

MISC: No plans to tap capital market

Plans to add four to six new LNG tankers to its fleet

By Lalita Mahalingam

KUALA LUMPUR: Malaysia International Shipping Corporation Bhd (MISC), which intends to add another four to six new LNG tankers to its fleet, does not have any plans to raise funds in the international capital market.

Chairman Tan Sri Mohd Hassan Marican told reporters after MISC's AGM and EGM yesterday that "at the moment, MISC does not intend to issue any paper in the capital market."

However, discussions are going on with several liquefied natural gas (LNG) producers to operate and provide shipping services for their businesses, but the talks are a lengthy process.

"We will see another series of orders for LNG tankers when these (discussions) come through," he said.

Given MISC's track record and experience in shipping LNG worldwide, he said MISC has been approached by producers of the commodity to look into the transportation side of their business.

Mohd Hassan declined to comment on the parties involved in the negotiations, the time-frame for the talks or the expenditure to be incurred for the tankers.

MISC has a fleet of 124 vessels, 13 of which are LNG tankers.

It is expected to take delivery of six more LNG tankers from Japan's Mitsui Engineering and Shipbuilding and Mitsubishi Heavy Industries by 2005.

Mohd Hassan said MISC does not expect the global economic downturn to have a major impact on earnings.

This is because a substantial part of the group's business is in LNG, for which demand is growing in the Asia Pacific countries and the United States.

He said MISC's liner business is expected to see softer freight rates in view of the global economic slowdown.

"Fortunately, the majority of our business is in LNG and petroleum," he said.

"Because of the nature and composition of the LNG business as a stable revenue earner, the impact on the liner business will not be significant to impact

the results of the group," he added.

Mohd Hassan also said MISC is interested in increasing its present stake of 15.36% in Northport Corporation Bhd to about 25% for its synergy to MISC's business.

MISC could acquire the shares in the open market or through off-market transactions when there is an opportunity.

"We will take our time," he said.

Meanwhile, Standard and Poor's (S&P) assigned a BBB foreign currency rating and an A- local currency rating to MISC yesterday.

In a statement, S&P said the ratings were reflective of the company's substantial recurrent income from its profitable LNG shipping contracts; operating efficiencies through its large fleet and its moderately conservative financial profile.

In a separate statement, Moody's Investors Service said it has assigned Baa2 foreign currency and local currency issuer ratings to MISC, with a stable outlook.

Moody's said the ratings were reflective of the strong and stable cashflow of MISC derived from its long-term contracts.

"The ratings are comparable to that of international shipping companies that have been rated," Mohd Hassan said, adding that the ratings put it in the ranks of tier one shipping companies worldwide.

First quarter net profit up 9% to RM341m

KUALA LUMPUR: Thanks to stronger contributions from LNG, bulk, chemical and other profit centres, Malaysia International Shipping Corporation Bhd has chalked up a 9.2% rise in net profit to RM341.39 million or earnings per share of 18.4 sen for the first quarter ended June 30.

This came on the back of an increase in turnover to RM1.43 billion from RM1.32 billion in

the corresponding quarter last year.

In its unaudited statement released yesterday, the shipping corporation said the better first quarter result was generally brought about by improvements of rates in certain sectors of the business, the business rationalisation exercise and cost savings.

No dividend was proposed for the quarter just ended.