



Alam Maritim In The News

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Alam Maritim to boost overseas ops

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PETALING JAYA: Alam Maritim Resources Bhd, an oil and gas (O&G) offshore marine support service provider, is looking to strengthen its presence overseas, particularly in the Middle East and Indonesia next year.

Managing director Azmi Ahmad said the group had started making inroads into the Middle East as part of its strategies to widen its customer base.

“Alam Maritim, together with a third party, has set up operation in Dubai that marked the group’s first foray into the region.

“Apart from that, we are looking to expand in Indonesia via a joint venture (JV) with a local partner,” he told *StarBiz*.

Azmi added that the penetration into foreign markets was preparation for the expected daily charter rates reduction of between 10% and 20% next year compared with all-time high rates when the oil price reached its peak previously.

“Besides that, we are also looking at consolidating our cost structure,” he said.

In terms of fleet expansion, Alam Maritim via wholly-owned subsidiary Alam Maritim (L) Inc (AMLI), agreed to a 51:49 JV with Lembaga Tabung Haji (TH) to invest and jointly own six anchor handling tug supply vessels valued at US\$121.5mil.

The JV will see the incorporation of TH-ALAM Holdings (L) Inc under the Labuan Offshore Companies Act, 1990 with an authorised and paid-up capital of US\$39.3mil.

Kenanga Investment in its recent update said the deal would assist Alam Maritim in managing its gearing levels as the vessels were financed off-balance sheet.

“For the third quarter ended Sept 30, its net gearing stood at 1.0 time. In the near term, no let-up in gearing levels is expected as Alam could seek to continue expanding its fleet, albeit not as aggressively as the previous two years,” it said.

The research house said the vessels were targeted for delivery from next year onwards, with no charter contracts secured as yet.

“However, we have little worries as we foresee contract flows returning by next year as the global economy returns to a more stable footing.

“Our previous assumptions incorporate delivery of all the vessels by end-2010 and charter rates of US\$2 to US\$2.50 per bhp (brake horsepower) per day as guided for,” it said.

Azmi said the JV was a smart Malaysian partnership effort where TH would bring value in terms of a sizeable war chest in terms of capital and backed by Alam Maritim’s technical expertise.

“These are the factors that we believe will be the competitive edge for the JV company to secure future contracts,” he said.

On the outlook for the JV vessels, Azmi said Malaysian oil majors typically gave priority to Malaysian-owned assets and operators when dishing out local O&G contracts.

“In spite of this, it is estimated that quite a significant number of vessels in Malaysian waters are still owned by foreign entities. This scenario may be attributable to the higher barrier of entry to acquire and operate such assets due to high cost as well as technical expertise required,” he said.

Azmi added that Alam Maritim had previously expanded via acquisition of strategic O&G assets which were co-financed with equity partners such as CIMB Private Equity and Global Maritime Ventures.

“Thus, this JV structure would be a natural progression for our existing financing strategy.

“Furthermore, by structuring the JV this way, we will be able to expand our fleet and revenue-generation abilities while keeping the acquisitions off our balance sheet and maintaining the covenants of our existing debt securities,” he said.

Alam Maritim currently owns 30 offshore support vessels of various types.