



World **Fuel Oil** Summit **XII**

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IMO 2020 & SUPPLY CHAIN INTEGRATION OPPORTUNITIES

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AXELROD
ENERGY PROJECTS

The background of the slide is a composite image. The left half features a dark blue background with a faint, light blue world map. The right half shows a night-time skyline of a city, likely New York City, with several skyscrapers illuminated. The One World Trade Center is the most prominent building on the right. The text is overlaid on these backgrounds.

AXELROD

ENERGY PROJECTS

Founded in 2007, New York-based Axelrod Energy Projects provides services to the international energy and oil industries. Through its market knowledge and global network, AEP assists clients in expanding into new markets and helps them to capitalize on new opportunities. Services include: project development, cargo brokerage, market consulting, and the World Fuel Oil Summit.

PROJECT DEVELOPMENT

CARGO BROKERAGE

MARKET CONSULTING

EXECUTIVE SUMMARY

IMO 2020 is Uncertainty

Forward Vertical Integration

- Mercuria-Aegean
- BB Energy
- Origin International

Backward Vertical Integration

- Euronav
- Maersk-PBF

Opportunities

FORWARD INTEGRATION: MERCURIA - AEGEAN

What: Trader acquires bunker supplier

Where: Global supplier. Active in US, Caribbean, Mediterranean, etc.

How: Acquired through bankruptcy proceedings, re-branded under Minerva subsidiary

Why: Access to global retail market, leverage balance sheet



FORWARD INTEGRATION: BB ENERGY

What: Trader BB Energy invests in 128 MW (57 MW Phase 1) HFO IPP

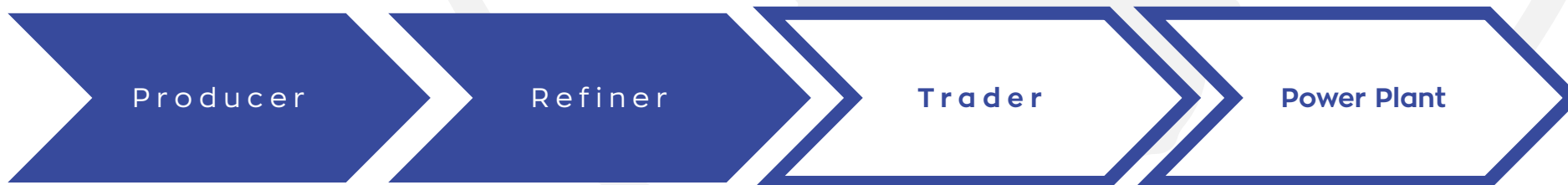
Where: Sierra Leone

How: Trader takes minority equity stake in Project Co. (Western Area Power Generation Project)

Why: Secure 15-year, 2%S Fuel Supply Agreement



BB Energy



FORWARD INTEGRATION: ORIGIN INTERNATIONAL

What: Used-Motor Oil collector building 3 kb/d re-refinery

Where: Baltimore, Maryland

How: Acquired UMO collections facility, raised capital to build re-refinery

Why: To exploit expected spread increase between HSFO (feedstock purchases) and LSVG (product sales)

origin 



BACKWARD INTEGRATION: EURONAV

What: Shipowner becomes wholesale/retail floating storage supplier to own fleet

Where: Offshore Malta, currently

How: Internal expansion, floating ULCC

Why: Ensure 0.5%S supply, exploit expected 0.5%S spread/premium changes in 2020



EURONAV®

Producer

Refiner

Trader

Bunker
Supplier

Shipowner

BACKWARD INTEGRATION: MAERSK - PBF

What: Shipowner/bunker supplier partners with refiner to restart idled distillation capacity

Where: Paulsboro, New Jersey

How: Contractual tolling agreement (95kb/d min. commitment)

Why: Ensure supply to fleet of competitively-priced known product



MAERSK

Producer

Refiner

Trader

Bunker
Supplier

Shipowner

OPPORTUNITIES

3 Reasons to Integrate

- **Forward Integration – Secure the Outlet**
 - Traders and/or refiners expand or acquire to become the bunker supplier (LSFO)
 - Traders and/or refiner buy into IPPs or industrial burners (HSFO)
- **Backward Integration – Secure the Supply**
 - Shipowners become the bunker supplier (LSFO)
 - Shipowners, storage owners, bunker suppliers and/or traders become the refiner with distillation units (greenfield/brownfield)
- **Take a Position**
 - Spreads, premiums, margins, segment exposure

More to come

HOW CAN WE HELP

Feel free to contact us with questions, ideas, and opportunities.

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