

21 March 2024

# Yinson Holdings

## Proposes Placement of 4% New Shares

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**YINSON is placing out 4% new shares to raise RM283m to fund its renewable and green technology investment. Given the typically long gestation period of these ventures, the exercise will dilute our FY24-25F EPS forecasts by 4% each. We also trim our TP by 1% to RM3.44 (RM3.47) but maintain our OUTPERFORM call.**

YINSON is proposing a private placement of 120m new shares, representing 4% of its total share base at RM2.36 per share, marking a 6% discount from its last traded price and completion will be in 2QCY24. This exercise does not require new shareholder approval, as the company's board had already received approval on 13th July 2023 for new share issuances up to 10% of issued shares.

The RM283.2m proceeds raised will be used to fund its renewable energy and green technology ventures including electric marine vessels, e-bikes and swappable batteries, autonomous technology for electric vehicles, and charging solutions. These green technology ventures are likely to be cash flows negative initially, necessitating additional funding to scale up in the coming years. The renewable energy business, particularly with operational solar plants in India, offers more predictable cash flows and presents additional financing options beyond the proceeds from private placements.

The proceeds will reduce its net debt and gearing of RM11.5b and 1.5x as of end-Oct 2023 to RM11.3b and 1.4x, respectively.

**Forecasts.** We maintain our net profit forecasts but cut our FY24-25F EPS forecasts by 4% each to account for the dilution from the private placement.

**Valuations.** Correspondingly, we trim our SoP TP by 1% to RM3.44 (from RM3.47). Note that our TP reflects a 5% premium given a 4-star ESG rating as appraised by us (see Page 5).

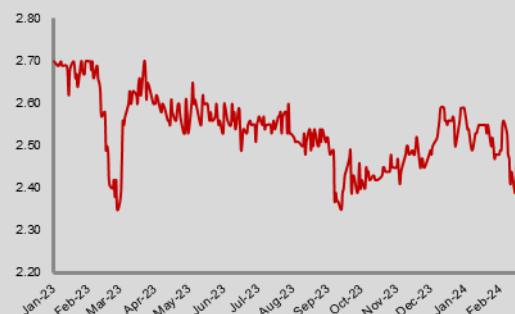
**Investment case.** We continue to favour YINSON due to: (i) a strong FPSO order book pipeline with multiple major FPSO jobs under the conversion stage which provides significant earnings growth in coming years, (ii) its strong project execution track record which positions the company to benefit from strong structural demand for FPSO contractors anticipated in the coming years, and (iii) it being one of the first local oil & gas company invest in green technology companies (solar, e-mobility, etc) which in our view would help with the company's long-term energy transition agenda.

**Risks to our call include:** (i) crude oil prices falling below USD70/bb raising required IRR for new floating production projects, (ii) regulatory risks and uncertain returns for RE investments that are mainly focused on emerging markets (i.e. South America, India) and (iii) project execution risks including cost overrun, delays and downtimes for FPSO assets.

# OUTPERFORM ↔

Price : **RM2.55**  
Target Price : **RM3.44** ↓

### Share Price Performance



KLCI	1,535.79
YTD KLCI chg	5.6%
YTD stock price chg	-0.8%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	YNS MK Equity
Market Cap (RM m)	7,209.5
Shares Outstanding	2,907.1
52-week range (H)	2.70
52-week range (L)	2.27
3-mth avg daily vol:	2,860,698
Free Float	35%
Beta	1.1

### Major Shareholders

Yinson Legacy Sdn Bhd	19.7%
Employees Provident	16.1%
Kumpulan Wang Persar	6.4%

### Summary Earnings Table

FY Jan (RM m)	2023A	2024F	2025F
Turnover	6324.0	2744.9	3851.7
EBIT	951.2	1151.9	1653.8
PBT	845.0	517.2	699.6
<b>Net Profit (NP)</b>	<b>586.0</b>	<b>396.0</b>	<b>564.8</b>
<b>Core Net Profit</b>	<b>317.6</b>	<b>396.0</b>	<b>564.8</b>
Consensus (NP)	-	680.8	815.0
Earnings Revision (%)	-	-	-
Core EPS (sen)	10.0	12.4	17.7
Core EPS Growth (%)	86.6	-32.4	42.6
DPS (sen)	5.5	3.7	5.3
BV/Share (RM)	1.30	1.35	1.43
Core PER (x)	25.3	20.3	14.2
PBV (x)	1.9	1.9	1.8
Gearing (x)	2.0	2.6	3.5
Dividend Yield (%)	2.2	1.5	2.1

