

02 April 2025

# Yinson Holdings

## Sailing through Rough Waters

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YINSON's FY25 results came slightly below expectations due to higher-than-expected interest cost. Core earnings improved as new FPSO (Maria Quiteria and Atlanta) projects achieved first oil in 4QFY25. While the EPCIC losses are non-core, we believe the cost overruns incurred during the FPSO conversion stage suggest weaker project economics during the leasing phase, as the overall capex base has exceeded initial expectations. Hence, we reduce our TP by 19% to RM3.15 (from RM3.87) after cutting FY26-27F earnings to account for lower margins for the new FPSO projects, and remain **OUTPERFORM** on the stock.

**FY25 profit slightly below.** The core net profit of RM441m (adjusted for RM769m gain on disposal of assets, RM116m loss on remeasurement of JV, RM250m hedging loss and impairment on green tech division, and RM240m loss EPCIC) was just slightly below our expectation at 94% due to higher-than-expected finance costs. We avoid comparing to consensus profit due to its diverse mix of forecasts, with some projecting EPCIC earnings while others do not. Final DPS per share of RM0.01/share was declared, bringing cumulative FY25 DPS to RM0.04/share, below our expectation of RM0.07/share.

**New FPSO contribution.** In FY25, its topline declined 35% YoY due to lower EPCIC revenue recognition as fewer work orders were recognised for FPSO Maria Quiteria and FPSO Agogo (FPSO Maria Quiteria also had reached the tail end of its EPCC phase in 4QFY25). YINSON's core net profit improved due to the lease income from the new FPSO projects achieving first oil in the quarter as well.

**QoQ profit surged.** In 4QFY25, a 25% decline in topline was reported due to slightly lower EPCIC revenue recognised (as FPSO Maria Quiteria achieved first oil) but this was being partially offset by lease income from FPSO Atlanta and Maria Quiteria. Hence, profit surged 77% sequentially as a result of income from the new FPSOs while finance costs increased at a significantly slower pace

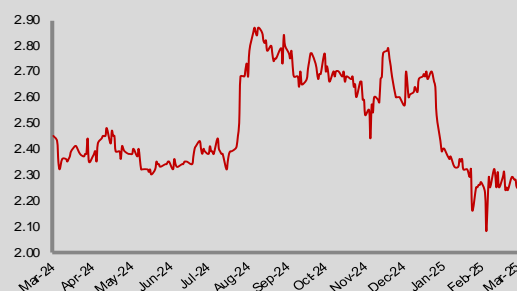
Key takeaways from YINSON's results briefing include:

1. YINSON currently prioritizes the execution of its upcoming FPSO charters namely FPSO Agogo (expected end-3QCY25) and FSO Lac Da Vang (2026).
2. The RM624m gain on its subsidiary pertains to the reclassification of FPSO Anna Nery into JV as its other subsidiary (Yinson Acacia Limited (YAL) issued a shareholder's notice to waive its right to have a casting vote at the board meetings of Yinson Boronia Consortium Pte. Ltd. (YBC), specifically in the event of an equality of votes among the directors (which will result in deadlocks in meeting votes if maintained).
3. The RM500m provision loss for FPSO Atlanta and Maria Quiteria in 4QFY25 was due to higher-than-expected costs during the start-up phases of the projects. The group do not expect another provision similar to this size in the future for the projects mentioned.

**OUTPERFORM** ↔

Price: **RM2.20**  
Target Price: **RM3.15** ↓

### Share Price Performance



KLCI	1,513.65
YTD KLCI chg	-7.8%
YTD stock price chg	-16.7%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	YNS MK Equity
Market Cap (RM m)	6,177.4
Shares Outstanding	2,807.9
52-week range (H)	2.91
52-week range (L)	2.03
3-mth avg daily vol:	5,417,958
Free Float	59%
Beta	0.9

### Major Shareholders

Yinson Legacy SdnBhd	19.7%
Employees Provident Fund	16.1%
Kumpulan Wang Persaraan	6.4%

