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## Maintenance-related players in for a good year

### OIL AND GAS

**PETALING JAYA:** RHB Research is maintaining an overall positive outlook on the local oil and gas (O&G) sector, especially on a number of selected segments.

This was in resonance with the Activity Outlook 2023-2025 report that was released by industry giant Petroliam Nasional Bhd (PETRONAS) earlier this week.

With PETRONAS forecasting higher activities in 2023 for the drilling, hydraulic workover unit (HWU), fixed-structure fabrications, offshore support vessel (OSV) supporting drilling and projects, hook-up and commissioning as well as for the maintenance, construction and modification segments, the research outfit is hopeful for brighter years for upstream maintenance-related players.

RHB Research analyst Sean Lim said some companies that investors could be looking out for are Dayang Enterprise Holdings Bhd, Carimin Petroleum Bhd, Petra Energy Bhd and Velesto Energy Bhd.

He added that the higher OSV demand in 2023 will also benefit OSV players such as Perdana Petroleum Bhd and Icon Offshore Bhd.

"What caught us by surprise was the sharp reduction in well decommissioning projections, which may not bode well for Uzma Bhd.

"One possible explanation could be that PETRONAS is looking to extend the life of the wells in order to leverage current high oil prices.

"This may eventually benefit Uzma as the company also focuses on brownfield rejuvenation," Lim noted.

# Maintenance-related players in for a good year

## Firms to benefit from PETRONAS' higher activities

**"O&G services and equipment players are encouraged to collaborate in scaling up their clean energy space, riding on the transition of the national oil company."**

RHB Research

RHB Research said that post-2024 medium-term prospects for the drilling segment should remain positive, which could enhance contract visibility in the longer run.

As such, it expects the overall rig utilisation to improve for Velesto, the largest local player, as it will still be in the priority lane for contract renewals, while higher HWU utilisation could benefit Velesto and Uzma.

With the number of development projects reduced in 2022 compared to last year, RHB Research said the drop came from all different stages including field development plans sanctioned for execution for both greenfield and brownfield projects.

PETRONAS currently has 46 brownfield and 25 greenfield projects sanctioned for execution against the total disclosure of 90 brownfield and 42 greenfield projects for 2021.

"These reductions may not signify a pull-back in capital expenditure but rather the fact that many projects have been completed in 2022.

"This may indicate lesser upstream offshore engineering, procurement, construction, installation and commissioning-related contracts to be awarded.

"It somewhat coincides with the lower fixed-structure fabrications base-case guidance," Lim said.

Meanwhile, PETRONAS' unit Gentari Sdn Bhd plans to build renewable energy capacities of 30GW to 40GW, a supply up to 1.2 million tonnes per annum of hydrogen and become a preferred green mobility solutions provider with a 10% market share, supported by around 25,000 charging points in the Asia-Pacific.

RHB Research is of the opinion that these goals are lofty, especially since Gentari only has 1GW of solar capacity in India and Malaysia.

"The focus for Gentari would be mainly on the commercial and industrial projects, utility-scale solar and wind in the Asia-Pacific as well as offshore wind in the Asia-Pacific and Europe.

"O&G services and equipment players are encouraged to collaborate in scaling up their clean energy space, riding on the transition of the national oil company," added RHB Research.