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SILK Holdings poised to ride on bullish O&G sector

PORT KLANG: With its latest newbuildings of three offshore support vessels (OSV) valued at RM216mil, SILK Holdings Bhd has become a medium-sized OSV player poised to take advantage of the bullish oil and gas sector.

SILK, via its 70% subsidiary Jasa Merin (M) Sdn Bhd, entered into an agreement with Muhibbah Marine Engineering (M) Sdn Bhd to construct three new anchor handling tug supply (AHTS) vessels yesterday.

Executive chairman Datuk Mohd Azlan Hashim said that with the three new vessels, SILK would have a fleet of 21 vessels with an average age of three years.

“The first two vessels are scheduled to be delivered by the year-end and the last one by early next year.

“We are cautiously optimistic on the outlook for the sector but will continue to monitor opportunities to be more entrenched in the industry.

“We do not build vessels according to speculation, as these three new vessels have been contracted by oil majors,” he told reporters after the signing and keel laying ceremony for the vessels at Muhibbah shipyard yesterday.

Although the fleet size was important, Azlan stressed that what was more pertinent was the track record of its services which had so far been reliable, safe and according to the standard of its customers.

“This is because competition is not just about the size of your fleet but your track record as well.

“As for demand, it is expected to be good. Petronas alone needs about 40 OSVs this year,” he said, adding that its vessel utilisation rate was above 80% and the current OSV charter rates remained healthy at US\$2.20 (RM6.85) per brake horse power (bhp).

Of the three AHTS, two consist of 62m, 60-tonne bollard pull vessels and one 70m, 120-tonne bollard pull vessel. They will be equipped to meet the latest specifications and customer demands. The 62m vessels are rated at 5,220bhp while the 70m vessel has a rating of 10,800bhp.

“The fleet expansion also signifies Jasa Merin's commitment to the Government's efforts to develop the oil, gas and energy sector, which represents one of the National Key Economic Areas (NKEA),” Azlan said.

On future expansion, he said at the moment SILK was focused on the delivery of the three vessels.

“Beyond that, we anticipate demand will be there but we must also consider other factors such as financial and human resource constraints,” he said.

Besides the OSVs that have been the anchor earnings contributor to SILK, the company is also involved in toll road concession, specifically the Sistem Lingkaran Lebuhraya Kajang (SILK) highway.

According to Azlan, this business (which has been loss-making) is showing positive signs of improvement on the back of higher traffic volume.

“Daily traffic volume has so far improved by 12% compared with last year,” he said.

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