

Petronas sees profits sink 23 percent
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Malaysia's biggest company, state energy firm Petronas, revealed today a 23.2 percent plunge in net profit for the fiscal year ended March 31 due to weak demand and low oil and gas prices.

"The financial year ended 31 March 2010 was an unusual, difficult and challenging year for the Petronas Group as the first peace-time global recession since the Great Depression took its toll on the global oil and gas industry," it said in a statement.

"Amid a collapse in global consumer spending and falling industrial output, world primary energy demand suffered its first contraction in nearly three decades, led by declines in the demand for oil and gas."

Petronas, the country's biggest company in terms of profit, assets and revenue, said its net profit was RM40.3 billion compared with RM52.5 billion a year earlier.

Revenue fell 18 percent to RM216.4 billion due to a contraction in product prices and lower sales volume.

Petronas is Malaysia's only Fortune 500 company and the country's most profitable firm. It is also among Malaysia's largest bond issuers.

It sold Malaysian crude oil at an average price of 72.69 dollars a barrel in the fiscal year 2010 compared with 88.07 dollars a year earlier.

2011 will be better

Petronas' new boss, Shamsul Azhar Abbas, however, projected a better financial year for 2011 but added the "most challenging part is how to manage costs."

"We are very comfortable (with the first quarter numbers)," said the chief executive who was appointed in February.

Shamsul said the average Malaysian crude oil price was expected to be in the 70 to 80 US dollars a barrel range for the current fiscal year ending March 31, 2011.

"It should move between 70 to 80 US dollars for the rest of the year. We should be comfortable," he said.

Shamsul said Petronas had budgeted RM40 billion for capital expenditure in 2011, up from RM37 billion a year earlier, adding the company would "ramp up domestic production".

In the 2010 financial year, production fell marginally to 1.75 million barrels of oil per day from 1.8 million barrels a year ago.