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NSON'S Sum-of-Parts Valuation		
Division	RM m	Valuation Basis
FSO John Agyekum Kufour (74%)	4457.9	Based on discounting rate of 5%
FPSO Helang (100%)	1477.3	Based on discounting rate of 5%
FPSO Abigail-Joseph	1054.0	Based on discounting rate of 5%
FPSO Bien Dong (49%)	181.7	Based on discounting rate of 6%
FPSO Lam Son (49%)	179.3	Based on discounting rate of 6%
FPSO Anna Nery (75%)	5441.3	Based on discounting rate of 7%
FPSO Enuata(100%)	1458.0	Based on discounting rate of 7%
FPSO Maria Quitéria (100%)	5703.2	Based on discounting rate of 7%
FPSO Agogo	900.8	Based on discounting rate of 9%
Bhada 1 & 2 solar	598.8	Based on discounting rate of 10%
Nokh	363.5	Based on discounting rate of 10%
Other marine business	21815.9	Based on 10x FY25F P/E
Net (debt)/ cash	(11,384.6)	
<b>Total</b>	<b>10431.4</b>	
Number of shares (m)	3188.2	
ESG premium / discount	5.0%	
<b>SoP value per share (RM)</b>	<b>3.44</b>	

Source: Company, Kenanga Research

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Income Statement						Financial Data & Ratios					
FY Jan (RM m)	2021A	2022A	2023F	2024F	2025F	FY Jan	2021A	2022A	2023F	2024F	2025F
Revenue	4849.0	3607.0	6324.0	2744.9	3851.7	<b>Growth (%)</b>					
EBIT	913.0	915.6	951.2	1151.9	1653.8	Revenue	92.5	-25.6	75.3	-56.6	40.3
Interest	-304.0	-287.0	-480.0	-629.7	-939.2	EBIT	78.7	0.3	3.9	21.1	43.6
Associate	-29.0	7.0	-16.0	-5.0	-15.0	PBT	75.2	23.4	18.0	-38.8	35.3
PBT	580.0	716.0	845.0	517.2	699.6	Net Profit	50.1	-15.6	1.1	24.7	42.6
Taxation	-168.0	-192.0	-257.0	-51.7	-70.0	<b>Profitability (%)</b>					
MI	-97.0	-123.0	-2.0	-85.4	-84.7	Operating Margin	18.8	25.4	15.0	42.0	42.9
Net Profit	315.0	314.0	586.0	396.0	564.8	PBT Margin	12.0	19.9	13.4	18.8	18.2
<b>Core Profit</b>	<b>372.0</b>	<b>314.0</b>	<b>317.6</b>	<b>396.0</b>	<b>564.8</b>	Net Margin	7.7	8.7	5.0	14.4	14.7
<b>Balance Sheet</b>						Effective Tax Rate	29.0	26.8	30.4	10.0	10.0
<b>FY Jan (RM m)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	ROA	3.1	2.1	1.6	1.5	1.7
Fixed Assets	4002	3822	4266	8097	13869	ROE	20.2	13.1	7.7	9.2	12.3
Intangible	338	297	251	245	239	<b>DuPont Analysis</b>					
Other LT assets	4860	7490	11547	11542	11527	Net Margin (%)	7.7	8.7	5.0	14.4	14.7
Inventories	3	1	25	26	34	Assets Turnover (x)	0.4	0.2	0.3	0.1	0.1
Receivables	333	471	802	376	528	Leverage Factor (x)	6.5	6.3	4.7	6.2	7.2
Other CA	529	265	861	861	861	ROE (%)	20.2	13.1	7.7	9.2	12.3
Cash	1821	2859	1507	5561	5900	<b>Leverage</b>					
Total Assets	11886	15205	19259	26708	32958	Debt/Asset (x)	0.5	0.6	0.5	0.6	0.7
Payables	862	809	1326	1509	1995	Debt/Equity (x)	1.7	2.1	1.6	2.7	3.5
ST Borrowings	794	648	1194	1194	1194	N. Debt/(Cash)	4285	5899	8077	11043	16104
Other ST Liability	241	167	120	120	120	Debt/Equity (x)	2.3	2.5	2.0	2.6	3.5
LT Borrowings	5312	8110	8390	15410	20810	<b>Valuations</b>					
Other LT Liability	652	732	1767	1767	1767	EPS (sen)	11.7	9.8	10.0	12.4	17.7
Minorities Int.	339	486	535	620	705	DPS (sen)	3.0	3.0	5.5	3.7	5.3
Perpetual	1848	1848	1792	1792	1792	BVPS (RM)	0.6	0.8	1.3	1.3	1.4
<b>Net Assets</b>	<b>1838</b>	<b>2405</b>	<b>4135</b>	<b>4296</b>	<b>4575</b>	PER (x)	21.6	25.6	25.3	20.3	14.2
Share Capital	1126	1134	2220	2220	2220	Div. Yield (%)	1.2	1.2	2.2	1.5	2.1
Reserves	712	1271	1915	2076	2355	P/BV (x)	4.4	3.3	1.9	1.9	1.8
<b>Equity</b>	<b>1838</b>	<b>2405</b>	<b>4135</b>	<b>4296</b>	<b>4575</b>						
<b>Cashflow Statement</b>											
<b>FY Jan (RM m)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>						
Operating CF	-663	-1045	-1226	1745	1949						
Investing CF	-457	-800	-1056	-4475	-6724						
Financing CF	1520	1963	793	6785	5114						

