

Analysts keep neutral call pending Perdana Petroleum's restructuring

May 27, 2016, Friday



Perdana Petroleum remains suspended in the interim awaiting the final takeover structure.

KUCHING: Perdana Petroleum Bhd's (Perdana Petroleum) first quarter of financial year 2016 (1QFY16) registered a revenue of RM42 million, while recording a core net loss of RM12 million — dropping both on in yearly and quarterly comparisons.

Public Investment Bank Bhd (PublicInvest Research) attributed the group's overall performance to the lower utilisation of vessels at circa 50 per cent this quarter against 76 per cent seen in 1QFY15.

“Following the group's takeover by Dayang Enterprise Holdings Bhd (Dayang), its vessel portfolio has been undergoing some restructuring to ensure a higher fleet utilisation and improved efficiencies, amongst which include measures such as streamlining its operations while reducing its vessel utilization breakeven levels to about 50 per cent levels,” it detailed in a note yesterday.

“Perdana Petroleum remains suspended in the interim awaiting the final takeover structure.”

Meanwhile, Perdana Petroleum is seeing improvements in its utilisation rate as Dayang re-deploys some of Perdana's vessels for its hook-up and commissioning (HuC) contracts, with the rest being chartered out. To note, seven vessels are on longer-term tenures while five are on short-term leases.

“The group’s average utilisation for FY16 is expected at circa 70 per cent for FY16, and will continue to aggressively bid for both domestic and international tenders.

“We understand there are plans to deploy three to five vessels to Brunei and Indonesia, while leveraging on its umbrella contracts and closed competitive bidding process to Petronas license holders.”

PublicInvest Research believes Dayang will continue to synergise Perdana with its activities, such as UC and Topside Structural Maintenance (TSM) mainly for the brownfield market, which have been less adversely affected by the current volatile oil price landscape.

“Pursuant to the Group’s management restructuring and loan refinancing in 2015, the new management is positive that Perdana can record a small operational profit this year through improved efficiencies.

“The group is also exploring opportunities in regional and international markets. In the interim, we are awaiting the listing-status outcome of Perdana, for the Group to be reinstated its shariah-compliant status following the RM650m loan refinancing exercise via a Murabahah Sukuk Programme.

The research firm continues to recommend Perdana with a neutral call with a lower target price of RM1.21 upon the removal of suspension.

“Our estimates consider a lower utilisation rate coupled with a less aggressive expansion plan going forward.”

Reference:

<http://www.theborneopost.com/2016/05/27/analysts-keep-neutral-call-pending-perdana-petroleums-restructuring/> (May 2016)