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Americas base oils market outlook

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Meet the Market I Rio de Janeiro, Brazil

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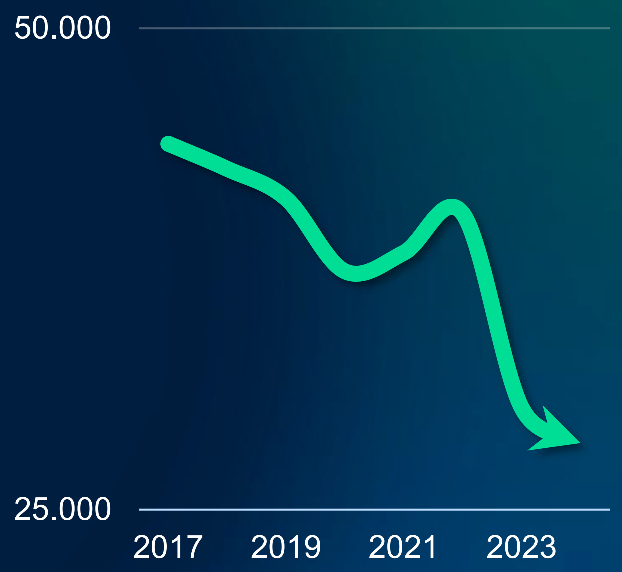
Key market drivers for 2025

