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## Deleum expects better FY19

This is if the O&G sector's activity level is maintained — MD

BY ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: Deleum Bhd expects to do better in the financial year ending Dec 31, 2019 (FY19) if the oil and gas (O&G) sector maintained its heightened activity level, said its managing director (MD) Nan Yusri Nan Rahimy.

After the company's annual general meeting (AGM) yesterday, he told reporters that Deleum has consistently grappled with profit margin compression after oil prices fell in 2014, and that it is also trying to fortify its cash and cost management strategy.

Its net profit for FY18 declined 15.85% to RM27.17 million from RM32.28 million, but revenue increased 16.78% to RM623.69 million from RM534.06 million.

Contributing to the group's bottom line for FY19 are the power and machinery (60%), oilfield services (30%) and integrated corrosion solution (ICS) (10%) segments. Nan Yusri is hoping for the three segments to contribute equally to the bottom line within five years.

Deleum's order book worth RM2.3 billion is expected to last until 2023. Its tender book worth some RM140 million will fluctuate depending on the number of projects that it tenders out.

"Our slickline assets have a 100% utilisation rate for now, due to the sector's current activity level," he added.

On capital expenditure, the group is looking to spend some



Nan Yusri (left) and Deleum chief financial officer Jayanthi Gunaratnam after the group's AGM yesterday. Photo by Sam Fong

RM40 million to RM50 million on equipment and other facilities in relation to the contracts that it currently maintains.

Nan Yusri said the group will also continue to bid for more contracts to grow and protect its market share.

He also said the current oil price of US\$70.38 (RM293.49) per barrel is at a good level, adding that given the current market conditions, prices between US\$65 and US\$75 are good.

"For us in the O&G sector, it is not how high the oil price is, but rather how stable the oil price is in

a certain band. Once that stability is gone, you cannot decide on whether to start certain projects."

As part of efforts to mitigate risks, the group — currently "domestically concentrated" — is looking to expand to foreign countries such as Indonesia, Brunei, the United Arab Emirates, Saudi Arabia, Qatar and Oman. He added that the group could offer its oilfield services and ICS abroad.

Nan Yusri said currently, its overseas operations contribute 1% of its revenue, and that the group is hoping to increase this to a high single-digit within three years.