

## Petroplus Group Enters Insolvency Proceedings

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Petroplus, the largest independent refiner and wholesaler of petroleum products in Europe entered into various insolvency proceedings in Switzerland, England and Wales, France, Germany and Belgium on 24-27 January 2012 after the group failed to reach agreement with its creditors to extend the deadline of its loan repayments.

On 24 January 2012 the parent company, Petroplus Holdings AG, announced that it and its subsidiaries had received notices of acceleration from the lenders under its financing facilities following unsuccessful negotiations to reopen credit lines to the group. The company further went on to say that such acceleration notice triggers default under \$1.75 billion of senior notes and convertible bonds. Trading of Petroplus Holdings AG's shares on the Swiss SIX exchange was suspended on Monday, 23 January 2012.

### **England and Wales**

On 24 January 2012 PWC partners Steven Pearson and Stephen Oldfield were appointed as joint administrators of Petroplus Refining and Marketing Limited and Steven Pearson and Ian Green were appointed as joint administrators of Petroplus Refining Teesside Limited.

The administrators act as the company's agent and it is their duty to take control and possession of the assets of the company. They owe their duty to the body of creditors as a whole. The administrators derive their powers from English insolvency legislation and they do not need to seek the approval of a judge in carrying out their actions.

A statement by PWC said that "the Petroplus group has faced well documented refinancing challenges and suffered as a result of low refining margins and high restructuring costs."

Petroplus is a key-source of petrol for London and the South East of England.

## **Switzerland**

The Swiss parent company, Petroplus Holdings AG and its Swiss subsidiary Petroplus Marketing AG filed for composition proceedings (Nachlassstundung) in Switzerland on 25 January 2012. The composition proceedings were granted and the Swiss court appointed Brigitte Umbach-Spahn and Karl Wüthrich, partners at law firm Wengen Plattner Rechtsanwälte, as administrators (Sachwalter) for the assets of the those companies. An English receiver was also appointed over the assets of the Swiss companies physically located in the UK.

## **France**

Petroplus' French subsidiary, Petroplus Raffinage Petit-Couronne SAS was placed in "redressement judiciaire" on 25 January 2012. The purpose of this procedure is to safeguard the company's business, maintain its activities, protect its employees, and clear its debts. Emmanuel Hess and Hélène Bourbouloux of Selarl FHB have been appointed as judicial administrators over the company and will be focusing on either:

- enabling the company to implement its own reorganisation plan, if it can demonstrate that it will be in a position to repay its creditors over a period of no more than 10 years; or
- enabling potential acquirers to present offers in relation to the company's business.
- Other independent insolvency proceedings have been opened against Petroplus Holdings France SAS and Petroplus Marketing France SAS by the Tribunal de Commerce de Nanterre.

## **Germany**

On 25 January 2012 Petroplus announced that its German subsidiaries, including Petroplus Raffinerie Ingolstadt GmbH which owns the Ingolstadt refinery, filed for insolvency proceedings with the local court of Ingolstadt. The court appointed Dr. Michael Jaffé in Munich, Germany, as preliminary insolvency administrator for the assets of these companies on 24 and 25 January 2012, respectively.

Dr. Jaffé was appointed as a so-called "weak" preliminary insolvency administrator, which means that the current management formally continues to operate the business but that any transactions require the preliminary insolvency administrator's approval. The court has instructed Dr. Jaffé to evaluate whether the companies' assets are sufficient to commence "final" insolvency proceedings.

## Belgium

On 27 January 2012 Petroplus announced that its Belgian subsidiary, Belgian Refining Corporation N.V. which owns the Antwerp refinery, has filed for judicial reorganisation proceedings. According to news reports, the Antwerp refinery has stopped operating after a shutdown procedure was initiated.

We have a dedicated team, with expertise in insolvency, financing and commodities. We can advise clients who may be exposed to Petroplus or who are considering transactions with the Petroplus group in the UK, Switzerland, Germany or France. If you would like help with this evolving situation, please contact Richard Swinburn and Georgia Quenby in the first instance.

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