

Headline	TH Heavy lifting load-up capacity at yard		
MediaTitle	New Straits Times		
Date	27 Mar 2014	Color	Black/white
Section	Business Times	Circulation	95,860
Page No	B1,12	Readership	236,000
Language	English	ArticleSize	245 cm ²
Journalist	MUHAMMED AHMAD HAMDAN	AdValue	RM 3,995
Frequency	Daily	PR Value	RM 11,986



TH Heavy lifting load-up capacity at yard

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KUALA LUMPUR: TH Heavy Engineering Bhd is upgrading its fabrication yard to achieve a fourfold increase in load-up capacity to 8,000 tonnes by the third quarter of this year.

Its general manager for marine, Zainol Abiddin Johari, said the upgrade is expected to push the yard's current annual capacity above 20,000 tonnes, depending on the evaluation done by Petroliaam Nasional Bhd (Petronas).

TH Heavy is the third largest oil and gas (O&G) facilities fabricator in Malaysia.

"Annual capacity is evaluated and approved by Petronas, based on the available job contracts," he said at the O&G exhibition

held in conjunction with the Offshore Technology Conference Asia, here, yesterday.

TH Heavy's fabrication yard on Pulau Indah, which is also the only such facility in the Klang Valley, completed the first phase of modernisation last year, which allowed it to undertake major offshore and onshore fabrication works.

Zainol said the expansion is part of TH Heavy's strategy to strengthen its position in the country's highly-competitive O&G fabrication industry.

"There are eight players in the industry, with SapuraKencana and Malaysia Marine and Heavy Engineering being the top two players. We can safely say that we are number three," he said.

"We have many plans in the pipeline to

push the company forward and in becoming a credible global O&G player," he added.

Apart from fabrication, TH Heavy is also involved in hook up commissioning (HUC) and offshore crane manufacturing.

It is also in the early stages of diversifying its services into the Floating Production Storage and Offloading (FPSO) system.

With its first batch of own-brand cranes expected to be launched in June, Zainol said TH Heavy is committed to growing its crane business as it as an important component in offshore services.

Currently, TH Heavy has the capacity to produce six offshore crane units per year and, with a full take-up rate, it expects the segment to contribute between 10 and 15 per cent to the group's revenue.

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TH Heavy venturing into FPSO segment

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"Each crane costs some RM5 million on average. We build the cranes at our workshop on Pulau Indah. Delivery usually takes about 48 weeks," he said.

On the FPSO system, Zainol said TH Heavy is bidding for a contract by an international O&G player that, if materialised, would mark its first venture into the FPSO segment.

Describing the contract value as "a reasonable charter rate", Zainol said TH Heavy is close to sealing the deal, likely in the first half of this year.

"Our venture into FPSO is very important as it will allow us to have a more sustainable and persistent cash flow due to the long-term contract tenure of around 10 years," he said.

"Right now, we are focusing on this particular FPSO, but moving forward, we plan to own more FPSO units as we see this segment as a potential revenue driver for the group," he added.

An associate company of Tabung Haji, TH Heavy, formerly known as Ramunia Holdings Bhd, was incorporated in 2003.

Through its unit THHE Fabricators Sdn Bhd, it has secured contracts from local and international O&G players, including Petronas Carigali, Shell, Talisman, Murphy, ExxonMobil and Woodside.

THHE Fabricators has executed more than 16 modules and topside structures, and 15 substructure fabrications.