

March 22, 2011 4:35 pm

Marex Financial in £94.5m deal for Spectron

By Jack Farchy in London

Marex Financial, the commodities broker backed by a clutch of former [Lehman Brothers](#) bankers, has kick started an expansion drive with the acquisition of one of the world's top energy brokers.

The London-based metals and agricultural commodities brokerage will pay £94.5m to buy Spectron Group, a leading broker of over-the-counter energy derivatives, from Imarex, a Norway-based freight and energy broker.

The acquisition is Marex's first since it was bought last year by JRJ Group, a private equity firm founded by Jeremy Isaacs, the former head of Lehman's European operations, and Roger Nagioff, another ex-Lehman banker.

Other smaller shareholders include private equity groups Trilantic Capital Partners and BXR Group, while Mr Isaacs has recruited a team of well-known City figures, including former [Man Group](#) chief executive Stanley Fink, to sit on Marex's board.

Marex, which was formed from the European operations of bankrupt US broker Refco in 2006, has been in expansionary mode since it was bought by JRJ. It has increased its headcount nearly 50 per cent to about 300 and opened new offices in New York and Hong Kong.

The company is one of 12 ring dealers on the London Metal Exchange – the last remaining open outcry exchange in Europe – as well as having a significant presence in agricultural broking.

The acquisition of Spectron is based on JRJ's belief that European gas and power markets are set to witness a surge in trading activity as they become deregulated. Gas in Europe has traditionally been sold in long-term contracts linked to the oil price, but spot trading volumes have recently picked up. Spectron is among the top three brokers in the OTC gas and power markets in the UK and continental Europe.

Gavin Prentice, managing director of Marex, said: "Trading volume growth has been prompted by ongoing EU-wide efforts to increase competition in European gas and power. We see further deregulation in this market."

The acquisition will boost Marex's revenues by half to about \$350m, Mr Prentice said, and its staff to nearly 500. The cash deal will be funded by a combination of cash and new equity, issued to Marex's existing shareholders.

Marex remains on the acquisition path. "We still see tremendous opportunities across the commodities and financial markets," Mr Prentice said. "Onwards and upwards."

Mr Nagioff, a founder of JRJ who recently took over as Marex chief executive, said: "This transaction is entirely consistent with, and supportive of, Marex's strategy of growing the firm to become the preeminent independent global broker across the commodities and financial asset classes."

Shares of Imarex, listed in Oslo, jumped 17.7 per cent on the news. Imarex paid £70m for Spectron in 2008.