

# Petra cancels vessel order on low fleet utilisation

▶ PETRA PERDANA BHD				
	2009	2010F	2011F	2012F
<b>REVENUE</b> (RM mil)	605.7	253.9	348.1	392.7
<b>NET PROFIT</b> (RM mil)	16.9	5.6	37.6	63.5
<b>EPS</b> (sen)	5.7	1.7	11.5	19.4
<b>P/E</b> (x)	23.7	79.2	11.8	7.0

▶ **Recommendation:**  
**Hold**

Target Price: RM1.26

By ECMLibra Investment Research (Aug 13)

**Cancels AHTS Order**

PETRA Perdana Bhd last Thursday announced that they were cancelling the order of one AHTS (anchor handling tug and supply, 12,240bhp vessel) from Nam Cheong Dockyard (the group's new major shareholder).

As such, a deposit of US\$8.85 million (RM28.3 million) would be refunded to Petra.

The group said the cancellation was in its best interest in view of low fleet utilisation and the possibility of pro-

longed low drilling activities.

Petra also announced a change in the group's utilisation of proceeds for the private placement, part of which was meant to fund the delivery of this vessel.

Hence, with the cancellation, part of the proceeds amounting to RM19.78 million would now be earmarked for working capital purposes.

**FY11 Numbers Adjusted**

Given our assumption that that the vessel was to be funded off balance sheet and achieve only 65% capacity utilisation at a low charter of US\$1.70 per bhp per day, we were forecasting that Petra was going to make a loss on this vessel in FY11.

Hence, this actually enhanced earnings for the group in FY11 (+5%) and very slightly negative for FY12 (-0.3%).

**Maintain 'Hold'**

We continue to see a difficult operating scenario for Petra and still forecast only a breakeven situation for FY10.

While FY11 is looking much better for the group, we choose to stay cautious as there could be downside to our estimates should charter jobs not be awarded in time.

We maintain our 'Hold' call on the group with a revised TP of RM1.26, which is based on an 11x historical average PE pegged to FY11 EPS (previously RM1.20).