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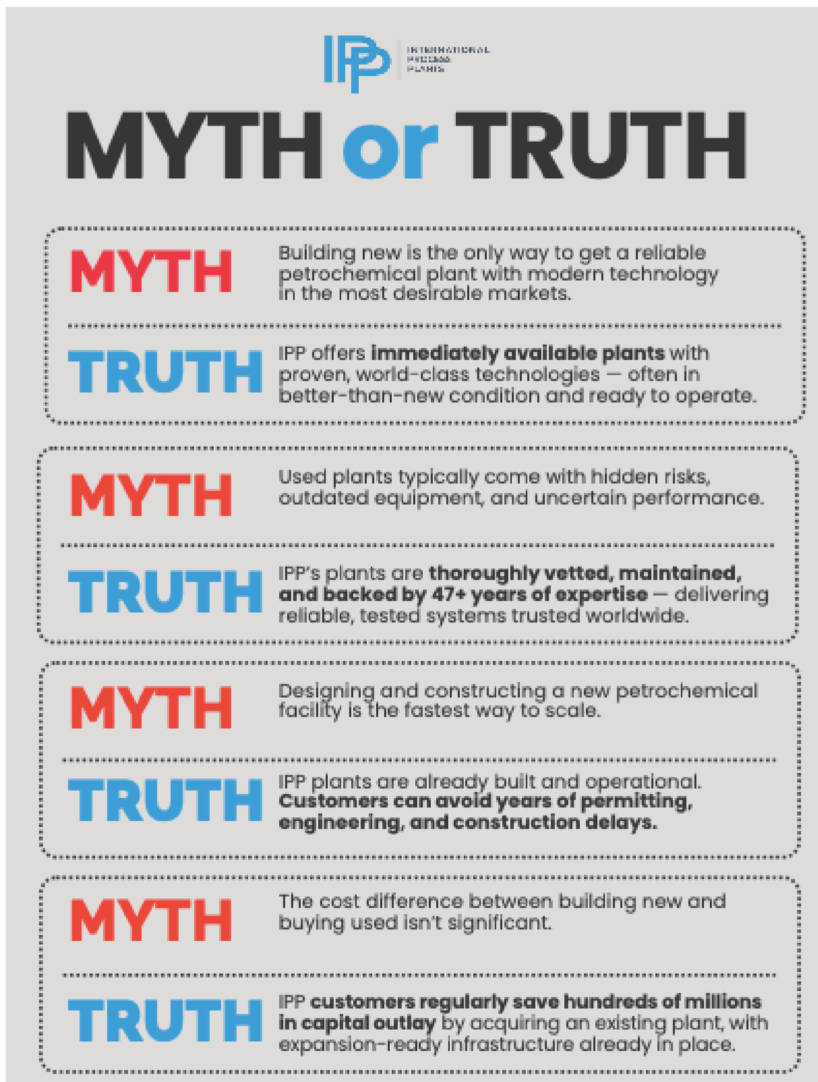
A smarter path to adding capacity: Why acquiring proven plants beats buying businesses or building new

Buying used vs. building new: The facts every informed executive should weigh

A case study in low-risk growth: Why secondhand plants with proven production capabilities and histories are today's smartest investment

For decades, chemical and petrochemical companies have looked to acquisitions and greenfield construction as the default ways to grow capacity. Yet every acquisition is, at its core, the purchase of used plants. The fact is simple: The industry already treats secondhand plants as valuable assets, but too often frames them only through the lens of buying an entire business.

That approach comes with a heavy premium. Business acquisitions typically command multiples of 11 to 24 times EBITDA, depending on product lines and competitive positioning. While those transactions may deliver customer relationships and downstream channels, the hard assets — the plants themselves — are bought at a cost that may not be justified by the capacity alone.



There is a smarter way.

By using an experienced professional company like IPP to purchase closed petrochemical facilities with a proven 15-20-year operating history, executives can gain the same technology, infrastructure and capacity at a fraction of the cost. With expert dismantling firms and experienced EPC companies re-erecting the site, the buyer can either restart the plant in place or relocate it to a geography with lower operating costs and stronger long-term fundamentals.

The capital math is compelling. Take a chemical facility producing 100,000 tons per year at $1,000/ton, with a 10% EBITDA margin. That equates to $10 million in EBITDA. At a 12x multiple, acquiring that business could cost $120 million. By contrast, acquiring the closed plant itself might cost $10 million, with an additional $50 million to move and restart it at a new site. The total — $60 million — provides the same productive capacity, positioned in the optimal location, with significant upside potential.

The lesson is not that buying used is always the right choice. The lesson is that it should always be considered as a viable alternative. For many boards of directors, overlooking this option means leaving significant capital efficiency and time-to-market gains on the table.

Time: the hidden cost of growth

Capital efficiency may be the most visible advantage of secondhand plants, but time is the decisive factor. New builds in the chemical and petrochemical sector can take four to seven years from design to commissioning, even under favorable permitting conditions. During that period, competitors seize market share, feedstock dynamics evolve, and regulatory frameworks shift.

Every quarter of delay has a measurable impact on value. The opportunity cost of being out of market while demand rises is often greater than the capital savings themselves. Companies that wait risk missing the revenue window entirely.

“Executives consistently underestimate the cost of time,” said Ron Gale, President of IPP. “We’ve seen clients who would have lost the opportunity if they’d chosen to build new. By acquiring an existing plant, they were producing within months, not years — and capturing EBITDA their competitors never realized.”

In volatile markets, speed is more important than convenience. It can determine whether a project succeeds or fails.

