



19.12.2017

AZOTY GROUP SELECTS TECHNOLOGY LICENCE FOR POLICE POLYMERS PROJECT

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The Management Board of PDH Polska S.A. has recommended, and the Supervisory Board has approved, a polypropylene process technology licence for the Police Polymers project. The winning bid was made by Grace Technologies, Inc., a W.R. Grace & Co.-Conn subsidiary. With the Management Board's and the Supervisory Board's approvals secured, the decision still requires approval from the Extraordinary General Meeting of PDH Polska S.A.

"Police Polymers is a strategic project for the Grupa Azoty Group. The choice of the licence provider is another step in the preparations for what is Poland's largest capital investment project since the beginning of the 21st century. Extending the product chain to include polypropylene offers potential for generating additional and more stable profit margin. It also creates the opportunity to operate on the larger and less saturated polypropylene market, and to flatten out our business cycle. Once in commercial operation, the new unit will cause a major shift in our revenue structure, with the non-fertilizer business becoming a primary revenue source," says Wojciech Wardacki, President of the Management Board of Grupa Azoty S.A.

Police Polymers will be a manufacturing complex which is to comprise propylene and polypropylene units, a port with feedstock storage facilities, auxiliary facilities and logistics infrastructure. In a parallel effort, PDH Polska is in the process of selecting a future general contractor under a lump-sum turn-key contract. The company already holds a licence for the Oleflex PDH technology. Construction work is scheduled to start in late 2019 and end in late 2022.

The total cost of the integrated PDH/PP complex is estimated at EUR 1.27bn, including CAPEX of close to EUR 1bn, with the balance comprising the cost of financing the project during the construction phase, operating costs of the special purpose vehicle and reserve funds required under the selected project finance structure.

The Grupa Azoty Group is Poland's largest chemical group and one of the leading players on the European fertilizer and chemical markets. It is the European Union's second largest manufacturer of nitrogen and compound fertilizers and the third largest manufacturer of PPA6. Its other products, including melamine, caprolactam, oxo alcohols and titanium white, enjoy an equally strong standing in the chemical sector, with a wide range of applications across various industries. In May 2017, the Group unveiled its updated strategy until 2020. The key development areas include finalising the Group's consolidation, reinforcing its leadership in agricultural solutions in Europe, strengthening the second operating pillar through expansion of the non-fertilizer business, and generating and implementing innovations to accelerate growth in the chemical sector.