

SK now highly likely to acquire Dow Chemical's EAA business

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Dow Chemical-DuPont Merger SK's last obstacle to its acquisition of Dow Chemical's ethylene **acrylic acid** (EAA) business unit has been eliminated due to EU's approval of the merger of Dow Chemical and Du Pont SEOUL,KOREA30 March 2017 - 11:00amJung Min-hee

As the European Union (EU) has approved the proposed merger of Dow Chemical and Du Pont, SK Group gave a sigh of relief. Now, the company's last obstacle to its acquisition of Dow Chemical's ethylene **acrylicacid** (EAA) business unit has been eliminated.

EU regulators gave approval to proposed Dow Chemical-DuPont merger worth US\$130 billion (144.77 trillion won) on March 27. Accordingly, SK Global Chemical is expected to take over Dow Chemical' EAA business, which deal was signed in February this year, without any problems. If the EU had disapproved the Dow Chemical-DuPont merger, SK's deal would have adversely affected in any way and fell through in the worst case.

As the obstacle is now cleared, SK will be able to reorganize the business structure more aggressively through M&A. This is because the acquisition of over Dow Chemical' EAA business unit is the first M&A achievement of Chairman Chey Tae-won after he presented his business policy to create new values according to "Deep Change."

An official from the business industry said, "SK Group has come up with a 17 trillion won (US\$15.27 billion) investment plan this year and announced to take over Dow Chemical' EAA business unit as symbolic of the plan. When the group fails the acquisition, it could have lost its confidence."

This year, SK Group pushes ahead with large M&A deals at home and abroad. On the 29th, the bidding for Japan-based Toshiba's semiconductor unit, which is the world's second largest NAND flash producer, will be closed. It is hard for SK Hynix to turn away from the deal in order to secure the competitiveness in NAND flash chips, which are a main product in the global semiconductor market. However, the asking price has increased from 2 trillion to 3 trillion won (US\$1.8 billion to 2.69 billion) to 20 trillion won (US\$17.96 billion) as Toshiba has decided to sell the entire management right. So, SK Group needs to make the group-level strategic decision as it did when acquiring Hynix earlier.

SK Group is also seeking to acquire a stake in Shanghai SECCO worth 1.5 trillion to 2 trillion won (US\$1.35 billion to 1.8 billion). Shanghai SECCO is jointly owned by state-owned China Petroleum & Chemical Corp(Sinopec) and British oil major BP. As BP has decided to sell its 50 percent stake, SK Global Chemical has entered the bidding battle for Shanghai SECCO. In the beginning, SK Group was expected to win the deal due to the fact that Chairman Chey is a person with a "special relationship" with Sinopec. However, the situation has become complicated after a Swiss company is trying to buy the company. An official from the industry said, "Sinopec is highly likely to buy the stake but the result can change depending on SK Group's response."

Source : Korean Business Daily News