DELEUM

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Deleum projects lower double-digit growth for 2018

Target has been set as such due to uncertainties in oil prices, says MD

by LYDIA NATHAN

DELEUM Bhd targets a lower double-digit growth for both revenue and profit in 2018, while closely monitoring the price of crude oil.

The provider of oil and gas-related support services and products said the target growth has been set as such due to uncertainties in oil prices.

In the previous financial year ended Dec 31, 2017, Deleum posted a 22% year-on-year (YoY) jump in annual net profit to RM32.28 million, while its revenue fell 12% YoY to RM534.1 million from RM608.7 million.

Deleum group MD Nan Yusri Nan Rahimy said oil prices have shown recovery in the past few months and the group will be monitoring the progress.

"We are taking a cautious approach right now, and hopefully the expansion will come from international businesses. At present, international contribution is less than 5%," he said to reporters at the company's AGM yesterday.

Nan Yusri said Deleum is looking to widen its international presence by 2020.

"We don't just monitor the oil prices, we also look at the stability of the entire industry, from sanctioning a project to having it delivered — and that takes time. That is why most companies have a 'wait and see' attitude," he said.

Nan Yusri said on a domestic point of view, the company is very much dependent on Petroliam Nasional Bhd (Petronas).

"It will depend on their strategies and how they want to move forward.

"Petronas just released their outlook for the year which shows plans to increase the number of rigs. Production is better when there are more drilling activities. We hope that this is the trend moving forward," Nan Yusri said.

The industry may likely see some form of impact from the international arena, such as the confrontation between Israel and Palestine, the Iran nuclear deal, as well as the Venezuelan oil meltdown.

"It will definitely have a trickling effect on us as we are a service provider," Yusri said.

Overall, according to Nan Yusri, there has been an increase in the levels of activities, as well as interest in new technology, but most are still in the development stage.

"We hope the tendering will materialise into contracts because we do not want to secure a contract and not deliver it," he said.

Nan Yusri said the power and machinery (P&M) segment contributed the most to its profit.

"We expect the same for this year, however, we have also started seeing trends of two other segments — both self-operated businesses, namely oilfield services (OS) and integrated corrosion solution (ICS) — picking up," Yusri said.

The P&M segment declined by RM33 million against the corresponding quarter due to the decrease in the work level, while the ICS segment's revenue rose RM7 million on the back of higher work orders, completion of corrosion protection, as well as maintenance services from the Pan Malaysia Blasting Contract.

The OS segment saw a lower revenue of RM5.4 million due to lower utilisation of slickline assets of RM2.4 million, well intervention and enhancement services.

The group's orderbook currently stands at RM2 billion and will last till 2023.