

In Brief

EIDESVIK SHIP SALES
BEHIND PROFIT BOOST

Eidesvik Offshore has posted improved second-quarter results thanks to a gain on vessel sales.

The Oslo-listed company carded a net profit of NOK 49.7m (\$8.4m), as compared to NOK 38.5m for the same period last year.

The rise came despite an unrealised loss on currency and derivatives of NOK 68.3m, reversing a gain of NOK 10.3m in the second quarter of 2011.

But that was cancelled out by a NOK 78.2m gain from the sale of a pair of Brazil-based platform-supply vessels (PSVs) in April.

Earnings before tax and impairments was NOK 198.9m, as compared to NOK 114.7m for the same period last year. Freight income dipped to NOK 237.2 from NOK 252m.

Eidesvik ordered a new offshore-construction vessel (OCV) during the second quarter. The \$1bn ship, which is set for delivery from Kleven Maritime in 2014, is the single largest investment in the company's history.

During the second quarter, Eidesvik entered into several new charter contracts for supply vessels that kick in during the autumn.

It leaves the company with only one supply vessel that is not tied down through the winter.

THORESEN SPIN-OFF
RISES IN QUARTER

Thoresen Thai Agencies spin-off Mermaid Maritime has seen a huge rise in second-quarter profit thanks to the drilling and subsea boom.

The Bangkok-based company reported that net profit almost tripled to THB 138.5m (\$4.37m), up from THB 47m, in the three months to 30 June.

Operating profit was up by 96% to THB 230.5m from THB 117.5m as costs were only marginally higher than the previous year.

Stripping out a currency loss the result would have been much higher.

Revenue tipped the scales at THB 1.75bn, as compared with THB 1.45bn a year earlier.

Higher-end vessels contribute the bulk of sales in the subsea segment due to higher day rates, longer contracts and add-on services, according to the company.

The Singapore-listed company is focussing on expanding its subsea presence in growth markets such as Malaysia, Indonesia, Middle East, and Africa.

Deepwater plunge for Malaysia's Sealink

The operator and builder is broadening its horizons and building vessels to work beyond its main market in the shallow waters of Southeast Asia.

Jonathan Boonzaier **Singapore**

jonathan.boonzaier@tradewindsnews.com

Malaysian offshore-vessel operator and shipbuilder Sealink International is going deepwater.

Sealink, which is headquartered in the town of Miri on the island of Borneo, has joined the list of international offshore players that are targeting the growing deepwater sector of the industry, having just launched the first of a pair of 12,000-bhp multipurpose anchor-handling tug supply (AHTS) vessels from China's Jiangsu Zhenjiang Shipyard.

Company officials are hoping the two ships will be the first of many it will eventually build as it looks to broaden its horizons beyond its main market in the shallow waters of Southeast Asia.

Sealink was started in the mid-1970s by Yong Foh Choi. His son, Yong Kiam Sam, now heads the company, which is listed on the Kuala Lumpur Stock Exchange.

Initially, the company provided small vessels to the fishing, dredging, logging and mining industries. It moved into oil and gas in 1994 and three years later started building its own ships.

Today, Sealink is one of the larger Malaysian offshore players, with a fleet of 30 vessels divided almost equally between AHTS units, platform-supply vessels (PSVs) and landing craft.

Until now, these have been smaller craft designed for shallow-water operations. Most work in the Malaysian and other Southeast Asian markets but it also has vessels in the North Sea, West Africa and Australia.

The company's latest pride and joy, the deepwater-capable *Sealink 178*, represents what chief executive Yong Kim Siang is hoping will become an increasingly important part of its future.

FUEL-EFFICIENCY FOCUS

The vessel, which was designed by Wartsila, has been built to a unique hybrid design with a combination of direct diesel and diesel-electric propulsion. Each has its advantages and disadvantages. Diesel-electric is most efficient when a vessel is operating in dynamic-positioning (DP) mode, while direct diesel propulsion offers the best fuel efficiencies when a ship is steaming forward.

Wartsila has provided the entire equipment package for the vessels as well. "This came at a premium but we believe it is worth it because it minimises the performance risks," said Sealink general manager of special projects Poon Yew Who.

Poon estimates that the hybrid system will save an operator between six and eight tonnes of fuel



► **SEALINK OFFICIALS:** Chief executive Yong Kiam Sam (left) and general manager of special projects Poon Yew Who.

per day over a 30-day cycle. He is hoping that these savings will result in charterers paying a premium price to cover the additional costs of the ships being equipped with dual-propulsion systems.

"With marine diesel oil costing over \$1,000 per tonne, the fuel savings over a two-year charter are very significant," said Poon.

The vessels have also been built to a very flexible design that can easily allow them to be adaptable to operate in a variety of offshore roles. This includes accommodation for a 78-strong crew built to Det Norske Veritas (DNV)'s high-quality "comfort class" standards.

Sealink is in the process of lining up employment for its deep-

water newbuildings. Yong says the company is looking for long-term charters and is targeting the vessels at the Brazilian, West African and Australian markets.

'NICKEL-AND-DIME' BUSINESS

While deepwater is a new business approach for the company — one that has been made to take advantage of the much higher rates ships can earn — it is not planning to exit shallow-water activities. Yong admits that the Southeast Asian shallow-water sector is highly competitive with plenty of operators undercutting each other to get the available business.

"It is a nickel-and-dime business where the lowest bidder gets

the work," Yong explained.

Despite the extremely tough market conditions, Sealink has remained consistently profitable. It logged a total net profit of MYR 17.6m (\$5.6m) for its 2011 financial year. It appears on course for a profitable 2012, recording a net profit of MYR 4.78m during the first quarter of this year.

Sealink continues to add shallow-water vessels to its fleet, with eight PSVs, AHTS vessels and landing craft under construction at its own yard in Miri.

Like many owner-builders in the region, Sealink builds against what it anticipates the market will want in the future and plans its newbuilding programme around its ship-operating division requirements. That being said, the company is happy to sell its newbuildings on to other owners once they have been delivered. It does this quite frequently.

With the rising emphasis on eco-friendly, fuel-efficient ships, Sealink is considering building a new generation of shallow-water vessels that will incorporate the same hybrid engine designs and purpose adaptability as the larger ships it is now building in China.

TW NUMBERS

Sealink has remained consistently profitable. It logged a total new profit of MYR 17.6m (\$5.6m) for its 2011 financial year.