



LyondellBasell Begins Construction of the World's Largest PO/TBA Plant

August 22, 2018

HOUSTON and LONDON, Aug. 22, 2018 /PRNewswire/ -- LyondellBasell (NYSE: LYB), one of the world's largest plastics, chemicals and refining companies, today officially broke ground on what will be the largest propylene oxide (PO) and tertiary butyl alcohol (TBA) plant ever built.



The Houston area project is estimated to cost \$2.4 billion, representing the single-largest capital investment in the company's history. Once in operation, the plant will produce 1 billion pounds (470,000 metric tons) of PO and 2.2 billion pounds (1 million metric tons) of TBA annually. Startup of the plant is planned for 2021.

"Today's groundbreaking is a historic moment for our company," said Bob Patel, CEO of LyondellBasell. "This plant will be the largest of its kind, built to meet the rising global demand for urethanes used by billions of consumers each day and clean-burning oxyfuels that will help improve air quality around the world. The construction of this project will provide jobs for our neighbors, support local businesses and strengthen our communities with increased tax revenues across the greater Houston region. As one of the cornerstones of our global growth strategy, the new plant will strengthen our ties in Houston and generate long-term value for our shareholders."

To optimize product balances and realize synergies between LyondellBasell sites, two facilities will be constructed on existing manufacturing sites. The 140-acre PO/TBA plant will be built at the LyondellBasell Channelview Complex located in Channelview, Texas while an associated 34-acre ethers unit, which will convert TBA to oxyfuels, will be built at the company's Bayport Complex in Pasadena, Texas.

The company chose to build the new plant at these existing locations along the Texas Gulf Coast because of their proximity to low-cost feedstocks and the transportation infrastructure needed to ship products to markets

growing diversity of our booming economy," said Texas Gov. Greg Abbott. "The construction of these new PO/TBA facilities at LyondellBasell's Channelview and Bayport plants will create thousands of jobs and support companies like LyondellBasell that the Texas economy continues to rely on."

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generate more than \$453 million in tax benefits for the county, school district, community college and other local taxing districts over a 10-year period. The Channelview site is expected to deliver \$349 million in tax benefits and the Pasadena site is expected to create \$104 million in benefits.

"As the Congressman representing the largest petrochemical and refining complex in North America, I welcome the news about the construction of these new PO/TBA facilities at LyondellBasell's Channelview and Bayport plants. These \$2.4 billion facilities are not only an expansion of LyondellBasell, but an investment in the future of our communities along the Texas Gulf Coast," said U.S. Rep. Brian Babin (TX-36). "The several billion pounds of PO and TBA products that will be produced will make the way for more local jobs, economic growth and regional expansion over the coming decade and beyond."

The project will create more than 2,200 construction jobs at the peak of construction and 160 permanent positions.

"We value our relationships with industry and are pleased LyondellBasell has chosen to continue to invest in our region with this project, which will bring tremendous benefit to our local economy and workforce," said Harris County Judge Ed Emmett. "The construction of this world-scale facility in Harris County is a testament to LyondellBasell's commitment to this area and further solidifies our position as a global petrochemical and manufacturing hub."

Built to meet global demand

PO is used to make bedding, furniture, carpeting, coatings, building materials and adhesives, while TBA will be converted to two ether-based oxyfuels, methyl tertiary butyl ether (MTBE) and ethyl tertiary butyl ether (ETBE). Both MTBE and ETBE are high-octane gasoline components that help gasoline burn cleaner and reduce emissions from automobiles.

Global demand for urethanes is projected to grow by 4 to 5 percent over the next five years due to emerging economies in Asia and India and their increased demand for consumer products. The global TBA market is expected to increase by 3 percent annually between 2018 and 2028, as drivers and governments in Asia Pacific and Latin America seek to improve air quality with cleaner-burning gasoline.

LyondellBasell plans to sell the PO and derivative products to both domestic and global customers, while the oxyfuels will be primarily sold into Latin America and Asia. A portion of the TBA will remain in the domestic market in the form of high purity isobutylene which is used in tires and lubricants. The majority of the products will be exported via the Houston Ship Channel.

Company growth

The PO/TBA project is part of LyondellBasell's \$5 billion organic growth program taking place on the U.S. Gulf Coast. LyondellBasell recently completed ethylene expansion projects at the company's La Porte, Channelview and Corpus Christi sites in Texas, finalizing a multi-year plan to increase annual ethylene capacity in the U.S. by 2 billion pounds (900,000 metric tons). Additionally, LyondellBasell is currently constructing a world-scale polyethylene (PE) plant at its La Porte Complex, which utilizes the company's proprietary *Hyperzone* PE technology and will more than double that site's PE capacity to 2 billion pounds (900,000 metric tons) per year.

For more information on LyondellBasell's PO/TBA plant, visit www.lyb.com/potba.

About LyondellBasell

LyondellBasell (NYSE: LYB) is one of the largest plastics, chemicals and refining companies in the world. Driven by its employees around the globe, LyondellBasell produces materials and products that are key to

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