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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Oronite Finalizes China Expansion Plans

Chevron Oronite has made the final investment decision to move forward on its plan to build a wholly-owned additive manufacturing plant in Ningbo, a seaport city in northeast Zhejiang Province, the People's Republic of China. Oronite stated previously that the initial plan is for the Ningbo manufacturing facility to open as a blending and shipping operation, followed by a phased expansion into component manufacturing as lubricant additive demand grows. The company anticipates that groundbreaking will occur in the fourth quarter of 2018 with an estimated completion date in late 2020. Commercial production is anticipated to begin in 2021. "Oronite has experienced first-hand the steady increase in additive demand throughout the Asia-Pacific Region, and especially China, over the past several years, and we believe that growth will continue for the foreseeable future," said Bruce Chinn, president, Chevron Oronite. "After a steady stream of expansion projects at our Jurong Island manufacturing facility in Singapore since it was commissioned in 1999, this investment in a new facility in Ningbo demonstrates, one more time, the seriousness of our commitment to meeting the needs of our customers and the demands they face in the region." The company signed an initial investment agreement in China in March 2015 and later that year created a wholly foreign-owned enterprise based in Ningbo. In December 2016, Oronite announced that it had advanced to the engineering and design phase of the project. Throughout that period, the company also expanded its technical support and product development capabilities at its growing technology center in Shanghai. "The dedicated work of the employees of Oronite, along with the strong support of our partners at the Ningbo Economic & Technical Development Zone (NETD), are making this project a reality," said Koon Eng Goh, general manager, Manufacturing and Supply Chain, Asia-Pacific Region, Chevron Oronite. "Construction of this manufacturing facility will not only help us keep pace with our customers' future needs, but also forge new relationships throughout China that we expect to endure for years to come." The land where the manufacturing facility will be located is part of the NETD, which is located near the Ningbo Port, one of the largest ports in the world in terms of annual cargo throughput. Headquartered in San Ramon, California (USA), Chevron Oronite maintains regional offices in Houston (Americas Region), Paris (Europe-Africa-Middle East Region), and Singapore (Asia-Pacific Region); operates manufacturing sites in Belle Chasse, Louisiana (USA), Gonfreville (France), Singapore, and Mauá (Brazil); an affiliated blending and shipping plant in Omaezaki, Japan; technology centers in the USA, France, The Netherlands, Japan and China and has interests in additive companies operating in other locations, including India.

ExxonMobil Announces Its Intention to Further Expand Its Singapore Refining Complex

ExxonMobil said last Tuesday that it is progressing a multi-billion dollar project at its integrated manufacturing facility in Singapore to produce higher-value products and expand lubricant base stocks production to meet growing demand. This project would be in addition to the expansion that was started at the same location in 2017 and is scheduled to be commissioned in early 2019. “Our Singapore facility is one of our largest integrated fuels, lubricant base stocks and chemicals production sites in the world. This investment would move it to the top quartile worldwide in terms of refining competitiveness and increases the site’s competitive advantage from crude cracking,” said Bryan Milton, president of ExxonMobil Fuels & Lubricants Company. Should the project proceed, startup is anticipated in 2023. ExxonMobil plans to develop and apply proprietary technologies that will convert lower-value byproducts into cleaner, higher-value products, including high-quality light and heavy lubricant base stocks. The advanced technology will also allow ExxonMobil to introduce a new, unique high viscosity 120 cSt Group II base stock with similar characteristics to bright stock. ExxonMobil said the Singapore refinery expansion project will also result in the production of more clean fuels with lower sulfur content, including high-quality ExxonMobil Marine Fuels that comply with the International Maritime Organization’s 0.5 percent sulfur cap to help customers continue to meet the reduced sulfur limit. “We’re working to ensure that we can reliably meet long-term customer needs with high-quality base stocks and fuels as demand in the Asia-Pacific region continues to grow,” said Nick Berthiaux, vice president of ExxonMobil Basestocks and Specialties. “By introducing higher-value base stocks in larger volumes, we can meet the needs of an expanded customer base looking to satisfy more stringent industry requirements such as reducing emissions and improving fuel economy.” The project represents the latest and most significant in a series of recent ExxonMobil investments in base stock production in Singapore. In 2017, ExxonMobil announced it would expand its Singapore refinery to upgrade production of its EHCTM Group II base stocks. Construction began in 2017 and commissioning is expected by early 2019. ExxonMobil also completed an expansion at the refinery in 2015. “ExxonMobil has operated in Singapore for 125 years, and we continue to expand our business footprint here with strategic investments that will help meet the growing demand for cleaner, high-quality products in the region and the world,” said Gan Seow Kee, chairman and managing director of ExxonMobil Asia Pacific Pte Ltd. Beyond Singapore, ExxonMobil is nearing completion of its Rotterdam, Netherlands hydrocracker expansion project, which is expected to start up by the end of 2018. The Rotterdam refinery, in addition to the Baytown, Texas refinery, will produce EHC 120, and product availability is expected in 2019. Once the Rotterdam expansion is complete, ExxonMobil said it will be the only global Group I and Group II producer with significant manufacturing assets and global slates of products across three continents. ExxonMobil said it will continue to produce AP/E CORETM Group I base stocks at its Singapore refinery and remains committed to producing quality Group I base stocks for its customers around the world. ExxonMobil currently has two lube base oil plants in Singapore. It has a 13,000 barrel per day capacity API Group I plant at Pulau Ayer Chawan and its plant on Jurong Island currently has the capacity to produce up to 31,000 barrels per day of API Group II base oils. ExxonMobil did not disclose the extent of the Singapore lube base oil capacity expansion but estimates are that it will be in the area of 6,000 bpd of Group II base oil.

