

HELPING TO PROTECT BUSINESSES THAT RELY ON FUEL TO RUN THEIRS.

We know for businesses that rely on fuel to run their fleet of vehicles and machines or equipment fuel price volatility is top of mind. *Angus Hedging helps businesses like yours eliminate that risk* - and the uncertainty that goes along with it - giving you peace of mind and a competitive edge.

CASE STUDY:

ABC TRUCKING

Angus Hedging provided the tools to help ABC Trucking gain predictability and stability with their diesel budget for the upcoming year. They are a midsize, last mile, delivery company that steadily grew to over 60 trucks in 10 states over the past few years. With fuel price volatility, their fuel budget went from a cost of doing business expense to a \$2+ million dollar spend.

THE STORY

When fuel prices reached 12 year historical lows over the past two years, the company's fuel budget, or fuel spend was well under their previous year's expense. The CFO had struggled historically with the impact of gas prices on the company's budget but quickly realized that the company could improve its profit margins based on current market prices. Their exposure to an unexpected increase in gas prices could have a negative impact on their contracts and the company's bottom line. Instead of waiting to see where fuel prices would go, he was happy to find a solution where he was able to protect the company's earnings, limit the operating risk exposure and remain competitive by proactively managing his company's fuel costs upfront.

Although the CFO and his team did not have any in-depth knowledge of commodity markets, they did enough research to realize fuel price protection

At Angus, we provide businesses that use fuel with a variety of hedging solutions to limit their risk to the volatility in the market. Hedging fuel allows companies to protect their future fuel costs and budgets regardless of which gas station or supplier they use.

through the use of financial hedging products would be impactful to the bottom line.

First, he reached out to the traditional fuel price protection providers and banks and quickly discovered that due to his company's smaller size they did not offer the personalized level of support he was seeking. A mutual friend suggested that he speak with Angus, as they have been able to help his company protect their real estate portfolio heating oil purchasing requirements and secure pricing for two years out, which none of their suppliers were able to offer, through the use of financial hedging tools.

They quickly discovered that Angus' business model was to help companies of all sizes get fuel price protection at affordable prices they can count on.

Angus' 25 years of helping retail heating oil suppliers offer pricing programs to their end users put them in a strong position to show they have expertise to help the CFO and owner.

Angus worked closely with the company to execute the requested protection plan:

1. The process started with an analysis of the company's historical fuel transaction data—including monthly fuel consumption volumes and dollars spent by geographic location—to understand the patterns and price risk exposure. Seasonal trends were incorporated by the company to thoroughly assess the company's fuel price protection needs during all parts of the year.
2. A series of discussions were held between Angus and the company to understand goals, budget objectives and risk policy.
3. Based on the company's objectives, Angus explained the specific hedging tools required to fit the company's price protection needs.
4. The trade was executed with a hedging provider to protect their fuel price while working with the company's price protection operations manager, and owner.

In addition, Angus currently provides the company with ongoing monitoring of the hedge, delivers frequent market pricing updates and continues to evaluate the effectiveness of the company's fuel price protection plan.

CONCLUSION

ABC Trucking's fuel budget for the past 7 years has been anywhere from \$2,000,000 to \$4,500,000 for the same 1,000,000 gallons of fuel. *Angus provided the company with the hedging tools that successfully shielded their profits from fuel price increases and set their fuel budget to a max spend of \$2.4 million dollars.* This helped them beat their original budget of \$3.2 million. With \$800,000 added to their bottom line from fuel expense savings they can now make decisions as to whether they want to add new business or invest it back into their existing business.

