

Company Name : Sumatec Resources Berhad
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Sumatec's 1Q Net Profit More Than Quadruples, Boosted By Forex Gains

KUALA LUMPUR (May 26): Sumatec Resources Bhd (Financial Dashboard) saw its net profit surged 335% to RM19.44 million in the first quarter ended March 31 (1QFY15), from RM4.47 million a year ago, on higher revenue and unrealised gains on foreign exchange.

Earnings per share (EPS) expanded to 0.57 sen, from 0.15 sen in 1QFY14.

Revenue more than doubled to RM27.98 million, from RM13.74 million, in line with the increase in level of activities in the upstream oil and gas operations.

In a filing with Bursa Malaysia today, Sumatec (fundamental: 2.4; valuation: 0.9) said the market conditions within the oil and gas industry are forecasted to continue being challenging during the rest of 2015.

“Although oil prices had recovered by almost 37% from the low in January this year and touched the US\$68 per barrel mark in May, its short to medium term direction is still fairly uncertain.

“The company will continue to be guided by its capex spending strategy on drilling new oil wells, upgrading surface facilities and drilling appraisal wells for the natural gas and gas condensate reserves,” it said.

The extent of the field development work that would be actually carried out, however, will depend on the rate of recovery in oil price, it added.

Sumatec is “cautiously optimistic” that the strategies for the field development work will yield growth in production volume in 2015.

The company is involved in developing onshore oil and gas assets. It operates the Rakuschechnoye Field in Western Kazakhstan.

Sumatec's share price closed 0.5 sen or 2.57% lower at 19 sen today, with 20.22 million shares having changed hands. It is the tenth most actively-traded counters on Bursa Malaysia today, with a market capitalisation of RM661.71 million.

(Note: The Edge Research's fundamental score reflects a company's profitability and balance sheet strength, calculated based on historical numbers. The valuation score determines if a stock is attractively valued or not, also based on historical numbers. A score of 3 suggests strong fundamentals and attractive valuations.)