Market Outlook for U.S. Refined Product Exports to Latin America

Multi-Client Study Prospectus

ADI Analytics
OIL & GAS • ENERGY • CHEMICALS
CELEBRATING 10 YEARS

+1.832.768.8806
info@adi-analytics.com
www.adi-analytics.com

Outline

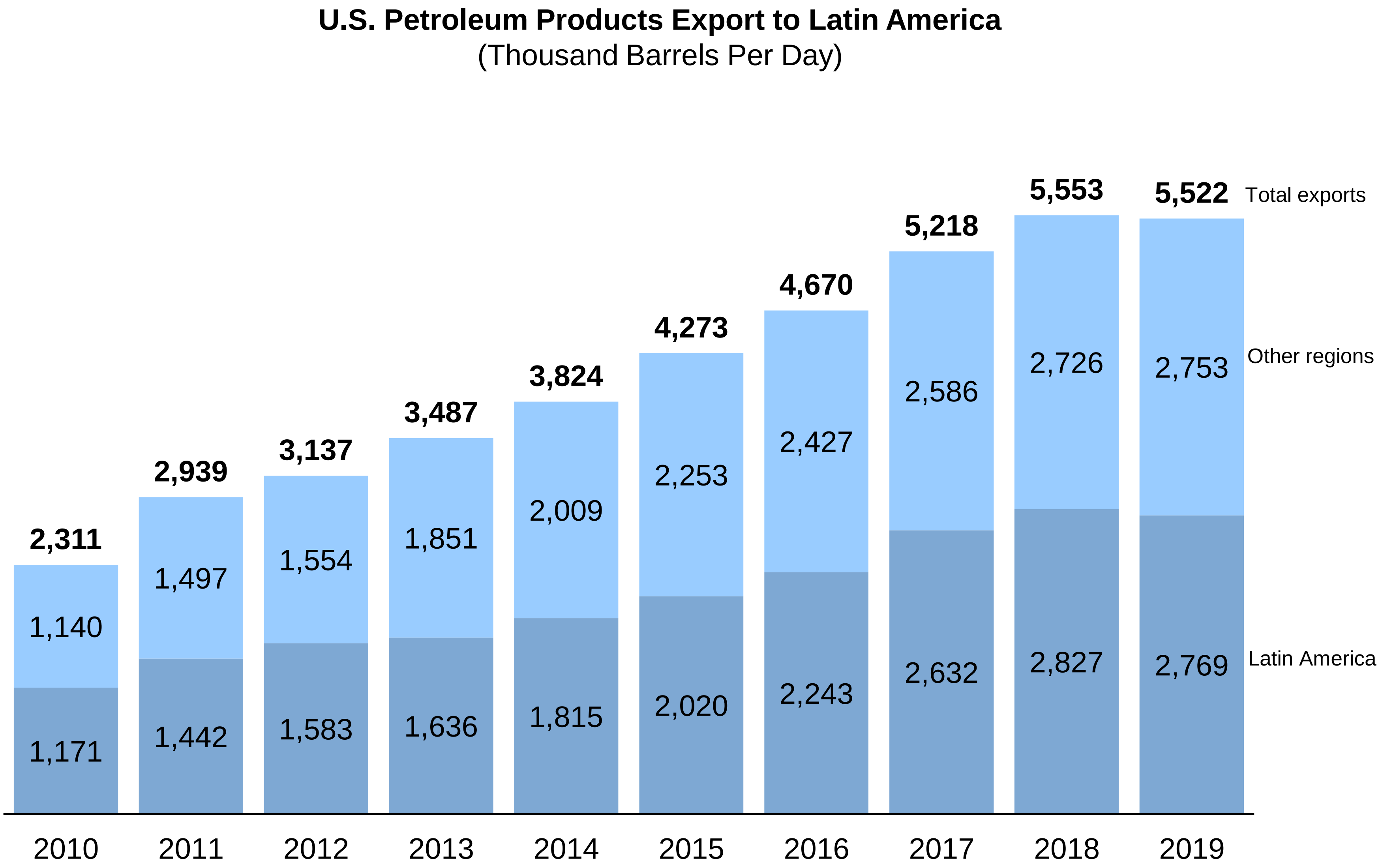
- **Study Prospectus**
- About ADI

ADI is offering a multi-client study on strategic questions on the outlook for U.S. fuel exports to Latin America through 2030

