Orkim Berhad (ORKIM)

Marine Logistics Solutions Provider For Major Energy Players

- **Incorporated in 2007, Orkim Berhad is a Malaysian marine logistics provider specialising in the transportation of clean petroleum products (CPP) and liquefied petroleum gas (LPG). The group owns and operates a fleet of CPP and LPG tankers serving major energy companies, supported by long-term charter contracts and extensive domestic and regional ports coverage.**
- **We project 3-year earnings CAGR of 2.9%, with core PAT anticipated to reach RM86.3m-RM101.4m over the next three years. This growth is underpinned by (i) the addition of new vessels and (ii) better charter rate moving forward.**
- **We assign a fair value of RM1.16 per share for ORKIM, indicating a 26.6% upside from the share price of RM0.92. This valuation is based on a PE multiple of 12.0x pegged to FY26f EPS of 9.70 sen.**

Investment highlights

Long-standing relationships with key energy players. The group's long-standing relationships with major energy companies, including PETRONAS Group (16 years), Shell Group (15 years), Petron Malaysia (4 years) and BHPetrol (4 years), anchor a stable and predictable revenue base. These customers collectively contributed over 90% of revenue over the years, supported by long-term contracts ranging from 2 to 10 years, enhances revenue visibility and increases the group's credibility in securing new contracts.

Extensive regional footprint supported by a versatile fleet. The group benefits from a wide operational network, with operations spanning 93 loading and discharge points across Malaysia and neighbouring Asian countries like Singapore, Philippines, Indonesia, Brunei and China. Its CPP and LPG tankers recorded over 6,500 port calls during the review periods, serving domestic routes and flexible regional voyages based on client demand.

High barrier of entry. The CPP and LPG marine transportation industry is characterised by substantial capital requirements, strict technical compliance, and regulatory licensing such as the Domestic Shipping Licence and PETRONAS licence. The group's proven adherence to stringent energy-sector standards, coupled with recognised performance awards, positions it favourably versus new entrants.

Recurring income from long-term charter contracts. Recurring revenue forms the backbone of the business, supported by Time Charter, CVC and COA arrangements that collectively contribute 60–95% of annual revenue across the review period. Long-term charter durations (up to 10 years) provide stable earnings and predictable cash flows for the group. As at LPD, the group holds an estimated Time Charter contract value of RM614.2m, underpinning strong earnings visibility.

Leading domestic market share backed by fleet scale. According to the IMR report, the group commands an estimated 56% share of Malaysia's registered CPP tankers and transported 12% of the nation's refined petroleum product volume in 2024, supported by structural demand from Malaysia's growing downstream energy sector, PETRONAS' sustained investment commitments, and major developments like PIPC that will continue to drive transportation requirements for CPP and LPG products.

IPO Note – Not rated

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Non-Rated

Share price	**RM0.92**
Target price	**RM1.16**
Previous TP	**-**
Capital upside	26.6%
Dividend return	4.8%
Total return	31.4%

Company profile

Orkim Berhad is a marine logistic provider specialises in the transportation of CPP and LPG.

Stock information

Bursa Code	5348
Bloomberg ticker	ORKIM MK
Listing market	MAIN
Share issued (m)	1000.0
Market Cap (m)	920.0
Shariah compliant	YES
MITI allocation	YES

Major shareholders	**%**
PNB & ART	60.0

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
PATMI (m)	92.9	86.3	97.0
EPS (sen)	9.3	8.6	9.7
P/E (x)	9.9	10.7	9.5

Timetable of IPO

Opening of application	19 November
Closing of application	26 November
Balloting of application	1 December
Allotment of the IPO shares	5 December
Listing on the Main market	9 December

