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Orkim to add five more vessels to fleet by 2029

By Jazlin Zakri / theedgemalaysia.com

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KUALA LUMPUR (Nov 3): Orkim Bhd (KL:ORKIM ASK EDGE) plans to add five more tankers to its fleet between 2027 and 2029, as the marine transportation group continues to expand its carrying capacity amid favourable market conditions.

Chief executive officer Captain Cheah Sin Bi in a statement said the expansion will begin with the expected delivery of Orkim Ruby in 2027, followed by two additional clean petroleum product tankers, each with a capacity of 9,000 deadweight tonnes (DWT), in 2028.

The group has signed shipbuilding contracts for the two tankers, which form part of its longer-term fleet expansion programme, according to the statement on Tuesday.

In a separate Bursa filing on Tuesday, Orkim said it had inked contracts with Fujian Southeast Shipbuilding Co Ltd and Fujian Mawei Shipbuilding to build the vessels, which are due for delivery by Dec 31, 2028 and Dec 31 the following year.

The group said the 250.6 million yuan (RM153.6 million) cost of building the vessels will be raised by its own funds and borrowings, and that its gearing ration will depend on the on the amount and timing of loan drawdowns.

"The group will manage its borrowings to ensure continued compliance with the financial covenants under its financing facilities, including the Sukuk Wakalah programme," it said in the filing

Cheah said the group's expansion plans are supported by a positive tanker market outlook and recent enhancements to Malaysia's shipping policies, including tax incentives for the industry.

"Our expansion strategy remains disciplined and commercially driven, focusing on acquiring the right assets at the right time, supported by strong market fundamentals and long-term customer demand," he said.

The announcement comes as Orkim took early delivery of MT Orkim Jade, a 14,500 DWT petroleum tanker, from Fujian Southeast Shipyard through its wholly owned subsidiary Orkim Marine Sdn Bhd.

The addition brings Orkim's fleet to 21 vessels and raises its total carrying capacity by 5.4% to 281,534 DWT.

The vessel is expected to begin commercial operations this month under a long-term charter arrangement with Shell Malaysia Trading Sdn Bhd and Shell Timur Sdn Bhd, secured in September 2024.

The contract, secured in September 2024, has an initial three-year tenure, with options to extend it for another three years and subsequently two years, potentially keeping the vessel under charter until 2035.

Orkim Jade is the group's third vessel addition this year, comprising a combination of second-hand vessel acquisitions and newly built tankers. It was among two new tankers, alongside Orkim Ruby, that the group had earmarked for delivery between late 2026 and early 2027 as part of its initial public offering (IPO) plans that were outlined ahead of its Main Market listing in December last year.

Orkim said the latest addition is also its first vessel equipped with an onboard nitrogen generation system, alongside fuel-efficient engines aimed at improving operational efficiency and reducing emissions.

Cheah said the early delivery would help optimise the group's fleet capacity while providing greater visibility over future earnings through its long-term charter contract with Shell Malaysia.

Shares of Orkim were down 1.5 sen or 1.9% to 78 sen at Tuesday's close. At its last price, the group is valued at RM775.2 million.

Edited By Presenna Nambiar