

POLY NEWS

Title PolyMirae and SK Advanced announce entry into a definitive agreement to establish a polypropylene manufacturing JV in South Korea

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SEOUL, South Korea, June 25, 2018 – PolyMirae Company Ltd. and SK Advanced today announced they are forming a joint venture to expand PolyMirae's capacity with a new 400,000 tons/year polypropylene plant in Ulsan, South Korea.

The new manufacturing joint venture expects to begin construction on the plant in January 2019 and begin production in 2021. The new plant will use Spheripol polypropylene technology licensed by LyondellBasell and will be supplied with propylene from the nearby SK Advanced's Propane Dehydrogenation (PDH) plant. The project will go through the relevant regulatory filing and permitting reviews soon.

"We are grateful for the opportunity to partner with SK Advanced, given the exceptional operational reliability of their PDH plant," said Martino Gabellich, CEO of PolyMirae. "We are going to use the additional polypropylene volume produced by the joint venture to further support and expand our customer portfolio in the automotive, packaging, textile and consumer segments."

"PolyMirae is an excellent partner in the joint venture because it has a leading reputation in the PP market for its specialty products as well as longstanding excellence in manufacturing and marketing" said Chul-Jin Kim, CEO of SK Advanced. "With successful integration of value chain from propane to polypropylene business through JV partnerships, SK Advanced will secure a stable outlet for propylene and further strengthen competitiveness of its gas chemical business which its mother company, SK Gas has been expanding from its LPG base."

PolyMirae is a 50 / 50 joint venture between LyondellBasell and Daelim, and currently operates four PP Spheripol production lines in Yeosu with a total capacity of 700,000 tons/year.

SK Advanced is a joint venture among SK Gas, Advanced Petrochemical Company and Petrochemical Industries Company, and operates a propane dehydrogenation plant in Ulsan with a capacity of 600,000 tons/year.

About PolyMirae

PolyMirae is a joint venture between Daelim and LyondellBasell Industries, both of which are well respected companies worldwide, and is a leading polypropylene production company in Korea. With Daelim's outstanding accumulated on-site operational experience and LyondellBasell's core technologies and worldwide sales network, PolyMirae was founded on September, 2000 in order to produce and supply the best polypropylene in Asia.

About SK Advanced

SK Advanced is propylene production/sales company, established in September, 2014 through a spin-off from SK Gas. Located in Ulsan, South Korea, its PDH plant produces 600 K ton/year of production capacity. The plant started commercial operation in April 2016, and performs at a high operation rate, by applying newest CB&I technology.

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Korea's SK and Daelim joint ventures to build large PP facility in Ulsan

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PolyMirae Company's polypropylene plant in Ulsan. [Photo provided by PolyMirae]

SK Advanced and PolyMirae Company, the two multinational joint ventures based in Korea, recently signed a \$447 million contract to build a large polypropylene facility with a 400,000-ton capacity in Ulsan, about 400 kilometers southeast of Seoul, according to Ulsan City on Monday.

The two agreed to launch a new legal entity in the second half of this year to run the new facility which will be located near SK Advanced's propane dehydrogenation (PDH) plant in the city and open in 2021. Construction begins as early as January of 2019.

SK Advanced is a joint venture between Korea's SK Gas, Saudi Arabia's APC and Kuwait's PIC, a subsidiary of Kuwait's state-run oil company, Kuwait Petroleum Company (KPC). SK Advanced runs the PDH plant with an annual capacity of 600,000 tons.

PolyMirae, the largest shareholder of the polypropylene plant and the only PP producer in Korea, is a joint venture of Korea's Daelim and Dutch Lyondell Bassell Industries.

The investment is expected to create 1,200 new jobs and add direct and indirect production value worth 4.7 trillion won over the next six years, Ulsan City said.

Propylene is a key component in many types of plastics, chemical intermediates and fibers used for a wide range of industrial and commercial products.

By Seo Dae-hyun and Minu Kim

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