

Media Monitoring

Client: **Chemoil**
Publication: **Platts Commodity News**
Date: **February 26 2010**
Headline: **Bunker fuel supplier Chemoil set to close stake sale to Glencore**

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Singapore (Platts)--25Feb2010/741 am EST/1241 GMT

Bunker fuel supply giant Chemoil Thursday said it expects to soon close its sale of a majority stake to Swiss trader Glencore, following approvals from competition watchdogs in Singapore and Europe in recent days.

Glencore, among the world's biggest commodity traders, on December 14 agreed a cash offer to buy the 50.8% stake in Chemoil held by the family of founder Robert Chandran for \$233.28 million cash, or 35.52 cents/share.

Glencore said that as required by the laws of Singapore, where Chemoil is listed, it would then proceed to extend a mandatory and unconditional offer at the same price to the remaining shareholders of Chemoil, provided the necessary approvals came through by March 2 at the latest.

Japanese trader Itochu Corp. holds a 37.5% stake in Chemoil, with the remaining 11.7% in the hands of public shareholders.

The Chandran family decided to sell its majority stake in Chemoil after the death of Robert Chandran in January 2008 in a helicopter crash in Indonesia.

Glencore's proposal to acquire a controlling stake in Chemoil got an all-clear from the European Commission on February 18, while the Singapore competition watchdog announced its go-ahead earlier Thursday.

Chemoil CEO Michael Bandy, in response to reporters' questions in a conference call Thursday, would not comment directly on the expected closing date for the deal, but noted that the company had not received any word from either the Chandran family or Glencore, suggesting that the sale would not be closed by the target date in the original offer.

On February 5, Chemoil signed a "sales, purchase and services agreement" with Glencore under which it would give the Swiss trader and its subsidiaries the first opportunity to bid for fuel oil and bunker fuel supply, as well as for shipping and hedging requirements.

CHEMOIL PROFIT SLIDES 74%

Chemoil Thursday announced a full-year net profit of \$12.09 million for 2009, down 73.83% from a year ago. The company's revenue slid to \$5.61 billion in 2009 from around \$8.80 billion in 2008.

The company sold 15.1 million mt of fuel over January-December 2009, down 8.5% from 16.5 million mt a year ago, as wholesale bunker sales volumes in the Americas as well as Europe dropped, while ex-wharf volumes in Asia declined, Chemoil said. Retail sales accounted for 8.9 million mt of the total fuel sold in 2009.

Chemoil's average purchase price for bunker fuel in 2009 was \$359.70/mt and the average sales value \$372.49/mt, netting the company a margin of \$12.79/mt. The margin in 2008 was \$13.73/mt. The average purchase cost includes gains or losses on commodity swaps and futures, the company said.

Besides fuel sales, Chemoil also provides chartering and ship management services and leases out its terminals to physical suppliers of marine fuel.

The company has operations in Los Angeles, New York, Houston, Singapore, Panama, the UAE and the Antwerp-Rotterdam-Amsterdam region.