

26 February 2026

Keyfield International

Cash Before the Turn

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KEYFIELD's FY25 earnings were within our expectation while DPS of RM0.11/share for the full year surprised on the upside (80% payout). Overall, earnings were significantly weaker as vessel utilisation declined due to weak upstream demand. In FY26, vessel utilisation is guided to be at 70% or higher albeit DCRs for AWBs will be slightly lower YoY due to tepid near-term demand. We cut FY26F earnings on lower DCR assumption for AWBs. Maintain MARKET PERFORM with TP slightly increased to RM1.60, pegged to a higher 10x FY27F PER as the company has shown willingness to pay higher dividend payout ratio (historically 40%) while FY27 could be a year of demand recovery.

KEYFIELD recorded FY25 core profit of RM113.5m (after excluding EI of RM25.7m gain on vessel disposal, RM4.4m deferred tax expense and RM8.6m impairment write-back. It was within our expectation at 98% but below consensus at 68%. DPS declared was RM0.05/share bringing 9MFY25 DPS to RM0.11/share, which is above our DPS expectation (full-year DPS of RM0.08/share), which yields 7% at its last traded share price.

YoY, 9MFY25 revenue declined by 37%, primarily driven by a drop in vessel utilisation from 78% to 60%. AHTS DCR has remained largely stable YoY (note that AHTS DCR didn't ramp up as sharply YoY in FY24). The average DCR for AWBs, on the other hand, have seen some slippage, down YoY. Core profit also dropped 51% YoY as cost of sales were lower due to asset disposals.

QoQ, revenue plunged 40% due to lower utilisation (50% vs. 81%) due to the monsoon season. As a result, core profit declined 76%.

Outlook. Looking ahead, the outlook remains cautious amid the ongoing impasse between Petronas and PETROS and overall softer demand for OSVs. Nevertheless, we see opportunity in the persistently tight vessel supply across both the AWB and AHTS segments, underscoring a chronic global underinvestment in newbuilds. Meanwhile, KEYFIELD's strategic move to diversify its geographical exposure to the Middle East should help lift overall vessel utilisation in FY26 (closer to 70%) given the absence of seasonal monsoon disruptions, although day rates in this region are typically lower than in Malaysia. 1QFY26 utilisation is expected to remain weak as well as vessels in Malaysia are waiting for deployment in 2QFY26 but in the quarters after utilisations will improve.

Forecast. We cut FY26F earnings by 15% after accounting for lower average DCR by 10% in view of still weak demand for AWBs in FY26.

Valuations. We raise our TP, however, slightly to RM1.60 (from RM1.57) pegged to higher FY27F PER of 10x (from 9x previously) as the group has shown higher willingness to pay higher dividends, and the OSV market could be set up for a recovery from FY27 onwards.

Investment case. We like KEYFIELD due to: (i) its acquisition timing for a large number of its vessels where valuation was at the bottom during Covid-19, (ii) its capability to go beyond 40% for its dividend payout ratio which could lead to a higher-than-expected dividend yield. However, we are cautious on its near-term outlook due to the weak OSV market locally. Maintain **MARKET PERFORM**.

MARKET PERFORM ↔

Price: RM1.51
Target Price: RM1.60 ↑

Share Price Performance



KLCI	1,627.43
YTD KLCI chg	-0.9%
YTD stock price chg	-30.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KEYFIELD MK Equity
Market Cap (RM m)	1,224.6
Shares outstanding	805.7
52-week range (H)	2.60
52-week range (L)	1.30
3-mth avg. daily vol.	1,133,847
Free Float	26%
Beta	na

Major Shareholders

Lavin Group Sdn Bhd	27.0%
Dato Kee Chit Huei & Spouse	27.0%
Mohd Erwan	6.0%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	430.5	371.0	380.3
EBIT	195.7	174.5	184.8
PBT	183.7	164.6	175.0
Net Profit (NP)	142.6	122.8	130.5
Core NP (CNP)	113.5	122.8	130.5
Consensus (CNP)	-	145.0	146.0
Earnings Revision (%)	-	-15.1	-
Core EPS (sen)	13.7	14.8	15.7
EPS Growth (%)	-50.8	8.2	6.1
DPS (sen)	11.0	8.2	8.7
BV/Share (RM)	-10.0	-9.9	-9.9
PER (x)	11.0	10.2	9.6
PBV (x)	-0.2	-0.2	-0.2
Net-Gearing (x)	-1.1	-1.1	-1.1
Div. Yield (%)	7.3	5.4	5.7

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Risks to our call include: (i) a significant decline in Brent crude prices, (ii) unexpected vessel downtime due to unplanned maintenance, and (iii) a decline in oil producers' capex planned.

