

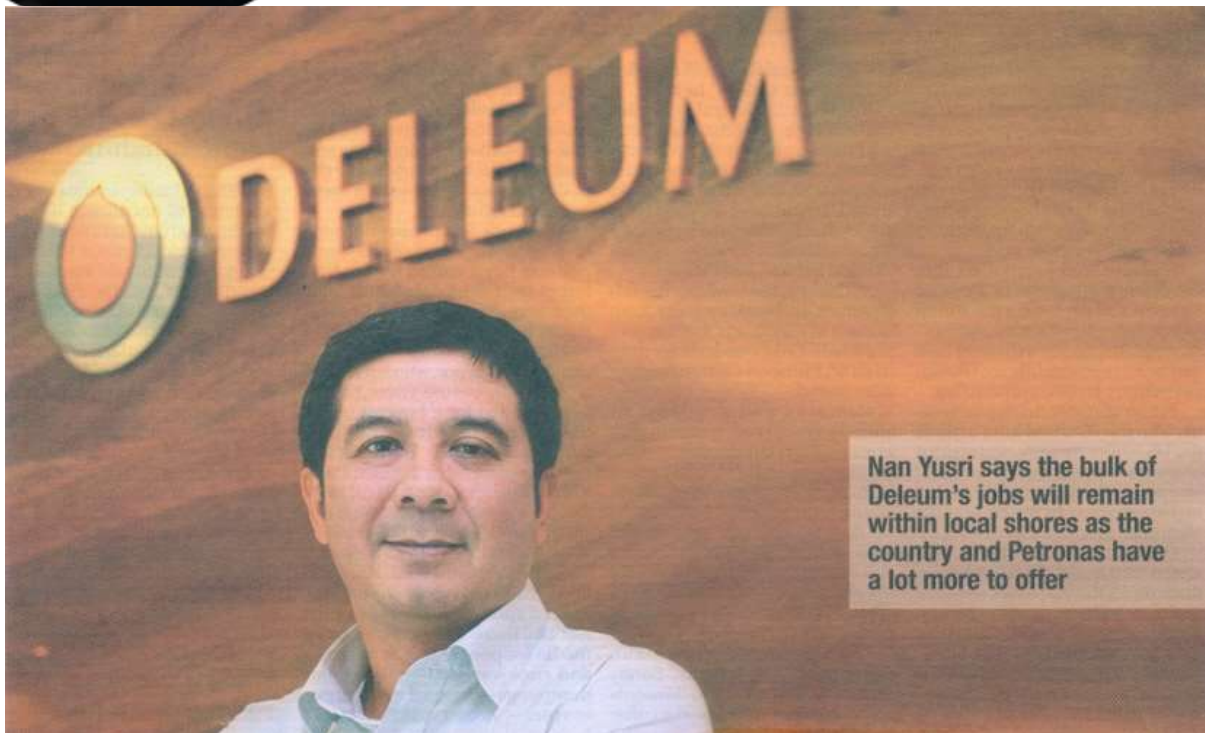


DELEUM

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Deleum eyes double digit 2014 earnings growth

Oil and gas services provider is bidding for RM700m worth of jobs

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KUALA LUMPUR: Deleum Bhd expects to post double digit growth in earnings and revenue this year, as it hopes to clinch some of the RM700 million worth of local jobs it is bidding for.

The oil and gas (O&G) services provider posted an 11% increase in net profit to RM49.56 million for the financial year ended Dec 31, 2013 (FY13) from RM44.5 million a year ago. This was achieved on revenue of RM484.7 million, up 2% from RM473.2 million in FY12.

Deleum group managing director Nan Yusri Nan Rahimy said the group is currently bidding for RM700 million worth of projects from 16 O&G operators.

However, he declined to comment on Deleum's average success rate for the bidding except that the group is "always tendering for all its three business segments comprising power and machinery (P&M),

oil field services and maintenance, repair and overhaul (MRO)".

Although Deleum aims to spread its horizons regionally by 2015, Nan Yusri said the bulk of its jobs will remain within local shores as the country and Petroliaam Nasional Bhd (Petronas) have a lot more to offer.

He sees that locally, there are a number of jobs that the group can take part in as the services it provides revolve around ongoing initiatives by Petronas to ramp up the O&G sector.

To date, Deleum has set foot in Indonesia, Brunei, Myanmar and Cambodia through its P&M business and MRO services.

Nan Yusri said he has been informed that there will be a few major tenders from Brunei this year.

"We are positioning ourselves at the current moment to see if we can participate in and secure some of these contracts in Brunei," he told *The Edge Financial Daily* in an interview.

Deleum presently has a RM3.3 billion order book, which will keep it busy until 2022.

Nan Yusri said the group is also looking to be a solutions provider for Petronas.

"We have just spun off a separate business unit that we call 'asset integrity solutions' (AIS). This new unit will look more into solutions-based engineering or services that we can provide to Petronas," he said, adding that Deleum intends to get more involved in field studies.

"Petronas will be focusing more on increasing and obtaining additional barrels as the current production level is depleting and the new greenfields are not coming in line as per schedule due to various challenges.

"But maintenance work will continue to ensure that the current oilfields and wells are producing. This is where we are in the thick of things, especially with the AIS we are able to assist in the study and

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Group aims to become integrated services provider

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review and come up with possible solutions," said Nan Yusri.

He said the group's focus is to lead its oilfield services and MRO segment from just a product-based company to an integrated services provider, while increasing contribution.

P&M will continue to contribute as this business segment has a market presence in the country. The group has also signed long-term service agreements with 17 O&G operators as these services will provide a recurring income.

The P&M segment is the main

contributor to group revenue, accounting for about 80%.

Nan Yusri sees P&M's percentage contribution falling as the group's oilfield services start to contribute more.

"At some point I would like to see each segment contributing 33.33% as the group's revenue base grows as well," he said. The MRO segment contributes a small portion or 3% to Deleum's revenue.

Nan Yusri said for the P&M segment, the group is eyeing more horizontal growth to cover more projects and to ensure increas-

ing capabilities in maintaining its turbines.

"For oilfield services, it will be in the area of expanding our services because we have already got the slickline contract," he said.

In July last year, Deleum was awarded a five-year contract worth up to RM800 million from Petronas Carigali Sdn Bhd, Newfield Exploration Co, ExxonMobil Exploration and Production Malaysia Inc, and Petrofac Ltd for the provision of slickline equipment and services in the drilling and production programmes under Pan Malaysia's umbrella contract.