

INTERVIEW

PETER HALL, CEO, AL HASSAN ENGINEERING

Understanding market, customers an advantage



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After a difficult few years of the global economic downturn and fluctuating oil prices, stability has returned to the contracting market with a number of new projects coming up for local contracting companies like Al Hassan Engineering.

Al Hassan Engineering chief executive Peter Hall spoke to *Muscat Daily* about increased competition from international companies, the state of the contracting market and the importance of health and safety at the workplace.

How did the company perform last year? Are you anticipating growth this year?

In 2009, our business grew an approximate 20 per cent by volume and 30 per cent in profit over 2008. This growth is in line with our target and builds on the growth that we achieved in 2008, which was 28 per cent over the 2007 volume. Growth in 2010 will be more challenging but with our current order book, we are confident that we will continue to see further growth in our business.

How healthy is the contracting market in the oil and gas sector?

The sector has continued to be generally stable. However, we have lately seen the awarding of a number of major projects in Abu Dhabi. Here in Oman, the sector has continued to develop

at a reasonable and progressive level. This aligns with our understanding and strategy for the sector.

Which areas will the company be focusing on this year and the next?

Our strategy, formulated in 2008, continues. We will focus our attention on development and growth in the three main sectors of our business - power, oil, gas and petrochemicals, and water. In the water sector, we are already active with our current contract for the Seeb water treatment project on which we are working with the main contractor Hyundai Rotem from Korea. We expect similar projects into the future and we believe that we have the necessary credentials to continue to succeed in the market.

How has international competition affected business?

We have certainly seen an increase in the number of international competitors entering our market. This is predominantly due to international markets being affected by the economic downturn. Oman has been less affected by this downturn and has remained more stable. As a result, it has become more attractive to international companies and we are seeing that the number of bidders for every project has increased. However, with our good reputation, experience and the various business initia-

tives that we have taken and continue to review and refresh, I am confident that we will be able to continue and build on our success in the market.

Are local companies seeing lower margins as a result of increased competition?

From our point of view, we have been able to sustain and indeed grow our margins as you will see from our 2009 results. With the business improvement initiatives that I mentioned earlier, I believe that we should continue to maintain our position in this respect.

What are the advantages of local companies over international competitors?

I think the advantages are understanding the market and the customer. We know our customers; we know their business requirements and we can harmonise the way we execute the projects in line with their operational requirements. For example, with PDO we completed work on the Burhan and Harmal gas pipeline project earlier this year. For operational reasons, PDO requested that we accelerate the completion of the project. Working together in very close collaboration, we were able to safely complete the project four months ahead of schedule. This demonstrates what can be achieved by understanding the market, the customer requirements and working together with them to

help them to achieve their goals.

How was your order book position at the end of the last quarter, and how do you plan to grow it?

We are on target with a healthy order book which will carry us through this year and beyond. This does not mean that we are going to slow down. We have aggressive business growth targets for 2011, 2012 and beyond. Our strategy and associated actions continue.

What major contracts have you won this year?

We have had a number of successes this year. We have started work with the main contractor GSE&C from South Korea on the PDO Saïh Nihayda depletion compression project. In addition, we have a number of smaller projects and extensions to existing contracts here in Oman. In Abu Dhabi, we were delighted to have secured from a new customer Technip of France, an order covering civil works for the GASCO Asab III gas project.

Since 2007, Al Hassan has recorded 34mn man hours without an accident. How important is this for your customers and for yourself?

We are very proud and have worked very hard at all levels throughout the organisation to achieve this extremely significant milestone. In 2009, we have had 12.4mn man hours without lost time injury (LTI). In 2008, we had 13.2mn man hours LTI-free. This meant at the start of 2010, we had accumulated 32mn man hours LTI-free and we are continuing to build on this record. Our philosophy on and achievements in health, safety and environment (HSE) is extremely important to us not just because it's a requirement in the market sectors in which we operate but because we firmly believe in and are committed to the health and welfare of our people and want to make sure that they all safely return to their homes and families.