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# Daya Materials in talks for rail jobs after exiting subsea biz

KUALA LUMPUR: Daya Materials Bhd, which has exited the offshore subsea construction business after selling the Siem Daya 1, said it is channelling its resources into infrastructure, especially for rail-related jobs.

It said this in a statement yesterday announcing the completion of the disposal of Siem Daya 1, its offshore subsea construction vessel, for US$100 million (RM419 million).

"This is the beginning of our turnaround plan and we are optimistic and excited about the group's future. Our exit from the offshore subsea business will allow us to focus on our core profitable businesses, and our financial results will no longer be dragged down by the aforementioned loss-making business.

"We are channelling the group's resources into infrastructure, especially for rail-related projects, and are in the midst of negotiating with the relevant parties to secure contracts relating to rail engineering," said its group chief executive officer, Datuk TS Lim.

Lim said the successful completion of those talks and those contracts' implementation will contribute positively to the group's earnings over the next few years.

The group sold Siem Daya 1 via the disposal of its wholly-owned unit Daya Global 1 Pte Ltd to Siem OCV Pte Ltd, also to strengthen Daya Materials' financial position as the sale will reduce the group's debts by about 62%, the statement said.

That means a reduction of some RM406.9 million from its debt of RM660 million, as at Dec 31, 2016, to RM253.1 million.

The sale will also provide relief to the group's interest expense of about RM19 million per year. Further, Daya Materials said, all vessel-related operating expenses and depreciation — amounted to RM35 million in the last financial year 2016 — will be eliminated.

Lim also said the group has inked a memorandum of understanding with a unit of Mimos Bhd on Sept 15 to collaborate in providing a crowd management and passenger system for rail or non-rail services.

"Going forward, we foresee the group's earnings drivers to come from the infrastructure, construction and downstream oil and gas (O&G) segments.

"We will be looking to further strengthen our position in the construction sector, a profitable segment for the group. We are also expecting our downstream O&G business to continue performing well given its positive contribution to the group's profitability, due to our established performance track record and market presence."