

Blue buys Cool, pumping US\$30 million into Shell

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Wednesday, January 11, 2012

JOEY Issa has sold a chunk of his stake in Cool Petroleum — the operator of Shell service stations in Jamaica — which along with Neal and Massy's 40 per cent block has given Kentucky-based private equity firm Blue Equity a controlling interest.

The purchase price was not disclosed, but Rodney Davis, the outgoing CEO of Cool Petroleum who will now operate as the group's financial controller, told the Business Observer that "as a result of the transaction, US\$30 million (\$2.6 billion) will be invested in the business.



The new owner of Jamaica's Shell gas stations plans to upgrade its operational technologies and build more convenience stores.



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Blue Equity, which in 2008 formed Island Ice and Beverage Company Limited to acquire and merge two of Jamaica's leading ice manufacturers Kingston Ice and Happy Ice, said on its website that the company's objective is to expand the products and services offered by Cool.

It also said that it will focus on "upgrading operational technologies to dramatically improve inventory management, cash flow, and product/service quality", while looking at the "potential for extensive roll-out of (convenience stores) for high traffic sites".

Issa, through his Cool Group of Companies, formed a partnership with Trinidadian conglomerate Neal and Massy in 2006 to buy out Royal Dutch Shell's assets in Jamaica, for just over US\$100 million, according to the Trinidadian firm's annual report for that year.

Neal and Massy merged the liquefied propane gas business with its own under Gas Products Limited and continued to operate the gas stations with Cool Petroleum until it met significant challenges in 2008, when oil prices skyrocketed.

Cool Petroleum incurred a TT\$11.6-million (\$156.5 million at today's conversion rate) net loss in 2009 and a TT\$7.3-million loss in 2010, when Neal and Massy finally wrote off its investment.

The sale relieves the Trinidadian conglomerate of its 40 per cent share in Cool Petroleum, and reduces Issa's 56 per cent share to a minority stake.

Davis said that Issa will be looking at other investments, while the new chairman and CEO of Cool Petroleum, Jonathan Blue, said the firm is looking forward to "continuing to build on the momentum of now owning the largest set of private petroleum storage and distribution assets in Jamaica".

Steven Whittingham, the CEO of Island Ice, will act as managing director of Cool Petroleum.

There are over 50 service stations operating under the Shell brand in Jamaica, where it is the largest fuel retailer by volume and reported US\$330 million in revenues in 2010. The company estimates revenue of US\$370 million for 2011.