Background

- **U.S. is a major refined products exporter to Latin America with petroleum product exports growing to ~5.5 million barrels per day in 2019 amounting to a 139% increase in the past decade.**
  - Almost 50% of U.S. fuel exports to Latin America go to Mexico, Brazil, Colombia, Chile, Ecuador, and Panama.
- **We expect Latin American fuel and refined product demand to continue growing.**
  - Latin America accounted for ~8% of total global refined products demand in 2019 with gasoline, diesel, and fuel oil driving most of the demand.
  - Almost 8.5% of the world's population lives in Latin America and that coupled with economic growth is driving Latin American consumption of transportation fuels.
- **Domestic fuel supply in Latin America, historically hobbled due to various reasons, may change as political and administrative changes in the region are underway although they vary by country.**
  - Lower refinery utilization has been instrumental role in driving imports of refined products.
  - Although several new refining capacity investments are planned, regional economic and political issues have generally not favored their implementation.
- **Simultaneously, competition for fuel export markets will rise as fuel and refined product demand growth falters in the short-term due to COVID and in the medium- and long-term due to energy transition.**
  - U.S. refiners are contemplating a number of strategic initiatives to strengthen their position across the fuel export value chain in Latin America in response to these changes.
- **In light of these dynamics, ADI is launching a multi-client study focused on a comprehensive assessment and forecast of U.S. fuel and refined product exports to Latin American through 2030.**
  - This multi-client study builds on ADI's extensive research and deep expertise in fuel product exports to Latin America and will be based on in-depth primary and secondary research and fuel supply and demand modeling.

Almost half of the U.S. petroleum product exports have been headed towards Latin America over the past decade and …



Source: EIA

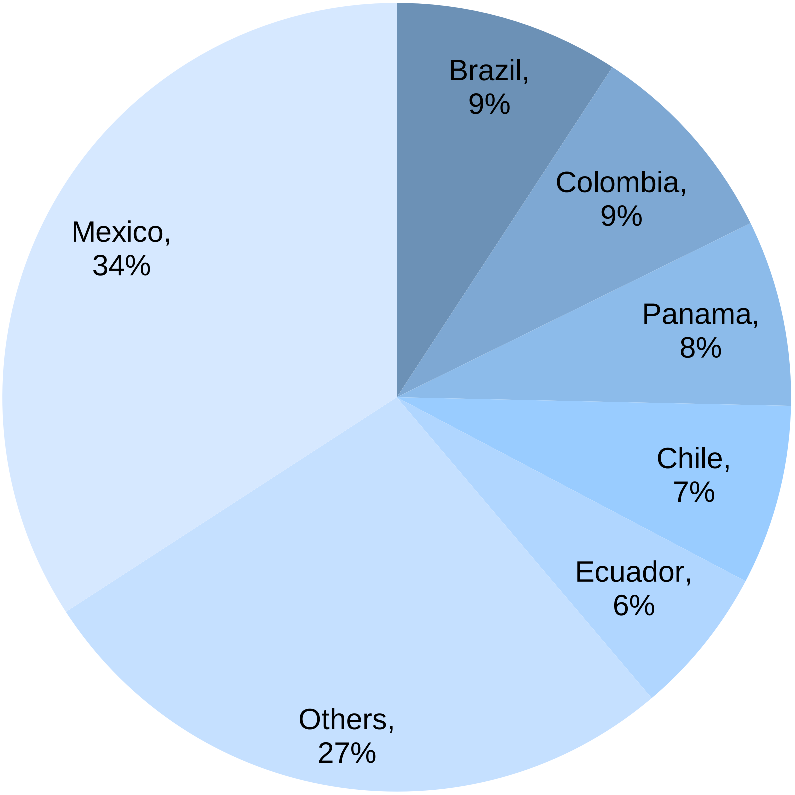
… Mexico, Brazil, Colombia, Chile, Ecuador, and Panama are the biggest Latin American importers of U.S. refined products

