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Orkim banks on new tankers, stronger charter rates to lift earnings



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The marine transport group, which specialises in carrying refined petroleum products and LPG, is expected to see its core net profit approach RM100m by 2028

by SHEILA JAY

ORKIM Bhd is positioning itself for sustained earnings growth over the next three years, banking on fleet expansion, higher charter rates and an RM593 million contract orderbook to reinforce its position as one of Malaysia's leading petroleum tanker operators.

The marine transport group, which specialises in carrying refined petroleum products and liquefied petroleum gas (LPG), is expected to see its core net profit approach RM100 million by 2028, supported by the delivery of new vessels and continued demand from major oil companies.

RHB Investment Bank Bhd, which initiated coverage of Orkim with a 'Buy' recommendation and a target price (TP) of RM1.14, expects the group's core earnings to rise from RM85 million in financial year 2025 (FY25) to RM89 million in FY26, RM95 million in FY27 and RM99 million in FY28. This represents a compound annual growth rate (CAGR) of approximately 5% over the FY25-FY28 period.

The investment bank's TP implies a potential upside of 47.9% from the reference share price of 77 sen, with the valuation based on 12 times forecast FY27 earnings.

RHB said Orkim's established position in domestic petroleum transport, relatively young fleet and long-standing relationships with major energ y companies underpin its earnings visibility.

"Strong recurring earnings and dividend visibility are the base case," RHB said in its Oct 5 research report.

The investment bank identified fleet expansion and operational efficiency improvements as the principal growth catalysts, supported by favourable industry conditions.

New Vessels to Drive Expansion

A key component of Orkim's expansion strateg y involves the deliver y of two new clean petroleum product (CPP) tankers, Orkim Jade and Orkim Ruby, scheduled for the first quarter of 2027 (1Q27).

Each vessel has a capacity of 14,500 deadweight tonnes and both have already secured consecutive voyage charter arrangements with Shell plc, for an initial three-year period, with extension options. The two vessels, with estimated combined construction costs of RM211 million, are expected to contribute to earnings from 2027 onwards.

According to RHB, the additional capacity, together with higher daily charter rates and increased operating days, should support revenue growth over the forecast period.

Orkim's revenue is projected to increase from RM310 million in FY25 to RM345 million in FY26, RM369 million in FY27 and RM399 million in FY28. The group's average daily charter rate is also forecast to rise from RM55,700 in FY26 to RM58,400 in FY27 and RM61,400 in FY28.

Its profitability remains relatively strong, with EBITDA margins expected to stay above 50% throughout the forecast period.

RHB noted that Orkim's owner-operator business model allows the group to retain a larger portion of charter income while maintaining tighter control over vessel deployment and operating costs.

Orderbook Provides Earnings Visibility

Beyond fleet expansion, Orkim's long-term contractual arrangements provide a relatively stable earnings base in an industry exposed to fluctuations in petroleum demand and freight rates.

As at August 2026, the group had a time-charter orderbook of approximately RM593.2 million, comprising RM106.4 million in firm contracts and RM486.8 million in extension options. The firm backlog extends to July 2027, while the extension backlog stretches to July 2032.

RHB said Orkim had 19 subsisting charter contracts, with customers including Petroliam Nasional Bhd (Petronas), Shell plc, Petron Corp and BHPetrol. Some contracts carry tenures extending up to 10 years, including extension options, providing a degree of protection against short-term volatility in the tanker market.

Orkim's fleet utilisation has remained above 90% in recent years, reflecting sustained demand and relatively efficient deployment. In the first half of 2026 (1H26), utilisation stood at 91%, compared to 92% in the corresponding period a year earlier,

despite scheduled vessel maintenance and dry docking. Average gross daily charter rates increased to RM58,400 from RM54,100 during the same period.

From Shipbroking to Major Tanker Operator

Orkim began operations in 2007 as a shipbroking and third-party ship management business before expanding into marine transport.

According to the company's corporate disclosures, it entered petroleum transport with its first wholly owned Malaysian-flagged tanker in 2010 and subsequently expanded through vessel acquisitions and fleet rejuvenation.

