

Press release: When the going gets tough: EBH Namibia: Providing solid support for the oil and gas industry to weather oil price 'storm'

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As one of the leading contributors to the economy of Namibia, ship repair company Elgin Brown & Hamer (EBH) Namibia, is fully cognisant of the impact that the sustained low oil price could have - not only on the downstream oil and gas sector in which it operates - but on the Namibian economy as a whole.

The company has positioned itself as a strong contender in the international ship repair market, servicing a number of offshore support vessels operating off the west coast of Africa. A large portion (80%) of EBH Namibia's core market operates in Angola, the second largest oil producing country in Africa.

"The impact that the burgeoning West African offshore oil and gas industry has had on Namibia, and specifically Walvis Bay, has been significant. Between Africa's top two oil producing countries Nigeria and Angola, placed 13th and 15th as global oil producers respectively, there are currently in the region of 322 offshore support vessels and 68 oil rigs. On average for each oil rig operating, up to 6 support vessels are required," notes Hannes Uys, CEO of EBH Namibia.

"As a result of the oil price drop, from over 100 \$US (on average for the past four years) in the middle of last year, to below 60 \$US currently, we have seen a reduction in the utilisation rates of rigs and OSV's of 11% and 8 % respectively," Uys advises.

"It is important at this point to ask the question: just how badly will the sustained low oil price affect the Namibian economy and the ship repair industry? Some might argue that the drop in the oil price, for a country that does not produce or export oil, is a good thing – and certainly both private individuals and large energy-producing industries can only benefit from a lower fuel bill as a result of the low oil barrel price," says Uys.

"However, for Namibia and its ship repair industry, there are very real risks in the wake of the current economic crisis which oil producing countries find themselves in, as a result of the sustained low price of crude oil. The questions remain, how serious are these risks, and how do we, as a country and an industry, safeguard ourselves against them?"

No-one is immune

In order to cope with what looks set to be a tough two years, oil majors are taking remedial actions to counter the effects of a loss of revenue, including worldwide retrenchments, cost-cutting (in capital and operational expenditure) and putting projects which are not in the final phase on hold, if not terminating them.

"No-one linked in any way to the oil industry is immune to the impacts: if you 'close the tap' at the top (that is, the major oil producing companies), not only ship repairers, but every single player downstream in the channel will feel the effects," comments Uys.

EBH Namibia's downstream economic impact of N\$ 5 billion

As the leading shipyard in Namibia, EBH Namibia's estimated downstream impact on the economy, since inception in 2006 to date is in the region of N\$ 5 billion. With 845 employees, it is estimated, too, the downstream effect to be at a multiple of 8, resulting in a total of direct and indirect employment of 6,760 Namibians. In addition, the company procures annually an estimated N\$ 400 million in service and materials (representing a local vs. international split of 9/1).

In order to ensure that it is armed with the very high-performance skills set required to deliver a world-class service in ship repair along the west coast, EBH Namibia has invested an estimated N\$ 6 million annually in the training and development of its people.

Extraordinary times call for extraordinary actions

“It is for these reasons, and the fact that EBH Namibia has an average of 130 docking-related projects over a calendar year, that as a company, we have to ensure that we carefully apply our minds, so that extraordinary thoughts lead to extraordinary actions, which in turn lead to extraordinary results.”

Uys urges those in the ship repair industry – whether they are feeling the effects of a low oil price or not – not to be complacent, and to join forces against a common threat.

“We need to entrench, on a wider scale, a culture of high-performance and discipline, and in order to do this, we have to become more efficient, even aggressively so,” he maintains.

Uys calls for a unified stance, urging all Namibians, in all sectors of industry, to immediately adopt a proactive stance and embrace a culture of high performance.

Many predictions in the industry are stating that the oil price will most likely stabilise towards the end of 2016.

“This is undoubtedly a crisis period. It is imperative that our affected clients, including the offshore supply vessel (OSV) owners, feel that the industry is being backed by our government and other industry stakeholders, and that we are seen to be taking serious, urgent and significant steps to accommodate them over this 24 month period.

For our part, EBH Namibia as a company is resolved to intensify our energies in achieving even higher efficiencies, enhanced flexibility and cost reductions as part of our strategy to weather this storm, while committing to the ongoing high-quality servicing of our clients’ fleets, for which we have become known,” Uys concludes.

Ends

(888 words)

Note to Editors

EBH Namibia, an established ship repair company strategically located on the west coast of Africa in Walvis Bay, Namibia, provides a holistic service solution in all aspects of marine engineering and ship repair to the local and international shipping and offshore industry.

The company operates three privately-owned floating docks in Walvis Bay, including a panama-sized dock.

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