

Alpek agrees to buy OCTAL

Incorporating high-value PET sheet business into Alpek's product portfolio

Monterrey, N.L., Mexico. February 1, 2022 – Alpek, S.A.B. de C.V. (“Alpek” or the “Company”) announced today that it has signed an agreement to acquire OCTAL Holding SAOC (“Octal”). This acquisition forward-integrates Alpek into the high-value PET sheet business segment, closes the gap towards achieving its ESG goals, and enhances its ability to serve its customers’ growing PET resin needs.

Octal is a major global producer of PET sheet. It owns the proprietary direct-to-sheet (DPET®) technology, which eliminates several energy-intensive conversion steps, resulting in the lowest cost production method for PET sheet. It serves a long-standing customer base across the Americas, Middle East, and Europe, through a logistically advantaged position centered in Oman. The acquisition adds over one million tons of installed capacity, spread across four sites, to Alpek’s existing footprint:

- **PET Sheet:** 400,000 tons (Salalah Free Zone, Oman)
- **PET Sheet Recycling:** 33,000 tons (Cincinnati, United States)
- **PET Thermoform Packaging:** 11,000 tons (Riyadh, Saudi Arabia)
- **PET Resin:** 576,000 tons (Salalah Free Zone, Oman)

Alpek will purchase 100% of Octal’s shares for U.S. \$620 million on a debt-free basis. Financing for the acquisition will be secured through cash on the Company’s balance sheet, free cash flow generated from existing businesses, and dedicated bank loans. The transaction is subject to customary conditions to closing, including the approval of relevant regulatory authorities, and is expected to close in the first half of the year. The deal would have an immediately accretive and material impact on EBITDA of an estimated U.S. \$135 million before synergies, based on Octal’s rolling 12-month EBITDA through September 30, 2021.

This acquisition is highly aligned with several key elements of Alpek’s long-term growth strategy:

Strengthen the Core Business:

- **Value Added Products:** PET sheet represents a highly attractive opportunity for Alpek, serving the growing needs for 100% recyclable packaging and providing solid margins in to-go meals, baked goods, and produce, just to name a few. Growth rates through 2025 are also expected to be strong at 6.4% per year.
- **Global Cost Improvement:** DPET® proprietary technology incorporates a new sustainable cost advantage that Alpek can leverage across its current plants. Moreover, the Company expects to capture administrative and operational synergies on a global basis through the integration of these sites into the existing asset base.

Capture ESG-related opportunities:

- **Opportunities from CO₂ Emission Reductions:** Octal's DPET[®] proprietary technology produces PET sheet with a CO₂ footprint that is 25% lower than industry standards, thus representing an improvement to Alpek's carbon intensity, providing additional tools to support the achievement of the Company's CO₂ emissions reduction goals, and accelerating the transition to more sustainable packaging alternatives.

Strategic & Focused Growth:

- **Value Chain Integration:** Global demand for PET resin has been strong, and this acquisition allows the Company to continue serving its customers' growing needs. It also expands Alpek's presence into the PET sheet and thermoforming industries, where it expects to replicate the same benefits in scale, cost improvement, and service it has achieved in its other business lines.

"This transaction is an ideal fit for Alpek. Through a single acquisition we're able to access the profitable and growing PET sheet segment, acquire differentiated technology that provides a sustainable competitive advantage, significantly advance towards meeting our ESG goals, and serve our customers' increased PET resin demand," said José de Jesús Valdez, Alpek CEO. "The strength of our 2021 results allows us to complete this attractive acquisition without sacrificing the financial stability that has characterized Alpek. We look forward to welcoming Octal's management team and employees to our family, leveraging their long-standing relationships with customers, diverse backgrounds, and technical proficiency to drive the Company's long-term growth."

About Alpek: Alpek is a leading petrochemical company operating two business segments: "Polyester" (PTA, PET, rPET, and polyester fibers), and "Plastics & Chemicals" (polypropylene, expandable styrenics, and other specialty & industrial chemicals). Alpek is a leading producer of PTA and PET worldwide, the largest rPET producer in the Americas, the third largest expandable polystyrene manufacturer worldwide, and the only producer of polypropylene in Mexico. In 2020, Alpek reported revenues of U.S. \$5.3 billion and Comparable EBITDA of U.S. \$601 million. The Company operates 32 plants in the United States, Mexico, Canada, Brazil, Argentina, Chile, and the United Kingdom, and employs more than 6,000 people. Alpek is a publicly traded company listed on the Mexican Stock Exchange.