



In Conversation with... Mark Garrett
CEO, Marquard & Bahls

02 JUNE 2020

A Hamburg-based family business that covers international oil trading, tank storage logistics and aviation fuelling, Marquard & Bahls is entering a new phase of growth thanks to a robust balance sheet and newly embedded leadership team. CEO Mark Garrett, who joined two years ago from chemicals giant Borealis, tells Damian Stewart, Managing Partner at Human Capital, about his plans for the business.



Marquard & Bahls is a private holding company with €14 billion annual revenues and nearly 7,000 employees, but far better known are its three principal operating subsidiaries: trading division Mabanaft; Oiltanking, which is one of the largest independent tank storage providers for oil products, chemicals and gases worldwide; and aviation fuelling business Skytanking. Established by Theodor Weisser in 1947, chaired by his son Hellmuth until 2017 and

now by his grandson Daniel, the Hamburg-based family business has grown to operate in 35 countries. In 2014, it pulled off a transformational deal when it sold two large-scale US tank storage terminals to Enterprise Products Partners, a leading US midstream energy services company. When Mark arrived as CEO from Borealis in August 2018, part of his brief was to put the proceeds of that deal to good use.

“The mandate was really about moving the business to a more sustainable platform,” he tells me on a video call from his home in Switzerland. “We knew we had the Enterprise shares coming free and so it was about exercising that liquidity option and planning for how we were going to deploy that capital to create a more sustainable and less volatile portfolio.”

The problem is that Marquard & Bahls has had a tendency to underestimate itself, he says: “When I walk the corridors, people talk about the small family company that maybe can’t do this or that. But we have got assets worth probably €7 billion... we’re not the barber shop round the corner, so we should be standing up.”

A straight talking Australian, Mark spent a large part of his career with Ciba Specialty Chemicals, where he was Executive Vice President for Water & Paper Treatment before being tapped by Borealis for the CEO role in 2007. In his 11 years at the helm of the chemicals giant, he tripled both production volumes and net profits, while also establishing a successful joint venture, Borouge, with ADNOC. He famously steered Borealis through the global financial crisis in profit as most of the Western petrochemical industry was incurring multi-billion dollar losses.

“Borealis when I started was making €100 million or losing €100 million depending on the state of the economy in any given year,” says Mark. “By 2017, it was making €1.2 billion of net profit and was Austria’s biggest taxpayer, biggest dividend payer, and most profitable company. Both Borealis and Marquard & Bahls essentially wanted the same thing - to find a trajectory that will give them growth and a more sustainable future. So, you take your learnings, and one thing that was really prominent was that both companies had similar values.”

Mark says the two companies share, “good, honest people who want to do a good job, be responsible, and make a positive contribution to their community”. Borealis is a larger, more international business than Marquard & Bahls, where two third-generation brothers still sit on the supervisory board. But the company is now ready to step up a gear.

“We got into a bigger league when we did the Enterprise transaction, which was a very attractive deal for us,” says Mark. “But just like when a football team gets promoted from one division to the next, you have to change your game. If you go into the Bundesliga or the Premier League with the same team and the same system, you find

that all of a sudden the ball is moving too quickly and you can't keep up. That was what we were struggling with, which meant a lot of work on systems, processes and people."

To any observer, it is clear that Mark has taken a lot of the complexity out of the business in his first 18 months, dropping down to three core businesses: "We got out of six other businesses, because they were complexity with no added profitability," he says. "When you're running businesses that are complexity for no profit, all you're doing is working hard to be tired in the evening. I can be tired by going for long walks or playing tennis, I don't need to be running six businesses that aren't actually doing anything."

He has also made two critical hires, adding Matti Lievonon, the former President and CEO of Neste in Finland, as the new CEO of Oiltanking. Mark says Matti "is probably one of Europe's top three CEOs of the last decade"; he not only multiplied Neste's market value but also turned the regional refining company into the world's largest renewable diesel producer and the world's third most sustainable company. Likewise, Tim Bullock has taken over as CEO at Mabanaft, having spent 15 years in various management positions at BP before running Litasco, the trading company of Russia's Lukoil, from 2012. "We wanted people who knew where the ball was going and weren't surprised by how quickly it was moving," says Mark.

When we speak in late April, Mark is in lockdown with two of his three sons and hasn't been on a plane for five weeks, as Covid-19 wreaks havoc on some of the Marquard & Bahls businesses just as it has elsewhere.

