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INTERNATIONAL EDITION

OEM/Lube News

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

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In This Issue:

- **ExxonMobil Outlines Aggressive Growth Plans to More Than Double Earnings**
- **Asian Lubricant Manufacturers Union Launched**
- **Calumet Posts Improved 4Q and FY 2017 Earnings; FUCHS PETROLUB Posts Record FY 2017 Revenues**
- **Valvoline Launches Premium Blue One Solution™ "Universal" NGEO, HDDEO and Gasoline HD Engine Oil**
- **Round 2 of Finished Lube Price Increases Continue**
- **UPS To Deploy First Electric Truck To Rival Cost Of Conventional Fuel Vehicles**
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ExxonMobil Outlines Aggressive Growth Plans to More Than Double Earnings

ExxonMobil last Wednesday outlined an aggressive growth strategy to more than double earnings and cash flow from operations by 2025 at today's oil prices.

"We've got the best portfolio of high-quality, high-return investment opportunities that we've seen in two decades," Darren W. Woods, chairman and CEO, said at the company's annual meeting of investment analysts at the New York Stock Exchange.

"Our plan takes full advantage of the company's unique strengths and financial capabilities, using innovation, technology and integration to drive long-term shareholder value and industry-leading returns."

Growth plans include steps to increase earnings by more than 100% – to $31 billion by 2025 at 2017 prices – from last year's adjusted profit of $15 billion, which excluded the impact of U.S. tax reform and impairments.

Woods said this plan projects double-digit rates of return in all three segments of ExxonMobil's business – upstream, downstream and chemical.

ExxonMobil's downstream business is projected to double earnings by 2025 by upgrading its product slate through strategic investments at refineries in Baytown and Beaumont in Texas and Baton Rouge, Louisiana, Rotterdam, Antwerp, Singapore, and Fawley in the UK.

These projects are expected to result in double-digit returns by enabling increased production of higher-value products, such as ultra-low sulfur diesel, chemicals feedstocks and basestocks for lubricants. As a result of these improvements, the company's 2025 downstream margins are projected to increase by 20%.

To read the complete article, **click here**

Asian Lubricant Manufacturers Union Launched

Last Tuesday, the Asian Lubricant Manufacturers Union (ALMU) officially launched with the inaugural meeting of its general membership at the Four Seasons Hotel in Macao, Southern China. The ALMU is an Asia-wide organization representing the combined knowledge and expertise of lubricant manufacturers throughout East Asia, South Asia, Southeast Asia and Oceania regions. The organization was officially registered as a non-profit Company Limited by Guarantee on November 13, 2017, in Singapore and as of the March 6 general assembly ALMU has received its initial 18 membership applications, comprised of 12 independent lubricant companies, 1 major oil company, and 5 suppliers. Countries represented so far include Singapore, Malaysia, Indonesia, India, Taiwan, China, Australia, Pakistan, Philippines, Bangladesh, Myanmar, and Switzerland. For the initial two years of ALMU's existence, the organization will be steered by appointed Council Members, at which point Council Members will be elected by the General Membership. ALMU announced it has appointed council members for the preliminary two-year term. The newly minted ALMU Council is chaired by Dr. Ho Leng Woon, Executive Chairman of AP Oil International Ltd, a company listed on the main board of the Singapore Stock Exchange, and has been Chairman and CEO of the Group since 1983 until he relinquished the CEO portfolio in 2015. AP Group has five lube and specialty chemical plants in the region, and products marketed in more than 20 countries throughout Asia Pacific. Winston Low Hee Teck and Gautam N. Mehra will serve as Vice Chairmen of ALMU. Low Hee Teck is currently Managing Director of Feoso Energy (Shanghai) Haixia and brings a wealth of experience to the role, comprising 23 years of service with Esso/Exxon Group before starting Feoso Energy (Hong Kong) Ltd and Feoso Energy (Singapore) Pte Ltd in 1993. Gautam N. Mehra is Chairman & Managing Director of Savita Oil Technologies Limited (SOTL). SOTL is amongst India's largest manufacturers of petroleum specialty oils in the private sector and has been in the business for more than 56 years. The other four Council Members are Azam J. Chowdhury, Chairman and owner of East Coast Group and Managing Director of MJL Bangladesh Limited, distributor of Exxon Mobil Corporation in Bangladesh. Francis Glenn Yu will provide a Filipino perspective to ALMU. Yu is CEO of SEAOIL Philippines, Inc., one of the largest independent oil company in the country with a reputation for innovation. Patrick Adhiatmadja contributes more than 30 years of experiences in sales, marketing, business development and senior management roles with various multinational companies. In January 2013 he became MPM Lubricants' President Director and CEO. Council member Dato' Hazimah Zainuddin started Hyrax Oil Sdn. Bhd., a Malaysian manufacturer of petroleum derivatives, in 1991, and has grown the company's market reach to more than 35 countries in Asia, Africa, and the Middle East. “We welcome all of our ALMU council members and thank them in advance for their commitment to advancing the Asian lubricant industry,” says Ms. Vicky Villena-Denton, Director of ALMU tasked with the governance of the trade association. “With such strong leadership, I have no doubt ALMU will build a strong and collaborative association that will represent the best interests of Asian manufacturers both locally and on the global stage”.

