



# DATA DRIVEN COMMODITY TRADING

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## ABOUT US

Pevale is a multi-faceted oil and gas group actively participating in the physical, futures and swap markets. Headquartered in London, UK, our physical trading business is primarily bolstered by strategic alliances with producers and national oil companies in North America, South America, Asia, Europe, the Middle East, North and Sub-Saharan Africa.

Strategically, these partnerships give us unprecedented access to a wider range of products at competitive prices on a consistent basis. Inherently, the benefits of our alliances underscore the competitiveness of the terms we offer our clients, and underpins our commitment to creating additional end to end value for all of our stakeholders.

Pevale focuses on closing the divide between suppliers, refiners and everyday consumers in some of the most remote countries and communities across the world.

Being completely independent offers various advantages in the energy sector. It allows us to gain access to a broader range of products blended specifically to meet our partners unique refinery configurations and demanded feedstock specifications, enhancing yield and ultimate profitability.

This frees our operations from the structural and political constraints which hinder our larger institutionalized competitors. There are no countries, load ports, discharge ports or dry land ports which Pevale cannot reach. It affords us the ability to adapt rapidly to sudden changes in market dynamics, and adjust our focus to remedy the unexpected geostrategic risks which inevitably present themselves year over year.

Refining and physical-market knowledge enhances not only Pevale's crude oil trading capabilities, but also allows Pevale's refined product traders to gain unique insight into a refineries margins and potential arbitrage opportunities across the world's main energy storage hubs, aiming to save our client's money.



Pevale prides itself on providing clients and partners with an incomparable procurement experience on distinctly competitive terms. Our integrated logistics operations and strong relationships with ship-owners allows us to charter tankers in high demand waters and deliver shipments of crude oil and refined products, on-spec and on schedule. Our excellent relationships with financial institutions enables us to provide beneficial structures to our clients.

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## RISK MANAGEMENT



With relatively few people in the market capable of trading LNG, trading talent that is able to identify unconventional sources of supply, and customers, is in hot demand. LNG professionals tend to come out of the major producers, such as Shell, Chevron and ConocoPhillips, but even there, the skillsets are often focused on selling rather than trading. We now see a growing desire in the LNG market globally for people who can not only sell, but also buy, as LNG becomes more like a traditional commodity. In fact, today's LNG market is not unlike the oil market 20 years ago, with more supply coming online, and more commercial, entrepreneurial traders looking to create value.

LNG is growing in popularity around the world, as a cleaner alternative energy source that is in many ways preferable to traditional sources such as coal. Looking forward, LNG appears to be cheaper, cleaner, in more plentiful supply, and its range of uses seems to be expanding into areas like truck and transportation fuel. In the USA, discovery of new LNG sources is opening up supply. With the European markets already oversupplied, buyers are now becoming more powerful. They no longer want to be constrained by long-term supply.

The nature of our business is inherently exposed to risk. This includes market risks, commodity price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. This occurs naturally with volatility in commodity prices and the financial markets abroad. We actively engage in risk management and mitigation activities aiming both to hedge the Groups exposures, and to profit from short-term market opportunities in the paper trading space.

Pevale's energy derivatives team utilizes financial instruments such as futures, options, Over the Counter (OTC) forward contracts, and market swaps for differences related to crude oil, petroleum products, natural gas and more. The various risk management tools are used mainly to cover price risk whilst delivering cargoes to clientele demanding varying price quotation periods.

In addition to the price risk, we use financial instruments to manage foreign exchange risk

and interest rate risk. Prices of oil, natural gas and refined products are generally denominated in, or linked to, U.S. dollars, however in recent times we have seen our counterparts, both oil and gas producers and oil and gas consumers, demanding to transact in alternative currencies and forms of payment such as the Euro, Chinese Yuan or Cryptocurrencies. Our finance team prides itself on flexibility and providing these unique service applications to our clients. We accommodate these niche requests to transact in currencies other than the U.S. Dollar.

Credit Risk is the potential exposure of the Group to losses when counterparties fail to perform or pay due amounts. Credit risks arise from both commercial partners and financial ones. Pevale maintains close contact with various ECA's (Export Credit Agencies), both state and private in order to obtain open credit insurance on each one of our clients, suppliers and service providers. Our in house trade finance experts encourage the use of trade instruments which effectively transfer credit worthiness from our counterparties to the banks which facilitate the high value transactions. Our markets analyst team keeps a close eye on sovereign and political risk changes.



## CRUDE OIL

Our crude trading business relies on long-standing relationships with producers and refiners all over the world. To secure adequate feedstock for our partners operations, Pevale invests upstream by formulating unique financing facilities and structures furnishing much needed capital to provide them with the platform to grow. As production increases, we are positioned to place the additional production downstream with our preferred partners.

