



Business in a New Age

PPGPL achieves a milestone in international business development





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Phoenix Park Gas Processors Limited (PPGPL) began operation in 1991 to extract NGLs from the country's gas and allow NGC to supply a high-quality gas feedstock to its downstream customers at Point Lisas.

From the mid-1990s, PPGPL went on to become the selected partner with Atlantic, providing NGL fractionation, storage, terminal, and export services to Atlantic. By 2008, PPGPL had developed a local butane splitting facility for supply of purity isobutane to Petrotrin for fuel blending.

Fast forward to 2015, ConocoPhillips had divested its 39% interest to TTNGL, a subsidiary of NGC which was then the subject of the first local IPO in the energy sector. Pan West Engineers and Constructors, a 10% shareholder, had changed hands from GE to a local consortium of the National

Insurance Board (NIB), National Enterprises Ltd (NEL) and the Trinidad and Tobago Unit Trust Corporation (UTC). PPGPL became fully locally owned, state-controlled and a member of The NGC Group of Companies.

By 2016, PPGPL shared a vision with members of The NGC Group: "To be a recognised global leader in the development of sustainable energy-related businesses". Four strategic pillars were developed, one of which is to "Grow locally and internationally".





Since 2016, PPGPL and in particular, the Business Development department, led by Alvin Dookie, Vice President, Business Development, has been guided by the vision of The NGC Group, and has taken a collaborative approach to business development with members of the Group. PPGPL collaborated with NGC in pursuing business in Africa and joined forces with National Energy to target opportunities in Guyana. Today, The NGC Group, through National Energy, has an exploratory office in Georgetown. PPGPL also took a structured approach in expanding along the NGL value chain, both regionally and internationally.

Access to international growth opportunities came from a wide array of sources. Local and international networks were activated with customers, bankers, and stakeholders both in the private sector and the government in selected territories. Through general scanning activities, PPGPL submitted offers to acquisition targets in four regional territories and submitted JV proposals in two others. Some of these offers have not been accepted and yet others remain the subject of further discussions.

By 2018, the need was identified for a more deliberate programme for growth. In two cases, the services of advisory firms with deep technical expertise and well-developed networks in the target territories were retained. One such engagement was initiated in Q1, 2019 with FTI Capital Advisors. FTI was retained for a six-month period to focus on the US midstream NGL sector and to identify and screen acquisition opportunities for PPGPL within a set of agreed criteria. FTI's scope also included collaboration with the PPGPL team to submit Non-Binding Offers (NBOs) for the targets which passed the first level of screening by the team, and which were supported and approved by the Board.

By September 2019, two such NBOs were submitted. The first is still being considered by the seller. The second offer was for the purchase of the assets of Twin Eagle Liquids Marketing Company LLC which was closed on February 1, 2020.

The submission of two NBOs was the result of an intensive six-month exercise between PPGPL Business Development and FTI. Weekly calls were held and on each of these calls, 10-15 new opportunities in the US midstream were brought by FTI for consideration by the team. These items were put through PPGPL's initial screening process. Periodic updates were provided to the Finance and Investment Committee of the Board and in mid-September 2019, PPGPL submitted its NBO for purchase of the assets of Twin Eagle Liquids Marketing LLC.

Submission of PPGPL's NBO to Twin Eagle was received along with one competing offer and was met with a prompt and favorable response. PPGPL's offer was accepted and a 60 – 90-day exclusivity period was offered for PPGPL to complete detailed due diligence and to submit a binding offer.

This was a major turning point for PPGPL's growth agenda. This project expanded from being a business development matter into being a PPGPL corporate initiative requiring the efforts of a wide functional cross-section if it were to be successful.

Several critical questions emerged, including the following four significant items:

1. Closing of this transaction required a comprehensive legal instrument – later to be called the APA (Asset Purchase Agreement) – This is where Corporate Attorney Ms. Florence Mulchansingh stepped forward to take ownership of this work product right up to signing and closing of the transaction.
2. Determining how this project was to be funded, what the optimal tax was, and what financial and governance structures were to be employed – VP, Finance and IT, Ms. Dawn Callendar managed the process of tax structuring, financial diligence and oversaw every financial detail culminating in the wire transfers, without which there would be no closing. Ms. Callendar is also leading critical elements of the integration process.
3. Identifying what expertise was required to achieve comprehensive due diligence and successful closing – The PPGPL team recognised early that specialist expertise was critical to its success. In accordance with established procurement process, external services were retained: EY for tax structuring and financial diligence, Shearman and Sterling as expert counsel, FTI Capital as buy-side advisor. On an as-needed basis, HR and other external advisory services were retained.
4. Ascertaining whether diligence activities, including internal and government approvals, could be completed within the exclusivity period.

By December 19, 2019, day 90 of the exclusivity period, PPGPL had secured all internal approvals required to close this acquisition. During January 2020, many details in the APA were resolved and an effective closing date of February 1, 2020 was agreed.

PPGPL has acquired the assets of Twin Eagle Liquids Marketing LLC and these assets are now held in two new companies established over the past few months: Phoenix Park Energy Marketing LLC (PPEM) and Phoenix Park (Canada) Energy Marketing. In addition, Phoenix Park Global Holdings LLC has been incorporated for the provision of shared services to PPEM and to hold future acquisitions currently in development.

PPEM will be involved in the origination of liquid hydrocarbon products across North America and transporting and supplying these products into the US and Mexico. Complementary opportunities exist for using the expertise of the newly acquired Houston and Calgary-based front office teams to source products for waterborne export into PPGPL's established markets in the Caribbean and Central America. These opportunities are also currently in development. ■