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Quek's presence may spur tie-ups for Alam Maritim

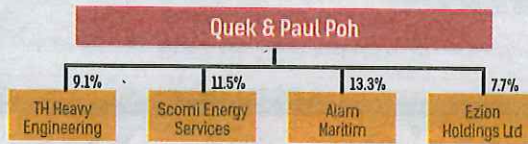
By GURMEET KAUR
gurmeet@thestar.com.my

PETALING JAYA: Tan Sri Quek Leng Chan's presence as a shareholder in offshore support vessel (OSV) operator Alam Maritim Resources Bhd could lead to beneficial tie-ups between the company and the others where the tycoon owns substantial stakes.

In a recent unrated report on Alam Maritim, Credit Lyonnais Securities Asia (CLSA) wrote: "Quek and Paul Poh have been heavily investing in various oil and gas (O&G) companies. While these investments are relatively small, we think Quek has the required clout to make these companies work together and in turn enhancing the value of his investments."

Quek and his associate, Poh had

Tan Sri Quek Leng Chan's investments in oil and gas



Source: CLSA

inked an agreement to buy a 15.35% block in Alam Maritim on April 23. They will be paying RM1.35 per share.

The price is at a steep discount of 11.09% to Alam Maritim's share price of RM1.51 prior to the announcement. Alam Maritim's shares have since retracted to RM1.48 per share.

But CLSA analyst AC Tan reckons

that numerous value-creating relationships could blossom for Alam Maritim, nudged on by Quek's presence in the four oil and gas companies.

Already, JP Morgan had highlighted in an earlier report that Ezion Holdings Ltd. could use Alam Maritim for the Singapore-based OSV provider to tap into the Malaysian market. Analysts

have also said that Alam Maritim could benefit from being the conduit for Ezion in Malaysia for its lift boat services where it has somewhat struggled to breakthrough in a big way.

Quek, whose main vehicle is the Hong Leong Group of companies, had taken up a 100 million shares in Singapore-listed Ezion in mid-April. In recent times he has been especially active in the O&G market. In May last year, he emerged as a substantial shareholder in TH Heavy Engineering Bhd and prior to this in Scomi Energy Services Bhd with Poh.

In the case of Scomi Energy, the research firm noted that while both companies work in different areas of oil and gas services, one area which they could potentially work together is in the marginal oilfield segment.

Scomi Energy, which provides oil-field drilling fluids and drilling waste management services, is said to be close to securing marginal oilfield risk service contract from Petroliam Nasional Bhd (Petronas). CLSA reckons that Alam Maritim could either provide vessels for the field or potentially work together in future marginal oilfield ventures where it would be able to offer its balance sheet strength in raising capital.

As for TH Heavy, CLSA reckons that Alam Maritim could potentially complete the value proposition of the former through providing installation capabilities. TH Heavy has a joint venture with McDermott International Inc to fabricate platforms.

Alam Maritim's current orderbook stood at RM1.3bil, out of which 85% is from the vessel business.