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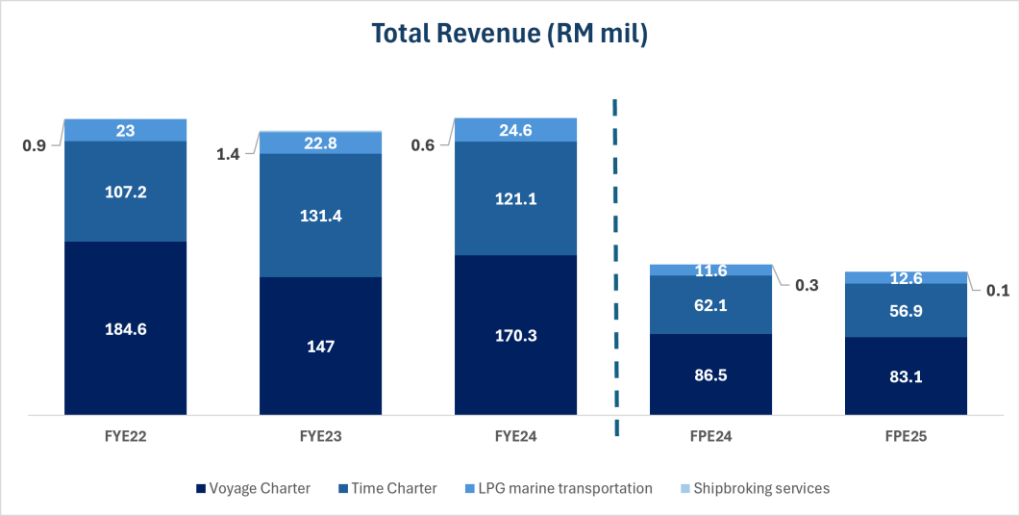
Company background

Orkim Berhad is a Malaysian owner-operator of Clean Petroleum Product (CPP) and Liquefied Petroleum Gas (LPG) tankers, offering marine transportation services across the Malaysian coastal waters and also the wider Asian region. The group operates within the downstream segment of the maritime oil and gas supply chain, focusing on the safe and efficient movement of refined petroleum and gas products.

Its core business activities include owning, chartering, and operating tankers; managing shipping assets; undertaking freight contracting; and providing transport services for liquid O&G cargoes. The CPP transported includes key refined products such as gasoline, diesel, gas oil, jet fuel, naphtha, kerosene, and condensates. The Group also transports LPG, comprising primarily propane and butane produced from crude oil refining or natural gas processing and liquefied for safe storage and shipment.

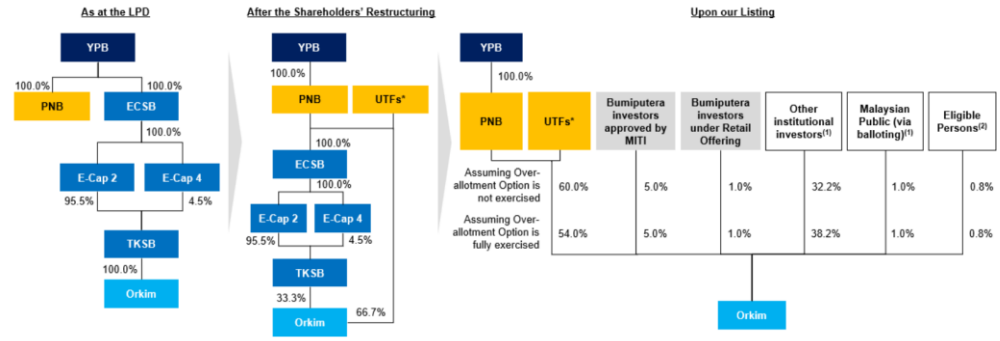
CPP and LPG are vital components of national energy systems, supporting transportation, power generation, industrial operations, and petrochemical production. Orkim plays a strategic role in connecting refineries and storage terminals to downstream users and distribution points within this supply chain.

Fig #1 Revenue of each business segment



Source: Orkim Berhad

Fig #2 Post-IPO shareholding structure



Source: Orkim Berhad

Substantial Shareholders & Key Senior Management

1. Cheah Sin Bi – Chief Executive Officer
Captain Cheah, aged 45, is the CEO and Non-Independent Executive Director. He holds a Bachelor of Management Technology (Maritime Transportation) and a Class 1 Master (Unlimited Voyage) Certificate. With over 25 years' maritime experience, including 14 years with Orkim, he has served both at sea and in shore-based leadership roles, progressing from seafaring officer to Marine Superintendent, Head of Marine Operations, General Manager, DPA, and COO. As CEO since 2021, he oversees the group's strategic direction, fleet operations, regulatory compliance, and long-term growth.

