

Sapura Kencana Well Placed To Secure Mega Offshore Projects

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KUALA LUMPUR, March 26 (Bernama) -- Sapura Kencana Petroleum Bhd's integrated offshore services makes it among the strongest candidates to secure mega offshore projects.

In a research note Wednesday, Hwang DBS Vickers Research said Sapura Kencana will leverage on its unrivalled integrated services to pursue relentless growth.

"Sapura Kencana will pursue more upstream opportunities in Malaysia going forward, riding on strong technical expertise from its recent asset acquisition of Newfield (M) Holding Inc's upstream experts," the research firm said.

The research firm said that Sapura Kencana will focus on executing its RM25 billion order book, of which 68 per cent are offshore construction and subsea services.

"The outlook for its offshore services remains promising, particularly in Malaysia, which will see more fabrication contracts awarded in the second half of the 2014 calendar year," it added.

Meanwhile, Hong Leong Investment Bank Research (HLIB) has reiterated that Sapura Kencana's cross-selling products or bundle services is the trend to help further grow the group going forward.

"In line with our expectations, fabrication contract flow is expected to increase going forward, and we estimate more than RM10 billion worth of potential contracts to be awarded," it said.

On the other hand, Kenanga Research said Sapura Kencana is bidding for 12 "live" contracts, of which the results should be known in the June or July, 2014 calendar year.

Hwang DBS reiterated a "buy" call for the integrated oil and gas services provider with a target price of RM5.55 and HLIB also maintained a similar call with the target price raised from RM4.92 to RM5.52.

Meanwhile, Kenanga Research has maintained its "outperform" call with a target price of RM5.57.

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