

Buying INEOS unit will boost Synthos' styrene capacity by 76%

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Synthos's acquisition of INEOS Styrenics' expandable polystyrene (EPS) business is set to boost its overall styrene capacity by 76% to 600,000 tonnes/year from 340,000 tonnes/year, an investment bank said on Monday.

The €80m transaction, set to be concluded between Poland-based synthetic rubber producer Synthos and Switzerland-headquartered chemical major INEOS in the second half of this year, would potentially result in new annual revenue of zloty (Zl) 1.3bn (€293.5m) for the buyer, WOOD & Company added.

That revenue level would be attainable at the current EPS market price of €1,430/tonne and an 80% utilisation rate of the unit's installations, said Maciej Wardejn, an analyst at the Prague-based bank.

WOOD roughly estimated the 2016 earnings before interest, tax, depreciation and amortisation (EBITDA) potential at Zl 65m.

Under the agreement subject to customary regulatory approval, INEOS Styrenics' production facilities at Wingles and Ribecourt in northern France and Breda in the Netherlands will be transferred to Synthos.

Synthos currently produces EPS and PS at its Czech and Polish plants, with capacities standing at 210,000 tonnes/year of EPS and 130,000 tonnes/year of PS.

"The purchase price of €80m, or around Zl 350m, is close to [what we gave as our] estimated Synthos dividend payment of Zl 330m for 2015. We therefore see this acquisition as the chief reason for the suspension of the payout this year, and we do not see it as a threat to Synthos' solvency," said Wardejn.

Source *Icis News*