2. Tahirah Binti Mohd. Nor – Chief Financial Officer
Ms. Tahirah, aged 47, is the CFO of Orkim Berhad. She holds a Bachelor of Accounting from the University of Malaya and is a member of MICPA and MIA. She began her career in audit with Arthur Andersen/EY before holding senior finance roles across PAAB, Sapura Offshore, Petra Energy, UEM Sunrise and MISC. She previously served as Orkim's CFO in 2021–2022 and later led finance for MAHB's Türkiye operations. Returning in April 2025, she now oversees the group's financial reporting, budgeting, treasury, compliance, and financial planning.

3. Wong Kooi Vee – Financial Controller
Mr. Wong, aged 55, is the Financial Controller and has been with the Group since 2009. He is an ACCA fellow and a member of MIA. With prior experience in audit and corporate finance roles at Mohamed Yeng & Co and Global Carriers Berhad, he brings strong expertise in financial reporting, restructuring, treasury, and corporate planning. He currently oversees group-wide financial strategy, accounting, tax planning, budgeting, cash flow management, and financing for newbuilds and vessel acquisitions.

4. Mohamad Zahid bin Ahmad Amir – Head of Marine Operations
Captain Zahid, aged 57, is the Head of Marine Operations and holds a Class 1 Master (Unlimited Voyage) Certificate. With over 25 years' maritime experience, including senior roles at MISC, Sutrajaya Shipping and Global TS, he has extensive expertise in tanker operations, safety management and regulatory compliance. Since joining the Group in 2013, he has led vessel operations, commercial functions and safety oversight, and serves as the Group's Company Security Officer (CSO).

5. Khoo Jyh Herng – General Manager, Chartering
Mr. Khoo, aged 37, is the General Manager of Chartering and has been with the Group since 2010. He holds a Bachelor of Information Technology and has diversified experience across IT, technical services, procurement, commercial operations and chartering. He currently leads the Group's chartering strategy, contract negotiations, market analysis, and fleet utilisation optimisation. Under his leadership, the Group expanded its client base and secured major long-term voyage charter contracts.

6. Leong Weng Keong – General Manager, Technical
Mr. Leong, aged 55, is the General Manager of Technical and has over 30 years' maritime and engineering experience. He holds a Diploma in Marine Engineering and a Class 1 Chief Engineer (Unlimited Voyage) Certificate. His past roles span MISC, Global TS and ABS Nautical, including newbuilding supervision for multiple Orkim vessels. Since joining the Group in 2010, he has overseen technical management, maintenance, repairs, classification compliance and environmental requirements, and serves as the Group's Company Environmental Representative (CER).

7. Nor Azni Binti Abdul Latiff – General Manager, Human Resources (Sea & Shore)
Ms. Azni, aged 44, is the General Manager of Human Resources (Sea & Shore). She holds a Bachelor of Science (Bioindustry) and has extensive experience in HR operations, industrial relations, workforce planning and policy development across logistics, manufacturing and F&B sectors. Since joining the Group in 2020, she has led HR functions for both seafaring and shore employees, including crewing recruitment, succession planning, regulatory compliance and strategic workforce development.

