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Daya Materials completes sale of vessel for US\$100mil

KUALA LUMPUR: Daya Material Bhd has completed the disposal of its offshore subsea construction vessel, Siem Daya 1, via the disposal of wholly-owned subsidiary Daya Gopal 1 Pte Ltd for a total consideration of US\$100mil (RM419mil).

The sale to Siem Industries Inc will reduce the group's debts by RM406.9mil or about 62% to RM253.1mil and relieve the group's interest expense of about RM19mil per annum.

"Further, all vessel-related operating expenses and depreciation will be eliminated completely, whereby during the last financial year 2016, these expenses amounted to RM35mil," it said in a press release yesterday.

The disposal is part of the company's turnaround plan and plan to channel the group's resources into infrastructure, especially rail-related projects.

In line with this, Daya Materials' wholly owned subsidiary Daya OCI Sdn Bhd has entered into a memorandum of understanding with Mimos Semiconductor Sdn Bhd to collaborate on information and security management for rail and non-rail services systems.

"Going forward, we foresee the group's earnings drivers to be coming from the infrastructure, construction and downstream oil and gas segments.

"We will be looking to further strengthen our position in the construction sector which has been a profitable segment of the group.

"We are also expecting our downstream oil and gas business to continue to perform well given its positive contribution to the group's profitability, on the back of our established performance track record and market presence," said group CEO Datuk TS Lim.

For the financial year ended Dec 31, 2016, Daya Materials recorded a loss after tax of RM205.77mil on the back of revenue of RM399.17mil.

According to its 2016 annual report, the loss was "primarily due to a one-off impairment charge on Siem Day 1 and offshore sea business as a whole", which left the group's capital base "significantly depleted and financial position affected".