

KNM sees signs of demand pick-up after oil rally

KNM Group Bhd, Malaysia's biggest publicly traded oil and gas services provider, said there are signs demand is picking up after a crude-price rally triggered a revival of exploration projects.

"Our guys are becoming busy again," managing director Lee Swee Eng said in a phone interview on Tuesday. "Not busy taking orders, but busy starting to discuss. Customers are starting to restart their projects."

Exploration projects become more commercially viable the higher oil prices climb, bringing in business for contractors. A 40 per cent jump in crude prices this year has helped KNM shares more than double in the same period, reversing a tumble in 2008.

It's not clear how long it will take for these new oil and gas exploration proposals to translate into new contracts, Lee said. He declined to disclose the value of KNM's order book, which in March was at RM3.9 billion. The company will release its first-quarter results this week, he said.

KNM yesterday climbed as much as 3.7 per cent on the Kuala Lumpur stock exchange before trading up 1.9 per cent at 82 sen at 11.31am, valuing the company at RM3.27 billion. This year's rally in the stock follows a 68 per cent slump in the final quarter of 2008 amid a sell-off in the global recession. — Bloomberg