

Joint News Release of BASF and Petronas Chemicals

BASF and PETRONAS to build 2-Ethylhexanoic acid production plant in Kuantan, Malaysia

- **First backward integrated 2-Ethylhexanoic Acid (2-EHAcid) plant in ASEAN, with annual capacity of 30,000 metric tons**
- **Startup planned in Q4 2016**
- **2EHAcid is used for various applications in many industries**

Kuantan, Malaysia and Ludwigshafen, Germany – February 18, 2015 – BASF and PETRONAS Chemicals Group Berhad (PCG) will build a new world-scale production plant for 2-Ethylhexanoic Acid (2-EHAcid) at the site of their existing joint venture, BASF PETRONAS Chemicals, in Kuantan, Malaysia. The construction of this plant, which will be the first of its kind in the ASEAN region, is expected to commence in Q2 of 2015. The plant, with a total annual capacity of 30,000 metric tons of 2-EHAcid, is expected to start production in the fourth quarter of 2016. The new plant will benefit from backward integration into the site, allowing high delivery reliability and maximizing efficient use of energy and feedstock.

“With this new plant, we are responding to our customers’ growing demands in Asia Pacific. Through this additional capacity BASF will become one of the leading suppliers for high purity 2-EHAcid in the region,” said Stefan Blank, President, BASF Intermediates division. “This investment further strengthens BASF’s offering in various downstream markets across a broad range of applications.”

“With this project, PETRONAS and BASF are fully utilizing our strengths in the areas of resources, technology, talent and management,” said Datuk Sazali Hamzah, President & Chief Executive Officer of PETRONAS Chemicals Group (PCG).

2-Ethylhexanoic (2-EHAcid) acid is a chemical intermediate used as a compound for example in the production of synthetic lubricants as well 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. BASF operates a 2-EHAacid production plant at its Verbund site in Ludwigshafen, Germany.

In addition to the proposed plant, BASF PETRONAS Chemicals Sdn Bhd is also building an Integrated Aroma Ingredients Complex at its Kuantan site for the manufacturing of citronellol, L-menthol as well as citral and its precursors which are widely used in flavour and fragrance industry. Groundbreaking for the USD\$500 million integrated aroma ingredients complex was done in April 2014 and the first plant is scheduled to come on stream in 2016.

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

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. USD 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 about €74 billion in 2013 and over 112,000 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

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 vertically 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 nearly 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.

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