

Magellan to sell three marine terminals to Buckeye Partners

Magellan Midstream Partners is to sell three marine terminals to Buckeye Partners, LP for £192m and will approve £575m buyback, according to an announcement made today by Magellan.

The terminals in question are in: New Haven, Connecticut; Wilmington, Delaware; and Marrero, Louisiana.

Michael Mears, Chief Executive Office of Magellan said his company “remains focused on capital discipline and managing our business for the long term.”

He added: “Optimisation of our asset portfolio, including divestiture of facilities outside our strategic footprint, is an important element to maximize unitholder value and our strong financial position.”

He then went on to thank “all employees supporting these facilities through the years and during this time of transition”.

Subject to regulatory approvals, the sale is expected to close by the end of the first quarter or early in the second quarter of 2020.

As part of its fourth-quarter 2019 earnings release on January 30, the partnership intends to provide 2020 financial guidance, but said in a statement that it does not expect the terminals sale to have a material impact on its future financial results.

Elsewhere, the partnership announced its board of directors has authorised the repurchase of up to £575 million of common units throughout the course of 2022.

Magellan said it “intends to purchase its common units from time-to-time through a variety of methods, including open market purchases and negotiated transactions, all in compliance with the rules of the Securities and Exchange Commission and other applicable legal requirements”.

Mears said: “We intend to opportunistically utilise additional tools, including the unit repurchase program announced today as well as potential special distributions, to accomplish our core goal of maximizing value for our investors.”

He added that factors including the partnership's expected expansion capital spending needs, alternative investment opportunities, excess cash available, legal and regulatory requirements, market conditions and the trading price of its common units, will all affect the timing, price and actual number of common units repurchased.