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### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
BUMI ARMADA BHD	MP	0.570	0.580	1.8%	3,375.9	N	12/2024	13.8	12.6	144.4%	-8.8%	4.1	4.5	0.5	13.4%	0.0	0.0%
DIALOG GROUP BHD	OP	2.21	3.10	40.3%	12,470.1	Y	06/2024	9.3	10.3	4.0%	11.0%	23.8	21.4	2.1	9.1%	4.2	1.9%
ICON OFFSHORE	OP	0.680	0.800	17.6%	368.3	Y	12/2024	5.3	8.1	285.3%	52.9%	12.8	8.4	1.0	8.0%	0.0	0.0%
MISC BHD	MP	7.52	7.51	-0.1%	33,567.4	Y	12/2024	51.9	53.9	7.0%	3.9%	14.5	14.0	0.8	5.8%	30.0	4.0%
PETRONAS CHEMICALS GROUP BHD	MP	6.83	6.88	0.7%	54,640.0	Y	12/2024	44.9	45.9	111.1%	2.3%	15.2	14.9	1.3	8.7%	22.4	3.3%
PETRONAS DAGANGAN BHD	MP	21.80	23.70	8.7%	21,657.3	Y	12/2024	99.7	109.8	1.1%	10.1%	21.9	19.9	3.6	16.9%	79.8	3.7%
PETRON MALAYSIA REFINING	MP	4.58	4.74	3.5%	1,236.6	Y	12/2024	99.6	89.6	-1.1%	-10.0%	4.6	5.1	0.5	10.6%	20.0	4.4%
UZMA BHD	OP	1.31	1.45	10.7%	507.3	Y	06/2024	13.4	14.1	32.8%	5.6%	9.8	9.3	0.9	9.9%	0.0	0.0%
VELESTO ENERGY BHD	OP	0.290	0.310	6.9%	2,382.5	Y	12/2024	1.8	2.1	46.6%	17.3%	16.3	13.9	0.9	5.7%	0.0	0.0%
WAH SEONG CORP BHD	OP	1.29	1.48	14.7%	998.9	Y	12/2024	12.1	14.8	20.0%	22.6%	10.7	8.7	1.3	12.5%	0.0	0.0%
YINSON HOLDINGS BHD	OP	2.48	3.39	36.7%	7,209.5	N	01/2024	12.9	18.4	24.7%	42.6%	19.2	13.5	1.8	9.4%	3.9	1.6%
<b>Sector Aggregate</b>					<b>141,169.3</b>					<b>41.7%</b>	<b>5.1%</b>	<b>15.1</b>	<b>14.4</b>	<b>1.4</b>	<b>9.9%</b>		<b>1.7%</b>

Source: Kenanga Research

**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★	★
	Community Investment	★	★	★	★	★
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★	★	★
	Anti-Corruption Policy	★	★	★	★	★
	Emissions Management	★	★	★	★	★
<b>SPECIFIC</b>	Transition to Low-Carbon Future	★	★	★	★	★
	Conservation & Biodiversity	★	★	★	★	★
	Effluent/Waste Management	★	★	★	★	★
	Water Management	★	★	★	★	★
	Supply Chain Management	★	★	★	★	★
	Energy efficiency	★	★	★	★	★
<b>OVERALL</b>		★	★	★	★	★

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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