

Serba Dinamik shows its dynamism beyond oil and gas

OIL & GAS

Saturday, 9 Dec 2017

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ONE company operating in the upstream oil and gas sector that has been doing surprisingly well is Serba Dinamik Holdings Bhd.

The engineering services company, which has become one of the best performing new listings this year, derives more than 80% of its revenues from servicing oil and gas production facilities.

And yet it has shown a solid, close to threefold growth in its bottomline for the cumulative nine months on a year-on-year basis since its February listing.

“There is minimal implication (to Serba Dinamik) from changes in oil prices, as long as platforms keep producing and our maintenance contracts are utilised,” says Datuk Karim Abdullah, managing director and CEO of Serba Dinamik, in an interview with StarBizWeek. But this is not to say that Serba Dinamik is not aggressively looking to expand its competencies in other areas.

One notable move is to expand its information technology (IT) solutions capabilities.

Last month, Serba Dinamik clinched an interesting deal.

In a collaboration with the Malaysian Islamic Doctors Organisation (Perdim), Serba Dinamik launched MyTPA, which stands for Malaysia Third Party Administrator.

MyTPA is an app-based online management system for clinics, which regulates payment claims made by panel clinics, as well as provides an online depository of integrated records.

“Looking at the bigger picture, in the space of big data and data analytics, the Government can also tap into MyTPA’s database to procure healthcare data of the Malaysian population.

“It (MyTPA) is a volume play which can be a revenue contributor to Serba Dinamik going forward,” says Karim, adding that MyTPA shall generate an estimated RM100mil revenue over a period of five years.

Karim explained that to date, there are 1,400 clinics in Malaysia that are registered under Perdim – the bulk of which are small and medium enterprises (SMEs) with cashflow issues stemming from delayed payments caused by third parties in payment arrangements.

With MyTPA, these clinics can get instant payments for the treatment and services rendered, without having to wait for the slow claims process.

Serba Dinamik, as the intermediary, establishes tripartite agreements with the panel clinic and the company involved.

In these agreements, these clinics are assured that they will be paid within 30 days, while companies who default on payments will be subject to penalties.

Apart from the healthcare space, Serba Dinamik is also looking to gear its IT solutions towards Industry 4.0, which entails the Internet of Things (IoT), big data, data analytics, smart technology, and artificial intelligence (AI).

Karim says that the group is working on incorporating some of these IT solutions into its equipment to speed up processes.

Though the IT solutions division is a small revenue contributor to the group currently at less than 1% of Serba Dinamik’s revenue, Karim plans to grow this figure to 5% next year.

An African journey

Operation and maintenance (O&M) and engineering, procurement, construction, and commissioning (EPCC) segments will remain as the core revenue driver for Serba Dinamik.

The O&M division contributes approximately 80% of Serba Dinamik's revenue, EPCC at 18%, with IT solutions as well as training and education making up the remaining portion.

However, Serba Dinamik intends to grow the EPCC division next year, from the current 15% to 20% to an estimated 20% to 25% of total revenue.

"In 2018, we will be looking at activities or efforts where we can expand these capabilities (O&M and EPCC) to wider regions or countries which we think we can offer these services to.

"The agenda to penetrate the African continent will be a priority in 2018.

"Having successfully closed up some jobs in Tanzania, we are putting efforts into other African countries such as Senegal, Guinea, and Cote d'Ivoire (Ivory Coast), and should be able to make successful entry into these countries in 2018," says Karim.

Serba Dinamik is making its foray into the African continent under the advisory of Islamic Development Bank (IDB).

Karim explains that IDB has more than 30 years experience in Africa, which helps facilitate Serba Dinamik's entry into the region.

He adds that prospects in the Central Asian region are also positive, having secured sizeable projects over a four-year duration in Turkmenistan.

"There will be more projects to come, and we have also been offered to project opportunities into neighbouring countries like Uzbekistan and Kazakhstan," he says.

Serba Dinamik's O&M and EPCC segments have a strong presence in the Middle East, with several operations in the UK.

Geographically, the Middle East is the group's largest revenue contributor, making up 56.7% of Serba Dinamik's revenue for the third quarter ended Sept 30, 2017.

On concerns about rising political tensions in the Middle East, Karim says: "The Middle East will still undergo a lot of volatility -- it is a region that has never been completely silent from all these volatilities.

"I personally believe that all the existing 'superpowers', the Americans, French, Germans, Italians, Swiss, you name it, they have invested billions and trillions into that region.

"And there is no way they will allow a war to happen in that particular.

“Based on that reality, I believe business will still be as usual.

“Entrepreneurs like us have to be careful and always be on our toes.

“Risk will always be there, but those are mitigated risks.”

Apart from that, Serba Dinamik will be upgrading its in-house technology capabilities next year, via organic and inorganic approaches.

While the group works on activating its in-house research and development (R&D) through a combination of industrial experience and collaborations with higher education institutions in Malaysia, it will also build up its technology ownership via acquisitions.

Karim says that these acquisitions will mainly be European-based companies, and the acquired technology and know-how will help Serba Dinamik’s entry into the aforementioned countries.

Karim remains bullish on the oil and gas industry for 2018 and 2019, stating that oil and gas will still be a major energy solution option going forward.

“Oil prices have been improving over the past six months and the Organisation of Petroleum Exporting Countries (Opec) has agreed to continue with production cuts.

“On the other hand, non-Opec countries led by Russia have agreed to extend production cuts to mid-2018.

“The reference price which shale oil or gas will not be able to grow in an aggressive manner is US\$60 to US\$65 per barrel.

“At a price of above US\$65 per barrel, shale oil or gas can compete and upset conventional oil and gas extraction,” explains Karim.

TAGS / KEYWORDS:

Oil & Gas , Serba Dinamik Holdings Bhd , Engineering , Oil And Gas , IT , Healthcare , Africa , Central Asia