging

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Saudi petrochemicals group Sipchem and Sahara Petrochemical have signed an outline agreement covering a detailed study into the possibility of merging. Neither company considers this agreement an offer but they hope to conclude their negotiations at start 2014 and could reach a merger agreement later in the year. The proposal is that Sipchem acquire Sahara Petrochemical and give its name to the resulting entity. The aim of the merger is to benefit from synergies, strengthen the partners' position on the local and international petrochemicals markets and create a joint platform with strong potential for growth. Sipchem produces methanol, butanediol, tetrahydrofuran, acetic acid, acetic anhydride, vinyl acetate monomer and carbon monoxide. It supplies the construction, automobile, electronics and pharmaceuticals industries. In recent years it has diversified its operations.

Through its joint venture with S Korean group Hanwa Chemical (International Polymers Company) it is building an ethylene vinyl acetate and low density polyethylene complex in Saudi Arabia. Sahara Petrochemical specializes in olefins, polyolefins and acrylic acid. It has diversified into chlorinated products with Ma'aden and superabsorbent polymers (through the opening in autumn 2013 of a jointly owned factory with Tasnee and Evonik). In 2012 Sahara Petrochemical made a Riyal 1.54 bn turnover.

SOURCE *Chimie Pharma Hebdo*