Major Exports Destination for U.S. Refined Products to Latin America

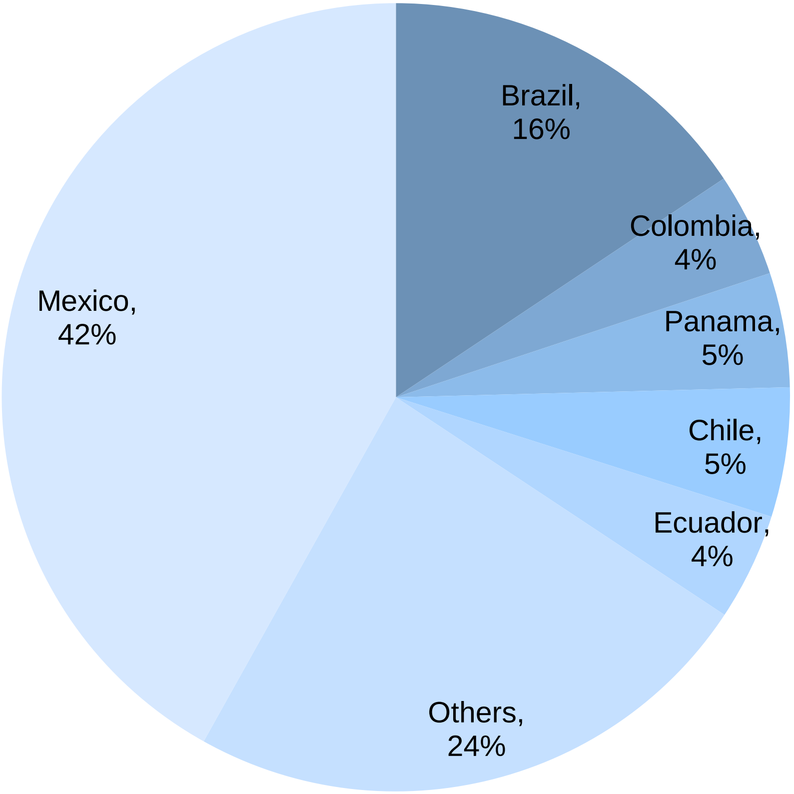
- Latin America consumes ~10% of global petroleum products and…
- … Gasoline, distillates, and LPG make up ~70% of regional fuel demand

The U.S. share of refined products exports to Mexico and Brazil has increased significantly over the past five years

