

Shut it down to build it up

Ahmed Mansoor Al A'Ali Group (AMA) is an integrated construction company with five divisions: contracting, which includes petrochemicals, building materials, structural-mechanical, AMA motors and AMA sports. The company has approximately 4,000 employees and serves both the private and public sectors.

How much growth can we expect to see in the energy industry in Bahrain in 2013?

BASSAM EL ASMAR: The oil and gas industry will be relatively quiet in Bahrain during 2013. We are going to have routine shutdowns and maintenance taking place at the Bahrain Petroleum Company (Bapco), Bahrain National Gas, the Gulf Petrochemical Industries Company and Tatweer Petroleum. Although the longer of the shutdowns will be completed by the end of April 2013, we will have continuous smaller-scale shutdowns and miscellaneous maintenance and emergency jobs. Nevertheless, in 2013, new tenders are expected for long-term contracts in

of our long-term maintenance and shutdown agreement. The Bapco refinery is interesting because of its age. This results in a constant requirement for maintenance. However, due to the maturity of some of the units, Bapco is very careful in selecting which contractors to perform the shutdown maintenance. So, even though it is difficult to work on such a plant, our extensive presence at the refinery and the experienced shutdown team of Bapco makes it a natural environment for us to work in.

Do you generally try to work with a partner?

GERHARD CORDES: We are starting to present to some of our clients – mainly from the private sector – a partnering model that is more frequent and generally accepted in Europe. We offer our involvement from the early design stages of the project, where we participate with our inputs. They can be in many forms, such as advising some new construction techniques, reducing the project cost or optimising the construction schedule. Being involved from the early stages gives us better tools to provide an accurate estimation for the construction of works and avoid high-contingency factors. This practice is usually offered on an open-book basis that offers transparency to the client as well as a sense of control over his budget. The major benefit for the client is the emphasis on value engineering, on minimising the costs without compromising quality and on optimising the construction period. This technique shortens the project tender period by several months as it eliminates the need to prepare tender documents, float them in the market, review the bids and award the contract to a successful bidder.

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maintenance and minor works in addition to a couple of small engineering, procurement and construction (EPC) jobs. The fact that 2013 is not a year for big projects gives us an opportunity to prepare ourselves to target construction jobs in the bigger EPC tenders, which we are expecting to be available in early 2014 and 2015.

How would you describe the relationship between AMA and Bapco?

BEA: Bapco has a list of scheduled shutdowns that are awarded to approved contractors, such as AMA. In March 2013, we completed a major shutdown. They usually consume most of the approved contractors' local resources, thereby creating the need to mobilise an additional workforce on a temporary basis from abroad.

Such mobilisation is requested and reimbursed by the client. Furthermore, AMA has 125 qualified professionals available to Bapco working during the year on miscellaneous tasks as part

What is the profit margin on a shutdown?

BEA: Profit margins on shutdowns are high compared with pure construction jobs. However, just as shutdowns are upsetting processes at the plants themselves, they can cause similar upsets to a contractor's workforce utilisation.

With the understanding that shutdowns are performed over only very short periods of time, the workforce is expected to peak for a brief duration. This means that if there is no continuity of work after the shutdown, the staff will have to remain idle. However, as a stand-alone project, a shutdown is definitely a rewarding measure. ■



Gerhard CORDES
Chief Operating Officer,
Contracting Division
AMA



Bassam EL ASMAR
General Manager,
Petrochemicals Division
AMA

IN FIGURES

2012 turnover from construction division was approximately

\$133 million

Employees

Some 4,000

Size of the workshop in Bahrain

150,000 square metres