

Deleum Berhad

Tapping into the increasing O&G CapEx

- In 3Q23 DELEUM's net profit attributable to shareholders stands at RM12.2m from RM11.8m (+3.5% YoY).
- Management guided for stronger orderbook wins in FY24 from Petronas.
- Benefiting from the increase in the O&G global capital expenditure.
- Technically, DELEUM has experienced a breakout above RM1.01 and closed at RM1.04. Monitor for a breakout, targeting RM1.14-1.15, with a LT target at RM1.20. Support is located around RM0.98-0.99, while cut loss is at RM0.97.

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Company profile

DELEUM provides supporting products and services, such as power & machinery, oilfield services, integrated corrosion solutions and others, to the oil and gas industry.

DELEUM daily: Flag Formation Breakout



Bloomberg

Trading Catalyst

- **DELEUM has seen an improvement in quarterly revenue and net profit.** In 3Q23 DELEUM's net profit attributable to shareholders stands at RM12.2m from RM11.8m (+3.5% YoY) on the back of the stronger revenue of RM241.8m from RM141.2m (+71.3% YoY). The stronger revenue was due to higher sales from the Power and Machinery segment.
- **Improving orderbook outlook.** DELEUM's management previously guided for stronger orderbook wins in FY24 as Petronas had begun to open Maintenance, Construction and Modifications services jobs up for tendering. The total potential value of the tenders can reach RM8bn.
- **There is an increase in oil and gas global capital expenditure.** DELEUM's management is striving to improve efficiency by structurally reducing costs, and enhancing operations, and are working to increase contributions from all business segments. The improving operational management, coupled with the ability to tap into the growing CapEx in O&G provides a strong outlook for DELEUM in the near term.

DELEUM BHD

Last Price (RM)	1.04
5 Day Change (%)	0.0
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	100.0
52Week Range Percentile (%)	58.2
Volatility 30D	28.8
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	4.5
DMI DI+	23.4
DMI DI-	13.0
ADX	22.2
RSI 14D	46.9
RSI OB/OS	Negative
Price vs. Bollinger Band (%)	101.8

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Financial snapshot

FYE Dec	FY21	FY22	FY23f
Revenue (RM m)	558.4	698.0	740.3
Net profit (RM m)	17.1	42.1	42.3
Shares (m)	401.6	401.6	401.6
EPS (sen)	4.3	10.5	10.5
DPS (sen)	1.0	2.0	3.1
P/E (x)	24.5	9.9	9.9
DY (%)	1.0	1.9	3.0

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FY23f represents the estimated FY23 figures.



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Tuesday, 23 Jan, 2024

Technical Outlook

- Share price had experienced a flag formation breakout above RM1.01, and closed at RM1.04. As the technical readings are positive, we expect follow-through buying interest to be seen in the near term, targeting RM1.14 -1.15, with a LT target at RM1.20. Support is set around RM0.98-0.99, with a cut loss set around RM0.97.

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As of **Tuesday, 23 Jan, 2024**, the analyst(s), Loui Low Ley Yee, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

Glossary

Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage.
EMA9, EMA20, EMA60 Trend	If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
Price vs. EMA20 (%)	Position of the price away from the EMA20 level
DMI DI+	Positive directional movement.
DMI DI-	Negative directional movement.
ADX	ADX is a moving average of the directional movement index.
Price Skew	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up. If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition. If RSI 14 days is greater or equal to 70, it will be stated Overbought.
RSI OB/OS	If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive. If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative. If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage



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