

## **Ronesans Holding moves into a new industry, eyeing to become a global petrochemicals producer**

**Ronesans Holding, which realized many strategic projects as the main contractor and investor across the world, moves into a new industry. In addition to its investor roles in construction, real estate, healthcare and energy industries, Ronesans is set to become a global petrochemicals producer as a main industrial production investor.**

**Ronesans Holding signed the official partnership and license agreements for the Ceyhan Polypropylene Production Facility, the first industrial production project of itself and of the Ceyhan Petrochemical Industrial Zone. Among the \$1.4 billion worth project's partners are Algeria's Sonatrach and Korean GS E&C. The technological licensors of the project, which is expected to slash Turkey's annual current account deficit by \$250 million, will be the U.S.-based UOP Honeywell and the Netherlands-based LyondellBasel.**

In addition to its main area of activity, the contracting industry, Ronesans Holding moves into a new industry after completing the preparatory works, which it clinched in 2013, and is to become a global petrochemicals producer as a main industrial production investor. The Ceyhan Polypropylene Production Facility, which will be built by Ronesans together with strong global partners for a \$1.4 billion investment value, will be one of the biggest single green-field industrial production investments which has been made by the private sector. The facility, of which construction works are set to begin in the Ceyhan Petrochemical Industrial Zone in late 2020, is one of the largest industrial production investments which have recently been realized by a Turkish company. The Ceyhan Polypropylene Production Facility is expected to slash Turkey's current account deficit by \$250 million on yearly basis when completed by 2023.

Official partnership and license agreements of the project were signed in Istanbul. Among the main partners of the project are Algeria's national energy company Sonatrach and Korea's GS E&C, which is one of the world's leading engineering, procurement and construction (EPC) companies. The technological licensors of the project will be the U.S.-based UOP Honeywell and the Netherlands-based LyondellBasel.

The official partnership signature ceremony, which was held in the Ciragan Palace on 26th of September, was attended by Turkish Minister of Energy Fatih Dönmez, Algerian Energy Minister Mohamed Arkab, Ronesans Holding President Dr. Erman Ilıcak, Sonatrach CEO Rachid Hachichi, GS Group CFO Tae-jin Kim, UOP EAFSU General Manager Nigel Orchard, Lyondellbasell Licesing Associate Director Maurizio Bacci.

In his speech at the press conference on the sidelines of the Ceyhan Petrochemical Industrial Zone Partnership and License Agreements Signature Ceremony, **Ronesans Holding President Dr. Erman Ilıcak** said that Ronesans is set to become a global petrochemicals producer while maintaining its strong positioning in international contracting and construction sector, adding that they have focused on one of the key industries which has a significant share in Turkey's foreign trade deficit to make their first industrial production investment.

"We are commencing a project which will bring into industrial production of high added value to Turkey. In the last decade, we built key industrial facilities for a series of national and international energy and the petrochemicals companies. We will use this critical knowhow and experiences in our new investment in petrochemicals industry, which has a significant share in our country's foreign trade deficit," Ilıcak noted.

**"THE PROJECT WILL CUT TURKEY'S ANNUAL CURRENT ACCOUNT DEFICIT BY \$250 MILLION"**

Saying that Ronisans Holding's aim in its new journey has been set as to minimize Turkey's dependence on foreign petrochemical outputs and to export these key outputs from the new facility in the face of Turkey's high polypropylene imports and increasing demand for these products, **Dr. Erman Ilıcak** added: "The Ceyhan Polypropylene Production Facility will substitute the one-fifth of Turkey's polypropylene imports and make a positive contribution to our country's current account deficit by \$250 million on yearly basis."

**Ilıcak** concluded his speech with the following comments: "We are considering our \$1.4 billion worth facility in the Ceyhan Petrochemicals Industrial Zone, where we also hold the main operator role, as a starting point for us. We will not only become the first investor of the zone together with our internationally leading partners, we will also work to attract \$15 billion local and global investment to the zone in the next 10 years together with the Netherlands-based Port of Rotterdam, the largest industrial zone operator in Europe and the third largest in the world in its kind. As Ronisans, we will also making new petrochemicals and industrial investments in the region."

### **THE FACILITY WILL BE COMPLETED BY 2023 AND FEATURE AN ANNUAL PRODUCTION CAPACITY OF 450,000 TONNES**

Turkey posts nearly \$13 billion foreign trade deficit on yearly basis in the field of petrochemicals raw materials and plastic outputs. This figure corresponds to more than 20 percent of Turkey's current account deficit. In Turkey's petrochemicals imports, polypropylene has a significant share. The Ceyhan Polypropylene Production Facility, which will be built in partnership with Sonatrach and GS E&C, is expected to substitute nearly one fifth of Turkey's total polypropylene imports. The facility, which will make three times more of Turkey's current polypropylene production by itself, will be completed by 2023 and feature an annual production capacity of 450,000 tonnes.

### **INPUT GUARANTEE UNTIL 2040**

Ronisans Investment Group President **Kamil Yanikomeroglu** elaborated why the company chose Ceyhan to make this investment. "Most of our country's polypropylene consumption is made within a radius of 200 km around Ceyhan. The province of Gaziantep, which is located approximately 180 km east of the Ceyhan Polypropylene Production Facility, is one of the world's biggest polypropylene consumers. The province makes almost two thirds of Turkey's total polypropylene consumption by itself to feed its industrial production. We have chosen Ceyhan to invest in due to its geographical proximity to the main markets as well as its strategic port positioning."

Pointing out the key importance of the input procurement in such kind of industrial investments, **Yanikomeroglu** noted that Sonatrach will provide propane, the main raw material which will be used in the Ceyhan Polypropylene Production Facility, until 2040 in line with their partnership agreement, adding: "This agreement is one of the rarest of its kind which is clinched with a single supplier for such a long time period. This kind of raw material agreements are usually made for just two or three years. In this vein, we made a remarkable agreement to secure our raw material need."

Noting that both the facility and the industrial zone would be a tremendous employment source, Yanikomeroglu said that nearly 2.000 people would work to build the facility and the facility itself would create 600 qualified jobs.

On annual basis, more than 70 million tonnes of polypropylene are consumed across the globe. Turkey meets more than 90 percent of its PP needs by imports and is the second biggest PP importer after China. By 2023, Turkey's PP demand is expected to increase to 2.65 million tonnes and by 2040 to 4.8 million tonnes. PP, a curial plastic material, is used in many key sectors from agriculture to defense industry, automotive and construction. PP is a 100 percent recyclable plastic material.