



20.03.2019

Hyundai Engineering Co., Ltd. approved by PDH Polska S.A. as pre-selected bidder in tender for Polimery Police project

On March 19th 2019, the Management Board of PDH Polska S.A. passed a resolution to approve Hyundai Engineering Co., Ltd. as a pre-selected bidder in the tender to award a lump-sum turn-key contract for the execution of the Polimery Police project.

The bid submitted by Hyundai Engineering Co., Ltd. was the one most closely meeting the requirements specified by PDH Polska S.A. in the tender documentation. The Company will hold further talks with the pre-selected bidder to agree on all the details of the Polimery Police project, in particular with regard to the project financing and insurance structure.

In addition to Hyundai Engineering Co., Ltd., other bidders in the tender to select a general contractor for the Polimery Police project were two consortia: one led by Technip Italy S.p.A. and the other led by Tecnimont S.p.A.

'Polimery Police is of strategic importance to the Polish economy. Once the project is completed, Poland will turn from a net polypropylene importer into its exporter. It will also increase Poland's independence in energy and raw material supplies through the launch of a new liquid fuels terminal, create new jobs for highly qualified staff and provide a springboard for the development of Polish science and R&D sector. We would like Polimery Police to be a stimulant for further growth of our Group, as well as the Polish chemical sector with its related industries engaged in plastics processing,' said Wojciech Wardacki, President of the Management Board of Grupa Azoty S.A.

Based on a review of the bids, the amount of remuneration under the general contractor agreement for the Polimery Police project (basic scope) will not exceed EUR 1bn. Accordingly, as at the date of this release, PDH Polska S.A. expects that the total amount of capital expenditure on the project should not exceed EUR 1.18bn. In addition to the general contractor's remuneration, the amount includes the capital expenditure incurred to date, the costs of site preparation, payment for technology licences and purchase of catalysts. The project's total budget, including the cost of its financing during the construction phase and reserve funds required under the project finance model, should not exceed EUR 1.52bn. Moreover, it is currently assumed that PDH Polska S.A. will require additional working capital financing of EUR 176m during the operation phase.

Polimery Police's financial model indicates strong economic viability despite the increased budget.

'Conditions on the polypropylene market are more than favourable. The EU market is undersupplied. Poland's annual polypropylene output is approximately 290,000 tonnes, against demand of nearly 700,000 tonnes. We expect that the project will help reduce Poland's trade deficit in plastics, and that a portion of our surplus production will be exported to receptive western markets – the convenient location of Grupa Azoty Police being an added advantage here. Its logistically convenient location will also facilitate sea deliveries of feedstock: propane and ethylene,' added Wojciech Wardacki.

In accordance with the agreed timetable, a contract with the selected bidder will be concluded in the second quarter of 2019, while the execution of Polimery Police by its general contractor is to be completed in the fourth quarter of 2022 (the test run being scheduled for Q2 2022).

Polimery Police is the Grupa Azoty Group's strategic capital project implemented by PDH Polska S.A., a special purpose vehicle. Polimery Police is among the largest chemical projects implemented in Central and Eastern Europe. The project aims to construct a petrochemical complex comprising:

- a propylene (PDH) unit,
- a polypropylene (PP) unit,
- a handling and storage terminal,
- logistics infrastructure,
- auxiliary units,

with an annual production capacity of 437,000 tonnes of polypropylene.

Both the PDH and PP units have been designed based on state-of-the-art technologies: respectively Oleflex, developed by Honeywell UOP, and Unipol developed by Grace Technologies. The technologies will ensure high production flexibility and delivery of a broad range of polypropylene types.

Additional information:

Press Officer

Grupa Azoty

Email: rzecznik@grupaazoty.com