NEW STRAITS TIMES

Orkim gets tax clarity, analysts see nearly 60pct upside

By Dhaanieyaa Lekham November 4, 2026 @ 10:16am



Orkim Bhd has taken delivery of its 21st vessel, MT Orkim Jade, ahead of schedule, a development expected to bring forward its earnings contribution and strengthen revenue visibility, according to RHB Research.

KUALA LUMPUR: Orkim Bhd's earnings outlook has gained greater certainty following the extension of the shipping income tax exemption under 2027 Budget, with analysts projecting potential share price upside of up to 57.5 per cent.

Apex Securities, which initiated coverage on the tanker operator with a "Buy" recommendation and a target price of RM1.26, said the extension removes a potential earnings overhang by maintaining the tax incentive for shipping income.

The exemption was initially scheduled to lapse after the year of assessment 2026, potentially exposing a large portion of Orkim's shipping earnings to the statutory tax rate of 24 per cent.

Apex Securities expects Orkim's effective tax rate to remain at about one per cent, while RHB Research estimates it at around two per cent, subject to continued compliance with eligibility requirements.

RHB Research maintained its "Buy" call and RM1.14 target price, implying 46 per cent upside from the cited market price of 78 sen, alongside an estimated dividend yield of seven per cent.

The firm also highlighted the early delivery of Orkim's 21st vessel, MT Orkim Jade, as a positive development that could bring forward earnings contribution and improve revenue visibility.

The 2026-built clean petroleum products tanker, with a carrying capacity of 14,500 deadweight tonnes (DWT), lifts Orkim's total fleet capacity by 5.4 per cent to 281,534 DWT.

It is expected to begin commercial operations this month under a long-term consecutive voyage charter with Shell Malaysia.

RHB Research retained its recurring net profit forecasts of RM89 million for financial year 2026 (FY26), RM95 million for FY27 and RM99 million for FY28.

Apex Securities said Orkim's long-term charter arrangements also provide a buffer against elevated fuel costs amid the Middle East conflict.

Under time charters, charterers bear bunker costs, while consecutive voyage charters and contracts of affreightment allow monthly adjustments for bunker expenses.

However, these arrangements also limit the group's immediate exposure to prevailing freight rates, although Orkim could benefit from higher daily charter rates when existing contracts are renewed or extended.

Both research firms highlighted fleet renewal as another key driver.

Orkim plans to add five vessels between 2027 and 2029, while disposing of older vessels to improve fleet quality, operational efficiency and competitiveness.

The company remains on track to dispose of Orkim Fortune in the second half of 2026.

This followed by the planned disposals of Orkim Express and Orkim Harmony in the first half of 2027, expected to fetch RM20.8 million and RM13.4 million respectively.

Orkim Ruby is expected to be delivered in 2027. After accounting for the planned disposals and additions, Apex Securities expects fleet capacity to reach about 273,000 DWT by end-2027.

RHB Research identified weaker refinery-product demand, lower charter rates, vessel maintenance and repair costs, piracy and geopolitical conflicts among the key risks.

Apex Securities also flagged customer concentration involving Petroliam Nasional Bhd and Shell, vessel utilisation and charter-rate risks, as well as delivery and funding risks linked to the fleet renewal programme.