Southeast Asia: a case study in low-risk growth

IPP’s current Southeast Asia offering demonstrates the strategy in practice. This is a modern petrochemical complex with integrated world-class technologies, built for growth markets and supported by robust infrastructure. The site includes:

- **1.5 million TPA mixed feedstock cracker** (naphtha + LPG) with downstream polymer complex.
- **Fully integrated platform:** complete naphtha-to-olefins and aromatics conversion.

- **Polymer capacity:** 570,000 t/yr polyethylene and 300,000 t/yr polypropylene.
- **Recent commissioning:** downstream units added 2021-2023.
- **Operate in place:** turnkey platform serving a fast-growing polyolefins market.
- **Infrastructure ready:** port, jetty, tank farm and logistics for efficient trade.
- **Immediate restart capability:** modern assets allow rapid recommissioning.
- **Expansion potential:** space for optimization and long-term value creation.

For a buyer, this facility provides multiple options: Restart quickly in its current location, or redeploy to another geography to maximize cost efficiency and market reach. Either path delivers proven, reliable output in a fraction of the time it would take to design and build from scratch.

"Opportunities like this are rare," Gale said. "Instead of paying acquisition multiples, a buyer can secure capacity for a fraction of the cost and gain the flexibility to operate in the exact right location. The only reason this plant shut down was because the buyer did not have control upstream of its naphtha supply. For companies that do have an advantageous naphtha position, this asset would be a hand-in-glove fit to gain access to the fastest growing petrochemical marketplace."

Predictability, certainty and operational assurance

Boards and investors weigh risk as heavily as returns. For them, certainty matters most. Used plants with 15-20 years of history offer data that no greenfield build can match: real-world performance including safety, conversion rates and product quality.

That operating history reduces uncertainty and accelerates board approvals. Investors can see, with documented proof, what the plant has delivered and what it is capable of producing again.

"Certainty is the value our clients prize most," said Jan Gale, Executive Vice President of IPP. "They aren't waiting years to find out whether a design will work at scale and whether the market conditions are favorable. They are shortening the project cycle, stepping into a facility that has already proven its performance, and making investment decisions and realizing the results in the same time frame in market cycles."

In today's environment of rising construction costs, unpredictable supply chains and persistent labor shortages, new builds carry risks that can destabilize even well-capitalized companies. EPC contracts often run over schedule and over budget. Financing tied to years-long construction periods exposes companies to changing interest rates and inflationary pressures.

IPP INTERNATIONAL PROCESS PLANTS

Tale of the tape: Building new vs. operate in place

BUILDING NEW	FACTOR	OPERATE IN PLACE
Typically 4–7 years for design, permitting, and construction.	Timeline	Months to operation with existing infrastructure.
Billions locked up before first production goes live.	Capital Outlay	Hundreds of millions saved vs. new.
Unproven design, construction delays, cost overruns.	Certainty	Proven operating history, vetted equipment, known performance.
Risk missing peak demand (SE Asia, Middle East).	Market Opportunity	Capture demand while it's hot.
High risk of delays, shifting feedstock economics.	Risk Exposure	Low risk — facility already operational.
High embedded carbon in new build.	Sustainability	Extends life cycle of existing assets, lower footprint.
Years to add incremental capacity.	Scalability	Expand quickly with additional IPP inventory.

By contrast, acquiring and redeploying an existing facility de-risks those variables. The costs are known, the assets exist and the timeline is short. In many relocation cases, companies can be in production within 12-18 months, sometimes faster.

The financial community understands the math. With used plants, capital efficiency improves, debt service risks decline and EBITDA is realized sooner. For boards tasked with maximizing shareholder value, the case is straightforward.

Sustainability and ESG alignment

Beyond economics, redeploying proven assets carries a sustainability dividend. Greenfield projects embed enormous carbon footprints through steel, concrete and construction activities.

By contrast, extending the life of existing facilities reduces waste and avoids the environmental costs of building from scratch.

“Extending the life of proven assets is what we do,” said Ross Gale, Vice President of IPP. “It is not just about savings. It is about responsible stewardship of resources and alignment with global ESG goals.”

For executives balancing growth targets with stakeholder expectations on sustainability, secondhand plants present a rare win-win.

Cutting costs without cutting corners

Skeptics sometimes equate “used” with “outdated.” The reality is the opposite. Many plants in IPP’s portfolio are equipped with world-class technologies maintained under rigorous protocols and built with equipment from some of the world’s best OEMs that remain industry benchmarks. Some have been debottlenecked and modernized heavily to improve efficiency and throughput just before shutdown.

The Southeast Asia complex is one such facility. Its modern cracker, integrated infrastructure and strategic location make it indistinguishable from — and in many ways superior to — a brand-new facility that has yet to prove itself at scale.

The smarter path forward

At the highest level, the case for acquiring used plants reduces to four points:

- **Capital efficiency:** 40-45% cost savings vs. building new, and often half the cost of acquiring a business at EBITDA multiples.

- **Time savings:** production capacity online in months instead of years.
- **Proven reliability:** operating histories, safety records and technology already validated.
- **Strategic flexibility:** restart in place or relocate to optimize cost and market access.

In addition to this plant, IPP has other petrochemical, specialty chemical, fine chemical, pharmaceutical and agricultural chemical, ammonia and fertilizer plant opportunities.

"Buying a used plant versus a new plant or business is not always the right decision," Ron Gale said. "But it is always an option that must be weighed. For executives who choose wisely, it can be the most powerful option on the table."

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