NEWS CLIPPINGS

Headline : Deleum expects demand to drive growth
Media : Malaysian Reserve
Day/Date : 25 May 2012
Page : 4
Links :

Deleum expects demand to drive growth

by BHUPINDER SINGH

DELEUM Bhd expects growth of its business to come from sustained demand for its core service and product offering and geographical expansion into regional markets.

The specialist equipment supplier expects the healthy flow of upstream oil and gas projects in the country will continue to support organic growth of its three core businesses, namely power and machinery, oilfield service and maintenance, repair and overhaul (MRO).

"Our general aim is to create a sustainable business model for our core businesses. The group's largest revenue contributor now is the power and machinery business, but we want expand the other two businesses to account for a larger share of total revenue gradually," said group managing director Nan Yusri Nan Rahimy after its annual general meeting in Kuala Lumpur yesterday.

The group now has a work orderbook of RM650 million that will run until 2018 and has put in a tender worth RM1 billion, Nan Yusri said.

The company has some RM45 million in cash, part of which would be used for mergers and acquisitions, and for strategic alliances in support of its core business offering, he said.

The company will undertake a bonus issue on the basis of one new bonus share for every two existing shares held to be credited as fully paid. Entitlement date for the bonus issue is on June 8, 2012.

The company posted a 75% year-on-year (YoY) increase in net profit to RM10 million or 10 sen a share for the first-quarter ended March 31, 2012, despite revenue falling 35.56% YoY for the quarter to RM82.78 million.

Alliance Research has a favourable view of the company giving it a fair value target price of RM2.72 a share based on a price earning multiple of 8.2 times and earning per share of 31 sen for financial year ending Dec 31, 2012. The target price is adjusted to RM1.81 a share for the bonus issue.

"We intend to maintain a dividend payout rate of 50% of our net profits," said Nan Yusri. The company paid a dividend of 14 sen a share in financial year 2011.