

# Prime group expands into fuel card business

By Samuel Ee

samuelee@sph.com.sg

Singapore

THE Prime group of vehicle-related companies has branched out into the lucrative fuel card business with Shell in Singapore and plans to expand into the region.

Prime chairman Neo Nam Heng partnered the oil giant in 2012. As an authorised fuel card reseller, he provides fuel cards to taxi and bus drivers, as well as small and medium enterprises.

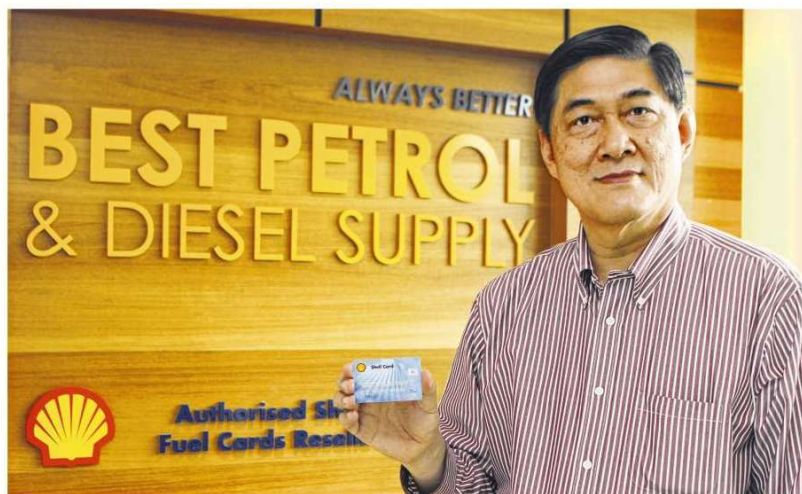
While oil companies here already offer fleet cards to corporate customers, Prime is the first non-fuel concern to do so. Apart from credit payment and “pump-and-go” convenience at a petrol station, there is also an outright discount on the pump price. The discount varies but is a minimum of 14 per cent.

The advantage to Shell is that Prime takes on invoicing functions and credit risk. But under the arrangement, the Prime company involved in the fuel card operation – Best Petrol & Diesel Supply Pte Ltd – has to guarantee customer payments.

“Our investment in the fuel card business has been very big,” said Mr Neo.

Best Petrol & Diesel Supply has had to put up a security collateral of over S\$10 million. Based at Prime’s Benoi Place headquarters, it also has to take care of backroom functions such as IT, accounting, sales and marketing.

Now, after three years in the fuel card business with annual turnover of over S\$100 million, Mr Neo is looking overseas to expand the model, which he believes is ideal for small businesses.



As an authorised fuel card reseller, Mr Neo provides fuel cards to taxi and bus drivers, as well as small and medium enterprises.

PHOTO: SHAWN TEO

“Having a Best Petrol & Diesel Supply fuel card comes with many advantages, such as the convenience of cashless payment and discounted diesel which is clean and of good quality,” said Mr Neo.

According to market sources, there are more than 100 illegal diesel dispensers in Singapore, where raw and non-additised fuel is sold at prices lower than at a regular station.

However, a regular station offers EU 5 standard diesel with additives for a cleaner engine and better fuel efficiency.

“The fuel burns more cleanly and gives better power and mileage,” said Mr Neo, adding that another downside of illegal diesel sales is that they are uncalibrated. This means buyers of such fuel may not get the exact quantity they think they are paying for.

Best currently has a customer base

of over 30,000 and growing. By expanding into the region, it expects to easily quadruple that number.

Prime started out 40 years ago in the used car business. In 1993, it was the first in Singapore to offer new parallel imports, before progressing to its current business of importing and exporting new vehicles. Prime also has a rental and leasing business, as well as a taxi division, which it started in 2007. Total fleet size today is about 2,200 vehicles.

Prime diversified into the energy market when it was awarded a licence to retail electricity in June.

For Mr Neo, the vehicle business in Singapore will always be constrained by its size. “The fuel card business has more potential and the market size is much bigger than the car business. It offers a lot of opportunities for our group to grow as we intend to expand this business into the Asean region,” he said.