Phillips 66, Castrol, Calumet and KL Summit Announce Lube Prices Increases

Phillips 66 Lubricants and Castrol North America advised they will raise finished lubricant prices, in both cases, by up to 9%, while independents Calumet and KL Summit also announced finished lubricant price increases; Calumet by up to 10%, while KL Summit's increases varied by product. In a letter dated June 22, 2018 to its lubricant marketers, Phillips 66 Lubricants advised it will raise finished Lubricant prices up to 9% with an effective date of July 23, 2018. The company said the increase in part was due to increasing costs in the production and delivery of its products Castrol North America announced a price increase last Tuesday of up to 9% for Castrol and BP branded lubricants effective August 6, 2018. The increase applies to certain conventional, synthetic blend and full synthetic passenger car and heavy-duty lubricants. The increase does not apply to Castrol or BP industrial products. Castrol said the adjustment was due to the continuous rising cost of base oils, additives, packaging and transportation. Calumet announced last Monday that prices of Calumet branded finished lubricants will increase by up to 10% effective July 25, 2018. Calumet attributed the adjustment to increasing costs of raw materials used in the production and delivery of its products. In a letter dated June 18, 2018 to its distributors, KL Summit announced an increase in the price of many of its products, effective August 1, 2018. The letter went on to say "Recent shortages in key components used in the manufacture of the base-stocks in our products has resulted in significant increases in the material cost of our ester based products, primarily the DSL series. The increase also affected most other products, although to a lesser degree. This significant increase in our costs, along with increases in petroleum base oil prices, has necessitated an increase in the price of many of our products." Summit's DSL series increased the most by 14% while its Supra and Supra 32 increased by 10%. The remaining products increased in the range of 2%-7% or received no increase at all. The latter included its PGS, PGI, NGL, HySyn FR, RAB, RPA, RPB, RPE, RPS and Envirotech series, in addition to its NGR 460 and Barrier Fluids.

GE Divests Its Jenbacher and Waukesha Engines Business for $3.25 Billion

GE last Monday announced that it has signed an agreement to sell its Distributed Power business to Advent International, one of the largest and most experienced global private equity investors, for $3.25 billion. The transaction includes Distributed Power's Jenbacher and Waukesha engines, as well as manufacturing sites in Austria, Canada and the U.S. GE has been shedding assets. In late May of this year, GE announced it had agreed to sell its locomotive division, GE Transportation, to Wabtec in a deal valued at roughly $11.1 billion. Distributed Power, a business unit of GE Power, is a leading provider of reciprocating gas engines, power equipment and services focused on power generation and gas compression at or near the point of use. Distributed Power offers a diverse product portfolio that includes highly efficient, fuel-flexible, industrial gas engines generating 200 kW to 10 MW of power for numerous industries globally. With approximately 3,000 employees and three main facilities located in Austria, the U.S. and Canada, Distributed Power has delivered more than 48,000 Jenbacher and Waukesha reciprocating gas engines to customers around the world. Carlos Lange, President of Distributed Power, said, "In Advent, we have a partner that shares our team's passion for delivering outstanding customer outcomes. Our Jenbacher and Waukesha brands and engines are recognized all over the world for their performance and reliability, and Advent's deep sector expertise will allow us to further strengthen our capabilities for the benefit of our worldwide customers. Advent will help accelerate our growth as we continue to execute on our priorities." "Distributed Power is a terrific asset with highly regarded engines that are the go-to OEM for the efficient generation of electrical power and heat as well as gas compression," said Ranjan Sen, Managing Partner at Advent International. "The business has significant growth potential on a global scale and talented employees all over the world. We plan to invest substantially in critical areas such as the product portfolio, service network and digitization to support Distributed Power in sustainably strengthening its market position." "GE Power will continue to invest in developing the energy technologies of the future and improving the power networks we depend on today. This transaction not only accelerates our reinvestment in our business, but also enables Distributed Power to be best positioned to pursue its growth strategy," said Russell Stokes, President and Chief Executive Officer of GE Power. GE Power, which generates one-third of the world's electricity, is a leader in power generation with deep domain expertise to help customers deliver electricity from a wide spectrum of fuel sources. Its technology has equipped 90% of power transmission utilities worldwide, and 40% of the world's energy is managed by its software. GE Power has a strong installed base, innovative technologies and digital offerings that help make power more affordable, reliable, accessible and sustainable. The transaction is expected to close by the fourth quarter 2018, subject to customary closing conditions and regulatory approvals. The Distributed Power business had sales of US$1.317 billion for the year ended Dec. 31, 2017. Advent beat out other suitors, including Kohler and Cummins, for the GE portfolio. Advent is based in Frankfurt, Germany and was founded in 1984.

