



Thinking Future

PPGPL Acquires LPG Terminal in Texas







PPGPL'S NEWLY ACQUIRED NGL RAIL AND TRUCK EXPORT TERMINAL IN HULL, TEXAS

Phoenix Park Gas Processors Limited (PPGPL/Phoenix Park) continues its drive to expand its business along the natural gas liquids (NGL) value chain. Following its first international acquisition in February 2020, when it bought the NGL marketing business of Twin Eagle in Houston Texas, the company has been focused on identifying and developing additional opportunities which are aligned with its approved growth strategy.

In January 2022, the company concluded its second international acquisition by purchasing an NGL rail and truck export terminal at Hull, Texas from Canadian midstream company, Keyera Inc. This is the first international physical asset purchased by PPGPL through its wholly owned US-based subsidiary, Phoenix Park Energy Marketing LLC (PPEM).

A strategic new asset

The Phoenix Park Hull Terminal, as it is now named following the acquisition, is an Exxon legacy asset which was purchased and upgraded by Keyera in 2012. At that time, and even up to 2020 when the first acquisition was closed, Canada was in a surplus position and NGLs were exported competitively into Northern

Mexico via rail. Keyera, one of the largest Canadian midstream players, expanded its presence in the US by its acquisition of the Hull terminal to support its NGL export business.

Fast forward to 2021 - several indigenous Canadian projects which require NGL as feedstock, and marine export options from Western Canada into emerging lucrative markets in Asia, have created competition for the Canadian NGL barrel. PPEM now has the opportunity to diversify its supply sources to other US-based suppliers.

Since the first acquisition, PPEM has been a significant user of the Hull terminal from Keyera. The terminal asset was therefore a very good fit for the company's core business operations. Its acquisition served to confirm PPEM's position in the market and enhance its competitiveness and sustainability in the foreseeable future. The terminal acquisition includes 40 acres of plant site and an additional 360 acres of vacant land. The site also includes access to a US Class 1 railroad, Union Pacific. There are significant opportunities to expand the terminal and diversify both the portfolio of suppliers and customers which

only point to further growth of the US business of PPGPL. These are projects which are aligned with the corporate strategy and are already under development.

Realising the vision

As PPGPL progresses its international agenda, it is interesting to reflect on the evolution of the efforts and to recognise the transformation which is taking place as the growth agenda is implemented. The company embarked on a dedicated effort in 2019 by engaging a consultant to identify, screen and analyse opportunities in the US. This effort led to the first acquisition, through which the company acquired a working team of senior marketing professionals in the US. The process of direct scanning of the market for additional opportunities was a priority for the organisation. Arising from the scanning and communication with direct networks, the Hull acquisition was soon identified.

The initial valuation and due diligence activities were executed without a buy-side advisor. Instead, this role was provided in-house, with the formation of an internal Due Diligence Team with the required



skills needed for financial validation and technical evaluation. The team comprised Engineering, Legal, Business Development, Operations and Commercial departments. The critical role played by the PPGPL Board must be recognised in the completion of this phase, as without their agreement and approval, PPGPL could not have completed this second deal. Led by chairman Conrad Enill, the board scrutinised the company's evaluation of this potential purchase to ensure that its recommendation was sound and thoroughly assessed.

Upon completion of the due diligence phase, an Integration Team was established to handle all aspects of integration including business continuity and daily operations. Many of the members who represented a cross section of disciplines worked on the first acquisition in 2020 and therefore had freshly honed and relevant skills to contribute. The team developed a comprehensive integration plan that is currently being implemented as the integration process continues.

The process of closing the acquisition as well as the ongoing integration and operations post-closing has created further opportunities for

development of talent throughout PPGPL. Across the organisation, there are new processes and procedures being developed to fully incorporate the US-based employees into the company's ongoing activities.

Benefits to country

As a state-controlled entity, PPGPL's recent acquisition presents significant benefits to our country on a wider scale, starting with increasing our opportunity to earn valuable foreign exchange as well as creating prospects for leveraging our expertise on an international scale. Trinidad and Tobago is a well established player in the natural gas business and over the years has attracted foreign investment from across the world. This is our first foray in equity participation in

the midstream sector across North America from origination of product in Canada and the US to provide a value-adding service to customers in Northern Mexico.

These achievements have boosted PPGPL's credibility in the international arena and positioned the company quite positively in the US NGL export business. As the company steadfastly pursues its growth agenda, it is carefully exploring a few other opportunities.

According to Alvin Dookie, vice president, Business Development: "Our employees have demonstrated that they are committed and competent to deliver the company's growth objectives. Once we maintain our focus and continue to receive the support of our Board and the Cabinet, our future looks bright." ■

