Prax looks towards cleaner fuels and methods with revenues of £4.6b in first year of refinery operations

The first year performance of Lindsey Oil Refinery under new owner Prax has been reported financially, with enthusiasm underlined for cleaner fuels and production.

The North Killingholme site returned a £3 million profit, after a £195 million loss in 2020/21. Huge variations are not uncommon in the sector, with major shutdowns and huge upfront costs on a cycle, while the price and demand for oil also plays a huge factor – with volatility through the Covid pandemic.

Results for the year to February 28 – the exact 12 months on from the purchase from Total – showed revenues of £4.6 billion and an operating profit of £13.4 million.

Read more: Prax Group enhances liquidity position as refinery welcomes carbon capture scheme success

Covering a 500-acre site, LOR is one of Europe’s most advanced refineries, processing more than 20 different types of crude including, petrol, diesel, bitumen, fuel oil and aviation fuels, which are transported across the UK and abroad by sea, road, rail and pipeline.

Prax took on the huge site with one gasoline production unit down, and when re-started a further issue was discovered that saw repair stretch into April and May – with an £18 million hit to margin. Since then it has been fully operational, with a £47 million reversal of an impairment on assets also aiding the bottom line.

In the strategic report accompanying the results, director Winston Soosaipillai said: “Integrating the refinery into the Prax sales organisation has allowed us to direct more product domestically as well as through a wider customer base, providing us with benefits in transport costs and margin. Prax has actively optimised the crude diet further improving refinery profitability.”

Average throughput volumes of 510kT per month have been achieved, and following an inspection and maintenance outage in August – post reporting period – it can now be increased by a further 100kT.

Prax Lindsey Oil Refinery on the South Humber Bank.
(Image: Prax Group)

Process capacity rate hit 63 per cent, up from 52 per cent in 2020/21. “The increase in the period is due to the recovery from the prior year lower refinery throughput due to the reduced demand resulting from the Covid-19 restrictions," Mr Soosaipillai said.

Looking ahead, he added: "We have continued to nurture our strong reputation with consumers, along with our loyal customer base that we believe results from our innovative and comprehensive product and service portfolio that provides an excellent experience. We believe that we can leverage our established presence across the UK and our existing infrastructure and asset base to access new revenue-generating opportunities, including through the provision of additional products – including carbon-neutral products – and services."

Selection in the government-led carbon capture utilisation and storage sequencing round was also highlighted, as one of 20 projects to proceed to the due diligence stage to potentially access government funding.

Mr Soosaipillai added: "The proposed plan will see innovative CCUS technologies employed to accelerate the Prax Group's decarbonisation ambitions, facilitated by connection to CO2 pipelines and storage under the North Sea. In addition, these technologies will provide an opportunity for nationally important energy infrastructure to participate in the energy transition. The project is set to be a boost not just for the refinery but for the Humberside area more generally, and will support jobs and investment."

Prior to the pandemic, for 2019, with the financial year then aligned to the calendar, LOR returned a £2 million profit on a £2.8 billion turnover, with output affected by significant planned maintenance work. That cost had seen a £10 million loss in the previous year.

Prax has been a long-standing partner of Total, where 409 people are directly employed, while a strong contractor workforce is also relied upon.

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