

**UMWOG's Share to Be On Limelight Following RM148 Million Contract From Petronas Carigali  
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KUALA LUMPUR, March 5 (Bernama) -- UMW Oil and Gas Corp Bhd's (UMWOG) share is expected to be on the limelight today following news that its unit has secured an estimated RM148 million support services contract from Petronas Carigali Sdn Bhd Tuesday.

The company said the contract was for the provision of a hydraulic workover unit (HWU) rig for Petronas Carigali's workover programme together with the provision of an accommodation work barge and a portable crane.

The contract is for an initial two years, with an option of an extension of one year, the company said in a filing to Bursa Malaysia.

Hong Leong Investment Bank said it took the news positively as UMWOG was the market leader in domestic drilling sector, with strong balance sheet to expand further.

"We are positive on the award as this will help improve the average utilisation rate on the HWU below 50 per cent to 70 per cent in financial year 2014.

"We estimate the HWU rig alone will contribute around RM37 million for two years with rest of the contract value from accommodation work barge and the portable crane," the research house said in a note today.

HLIB also said UMWOG is the best proxy to benefit from rigs localisation.

Following this, HLIB has maintained its "hold" call on UMWOG, with unchanged target price of RM4.12 based on unchanged 20 times FY2015 earnings per share of 20.6 sen.

Despite the positive news for the drilling sector, HLIB said the current price has already largely factored-in its fundamentals.

As at 9:53 am, UMWOG's share rose five sen to RM4.25, with 197,200 lots transacted.

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