Our crude oil division works closely with refinery engineers and inventory managers to understand their specific needs, we then facilitate those needs by procuring crude oil compatible with their distillation units. A close relationship with our client's inventory manager is considered the most important aspect of our business as we strive to create a system of seamless logistics, ensuring our clients production activities are never delayed or compromised.

Pevale and its subsidiaries are actively expanding our presence in the crude oil supply market by furthering cooperation with upstream



producers, allowing for more varied crude offerings.

The group will focus on maintaining its current relationships with key market participants – producers, refiners, logistics companies and storage experts.

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Pevale offers spot, short or long term LNG off-take agreements, tailoring individual solutions which focus on our clients bottom line, paying particular attention to downstream contracts such as power purchase agreements with various electrical authorities. With equity in two natural gas fed co-generation power plants located in New York City, U.S.A. our company has a unique experience of being integrated into the downstream sector of this market. This gives us unique insight into the vulnerabilities of power producers who rely on consistent natural gas supply.

In recent years, there has been a considerable shift in the seaborne gas markets. Low spot prices coupled with greater purchasing power and demand in Asia-Pacific markets has created a space for independent groups like Pevale to provide flexibility, liquidity and transparency to participants.

We work with producers, importers, wholesalers, distributors and industrial users, and supply both via pipeline in liquified form, or under a variety of fixed and floating gas hub indexations, oil indexed formulae and other related

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commodity pricing structures.

When it comes to marketing LNG, intermediaries like Pevale has the advantage of not being weighed down by high-cost investments in upstream exploration, extraction and liquefaction capacity, therefore we can be less cautious whilst supplying countries and companies with lower credit ratings.

We aim to enter into long-term supply and sale contracts with our clients, offering to respond promptly to our customers varying demands. Our LNG business is part of the integrated cross-commodity multi-solution service package we provide to both producers and end-users in the oil and gas industry.



# SHIPPING

Pevale's Maritime Logistics team arranges shipping and freight services to our various commodity trading arms. It operates as a separate service provider securing competitive and reliable freight for our in-house energy trade routes.

Our freight trade teams are experienced in organizing leased time-chartered vessels and negotiating spot fixings to manage physical freight positions for our clients and partners. Our global presence gives us strong insight into freight and commodity market trends. We manage risk using bunker swaps and Forward Freight Agreements (FFAs).

Our commodity purchase and sales teams rely on real-time freight pricing to structure transactions for our clients. Freight specialists are embedded in our trading teams and understand the demands of a competitive supply chain. Our freight professionals are in constant dialogue with various trading desks, brokers and ship owners to knowledge of traders' requirements helps shape freight trading strategy and capacity planning.

Our clients can elect to buy commodities and freight together, on Cost, Insurance and Freight (CIF) instead of a Free On Board (FOB) incoterm basis. They can also elect to buy commodities on



many of the different incoterms which involve multi-modal transport bookings.

Geographically, there are very few places Pevale's freight team has not been able to successfully ship. From the middle of Africa, to far up the Amazon river, to some of the busiest ports in China, the freight team has developed relationships with third party logistics providers who are both reliable and cost effective.

All post-fixture operations, which include issuing voyage orders, completing stowage plans, negotiating with port agents and handling demurrage claims are managed centrally from our London office.

**OUR GLOBAL PRESENCE  
GIVES US STRONG  
INSIGHT INTO  
FREIGHT AND  
COMMODITY  
MARKET  
TRENDS.**







## DISTILLATES, FUEL OIL, NAPHTHA AND GASOLINE

WE SUPPORT  
TRADE BETWEEN  
LATIN AMERICA,  
AFRICA AND  
THE FAR EAST.



Pevale not only delivers crude oil to refineries, but also offers to off-take the refineries production of middle distillates if they are intended to be re-exported into international markets. This gap in service stems from the daily global structural imbalance in the supply and demand for products such as Jet Fuel, Kerosene, Gasoil and Diesel.

We aim at adding value by supplying each of these products on favorable terms to a variety of downstream consumers and distributors alike. We trade a full range of distillates, low and high sulphur.

We use exclusive tank storage agreements in frequently serviced markets so we can blend and produce products which adhere to local demand. We adapt rapidly to changing specification requirements to maximize flexibility to our coveted clientele.

Fuel Oil comprises a large part of our overall energy product portfolio. Our team has built a significant and sustainable feedstock business to couple with the close ties to end-users in the bunker market. Our strategic partners include fleet owners, distributors and bunkering compa-

nies. We use our expertise to help producers to optimise the value of their streams.

