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Orkim gets sukuk rating upgrade

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STRONGER PNB BACKING

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KUALA LUMPUR: MARC Ratings has upgraded the rating of Orkim Bhd's Islamic Medium-Term Notes programme to AAis from AA-is, reflecting stronger shareholder support following Permodalan Nasional Bhd's (PNB) emergence as its majority shareholder.

The rating agency also revised the outlook to stable from positive, citing Orkim's strengthened ownership and support profile, alongside its strong standalone credit fundamentals.

"PNB, together with the unit trust funds under its management, holds a 60.2 per cent stake in Orkim following the restructuring within Yayasan Pelaburan Bumiputera and Orkim's subsequent listing.

"Up to end-September, RM400 million was outstanding under the programme," it said in a statement.

MARC Ratings said Orkim's standalone credit profile continued to be supported by its leading position in domestic clean petroleum products (CPP) transportation, strong earnings visibility from long-term charters with established oil majors and high barriers to entry.

The agency also highlighted risks arising from higher borrowings to fund ongoing fleet expansion, as well as uncertainties surrounding contract renewals.

Orkim accounted for an estimated 55 per cent of Malaysian-flagged CPP tankers by vessel count up to early this month.

Its 21-vessel fleet includes three chemical tankers and two liquefied petroleum gas carriers, following the addition of two chemical tankers and one CPP tanker during the year.

Outstanding time charter contracts, including extension options, were valued at RM555.9 million up to end-September, providing potential earnings visibility through 2032.

The company's fleet expansion and rejuvenation programme is ongoing, with three new CPP tankers scheduled for delivery from May 2027.

One vessel has secured a charter with an oil major, while charter terms for the remaining two are being finalised with existing customers.



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MARC Ratings said total capital expenditure of RM600.7 million from 2026 to 2029 would be funded through term loans or sukuk, internally generated cash flows and proceeds from vessel disposals.

Orkim's stronger capital base following its initial public offering would also provide additional financial capacity to fund fleet renewal.

"Full-year contributions from the recently added vessels and the progressive delivery of newbuilds are expected to support further earnings growth over the near to medium term," it said.

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