

**MEDIA : The Star**

**TITLE : Banking on the Middle East**

**COMPANY : Scomi Group Bhd**

**DATE : 20 February 2016**

## Banking on the Middle East

Scomi Group is growing its presence there, including setting up a new corporate office

By P. ARUNA  
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**O**IL and gas (O&G) company Scomi Group Bhd recently secured two big contracts in the Middle East, worth almost US\$50mil, prompting the company to set up a new corporate office there, according to sources.

It is learnt that an Eastern Hemisphere Corporate Office will be set up in Dubai, and the company will also be moving its France-based Oil and Gas Global Research Centre there in the near future, to further strengthen its position in the market.

This move, said an industry source, follows the company's growing success in this market over the past year, despite the gloomy oil and gas industry.

"They are setting up a corporate office to service areas like North Africa, and the entire Middle East because the business has become sizeable in this market.

"The research centre is being moved closer to these markets to consolidate costs as

well," says the source.

While the two new contract wins have spurred the move to set up corporate office there, he says, the company already has a tender book of US\$280mil.

He says the company intends to grow this tender book to US\$800mil in the next 12 months, and targets to win 30% of this.

"Over the years, Scomi Group has restructured itself, having anticipated the lower oil price, and took the pre-emptive steps of moving into the eastern hemisphere - into Egypt, Saudi Arabia, North Africa and Turkmenistan as its core markets.

"This was able to mitigate the impact of the slowing global oil market," he adds.

The company had earlier exited areas in North America and the North Sea, which have since shut down its oil areas.

"They are now in the market that is continuing to grow.

"They have also diversified to become an integrated service provider, not just providing drilling fluids, but also completion services," he reveals.

With the offering of these integrated services, as well as the move of the research centre to Dubai, the company's marketable size in the eastern hemisphere will expand from US\$2bil to US\$5bil, unlocking huge potential for the oil and gas player.

At the moment, about 80% of Scomi Group's business is outside Malaysia.

In its second quarter ended September 2015, Scomi Group saw its net profit decline by 15.3% to RM5mil from RM5.91mil a year ago.

Second quarter revenue was also lower and dropped by 27.08% to RM337.76mil from RM463.23mil in the same quarter a year ago.

The group said that performance was weighed by all three major business segments: the oilfield services, transport solutions and marine services segments.

In the notes accompanying the results, the company said its oilfield services division continued to actively bid for contracts which includes new markets and expanding its current product lines.

"Oil prices are forecast to be subdued over the near term and as such activity levels are likely to remain low. "However, the pipeline for tenders in Q2 is still very robust with over US\$400mil bids submitted," it said.

It said it continued to explore new areas such as graphene enhanced drilling fluids and lubricants and well rejuvenation.

Scomi Group owns a 65.65% stake in Scomi Energy Services Bhd, and a 72.33% stake in Scomi Engineering Bhd.

On Thursday, Scomi Group announced that IJM Corp Bhd had emerged as its single largest shareholder after the construction firm converted its convertible redeemable secured bonds of an aggregate nominal value of RM110mil to an equity stake.

Following the conversion, IJM Corp has a 24.4% stake in the company from 7.66% earlier.

According to reports, the tenure of the three-year RM110mil convertible bonds that were issued to IJM Corp had expired last week. Scomi Group's share price closed 3 sen higher at 18 sen yesterday.



## MEDIA COVERAGE

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