



AUSTRALIAN PETROLEUM MARKETER NEWS

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HOW BIG IS TOO BIG FOR PETROLEUM WHOLESALERS?

Many Petroleum Wholesalers (Distributors) are, logically and commendably, starting to evaluate the short and long term future of their businesses in today's rapidly changing Australian petroleum environment.

As the industry moves from 4 to 2 Petroleum Marketer Refiners in Australia, (Caltex and BP) this changed scenario is creating a whole new set of operational dynamics for petroleum marketers. While most petroleum wholesalers in today's Australian market place are quite profitable, many are now starting to consider their future in terms of:

- Will we continue to be profitable while remaining at our current size?

- What is the capital investment requirement likely to be in the short and long term staying at our current size?
- Will I have the ability to fund a significantly increased capital requirement staying at our current size?
- What capital investment funds will I need to expand?
- Have I got the financial capacity to borrow to expand?
- Do I really want to expand – have I got the enthusiasm to expand – have I got the ability and experience to successfully manage an expansion - does my succession planning indicate that I can expand?
- How long do I wish to stay in the business?
- If we do expand – how do we capitalise in the longer term if we wish to sell?
- Should we sell now?
- Who are likely to be the business buyers in the short and long term?