2015 U.S. Exports to Latin America
(Percentage)

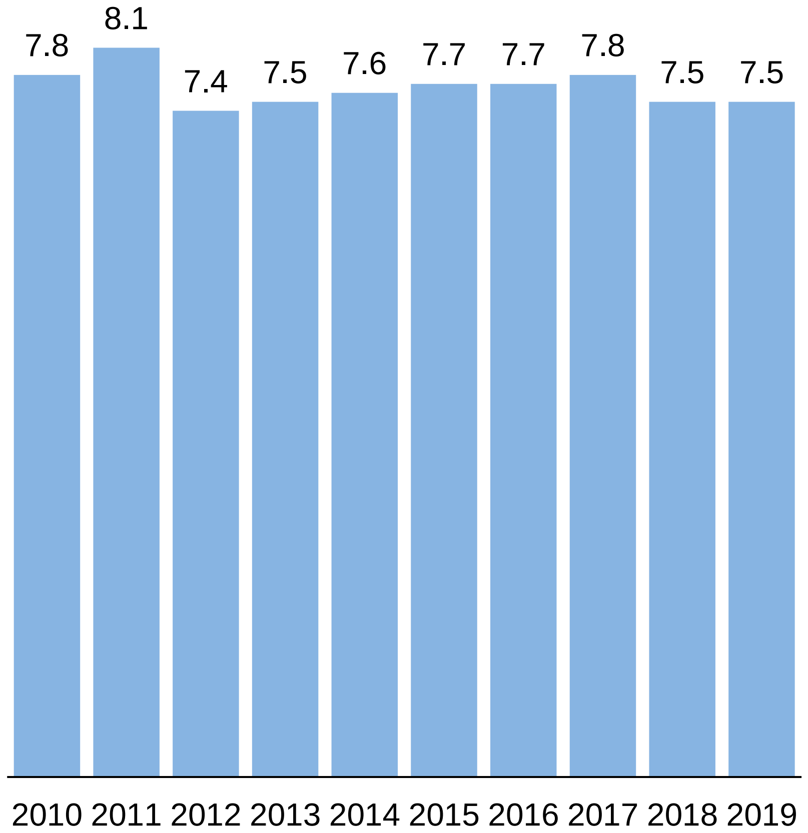


2019 U.S. Exports to Latin America
(Percentage)

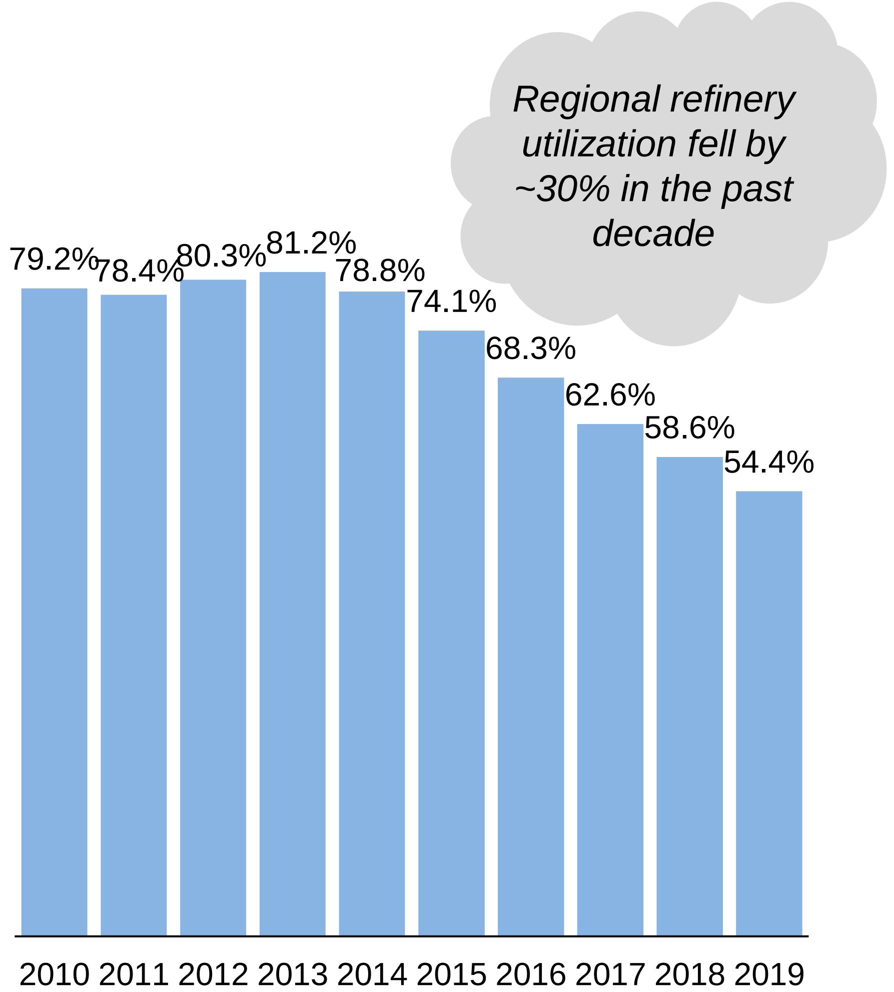


Lower refining capacity utilization has been a structural issue in Latin America and a key driver for fuel imports from the U.S.

Latin America Refining Capacity
(Million Barrels Per Day)



Latin America Refinery Utilization
(Percentage of Capacity)



Against this backdrop, there are several strategic questions that arise on the market's outlook over the next decade …

Strategic Questions

- Will Latin America continue to be a major importer of U.S. refined products through 2030?
- How competitive will it get for U.S. to exports fuel to Latin America? Who will U.S. compete with?
- What are medium-/long-term implications of COVID-19 on Latin American fuel demand and supply?
- Which opportunities, risks, and competitive strategies should refiners and traders consider?

A — Demand / supply

- What are the key fuel demand drivers and how will they change in the future?
- What are the post-COVID demand drivers for oil products in Latin America?
- How will fuels supply, refining capacity, and supply/demand balance change?

