

## Alam Maritim Resources Bhd

FYE DEC (RM MIL)	2014	2015F	2016F	2017F
Revenue	396.7	417.4	425.5	434.1
Core net profit	60.6	65.1	68.2	71.2
FD core EPS (sen)	6.6	7.0	7.4	7.7
FD core EPS growth (%)	(29.4)	7.6	4.6	4.5
Consensus net profit	-	85.9	107.4	127.5
PER (x)	10.8	10.0	9.6	9.2
EV/Ebitda (x)	8.1	6.6	6.0	5.4
ROE (%)	8.4	7.6	7.3	7.1
Net gearing (%)	9.0	n.m	n.m	n.m

Source: AmResearch

# Alam Maritim secures Petronas Carigali's umbrella contract

## Alam Maritim Resources Bhd (March 6, RM0.715)

**Maintain hold rating with an unchanged fair value of 67 sen:** We maintain our "hold" rating on Alam Maritim Resources with an unchanged fair value of 67 sen per share, pegged to an forecasted financial year ending Dec 31, 2015 (FY15F) price-earnings ratio of nine times. As expected, Alam Maritim was awarded an umbrella contract for the provision of spot charter for marine vessels by Petronas Carigali Sdn Bhd for its operations in Malaysia. However, our earnings are unchanged for now as the contract value is not fixed and will depend on the actual number of days the vessels are on hire based on a call-out basis by Petronas Carigali. The umbrella contract is for a two-year period starting from January 2015, with an option for a one-year extension.

Alam Maritim was awarded seven of the eight packages which allow the company to provide marine vessels for the anchor handling tug supply (60 million tonnes, 120 million tonnes and 150 million tonnes), straight sup-

ply vessel, fast crew boat, workboat, work barge, general purpose/utility vessel and platform supply vessel.

Going forward, we have assumed a marginally higher offshore support vessel (OSV) utilisation rate of 73% in FY15 versus 71% in FY14, as a lower number of vessels will be dry-docked compared with 10 vessels in FY14. However, we see weaker charter rates ahead given that Petroliam Nasional Bhd has begun negotiating for lower rates amid its focus on optimising its cost structure which includes cutting capital expenditure by 10% to 15% in the next two years and reducing operating expenditure by 30%.

We expect a pickup in earnings momentum in the offshore installation construction division in second half of FY15. Alam Maritim is close to securing a diving support vessel, as the group has just managed to secure financing recently. The group's order book stands at about RM1.1 billion (excluding the umbrella contract), of which about 50% is from OSVs, while its tender book stands at RM2 billion.

— AmResearch, March 6