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OEM/Lube News
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Calumet Posts Improved 4Q and FY 2017 Earnings; FUCHS PETROLUB Posts Record FY 2017 Revenues

Calumet Calumet Specialty Products reported a $64.9 million net loss for the fourth quarter 2017 which included the impact of: (1) a $172.2 million net gain on sale from the divestitures of both the Superior, Wisconsin refinery and Anchor Drilling Fluids USA, LLC; and (2) $205.7 million non-cash impairment charges primarily related to the revaluation of the Partnership's property, plant and equipment at several facilities. Without these adjustments Net loss for the fourth quarter 2017 would have been $31.4 million. The Partnership's $60.1 million Adjusted EBITDA for the fourth quarter 2017 included: (1) an $8.7 million favorable net impact related to lower of cost or market ("LCM") inventory adjustments and last-in, first-out ("LIFO") inventory layers; and (2) a $12.7 million net expense related to enterprise resource planning ("ERP") system expenses and realized hedging losses. Without these impacts, Adjusted EBITDA for the fourth quarter 2017 would have been $64.1 million. During the fourth quarter 2017, total specialty products segment (lubricants, solvents, waxes and packaged and synthetic specialty products) gross profit increased 19.1% compared to the year-ago period, driven by healthier market conditions, offset somewhat by rising crude feedstock costs. Adjusted EBITDA for the fourth quarter 2017 was $38.6 million, which was a 37.9% improvement compared to the year-ago period. Specialty products segment gross profit per barrel in the period was $33.07, which grew 30.7% compared to last year's comparable quarter despite a nearly nine dollars per barrel increase in the cost of West Texas Intermediate ("WTI") during the fourth quarter. The segment's Adjusted EBITDA Margin for the fourth quarter was 12.3% versus 9.2% for the prior year comparable period. The segment also benefited from a $2.5 million favorable LCM inventory adjustment, which was partially offset by a $3.0 million LIFO inventory liquidation loss. During fiscal year 2017, total specialty products sales volumes decreased 3.8% year-over-year, driven primarily by supply-chain disruptions that took place in the third quarter. However, annual segment Adjusted EBITDA increased due to stronger market conditions, record volume and profit performance in the higher-margin branded products division, and record production at the Cotton Valley refinery, which produces specialty solvents. These were partially offset by consistently rising feedstock costs throughout the fiscal year as WTI ended fiscal 2017 up 12.5%. Specialty products segment gross profit per barrel during fiscal year 2017 of $34.61 was up slightly compared to 2016 gross profit per barrel of $34.57, despite the increase in the price of crude. On an annual basis, the specialty products segment's Adjusted EBITDA Margin remained steady at approximately 15.0%. Specialty products segment performance for 2017 was also impacted by a $10.9 million favorable LCM inventory adjustment and a $3.9 million LIFO inventory liquidation loss. Lubricating oils production volume for the fourth quarter 2017 fell to 13,155 barrels per day from 15,373 bpd produced in the fourth quarter in 2016. For the full year 2017, lubricating oils production volume remained at nearly the same level at 14,606 bpd compared to 14,697 bpd in 2016. Packaged and synthetic specialty products, which represents production of branded and packaged specialty products, including the products from the Royal Purple, Bel-Ray and Calumet Packaging facilities, production volume for the fourth quarter 2017 fell to 1720 barrels per day from 1816 bpd produced in the fourth quarter in 2016. For the full year 2017, packaged and synthetic specialty products production volume increased to 2206 bpd compared to 1777 bpd in 2016. FUCHS FUCHS PETROLUB reported that in the 2017 financial year, group sales revenues increased by 9% or EUR 206 (US$253.7) million to a new record of EUR 2.5 billion, which the company said was completely underpinned by organic growth. Company acquisitions, which contributed 1% to the growth in sales revenues, were offset by negative currency translation effects in the same amount. At EUR 373 million compared to EUR 371 million, group earnings before interest and tax (EBIT) were at the previous year's level. Delays in passing on increases in raw material prices and regional changes in the product and customer mix meant that the growth in sales revenues was reflected in EBIT only to a limited extent. Earnings after tax increased to EUR 269 million compared to EUR 260 million, largely as a result of the US tax reform. FUCHS PETROLUB generated substantial growth in all regions of the world in 2017. Almost all companies in Europe recorded growth, with regional sales revenues increasing by 7% to EUR 1,515 million compared to EUR 1,417 million. EBIT declined year-on-year to EUR 187 million compared to EUR 196 million due to goodwill impairment and margin and mix factors. The Asia-Pacific, Africa region has continued to develop significantly in the year. The major companies in China, Australia and South Africa recorded double-digit growth rates in particular due to the increase in sales volumes. Sales revenues in the region rose by 18% or EUR 113 million to EUR 733 million compared to EUR 620 million. EBIT increased to EUR 134 million compared to EUR 127 million. This figure was primarily attributable to China, as well as South Africa and Australia. In 2017, sales revenues in the North and South America region rose by 13% to EUR 393 million compared to EUR 349 million. The region recorded organic growth of 10%, while external growth due to the acquisitions made in 2016 contributed 5% to the increase in sales revenues. The slightly weaker US dollar meant a moderate reduction in sales revenues reported in euro. EBIT in the region increased to EUR 65 million compared to EUR 62 million. The figures published are preliminary figures. FUCHS PETROLUB will publish the complete figures for the 2017 financial year and the outlook for 2018 on March 21, 2018.

