

# Wasco

## Delivers Engineering Win

By *Lim Sin Kiat, CFA* / [limsk@kenanga.com.my](mailto:limsk@kenanga.com.my)

WASCO has secured a major contract worth between RM619m to RM826m for its engineering division, bringing its order book to an estimated RM3.2b-RM3.4b and after accounting for contract burn for 4QFY25, the group stands a strong chance of achieving RM3b order book by end-4QFY25. The contract duration is three years; hence, we deem this win within our expectations as we have factored in faster contract burn rate (two years). Nevertheless, the win is positive and if the group secures another major win, we might need to adjust our FY26F earnings upwards. We maintain forecast, SoP-TP of RM1.17 and OUTPEFORM call.

WASCO has announced that it has been awarded a contract by Technip Energies Italy S.P.A for complete procurement, and construction of pre-assembled modules on a remeasurement basis. The contract is expected to be completed 37 months from now. Contract value is estimated at RM619.4m (USD150m) to RM825.8m (USD200m), which brings its order book to RM3.2b-RM3.4b from RM2.6b in 3QFY25. We believe the project will yield an EBIT margin of 5%, consistent with its oil & gas division's historical margins.

If more wins are secured, we believe the group could end FY25 with an order book balance of RM3b, a level not seen since 3QFY24. Hence, the win is positive but deemed within our expectations as the job spans a little more than three years. Within our assumption, we have assumed RM2.8b replenishment rate for FY25 but with a burn rate of two years. Hence, while the YTD replenishment is already strong at RM2.7-2.9b, we still deem it within expectations due to the longer contract tenure of the recent contract win. However, if the group announces another major win in 4QFY25, we may need to adjust our FY26F assumptions.

**Forecasts.** Maintained.

**Valuations.** We maintain our SoP-TP of RM1.17. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4). To illustrate, a +1x change in PER valuation target for its bioenergy services division from our applied 13x will lift TP by 4%. We believe that our valuation for Greenergy is extremely conservative given our cautious view on the boiler market growth.

**Investment case.** We like WASCO for: (i) strong pipe coating market position as one of the global top pipe coating players, (ii) its exposure in bioenergy division which could rerate the group due to favourable bioenergy valuations post IPO, and (iii) its ESG business exposure which includes bioenergy business. Maintain OUTPERFORM.

**Risks to our call include:** (i) delays and cost overruns from poor project execution, (ii) slow orderbook replenishment, and (iii) surge in opex due to an inflationary cost environment.

# OUTPERFORM ↔

**Price :** **RM1.03**  
**Target Price :** **RM1.17** ↔

### Share Price Performance



KLCI	1,622.84
YTD KLCI chg	-1.2%
YTD stock price chg	1.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	WSC MK Equity
Market Cap (RM m)	797.5
Shares outstanding	774.3
52-week range (H)	1.28
52-week range (L)	0.78
3-mth avg daily vol:	809,819
Free Float	41%
Beta	1.1

### Major Shareholders

Wah Seong (M) Trading	30.9%
Tan Kim Yeow Sdn Bhd	8.6%
Midvest Asia Sdn Bhd	6.5%

### Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Revenue	3184.5	1830.0	2015.9
EBIT	245.7	129.2	143.5
PBT	221.1	128.0	140.0
<b>Net Profit (NP)</b>	<b>153.0</b>	<b>89.5</b>	<b>97.9</b>
<b>Core Net Profit</b>	<b>153.0</b>	<b>89.5</b>	<b>97.9</b>
Consensus (NP)	-	88.0	93.5
Earnings Revision (%)	-	-	-
Core EPS (sen)	23.9	11.6	12.6
CNP Growth (%)	139.7	-51.6	9.4
DPS (sen)	2.0	4.6	5.1
BV/Share (RM)	1.1	1.2	1.3
Core PER (x)	4.3	8.9	8.2
P/BV (x)	0.9	0.9	0.8
Gearing (x)	0.3	0.3	0.2
Dividend Yield (%)	1.9	4.5	4.9

04 December 2025

**Sum-of-Parts Valuation**

	<b><u>RM m</u></b>	<b><u>Valuation Metric</u></b>
Pipe coating & fabrication	576.74	9x FY26F PER
Bioenergy services (boilers & steam turbines)	329.19	13x FY26F PER (88.9% stake assumed for pre-IPO exercise)
<b>Total</b>	<b>905.93</b>	
Number of shares (mil)	774.89	
<b>SoP-value per share (RM)</b>	<b>1.17</b>	

*Source: Company, Kenanga Research*



04 December 2025

## 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	OP	0.310	0.450	45.2%	1,837.7	Y	12/2025	6.1	5.4	-45.7%	-10.9%	5.1	5.7	0.4	7.6%	0.0	0.0%
DIALOG GROUP BHD	MP	1.57	1.60	1.9%	1,817.7	Y	12/2025	13.6	16.0	-42.3%	17.4%	11.5	9.8	0.9	8.3%	10.0	6.4%
KEYFIELD INTERNATIONAL	OP	1.75	2.28	30.3%	9,874.7	Y	06/2026	10.4	11.4	31.4%	9.7%	16.8	15.3	1.6	9.9%	5.0	2.9%
MISC BHD	MP	1.67	1.57	-6.0%	1,345.6	Y	12/2025	14.0	17.5	-49.6%	24.3%	11.9	9.6	1.8	15.6%	6.0	3.6%
PETRONAS CHEMICALS GROUP	OP	7.50	8.55	14.0%	33,478.1	Y	12/2025	50.1	52.1	2.9%	4.0%	15.0	14.4	0.9	5.9%	36.0	4.8%
PETRONAS DAGANGAN BHD	OP	3.31	4.70	42.0%	26,480.0	Y	12/2025	(6.1)	10.3	-	70.4%	N.A.	32.1	0.7	-1.3%	5.0	1.5%
PETRON MALAYSIA REFINING	MP	19.94	21.20	6.3%	19,809.5	Y	12/2025	110.4	113.0	-0.8%	2.3%	18.1	17.7	3.2	18.0%	88.0	4.4%
VELESTO ENERGY BHD	MP	0.230	0.250	8.7%	1,889.6	Y	12/2025	2.0	2.1	-21.5%	7.3%	11.6	10.8	0.7	6.1%	3.0	13.0%
WASCO BHD	OP	1.03	1.17	13.6%	797.5	Y	12/2025	1.5	1.7	-41.5%	9.4%	67.5	61.7	6.5	10.1%	5.0	4.9%
<b>SECTOR AGGREGATE</b>					<b>106,667.0</b>					<b>-29.3%</b>	<b>33.9%</b>	<b>21.1</b>	<b>15.8</b>	<b>1.8</b>	<b>8.7%</b>		<b>3.6%</b>

Source: Kenanga Research

04 December 2025

**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.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)