

Company Name : Alam Maritim Resources Berhad
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Alam Maritim upbeat on outlook

SOUND FUNDAMENTALS: Firm actively bidding for projects

AMIR HISYAM RASID

KUALA LUMPUR

amir.hisyam@mediaprima.com.my

ALAM Maritim Resources Bhd is ready to defy analysts' bearish expectations on its financial outlook in the near term.

Its managing director Azmi Ahmad anticipates a bright future for the company given its sound fundamentals.

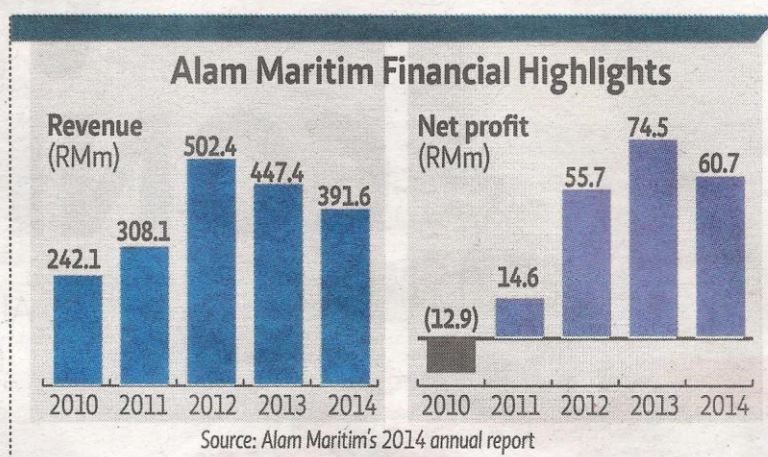
He said Alam Maritim expected to remain in a healthy financial position due to a growing cash reserve, a "burgeoning" order book and ongoing progressive cost-cutting efforts.

"We are also actively tendering for projects. Despite the challenges ahead, the group continues to register positive highlights, including winning several key contracts that will contribute positively to our earnings and net tangible assets this year and subsequent financial years," Azmi told Business Times in an email yesterday.

"Seventy per cent (of projects) in Alam Maritim's order book are long-term in nature, which will generate steady income within the next two to three years and in this tough market conditions, cost-cutting efforts are the usual road taken," he added.

Analysts at Maybank Investment Bank Bhd (Maybank IB) expects 2015 to be a rough year for the oil and gas company.

In its recent research report, the investment bank said it expected Alam Maritim to post weaker earnings this year (down nine per cent



year-on-year) on lower offshore support vessel profits due to lower utilisation and daily charter rates (DCRs) as clients seek to cut costs amid the low oil price environment.

"We see a challenging environment for the small-size anchor handling tug supply (AHTS) segment, which is in an oversupply situation and more susceptible to weakness in DCRs," the firm said, adding that Alam Maritim had 16 units (five are 49 per cent-owned) of 5,000bhp AHT/AHTS in its fleet.

"We expect DCRs for the 5,000 bhp AHTS segment to average around US\$1.65-1.70/bhp in 2015 (15 to 17 per cent year-on-year), which is already factored into our forecasts. We also expect zero contribution from third party charters," Maybank IB said.

Azmi said in order to ensure business sustainability, Alam Maritim was looking to strengthen and consolidate its operations through

asset optimisation, increase in business development activities, new market ventures locally and abroad and improvement in cost structure.

By collaborating across the industry, making structural changes and optimising internal capability to drive higher efficiency and agility, the group expected to emerge from uncertain times stronger and more competitive, he added.

Alam Maritim is mainly involved in the provision of marine transportation support and construction-related services, sub-sea engineering and offshore pipeline installation, designing, manufacturing and operating of Remotely Operated Vehicle (ROV) services, ship repair as well as maintenance services to the upstream in oil and gas industry.

In a separate statement, RHB Research Institute expects a 30 per cent increase in earnings per share for Alam Maritim from 2016 to 2017, exceeding the sector average.