



Alam Maritim's jointly-controlled Alam Swiber Offshore has secured a contract from Chevron for the installation works for the replacement of subsea pipelines at the latter's Prai Terminal.

Alam Maritim secures second installation job worth RM22m

Alam Maritim Resources Bhd
 (June 24, 58.5 sen)

Maintain hold with an unchanged fair value of 60 sen: Alam Maritim announced that its jointly-controlled entity, Alam Swiber Offshore Sdn Bhd, had secured a contract from Chevron Malaysia Ltd for the installation works for the replacement of subsea pipelines at the latter's Prai Terminal. The contract is worth approximately RM22 million. The job commenced in early June and is expected to be completed by December.

We maintain our forecasts, which have already assumed revenue of RM120 million and RM150 million for forecast financial year 2015 (FY15F) and FY16F respectively for the transport and installation and underwater services divisions. Based on a pre-tax margin assumption of 15%, we estimate that this project could generate earnings of approximately RM2 million for FY15F for Alam.

Alam would most likely utilise its 300-man pipelay accommoda-

tion workbarge, 1Mas-300, for this project which involves four to five pipelines at the terminal.

We are positive on this news, given that this is the second installation job secured by the group this month amid a slow capital expenditure cycle, which would offset the muted performance of its offshore support vessel segment. The group's order book stands at approximately RM900 million, and it is bidding for RM2.5 billion to RM3 billion worth of projects.

This would be further supported by the recent umbrella contract awarded by Petronas Carigali Sdn Bhd (PCSB) for the provision of spot charter for marine vessels, whereby Alam was awarded seven of the eight packages. We have not factored this into our earnings 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 PCSB. The stock currently trades at an FY15F price-earnings ratio of nine times. — *AmResearch, June 24*

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FYE DEC (RM MIL)	2013	2014	2015F	2016F	2017F
Revenue	447.4	396.7	397.1	425.5	434.1
Core net profit	74.3	60.6	60.4	65.7	68.8
FD core EPS (sen)	9.3	6.6	6.5	7.1	7.4
FD core EPS growth (%)	25.3	(29.4)	(0.2)	8.7	4.6
Consensus net profit	-	-	85.9	107.4	127.5
PER (x)	6.1	8.7	8.7	8.0	7.7
EV/Ebitda (x)	9.8	6.7	5.7	4.9	4.2
ROE (%)	13.1	8.4	7.0	7.1	6.9
Net gearing (%)	67.9	9.0	nm	nm	nm

Source: Company, AmResearch estimates