

Jun 03, 2016 | Written by Meena Lakshana | 0



KUALA LUMPUR (June 3): Alam Maritim Resources Bhd are bidding for RM2.6 billion worth of jobs as the company grapples with low charter rates and vessel utilisation rates amid a dearth of demand for oil and gas (O&G) service vessels.

Alam Maritim group managing director Datuk Azmi Ahmad said today the contracts consist of local and overseas jobs, ranging from offshore support vessels (OSVs), subsea services and offshore installation and construction (OICs).

"We are looking for new opportunities in Thailand, Vietnam, Myanmar and Indonesia," he said.

"We are participating in tenders in Thailand and we are hoping to get one contract," he said, with the amount of the contract between RM20 million to RM30 million. He said the company has also secured some contracts in Middle East.

Azmi said the company's success rate is 15% and is looking at maintaining that success rate.

He also said 70% of the tenderbook consists of jobs for OSVs.

The OSV segment contributes 60% to the group's revenue.

He said currently, Alam Maritim's orderbook stands at RM435 million as at end-March 2016, which will last for one to two years.

He said there is a lack of major contracts on the table.

"A lot of tendering activities but no major contracts," he said.

"The Malaysian market is currently quiet for tenders in OSV activities," he added.

Alam Maritim suffered a net loss of RM19.2 million in the first quarter ended March 31, 2016 (1QFY16), compared with a net profit of RM8.6 million a year ago.

It attributed the poor earnings to bad performance in the offshore support vessels (OSV) and subsea services/offshore installation and construction (OIC) segments. Revenue declined 34% to RM48.65 million in 1QFY16, from RM73.71 million in 1QFY15.

Azmi said 1QFY16 is historically a low activity season for the OSV sector, due to the monsoon season from November until March.

On prospects for financial year 2016, Azmi said he expects the company to do better, compared with the last financial year.

"Last year came as a shock to us. We didn't know how to deal (with the drop in oil prices and budget cuts of oil majors)," he said.

"This year, we know how to navigate around it, so we expect better results this year," he added.

He said the company has frozen its capital expenditure (capex) allocation and cost optimisation to maintain its cash position.

The group's cash position stands at RM50 million to RM100 million, and is expected to last for 6 months, he added.

Azmi also said the company is open to disposing some of its vessels, and has received queries for acquisition of its vessels.

However, he said the offer prices have been lower than expected.

"If we receive the right price for the vessel, we will dispose the assets," he added.

He said the company has a total of 44 vessels.

However, he maintained that FY16 will be another challenging year for the group.

"All our clients have asked for renegotiation of charter rates," he said, adding charter rates have reduced to US\$1.40 per brake horsepower (bhp) to US\$1.80 per bhp, from US\$1.80 to

US\$2 per bhp.

Although oil prices have increased to US\$50 per barrel, he expects the industry to only improve in financial year 2017.

"There is a lag period from the rebound in oil prices, by about six to eight months," he said.

"We only expect things to get better at the end of this year, or even 2017," he added.

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