Fig #3 Corporate milestones

Year	Milestones
2007-2010	• Orkim was incorporated in 2007, initially offering shipbroking and ship management services using third-party vessels • Acquired its first CPP tanker, Orkim Power, built in 2008 and delivered in 2009; commenced its first CPP charter in 2010 after registering the vessel under the Malaysian flag. • Significantly expanded its fleet in 2010 with the delivery of five new CPP tankers: Orkim Leader, Orkim Merit, Orkim Discovery, Orkim Challenger and Orkim Reliance
2011-2020	• Added two more CPP tankers, Orkim Express (2011) and Orkim Glory (2013), bringing the fleet to eight CPP vessels. • In 2014, acquired two CPP tankers (Orkim Fortune and Orkim Harmony) and welcomed ECSB (via TKSB) as a corporate shareholder. • Entered the LPG marine transportation segment with the construction of Orkim Gas Brilliance in 2013; vessel delivered in 2015 under a contract with NGL. • Continued aggressive fleet expansion with four CPP tankers added in 2015 and another LPG tanker (Orkim Gas Success) delivered in 2016. • Reached a fleet size of 17 vessels in 2018 with the acquisition of Orkim Wisdom.
2021-LPD	• Expanded into large-capacity tankers with the acquisition of its first MR CPP tanker, Orkim Fortitude (48,005 DWT), in 2021 to meet demand from PETCO. • Took delivery of five newly built CPP product tankers in 2021: Orkim Pearl, Orkim Sapphire, Orkim Diamond, Orkim Topaz and Orkim Emerald; simultaneously disposed of six older CPP tankers from 2021–2024 as part of its fleet rejuvenation programme. • Entered shipbuilding contracts in March 2024 for Orkim Ruby and Orkim Jade, with delivery expected in 2027 to serve long-term CPP transportation contracts. • In 2025, further strengthened its MR segment by signing an MOA to purchase Orkim Citrine, scheduled for delivery in October 2025 to serve a long-term COA contract with the PETRONAS Group.

Source: Orkim Berhad, M+ Research

Fig #4 Utilisation of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Purchase of vessels	80.0	87.0	Within 24 months
Working capital	1.2	1.2	Within 12 months
Defray fees and listing expenses	10.9	11.8	Within 3 months
Total	92.0	100.0	

