

Samsung to sell petrochemical operations to Lotte

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The Samsung group will sell its stakes in petrochemical affiliates to the Lotte group, exiting the industry to focus on mainstay businesses such as electronics and finance.

The deal will be announced Friday. The expected purchase price of around 3 trillion won (\$2.66 billion) will make this one of Samsung's largest such sales ever, as well as Lotte's biggest acquisition.

Samsung will offload all of its shares in Samsung BP Chemicals, a joint venture with BP, and Samsung Fine Chemicals, a listed company. Battery maker Samsung SDI will spin off its chemical operations, with 90% to be transferred to Lotte.

Lotte will buy the stock through Lotte Chemical, South Korea's No. 2 chemical company. Lotte's production capacity for ethylene and other commodity chemicals is among the highest in the world. The acquisition of Samsung's assets will give it access to high-value-added materials such as acrylonitrile butadiene styrene -- a plastic used in cars and home electronics -- and electronic component materials for chipmaking.

Samsung has been racing to restructure its businesses amid slowing growth. It sold four affiliates to Hanwha Group in November 2014 in a 1.9 trillion won deal, including Samsung Techwin and Samsung General Chemicals.