
Vallourec buys tube maker Omsco from Canada's ShawCor

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French steel pipe maker Vallourec SA beat seven bidders to buy US tube maker Omsco, specialized in steel drilling tubes for the oil and natural gas industries, from Canada's ShawCor Ltd for USD 120 million. The purchase will be financed by existing credit lines, and fits with Vallourec's strategy of developing energy sector operations.

The oil exploration sector is experiencing a boom as higher oil prices make previously uneconomical oil reserves profitable, driving a spate of new drilling projects. Demand is expected to continue to drive new exploration, with the International Energy Agency IEA forecasting that global production of oil must rise from today's level of less than 80 million barrels a day to around 115 million barrels a day by 2020 if forecast demand is to be met.

"The acquisition of Omsco represents a unique opportunity for us to strengthen our presence in the high value-added drill pipe market, particularly in North America," said chairman and CEO Pierre Verluca in a statement.

The purchase continues a big spending year for Vallourec, which in January announced it would take full ownership of its subsidiary, Vallourec & Mannesmann Tubes SA, by paying €545 million (\$667 million) for a 45% stake held by German industrial firm Salzgitter AG.

Omsco, based in Houston, Texas, had sales of USD 50 million in the first half of this year

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