Source: Orkim Berhad

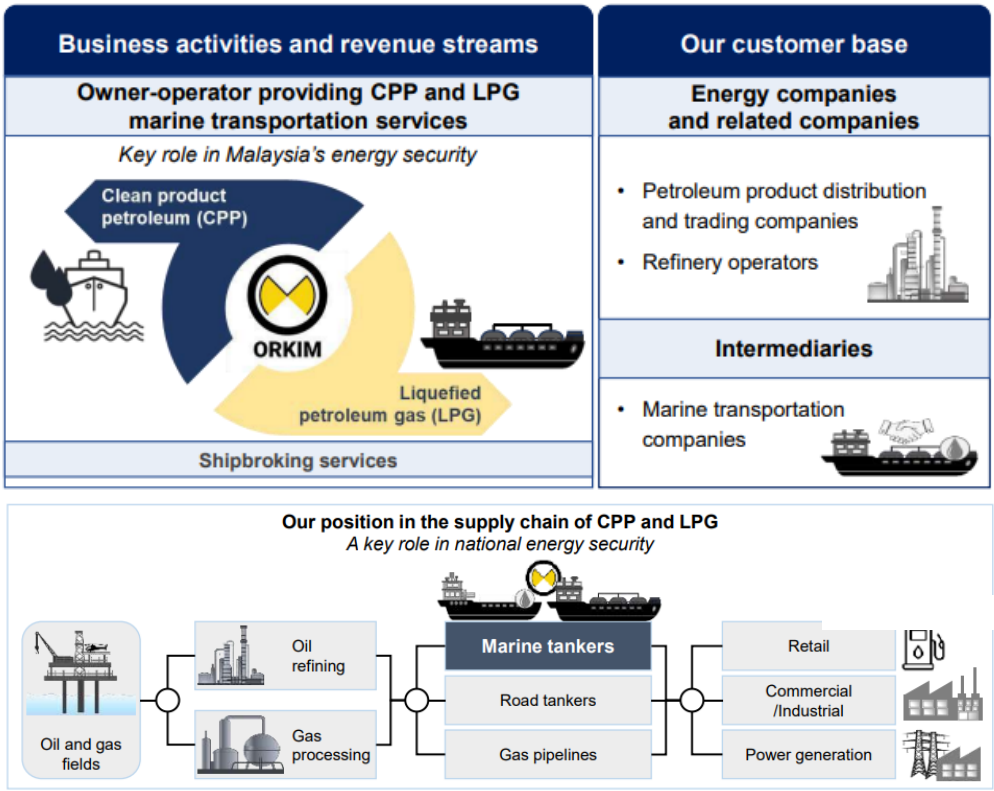
Business overview

CPP Tanker Operations (92.0% of FY24 revenue). The group operates a fleet of 16 specialised Clean Petroleum Product (CPP) tankers, comprising 14 coastal tankers and 2 medium-range (MR) tankers, dedicated to transporting refined petroleum products such as diesel, kerosene, naphtha, gasoline, gas oil and condensates. These vessels are deployed under a mix of voyage charter arrangements, including consecutive voyage charters (CVC), contracts of affreightment (COA), and spot charters, as well as time charter contracts. This segment represents Orkim's core earnings engine, supported by long-standing relationships with domestic oil majors and consistent demand for coastal distribution of refined fuels.

LPG Tanker Operations (7.8% of FY24 revenue). This segment comprises two dedicated LPG tankers, Orkim Gas Brilliance and Orkim Gas Success, designed to transport processed gas products primarily consisting of propane and butane. Even though smaller in scale compared to the CPP tanker operations, the LPG fleet offers diversification into gas logistics, underpinned by steady demand from industrial and household consumption markets.

Shipbroking Operations (0.2% of FY24 revenue). ORKIM also provides shipbroking services, acting as an intermediary to arrange third-party vessel chartering based on customers' cargo transportation needs. This segment complements the core fleet operations by offering value-added chartering solutions and strengthening customer engagement.

Fig #5 Principal business activities and services provided



Source: Orkim Berhad

Financials

Revenue and income highlights. The group reported a RM14.0m or 4.6% YoY growth in revenue, increasing from RM302.6m to RM316.6m, mainly driven by higher revenue from its CPP marine transportation operations.

(i) Revenue from CPP marine transportation operations increased by RM13.0m, supported by an increase in the overall average DCR which increased by 7.7% to about RM53.9k per day in FYE 2024 (FYE 2023: RM50.1k per day). The higher average DCR was mainly attributed to a greater share of marine transportation activities undertaken under CVC contracts following the commencement of 4 CVC contracts in FYE 2024, which generally command higher rates compared to Time Charter contracts.

(ii) Revenue from the LPG marine transportation segment increased by RM1.9m or 8.1% to RM24.6m in FY24 (FY23: RM22.8m). This was derived from additional spot charter contracts secured for LPG marine transportation prior to the commencement of a new long-term Time Charter contract.

Following the increase in revenue, PAT increased by RM11.9m or 14.6% to RM92.9m in FY24 (FY23: RM81.0m). However, for FPE25, the group recorded a decrease in revenue from RM160.5m in 1H24 to RM152.7m in 1H25, mainly due to the decrease in revenue from the CPP marine transportation operations, while PAT also decreased from RM52.0m to RM44.0m.

Balance sheet. The group held a total asset of RM949.5m in FPE25, an increase of RM56.5m or 6.3% from RM893.0m in FY24, primarily due to the increase in inventories and cash and bank balances. Meanwhile, the total liabilities also increased simultaneously, from RM349.0m in FY24 to RM411.5m in FPE25, primarily due to the increase in borrowings. Meanwhile, the total equity of the group decreased marginally from RM544.0m to RM538.0m. This group is in a gearing position of 0.7 times prior to the listing.

Cash flow. Following the increase in PBT, the group recorded a higher net cash from operations, increasing from RM151.1m in FY23 to RM160.8m in FY24. Net cash used in investing activities also increased from RM32.2m in FY23 to RM71.1m in FY24, following the purchase of plant and equipment and also withdrawal of investment. Lastly, cash flow used in financing activities reduced from RM148.9m in FY23 to RM82.3m in FY24, thanks to the absence for repayment of amount due to corporate shareholder and also decrease in repayment of borrowings. Meanwhile, for FPE25, the group continued to show healthy net cash flow, with a net increase of RM63.3m in cash and cash equivalents.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 2.9%, with core PATMI expected to reach RM86.3m, RM97.0m and RM101.4m over the next three years, underpinned by (i) the addition of new vessels post-IPO and (ii) better charter rate moving forward.

