



Alam Maritim In The News

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Higher target price for Alam Maritim

OSK Research maintained its trading buy call on Alam Maritim Resources Bhd with a revised target price of RM3 from the initial RM2.70, following its 1.4% earnings revision for FY09 due to the current high daily charter rates for offshore support vessels as well as its acquisition of a vessel on June 27.

Its wholly-owned subsidiary, Alam Maritim (L) Inc signed an agreement with MLC Shipbuilding Sdn Bhd to acquire a new 5,150 brake horse-power anchor handling tug vessel (AHTS), valued at RM46.13 million, via internal funds.

However, OSK Research said the acquisition would actually be funded by a joint-venture (JV) company with private equity, in view of Alam Maritim's current financial position. As at March 31, Alam Maritim has RM199 million cash.

Alam Maritim said last month that it was likely to form JV with a private equity within two months to finance acquisition of seven new vessels. It would take a 49% stake in the JV, and has an option to purchase another 2% after some years to claim ownership.

The research house added that the vessel would allow Alam Maritim to undertake jobs from Petronas, and receive strong demand from oil and gas hotspots in Southeast Asia and the Middle East. It expected the earnings from this vessel to contribute to the second half of FY09 and full year of FY10.

The new vessel was scheduled to be delivered by the end of June 2009. A total of 12 vessels are to be delivered for Alam Maritim, up to 2010. OSK Research said some vessels are expected to be delayed, due to various reasons.

Alam Maritim shed one sen to close at RM1.99 yesterday.