

Daya buying just one subsea vessel



By [Vincent Wee](#) from Hong Kong

Malaysian offshore construction specialist Daya Materials is being prudent with the purchase of just one subsea offshore vessel, Siem Daya 1 (SD1),

instead of the two it would have been able to under its options, group ceo Lim Thean Shiang told local media.

Not only was the \$120m purchase made at a slight discount to the initial offer price but the vessel was also supported by long term contracts Daya has with well known offshore contractors in the North Sea, but owning the vessel will lower cost of operations and which will be of long term benefit, Lim added.

"In the offshore business, vessel cost is the single largest cost item. It would be commercially viable for us to buy the vessel used for those contracts as opposed to chartering from third parties, which would translate into higher margins," he said.

Daya is chartering SD1 and Siem Daya 2 (SD2) from Norway-based Siem Offshore for five years with options to purchase them. The vessels are deployed mostly in the North Sea. The company has an orderbook of RM2bn (\$533m).

To fund the purchase of SD1, the company will issue up to \$30m in convertible bonds, as well as part-finance it with the proposed sale of non-core facilities management unit Daya CMT. "We have a strategy to own operating assets to expand our range of subsea services, and would consider buying big-ticket items like vessels if they can be supported with long-term contracts," he added.

Daya is also making working hard on cost control, with an ongoing exercise under recently appointed ceo Lim to review higher rate charter contracts signed during the high oil price market environment. Lim said Daya had successfully renegotiated some of these charter terms, reducing daily time-charter rates from \$67,000 to \$55,000 when a vessel is deployed, and \$45,000 when it is left idle.

"With these efforts, we believe we can save about \$10m a vessel a year, which is a significant saving in an environment where costs matter."

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