Demand historically low

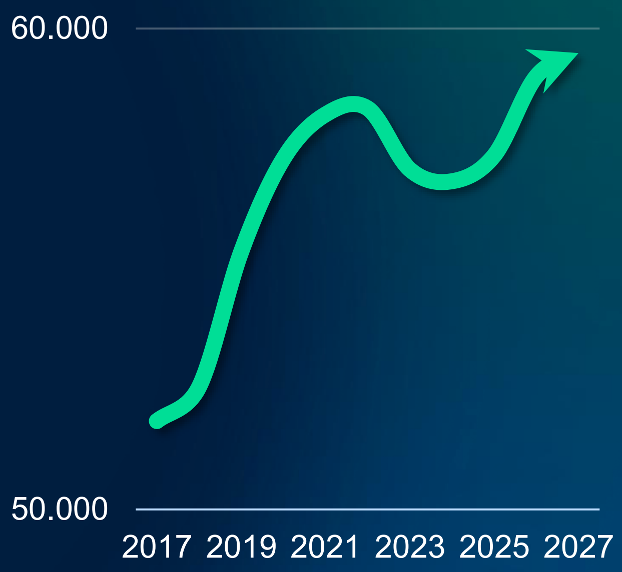


-35%

Exports rise to new highs

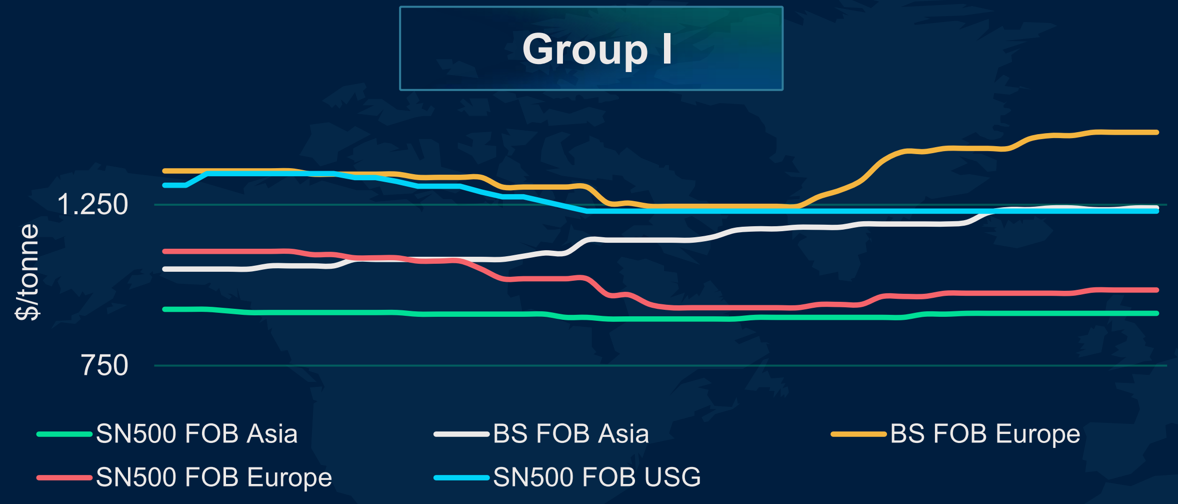
+27%

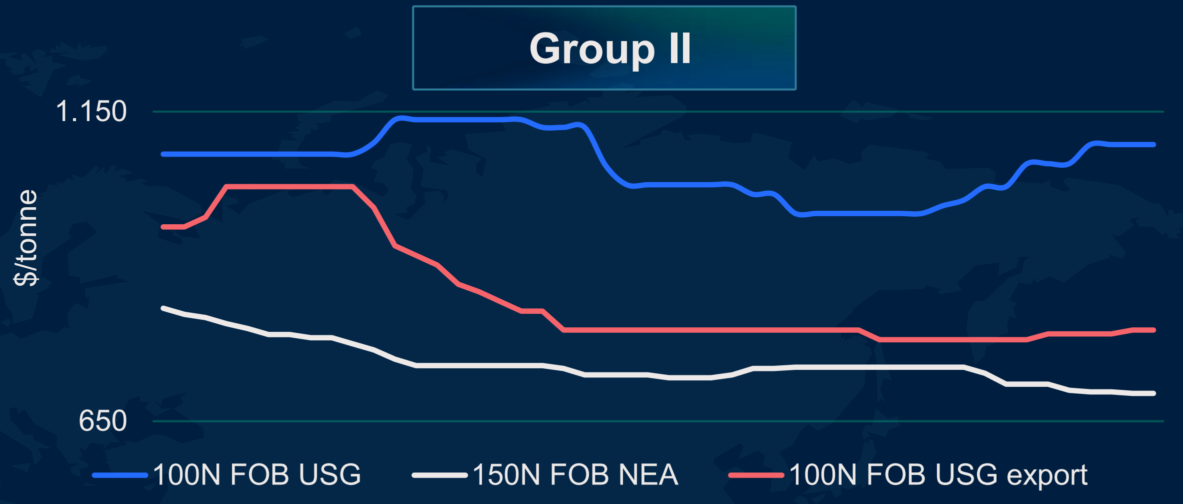
New capacity coming

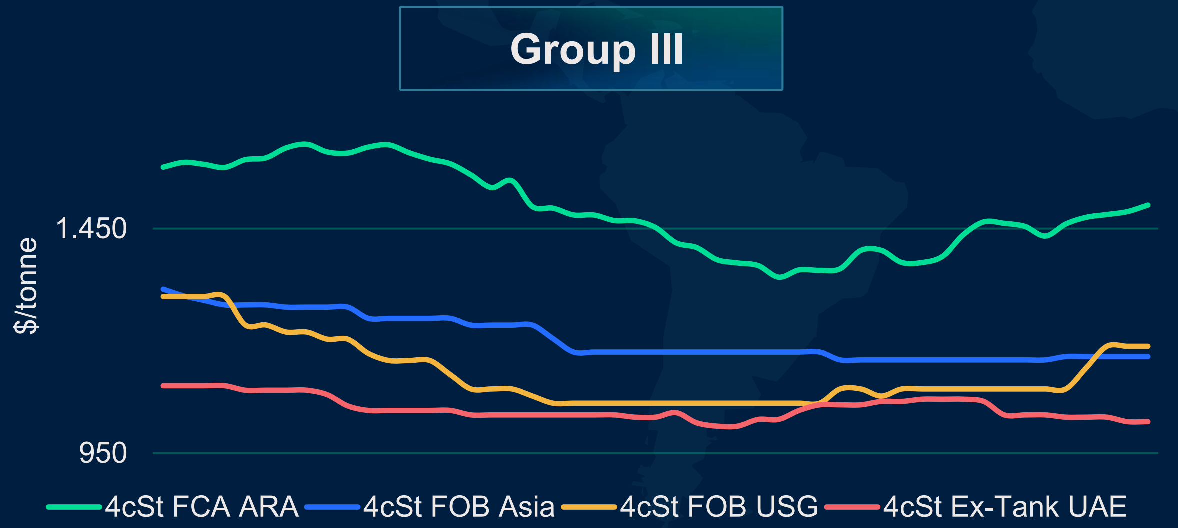


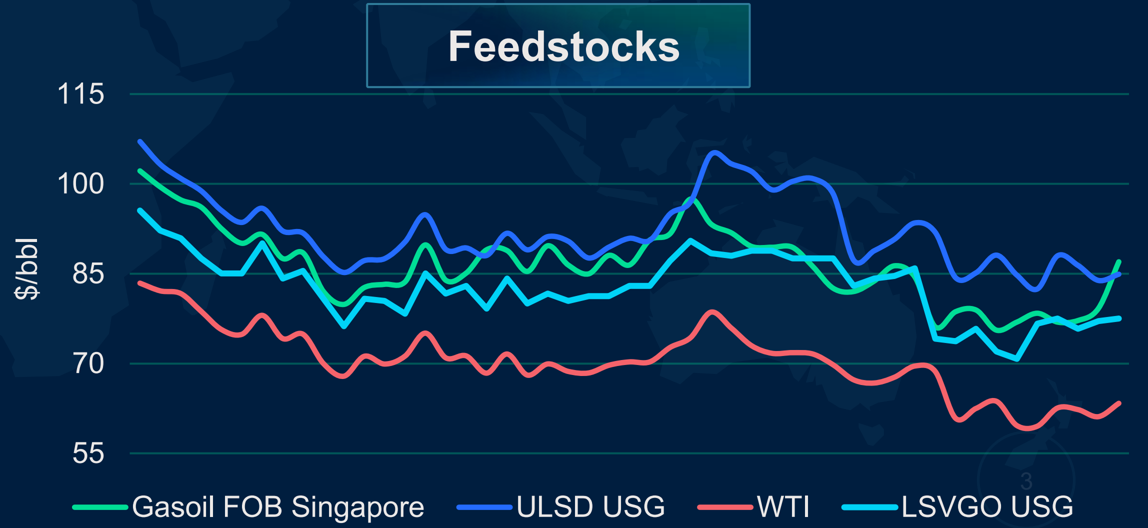
+15%

Key global price trends



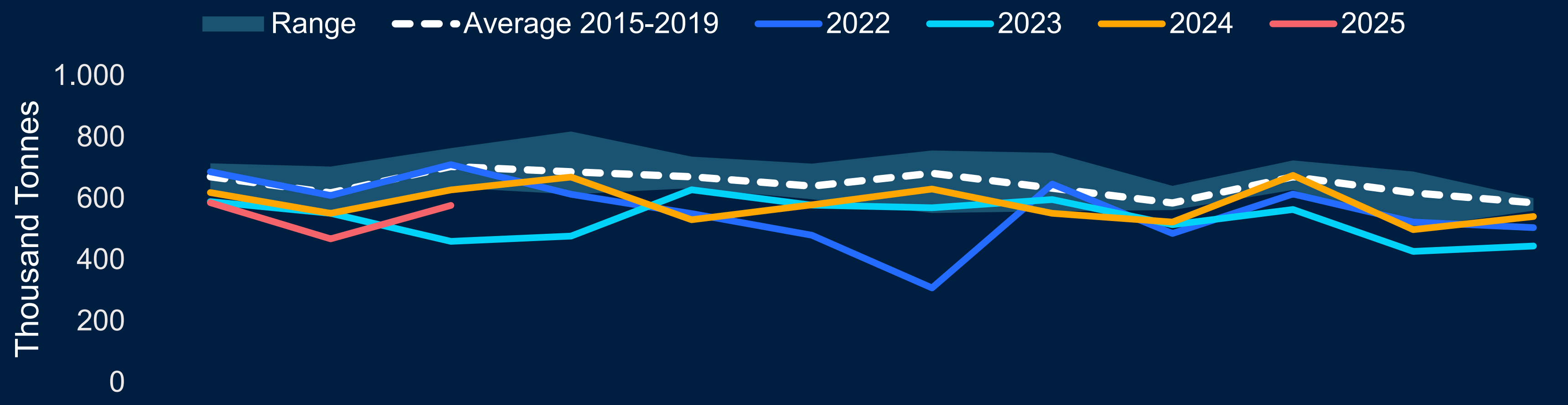




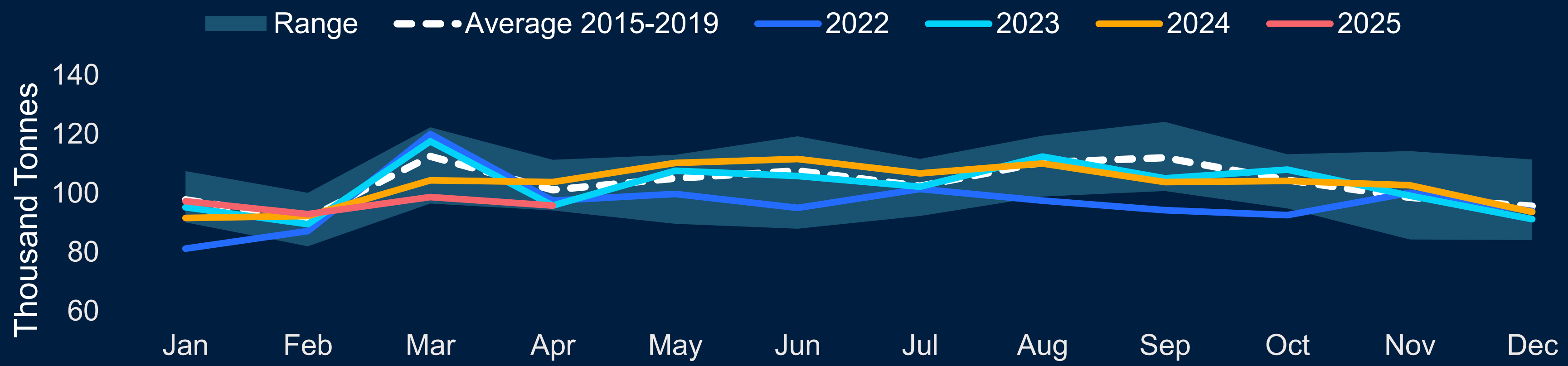


Source: ICIS

Weak NAM demand pushes exports; LATAM stronger



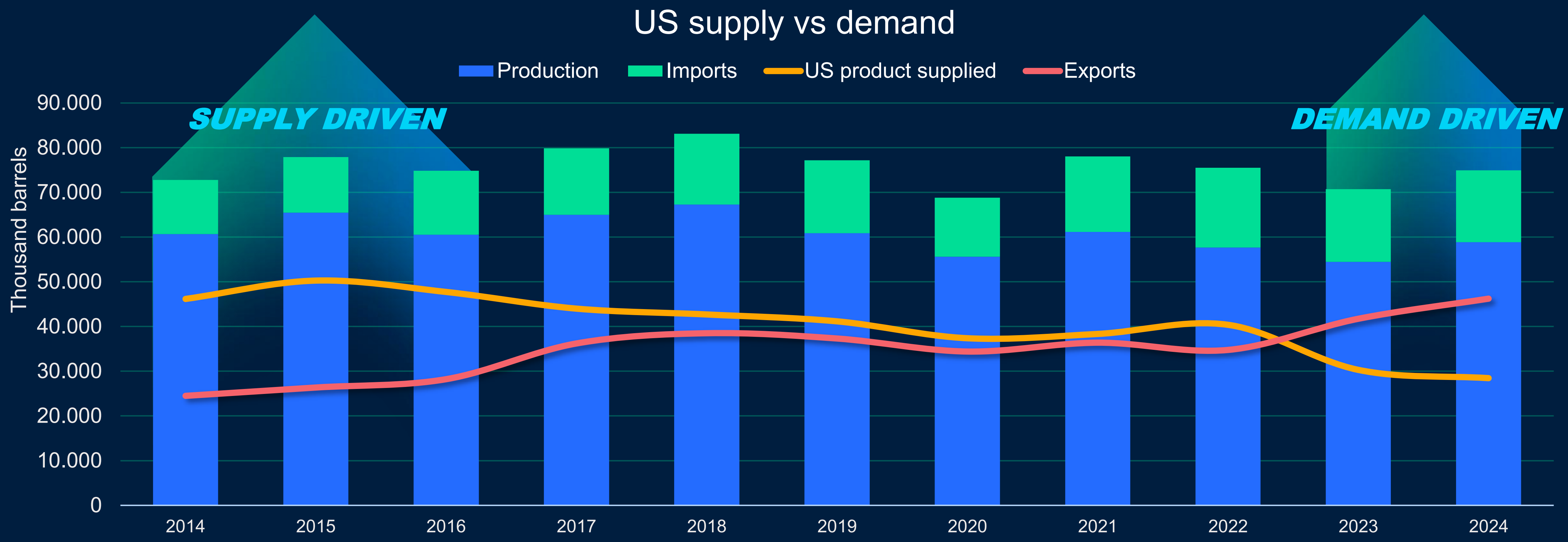
North America



