

27 February 2026

# Uzma

## Overlooked Fundamentals

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UZMA's 1HFY26 were within expectations with stronger YoY earnings as higher upstream seismic activities drove its oil & gas division topline. Its oil & gas division continues to be the growth anchor in FY26 as seismic activities are expected to ramp up alongside other sustaining brownfield activities. We maintain our earnings forecasts, cut TP by 57% to RM0.60 (after coming out from a blackout) to account for downcycle oil & gas valuation coupled with more discount due to its high gearing. Despite that, the group appears to trade still at a large discount to TP. Maintain **OUTPERFORM**.

UZMA's 1HFY26 core profit of RM26.7m was within our (46%) and consensus (45%) expectations. No DPS were declared in the quarter.

**Margins expanded.** YoY, UZMA's 1HFY26 revenue saw strong 44% improvement due to higher oil & gas division's revenue driven by stronger seismic activities in local offshore while other business divisions showed modest contributions. Core profit surged 22% as the strong top line growth was offset by higher cost of sales and admin expenses.

**QoQ,** the group's topline improved 41% due to higher oil & gas division activities. However, core profit declined 16% due to higher depreciation cost, admin expenses and finance costs.

**Oil & gas division to sustain growth.** With an oil & gas order book valued at RM2.7b, UZMA is well-positioned to benefit from an increase in work orders as Petronas intensifies its seismic activities and other brownfield-related activities, remaining committed in maintaining optimum production on producing fields. For FY26, we expect the oil & gas division to remain as the anchor as its new energy segment (solar) is expected to be more conservative with EPCC bids due to low margins while its energy trading segment is facing low margin and opportunistic markets.

**Forecasts.** Maintain.

**Valuations.** Correspondingly, we cut our TP by 57% to RM0.60 (from RM1.38) pegged to lower FY27F 6x PER (from 10x) pricing in near term uncertainties in the upstream segment coupled with its high gearing balance sheet, which is at 40% discount to our target 10x PER for upstream service providers.

Despite the huge cut, the TP still implies a significant upside of 52%, which in our view indicates that its share price has been overly punished despite its relatively stable earnings performance amid downturn in upstream services. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

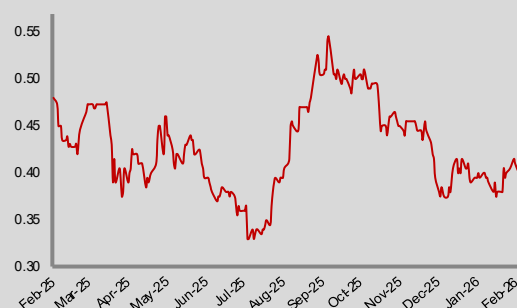
**Investment case.** We like UZMA due to: (i) resilient oil & gas division business outlook as its forte remains in brownfield jobs, (ii) its active thrust into sustainable businesses via its new energy segment which enhances UZMA's ESG appeal and help future proof its earnings, and (iii) new digitisation segment provides long-term upside from geospatial solutions provision but remain insignificant for the time being. Maintain **OUTPERFORM**.

**Risks to our call include:** (i) sharp decline in crude oil prices, (ii) poor project execution on new energy division leading to cost overruns and delays, and (iii) opex pressure emanating from an inflationary environment, particularly on expenses for manpower and materials.

# OUTPERFORM ↔

Price : **RM0.395**  
Target Price : **RM0.60** ↓

### Share Price Performance



KLCI 1,740.94  
YTD KLCI chg 3.6%  
YTD stock price chg 3.9%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker UZMA MK Equity  
Market Cap (RM m) 235.2  
Shares Outstanding 595.3  
52-week range (H) 0.56  
52-week range (L) 0.32  
3-mth avg daily vol: 1,972,379  
Free Float 85%  
Beta 0.9

### Major Shareholders

Tenggiri Tuah Sdn Bhd 22.7%  
Urus Harta 5.3%  
National Trust Fund 3.4%

### Summary Earnings Table

FY June (RM m)	2025A	2026F	2027F
Turnover	725.1	746.7	777.9
EBIT	103.8	100.0	100.4
PBT	77.0	74.9	80.2
<b>Net Profit</b>	<b>53.5</b>	<b>57.2</b>	<b>61.5</b>
<b>Core Net Profit</b>	<b>53.5</b>	<b>57.2</b>	<b>61.5</b>
Consensus (NP)	-	59.4	68.4
Earnings Revision (%)	-	-	-
EPS (sen)	9.0	9.4	10.0
EPS Growth (%)	6.8	5.0	5.9
DPS (sen)	-	-	-
BV/Share (RM)	1.1	1.2	1.3
PER (x)	4.4	4.2	4.0
P/BV (x)	0.4	0.3	0.3
Net-Gearing (x)	1.2	1.2	1.1
Div. Yield (%)	-	-	-

