

Mexico's Alpek to buy Brazilian PET producer PQS for \$385 million

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Mexico-based Alpek has reached an agreement with Brazil's Petrobras to acquire polyethylene terephthalate producer Petroquimica Suape for \$385 million, the company said Wednesday.

PQS' assets include a 700,000 mt/year purified terephthalic acid plant and a 450,000 mt/year PET plant in Ipojuca, Pernambuco, Brazil. The deal also includes polyester producer Citepe.

"The closing of this transaction will require further corporate approvals and is subject to several condition precedents, including approval by the appropriate governmental authorities," the company said in a statement.

The purchase price will be payable in Brazilian reals and will be subject to changes based on working capital, debt levels and other factors, Alpek said.

Alpek owns Mexico polypropylene producer Indelpro and DAK Americas, which produces PET in the US, Mexico, Canada and Argentina.

The deal comes as part of a drive by Petrobras to divest assets outside its core oil and gas exploration and production businesses.

The discussions between the two sides started in the middle of the year and included 90 days of exclusive discussions.

Market sources said an increasing amount of Brazilian material appeared in the US market during Petrobras' efforts to sell PQS, particularly in the third and early fourth quarters.

Market dynamics would likely return to normal after the closing of a deal as Alpek's DAK Americas would gain much of the market share that had been won recently by the Brazilian material, sources said.

S&P Global Platts last assessed US spot PET on December 14 at a five-month high of \$1,113-\$1,135/mt (50.50-51.50 cents/lb) DDP US West Coast.