Fig #6 Financial Highlights

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	302.6	316.6	305.9	335.4	351.2
EBITDA	155.9	170.1	164.5	180.2	188.7
EBIT	105.1	111.2	105.0	118.8	125.4
PBT	81.9	94.0	87.3	98.2	102.6
PAT	81.0	92.9	86.3	97.0	101.4
PATMI – Core	81.0	92.9	86.3	97.0	101.4
PATMI – Reported	81.0	92.9	86.3	97.0	101.4
% change YoY – Core PATMI	190%	15%	-7%	12%	4%
Core EPS (sen)	8.1	9.3	8.6	9.7	10.1
P/E (x)	11.4	9.9	10.7	9.5	9.1
DPS (sen)	1.0	5.0	4.3	4.9	5.1
Yield (%)	1%	5%	5%	5%	6%
BVPS (RM/share)	0.5	0.5	0.7	0.7	0.8
P/B (x)	2.0	1.7	1.4	1.3	1.2
ROE (%)	19%	18%	14%	14%	14%
Net Gearing (%)	0.7	0.5	0.2	0.1	0.0

M+ Research

Valuations

We assign a fair value of RM1.16 per share for ORKIM, representing a 26.6% upside from its IPO price of RM0.92. This valuation is based on a P/E ratio of 12.0x, pegged to the FY26F EPS of 9.70 sen. We believe the assigned P/E multiple is fair, given that the peer average historical and forward P/E multiples are trading between 10.6x and 15.9x.

Fig #7 Peers comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
Orkim Bhd	**Main**	**Dec**	**0.92**	**920.0**	***9.9**	****9.5**	***18.0**	***29.3**
Marine & General Bhd	MAIN	Apr	0.14	108.1	6.2	N/A	N/A	12.7
Avangaad Bhd	MAIN	Dec	0.32	424.4	10.1	20.0	14.6	125.8
MISC Bhd	MAIN	Dec	7.63	34,058.4	27.0	14.5	3.6	9.0
Alam Maritim Resources Bhd	MAIN	Jun	0.18	80.2	1.6	N/A	N/A	6.7
Yinson Holdings BHD	MAIN	Jan	2.37	6,926.0	8.0	11.4	16.4	14.6
Keyfield International Bhd	MAIN	Dec	1.71	1,377.7	7.9	12.2	23.5	33.0
Maybulk Bhd	MAIN	Dec	0.33	287.5	22.0	N/A	2.8	4.3
Harbour-Link Group Bhd	MAIN	Jun	1.57	625.8	5.3	N/A	N/A	11.4
Lianson Fleet Group Bhd	MAIN	Dec	1.98	2,220.4	13.8	33.6	18.9	18.7
Bumi Armada Bhd	MAIN	Dec	0.31	1,808.0	4.6	3.5	6.4	27.6
Avg ex-Orkim Bhd				**4,791.6**	**10.6**	**15.9**	**12.3**	**26.4**

*Source: M+ Research (*FY24, **FY26f)*

Investment risks

Regulatory and compliance risk. Orkim operates in a highly regulated environment with strict HSSE requirements. The group must comply with Malaysian laws such as the EQA, OSHA and MSO, as well as international maritime standards including MARPOL, SOLAS and the ISM Code.

Reliance on key licences and approvals. The group's ability to operate depends on maintaining its Domestic Shipping Licences, PETRONAS licences for transporting petroleum products, and PDA licences issued by KPDN. These licences may not always

be renewed or may be affected by regulatory revisions, which could hinder Orkim's ability to continue its shipping activities.

Dependence on continuous contract securing. ORKIM's financial performance relies heavily on securing and renewing charter contracts to ensure full deployment of its 18-vessel fleet. Although the current long-term contracts provide revenue visibility, upcoming expiries introduce renewal risk that may affect the company's future earnings stability.

Customer concentration risk. A significant portion of revenue comes from two major customers, namely PETRONAS Group and Shell Group. Any changes in their contract needs, business strategies or financial positions may negatively impact ORKIM's revenue and business prospects, despite the long-standing relationships with these customers.

Dependence on key management. The group relies on its Executive Directors and senior management for strategic direction and technical expertise. Loss of key personnel without timely replacement may impact business continuity and performance.

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned