

Company Name : Boustead Heavy Industries Corporation Bhd
Date : 02 May 2024
Source : The Edge Markets

BHIC Secures RM43 mil Contract For Navy Submarine In-Service Support



KUALA LUMPUR (May 2): Boustead Heavy Industries Corp Bhd (BHIC), which is 64.99%-indirectly owned by the Armed Forces Fund Board (LTAT), has secured a contract worth RM43.6 million from the Ministry of Defence for in-service support for the Royal Malaysian Navy's Prime Minister Class submarines.

The award is an expansion of the scope of work of an earlier contract awarded in May 2023, which amounted to RM99.8 million and which ended in mid-February this year.

“A formal contract between the Government of Malaysia and BSES will be finalized and executed at a later date,” it said.

Aside from this contract, there are two other contracts awarded by Mindef to BHIC in mid-2023 that have ended.

One is the contract to upkeep the navy’s submarine facilities, which amounted to RM40.26 million for the whole of 2023 which was awarded in May last year. In March this year, an extension was awarded for 1½ months from Jan 1, 2024 to Feb 14, 2024, which amounted to RM3.5 million.

Separately, Mindef also awarded BHIC a contract for the provision of maintenance and supply of spares for the air force’s EC725 helicopters. The contract, which first started in 2014, was extended in April 1, 2023 for RM115.3 million. It ended on March 31 this year.

BHIC is in the midst of disposing of its remaining 20.77% stake in ship contractor Lunas to the Ministry of Finance (MOF) for RM1 plus waiver of RM334.73 million worth of Lunas debt to BHIC. The proposal was approved at an extraordinary general meeting of BHIC on April 30.

Lunas, formerly known as Boustead Naval Shipyard Sdn Bhd (BNS), is responsible for the delivery of six littoral combat ships to Mindef. The company saw a name change amidst an intervention by the government following project delays and cost overruns.

The project, 67.57%-completed as at January, is now expected to cost RM11.22 billion, with only five ships to be delivered.

LTAT owns 64.99% in BHIC via Boustead Holdings Bhd. LTAT owns 100% in Boustead, following a privatisation exercise last year.

Shares of BHIC closed one sen lower at 48.5 sen, giving it a market capitalisation of RM270.94 million.