



Headline : Deleum in talks to acquire oil & gas firms  
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# Deleum in talks to acquire oil & gas firms

> We've identified two to three potential acquisition targets, says MD

**KUALA LUMPUR:** Deleum Bhd, which is bidding for contracts worth RM200 million to RM250 million, has identified two to three potential acquisition targets as it is now in an "aggressive growth" mode following a consolidation last year.

"We're constantly looking out for good acquisitions and companies to partner with, but we're careful in acquisition approach, to make sure it complements our core businesses," its managing director, Nan Yusri Nan Rahimy, told a press conference after the company's AGM here yesterday.

He said the parties that Deleum is in talks with are service-based local companies, but it is not committed to conclude any acquisition deals

by this year.

"We have not presented (the acquisition plans) to the board, but potential is out there and we must also ensure the price is right," he said, adding that there are not many service-based companies in the oil and gas industry.

Nan Yusri said the company, which has set aside RM160 million capital expenditure (capex) for 2014, has sufficient capital to fund its expansion and acquisition plans, thus it is not in a rush to raise fresh capital at the moment.

"Every business unit needs to be self-sustained, and we're not in high capex industry, but if opportunity arises, we may need fund," he added.

Deleum has a net cash of RM44 million as at Dec 31, 2013. While bidding for up to

RM250 million worth of contracts that are mainly for the supply of specialty chemical products and oilfield services jobs, the oil and gas service provider also has an order book of RM3.3 billion currently, which could keep it busy until 2023.

He expects Deleum to achieve double digit profits growth in 2014, driven by its three core businesses, namely power and machinery, oilfield services and maintenance, repair and overhaul (MRO).

"Despite being the main contributor, we believe contribution in terms of percentage from the power and machinery division to fall as the other two segments will grow significantly in the next three years," Nan Yusri said.

The power and machinery segment contributed 78.9% to the company's total revenue in FY13, while oilfield services and MRO were 15.5% and 5.6%,

respectively, he added.

"With more contracts tendered out by Petronas and the industry players in coming years, we will aggressively secure these contracts for oilfield services and MRO segments."

For the first quarter ended March 31, 2014, Deleum posted a net profit of RM9.75 million, an increase of 42.65% compared with RM6.84 million in the corresponding period.

Deleum is looking at expanding its overseas presence, even beyond the region by venturing into the Middle East and Eastern Europe. Currently its overseas markets account for only 2% of total revenue, with Indonesia and Brunei as the key markets.

"Oil and gas is a niche and traditional industry, it takes time to break into the new countries, we must ensure to have good local partners," Nan Yusri said.