Latin America

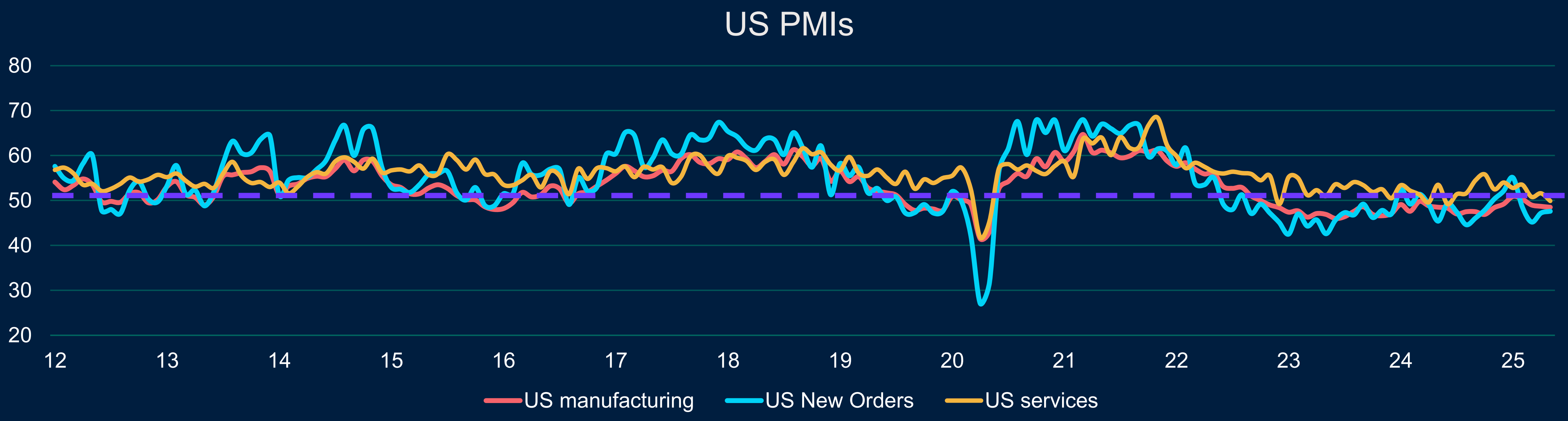
Source: ICIS Supply and Demand Database, US EIA

US supply and demand balances



Source: ICIS Supply and Demand Database, US EIA

US manufacturing hampers demand



Base oils **4x** exposure to manufacturing

Services account for **7/8** of the total US economy

High interest rates, low orders keep demand slow

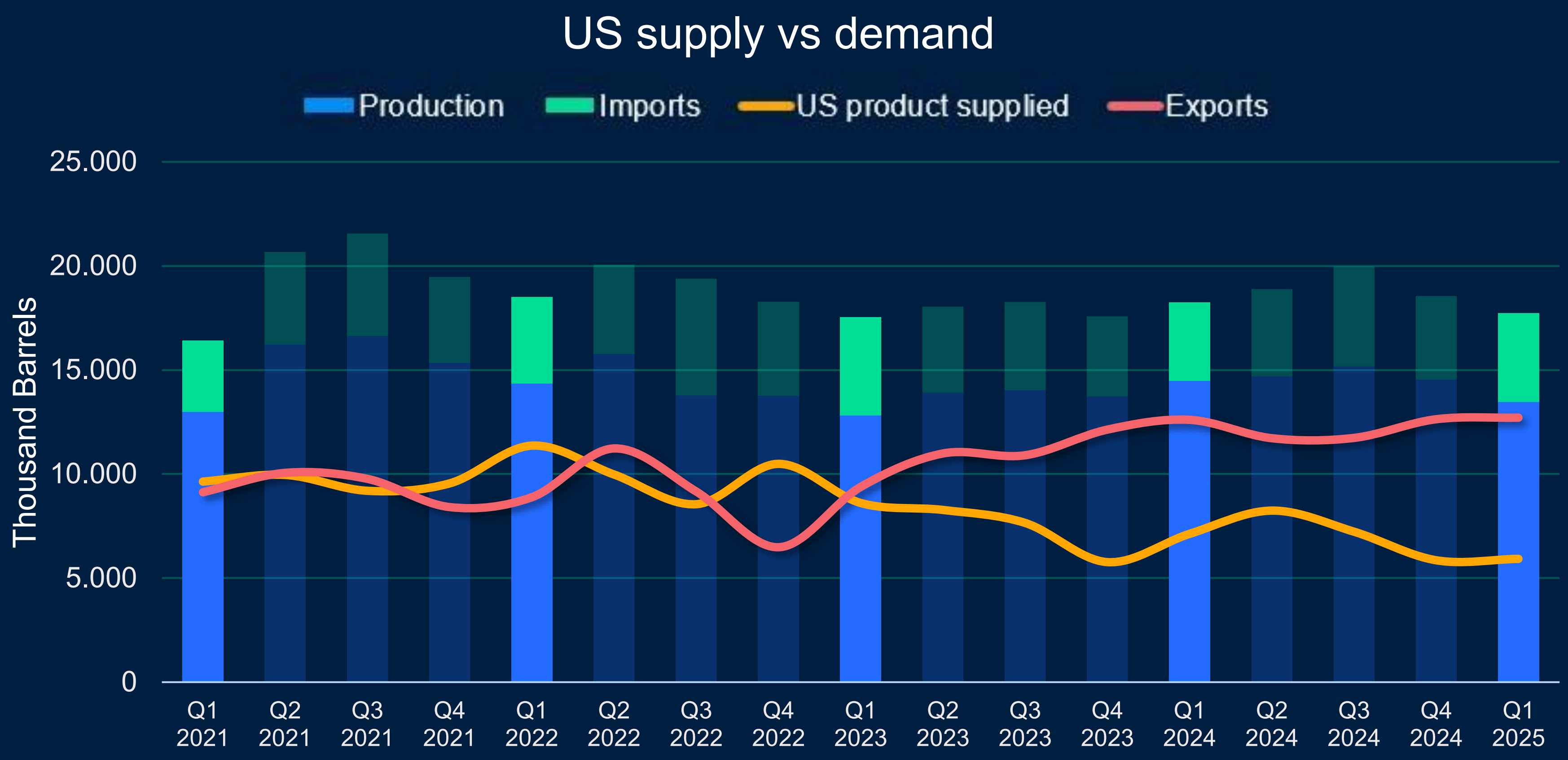
Source: ISM; Note: An index of 50 or over indicates that the sector is expanding, while an index below 50 indicates that it is declining.