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Valvoline Launches Premium Blue One Solution™ "Universal" NGEO, HDDEO and Gasoline HD Engine Oil

Valvoline Inc. last Wednesday introduced Valvoline™ Premium Blue One Solution™ 9200, a “universal” engine oil approved for use in natural gas, API CK-4 application diesel and API SN application gas engines for fleets operating multiple truck engine types. Available in SAE 10W-30 and 15W-40 viscosity grades, it is endorsed by Cummins and meets the new Cummins CES 20092 spec for natural gas engines, as well as CES 20086 and CES 20085 approvals. It also meets Mack EOS-4.5, Volvo VDS-4.5, and Detroit Diesel DFS 93K222 specs. "The purpose of Premium Blue One Solution is to dramatically simplify the fill process for fleet managers, enabling one proven product to be used across a number of engine applications," said David Young, vice president of Valvoline Heavy Duty. "We've taken our innovation to the next step in terms of natural gas engine oil, bringing a new brand product to the marketplace." The new Premium Blue One Solution was officially unveiled at a press conference during the TMC Annual Meeting and Transportation Technology Exhibition in Atlanta, Georgia. "In our 150-plus years, we have consistently focused on innovation to develop better products and solve the business challenges of our customers," said Heidi Matheys, Valvoline chief marketing officer. "With One Solution, we are pleased to introduce another unique product to the industry." Valvoline Premium Blue One Solution was initially developed as part of Valvoline's close relationship with Cummins Westport (CWI), which has introduced a new series of low-emission engines. Through that partnership, Valvoline created an engine oil that is the recommended product for those Cummins engines — and can also be used in engines from other manufacturers. "Our customers have been very clear that a high-performance engine oil compatible with both mobile natural gas and diesel engines would be a critical benefit to their bottom line. Valvoline Premium Blue One Solution meets that need," said Yemane Gessesse, CWI director of engineering. "From a technology standpoint, this a huge advancement in the engine oil industry." "While there were previously oils in the marketplace that could be used in diesel and gas engines, there was not one approved across all fuel types – until now," Young added. "With this product, manufacturers across multiple engine types can be confident in the selection of Premium Blue One Solution to elevate performance and extend protection." In terms of pricing, Valvoline said its Premium Blue One Solution – which is only being sold in bulk right now – will be at a “similar” price point for natural gas-only motor oils but will more expensive than either diesel- or gasoline-only oils.