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Income Statement								
	2Q	1Q	Q-o-Q	2Q	Y-o-Y	1H	1H	Y-o-Y
	FY26	FY26		FY25		FY26	FY25	
<b>FYE June (RM m)</b>								
Revenue	289.7	205.3	41.1%	135.6	113.6%	495.0	343.5	44.1%
Cost of sales	(222.1)	(137.3)	61.8%	(71.9)	209.1%	(359.4)	(229.2)	56.8%
<b>Gross profit</b>	<b>67.6</b>	<b>68.0</b>	<b>-0.6%</b>	<b>63.7</b>	<b>6.0%</b>	<b>135.6</b>	<b>114.3</b>	<b>18.6%</b>
Other income	1.6	0.6	182.6%	0.5	248.3%	2.1	3.0	-28.4%
Administrative expenses	(45.8)	(42.4)	8.0%	(41.8)	9.6%	(88.2)	(78.3)	12.6%
Depreciation	(14.6)	(14.6)	-0.2%	(10.6)	38.1%	(29.3)	(21.2)	38.2%
<b>Operating Profit</b>	<b>23.4</b>	<b>26.1</b>	<b>-10.7%</b>	<b>22.4</b>	<b>4.2%</b>	<b>49.5</b>	<b>39.0</b>	<b>27.0%</b>
Finance costs	(8.8)	(7.2)	21.2%	(5.6)	55.3%	(16.0)	(11.4)	39.7%
Associates	0.0	0.7	-94.5%	(0.2)	-125.2%	0.8	(0.0)	-
<b>Profit before tax</b>	<b>14.6</b>	<b>19.7</b>	<b>-25.6%</b>	<b>16.6</b>	<b>-11.9%</b>	<b>34.3</b>	<b>27.5</b>	<b>24.7%</b>
Tax expense	(2.2)	(5.0)	-56.6%	(4.5)	-52.3%	(18.0)	(4.6)	294.9%
Non-controlling interest	(0.3)	(0.2)	52.6%	(0.1)	288.3%	(0.5)	(0.5)	-2.6%
<b>Net profit</b>	<b>12.2</b>	<b>14.5</b>	<b>-15.9%</b>	<b>12.0</b>	<b>1.5%</b>	<b>26.7</b>	<b>23.1</b>	<b>15.6%</b>
<b>Core net profit</b>	<b>12.2</b>	<b>14.5</b>	<b>-15.9%</b>	<b>12.0</b>	<b>1.5%</b>	<b>26.7</b>	<b>21.8</b>	<b>22.0%</b>
Gross margin	23.3%	33.1%		47.0%		27.4%	33.3%	
PBT margin	5.1%	9.6%		12.2%		6.9%	8.0%	
Net margin	4.2%	7.1%		8.8%		5.4%	6.7%	
Core net margin	4.2%	7.1%		8.8%		5.4%	6.4%	
Effective tax rate	14.8%	25.4%		27.3%		52.4%	16.6%	

Source: Company

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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	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%
DAYANG ENTERPRISE HLDGS BHD	MP	1.85	1.60	-13.5%	2,141.9	Y	12/2026	16.1	18.8	7.8%	17.0%	11.5	9.8	1.1	9.8%	11.0	5.9%
DIALOG GROUP BHD	OP	1.76	2.28	29.5%	9,931.1	Y	06/2026	10.4	11.4	31.4%	9.7%	16.9	15.4	1.6	9.9%	5.0	2.8%
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	1.48	1.60	8.1%	1,194.6	Y	12/2026	14.7	16.0	7.5%	8.4%	10.0	9.3	1.5	15.1%	8.0	5.4%
MISC BHD	OP	8.12	8.60	5.9%	36,245.6	Y	12/2026	47.3	49.5	-0.4%	4.6%	17.2	16.4	1.1	6.2%	36.0	4.4%
PETRONAS CHEMICALS GROUP	OP	3.16	4.10	29.7%	25,280.0	Y	12/2026	4.0	4.1	-48.7%	0.6%	78.2	77.7	0.7	0.9%	2.0	0.6%
PETRONAS DAGANGAN BHD	MP	22.28	21.20	-4.8%	22,134.2	Y	12/2026	116.9	116.5	5.7%	-0.4%	19.1	19.1	3.6	19.1%	94.0	4.2%
UZMA BHD	OP	0.395	0.600	51.9%	235.2	Y	06/2026	14.8	15.9	6.9%	7.5%	2.7	2.5	0.2	8.5%	0.0	0.0%
VELESTO ENERGY BHD	MP	0.305	0.320	4.9%	2,505.8	Y	12/2026	2.2	2.6	3.7%	18.1%	13.9	11.8	1.0	7.5%	2.0	6.6%
WASCO BHD	OP	0.985	1.32	34.0%	762.7	Y	12/2026	1.5	1.7	-41.5%	9.4%	64.6	59.0	6.2	10.1%	5.0	5.1%
YINSON HOLDINGS BHD	OP	2.35	2.84	20.9%	6,867.6	N	01/2026	16.6	20.4	20.3%	22.3%	14.1	11.5	1.4	10.1%	6.0	2.6%
<b>SECTOR AGGREGATE</b>					<b>111,456.6</b>					<b>15.7%</b>	<b>5.3%</b>	<b>18.9</b>	<b>18.0</b>	<b>1.7</b>	<b>9.7%</b>		<b>3.1%</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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