

The Straits Times (Singapore)

Chemoil buys marine fuel assets for \$32m

January 4, 2011

Chemoil Energy has sealed its acquisition of a marine fuel group business for around US\$25 million (S\$32 million).

Chemoil, a Singapore-listed supplier of marine fuel, had signed a letter of intent with OceanConnect Holdings in November last year to buy the assets.

The deal involves a team of about 38 marine fuel brokering and trading personnel and support staff joining Chemoil.

The marine fuel group business provides customers with marine fuel auctions, fuel derivatives and trading and brokering services.

Chemoil will also get its offices in America, Britain, the United Arab Emirates, South Korea, Japan and Denmark.

The acquisition is expected to increase Chemoil's fuel-related transactions by an estimated eight to nine million metric tons per year.

It will also enlarge its presence in several countries.

'The rationale for the acquisition was to bring within the Chemoil fold, and in a much shorter timeframe than organic growth could achieve, a sizeable and reputable unit which enhanced Chemoil's existing business and improved its (customer) service,' it said.

Chemoil said yesterday that the purchase price is expected to be about US\$25 million, with a ceiling price of US\$30 million.

The payment will be made over five tranches from this month to January 2014 and funded by internal resources.

Chemoil noted that the effect on the earnings per share of the group, assuming the acquisition had been effected on Jan 1, 2009, is an increase in earnings per share from 0.89 US cent to 1.04 US cent.