

# SABIC to acquire remaining 50% of Shell venture for \$820 million

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## *Headquarters of SABIC in Riyadh*

Saudi Basic Industries Corp. (SABIC) has signed an agreement to acquire the 50 percent that it does not already own in its petrochemical venture with Shell Arabia, a unit of Royal Dutch Shell, for \$820 million, SABIC said on Sunday.

"As per the partnership agreement between the two companies that stipulates the right of SABIC to renew or end the partnership by the end of 2020... SABIC decided to acquire the full stake of Shell, which is 50 percent," it said.

SABIC, one of the world's largest petrochemical firms, said the \$820 million figure was based on the net value of the venture's assets. It said the acquisition was in line with a strategy to develop its successful investments.

The venture, known as SADAF, was established in 1980 and operates six petrochemical plants with total annual output of over 4 million tons year of chemicals. It makes products including ethylene, crude industrial ethanol and styrene at a complex in Jubail, on the Gulf coast of Saudi Arabia.

The acquisition agreement is expected to be carried out before the end of this year, SABIC said, adding that it signed another memorandum of understanding with Shell Arabia on Sunday to boost the companies' cooperation in unspecified international and local investments.

"We will continue to explore potential future opportunities with SABIC," Graham van't Hoff, executive vice president of chemicals at Shell, said in an e-mailed statement to Reuters.

In 2014, SABIC and Shell shelved plans to expand SADAF as the results of feasibility studies were not encouraging. The expansion was to have added production of polyols, propylene oxide and styrene monomer.

Shell is involved in other downstream activities in Saudi Arabia; it has a crude oil refinery with Saudi Aramco in Jubail. (Reporting by Reem Shamseddine and Hadeel Al Sayegh).

Source Arab News