

Ocean Intelligence

Aegean shares plunge to year-low

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Shares in New York listed Aegean Marine Petroleum Network Inc. plunged by over a third on Wednesday after the company reported weaker than expected quarterly earnings.

The global marine fuel supplier reported a 75.6% increase in sales volumes for the third quarter (Q3) ended September 30, 2010, and an 82% surge in revenues to \$1.34 billion.

Net income, however, fell to \$4.6 million, or 10 cents per share, compared with \$14.1 million, or 33 cents per share, a year earlier.

Analysts following the company had expected earnings of 35 cents per share for the quarter.

Shares in Aegean traded on the New York Stock Exchange (NYSE) closed at \$15.97 on Wednesday, down 60 cents or 3.62% from Tuesday.

But during after hours trading, following the release of Aegean's Q3 report, the share value plunged by over a third, falling as low as \$10.22 per share, reports said.

That is below Aegean's 52-week low of \$14.30 per share reported at the close of regular NYSE trading hours on Wednesday. The 52-week high was \$35.05 per share.

Aegean blamed the fall in profits in part on competitive pressures and changing bunker buyer behaviour, and one-off expenses.

Aegean President E. Nikolas Tavlarios said "a change in the competitive landscape" had "adversely affected gross spread".

The company reported that the gross spread per metric tonne of marine fuel sold fell to \$18.7 in Q3, 2010 compared to \$28.9 in the corresponding period a year ago.

For the nine months to September 30, 2010, the figure dropped to \$22.6 compared to \$28.0 in the same period of 2009.

Aegean also saw an increase in operating expenses, excluding the cost of fuel and cargo transportation costs, to \$50.7 million for Q3, 2010 compared to \$35.0 million for the same period in 2009.

Singapore-listed Chemoil, a competing global marine fuel supplier, said in its quarterly results released today that its gross contribution per metric tonne (GCMT) had improved compared the two previous quarters and were at \$5.6 in Q3.

Nevertheless, Mike Bandy, Chairman and Chief Executive Officer of Chemoil, noted that the the company "continues to be exposed to weak wholesale-retail margin spreads caused by oversupply and weak demand in some of our port locations."