### Summary Earnings Table

FY Jan (RM m)	2025A	2026F	2027F
Revenue	7605	4399	5339
EBIT	2109.8	1848.2	2194.7
PBT	1120.0	655.7	848.6
<b>Net Profit (NP)</b>	<b>752.0</b>	<b>530.6</b>	<b>708.0</b>
<b>Core Net Profit</b>	<b>379.0</b>	<b>530.6</b>	<b>708.0</b>
Consensus (NP)	-	673.1	989.7
Earnings Revision (%)	-	-17.8	-17.2
Core EPS (sen)	11.9	16.6	22.2
CNP growth (%)	-22.0	40.0	33.4
DPS (sen)	4.0	5.0	6.7
BV/Share (RM)	1.62	1.70	1.81
Core PER (x)	21.8	15.6	11.7
Price/BV (x)	1.6	1.5	1.4
Net-gearing (x)	2.6	3.2	3.4
Dividend Yield (%)	1.5	1.9	2.6

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**Forecasts.** We cut FY26-27F earnings by 18-17% to account for lower EBITDA margins from FPSO Maria Quiteria and FPSO Atlanta in light of higher operating costs expected for the projects to tone down our profit expectations for both the projects due to cost inflation as well as higher interest cost assumptions.

**Valuations.** Correspondingly, we reduce our SoP-TP by 19% to RM3.15 from RM3.87 as a result of lower margins assumed for FPSO Atlanta and FPSO Maria Quiteria, adjustment made for all FPSO DCF as we roll forward the valuation by a year. Note that our TP reflect 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 (Murphy and Agogo) 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) the group could seek to monetise its FPSO assets through a potential separate listing of its FPSO business in other international markets. Maintain OUTPERFORM.

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

Income Statement								
FY Jan (RM m)	4Q	3Q	Q-o-Q	4Q	Y-o-Y			Y-o-Y
	FY25	FY25		FY24		FY25	FY24	
Revenue	1,396.0	1,853.0	-24.7%	2,702.0	-48.3%	7,605.0	11,646.0	-34.7%
Direct expenses	(966.0)	(1,093.0)	-11.6%	(1,708.0)	-43.4%	(4,542.0)	(8,346.0)	-45.6%
<b>Gross profit</b>	<b>430.0</b>	<b>760.0</b>	<b>-43.4%</b>	<b>994.0</b>	<b>-56.7%</b>	<b>3,063.0</b>	<b>3,300.0</b>	<b>-7.2%</b>
Other operating income	516.0	235.0	119.6%	106.0	386.8%	825.0	203.0	306.4%
Administrative expenses	(241.0)	(185.0)	30.3%	(96.0)	151.0%	(714.0)	(529.0)	35.0%
<b>Profit from operations</b>	<b>589.0</b>	<b>614.0</b>	<b>-4.1%</b>	<b>755.0</b>	<b>-22.0%</b>	<b>2,524.0</b>	<b>2,080.0</b>	<b>21.3%</b>
Finance costs	(476.0)	(443.0)	7.4%	(316.0)	50.6%	(1,736.0)	(963.0)	80.3%
JV and associates	12.0	4.0	200.0%	(12.0)	-200.0%	21.0	(3.0)	-800.0%
<b>EI</b>	<b>8.0</b>	<b>122.0</b>	<b>-93.4%</b>	<b>170.0</b>	<b>-95.3%</b>	<b>311.0</b>	<b>581.0</b>	<b>-46.5%</b>
<b>Profit before tax</b>	<b>133.0</b>	<b>297.0</b>	<b>-55.2%</b>	<b>597.0</b>	<b>-77.7%</b>	<b>1,120.0</b>	<b>1,695.0</b>	<b>-33.9%</b>
Income tax expense	64.0	(53.0)	-220.8%	(61.0)	-204.9%	(167.0)	(553.0)	-69.8%
Non-controlling interests	(51.0)	(44.0)	15.9%	(29.0)	75.9%	(201.0)	(178.0)	12.9%
Net profit	146.0	200.0	-27.0%	65.0	124.6%	752.0	964.0	-22.0%
<b>Core Net profit</b>	<b>138.0</b>	<b>78.0</b>	<b>76.9%</b>	<b>108.0</b>	<b>27.8%</b>	<b>441.0</b>	<b>383.0</b>	<b>15.1%</b>
Gross margin	30.8%	41.0%		36.8%		40.3%	28.3%	
Operating margin	42.2%	33.1%		27.9%		33.2%	17.9%	
PBT margin	9.5%	16.0%		22.1%		14.7%	14.6%	
Net margin	10.5%	10.8%		2.4%		9.9%	8.3%	
Core net margin	9.9%	4.2%		4.0%		5.8%	3.3%	
Effective tax rate	-48.1%	17.8%		10.2%		14.9%	32.6%	

