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BY ADAM AZIZ

Bulk carrier operators in the shipping industry are gearing up for Tenaga Nasional Bhd's (KL:TENAGA) upcoming long-term contracts to transport coal into the country to fuel the nation's coal power plants.

The utility firm's fuel sourcing arm TNB Fuel Services Sdn Bhd (TNBF) is looking to sign as many as 10 contracts of affreightment (COAs) to import the fuel source for the next 15 years, according to sources.

A tender exercise is expected to be opened up in the second half of this year, estimated to be worth around RM4 billion, says one of the sources.

At press time, Tenaga has not responded to requests for comment by *The Edge*.

Unlike service vessels that use time charter or fixed daily charter rates, bulk carriers enter COAs that are volume-based. In 2025, TNBF imported 36.39 million tonnes of coal from countries such as Indonesia (65%) and Australia (22%), utilising the services of an estimated 40 ships for the delivery.

Coal is transported in bulk carriers. Malaysian players with the presence or experience in dealing with this type of vessel include Maybulk Bhd (KL:MAYBULK), Pos Malaysia Bhd's (KL:POS) indirect wholly-owned unit PNSL Bhd, Dinastia Jati Sdn Bhd, Duta Marine Sdn Bhd, Prima Shipping Sdn Bhd, Lestari Maritime Sdn Bhd and Jarsin Shipping Sdn Bhd.

The last time Tenaga dished out such long-term shipping contracts was a decade ago, in 2016, when TNBF signed five Malaysian long-term COAs valued at a total of US\$537 million to ship 7.5 million tonnes per annum (mtpa) of coal from Indonesia, with new vessels getting 15-year contracts and second-hand vessels getting 10-year deals. Winners included PNSL, Prima Shipping, Duta Marine and Maybulk.

In June 2025, Benalec Holdings Bhd (KL:BNAL) secured a two-year contract to ship up to 3.5 mtpa of coal for Tenaga.

The upcoming tender could help winners secure financing for the construction of up to 10 new vessels, specifically the Panamax (below 80,000 deadweight tonnage [DWT]) or Kamsarmax (about 82,000 DWT) classes, each of which could cost north of US\$40 million (RM161 million) to build, says the sources.

"The idea is to issue long-term contracts for new vessels to support the local shipping sector. The vessels will take about two years to build, and TNBF issues shorter term contracts in the meantime to ensure supply security," says one of them.

The requirement for a new fleet of Malaysia-flagged vessels comes at a time when dry bulk shipping costs are at risk of increasing, led by surging energy prices due to the war in Iran that has sparked a crisis in the Middle East. Malaysia relies more on foreign ships than local-flag vessels to transport its goods, leading to a net outflow that may increase as costs rise.

This reliance on foreign vessels is currently the single largest contributor to the ringgit's outflow in the services account, as it results in huge deficits.

In 2024 alone, Malaysia's maritime freight imports — hiring a foreign-owned ship to carry goods — came in at RM31.86 billion, the largest component in the services account at over 12%, while freight exports contributed only RM9.8 billion, according to data from the Department of Statistics Malaysia.

The Malaysia Shipowners' Association, in a statement just last week, called on the

government for support — such as access to financing and incentives for cargo shippers to use Malaysia-flagged vessels — to boost the local fleet and cut reliance on foreign vessels.

Tenaga has been supporting efforts to bring more Malaysian vessels into its ecosystem and reduce reliance on foreign vessels, although price competition persists due to favourable financing rate enjoyed by foreign vessel owners under their respective government policies that support the maritime industry, such as in Singapore.

Coal prices and shrinking pool of available ships

In the meantime, coal prices have been climbing, tracking the rise in natural gas prices — a key fuel source for electricity generation. As natural gas becomes more expensive following the blockade of the Strait of Hormuz, which has effectively paralysed 20% of the world's oil and gas supply, countries are switching to using more coal to manage soaring fuel costs.

The Newcastle coal benchmark, which tracks Australian thermal coal prices, jumped as much as 25% after the war in Iran broke out. It has since declined slightly, though still up 17%, hovering near US\$140 per tonne. But Indonesia, which was facing an oversupply situation before the war, has yet to see its coal prices catch up.

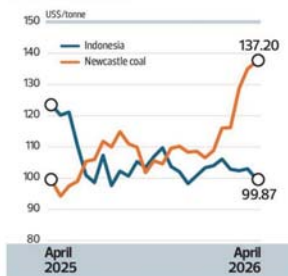
A surge in coal demand would place more pressure on the global shipping fleet, specifically the Panamax, the industry's most versatile ship that is essential for coal because its dimensions allow it to access the vast majority of the world's import terminals.

The market for Panamax has already been tightening following a downturn in 2024 that was driven largely by weak Chinese import demand and a global oversupply of vessels. Geopolitical disruptions in 2025 and 2026 that have forced longer voyages, however, have caused excess capacity to be absorbed, resulting in a shrinking pool of available ships.

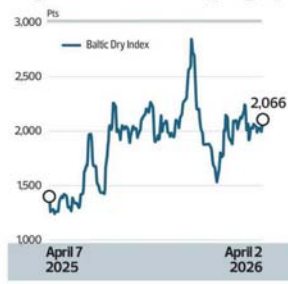
Newbuilding prices have also rebounded as the global shipbuilding capacity has largely been taken up, although yard expansions are in the works by the largest builders in China — with close monitoring by the state to prevent oversupply.

Among the listed companies, Maybulk, one of the winners of Tenaga's earlier long-term contracts in 2016 and once the country's largest dry bulk shipowner, currently owns

Indonesia coal price down; Australia's back to 2024 levels



Dry bulk rates creeping up



just one Kamsarmax class bulk carrier with 85,020 DWT after a series of vessel sales in recent years.

Maybulk is also pivoting into shelving and storage solutions, alongside industrial properties, which was first announced in 2023. Maybulk's group managing director Datuk Goh Cheng Huat owns a 32% stake in the company, followed by PPB Group Bhd (KL:PPB) with 14%.

Benalec, whose largest shareholder is group managing director and CEO Datuk Leaw Seng Hai with a 2.09% direct stake and 8.52% indirect stake, returned to the black in 2024, thanks to land reclamation works, though its vessel business has remained in the red. Leaw's equity interest was reduced to the current

levels after a stake sale in 2021 in between a series of losses from 2018 to 2023 at Benalec.

Pos Malaysia, linked to Tan Sri Syed Mokhtar Albukhary via DRB-Hicom Bhd's (KL:DRBHC) 53.49% equity interest, meanwhile is en route for its seventh consecutive year of losses, amid declining revenue in both its postal and logistics segments. The group had attempted to sell its shipping unit PNSL to SWA Shipping Sdn Bhd in 2024 for RM123 million in cash and debt settlement, but the deal was called off in February 2025.

In Malaysia, Lianson Fleet Group Bhd (KL:LFG) is also getting into the coal shipping business. It acquired two Korean-flagged Supramax bulk carriers in September last year for US\$27.84 million. Lianson is controlled by Lim Han Weng, the founder and group executive chairman of Yinson Holdings Bhd (KL:YINSON). Lim owns a 30.47% stake in LFG via Liannex Corp (S) Pte Ltd and another 37.53% equity interest via Yinson Legacy Sdn Bhd's direct and indirect stakes.

Among the private companies, Prima Shipping is 60%-owned by shipping tycoon Tan Sri Halim Mohammad, with the remaining 40% held by his spouse Puan Sri Mazmin Noordin.

Dinastia Jati, 54%-owned by executive chairman Datuk Aminuddin Ariffin, also operates offshore support vessels for the oil and gas sector.

Lestari Maritime is linked to the Penang-founded MTT Group via a 39% stake owned by MTT Shipping Sdn Bhd. ZS Holdings Ltd is Lestari Maritime's largest shareholder with a 46% stake.

Duta Marine, controlled by co-founders Mahyuddin Abdul Wahab and Siti Zubaidah Abdul Wahab, said it has handled 45 million tonnes of coal since it began operations, all of which was supplied to coal power plants in the country.

Jarsin Shipping (formerly known as Jarsin Shipbrokers Sdn Bhd) lists director Liew Siew Kheong as its 45% shareholder, followed by Mentari International Sdn Bhd (30%), Siaw Hsien Yang (20%) and Hew Fook Min (5%).



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