B — Infrastructure investments

- What is the outlook for new refinery investment in Latin America?
- Are Latin American refiners making investments to drive up utilization rates?
- How is infrastructure developing for fuel terminals and traders in the region?

C — Implications

- How should U.S. refiners and traders position themselves for fuel exports?
- What are medium-/long-term risks and strategies in these export markets
- Where is the U.S. refined product export cost competitiveness headed?

… That will be addressed by ADI's multi-client study as reflected by its comprehensive table of contents

1	**Executive Summary** *Key conclusions, findings, and strategic implications with a review workshop and underlying data in spreadsheet format*	8	**U.S. Exporters' Landscape and Competitive Strategies** *U.S. refiners' and traders' strategies to compete in the market including investments, partnerships, and other initiatives*
2	**Latin American Fuels Market Drivers** *Population / economic growth, auto fleet outlook, regulations and policies on fuels, and other fuel market drivers*	9	**Deep Dive Profiles: Gasoline** *Country-wise assessment for gasoline including supply-demand balances, imports, prices, and regulations*
3	**Latin American Fuels Demand Outlook to 2030** *Country-wise forecasts for fuels demand through 2030 along with key enabling drivers and corresponding scenarios*	10	**Deep Dive Profiles: Diesel** *Country-wise assessment for diesel including supply-demand balances, imports, prices, and regulations*
4	**Latin American Fuels Supply: Refining Capacity to 2030** *Refining capacity investments and utilization rate forecasts by country through 2030 in relevant scenarios*	11	**Deep Dive Profiles: LPG** *Country-wise assessment for LPG including supply-demand balances, imports, prices, and regulations*
5	**Latin American Fuels Supply: Imports Outlook to 2030** *Country-wise supply-demand balances and fuel imports outlook in relevant scenarios to 2030*	12	**Deep Dive Profiles: Other Refined Products** *Country-wise assessment for other refined products including supply-demand balances, imports, prices, and regulations*
6	**Export / Import Infrastructure Analysis and Outlook** *U.S. fuel export and Latin American fuel import infrastructure review and outlook and comparisons with imports outlook*	13	**U.S. Refined Product Export Scenarios** *Scenarios of refined product exports from the U.S. with key signposts and enabling factors along with implications*
7	**Cost, Economic, and Pricing Analyses** *U.S. fuel exports' cost competitiveness versus other options, regional prices, price outlooks, and price setting mechanisms*	14	**Strategic Implications and Opportunity Analysis** *Findings and conclusions, strategic implications by segment, risks and mitigation strategies, and opportunity analyses*

In summary, ADI's independent, current, and unique study will answer key questions and benefit you with actionable insights

1 Country-level fuel market review

- How are U.S. operators positioned to capture Latin American fuel market share and which countries will top the list?
- What are the implications of COVID-19 on major Latin American countries' refining capacity growth?
- Will countries such as Brazil and Mexico invest in their refining capacity …
- … as well as fuel storage and blending terminal capacity over the next decade?

2 Medium-term outlook through 2030

- Will near-term Latin American fuel demand be attractive for U.S. fuel exports to the region?
- How will U.S. compete with other countries exporting fuel to Latin America?
- What are the Latin American supply, demand, price, and market outlook for fuels through 2030?
- How do market dynamics vary on a country-level for various fuels and what market drivers will be key?

3 Fuel profiling – opportunity analyses

- How will profiles of competitive fuels such as gasoline, low-sulfur diesel, LPG, naphtha, and fuel oil shape going forward?
- How will apples-to-apples economic comparison of different fuels' export opportunity to Latin America play out for the U.S.?
- How will regulations around cleaner fuel usage increase competitiveness of one fuel over the other from a margin point of view?

4 Post-COVID fuel exports scenarios

- Under different scenarios of fuel demand recovery, how will the U.S. fuel export to Latin America shape up?
- Which countries will be hedging U.S. fuels to secure their near-term fuel demand?
- How will investor sentiment change for U.S. refining industry due to Latin American exports?
- What is the potential impact of fuel policies, regulations, and taxes in Latin American countries on overall U.S. fuel exports?

