Bintulu Port Holdings

A Stable Operation

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MARKET PERFORM ↔

Price:	RM5.50	
Target Price:	RM5.30	↔

BIPORT's 1QFY26 results met our expectation. Its core net profit rose 7% YoY on higher margin volume mix at Samalaju Industrial Port (higher port charges compared to Bintulu Port) and lower effective tax which more than offset higher staff costs, with bulk of it already recognised in 4QFY25. Bintulu Port operation has fully recovered as Petronas MLNG complex returned to full operations which is expected to provide ample cushion to the higher staff costs in FY26. We maintain our forecasts, our SoP-derived TP of RM5.30, and our MARKET PERFORM call.

BIPORT's 1QFY26 earnings came in within our expectation at 22% of our full-year forecast. We have sole coverage on the stock. It declared an interim NDPS of 3 sen, same as in 1QFY25, as expected.

YoY, its 1QFY26 revenue rose 8% on stronger contribution from both Bintulu Port (+4%) on strong LNG demand and Samalaju Industrial Port (+23%) on higher cargo volumes from key customers, i.e. **PMETAL (MP; TP: RM7.30)** and **OMH (non-rated).**

Its LNG cargo volume rose 1% as MLNG complex activities fully recovered after major maintenance shutdown in 1HFY25. On the other hand, its non-LNG segment (comprising dry bulk, break bulk, liquid bulk and containerised cargoes) rose 5% on more gateway cargoes from heavy industries in Samalaju Industrial Park (i.e. the import of alumina, coal and coke, the export of aluminium, manganese and quartz) amid the stabilising of ocean freight rates as global trade normalised on new trade routes due to prolonged Middle East crisis.

Its core net profit rose 7% on higher margin volume mix at Samalaju Industrial Port (higher port charges compared to Bintulu Port) and lower effective tax rate at 37.7% vs. 38.3% in 1QFY25. This was despite higher staff costs by 10%, with bulk of it already recognised in 4QFY25.

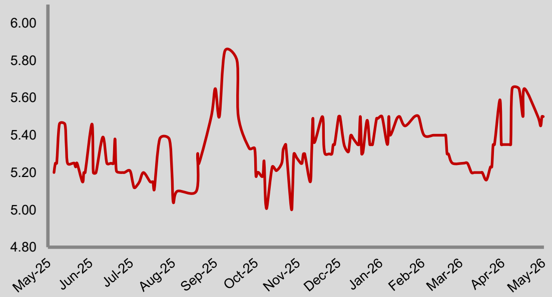
QoQ, its 1QFY26 revenue fell 2% on weaker Bintulu Port (-2%) on seasonally weaker quarter with LNG volume fell 5.5%, partially offset by stronger Samalaju Industrial Port (+4%). Nevertheless, its core net profit soared 15% despite higher effective tax rate at 37.7% vs. 4.2% in 4QFY25 (investment tax allowance for Samalaju Port recognised in 4Q) largely due to lower staff costs by 24% with the front-load of significant hike in staff salary increment in 4QFY25.

Forecasts. Maintained.

Valuations. We also maintained our SoP-derived TP of RM5.30 based on unchanged WACC: 5.5%; TG: 2%. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Outlook. The LNG cargo throughput at Bintulu Port will remain stable with sustained demand from Japan and South Korea with expected stronger demand from China on trade diversion. Note that China's key LNG suppliers currently are Australia (34%), Qatar (23%), Russia (11%) and Malaysia (10%). Thus, the shortfall of LNG supply to China may be fulfilled by these key LNG suppliers. Meanwhile, there has been a pick-up in inbound and outbound cargo volumes at Samalaju Industrial Port from its key customers, i.e. **PMETAL** and **OMH**.

Share Price Performance



KLCI	1,712.67
YTD KLCI chg	1.9%
YTD stock price chg	1.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BPH MK EQUITY
Market Cap (RM m)	2,530.0
Shares Outstanding	460.0
52-week range (H)	5.90
52-week range (L)	5.00
3-mth avg. daily vol.	1,574
Free Float	3%
Beta	0.4

Major Shareholders

Petroliam Nasional Berhad	28.5%
State Financial Secretary	26.7%
Equisar Asset Sdn Bhd	15.0%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	824.1	941.1	1,033.2
EBIT	186.3	195.5	197.9
PBT	164.9	188.7	195.8
Net Profit	**121.9**	**137.0**	**142.1**
Core Net Profit	**119.9**	**137.0**	**142.1**
Consensus (NP)	-	-	-
Earnings Revision	-	-	-
Core EPS (sen)	26.1	29.8	30.9
Core EPS (%)	-20.5	14.3	3.7
NDPS (sen)	15.0	15.0	15.0
BVPS (RM)	4.28	4.43	4.59
PER (x)	21.1	18.5	17.8
PBV (x)	1.3	1.2	1.2
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	2.7	2.7	2.7

We believe its key customers have an edge over their peers in the international market as their products have low-carbon footprint given their hydro power input. Also, as it stands today, Western countries are still imposing outstanding sanctions on Russian aluminium (that makes up c.6% of world aluminium production) and hence will have to look for alternative sources of aluminium supply. Bintulu Port has commenced the handling of marine services for Sarawak Petchem's methanol division starting December 2024. Meanwhile, the setting up of the new Bintulu Port Authority Sarawak (BPAS) which is under the purview of Sarawak government is on track to be completed by end-FY26 (delayed since 2024). Concurrently, Bintulu Port is under an interim lease agreement until Dec 2026 pending the completion of the handover of BPA control.

