

Sapura Energy owners' stake increase a good sign



Based on Sapura Energy's Bursa Malaysia filings on Aug 3, 2022, Sapura Energy's group CEO and executive director, Datuk Mohd Anuar Taib, bought one million shares in the company at 4.5 sen per share, bringing his direct stake to 2.2 million shares or 0.014%.

On July 27, 28 and 29, Amanah Saham Bumiputera (ASB) bought a total of 290.13 million shares in Sapura Energy, thus raising its direct stake by almost 3% to 30.08%.

The buying by ASB was on the heels of Sapura Energy's 11th AGM on July 28. Sapura Energy are trading at near historic lows and closed at 4.5 sen yesterday.

Permodalan Nasional Bhd (PNB) and its associated funds emerged as the single largest shareholder with a 40% stake, stated Sapura Energy in January 2019.

Azim Faris said strong demand in the rig market and fresh contract wins would give the global integrated energy services and solutions provider an advantage to convince debtholders to accept the proposed restructuring plan.

Sapura Energy's group CEO Mohd Anuar was reported to have said the group would meet the March 10, 2023 deadline to resolve the scheme of arrangement (SOA) regarding its debt restructuring.

The analyst does not see the possibility of PNB attempting to take the group private given the huge debt carried on its balance sheet. "The key focus now remains on the SOA and to exit its PN17 status," Azim Faris told StarBiz.

Minority Shareholders Watchdog Group (MSWG) CEO Devanesan Evanson said investors buy into financially distressed companies if the investors are of the opinion that their share investments will yield profits – it is their informed investment decision.

The Star - Business – Tuesday, August 9, 2022 **(C) Part 2**

“And as can be expected, it is perfectly normal for different investors to have different risk appetites when it comes to investing,” he said.

Devanesan pointed out that privatisation is generally seen as a strategic move by major shareholders to enable them to turn around a financially distressed company faster, as the company will not be subject to the obligations under the listing requirements.

“Needless to say, there are many points to be considered before arriving at a decision to privatise a company,” he said.

To its management’s credit, Sapura Energy was awarded an extension of a charter and service contract by Petróleo Brasileiro SA (Petrobras) in Brazil on Aug 2.

The two-year contract extension, for its pipe laying support vessel (PLSV), Sapura Esmeralda, is valued at RM580mil.

It was the group’s second contract win announcement for this year, bringing year-to-date wins to around RM3.3bil, with its order book at about RM8bil.

On June 16, Sapura Energy said its drilling and engineering and construction (E&C) business segments had secured six major contract wins in the Asia-Pacific and Atlantic region, with a combined value of RM2.7bil.

Kenanga Research said the group’s latest contract win worth RM580mil was positive news, especially given the group’s current financially distressed situation.

The research unit believes it to be insufficient for a turnaround of the company.

Kenanga Research pointed out that Sapura Energy’s lack of access to credit facilities has made project execution of its engineering and construction jobs highly uncertain.

“The group is still classified under PN17, with material uncertainty on its going concern status and debts remaining unsustainably high at about RM10.7bil, which are all classified as short-term borrowings in its balance sheet,” Kenanga Research said.

“As such, we feel some form of external intervention (such as restructuring of current loan structures, borrowings haircut from banks, or the emergence of an angel investor) may be necessary before the company can expect a sustainable turnaround,” it added.