



DELEUM

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Deleum bags RM700 mil job

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Oil and gas service provider Deleum Bhd is close to securing a five-year Pan Malaysia slickline contract worth up to RM700 million, according to industry sources. This would be a major win for Deleum as the contract is almost double its revenue of RM473.2 million for FY2012 ended Dec 31.

Deleum recently received a letter of award from Petronas Carigali Sdn Bhd for a slickline contract worth RM300 million, sources say.

The rest of the contract is expected to be awarded by ExxonMobil Exploration and Production Malaysia Inc, a unit of Exxon Mobil Corp, and Newfield Exploration Co.

A slickline refers to a single strand wire that is used to run tools into wellbore for several purposes, such as to monitor the conditions or log information on the wellheads.

Should it secure the entire RM700 million contract, "Deleum's oilfield services arm will be three times larger next year than it is now and its order book will increase to RM2.1 billion", an industry observer notes.

The new contract will give a big boost to Deleum's oilfield services division, which is not a major contributor to its earnings. The segment recorded a net profit of RM3 million for

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Sticking to its dividend policy

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1Q2013 compared with a net loss of RM1.5 million in the fourth quarter of FY2012.

At its previous AGM, group managing director Nan Yusri Nan Rahimy told the media that he anticipates a further RM2 billion worth of contracts to be secured by the company, which will add to its existing RM1.4 billion order book.

He added that the company aimed to focus on its three core business segments this year, namely power and machinery; maintenance, repair and overhaul (MRO); and oilfield services. At present, about 70% of its turnover comes from its power and machinery arm.

"Most are domestic projects with only minimal ones from Indonesia," he said, adding that Deleum planned to establish its regional presence by 2015, especially in neighbouring countries and parts of the Middle East.

In May, *The Edge* reported that the company was among the front runners to secure an engineering, procurement, construction and commissioning (EPCC) contract worth more than RM250 million from Brunei Shell Petroleum.

The contract is for the maintenance of the topside of 214 onshore wellheads throughout Brunei and results of the bid will be known by the end of the third quarter of this year.

Currently, the company has ventures in Indonesia, where it recently completed a few wellhead maintenance contracts, as well as a 35MW power plant in Cambodia. The power plant is run by Cambodia Utilities Pte Ltd, in which Deleum has a 20% stake.

Despite plans to expand its reach in the region by 2015, Nan Yusri maintains that Deleum will keep to its dividend policy of distributing 50% of its annual net profit as dividends to shareholders.

The company had a dividend payout ratio of 50.6% in FY2012 and 48% in FY2011. For FY2012, Deleum declared a total dividend of RM22.5 million, or 15 sen per share, compared with 14 sen or RM14 million a year earlier.

The company's net profit jumped 53% to RM44.45 million in FY2012 from RM29.03 million the year before on revenue of RM473.24 million.

For the first quarter ended March 31, its revenue rose 4.5% to RM86.5 million while net profit fell more than a third to RM6.84 million or 4.56 sen per share.

Like other oil and gas stocks, Deleum's share price has been climbing since the start of May and hit an all-time high of RM3.73 on May 20, rising 92.27% YTD. ■