

Renaissance Services net jumps 114.7pc

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MUSCAT — Renaissance Services SAOG, the Omani multinational with operations in more than 16 countries, has announced a 114.7 per cent jump in net profit for the first-half year. The company's net profit touched RO15.3 million for the first-half year period ended June 30, 2008, against RO7.1 million posted during the corresponding period last year.

"The RO15.3 million net profit included a capital gain of RO4.8 million realised from the divestment of the group's technology businesses. Net profit without capital gain increased by 47 per cent while net profit with capital gain soared by 114.7 per cent," Samir J. Fancy, chairman of Renaissance Services, said in the unaudited earnings report submitted to the Muscat Securities Market yesterday.

The earnings report showed an EBITDA of RO30.3 million which included RO6 million from this divestment. EBITDA is an approximate measure of a company's operating cash flow based on data derived from income statement. EBITDA without capital gain has increased by 30 per cent, and with capital gain the measure has increased by 62.6 per cent.

The company's revenue increased by 28 per cent as compared to the same period last year while profit from operations increased by 29 per cent; operating margins at 14.6 per cent are similar to last year's margins of 14.4 per cent.

"This is in spite of severe inflationary pressure on costs, in particular affecting employment and living costs across all businesses and

food consumable costs in the contract services businesses," the chairman said.

Renaissance operates internationally with more than 10,000 employees. The company's largest presence is in the Middle East and the Caspian, with increasing operations further afield in Southeast Asia, Africa and Europe.

Renaissance's home market of Oman generates about 25 per cent of total revenues; and in Oman and abroad, more than 75 per cent of the company's revenues are from services to the oil and gas sector.

"Within this wide geography and these broad commercial demographics, we have in fact reduced the complexity of our business structure over recent years," he said.

Renaissance has two major core business groups: Marine & Engineering (MEG) and Contract Services (CSG). There is a third group, comprising a portfolio of investments and other operating businesses in

Media and Training, that are in robust health and positioned for growth, but have been ear-marked for divestment as non-core activities.

"We believe in very flat and efficient structures focused on meeting customer needs and exceeding customer expectations safely and profitably. So similarly, each of our two principal business groups is stream-

lined with responsibly independent structures and clarity of business focus," he said.

MEG has marine businesses which collectively own and operate an offshore support vessel fleet that has grown to 91 vessels in 2008; and engineering businesses delivering quality oil and gas fabrication and maintenance, and specialist afloat ship repair services. CSG has services businesses providing large-scale catering and related life support services; and facilities' management businesses delivering turnkey contract services including build, own and operate facilities establishment projects.