

Company Name : Alam Maritim Resources Berhad
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Alam Maritim to Up Vessel Utilisation

SERI KEMBANGAN: Alam Maritim Resources Bhd, which is bidding for RM2.5 billion to RM3 billion worth of projects, is confident of increasing its vessel utilisation rate to 73% to 75% this year from 71% in 2014.

"It's a marginal increase because our utilisation rate in 2014 was affected by the dry docking (overhaul) of 10 vessels and this year we have seven vessels to go so that would be another year of impact on our bottom-line," group managing director and CEO Datuk Azmi Ahmad told a press conference after its AGM here.

Last year, oil and gas majors cut back on exploration and production activities resulting in lower demand for support services such as offshore support vessels (OSVs) and thus saw reduced vessel utilisation for all players, including Alam Maritim.

In the financial year ended Dec 31, 2014 (FY14), the group's OSV division was impacted due to higher docking activities, which resulted in a decrease in the group's vessel utilisation rate. OSV is Alam Maritim's biggest contributor, accounting for 80% of the group's overall business.

Azmi said 2015 is going to be a challenging year for the offshore business, especially operators of OSV and moving forward, there are also a lot of uncertainties in the market.

"We have put in place initiatives like cost optimisation, increase efficiency of vessel utilisation as well as innovation where we increase the product lines and services to the oil and gas sector.

"Even though there is a slowdown in activities, especially on production and exploration, we believe there are activities in terms of repair and maintenance. We should be able to achieve a good margin for other sectors like underwater and offshore installation and construction (OIC)."

For FY15, Azmi said the group hopes to improve or maintain its FY14 net profit of RM60.56 million.

It has an order book of RM900 million that can last the group for two to three years. It is also bidding for new projects, including OSVs, subsea services and OIC jobs. The group has a success rate of 10% to 15%.

"Two to three years is good visibility of earnings and hopefully within two to three years, we'd be able to secure more (contracts)."

Commenting on Alam Maritim's falling share price, Azmi said the whole sector is experiencing a down trend.

"Over 50% of our market capitalisation has been wiped out but it does not only happen to us but across (the sector). Hopefully when the oil strikes back to US\$80 to US\$90 per barrel, we should be able to recover," he added.

The group continues to seek opportunities to expand overseas, as operating outside of Malaysia offers several advantages including gaining valuable international exposure as well as currency exchange benefits from US dollar denominated contracts.

The group views Thailand, Indonesia and Myanmar as exciting markets and if given the opportunity, would like to expand into the Gulf and other regions.

"We've a subsidiary operating in Dubai and this is a platform for us to go to other Middle East markets," said Azmi.