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Deleum hopes to expand via M&As with O&G firms

By INTAN FARHANA ZAINUL
intanzainul@thestar.com.my

KUALA LUMPUR: Deleum Bhd is on the lookout for merger and acquisition (M&A) opportunities with local oil and gas (O&G) services companies as part of its expansion plans, according to group managing director Nan Yusri Nan Rahimy.

He said the group was currently in talks with two or three local companies for potential M&As.

"The M&As we are seeking have to compliment our current core businesses, especially our oil field services and maintenance, repair and overhaul (MRO) segments," he told reporters after the group AGM yesterday.

While Deleum aims to further

expand its presence regionally, Nan Yusri said there were many jobs that the group could look at in the country, especially in the O&G exploration and production activities.

"Our focus is in production enhancement, brown field development and asset integrity," he explained.

AllianceDBS Research said Deleum's new growth area of business was to provide services like idle well reactivation and chemical or mechanical solutions to boost production.

"It is still early days for this business, and we view that any potential contract or earning accretion would only be visible from financial year (ending 31, 2015 (FY15)," it said in report.

The group has so far secured projects in Indonesia, Brunei, Bangladesh, the Philippines, Myanmar and Cambodia.

"Moving forward, we are targeting to increase our presence in Indonesia, Brunei and Myanmar, as well as looking for opportunities in Middle Eastern and eastern Europe countries," Nan Yusri said.

Presently, the group is bidding for jobs worth between RM200mil and RM250mil both locally and regionally.

Deleum has an RM3.3bil order book, which will last until 2023.

"This year we are aiming at a double-digit growth in earnings and revenue and to expand our oil field services and MRO segment," he said, adding that the group had allocated

RM160mil as working capital for this year.

Deleum's core businesses are power and machinery (P&M), oilfield services and MRO.

To date, the P&M segment had contributed the lion's share of the group's revenues.

The company recorded a 42.7% jump in net profit to RM9.8mil in the first quarter ended March 31, against RM6.8mil a year earlier, due to better performance in its P&M and oilfield services segments.

Its revenue also rose 18% to RM102.2mil from RM86.5mil previously.

For FY13, it declared a total payout of 17 sen per share – the highest ever distributed – up from 15 sen per share for FY12.