ADI will use a robust methodology including numerous expert interviews in Latin America during this 12-week study

Methodological Tools

Methodology

- Primary Research
- Company Interviews
- Portfolio Analysis
- Economic Analyses
- Corporate Strategy
- Analytical Modeling

Study Timeline

Kick-off	Interim-workshop	Progress update	Final workshop
Aug. 15 2020	Sep. 15 2020	Oct. 15 2020	Nov. 15 2020

- Country-wise fuel market review
- Fuel demand outlook through 2030
- Fuel profiling and analyses
- Post-COVID fuel export scenarios

Subscribers will have the opportunity to shape the research agenda.

Key deliverables of ADI's study will include insightful outcomes and several materials

Outcomes	Deliverables	
1 In-depth coverage of fuel markets in Latin America including Mexico, Brazil, Ecuador, Chile, Colombia, and Panama	Kick-off call	~150-page report
2 Fuel supply-demand balances in the region through 2030	Interim update	~20-page executive summary, Q&A, and presentation
3 Fuel profiles for gasoline, diesel, LPG, naphtha, and fuel oil	Client workshop	Spreadsheet data package
4 U.S. fuel export scenarios post-COVID with economics and competitive landscape	Interactive conference call	Analyst access

Outline

- Study Prospectus
- **About ADI**

ADI is a consulting firm serving oil & gas, energy, chemicals, and industrial clients with expertise, rigor, and passion

Operators | **Investors** | **Industrials** | **Traders** | **Government**

Oil
Gas & LNG
Midstream & NGLs
Refining
Fuels

Feedstocks
Petrochemicals
Basic Chemicals
Polymers & Plastics
Specialty Chemicals

Power generation
Renewables
Transmission
Energy Transition
Transportation

Markets | **Operations** | **Technology** | **Commercial** | **Policy**

Over 150 clients – Fortune 500 brands, mid-sized firms, start-ups, and investors – engage ADI to shape decisions

Oil & Gas

ExxonMobil, Chevron, bp, ConocoPhillips, Phillips 66, Santos, SK, ptt Group, Marubeni, Reliance

Chemicals

BASF We create chemistry, Dow, DuPont, lyondellbasell, NOVA Chemicals, Borealis, سابك sabic, Solvay, Cabot, Air Liquide, Lubrizol, Veolia

Industrials

Schlumberger, Baker Hughes, Siemens, Honeywell, Expro, Gardner Denver, Emerson, Schneider Electric, IHI, B&W, AECOM

Investors

KKR, Elliott, OGCI, Edgewater Capital Partners, FFP, Spire Capital, Arsenal Capital Partners, Advent International Global Private Equity, Hastings Equity Partners, EV Private Equity, Riverside, Lindsay Goldberg, Altira, Ben Franklin Technology Partners

Start-ups

CelluForce, Stabilis Energy, 908devices, Zahroof Valves Inc, FlexGen, ProSep, agilyx

Clients accelerate priorities with ADI's consulting services, subscription research, data analytics, and conferences

Consulting

Discover and capture opportunities, solve problems, and help businesses thrive amid uncertainty with ADI's market research and management consulting services

Research

Track markets with ADI's subscription research

Analytics

Inform workflows with ADI data, models, and analytics

Forums

Build a strategic view and network at our conferences

Stay ahead of the curve with market intelligence, forecasts, and analysis from ADI's subscription research services

Downstream Market Advisory

Monthly intel, oil prices, fuels supply & demand, capex, margins, downstream and refining insights

Gas Monetization Advisory

Review of natural gas to power, LNG, fuels (GTL), and chemicals costs, economics, and markets

LNG Analytics

LNG project benchmarking tool; global and NA small-scale LNG studies; and global LNG database

Energy Transition Advisory

Monthly energy transition deep dives, e.g., biofuels, hydrogen, low-carbon, CCS, flaring, biomaterials

Global CapEx Outlook

Quarterly forecast and analysis of global capital spending in E&P, midstream, refining, LNG, petchem

Global OpEx Outlook

Quarterly forecast and analysis of operating expenses in upstream, midstream, downstream, and LNG

ADI Analytics

OIL & GAS • ENERGY • CHEMICALS

CELEBRATING 10 YEARS

440 Cobia Drive
Suite 1704
Houston, Texas 77494

+1.832.768.8806
info@adi-analytics.com
www.adi-analytics.com