



## LUBEFUSION PROFILE DOCUMENT

### Our Background

LubeFusion is a brand manufactured by PaceOil Cc which is also into blending of alternative light fuel oils. The company is strategically located in the West Rand in Gauteng, the heart of Industry, to ensure centrality for distribution purposes.

From a humble beginning, in 1992 in Vereeniging, PaceOil Cc was conceived and operated for one year before relocating to its current Krugersdorp premises in 1993. In the same year, the partners saw an opportunity for a strategic vertical acquisition and bought equity into The Old Oil Man which itself had been operation since 1989. It was not until 2009 that the partners acquired 100% equity in The Old Oil Man resulting in the full ownership of the two subsidiaries operating independently to ensure maximum efficiency.

With strategic suppliers like FFS and Sasol fuels, PaceOil Cc has grown from just two partners and one employee to four partners and at least fifteen employees. PaceOil Cc has also built a customer base of at least 100 customers of alternative fuel oils ranging from bakeries, dairy processors, meat processors, foundries, asphalt industry and the general manufacturing industry. Some of the clients include Transnet, Murray & Roberts, Grinaker and various others. It is a BEE certified company with a level eight certificate.

LubeFusion is a brand under PaceOil Cc, founded in the year 2010 as part of the Group's business diversification strategy with a vision to provide the local and regional markets with a wide range of value for money type lubricants, tailor made to suit local conditions. We believe that local challenges are best solved by locally formulated solutions, hence the move to blend our own lubricants using world class additives and virgin base oils coupled with appropriate technologies.

### Mission, Vision & Values

The world is changing all around us and in order to continue thriving as a business into the future, we must look ahead, understand the trends and forces that will shape our business and move swiftly to prepare for what's to come. We must get ready for tomorrow today. Creating a long-term destination for our business and providing us with a "Roadmap" for winning together with our stakeholders.

### LubeFusion Mission

Our Roadmap starts with our mission, which is enduring. It declares our purpose as a company and serves as the standard against which we weigh our actions and decisions.

- To provide every machine in our target markets affordable lubrication and ancillary products/solutions.
- To make lubrication and ancillary products accessible to everyone in our target markets.
- To create value through promotion of entrepreneurship and business partnerships within our communities and beyond.
- To promote socially and environmentally responsible use and disposal of used oils within our industry.



# LubeFusion

lubricant solutions at work

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## Our Vision

Our vision serves as the framework for our Roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.

**LubeFusion envisions being the most accessible, visible, cost leader in its targeted markets providing value for the customer in a socially and environmentally responsible and profitable manner, within the community we operate in and beyond through:-**

**People:** Be a great place to work where people are inspired to be the best they can be.

**Portfolio:** Bring to our target markets a portfolio of high quality yet **cost effective brands** of lubricant solutions and allied products **that work**.

**Partners:** Nurture a winning network of customers, distributors and suppliers, together we create mutual, enduring value.

**Planet:** Be a responsible company that makes a difference by ensuring that waste oils do not harm the environment through our subsidiaries specialising in hydrocarbon waste disposal.

**Profit:** Maximize long-term return to shareowners and stakeholders while being mindful of our overall responsibilities.

**Productivity:** Be a highly effective, lean and fast-moving organization.

## Lube Fusion Values

Our values serve as a compass for our actions and describe how we behave in our business environment.

**Leadership:** The nature to inspire change for a better future.

**Collaboration:** Leverage on smart and collective efforts.

**Integrity:** Representing truth.

**Accountability:** Individual intrinsic effort towards change.

**Passion:** Committed in heart and mind

**Quality:** What we do, we do well

## Market Focus

- Focus on needs of our distributors, customers and business partners
- Get out into the market and listen, observe and learn
- Possess a world view
- Focus on execution in the market place every day
- Being insatiably curious and accessible.
- Satisfy and service the needs of our customers, suppliers and partners.



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## Medium Term Plans

### Production capacity

The brand has grown to an extent that in the last quarter of 2015, PaceOil bought new, bigger premises in Chamdor (still in the West Rand). This will see production capacity increase by at least seven times more than the current capacity of 80,000L/month to more than 600,000L/month. This is also enabled by the capital investment over the past year into full on packaging lines which cover 20L, 5L, 1L, 500ml and 200ml pack sizes. Plans to also increase capacity in other ancillary products in order to further gain economies of scale are under way and these will be implemented during the 2016-2017 financial year.

### Synthetic and semi-synthetic lubricants

In the medium term, LubeFusion will maintain their original production facilities (just at the new site) in order to widen the product scope and make synthetic and semi synthetic lubricants available for our tech savvy customers who are currently paying a premium for such products. This will ensure a true one-stop-shop for lubricants with enough flexibility to provide customers with their exact needs without any frill costs.

### Ancillary products

LubeFusion has already embarked on a strategy to be a one-stop-shop for a variety of other ancillary quality products used in industry in order to provide an all-in-one excellent seamless service experience for our customers. These include hand cleaners, degreasers, coolants, greases, car wash and general purpose detergents among other products.

### Packaging

We have capabilities to pack from Bulk loads, 1,000L BICs, 210L, 20L, 5L, 1L, 500ml down to 200ml packs all in **PLASTIC CONTAINERS** in order to save our customers on cost of packaging.

