

Headline	Maybulk to monetise assets after weak Q1		
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Maybulk to monetise assets after weak Q1

KUALA LUMPUR — Malaysian Bulk Carriers Bhd (Maybulk) is looking at monetising its assets to improve liquidity, after posting a loss of RM24 million in the first quarter ended March 31, 2016 due to weak charter rates and oversupply in the market.

The sector expects to see higher scrapping rates, reduced order books and more layups (of old vessels) that could eventually ease overcapacity.

He said the overall outlook for dry bulk industry will remained poor this year.

“It’s better for us to sell the old vessels and replace with new ones. Right now, we have sold a couple of ships and that has increased our liquidity considerably,” he said after a media briefing on the company’s first quarter result.

He added the group we will closely manage its cash flow and maintain a tight rein on costs.

“So far we have made a steady progress. We have delayed deliveries of new builds to avoid falling into a weak market.

“We are also being selective in divestments of vessels to maintain a modern and competitive fleet,” he said.

He noted the focus is also on generating steady earnings by winning projects such as our recent 15-year contract with TNB Fuel Services.

The contract is to drive long-term, stable earnings and generate cash.

“In April, Maybulk won a 15-year contract with TNB Fuel Services Sdn Bhd to transport coal to Malaysia,” he said.

The TNB charter will commence this September and contribute positively to earnings and net assets for the group over its duration.

In the same month, the group also announced the disposal of the post-panamax MV Alam Pesona for US\$6.9 million (RM28.3 million).

After sliding to a new record low of 290 points on Feb 10, the Baltic Dry Index has improved and as at 24 May, has recovered to 624 points.

The spot charter rates for Panamax, Supramax and Handysize are still below operating cost, at US\$4,885 per day, US\$5,911 per day and US\$4,887 per day respectively.

Dry bulk trade is currently projected to remain flat for the rest of 2016 mainly due to the persistent oversupply in tonnage. The net dry bulk fleet growth is expected to slow to 1.4% this year from last year’s 2.4%.

“Our view is that the tanker market has probably peaked. We would be exploring opportunities to dispose the two remaining two medium range tankers in its fleet,” he said.

DAILY ROUNDUP

EXCHANGE RATE

US\$1 - RM4.10 (-0.01)

BRENT CRUDE OIL

US\$49.20 (+0.59)

FBMKLCI 1,630 (+5.12)