Source: Company, Kenanga Research

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**YINSON'S Sum-of-Parts Valuation**

Division	RM m	Valuation Basis
FSO John Agyekum Kufour (74%)	2947.3	Based on discounting rate of 5%
FPSO Helang (100%)	2320.0	Based on discounting rate of 5%
FPSO Abigail-Joseph	2381.4	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%)	6364.5	Based on discounting rate of 7%
FPSO Enuata (100%)	2984.2	Based on discounting rate of 7%
FPSO Maria Quitéria (100%)	6152.9	Based on discounting rate of 7%
FPSO Agogo	9184.0	Based on discounting rate of 9%
FSO Lac Da Vang	140.8	Based on discounting rate of 7.4%
Indian Solar	529.5	Based on discounting rate of 10%
ICON stake	363.5	Based on 10x FY26F consensus P/E
Net (debt)/ cash	(24,154.0)	
<b>Total</b>	<b>9575.2</b>	
Number of shares (m)	3188.2	
ESG premium / discount	5.0%	
<b>SoP value per share (RM)</b>	<b>3.15</b>	

Source: Company, Kenanga Research

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	0.550	0.600	9.1%	3,260.3	Y	12/2025	8.7	8.0	-22.3%	-7.6%	6.3	6.8	0.6	10.8%	0.0	0.0%
DIALOG GROUP BHD	OP	1.98	3.39	71.2%	2,292.4	Y	12/2025	26.0	24.5	10.3%	-6.0%	7.6	8.1	1.1	15.2%	6.0	2.8%
MISC BHD	OP	1.56	1.94	24.4%	8,802.6	Y	06/2025	8.6	8.7	-19.9%	1.5%	18.1	17.9	1.4	8.0%	4.0	2.7%
PETRONAS CHEMICALS GROUP BHD	OP	2.19	3.03	45.2%	1,762.5	Y	12/2025	27.6	30.4	19.2%	10.2%	7.9	7.2	2.6	38.3%	5.0	2.1%
PETRONAS DAGANGAN BHD	MP	7.11	7.78	9.4%	31,737.2	Y	12/2025	50.1	47.0	2.9%	-6.2%	14.2	15.1	0.8	5.9%	36.0	4.1%
PETRON MALAYSIA REFINING	OP	3.75	4.70	25.3%	30,000.0	Y	12/2025	27.1	39.3	84.5%	45.2%	13.8	9.5	0.8	5.5%	14.0	3.0%
UZMA BHD	MP	19.00	21.20	11.6%	18,875.6	Y	12/2025	110.4	113.0	-0.8%	2.3%	17.2	16.8	3.0	18.0%	88.0	4.1%
VELESTO ENERGY BHD	OP	0.170	0.210	23.5%	1,396.7	Y	12/2025	1.7	2.1	-32.4%	23.6%	9.9	8.0	0.5	5.3%	1.0	0.0%
WAH SEONG CORP BHD	OP	1.01	1.83	81.2%	782.1	Y	12/2025	2.3	2.3	-10.8%	-2.0%	43.4	44.3	7.1	17.8%	2.0	1.9%
YINSON HOLDINGS BHD	OP	2.18	3.15	17.0%	6,125.9	N	01/2025	16.6	22.2	121.1%	35.8%	15.6	11.7	1.3	9.7%	5.0	2.2%
<b>Sector Aggregate</b>					<b>106,050.2</b>					<b>13.1%</b>	<b>12.7%</b>	<b>13.2</b>	<b>11.7</b>	<b>1.8</b>	<b>12.3%</b>		<b>2.1%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	★	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★	★	★
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	★	
<b>SPECIFIC</b>	Diversification from pure O&G	★	★	★	★	★
	Emission Targets and Climate Goals	★	★	★	★	★
	Occupational Health and Safety	★	★	★		
	Pollution control	★	★	★		
	Supply chain auditing	★	★	★	★	
	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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