

Sasol Sets Up \$4B Credit Facility For La. Petrochem Plant

By **Keith Goldberg**

Law360, New York (December 22, 2014, 2:50 PM ET) -- Sasol Ltd. said Monday that a syndicate of 18 international banks and other financial institutions are backing a \$4 billion credit facility to finance the South African company's construction of an \$8.1 billion petrochemical facility in Louisiana.

The financing comes nearly two months after Sasol gave the go-ahead for construction to begin on the complex, which will include an ethane cracker as well as six chemical manufacturing plants and is being built on Sasol's existing site in Lake Charles, Louisiana.

Sasol said it will invest an additional \$800 million into infrastructure, utility improvements and land acquisition in order to establish the site as an "integrated, multi-asset site that will enable growth for decades to come."

"Securing this financing facility is another key milestone in advancing a defining project for the company," Sasol acting Chief Financial Officer Paul Victor said in a Monday statement. "The support from a large number of international financial institutions is a testament to Sasol's strong standing within the global financial markets."

The Bank of Tokyo-Mitsubishi UFJ Ltd., BNP Paribas, HSBC Bank USA, National Association, Intesa Sanpaolo SpA, JPMorgan Chase Bank NA, Merrill Lynch, Pierce, Fenner & Smith Inc., Mizuho Bank Ltd., Sumitomo Mitsui Banking Corp. and Citibank NA are the book-runners and joint lead arrangers for the credit facility. Absa Bank Ltd., KfW IPEX-Bank GmbH, Industrial and Commercial Bank of China Ltd., ING Capital LLC, Korea Development Bank and SG Americas Securities LLC are also joint lead arrangers for the facility, while Export Development Canada, Deutsche Bank AG and UniCredit Bank Austria AG are the facility's managers.

Sasol said the rest of cash required for construction will be raised in a phased manner from a variety of potential sources, including available surplus cash.

The main purpose of the project is the construction of the ethane cracker, which breaks down oil and gas into ethylene — a gas more commonly known as ethane that is one of the building blocks for an array of chemicals and is used in the manufacture of products such as plastic bags and certain kinds of packaging. According to Sasol, about 90 percent of the cracker's ethylene output will be converted into a "diverse slate of commodity and high-margin specialty chemicals."

The facility will produce 1.5 million tons of ethylene annually and is expected to be up and running by

2018, the company said.

The project, first announced by Sasol in December 2012, is part of the Johannesburg-based company's efforts to produce a wide variety of derivatives around the globe. In announcing the company's final investment decision in October, Sasol president and CEO David Constable said it was the U.S. Gulf Coast's "robust infrastructure" concerning the transportation and storage of ethane that made the company decide to move ahead with the project.

In December 2013, Entergy Gulf States Louisiana LLC cinched a six-year agreement with Sasol to supply up to 200 megawatts of power to run the project.

Sasol's project is represented by a Latham & Watkins LLP team that included Jonathan Rod and Jeffrey Greenberg (project finance), Joel Mack (environmental) and Stephanie Kuhlen (real estate).

The lenders are represented by a Skadden Arps Slate Meagher & Flom LLP team that included energy and infrastructure projects partners Harold Moore, Julia Czarniak and David Armstrong, environmental partner Don Frost, Jr. and counsel Henry Eisenberg, tax partner Pamela Lawrence Endreny and intellectual property and technology partner Matthew Zisk.

--Additional reporting by Benjamin Horney and Chelsea Naso