

In This Issue:

- ▣ Another Round of Finished Lube Price Increases Underway
 - ▣ API Issues Addendum 7 to API 1509, EOLCS Update
 - ▣ SK Files for IPO, Again
 - ▣ Tafnet Restarts PAO Plant
 - ▣ Nynas Naps Reports Excellent 4Q and FY Earnings
 - ▣ Please Complete the Form to Subscribe!
-

Another Round of Finished Lube Price Increases Underway

Last Thursday, Cam2 International notified its customers it will be increasing prices ranging between 4% and 10% on bulk and packaged lubricants and greases effective March 24, 2018. Cam2 attributed the need of this increase to the continued increase in raw components costs. Cam2 International announced on January 12, 2018 a price increase ranging between 6% to 10% on bulk and packaged lubricants and greases effective February 5, 2018. Last Thursday, Smitty's Supply notified its customers it will be increasing prices ranging between 4% and 10% on bulk and packaged lubricants effective March 24, 2018. Smitty's attributed the increase to continued increases in raw materials used in manufacturing lubricants and greases. Smitty's Supply announced on January 24, 2018 it is implementing a price increase on bulk and packaged products effective February 12, 2018 with bulk and packaged lubricants increasing between 6 and 10% and packaged greases increasing by 3 cents per pound. Pinnacle Oil announced last Friday it will raise bulk and packaged lubricant prices by 5 to 10%, effective March 19, 2018. Pinnacle attributed the increase to recent increases in raw material costs. Pinnacle Oil on January 19, 2018 announced it will increase the price of its bulk and packaged lubricants by 6% to 10% effective after February 5, 2018. Approximately three weeks ago, Sinclair Lubricants announced it will implement a second price increase of up to 5% on finished lubricant products effective March 1, 2018. This increase was combined with the price increase of up to 6% announced on January 17, 2018, also effective March 1, 2018.

API Issues Addendum 7 to API 1509, EOLCS Update

On February 15, 2018, API issued Addendum 7 to API 1509 which provides an update to the voluntary API Engine Oil Licensing and Certification System (EOLCS) and in particular API SN PLUS and explains to marketers how different API marks are licensed and displayed for the consumer.

On November 9, 2017, the API Lubricants Standards Group approved the adoption of SN PLUS, a new classification that may be used in conjunction with API SN and API SN with Resource Conserving. The user language and requirements for the new classification are part of this notice and may be downloaded here <http://www.api.org/~media/Files/Certification/Engine-Oil-Diesel/Publications/17thed1509addendum7rev021218.pdf>

API plans to license oils against the SN PLUS classification, but the date on which SN PLUS licensed oils will appear in the API Directory of Licensees and licensed marketers will be permitted to display SN PLUS in the lower portion of the API Service Symbol Donut still needs to be determined. A decision on the first licensing date will be made after API and the Lubricants Standards Group have vetted Base Oil Interchange/Viscosity Grade Read Across guidelines for the Sequence IX test.

As marketers consider developing oils that comply with the SN PLUS classification, they should keep the following points in mind:

- Marketers may identify oils that meet all of the requirements of the standards as meeting API SN with SN PLUS or API SN with SN PLUS and Resource Conserving prior to the date of first licensing but may not state or imply API certification or licensing of SN PLUS in advance of that date.
- Marketers that want API to license their oils as meeting API SN with SN PLUS and API SN with SN PLUS and Resource Conserving on the first licensing date must apply for licensing through the online application system at <https://my.api.org/Account/LoginAPI> will process applications in the order received, but the right to claim API licensing against the SN PLUS classification will not be allowed until the to-be-determined first licensing date. API will notify licensees when the online application system is ready to accept SN PLUS applications.
- Licensed API SN with SN PLUS and API SN with SN PLUS and Resource Conserving oils will not appear in the online API Directory until the first licensing date.
- Marketers with licensed SN PLUS oils may use SN PLUS in the lower half of the API Donut beginning on the first licensing date.
- Oils licensed by API as API SN with SN PLUS and Resource Conserving and ILSAC GF-5 are eligible to display the API Certification Mark Starburst.

SK Files for IPO, Again

According to a regulatory filing, SK Innovation has again submitted an application with the Korean Stock Exchange for an initial public offering of SK Lubricants, a wholly owned unit of SK Innovations. Korean Investment & Securities filed the listing documents last Monday February 26 as the lead underwriters. SK Lubricant will seek fast-track review and IPO license as it meets the eligibility by having had kept up net worth, sales above 700 billion won and profit above 30 billion for the last three fiscal years. If approved on fast-track exception, the IPO could take place by mid-May. The filing did not state the amount that SK Innovation hopes to raise, but sources have indicated it could be up to won 2 trillion (U.S. \$1.95 billion). SK Innovation previously considered IPOs for SK Lubricants in 2012 (hoping to raise at least won 1 trillion, possibly won 1.5 trillion) and again in 2015 (this time estimated to be worth won 3 trillion) but nixed the idea both times, stating the time was not right as its financial health had improved. SK Lubricants, one of the world's leading producers of API Group III base oil, marketed under the Yubase brand name, also manufactures and markets finished lubricants under the ZIC brand. SK Lubricants operates a lube base oil plant in Ulsan, South Korea with a capacity to produce up to 14,000 barrels per day of API Group II and 26,000 bpd of Group III base oils. SK Innovation is part of Seoul-based conglomerate SK Group.

