

Mobil™ Car Care

Antifreeze/Coolant – 2015/2016 Season Outlook

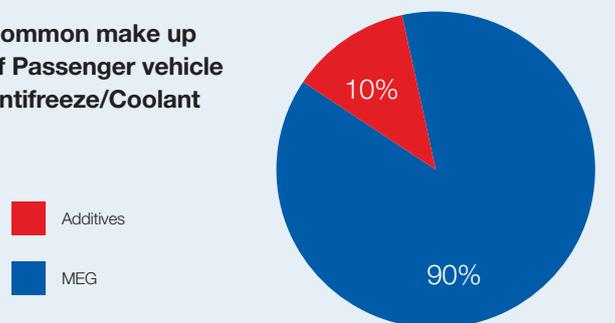
Background

Ethylene glycol, commonly referred to as mono ethylene glycol (MEG), is a key industrial chemical which is used primarily for the textile and packaging industry.

It's estimated that only 16% of the global MEG supply goes into the automotive sector.

MEG is the primary component in almost all automotive antifreeze/coolant and typically accounts for 90% of the product make up. The remaining 10% is the antifreeze/coolant additive package (which handles corrosion protection).

Common make up
of Passenger vehicle
Antifreeze/Coolant



Pricing & Supply

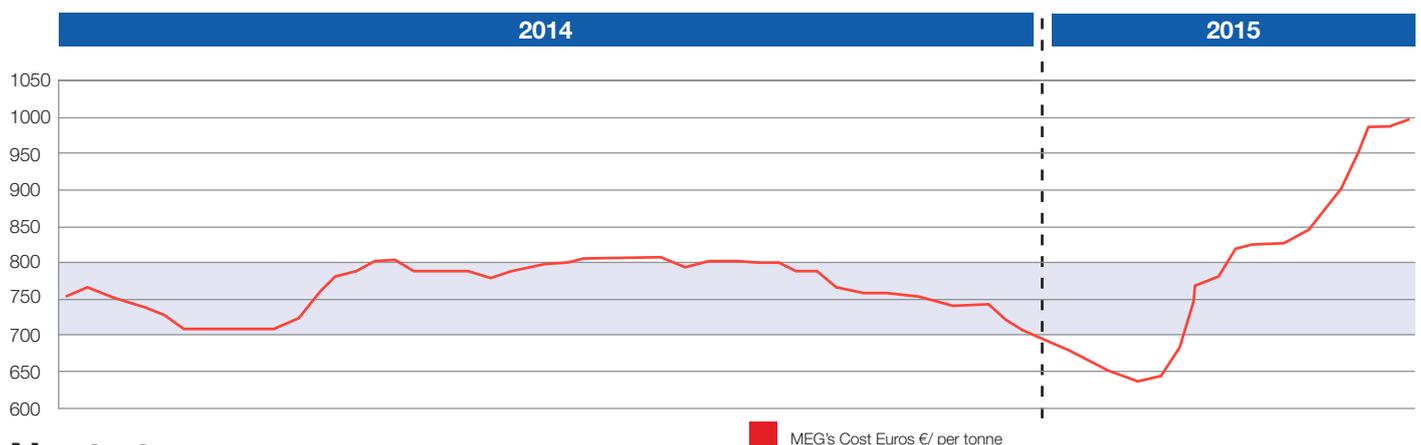
The graph below shows MEG price in Euros (€) per tonne throughout 2014 and YTD 2015. Prices fluctuated between €640 and €1,000 per tonne, which was the highest market price since October 2007. Buying MEG in at the right time is our goal, however to ensure product availability we often have to purchase at several points in the season (at different pricing levels).

It's currently being reported by major MEG producers that supply is being restricted due to production challenges such as plant technical issues and maintenance programmes. Some producers have already called force majeure*. Once producers resolve their technical issues and reopen their plants, product will take some time to recover to its normal market price and availability levels. This is not only the case for the MEG used in antifreeze/coolant but also for a derivative of MEG that is used in the production of plastic bottles, where the market is also seeing some shortages.

Where price will go next is difficult to predict. A significant fall in prices is not likely in the short term due to the continuing production challenges being faced by MEG producers.

*Force majeure. A common term in law that means "unforeseeable circumstances that prevent someone from fulfilling a contract".

MEG's Cost Euros / per tonne



Next steps

Your Cosan Account Manager will be talking to you to discuss the next steps regarding your seasonal requirements.