Headquartered in Petaling Jaya (PJ), Selangor, Orkim was listed on Bursa Malaysia's Main Market on Dec 9, 2025.

Its principal activities involve transporting refined petroleum products such as petrol, diesel, jet fuel and kerosene, alongside LPG transport across domestic and selected regional routes in Asia.

The company has grown into one of Malaysia's largest domestic CPP tanker operators, with relationships spanning major energy companies and refinery operators.

Orkim's 2025 annual report also identified Permodalan Nasional Bhd (PNB) and Amanah Saham Bumiputera (ASB) as its controlling shareholders, with a combined 60% stake following its listing.

RHB said Orkim operates a fleet of 19 vessels with an average age of approximately 12 years, providing operational flexibility and advantages in fuel efficiency, reliability and maintenance.

The investment bank also highlighted the structural tightening of domestic tanker supply, with Malaysia's registered chemical and petroleum tanker fleet declining from 39 vessels in 2020 to 27 in 2024.

This could strengthen the market position of established domestic operators, particularly given the capital requirements, regulatory licensing and safety standards associated with petroleum transport.

Dividend Prospects and Challenges

RHB expects Orkim's healthy operating cashflow to support continued dividends, projecting annual operating cash generation of approximately RM160 million to RM200 million between FY26 and FY28.

The group targets a dividend payout ratio of 50% to 70%, while RHB's forecasts assume a 60% payout, translating into projected dividend yields of approximately 7%.

Nevertheless, the investment bank cautioned that Orkim remains exposed to contract renewal risks, fluctuations in charter rates, higher maintenance expenditure and its dependence on major customers.

Fleet expansion also requires substantial capital investment, while dry-docking schedules could affect operating days and cashflow.

Despite these risks, RHB believes Orkim's contracted earnings, established customer relationships and improving fleet profile provide a foundation for sustainable growth as the group enters its next phase of expansion.

Orkim key leaders



Chairman: Datuk Abdul Hamid Sh Mohamed

Abdul Hamid, 60, is its non-independent non-executive chairman. The accountant by training began his career in May 1989 in the insolvency department at Lim Ali & Co, where he supported the team in managing insolvency cases. In August 1989, he joined Bumiputra Merchant Bankers Bhd (now known as Alliance Investment Bank Bhd) as a corporate banking officer. In May 1998, he joined the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia Bhd, as a senior VP for strategic planning and international affairs, later rising to CFO in January 2003. During his tenure, he spearheaded key strategic initiatives, including the acquisitions of the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and the Commodity and Monetary Exchange of Malaysia (COMMEX), as well as their merger to form the Malaysian Derivatives Exchange (MDEX). He was also instrumental in the acquisition of the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ) and led KLSE's demutualisation exercise. He left KLSE in November 2003. In December 2003, he was appointed ED of Symphony House Bhd (now known as Symphony House Sdn Bhd following its delisting in December 2015).



CEO: Captain Cheah Sin Bi

Cheah, 45, is the company's non-independent ED and CEO. He has 25 years of maritime industry experience, including 14 years with the company. He holds a Bachelor of Management Technology (Maritime Transportation) from Universiti Teknologi Malaysia (UTM) and a Class 1 Certificate of Competency as Master (Unlimited Voyage). He is a life member of Ikhtisas Kelautan Malaysia, an elected member of the American Bureau of Shipping (ABS) and an associate fellow of The Nautical Institute. He also actively serves on several national and international maritime committees, such as the Shell Maritime Partners in Safety — Asia Pacific Middle East Focus Group, Malaysia Shipowners' Association Executive Committee, Class NK Committee, Malaysia Maritime Development Board, National Shipping and Port Council Advisory Committee, Maritime Programme Advisor for Politeknik Ungku Omar and Malaysian Maritime Law Revision and Reform Committee (MLRRC). Cheah began his career in 2000 with IMC Shipping and V-Ships aboard medium-range chemical tankers, handling complex chemical, petroleum and edible oil cargoes. In 2011, he transitioned to a shore-based role with Orkim as Marine Superintendent, and also served as master on board various vessels, overseeing navigation, cargo operations and regulatory compliance.