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The Star Online - Prospectus Launch

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Deleum to offer new products

By LOONG TSE MIN

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KUALA LUMPUR: Deleum Bhd, which is en route to a main board listing next month, aims to develop more customised products and services.

The majority bumiputra-owned company, through its subsidiaries, is licensed by Petronas to supply supporting specialised products and services to the oil and gas industry.

"We will focus on pursuing our strategy of developing new products, especially customised specialty chemicals," executive chairman Datuk Izham Mahmud said at the launch of the company's prospectus yesterday.

At present, about 50% of the company's products and services were locally developed, said group managing director Chandran Aloysius Rajadurai. However, he said, growth in the near future was expected to come more from products sourced from abroad.

Deleum has strategic partnerships and distributorships for key oil and gas equipment for exploration and production - i.e. gas turbines and undersea umbilicals (cables to connect surface control equipment to subsea equipment).



Minister of Finance II Tan Sri Nor Mohamed Yakcop (left) and Deleum deputy executive chairman Datuk V.V. Nathan at the prospectus launch

Izham said Deleum also aimed to replicate its success overseas, especially in high growth markets such as the Asean region, the Middle East and Africa.

In Cambodia, the group is providing bulking services to the oil and gas sector and has a 12% stake in an independent power producer, Cambodia Utilities Pte Ltd.

The listing exercise is expected to raise RM41.7mil for the group. It involves the issuance of 14 million new RM1 shares to the public and the offer for sale to selected investors of 6.45 million RM1 shares at an offer price of RM2.55 each.

This will result in an increase in its paid-up capital to 80 million shares from 60 million at present.

Deleum forecasts a net profit of RM23mil on revenue of RM581mil for this financial year ending Dec 31, 2007 (FY07) compared with RM24.8mil and RM432mil respectively in 2006.

According to its statement, the group's prospective FY07 net price-to-earnings ratio is 8.8 times based on an enlarged market capitalisation of RM204mil.

"Barring unforeseen circumstances, we are proposing a gross dividend of 14.4 sen per share for FY07," said Izham. On the enlarged capital, this translates into a gross dividend yield of 5.6% for the year.