In line with the Memorandum of Understanding signed on 22 March 2024 to facilitate the transition of regulatory control to the Sarawak Government, the Declaration of an Area in the Bintulu District to be a Federal Port (Repeal) Act 2024 [Act 858] and the Bintulu Port Authority (Dissolution) Act 2024 [Act 859] have been gazetted. The operations of Bintulu Port by BIPORT will not be disrupted during the process of the Sarawak Government's port authority takeover from the Federal Government.

Investment case. We continue to like BIPORT for: (i) its steady income stream from handling LNG cargoes for Malaysia LNG Sdn Bhd (that typically makes up close to 50% of its total profit), (ii) a potential step-up in earnings if Bintulu Port is granted a significant hike in its port tariffs under the new concession by CY27, and (iii) the tremendous growth potential of Samalaju Industrial Port backed by rising investment in heavy industries in Samalaju Industrial Park. Maintain **MARKET PERFORM**.

Risks to our call include: (i) inability of Bintulu Port to secure an adequate port tariff hike to offset escalating operating cost, within a new concession that we are expecting by CY26, and (ii) a global recession hurting heavy industries in Samalaju Industrial Park.

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Results Highlights

FYE Dec (RM m)	1QFY26	4QFY25	QoQ	1QFY25	YoY	1QFY26	1QFY25	YoY
Revenue	**218.5**	**223.1**	**-2%**	**201.7**	**8%**	**218.5**	**201.7**	**8%**
EBIT	52.1	34.7	50%	51.4	1%	52.1	51.4	1%
Interest Income	8.4	9.7	-13%	9.3	-9%	8.4	9.3	-9%
Interest Expenses	(14.0)	(16.6)	-16%	(14.6)	-4%	(14.0)	(14.6)	-4%
EI^	0.0	0.0		0.0		0.0	0.0	
PBT	48.9	27.7	76%	46.0	6%	48.9	46.0	6%
Tax Expense	(18.4)	(1.2)		(17.7)		(18.4)	(17.7)	
Net Profit (NP)	**30.5**	**26.6**	**15%**	**28.4**	**7%**	**30.5**	**28.4**	**7%**
Core Net Profit (CNP)	**30.5**	**26.6**	**15%**	**28.4**	**7%**	**30.5**	**28.4**	**7%**
NDPS (sen)	3.0	4.0		3.0		3.0	3.0	
EBIT Margin	23.8%	15.5%		25.5%		23.8%	25.5%	
PBT Margin	22.4%	12.4%		22.8%		22.4%	22.8%	
CNP Margin	14.0%	11.9%		14.1%		14.0%	14.1%	
Effective Tax Rate	37.7%	4.2%		38.3%		37.7%	38.3%	

Segmental Revenue	1QFY26	4QFY25	QoQ	1QFY25	YoY	1QFY26	1QFY25	YoY
-Port Operation	206.4	209.6	-2%	192.3	7%	206.4	192.3	7%
-Bulking Services	12.1	13.5	-11%	9.4	29%	12.1	9.4	29%
-Others	0.0	0.0		0.0		0.0	0.0	
Total Revenue	**218.5**	**223.1**	**-2%**	**201.7**	**8%**	**218.5**	**201.7**	**8%**
Revenue by Port								
-Bintulu	161.8	164.8	-2%	156.2	4%	161.8	156.2	4%
-Samalaju Industrial	44.5	42.9	4%	36.1	23%	44.5	36.1	23%
-Adjustment	0.0	1.9		(0.0)		0.0	(0.0)	
Port Operation	**206.4**	**209.6**	**-2%**	**192.3**	**7%**	**206.4**	**192.3**	**7%**
Segmental Profit								
-Port Operation	53.7	29.5	82%	47.5	13%	53.7	47.5	13%
-Bulking Services	2.1	3.6	-41%	2.2	-4%	2.1	2.2	-4%
Total Profit	**45.7**	**24.1**	**89%**	**42.4**	**8%**	**45.7**	**42.4**	**8%**

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.
Stocks Under Coverage																	
BINTULU PORT HOLDINGS BHD	MP	5.50	5.30	-3.6%	2,530.0	Y	12/26	29.8	30.9	14.3%	3.7%	18.5	17.8	1.2	6.8%	15.0	2.7%
POS MALAYSIA BHD	UP	0.310	0.140	-54.8%	242.7	Y	12/26	(19.8)	(17.2)	-174%	-187%	N.A.	N.A.	4.3	-223%	0.0	0.0%
SWIFT HAULAGE BHD	UP	0.425	0.320	-24.7%	378.2	Y	12/26	3.2	3.4	5.4%	8.2%	13.4	12.3	0.5	3.7%	1.6	3.8%
WESTPORTS HOLDINGS BHD	MP	6.05	6.20	2.5%	20,703.1	Y	12/26	33.0	35.4	13.2%	7.1%	18.3	17.1	4.7	26.2%	24.8	4.1%
SECTOR AGGREGATE					**5,963.5**					**-35.4%**	**-42.0%**	**16.7**	**15.7**	**2.7**	**-46.7%**		**2.6%**

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	Port Service Quality & Safety	★	★	★		
	Cybersecurity & Data Privacy	★	★	★	★	
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★	★	
	Effluent & Water Management	★	★	★		
	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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