"I actually thought the Financial crisis of 2008/9 was the last crisis I'd have to deal with in my life, when I was CEO at Borealis," he says. The current contango market structure caused as a result of the OPEC+ conflict has clearly benefitted tank storage operators, including Oiltanking, as demand for tank storage has surged. On the other hand, the demand destruction caused by Covid-19 has severely affected the Skytanking business, which provides aviation fuelling services to around two million aircraft a year. "The aviation business is essentially in hibernation - it's stopped, through nobody's fault," says Mark. "The guys running it are doing a great job and working very hard, but there's not much you can do when there are no planes flying."

Despite the challenging environment, the group retains a strong balance sheet and following a strategic reorientation over the last 2 years now has a clear vision for profitable long-term growth. This will take the form of further expanding the three core operating companies whilst also looking for diversity in the direction of chemicals and sustainable investments. "What we're really look for are businesses with good cashflow," he says. "At a time of crisis, you see which businesses have resilience and which don't. Our desire is to move our portfolios on and make the overall business

more resilient over time.”

The group also needs to get on the right side of the energy transition, and last year sold its coal terminal on the Mississippi: “We would say coal is on the wrong side of the scale, then oil and even more gas are for sure much cleaner than coal, and then you go into solar and wind and other things. We will transition our portfolio towards gas and then beyond gas,” says Mark.

He adds: “There’s even an argument to be made – and sometimes people look at me strangely when I say this – for nuclear. It’s a matter of using common sense around it and not having an allergic reaction to it just for the sake of having an allergic reaction. It is a clean form of energy, and the issue is simply that I don’t think there has been a nuclear plant built in the last decade on time and on budget. We don’t seem to have that under control.”

Chemicals are also clearly on the agenda for the company, given Mark’s Borealis background. He says: “With Matti and the way that he changed Neste from a refining and marketing company into a global leader in renewables, and me with a background with Borealis and Ciba, we definitely want to transition to those types of products, that just provide better returns and have more sustainability. The chemical industry is at the heart of everything and chemicals are the bedrock of the development of society.”

He points out the array of papers and bottles on his desk that all comprise dyes and additives, and jokes when he shows me his bottle of Vegemite: “Health food of the nation – the secret weapon that explains why the Australians have more gold medals per head of population than anybody else at the Olympics!”

But on a serious note, his point is about being on the right side of disruption, for example developing the polymers and high-voltage cables that will support the light weighting and electrification of the automobile industry and the speeding up of communications. “You have to get on the side of the disruptor,” he says. “You don’t have to be Google or Amazon, but you have to enable them to do what they are doing. Then you will benefit.”

Mark has had a seat on the board of Umicore since 2015, which is the biggest supplier of rechargeable battery materials in the world and is looking at fuel cells and their catalysts. “I’m lucky because being on the board of a company like that, I learn a lot. You realise this is all going to happen – fuel cells are probably 10 years down the track, but definitely have huge potential. And hydrogen is also definitely part of the deal.”

Mark joined Marquard & Bahls because he liked the can-do culture and found an alignment of values that he says should be critical to any CEO walking into a new business. His leadership style? “I think I’m approachable,” he says. “I like to walk the

corridors and bump into people and talk to them. I don't sit in my office and have my assistant out front with a queue of people waiting - I don't think that works any more, and especially not for the younger generation."

He adds: "I do believe leadership is by example and not by exception, and it's all about honesty, integrity and trust. You don't need to do business with people you don't trust. Just walk away and go to the next opportunity around the corner. The world is not short of opportunities - it's about making the right decisions on which ones to take."

Marquard & Bahls is a business on the move. Whilst the myriad of challenges presented by the ongoing Covid-19 crisis cannot be underestimated, it is evident the business not only has a new strategic vision but also a leadership team with the experience and capability to execute. When Mark gets allowed out of his swiss retreat - and maybe even before - you can expect some deal activity on the horizon.



This article was produced as part of HC Insider. HC Insider is Human Capital's dedicated media service. In addition to providing subscribers with relevant and informative editorials, we also report on people moves in the energy and natural resource world.

To receive free HC Insider alerts to your desktop or mobile, [sign up here](#).

About Human Capital

Established in 2003, Human Capital identifies and recruits business-critical talent for organisations involved in the energy, mining, agriculture and nutrition supply chains.

From our offices in London, Geneva, Houston, Hong Kong, Singapore, São Paulo and Sydney, we have built our high reputation on delivering quality professional search services across multiple product, functional and regional markets.