Demand fundamentals inconsistent

		2019	2022	2023	2024
Auto Production[1]	Million units	10.9	10.1	10.6	10.6
Gasoline Consumption[2]	kbbl/day	9,309	8,810	8,945	8,943
Diesel Consumption[2]	kbbl/day	4,103	4,026	3,916	3,762
Industrial Production: Total Index[1]	Index (2017=100)	102.4	102.7	102.8	102.6
Base Oil Demand[2]	**kbbl/day**	**113**	**111**	**83**	**78**

Source: 1- FRED, 2 - US Energy Information Administration and ICIS analysis

Q1 2025 shows extremely weak US demand, but flat export

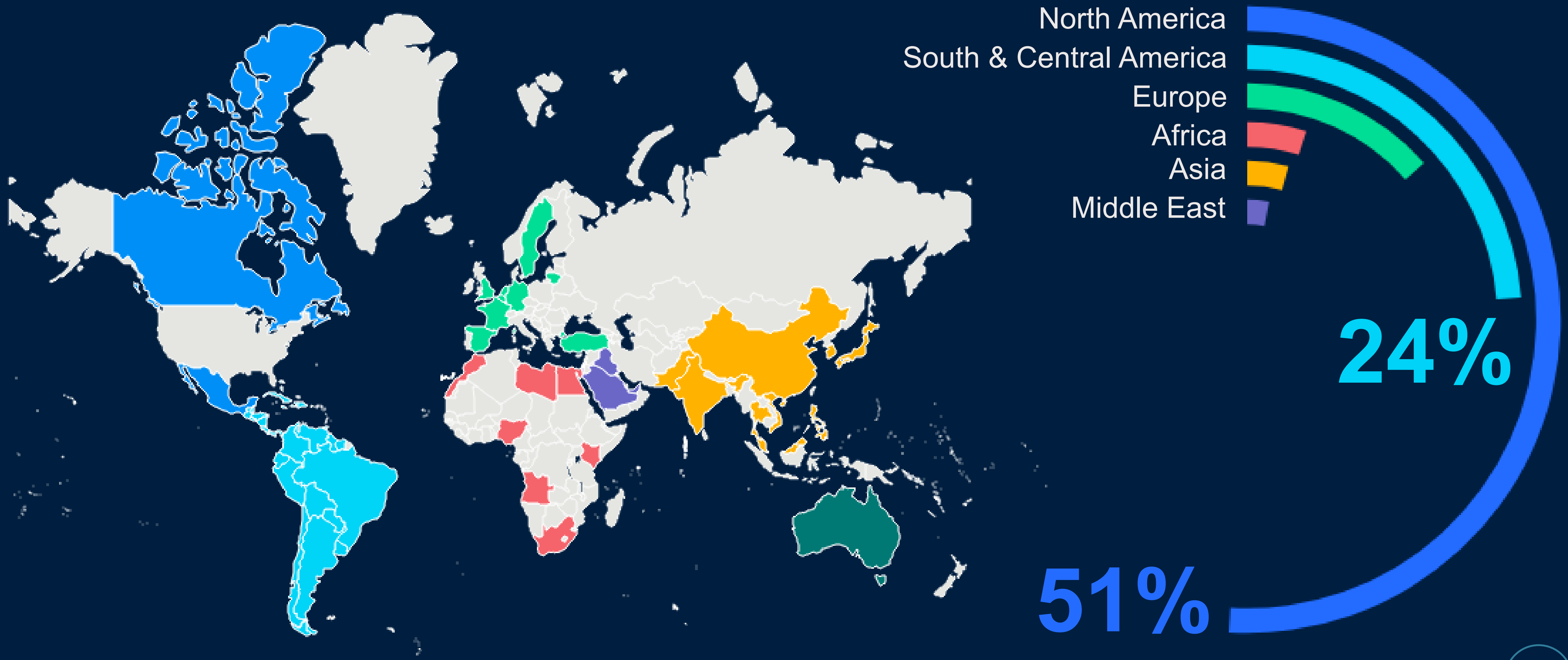


Q1 2025 vs 2024:

- Supply: -2.9%
- Demand: -17%
- Exports: +0.8%

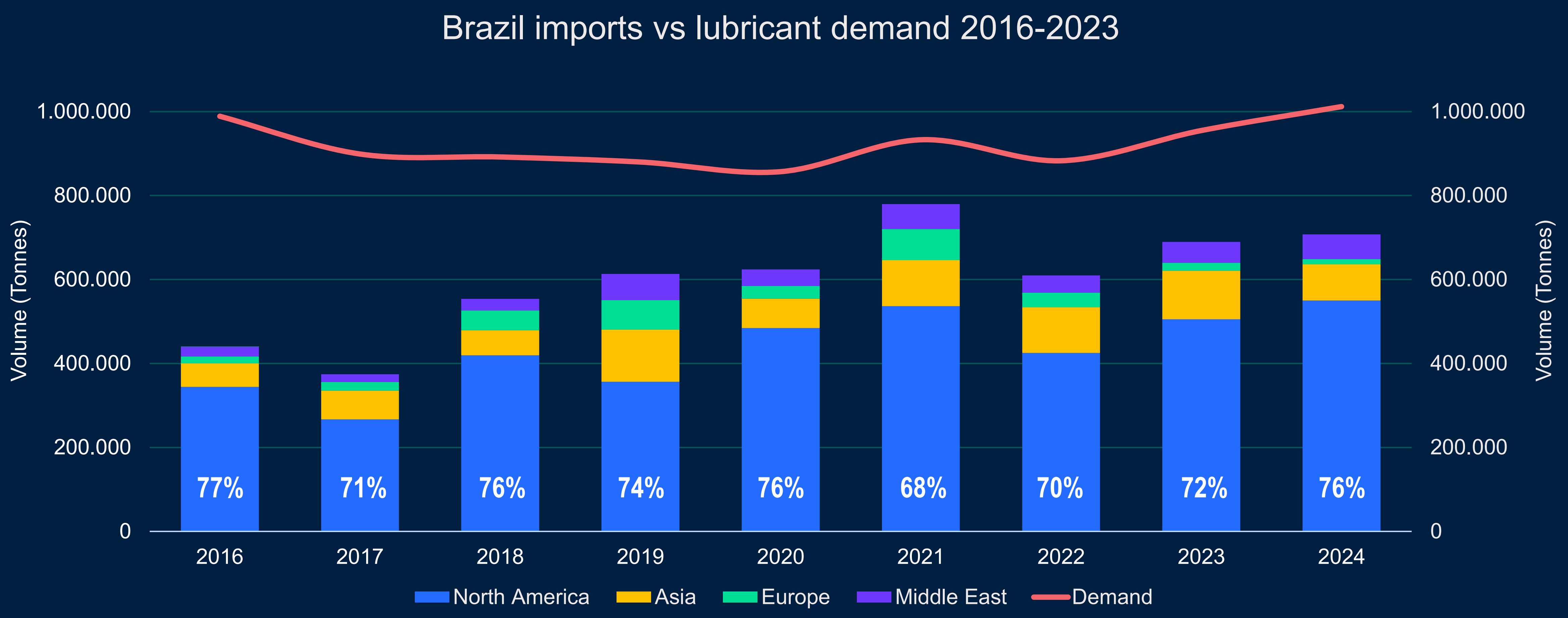
Source: ICIS Supply and Demand Database, US EIA

