

Acquisition of Houston Marine Services Described as 'Arm's-length' Transaction

Rajesh Joshi- Monday April 18 2005

HEIDMAR, the Connecticut shipping and logistics group founded by Norwegian Per Heidenreich, has added bunkering to its portfolio of services through the acquisition of privately held Houston Marine Services of Texas.

Heidmar did not announce the price paid for HMS, which generates annual revenues of \$180m and has 150 employees.

HMS operates a fleet of five towboats, 12 barges and a small tanker. Qualified for the Jones Act trades, it supplies marine fuel, lubricants and services to clients primarily in the US Gulf region.

HMS has been in business for more than 25 years and its largest marine terminal occupies 50 acres along the north side of the Houston Ship Channel, the Heidmar announcement said. The company has additional operations in Port Arthur and Texas City in Texas and Lake Charles in Louisiana.

HMS also operates a modern waste water treatment plant, which supports both internal and customer requirements, at its main facility. The acquisition is fashioned as an arm's-length transaction and will not be added to Heidmar's organisation chart, Heidmar vice-president and chief financial officer Charles Tammara told Lloyd's List.

He said HMS would continue to operate under its own name and no layoffs or office moves would ensue.

Family interests associated with Mr Heidenreich have been installed as owners of Texas Marine Services, a new US-citizen entity formed to own HMS. However, Jim Bailey, president of Heidenreich Lightering Services, will serve as president of Texas Marine Services.

Heidmar's existing divisions comprise the group's core tanker pools in aframax, panamax and product tankers besides Heidenreich Lightering and Heidenreich Innovations, the information technology division headed up by Mr Heidenreich's son, Fritz.

Mr Heidenreich has a well-enunciated business strategy of not owning ships but broadening his company's reach to adjacent segments.

Mr Bailey said the HMS purchase was based on a "desire to enter the bunker and marine services industry with an organisation that has a strong management team and a customer and quality oriented business focus".

The acquisition of Houston Marine Services is a perfect fit for the proven Heidmar philosophy of bringing value to its customers by marrying good people with state-of-the-art systems, Mr Bailey added.

Mr Tammara said Heidmar's pools would benefit from the deal by sourcing bunkers from HMS, presumably on competitive terms.

However, he stressed the arms-length nature of the deal and insisted that both the pools and HMS would continue to do business with third party suppliers and clients.