

World Bunkering

Chemoil reports \$ 9.5m full-year loss

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Global supplier hit by low margins and write downs

Singapore Stock Exchange-listed global bunker supplier Chemoil made a full-year net loss in 2010 of US\$ 9.5m, due mainly, the company says, to first quarter losses and “the slow pace of margin recovery throughout the year”.

Chemoil has a strong final quarter to 2010 with a profit before tax of \$ 3.7m but one-time write-offs, including \$ 5.1m for deferred tax assets of a subsidiary, resulted in a net loss of \$1.8 million for the quarter. The company says its gross contribution per metric ton (GCMT) in Q4 was US\$ 6.70.

Chemoil’s full year sales volumes rose by 3% to 15.6m tonnes for FY2010. Chemoil’s Executive Chairman, Mr Mike Bandy, said: “In the fourth quarter of 2010, we produced our best quarterly operating results for the year as the fruits of our operational improvements and cost cutting efforts began to take shape. However, we also decided to take conservative actions by making one-time write-offs which will better position the Chemoil Group going forward financially as the marine fuel margins begin to recover. ”

He added that direct bunker sales grew 6% and ex-wharf sales, which are ultimately sold to the shipping market, grew 60%. “However,,” he said, “our business continued to be exposed to weak wholesale-retail margin spreads, although signs of improvement have been showing during the latter part of 2010 as reflected in our Q4 results.”

Chemoil’s Chief Financial Officer, Mr Jerome Lorenzo, said: “We have continued to improve our operational efficiency through a rationalization of our operating assets resulting in better utilization rates in certain ports. These can be seen for example in the reduction in our barging and pipeline costs in Q4, as well as in other expenses, after eliminating the one-time write-offs.”

Mr Bandy concluded: “Since the time the Group’s performance was impacted by weak margins in Q3 2009 and Q1 2010, we have made significant improvements in our core operations. We have also taken a careful look at our assets and decided to take prudent measures to strengthen our financial condition going forward. These positive developments form the backdrop in which I pass the leadership baton to Chemoil’s new CEO, Mr Tom Reilly. While continuing to implement operational changes and refine the Group’s cost cutting measures, Mr Reilly will undoubtedly be able to focus on growing the Chemoil global franchise, such as the recent acquisition of OceanConnect Marine. The Group can also focus on realizing profit generating opportunities in a margin environment that is now showing some signs of improvement.”