

Orion Engineered Carbons – South Africa increases its export to the European markets

South Africa, Gqeberha, 30 May 2022 – the Coega Development Corporation (CDC) continues to demonstrate the success of its 9003ha Coega Special Economic Zone (SEZ), as a preferred investment destination on the African Continent, by recently jointly hosting a successful sod turning ceremony with its new global investor, namely Orion Engineered Carbons (OEC). OEC announced that for the first time in history, its South African operations started to export its products to Europe, mainly because of the global geo-economic instability caused by the Russian/Ukrainian war, said the OEC's Chief Executive, Corning Painter.

“The new exports to Europe, due to this tragic situation that we hope will be resolved peacefully soon, are an example of how working together here in South Africa to solve local challenges can create opportunities for support elsewhere,” Mr. Painter said. “Our European customers are looking to replace approximately 40% of their carbon black needs that were served by Russia, Belarus and Ukraine. This is a chance for our South Africa operation to fill a gap and provide crucial support to Europe.”

Mr. Painter added, “Because of the new confidence we have in the Coega SEZ project, we are upgrading several key pieces of equipment and feel excited about the facility's potential and future. Overall, we have a terrific story in South Africa. We import raw materials from the U.S., perform high-value manufacturing in Nelson Mandela Bay and export high-grade carbon black to Europe. Let's keep this great momentum going.”

The OEC black oil tank project investment at the Coega SEZ is valued at more than R60 million with the Department of Trade, Investment, and Competition (the dtic) providing an additional R200 million to facilitate the solution for Orion Engineered Carbons to preserve jobs in the province and municipality and ensure the sustainability of the industry. The

project entails the development of two 18,000 m³ tanks for the storage of carbon black feedstock with ancillary infrastructure over a 10-month period and is estimated to create over 150 jobs (50 construction phase, and 100 jobs during the operational phase of the project). This was announced at the Sod Turning ceremony in April 2022 that was attended by the Honourable Deputy Minister of the Department of Trade, Industry and Competition (the dtic), Mr. Fikile Majola and the Honourable MEC for the Eastern Cape Department of Economic Development, Environmental Affairs, and Tourism (DEDEAT), Mr. Mlungisi Mvoko, who were amongst the leaders of business in the Nelson Mandela Bay Municipality (NMBM).

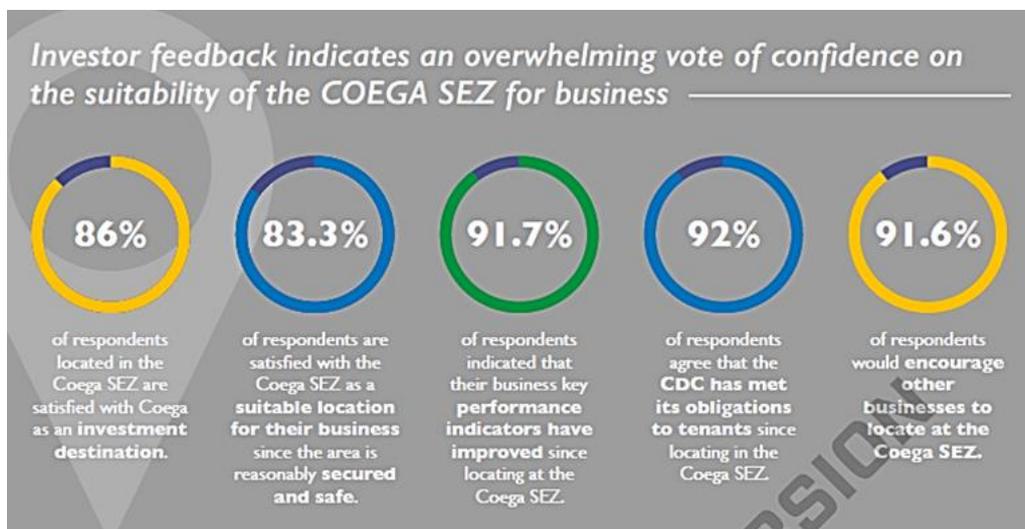
Had it not been for the interventions, collaboration and support of the parties involved, the region would have lost a project of significant value which would have led to an increase in unemployment, loss of government revenue, and formed a perception that the region is not an attractive investment location. Approximately 7,000 people are employed in the associated tyre manufacturing value chain, most of whom would have lost their employment. It is with thanks to the collaborative effort of the CDC, OEC, TNPA and the dtic that such a risk has been averted, and it is against this backdrop that the CDC sees all these parties as strategic stakeholders for this project.



Orion's CEO, Mr. Corning Painter, emphasised the importance of the OEC black oil tank project to the company and how it will stimulate the entire value chain of the automotive sector. This project is in line with Orion's identity as a premium supplier of carbon black, generating long-term benefits for stakeholders while remaining committed to responsible business practices through a focus on team culture, reliability, and sustainability.

“The project will see the relocation of the liquid fuel storage facilities (Dom Pedro Tank Farm) from the Port of Port Elizabeth (PoPE) to the Port of Ngqura. The Dom Pedro Terminal in the Port of Port Elizabeth is due to be closed to liquid vessels by the end of December 2022,” highlighted TNPA, Managing Executive-Central Region, Mr. Siyabulela Mhlaluka.

“As the Coega SEZ, it is important that we can respond to complex problems that seek to disrupt the value chain in a positive way. When we were called upon by the dtic and TNPA to intervene to find a lasting solution to the project, we sought to do so in a way that would have a meaningful impact for the people of the Eastern Cape, and country as a whole, said Ms. Asanda Xawuka, CDC’s Executive Manager of Business Development. Moreover, the Coega SEZ is forecasting significant growth in the number and value of its investors in 2022. This is further strengthened by the recently conducted Coega’s Investor Perception Survey at the end of 2021 in which the following results demonstrated the Coega SEZ’s prowess, as the global investment destination of choice in Africa:



Coega SEZ Investor Perception Survey Results, 2021.



PATHING THE WAY FORWARD: OEC Group CEO, Orion Engineered Carbons – South Africa increases its export to the European markets.