Round 2 of Finished Lube Price Increases Continue

Last week, Allegheny Petroleum, Chemlube, Advanced Lubrication Specialties and Sunoco announced finished lubricant price increases in the range of 4% to 9%. Allegheny Petroleum announced it will raise bulk and packaged lubricant prices by 4% to 8% effective March 24, 2018, its second of the year. Allegheny attributed the increase to recent industry wide raw material price increases. Allegheny also announced a price increase on January 26, 2018 of 25 cpg, effective February 26, 2018. Chemlube announced it will raise its Savannah branded lubricants prices by 5% to 8% effective March 26, 2018, its second increase this year. Chemlube attributed the increase to recent raw material price increases. Chemlube also announced a price increase on January 18, 2018 of 20 to 25 cpg, effective February 5, 2018. Advanced Lubrication Specialties (ALS) announced a 6% to 9% price increase on all finished lubricants effective March 26, 2018, its second increase this year. ALS attributed the adjustment to escalation in the costs of base oil. ALS also announced a price increase on January 16, 2018 of 6% to 10% effective February 5, 2018. Sunoco announced a price increase of 6% to 9% for most finished lubricants effective March 26, 2018. Sunoco attributed the price adjustment to continued increases in base oil. The previous week, Cam2 International, Smitty's Supply and Pinnacle Oil announced finished lubricant price increases in the range of 4% and 10%, the second price increase in 2018 for all three companies. A summary of these follows below. On March 1, 2018, 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. Cam2 announced on January 12, a price increase ranging between 6% to 10% on bulk and packaged lubricants and greases effective February 5. On March 1, 2018, Smitty's Supply notified its customers it will be increasing prices ranging between 4% and 10% on bulk and packaged lubricants effective March 24. Smitty's Supply announced on January 24, it is implementing a price increase on bulk and packaged products effective February 12. Bulk and packaged lubricants will be increase between 6 and 10%. Packaged greases will increase by 3 cents per pound. Pinnacle Oil announced on February 2, 2018 it will raise bulk and packaged lubricant prices by 5 to 10%, effective March 19, 2018. Pinnacle Oil on January 19 announced it will increase the price of its bulk and packaged lubricants by 6 to 10% effective after February 5, 2018. Approximately four 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 January 17, 2018, also effective March 1, 2018.

UPS To Deploy First Electric Truck To Rival Cost Of Conventional Fuel Vehicles

UPS announced it plans to deploy 50 plug-in electric delivery trucks that will be comparable in acquisition cost to conventional-fueled trucks without any subsidies – an industry first that is breaking a key barrier to large scale fleet adoption. The company is collaborating with Workhorse Group, Inc. to design the vehicles from the ground up, with zero tailpipe emissions. “Electric vehicle technology is rapidly improving with battery, charging and smart grid advances that allow us to specify our delivery vehicles to eliminate emissions, noise and dependence on diesel and gasoline,” said Carlton Rose, President, Global Fleet Maintenance and Engineering for UPS. “With our scale and real-world duty cycles, these new electric trucks will be a quantum leap forward for the purpose-built UPS® delivery fleet. The all electric trucks will deliver by day and re-charge overnight. We are uniquely positioned to work with our partners, communities and customers to transform freight transportation.” Workhorse claims these vehicles provide nearly 400% fuel efficiency improvement as well as optimum energy efficiency, vehicle performance and a better driver experience. Each truck will have a range of approximately 100 miles between charges, ideal for delivery routes in and around cities. The class 5, zero emission delivery trucks will rely on a cab forward design, which optimizes the driver compartment and cargo area, increasing efficiency and reducing vehicle weight. The new trucks will join the company’s Rolling Lab, a growing fleet of more than 9,000 alternative fuel and advanced technology vehicles. "This innovation is the result of Workhorse working closely with UPS over the last 4 years refining our electric vehicles with hard fought lessons from millions of road miles and thousands of packages delivered,” said Steve Burns, CEO of Workhorse Group. “Our goal is to make it easy for UPS and others to go electric by removing prior roadblocks to large scale acceptance such as cost.” UPS will test the vehicles primarily on urban routes across the country, including Atlanta, Dallas and Los Angeles. With zero emissions and lower noise, the electric delivery trucks will help UPS make its fleet cleaner and quieter, a significant benefit in urban areas said the company. Following real-world test deployments, UPS and Workhorse will fine-tune the design in time to deploy a larger fleet in 2019 and beyond. Since most of the maintenance costs of a vehicle are associated with the engine and related components, UPS expects the operating cost of the new plug-in electric vehicle to be less than a similarly equipped diesel or gasoline vehicle. UPS’s goal is to make the new electric vehicles a standard selection, where appropriate, in its fleet of the future. UPS has approximately 35,000 diesel or gasoline trucks in its fleet that are comparable in size and are used in routes with duty cycles, or daily miles traveled similar to the new electric vehicles. UPS has more than 300 electric vehicles deployed in Europe and the U.S., and nearly 700 hybrid electric vehicles. The company recently ordered 125 new fully-electric Semi tractors to be built by Tesla in 2019, the largest pre-order to date. Additionally, last September, UPS announced it will become the first commercial customer in the U.S. to start using three medium-duty electric trucks from Daimler Trucks Fuso brand, called the eCanter. The initiative will help UPS attain its goal of one in four new vehicles purchased by 2020 being an alternative fuel or advanced technology vehicle. The company also has pledged to obtain 25 percent of the electricity it consumes from renewable energy sources by 2025 and replace 40 percent of all ground fuel with sources other than conventional gasoline and diesel, an increase from 19.6 percent in 2016. UPS operates one of the largest private alternative fuel and advanced technology fleets in the U.S. This includes all-electric, hybrid electric, hydraulic hybrid, ethanol, compressed natural gas (CNG), liquefied natural gas (LNG) and propane.

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