Three-fourths of US exports stay in the Americas



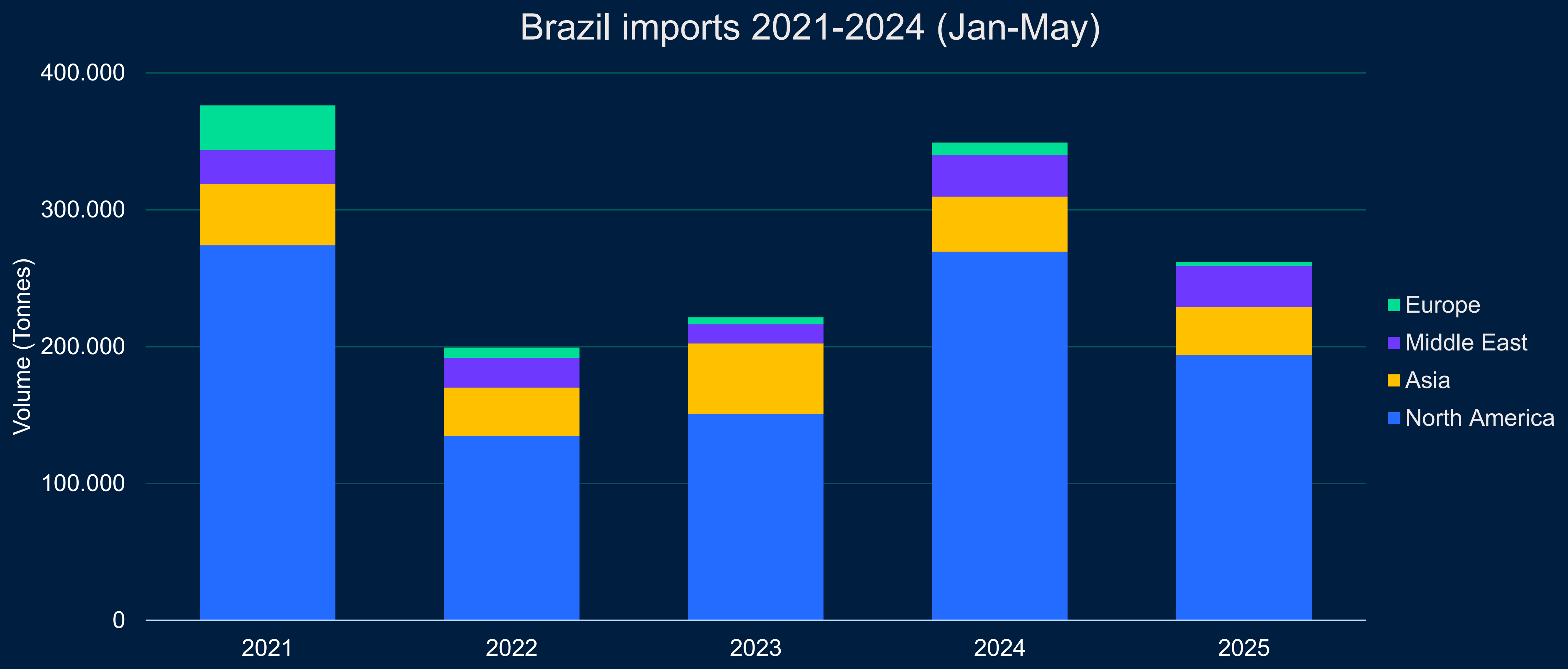
Source: ICIS Supply and Demand Database, US EIA

Brazil import needs rise annually



Source: ICIS Supply and Demand Database

Brazil importing less in 2025 on stronger local supply



Source: ICIS Supply and Demand Database

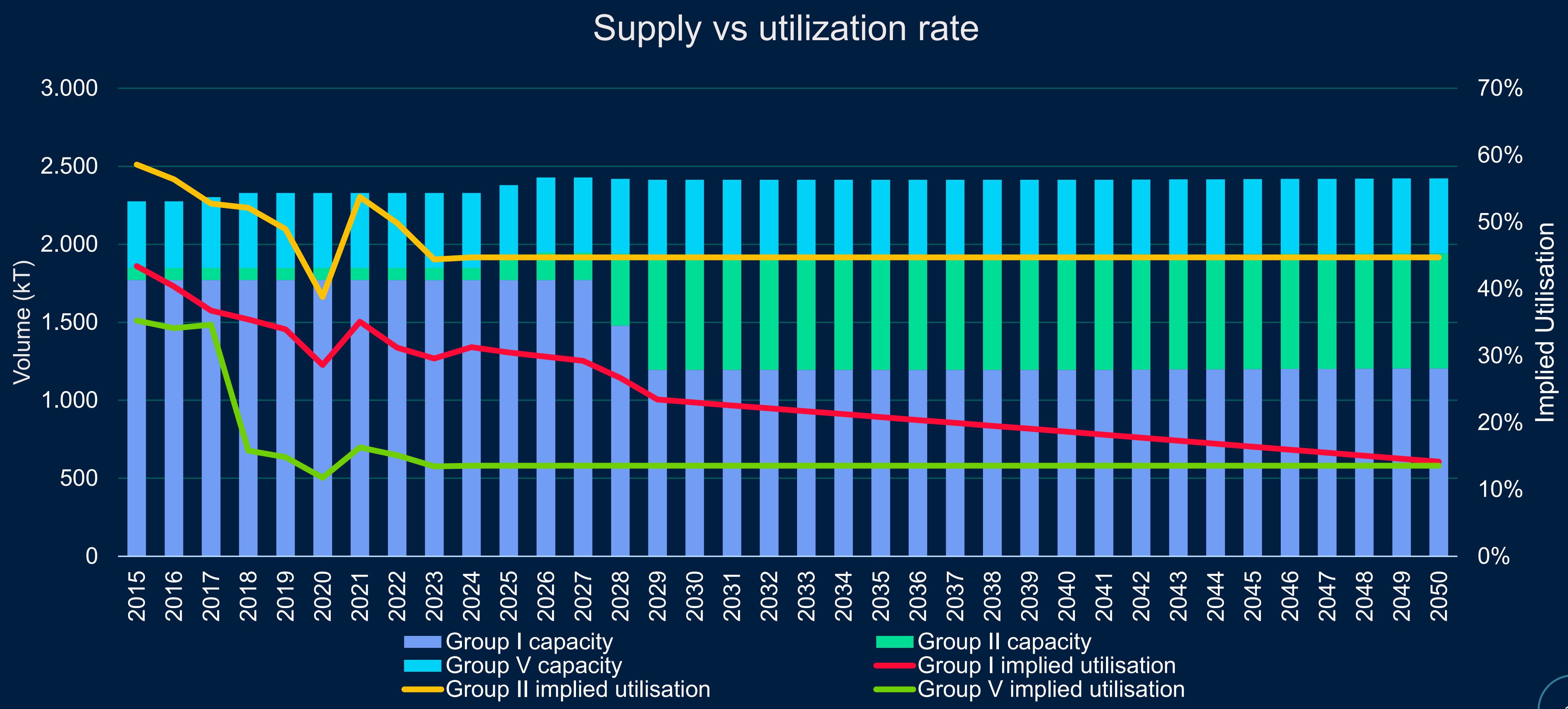
Next wave of GII/GIII capacity adds 3.2m tonnes