### Modes of market entry and expansion

It is one of our objectives to offer business opportunities to enterprising distributors/businesses in the industry for "in-house" branding or toll blending of our lubricants to enable us to reach out to geographical areas which would otherwise be inaccessible to us.

### Existing Operational Strategies

LubeFusion is currently out in the market for distribution partnerships in order to fast penetrate the market. We have already set up blending facilities for most types of lubricants and other ancillary chemical products backed by a fully qualified team who include chemists, engineers and technicians. The technology for ensuring quality products is in form of a functional laboratory which is capable of conducting the required release tests for our lubricants, managed by a qualified chemist with a keen and active interest in tribology. We regularly send our samples for testing to third party tribology laboratories in order to maintain independence of verification and also satisfy ourselves that we are indeed a quality blender. Procurement of base oils and additives is done through reputable local representatives of various international manufactures who include Oronite (Chevron), Afton, Dow Chemicals, Lubrizol, BRP International, Caltex and Shell. The variety of suppliers ensures that we never run out of raw materials hence convenience for our valued customers.



## Market foot print

We have currently over one hundred loyal and satisfied customers using LubeFusion products all over South Africa and in the Southern African region. Some of them are as follows:

- 1) Hydro Power Equipment (HPE)-Pioneers in use of hydro powered equipment in the mining sector since 1985, with an international presence.
- 2) Lone Rock Construction-Civil engineering and bulk earthworks company operating in South Africa and Zambia
- 3) Interland Distribution-A logistics company specialising in high bulk goods transportation across South Africa.
- 4) Vibro Bricks and Paving- Specialists in the manufacture of concrete kerbs, paving and bricks for domestic and industrial use.
- 5) Icon Earth Works- Bulk earthworks, civil engineering and construction of commercial, industrial and mining sectors.

These are some of our highly satisfied clients who will testify on the reliability of our service and product quality.

## Product scope

LubeFusion has the technology to blend consumer and commercial automotive, industrial and mining lubricants and other ancillary chemical products as tabled below:

Item	Description/API Performance
SAE 5W30, 5W40,10W40,15W40,20W50	CG4/SL, CH4- CI4/SL,CF4/SF,CG4/SL,CF/SF,SF/CF4
SAE 15W40 & 10W30	Super Tractor Universal Oil API CG4/SF and GL4 & Universal Tractor Transmission oil (UTTO)
Automotive and Industrial Gear oils SAE 80W,90, 85W140,ISO150-680	API GL4 & GL5
Compressor oil	ISO 32, 46, 68, 100
Hydraulic oils	ISO 32-680
Circulating oils	ISO 32-100
Slideway oils	ISO 32, 46, 68, 100, 150, 220
Chainsaw/Cutterbar oil	LFC 100,LFC130
2-Stroke oils	Mineral and semi synthetic oil based
ATF DXII,III	virgin oil based
Antifreeze	Si and nitrite free
Degreasers/Engine cleaner/Car wash	Water base and solvent base
Hand cleaners	Grit, no grit type
Greases	General Purpose LEP 1& 2, Wheel bearing 3, Vehicle chassis 00 & 1, Open and closed gear 00, 2 and Special Moly-disulphide grease.
Brake Fluids	Dot 3 & 4



## Proposed Strategic Options

### 1) Distributorship

This is where by LubeFusion takes the responsibility of manufacture, pack and deliver products to your warehouse as and when you need them.

- i. There is an option to distribute LubeFusion branded products where there is manufactures' corporate logo on all advertisement materials e.g. labels, data sheets, brochures etc.
- ii. The second option is to have in-house branded products i.e. your chosen brand name on all the products you will distribute **NOT** bearing LubeFusion's name or logo on any of the materials used to promote the products.

This will entail a sales distribution agreement with its terms and conditions to be discussed and agreed on.

### 1) Bulk manufacturing option

This is where by LubeFusion undertakes to manufacture products in bulk for the distributor for delivery to its premises. This will take away the responsibility of packaging from LubeFusion and allows "the distributor" to also brand the various products according to their own strategies.

This option entails a manufacturing agreement with its terms and conditions to be discussed and agreed on.

### 2) Toll manufacturing option

This is where LubeFusion takes the responsibility of manufacturing and possibly packaging with all raw materials provided by "the distributor". Branding will be the sole responsibility of "the distributor" for this option.

The option will entail a toll manufacturing agreement with its terms and conditions to be discussed and agreed on.



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## Projected Benefits

The above options will certainly result in synergistic benefits in a variety of ways and some immediate ones are below:-

- Any of these options will cut costs in that the products will be manufactured locally.
- There will be increased flexibility on the product range which translates into better customer satisfaction.
- Products can be engineered to meet customer specified needs
- Shorter response times compared to importing finished products.
- The business partnership will ensure quicker market entry and establishment for both companies thus a win-win scenario.
- It will form a platform for further collaboration in future as there are other projects where synergies will benefit both companies.

## References

Please refer to our sister company's website for more information you may require.

The Old Oil Man: [www.theoldoilman.co.za](http://www.theoldoilman.co.za)