Tafnet Restarts PAO Plant

Russian oil company Tafnet has restarted production at its 9,600 tons per year polyalphaolefin plant in Nizhnekamsk, the only PAO facility in Russia, after an eight-year shutdown caused by a lack of feedstock supply and sanctions imposed on several Russian oil majors. Tatneft-Nizhnekamskneftekhim-Oil produced the first commercial batches of PAO synthetic base oils which included PAOM-2 (2 cSt), PAOM-4 (4 cSt), PAOM-6 (6 cSt), and PAOM-12 (12 cSt). The plant is owned by Tatneft-Nizhnekamskneftekhim Oil, a 75-25 joint venture between Tatarstan's oil major and chemicals company Nizhnekamskneftekhim. The company said that, to date, all the key and auxiliary blocks for the production of oligomers of Decene-1, intended for the preparation of polyalphaolefin synthetic base oils, are back on their designed operating mode. Decene and dodecene are the lengths of normal alpha olefins most frequently used to make PAOs. This is the first and the only enterprise in Russia that produces polyalphaolefin oils. The company said the plant is now also able to produce a 20 cSt viscosity grade. The new products are manufactured on the basis of the domestic technology developed by the Institute of Chemical Physics Problems of the Russian Academy of Sciences. The plant can produce up to 3,100 t/y of PAO in the 2 cSt to 12 cSt range and 6,500 t/y of 20 cSt product. The PAO plant opened in December 2003 but halted operation in 2010 because of a disruption in supply of linear alpha olefin feedstock from Nizhnekamskneftekhim's nearby chemical complex.

Nynas Naps Reports Excellent 4Q and FY Earnings

Nynas Naphthenics segment reported on February 23, 2018 that its sales revenue and margins during the fourth quarter 2017 showed an increase compared to the same period in 2016, with USD margins well above expectations. The overall sales volumes during the fourth quarter increased by 3 per cent compared to the equivalent period in 2016. For 2017 as a whole, sales revenues and margins were well above the level seen in 2016. Nynas Naphthenics segment overall 2017 sales volumes were restricted by crude supply constraints but an increase of 3 per cent could still be achieved. This is the highest volume ever, with record sales achieved in EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific), however with reduced sales in the Americas, being the region most heavily impacted by the supply constraints. EMEIA sales volumes in the fourth quarter were below expectations, but were 2 per cent higher than the same period in 2016. Sales volumes in India set a record for a single quarter. Nynas Naphthenics segment overall for 2017, sales volumes were the highest ever and well above the level seen in 2016, with new sales records in Central Europe, Germany, India, Middle East and Poland, and with increased margins achieved compared to 2016. Sales in the fourth quarter in the Americas were below expectations, and were similar to the same period in 2016, mainly due to supply constraints. Nynas Naphthenics segment overall for 2017, sales volumes in the Americas were below expectations. APAC sales volumes in the fourth quarter were 20 per cent higher than the same period in 2016, with sales volumes in southeast Asia setting a record for a single quarter. Nynas Naphthenics segment overall for 2017, sales volumes were the highest ever and well above the level seen in 2016, with sales records in China, India and southeast Asia, and with increased margins achieved compared to 2016. Fourth quarter external sales were SEK 1,961 million compared to SEK 1,949 million in the similar 2016 quarter, affected by the weaker US dollar, but helped by slightly higher sales volumes and increased margins. Operating result before depreciation (EBITDA) was SEK 318 (US\$ 38.8) million compared to a loss of SEK 10 million in the 2016 fourth quarter. 2017 full year net sales increased to SEK 7,686 million compared to SEK 6,749 million in 2016 because of a higher oil price and increased sales volumes but were negatively impacted by the weaker US dollar. Operating result before depreciation (EBITDA) increased to SEK 807 million compared to SEK 506 million in 2016. Corporately, Nynas increased its sales volumes by 5 per cent in the fourth quarter and by 7 per cent for the full year, compared to 2016. The operating result for the quarter (EBITDA) amounted to SEK 396 million compared to 44 million in the fourth quarter in 2016 and for the full year to SEK 1,218 million compared to SEK 1,009 million in 2016. "The overall business environment was good in 2017 with sales revenues and margins for naphthenic specialty oils well above the level seen in the previous year. Our bitumen sales also had a strong development in key markets," commented Gert Wendroth, President and CEO of Nynas AB.

OEM/Lube News

Lube Related OEM News, Lube Industry Personnel Appointments, New Lube Blending and Base Oil Plants, Mergers & Acquisitions, and Other Corporate News

Please Complete the Form to Subscribe!

Please fill out the form below to subscribe or unsubscribe to the OEM/Lube Industry Newsletter.

Email Address:

Add Remove

Send As HTML

First Name:

Last Name:

Company:

Address Line 1:

Address Line 2:

City:

State:

Country:

Postal Code:

Submit