1. **Luberef, Yanbu, Saudi Arabia**
   - Existing GI: 283
   - Existing GII: 710
   - Additional GII/III: 300
   - Start-up: Q4 2025
2. **IOC, Gujarat, India**
   - New GII/III: 235
   - Start-up: end 2025
3. **HPCL, Mumbai, India**
   - Existing GI/II: 516
   - Additional GII/III: 250
   - Start-up: 2027-2028
4. **IOC, Panipat, India**
   - New GII/III: 525
   - Start-up: end 2025
5. **IOC, Haldia, India**
   - Existing GII: 235
   - Expanded GII/III: 480
   - Start-up: H2 2025
6. **CNOOC, Taizhou**
   - Existing GII/III: 400
   - Expanded GII/III: 800
   - Start-up: H2 2025
7. **Petronas, Melaka, Malaysia**
   - Existing GIII+: 240-250
   - Additional GIII+: 220
   - Start-up: 2029
8. **ExxonMobil Singapore**
   - Existing GI: 668
   - Existing GII: 1,700
   - Phase II additional GII: 1,000
   - Phase II start-up: H2 2025

Expansion accounts for **5%** of current global GII capacity

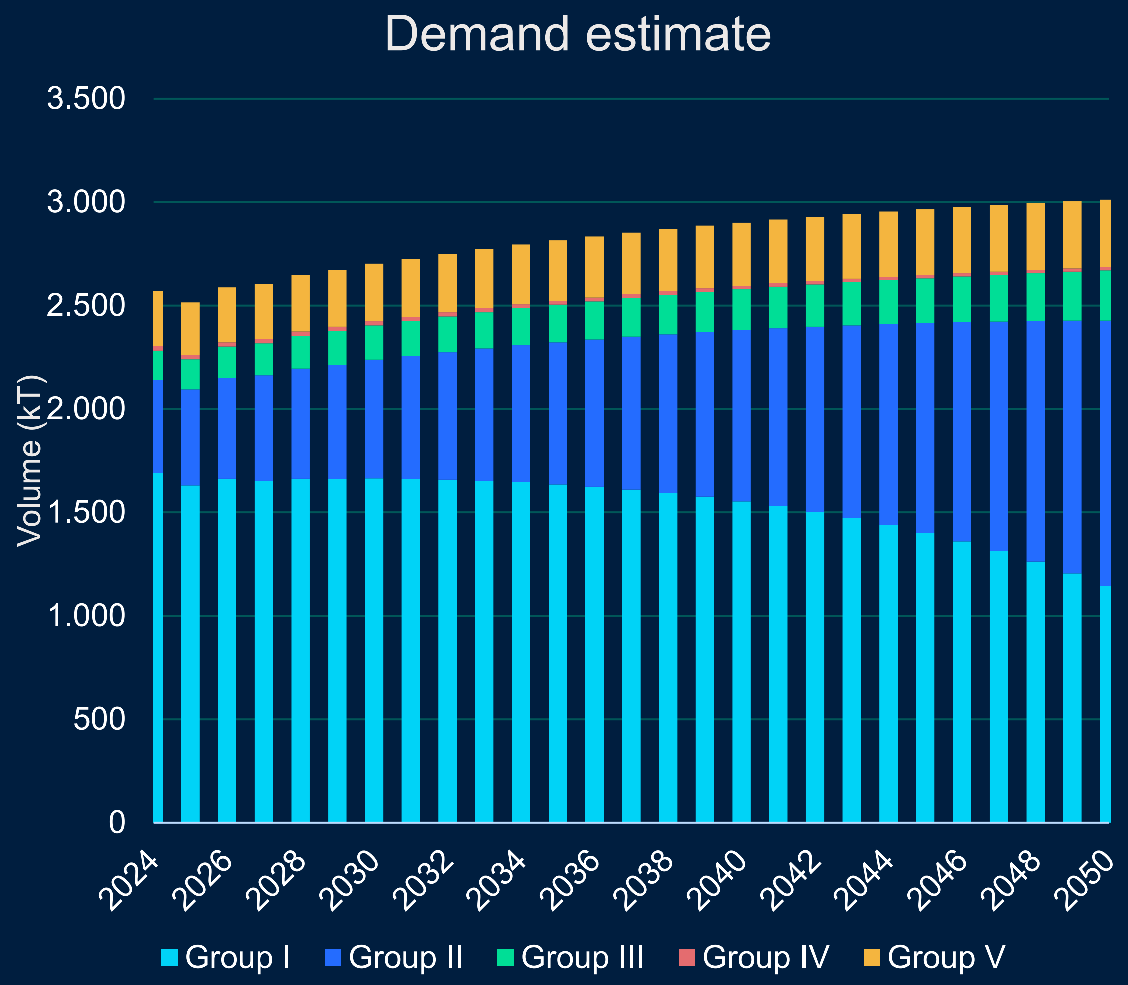
Note: Figures in '000/year
Source: ICIS Supply and Demand Database

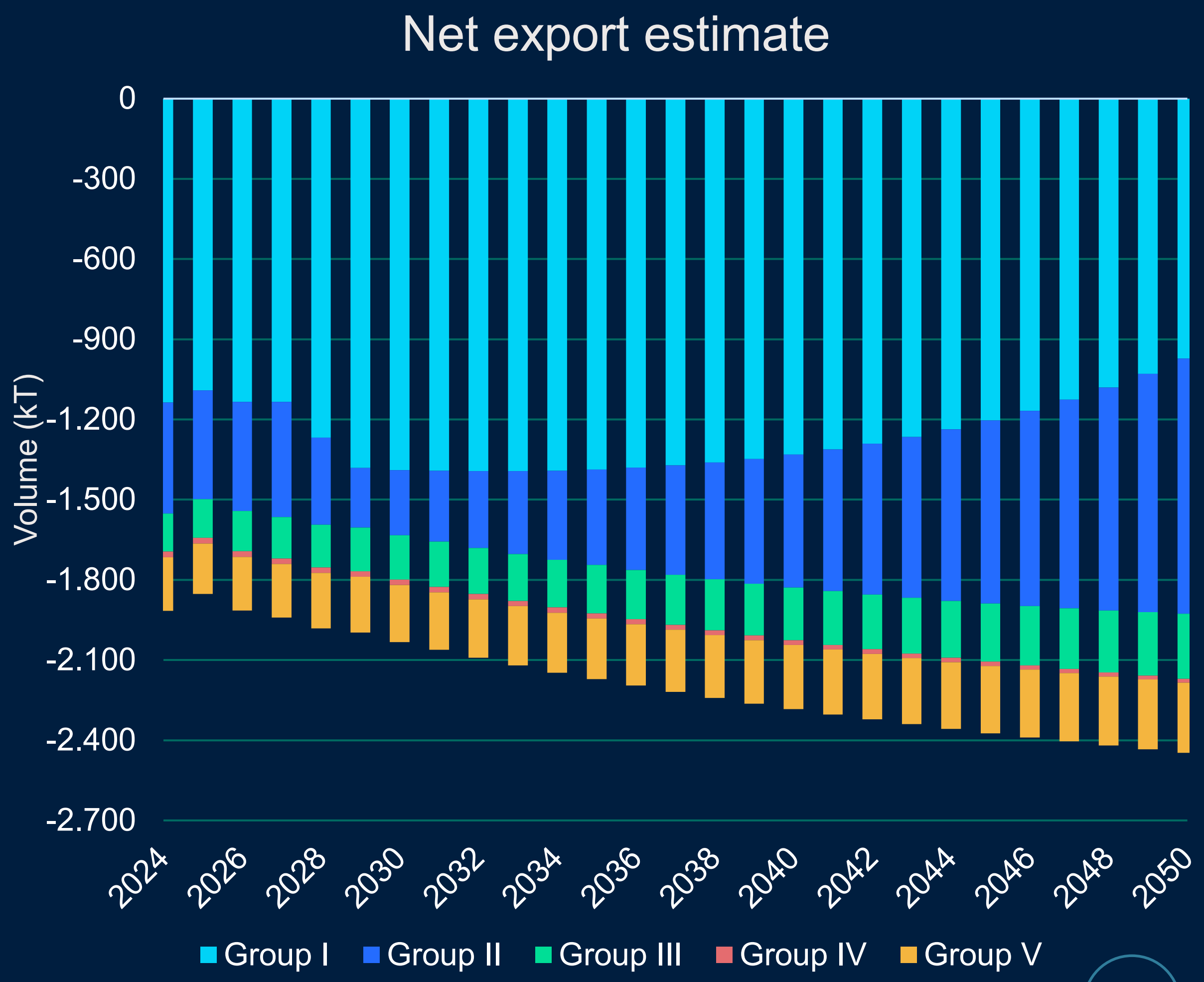
Latin America capacities, implied utilization rates to 2050



