

Graphene Nanochem

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UPDATE - Graphene Nanochem in advanced debt restructuring talks

---ADDS DETAIL AND COMMENT---

Oil and gas sector focused nanotech firm Graphene Nanochem (LON:GRPH) said talks with partners on restructuring its debt are well advanced as it continues to focus on higher margin products.

As previously reported, the group is in discussions with financiers to restructure current borrowings of £18mln to align its debt maturities with current growth plans.

"We are very focused on achieving this in the shortest possible time," chief executive Jespal Deol told Proactive Investors following the publication of interim results.

He said the restructuring would allow the company to conserve cash while continuing to invest in two growing lines of business - oil services and water treatment.

The debt plans wouldn't involve "significant investor dilution", Deol added.

Graphene Nanochem is gaining significant traction for its high performance drilling fluids and lubricants enhanced with graphene nanomaterials.

These next generation products are proven to reduce costs by enabling crews to drill oil wells faster, improving output levels and extending the shelf life of some very expensive pieces of equipment.

This should be music to the ears of the majors and national oil firms that have been hit hard by the 50% decline over the past year in the value of a barrel of crude.

While this is not a particularly glamorous segment, be in no doubt this is a huge market.

Analysts estimate the enhanced oil recovery industry is worth US\$38bn a year currently and is growing at a compound annual rate of 29%.

Not that the company's current valuation - a miserly £20mln - recognises this potential, or that the model is de-risked commercially thanks to a joint venture with Scomi Oiltools, Asia's third largest oilfield services company and a world player.

Through this partnership it has access to 22 different countries and 67 separate locations.

Scomi for its part is on the record as saying that GN's products are integral to its drill fluid offering.

Price: 13.63p

Market Cap: £25.85M

1 Year Share Price Graph



Share Information

Code: GRPH

Listing: AIM

52 week High Low
62p 11.75p

Sector: Technology Hardware & Equipment

Website: www.graphenenanochem.com

Company Synopsis:

Graphene Nanochem plc is a nanotechnology commercialisation company that designs, formulates, manufactures and markets a range of nano-enhanced solutions, from chemicals to performance materials with improved performance characteristics, focusing on the oil and gas sector.

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Earlier this month it won an order for its PlatQuartz lubricant additive from Scmi worth US\$390,000. The additive will be deployed to an oil and gas company in India for a 3-well drilling programme.

The focus for 2015 and 2016 financial years will be to continue to leverage this partnership, it said.

Water treatment offers an even bigger opportunity, valued at US\$180bn - working with upstream and downstream oil and gas as well as in the general water treatment market.

A longer term opportunity, the company is in various testing and commercial discussions with potential customers for its PlatClean product in the Middle East.

PlatClean is designed to provide a complete solution for handling segregated and combined waste streams.

It uses GN's patent-pending membrane system that will enable a twofold improvement compared to conventional systems and make it cost-effective and with a smaller footprint.

The interim results revealed the loss before tax widened in the six months to end June to £3.7mIn from a loss of £3.5mIn in the same period of 2014, while revenues fell to £7mIn from £20.4mIn.

CEO Deol said: "This has been a period of further growth for the group, as we continue our focus on executing opportunities in higher margin products within the performance chemical & material businesses with growth potential that would contribute to a stronger bottom line for the group."

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