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Deleum 4Q rises 14.56% on better sales in power and machinery segment

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KUALA LUMPUR (Feb 26): Deleum Bhd's fourth quarter net profit rose 14.56% to RM8.57 million from RM7.48 million a year earlier, due to higher sales and favourable foreign exchange (forex) movements.

Revenue for the quarter ended Dec 31, 2019 increased 15.8% to RM232.13 million from RM200.44 million previously.

In a filing with Bursa Malaysia, the group said the higher sales was seen in its power and machinery segment that registered better operating margins.

It added that more favourable forex movements resulted in a net gain of RM1.1 million recorded on the re-translation of forex difference on the ringgit to the US dollar, from a forex loss of RM41,000 previously.

A higher share of results amounting to RM0.1 million from a joint venture company also helped the group's bottom-line earnings, Deleum said.

Besides the increased sales in the power and machinery segment, the higher revenue was also driven by sustained sales growth from its SpongeJet blasting business in its integrated corrosion solution segment.

The group declared a dividend of three sen per share payable on March 26, bringing total payout for FY19 to 8.26 sen per share compared with 6.78 sen in FY18.

Full-year net profit grew 22.01% to RM33.15 million from RM27.17 million in FY18, with revenue rising 39.22% to RM868.3 million from RM623.69 million.

In view of volatile oil prices and Covid-19 uncertainties, Deleum said it will focus on its key business sustainability and growth.

“The power and machinery segment has closed the financial year 2019 with achievement in stronger revenue and results reported and remained as the highest contributor to the group’s profitability.

“The segment is continuing its effort to further enhance its performance as well as expanding its businesses for the new financial year 2020,” the group said.

Deleum said its oilfield services segments have been impacted by mobilisation costs of its newly secured slickline contracts awarded in FY18. That being said, the segment has managed to fulfil required contractual obligations in FY19 and is expected to positively contribute in FY2020.

“The integrated corrosion solution segment has turned around to report a profit in the financial year ended 2019. In 2020, the segment will continue with its initiatives and measures to further strengthen its financial performance as well as looking into other new business opportunities,” it added.

Shares in Deleum closed 0.6% or half a sen lower at 83.5 sen, valuing the group at RM335.3 million.