



Joint News Release

BASF and PETRONAS to build polyisobutene production plant in Kuantan, Malaysia

- World-scale plant for highly reactive polyisobutene (HR-PIB) with annual capacity of 50,000 metric tons
- Start-up planned for fourth quarter 2017
- First such plant in South East Asia

Kuantan, Malaysia and Ludwigshafen, Germany – July 21, 2015 – BASF and PETRONAS Chemicals Group Berhad (PCG) will build a new world-scale production plant for highly reactive polyisobutene (HR-PIB) at the site of their existing joint venture, BASF PETRONAS Chemicals Sdn Bhd, in Kuantan, Malaysia.

The plant, which will be the first of its kind in South East Asia, with a total annual capacity of 50,000 metric tons of HR-PIB, is expected to start production in the fourth quarter of 2017. HR-PIB is an important intermediate product for the manufacturing of high performance fuel and lubricant additives, including additives for sludge prevention.

“Leveraging excellence in technology will be an important factor in accelerating future profitable growth globally and especially in Asia,” said Dr. Christian Fischer, President of BASF’s Performance Chemicals division. “With this investment, we are building on the solid, long-term relationship with our strategic partner PETRONAS.”

BASF PETRONAS Chemicals’ fully integrated Kuantan site is one of BASF’s two Verbund sites in the Asia Pacific region. According to Fischer, the joint investment with BASF’s partner PCG at the Kuantan Verbund site will further increase security of supply for HR-PIB, especially for the Asian market. The new plant will further strengthen the global footprint of BASF as the leading supplier of this product.

“The investment marks another significant milestone in the development of the Kuantan site as a leading specialty chemicals hub in the Asia Pacific region, in line with PCG’s strategy to diversify into specialty chemicals and solutions,” said Datuk Sazali Hamzah, President and Chief Executive Officer of PETRONAS Chemicals Group Berhad. “It also strengthens the presence of highly advanced and forward oriented technologies and expertise in Malaysia and the region.”

BASF has over seventy years of experience in the manufacturing of HR-PIB. Besides the new plant in Asia, the company operates production facilities for HR-PIB at its Verbund sites in Ludwigshafen, Germany and Antwerp, Belgium, and within a joint venture with Sinopec YPC in Nanjing, China. BASF offers the broadest range of polyisobutenes in the market with different molecular weights which are marketed by the global business unit Fuel and Lubricant Solutions under the brand names of Oppanol® and Glissopal®.

BASF and PCG founded their joint venture BASF PETRONAS Chemicals in 1997. BASF PETRONAS Chemicals operates an integrated complex situated at the Gebeng Industrial Zone, Kuantan, Pahang.

In addition to the proposed plant, BASF PETRONAS Chemicals is also building two plants at its Kuantan site namely an integrated aroma ingredients complex for the manufacturing of citronellol, L-menthol as well as citral and its precursors which are widely used in the flavour and fragrance industry; and a 2-ethylhexanoic acid (2-EHA) production plant for the manufacturing of 2-EHA compound for the production of synthetic lubricants as well as oil additives. It is also used for functional fluids like automotive coolants, metal salts for paint dryers, plasticizers, stabilizers, catalysts and other applications in various industries.

About BASF PETRONAS Chemicals Sdn Bhd

BASF PETRONAS Chemicals is a Malaysian-based joint venture between BASF SE and Petroliaam Nasional Berhad (PETRONAS), Malaysia's National Oil Company, under its subsidiary PETRONAS Chemicals Group (PCG). Incorporated in 1997, the company operates an integrated complex situated at the Gebeng Industrial Zone, Pahang. The company's share of capital is 60% held by BASF SE and 40% by PCG with a total investment of about RM3.4 billion (US\$900 million) in production facilities for Acrylic monomers, Oxo Products and Butanediol. The range of chemicals produced by BASF PETRONAS Chemicals meet the growing demand in various industries including plastics, adhesives, lacquers, dyestuff, automobile and industrial coatings, paper, diapers, water treatment, textile and leather. April 2014 saw the groundbreaking of a new Integrated Aroma Ingredients Complex which will house facilities to produce Citral, Citronellol and L-menthol. The Aroma Ingredients produced will be used as flavours and fragrances for the food & beverages, fabric and homecare and personal care industries. The MYR1.5 billion (approx. US\$500 million) complex will be developed in phases where the first plants of the complex are expected to come on-stream in 2016. This cutting edge technological investment will make Malaysia an important hub in the Asia-Pacific region for the world-wide supply of Aroma Ingredients. More information is available on our website www.basf-petronas.com.my

About BASF

At BASF, we create chemistry – and have been doing so for 150 years. Our portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. We have summed up this contribution in our corporate purpose: We create chemistry for a sustainable future. BASF had sales of over €74 billion in 2014 and around 113,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

About PETRONAS Chemicals Group Berhad

PETRONAS Chemicals Group Berhad (PCG) is the leading integrated chemicals producer in Malaysia and one of the largest in South East Asia. It operates a number of world class production sites, which are fully integrated from feedstock to downstream end-products. With a total combined production capacity of over 10 million metric tons per annum (mtpa), it is involved primarily in manufacturing, marketing and selling a diversified range of chemical products, including olefins, polymers, fertilisers, methanol and other basic chemicals and derivative products. Listed on Bursa Malaysia and with three decades of experience in the chemicals industry, PCG is established as part of the PETRONAS Group to maximise value from Malaysia's natural gas resources. Further details on PCG can be found at www.petronaschemicals.com.my.

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