Results Highlights								
	4Q	3Q	Q-o-Q	4Q	Y-o-Y			Y-o-Y
	FY25	FY25		FY24		FY25	FY24	
FYE : Dec (RM m)								
Revenue	79.5	132.3	-40.0%	165.0	-51.8%	430.5	687.2	-37.3%
Cost of sales	-63.4	-64.1	-1.1%	-97.4	-34.9%	-245.7	-341.6	-28.1%
Gross profit	16.0	68.2	-76.5%	67.6	-76.3%	184.8	345.6	-46.5%
Other income	14.3	1.6	780.1%	1.4	886.0%	47.5	3.2	1404.8%
Operating Cost	-6.7	-9.8	-32.2%	-7.4	-10.1%	-30.5	-33.3	-8.4%
Other expenses	-1.6	-0.8	102.9%	-0.1	1218.2%	-6.1	-5.7	6.0%
Operating profit	22.0	59.2	-62.8%	61.5	-64.2%	195.7	309.7	-36.8%
Finance costs	-3.0	-3.1	-3.5%	-0.5	502.2%	-12.0	-5.4	122.7%
Profit/(loss) before tax	19.0	56.1	-66.1%	61.0	-68.8%	183.7	304.2	-39.6%
Taxation	-4.7	-14.0	-66.5%	-15.3	-69.2%	-40.3	-76.5	-47.3%
Non-controlling interest	0.1	0.7	-90.0%	0.2	-63.0%	-0.9	-1.0	-7.5%
Net profit	14.2	41.3	-65.6%	45.5	-68.7%	143.4	227.8	-37.0%
EI	-4.2	0.0	-	0.0	-	-30.0	2.9	--
Core net profit	10.0	41.3	-75.8%	45.5	-78.0%	113.5	230.7	-50.8%
EPS	1.7	5.0	-65.6%	5.5	-68.7%	17.2	27.4	-37.2%
Core EPS	1.2	5.0	-75.8%	5.5	-78.0%	13.6	27.8	-51.0%
Vessel utilisation (%)	50.3	81.4	-38.2%	65.7	-23.4%	60.3	77.9	-22.5%
Gross margin	20.2%	51.5%		41.0%		42.9%	50.3%	
EBIT margin	27.7%	44.8%		37.3%		45.5%	45.1%	
PBT margin	23.9%	42.4%		36.9%		42.7%	44.3%	
Net margin	17.9%	31.2%		27.6%		33.3%	33.1%	
Core net margin	12.6%	31.2%		27.6%		26.4%	33.6%	
Effective tax rate	24.8%	25.0%		25.1%		21.9%	25.1%	

Source: Company, Kenanga Research

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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.
Stocks Under Coverage																	
BUMI ARMADA BHD	OP	0.315	0.450	42.9%	1,867.3	Y	12/2025	6.1	5.4	-45.7%	-10.9%	5.2	5.8	0.4	7.6%	0.0	0.0%
DAYANG ENTERPRISE HLDGS BHD	MP	1.87	1.60	-14.4%	2,165.0	Y	12/2026	16.1	18.8	7.8%	17.0%	11.6	9.9	1.1	9.8%	11.0	5.9%
DIALOG GROUP BHD	OP	1.82	2.28	25.3%	10,269.7	Y	06/2026	10.4	11.4	31.4%	9.7%	17.5	15.9	1.7	9.9%	5.0	2.7%
LIANSON FLEET GROUP BHG	OP	1.99	2.40	20.6%	2,320.4	Y	12/2025	8.7	10.3	0.0%	18.7%	23.0	19.4	2.2	11.9%	0.0	0.0%
KEYFIELD INTERNATIONAL	MP	1.51	1.60	6.0%	1,218.8	Y	12/2026	14.0	17.5	-49.6%	24.3%	10.8	8.6	1.6	15.6%	6.0	4.0%
MISC BHD	OP	8.10	8.60	6.2%	36,156.3	Y	12/2026	47.3	49.5	-0.4%	4.6%	17.1	16.4	1.0	6.2%	36.0	4.4%
PETRONAS CHEMICALS GROUP	OP	3.18	4.10	28.9%	25,440.0	Y	12/2026	4.0	4.1	-48.7%	0.6%	78.7	78.2	0.7	0.9%	2.0	0.6%
PETRONAS DAGANGAN BHD	MP	21.96	21.20	-3.5%	21,816.2	Y	12/2026	116.9	116.5	5.7%	-0.4%	18.8	18.9	3.5	19.1%	94.0	4.3%
VELESTO ENERGY BHD	MP	0.315	0.320	1.6%	2,587.9	Y	12/2026	2.0	2.1	-21.5%	7.3%	15.9	14.8	0.9	6.1%	3.0	9.5%
WASCO BHD	OP	0.960	1.32	37.5%	743.3	Y	12/2026	1.5	1.7	-41.5%	9.4%	62.9	57.5	6.0	10.1%	5.0	5.2%
YINSON HOLDINGS BHD	OP	2.37	2.84	19.8%	6,926.0	N	01/2026	16.6	20.4	20.3%	22.3%	14.2	11.6	1.4	10.1%	6.0	2.5%
SECTOR AGGREGATE					111,749.2					12.1%	5.3%	19.1	18.1	1.7	9.8%		3.3%

Source: Kenanga Research

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Stock ESG Ratings:

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

☆ 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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Published by:

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