Bain Capital to Acquire Italmatch Chemicals

Bain Capital Private Equity, a global private investment firm, last Thursday announced it has signed a definitive agreement to acquire Italmatch Chemicals S.p.A., a global specialty chemical additive manufacturer, from Ardian, a private investment house. Last December, Italmatch acquired Detrex Corporation, parent company of Cleveland, Ohio-headquartered lubricant additive manufacturer Elco. Founded in 1997 by current CEO Sergio Iorio, Italmatch is a global manufacturer of specialty chemical additives, operating across four key business units: Water & Oil Treatment, Lubricants, Flame Retardants & Plastic Additives, Performance Products & Personal Care. In 2017, the Company generated sales of approximately €400 million. Headquartered in Genoa, Italy, Italmatch has 17 manufacturing sites and 780 employees across Europe, the USA and Asia. Over the past four years under Ardian ownership, Italmatch has more than doubled its sales, both organically and through acquisitions, with nine transactions completed worldwide. Today the company is a global business which focuses on specialty products in resilient and high-value end-markets. Sergio Iorio, CEO of Italmatch, said: “We are grateful to Ardian for the strong support of Italmatch’s growth over the last four years, mainly through the successful completion of nine acquisitions in our core markets. At the same time, we are proud and honored by Bain Capital’s decision to support Italmatch through its next phase of growth. We think we have a solid and wide base to build upon through innovation. We are convinced that Bain Capital, thanks to its experience in the chemical sector and its strong global reach, is the right Partner to bring Italmatch to the next level, and we are excited about our next years of cooperation with Bain Capital”. Yann Chareton, Managing Director of Ardian in Italy commented: “When Ardian partnered with Italmatch four years ago we had no doubt that the growth path planned with Sergio Iorio and his team would be a success. It has been an incredible journey with a fantastic team of professionals. We are very proud to exit from this investment, which is now a solid and innovative international Group with an established presence in key markets such as U.S.A. and Asia". Ivano Sessa, a Managing Director at Bain Capital Private Equity added: “Italmatch has a global reputation with its customers for high-quality innovative products, and an impressive growth track record. Leveraging our experience in the chemicals sector and our global presence, we look forward to supporting Sergio Iorio and the rest of the management team to continue growing the Company, both organically and through an ambitious plan of strategic acquisitions.” The transaction remains subject to regulatory approval. Italmatch Chemicals operates through seven manufacturing plants in Europe (Italy, Spain, Germany and UK), five in Asia Pacific (China, Japan and India), five in North America (USA) and sales/distribution subsidiaries in Brazil, Belgium, China, Japan, India, Poland, Singapore and the USA. Ardian is a private investment house with assets of US$71 billion managed or advised in Europe, the Americas and Asia. The company is majority-owned by its employees. Ardian maintains a global network, with more than 500 employees working from fourteen offices across Europe (Frankfurt, Jersey, London, Luxembourg, Madrid, Milan, Paris and Zurich), the Americas (New York, San Francisco and Santiago) and Asia (Beijing, Singapore, Tokyo). Founded in 1984. Bain Capital Private Equity’s global team of approximately 220 investment professionals have expertise in key vertical industries including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital Private Equity has offices in Boston, New York, London, Munich, Mumbai, Hong Kong, Shanghai, Sydney, Tokyo, Seoul and Luxembourg and has made more than 760 primary and add-on investments to date. In addition to private equity, Bain Capital invests across asset classes including credit, public equity and venture capital, managing approximately USD 95 billion in total.

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