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## Alam Maritim cautious on second-half turnaround

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**Lee Weng Khuen**

[sunbiz@thesundaily.com](mailto:sunbiz@thesundaily.com) <sup>[1]</sup>

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**KUALA LUMPUR:** Alam Maritim Resources Bhd, which is bidding for RM2.6 billion worth of jobs, is non-committal on prospects of returning to the black in the second half of the year, following a net loss of RM19.19 million in the first quarter ended March 31, 2016.

“The first quarter is always a weak quarter and the second half should be better. I don’t think can turn around completely, but i think it will improve,” group managing director and CEO Datuk Azmi Ahmad told a press conference after the company’s AGM here last Friday.

Nevertheless, he believes the worst for oil and gas activities should be over in the absence of renegotiation of charter rates this year.

“The last (renegotiation) was at the end of last year, so far this year we’ve not seen any renegotiation,” Azmi said, noting that the current charter rates are US\$1.40 to US\$1.80 per brake horsepower (bhp) against US\$1.80 to US\$2.20 bhp in the past.

Alam Maritim, which has 44 vessels in hand, is running with only 51% of its fleet at the moment, lower than the 63% fleet utilisation rate in 2015.

Even though oil prices have staged a rebound recently, Azmi said it may take some time to see the award of new contracts as there is a lag of six to eight months between the oil price movement and industry activities.

“Oil majors will wait and see first, but there might be slight improvement towards year-end,” he explained.

As at end-March, Alam Maritim had an order book of RM435 million, which will keep it busy for one to two years. The group is looking for new opportunities within the region such as in Thailand, Vietnam, Myanmar and Indonesia.

“We also managed to secure a few contracts here and there in the Middle East. We hope to increase our presence there,” Azmi said.

The offshore support vessel segment remains the backbone of Alam Maritim, contributing 60% to 70% to its total revenue. The balance is from offshore installation and construction,

where the margins are higher but the jobs are on a short-term basis.

As part of the group's cost optimisation efforts, Azmi said, the group's offshore workforce has come down to 400 to 450 from 600 previously, and onshore workforce from 280 to 230, which saved 10% and 16% of costs respectively. "We did not lay off workers, but what we did not replace those who resigned and we had to let go contract workers."

In the worst-case scenario of no new contracts coming in, Azmi said, the group's cash flow of over RM50 million will be able to sustain its business operations for six months.

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