Naphtha liquids are a key feedstock for gasoline and are used broadly within the petrochemical and chemical industries space. Our clientele includes refiners, petrochemical companies and other industrial manufacturing operations. We support trade between Latin America, Africa and the Far East.

Gasoline deliveries and consumption are growing in a linear trajectory with the growth patterns seen in developing countries across the world. Pevale is determined to meet these demands head on while simultaneously seeking out new shipping routes and markets for our refining groups and counterparts. Our close



# PETROCHEMICALS AND BY-PRODUCTS

Petrochemicals are an essential part of the chemical industry. The final consumer never sees these chemicals as they undergo several transformations before becoming part of the final product the consumer buys. They play a fundamental role in many areas of our everyday lives from their presence in household goods, electronics, medicines and renewable energy. Pevale has built a leading position in global petrochemical and logistics supply solutions, since the start of business in Canada in 2009 by a one of our subsidiaries. Over the years we have grown into a global company with local reach across the world.

Our customers come from all sectors of the chemicals industry and all parts of the world. We provide a complete service, from sourcing and acquiring products to transporting and delivering them. We handle a wide range of petrochemicals gases and liquids, from bulk liquids and gases to first- and second-line intermediates and bio fuels.

Our portfolio and the scope of our activities have broadened to service the new and innovative applications being developed in the downstream olefins, polymers, aromatics, alcohol's and intermediate markets.

Two major by-products of oil refining activities are sulphur and bitumen. Pevale is well versed in the trade of both products, having worked extensively with the fertilizer, mining and infrastructure companies that use each product respectively.

Sulphur is a pale yellow, odourless, brittle solid, which is insoluble in water but soluble in carbon disulphide. Most of the sulphur that is produced is used in the manufacture of sulfuric acid ( $H_2SO_4$ ). Large amounts of sulphuric acid, nearly 40 million tons, are used each year to make fertilizers, lead-acid batteries, and in many other industrial processes. Sulphuric acid is also used in the first steps of metals refining by acting as a leaching agent, effectively separating base metals contained in ore bodies from the other silicate materials.

Bitumen is a product of Crude oil Distillation. It is a semi-solid hydrocarbon product produced by removing the lighter fractions (such as liquid petroleum gas, petrol and diesel) from heavy crude oil during the refining process. As such, it

is correctly known as refined bitumen. Bitumen is commonly known as "asphalt cement" or "asphalt". While elsewhere, "asphalt" is the term used for a mixture of small stones, sand, filler and bitumen, which is used as a road paving material. The asphalt mixture contains approximately 5% bitumen. At ambient temperatures bitumen is a stable, semi-solid substance.

**PEVALE HAS BUILT A  
LEADING POSITION IN  
GLOBAL PETROCHEMICAL  
AND LOGISTICS SUPPLY  
SOLUTIONS, SINCE THE  
START OF BUSINESS  
IN CANADA IN 2009  
BY A ONE OF OUR  
SUBSIDIARIES.**







## FINANCE

# WE HAVE EXCELLNET REATIONSHIPS WITH THE LARGEST TRADE FINANCE INSTITUTIONS AND HAVE JOINED WITH PIONEERING BLOCKCHAIN FIRMS TO EVOLVE COMMODITY TRADING

Pevale was formed by managers of a multi-billion-dollar quantitative investment fund and experts in the trading of physical energy products. With extensive resources in financial markets, and ample capitalization, the company has liquidity to purchase, store, transport and deliver crude oil, gas and distillates on its own accord.

Pevale's strong balance sheet and extensive banking relationships gives us scope to support our counterparties with prepayment agreements, tolling agreements and alternative forms of financial support. Commodity producers use prepayment financing structures to obtain liquidity and improve cash flows to allow continued production or increased production of their products. We monetise the future production of

commodities for producers and refiners.

Furthermore, for financially approved partners, we can offer flexible payment options for product delivery on varying incoterms. We have the financial capability, coupled with the risk management strategies, to effectively operate in volatile markets.

We are well versed in all respects to UCP 600 and the upcoming changes to the ICC INCOTERMS 2022. Our intimate knowledge of letters of credit and different payment instruments, as well as credit insurances allows us to give flexibility in the sale process.

We have a firm understanding of the international banking services which are used to execute our trade agreements; Factoring and Forfaiting Services, Confirming Letters of Credit, Advising on Letters of Credit, Executing Back to Back Letters of Credit, Stand-By Letters of Credit, Discounting Deferred Letters of Credit, Advising on Documentary Collections, Analysis of Documents and Discrepancy laws, Risk Management Services and Open Account Programs.





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