

HD TPG circles in \$3b **sale** of Shell petrol stations, refining assets

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WC 426 words

PD 8 January 2014

SN Canberra Times

SC CANBTZ

PG B007

LA English

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Private **equity firm** TPG is in the final stages of a \$3 **billion** auction for Royal Dutch Shell's refining and retail business in Australia, along with a consortium involving Macquarie Group. There is also speculation a third party - potentially an Asian **energy** business - is also vying for the Shell assets, including its refinery in Geelong, several import terminals and a network of 900 branded service stations. BP is also believed to be mulling the **sale** of its downstream business in Australia as the big **oil** groups seek to channel investment into higher returning businesses in **oil** and gas production, and bigger growth markets. ¹/₂ Production growth or lack thereof is the key focus of investors in the supermajors and therefore money is always going to be ushered more and more upstream away from the downstream, ¹/₂ Credit Suisse analyst Mark Samter said.

Both Shell and BP have declined to comment on the speculation about the potential sales. A BP spokesman said, however, that the British parent **company** had only last month sanctioned \$US150 **million** of investment for this year in the Australian retail business, while maintenance work due this year at its Kwinana refinery is expected to cost tens of **millions** of dollars. Refineries have delivered sub-standard investment returns in Australia in the past five years. However, there is speculation an

Asian **energy** business such as Thai-owned PTT might be interested. The 110,000 barrels-a-day Geelong refinery has previously attracted interest from **Chinese** parties in the **sale** process run by Merrill Lynch. It is believed Coles, Shell's retail partner in Australia, is monitoring the talks. Analysts said the distribution and retailing end of the group's Australian businesses would be of significant interest to new investors, particularly private **equity**, but that the refineries would be more problematic to sell.

Australia's fuel production and retailing sector has undergone massive change over the past decade, with the closure of two refineries, and a third to be closed next year. There have also been significant changes in the ownership of petrol stations. Caltex Australia, the only locally listed refiner and marketer, is in the middle of a huge transformation. Its Sydney refinery is to be converted into an import terminal this year and there is an increased focus on importing, distribution and marketing.

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CO mcqbnk : Macquarie Group Limited | tpgpar : TPG, Inc. | rnlp : Royal Dutch Shell PLC

IN i652 : Gasoline Stations | i14001 : Petroleum Refining | i1 : Energy | i14 : Petroleum/Coal Products | i64 : Retail/Wholesale | i654 : Specialty Stores | iindstrls : Industrial Goods | iretail : Retail | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | i814 : Banking | i831 : Financial Investments | i83101 : Investment Banking | ibnk : Banking/Credit | iextra : Natural Gas/Oil Extraction | ifinal : Financial Services | iinv : Investing/Securities

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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