

## Alam Maritim on Swiber impact by [sharidan m. ali](#)



### **Azmi says contribution from JV with company not substantial**

PETALING JAYA: [Alam Maritim Resources Bhd](#) will not feel the heat from financial troubles of its partner, the Singapore-listed Swiber Holdings Ltd.

In fact, Alam Maritim is considering taking over the stake of the troubled-oil and gas (O&G) firm in a project that the companies are working on.

"There is only one project directly contracted with Swiber which is almost fully-completed namely engineering, procurement, construction, installation, commissioning of SK316 development job worth US\$76mil," Alam Maritim group managing director and group chief executive officer Datuk Azmi Ahmad told *StarBiz*.

The SK316 project is the development of a huge gas field located offshore Sarawak.

The other option for Alam Maritim is to find a new partner to take over Swiber's role.

He said Alam Maritim had two JV companies with Swiber,

The first is Alam Swiber Offshore (M) Sdn Bhd which is equally owned by Alam Maritim (M) Sdn Bhd and Swiber Offshore Construction.

The second is Alam Swiber DLB 1 (L) Inc, which is 51% owned by Alam Maritim (L) Inc and 49% by Swiber Engineering Ltd.

"The impact is minimal to us as the contribution from the Alam-Swiber JV is not substantial to the Alam Maritim group," he said.

Swiber, the Singapore-based oilfield services firm was reported to be in talks with its creditors for a possible debt restructuring exercise.

The stock had slumped by nearly 90% since mid-2014, taking its market value to just S\$50mil, while the company had flagged delays in orders, raising concerns and sparking demands for cash. From just 10 vessels in 2006 when it was listed, Swiber had expanded to own and operate a fleet of 51 vessels with more than 2,700 employees across South-East Asia and other countries, according to its website.

Its shares surged after listing, pushing its valuation to S\$1.5bil in late-2007, but the stock fell

sharply in recent years.

Smaller firm Technics Oil & Gas Ltd was placed under judicial management this month, and analysts said other firms could face difficulties.

Energy and offshore marine companies in Singapore have bonds totalling nearly S\$1.2bil due to mature over the next year-and-a-half, with S\$615mil due over the next five months, according to IFR, a Thomson Reuters publication.

Alam Maritim, too is facing a challenging period.

On the O&G support services industry, Azmi said the impact of Brexit on the fragile global economy might slow down the recovery of the crude oil prices affecting overall demand and pushing out the rebalancing of the oil market.

"During this challenging period, we are aggressively and continuously embarking on various cost and asset optimisation initiatives to weather the storm," he said.

Azmi added that Alam Maritim's vessel utilisation rate was 56%.

"As at June, our order book stood at RM470mil, tender book at RM2.6bil," he said.

Alam Maritim fell into the red with a net loss of RM19.2mil in the first quarter ended March 31 compared with a net profit of RM8.6mil a year ago.

Its revenue for the quarter shrank to RM48.6mil from RM73.7mil in the corresponding quarter last year.

According to Maybank Kim Eng, the low oil price has resulted in a swift response to cost reduction or renegotiating of contracts, cash conservation due to delayed projects and debts refinancing as well as strategic collaboration exercises.

"It also opened a window of opportunities to exploring mergers and acquisition options.

"About 69 North American exploration and production companies were declared bankrupt between January 2015 and April this year. "Uncertainties and differences in valuation expectations between buyers and sellers are the greatest hurdles. There is currently a buyer-seller mismatch in terms of expectations," said Maybank Kim Eng in a June report on the sector.