

Xenel Signs SR800m Deal With Tecnimont

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JEDDAH, 4 March 2004 - Xenel Industries yesterday signed an SR800 million contract with Italian Tecnimont to build a polypropylene plant in the Yanbu Industrial City. The plant is named Teldene.

Owned by the National Petrochemical Industrial Company (NATPET), Teldene is planned to start commercial production at the end of 2006 with an annual capacity of 400-420,000 tons.

The deal was signed by Khalid Zainal, chairman of Xenel, for NATPET and by Angelo Sanna, managing director of Tecnimont Arabia, and Paolo Bigi, commercial director of Tecnimont, for the Italian side.

The plant will use propylene as its feedstock from the adjacent Alfasel plant, which is being developed by Alujain. The contract for that was signed last November.

Tecnimont has built over 80 percent of the polypropylene plants around the world. They are currently constructing a plant of similar capacity in Europe.

The contract value comprises the cost of engineering studies, equipment, installation and construction of the plant with all necessary infrastructure facilities.

Xenel and Alujain own 42 percent of NATPET. The rest is owned by other companies and individual shareholders. However, NATPET is looking to further capitalization of the Teldene and Alfasel plants and has invited new shareholders to invest in them. They are very viable, says NATPET. "Investors will be able to gain considerable profits," a company spokesman said.

Polypropylene is commonly used for the manufacture of cars, household items, toys, carpets and furniture. According to Dr. Ahmed Bukhari, in charge of the project, demand for the product is growing at the rate of seven percent annually.

He said the two factories would create a large number of job opportunities for young Saudis, especially those qualified in operation, management and marketing.

Bukhari commended the government's support for the project. Saudi Aramco will supply gas and propane for the plant, which is located in a land provided by the Royal Commission for Jubail and Yanbu, he said.

Tecnimont is a leading international engineering and construction company operating worldwide in the chemicals, petrochemicals, oil & gas, energy and other sectors of the process plant industry. Since its foundation in 1973, the company has implemented more

than 350 industrial plants in about 70 countries.

Tecnimont provides the full range of engineering, procurement and construction services, from feasibility studies and conceptual design to the construction of highly sophisticated industrial complexes on a turnkey basis including financing, operation and maintenance services and product marketing.