Source: ICIS Supply and Demand Database, ANP

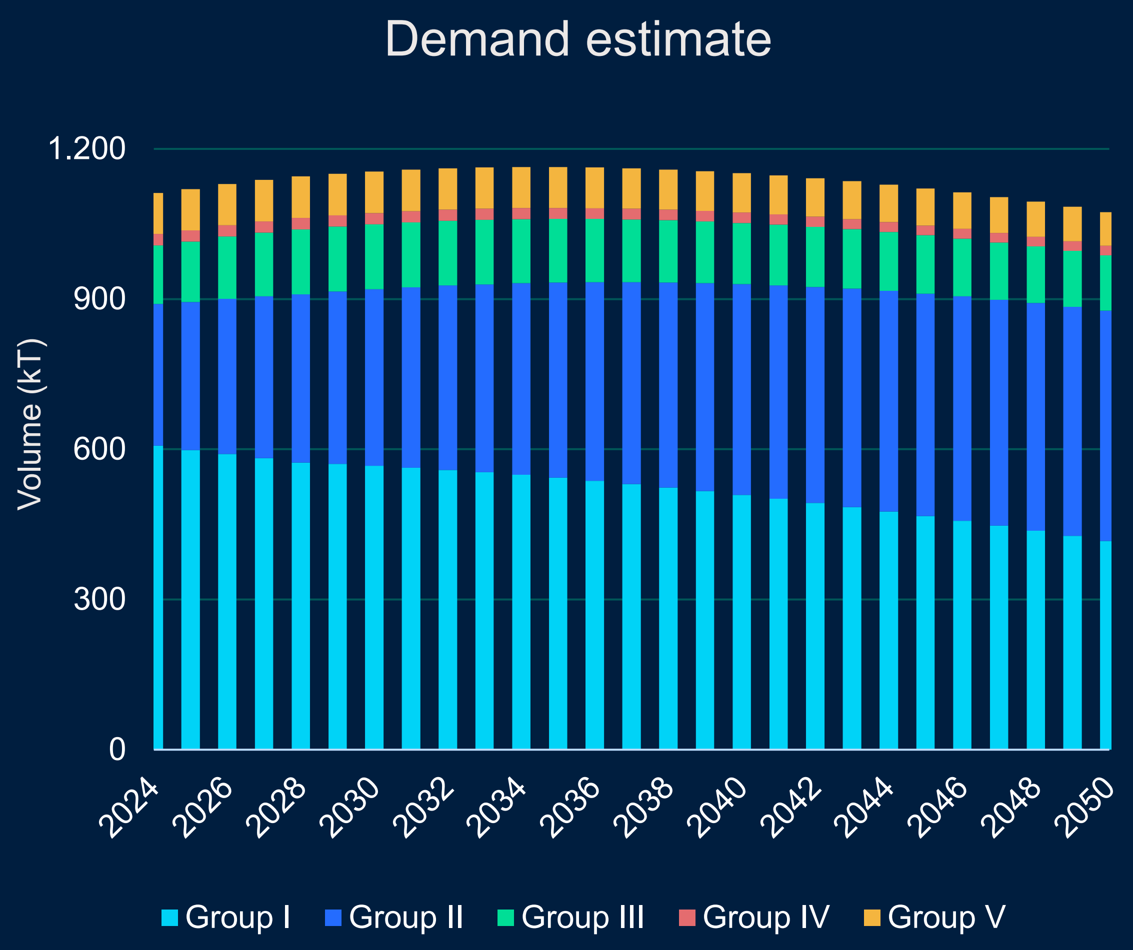
Latin America demand needs to 2050

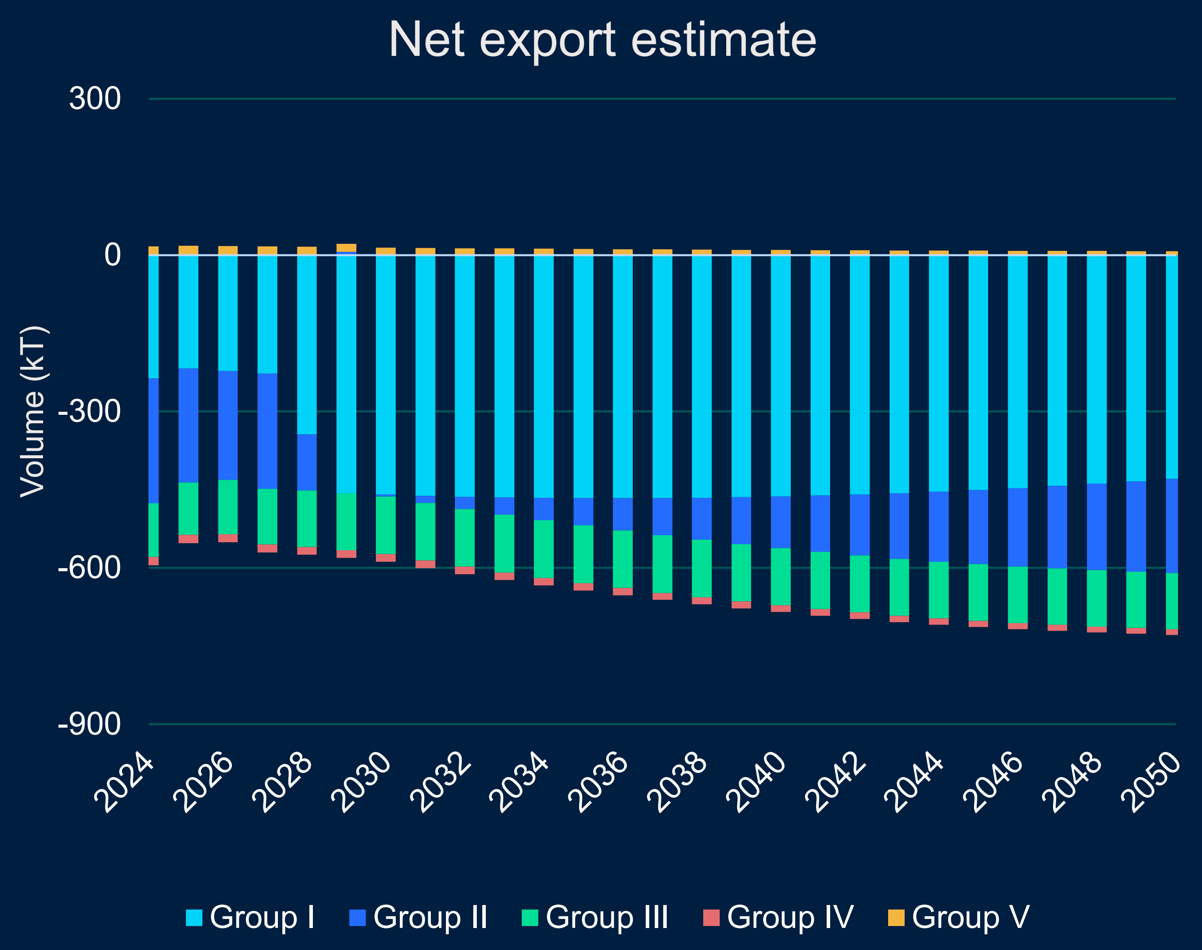




Source: ICIS Supply and Demand Database, ANP

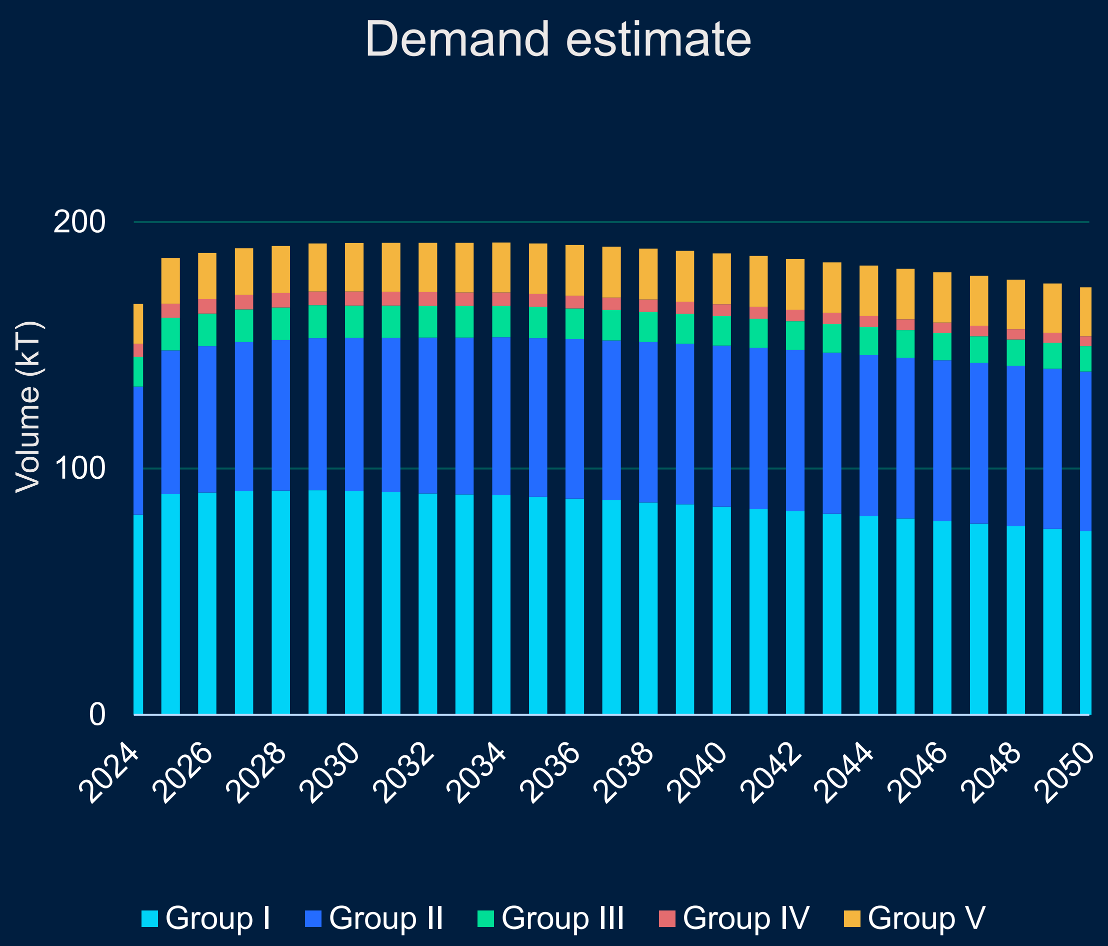
Brazil demand, import needs to 2050

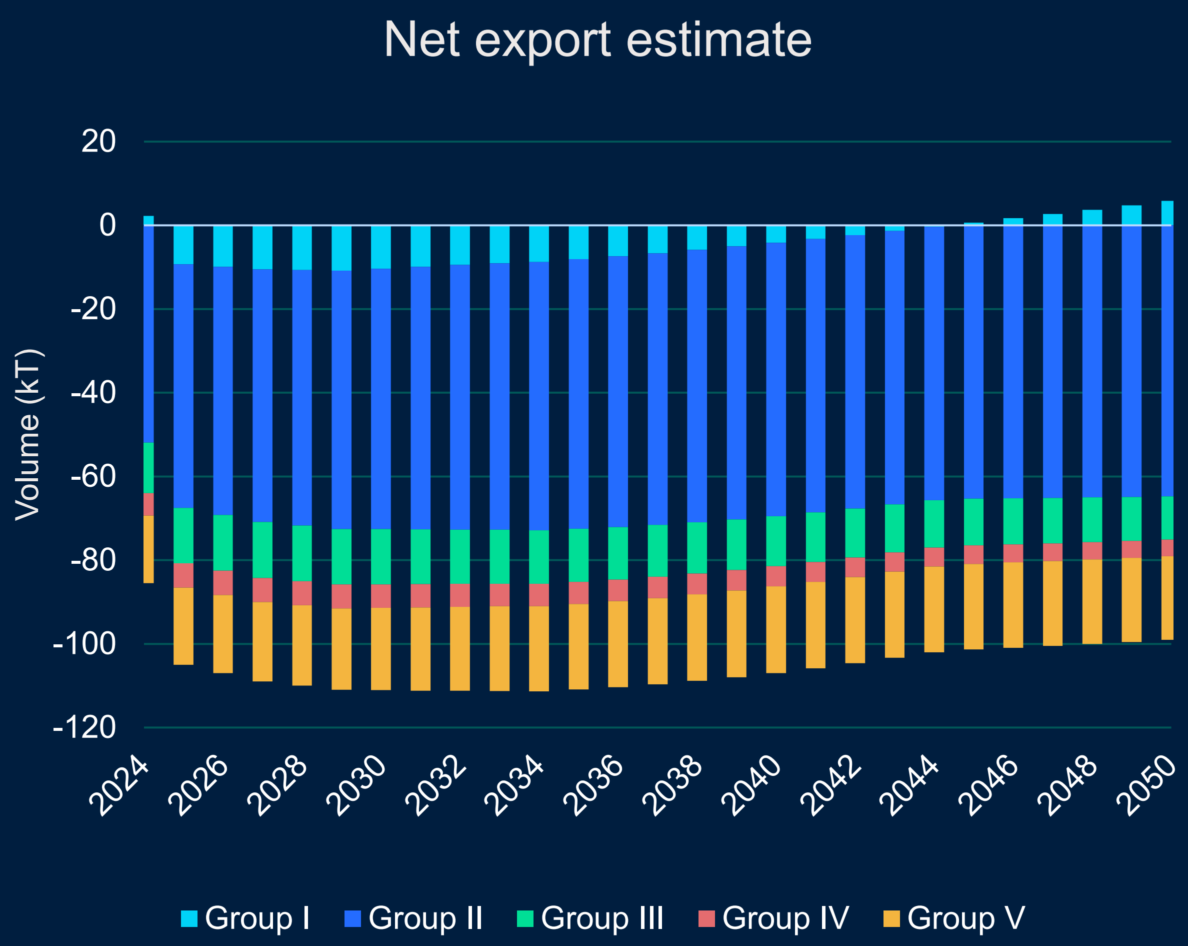




Source: ICIS Supply and Demand Database, ANP

Argentina demand, import needs to 2050





Source: ICIS Supply and Demand Database, METCON

Conclusions

US demand historically low

Low US base oil consumption creates ample export availability, which will be needed in coming years

US exports historically high

US exports record volumes, mostly to the Americas, which may be a further focus if global expansions compete

3.2m tonnes new capacity

New capacity creates competition in traditional markets like India and Africa

LatAm to remain reliant on US

The evolution from Group I to Group II will keep the US at the forefront as a critical supplier

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Thank you