

SOCAR and BP explore the creation of a new petrochemicals joint venture in Turkey

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- BP and SOCAR Turkey to evaluate creation of joint venture to build and operate a world-scale PTA, paraxylene and aromatics facility
- Facility would be located at SOCAR Turkey's Private Industrial Zone in Aliaga, which includes the recently-inaugurated STAR refinery and major Petkim petrochemicals site
- Integration with SOCAR's facilities and infrastructure expected to reduce project costs significantly
- Facility would use BP's latest highly-efficient proprietary technology
- Builds on BP and SOCAR's longstanding relationship in the region

BP and SOCAR Turkey today announced that they have signed a heads of agreement (HoA) to evaluate the creation of a joint venture that would build and operate a world-scale petrochemicals complex in Turkey.

The proposed facility, in Aliaga in western Turkey, would produce 1.25 million tonnes per annum (tpa) of purified terephthalic acid (PTA), 840,000 tpa paraxylene (PX) and 340,000 tpa benzene.

PTA is used to manufacture polyesters, which have many uses including food and beverage containers, packaging materials, fabrics, films, and other consumer and industry applications.

Following the signing of the HoA, BP and SOCAR Turkey now expect to undertake design work for the facility, which would allow for the integration of feedstock supplies from the nearby new STAR refinery and Petkim petrochemicals complex, both owned by SOCAR Turkey.

Vagif Aliyev, Chairman of the Board of SOCAR Turkey, said: "We entered the Turkish market in 2008 with the acquisition of Petkim and since then have realized giant projects such as the STAR refinery, TANAP, Petlim Container Terminal and Petkim Wind Power Station. The area covering all of SOCAR Turkey's projects in Aliaga has recently become the first Private Industrial Zone in Turkey. The immediate proximity to the feedstock and infrastructure provided by SOCAR's other facilities will contribute significantly to the competitive power of the new facility. Expanding our immense refining and petrochemical complex, built at the gateway to world markets on the Aegean coast of Turkey, we aim to continue to contribute to the economies of the two brother countries – Turkey and Azerbaijan."

Luis Sierra, CEO for BP's global aromatics unit said: "If taken forward, this would be the largest integrated PTA, PX and aromatics complex in the Western Hemisphere and BP's first major new aromatics platform since our Zhuhai site in China opened nearly twenty years ago. The combination of BP's leading proprietary technology and integration with SOCAR's new refinery could create an outstanding platform to serve Turkey's growing polyester packaging and textiles industry. We look forward to drawing on the strengths of both BP and SOCAR to explore the creation of a highly competitive facility."

BP and SOCAR expect to work towards a potential final investment decision in 2019, which could result in start-up of the new plant in 2023.

BP's latest proprietary PTA technology has significantly lower capital and operating costs when compared with other PTA technologies. It is more energy efficient, uses less water and produces less solid waste than similar technologies on the market.

BP and SOCAR are longstanding partners in a number of major oil and gas production and transportation projects in Azerbaijan, Turkey and the wider region, including the Shah Deniz 2 gas project in Azerbaijan that began production early this year, exporting natural gas to Turkey and beyond.

"This proposed new investment is a 'win-win' situation for both SOCAR and Turkey. It will not only increase our share in Turkey's petrochemical markets, but it will also help to reduce Turkey's imports of these products, hence reducing the foreign trade deficit. All of our projects in Turkey are planned with this goal in mind," said SOCAR Turkey CEO Zaur Gahramanov.

"This potential major new direct investment would be our first equity investment in petrochemicals in Turkey, a country where BP has now been present for over 100 years. Turkey operates as a bridging country between the East and West, and between producers and consumers, and its fast-growing economy offers attractive investment opportunities," said Mick Stump, president of BP Turkey.

Notes to editors

- The State Oil Company of the Azerbaijan Republic (SOCAR) is involved in exploration of oil and gas fields; producing, processing, and transporting oil, gas, and gas condensate; marketing petroleum and petrochemical products and supplying natural gas to industry and the public in domestic and international markets.
- SOCAR TURKEY ENERJI A.Ş (SOCAR Turkey) is a subsidiary of SOCAR, the State Oil Company of the Azerbaijan Republic, and is Turkey's largest international investor with more than \$14.2 billion of investments in the energy area. SOCAR Turkey's investments include: Petkim, Turkey's leading petrochemicals manufacturer; STAR Refinery, which began operations in 2018; the TANAP pipeline, which will transport Caspian gas through Turkey and onwards to Europe, and Petlim, the largest container port on Turkey's Aegean Sea coast.
- BP has been operating in Turkey for more than 100 years and is one of the largest investors in the country and the region. BP has significant fuels, lubricants and aviation businesses in Turkey, and is a shareholder and the operator of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and is the only multinational shareholder in the TANAP gas pipeline.
- BP and SOCAR have a longstanding relationship in the oil and gas industry in Azerbaijan. Their partnerships include the Azeri-Chirag-Gunashli oil field development and the Shah Deniz gas field developments in the Caspian Sea, and the BTC oil export pipeline and the SCP, TANAP and TAP gas pipelines. BP and SOCAR also partner in exploration projects in the Caspian including Shafag-Asiman, Block D230, Shallow Water Absheron Peninsular and Gobustan production sharing agreements
- BP estimates that its latest generation PTA technology delivers 65% fewer greenhouse gas (GHG) emissions, 75% less water discharge and 95% less solid waste disposal than conventional PTA technology of the 1990s*.

* Derived from BP's internal analysis Evaluating Energy Processing Technology,

conducted in 2016. Data in this internal analysis was derived from BP's actual operating data from six of its PTA manufacturing facilities.

Further information

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