

KERATAN AKHBAR

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Thumbs up for Petronas' RM300b capex projection

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KUALA LUMPUR: RHB Research is positive over Petrolia Nasional Bhd's (Petronas) projected RM300 billion capital expenditure (capex).

The national oil company has guided its capex spending for 2023 to 2027 at RM300 billion or on average RM60 billion a year, which is a 43% increase from RM208.5 billion over the previous five years, or RM41.7 billion annually.

The increase in capex is to cater for additional investments in the core business, clean energy and lowering emissions.

"We are positive over Petronas' guidance of the RM300 billion capex. Our 2023-2024 forecast crude oil prices are still at US\$88-80 per barrel," the research house said in a note yesterday.

Quoting independent research and business intelligence Rystad Energy, RHB Research said on the global front, the annual greenfield capex surpassed the US\$100 billion (RM448 billion) level in 2022 and continues to grow in 2023 and 2024.

RHB Research has retained an "overweight" call on the oil and gas (O&G) sector. Its top picks are Yinson, Dayang Enterprise and Malaysia Marine and Heavy Engineering.

It also expected the O&G sector outlook to remain positive with more room for services players to

demand higher rates amid tight supply.

Meanwhile, Kenanga Research has set a "neutral" call on the national oil company.

"With anticipated further ramp-up in capex by Petronas, we are expecting the upcoming quarters to see continued recovery trajectory in local activity levels.

"Earlier, in our read-through of Petronas' latest activity outlook, we highlighted Dayang Enterprise Holdings Bhd to be one of the key beneficiaries, given the planned increase in offshore maintenance, construction

and modification, and hook-up and commissioning works," Kenanga said in a note.

Petronas on Monday posted its strongest financial performance with a net profit of RM101.6 billion in the financial year ended Dec 31, 2022 (FY22), up 100% from RM50.9 billion a year ago, on the back of favourable market conditions.

It recorded an all-time high revenue of RM375.3 billion in FY22 from RM248.0 billion year-on-year, a jump of 51%, mainly due to the favourable price impact for major products aligned with higher benchmark prices.

Its earnings before interest, taxes, depreciation and amortisation rose 70% on-year to RM170.7 billion. - Bernama

