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Drydocks World on branding mission

One player is busy building up its name with some of the most 'sophisticated' shipyards in the region.

It has been just over two years since Drydocks World of Dubai swept into Singapore and snapped up Pan United and Labroy, two of the island state's largest privately owned shipyard groups.

Denis Welch, a former naval architect, was appointed chief executive of the merged yard group now known as Drydocks World Southeast Asia (DDW-SEA) and given the task of merging two distinct corporate cultures.

DDW-SEA as it stands today comprises four shipyards, one in Singapore and the remainder on the nearby Indonesian island of Batam. These yards give the company a total of 6.5 kilometres (four miles) of wet berthing space, eight floating docks and 29 slipways.

DDW-SEA also has a shipping company that operates a sizeable fleet consisting of 158 tug and barge units and four anchor-handling tugs that are chartered to PetroVietnam. It also has two sand and gravel port operations in Singapore and a stake in two companies that provide labour to the Singaporean shipbuilding and repair industries.

Welch tells TradeWinds that during DDW-SEA's first year, the priority was to integrate the operations of all the yards and provide them with the necessary systems to operate as efficiently as possible.

New brand identities were created for each of DDW-SEA's yards. Drydocks World - Singapore, the former Pan United, is an 11-hectare shipbuilding and ship-repair facility.

Across the Singapore Strait on Batam, Nanindah is a 57-hectare high-volume facility that constructs sophisticated one-off ships ranging from offshore vessels to livestock carriers and even freezer trawlers.

The nearby 28-hectare Pertama yard is predominantly a shiprepair and conversion facility, although it also fabricates vessel sections in support of the group's other shipbuilding activities. And close to the other two yards in Batam is the 52-hectare Graha site, which specialises in building jack-up and semi-submersible rigs. It is capable of building five rigs per year and is currently undergoing expansion to accommodate two additional building berths.

DDW-SEA claims its yards are some of the most sophisticated in the region, although Welch laments that the industry sometimes has a different perception.

"People still think we are building barges on a beach," he complained.

While Welch and his corporate team, who are based in Singapore, have been working hard to build up the DDW-SEA brand in the industry, they have also been doing extensive work behind the scenes to integrate the various corporate cultures and management processes.

This, Welch says, has been no easy task.

“People tend to work with the systems they are used to. It takes a long time to get people working together as an integrated team. We have in fact implemented completely new operating systems to get everyone working in a common way,” he explained, adding that even two years down the line the process is not yet complete.

Healthy orderbook takes sting out of 2009 drought

Drydocks World - Southeast Asia (DDW-SEA), like many shipbuilders worldwide, did not have much luck securing new orders last year. In fact, chief executive Denis Welch admits that it did not secure any at all.

“We were quite lucky in the sense that we had a healthy orderbook going forward, so we weren’t too concerned,” he said.

Welch blames the lack of orders on the banking crisis rather than the problems faced by the shipping industry.

“The banks suddenly got religion. They went from lending indiscriminately to not lending at all. It was an unnatural removal of the oil that greases the wheels,” he said. But he adds that there was a huge lack of confidence in the market, which made people too nervous to go out and order new tonnage.

This year, Welch and the rest of the DDW-SEA commercial team have been spending a lot of time travelling to far-flung corners of the globe to secure new business. They appear to have been successful in their quest.

Earlier this month, DDW-SEA revealed that so far this year it has secured conversion and newbuilding work worth approximately \$200m. On the newbuilding front it has won orders for a third ultra-heavylift construction vessel from Coastline Maritime, a sixth jack-up barge from Jack-up Barge, two dumb barges for PT Kumala Barito Utara and a ropax catamaran for Islands Transport Holdings of Australia.

Although anchor-handling tugs are one of DDW-SEA’s main products, Welch says there is little demand at present and interest is very limited.

However, conversion work is making a comeback, with the group securing a deal worth in excess of \$60m to convert a containership into a livestock carrier for Hmood Al Ali Al Khalaf Trading & Transporting of Saudi Arabia. This conversion is considered a particularly high-value contract as it involves some 5,500 tonnes of steelwork.

Also in the bag is a conversion deal that will see DDW-SEA upgrade a crane barge into an accommodation barge for Leighton Offshore.

All these projects will be divided amongst DDW-SEA’s four yards and are scheduled for completion between 2011 and 2012. Welch is confident that similar work can be secured this year.

And although DDW-SEA has experienced a newbuilding lull in the past 18 months, regular ship-repair work has held up quite well.

Welch admits that customers have been putting pressure on repair yards to reduce their pricing.

“We have had to price ourselves less than we did in past years but we have responded by improving our operations. You can only hide under the price umbrella for a certain amount of time. You have to improve if you want to remain competitive,” he said.

Parent hits rough patch but yard is unaffected

Last November, Drydocks World parent Dubai World announced that it was experiencing severe financial difficulties and would engage in a major restructuring of its assets and business activities.

Questions have therefore been raised as to the future of Drydocks World - Southeast Asia (DDW-SEA) and, in particular, its grand plan to develop a 174-hectare site on Batam into a major shipbuilding, shiprepair and training facility provisionally called Batam Maritime Centre.

DDW-SEA chief executive Denis Welch is quick to point out that Drydocks World is not touched by any of Dubai World’s restructuring plans and it is business as usual at all of its shipyards.

However, Welch does concede that the plan to develop the Batam Maritime Centre has been put on hold for the time being. He credits this to the overall shipping and economic downturn rather than any specific problems at Dubai World.

“The plans have been put on hold for the short term, irrespective of the situation at Dubai World,” he said.

Welch says DDW-SEA has not given up on the scheme to build the Batam centre, it has merely changed the time frame. He adds that for now there is no need to develop new facilities as there is still a lot DDSEA can do to improve capacity at its existing yards.