

05 May 2026

MISC

Won FSRU Job for RGT3

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MISC announced that it has won the award to build and charter a FSRU unit to PETGAS for 20 years, commissioning in 2029. It will be a newbuild unit to be built by Samsung. No charter contracts details were disclosed but we assume that the FSRU unit for 170,000 cbm capacity will require at least USD300m capex and after imputing IRR OF 10%, we arrive at a DCF accretion of RM0.09/share for the group. We maintain our earnings forecasts, lift SoP-TP to RM8.69 (from RM8.60) and maintain our OUTPERFORM call.

MISC announced on Bursa Malaysia that it has received a letter of award from PETGAS (MP; TP: RM18.80) for the long-term services involving the provision of supply, operation and maintenance of a newbuild FSRU. MISC has entered into a shipbuilding contract with Samsung Heavy Industries Co. Ltd. for the construction of one newbuild FSRU for the project. The FSRU unit will be utilised to support PETGAS' Third Regasification Terminal (RGT 3) in Lumut, Perak.

The project will be for a firm period of twenty years, with commencement expected in 2029. The details of the charter are not disclosed but we have assumed USD390m capex for the FSRU unit paralleling the FSRU unit job secured by Hyundai Heavy for a value of USD364m (March 2024) for the capacity of 170,000 cbm. We have assumed a project IRR of 10% and with a WACC of 6.1% (assuming 75% of the capex is funded by debt) we arrive at a DCF accretion of RM421m, translating into RM0.09/share.

The win is a positive to the group as it indicates Petronas group's overall commitment to ensure supply security in Peninsular Malaysia to cater to growing electricity demand needs and the project is highly bankable due to PETGAS and Petronas being strong counter party for the project.

Forecasts. Maintained.

Correspondingly, we raise our SoP-TP by 1% to RM8.69 from RM8.60 after account for the new asset. There is no change to our valuation based on ESG given a 4-star ESG rating as appraised by us (see Page 5).

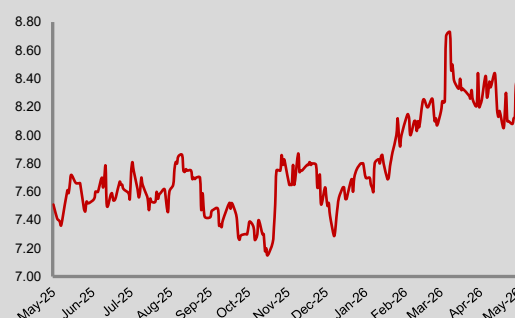
We like MISC due to its: (i) recent fleet expansion and modernization, (ii) decent dividend yield due to its recurring cash flow and strength of its balance sheet, and (iii) long-term growth trend in LNG business due to structural increase in demand. Maintain OUTPERFORM.

Risks to our call include: (i) lower-than-expected utilisation and spot rates for the petroleum fleet, (ii) additional cost overruns and project delays for Mero-3, and (iii) further structural weakness in the LNG shipping market which may lead to difficulties for the group to maintain its gas & assets solutions division recurring earnings base in the longer run.

OUTPERFORM ↔

Price : **RM8.13**
Target Price : **RM8.69** ↑

Share Price Performance



KLCI	1,739.77
YTD KLCI chg	3.6%
YTD stock price chg	7.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MISC MK Equity
Market Cap (RM m)	37,406.2
Shares outstanding	4,463.7
52-week range (H)	9.04
52-week range (L)	7.12
3-mth avg. daily vol.	4,836,179
Free Float	39%
Beta	1.0

Major Shareholders

Petroleum Nasional Bhd	51.0%
Employees Provident Fund	16.2%
Amanah Saham Bumiputera	7.5%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	11146	13657	14052
EBIT	2136	1973	2111
PBT	1862	2065	2203
Net Profit (NP)	1776	2112	2210
Core NP (CNP)	2120	2112	2210
Consensus (CNP)	-	2487	2645
Earnings Revision (%)	-	-	-
Core EPS (sen)	47.5	47.3	49.5
CNP Growth (%)	-2.5	-0.4	4.6
DPS (sen)	36.0	36.0	37.0
BVPS (RM)	7.62	7.73	7.86
Core PER (x)	17.6	17.7	16.9
Price/BV (x)	1.1	1.1	1.1
Net Gearing (x)	0.2	0.2	0.2
Div. Yield (%)	4.3	4.3	4.4

05 May 2026

Sum-of-Parts Valuation		
	(RM m)	Valuation metric
LNG	12,979	DCF at 7% discount rate
Offshore	14,347	DCF at 6% discount rate
Petroleum shipping	14,980	Tanker market value
MMHE	707	0.4x PBV
Net Debt	(6,083)	Based on FY26F
Sum-of-parts value	36,930	
No. of share (m)	4,463.8	
ESG premium / discount	5%	
SOP / share (RM)	8.69	

Source: Company, Kenanga Research

05 May 2026

Income Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Revenue	14271.7	13237.5	11146.1	13656.9	14051.8
EIT	2621.0	1802.7	2135.7	1973.3	2110.7
Interest	-730.5	-718.8	-552.1	-296.3	-296.3
Associate	113.7	97.1	29.0	295.3	295.3
PBT	2093.7	1283.5	1861.9	2064.8	2203.2
Taxation	-134.8	-50.3	-123.9	-20.6	-22.0
MI	164.6	-39.7	37.9	67.5	28.6
Net Profit	2123.5	1193.5	1775.9	2111.6	2209.7
Core profit	2152.1	2174.5	2119.5	2111.6	2209.7

Balance Sheet

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Fixed Assets	38508	43712	38268	38351	38429
Intangible	949	921	842	842	842
Other LT assets	11695	2944	1887	2182	2477
Inventories	93	106	122	375	385
Receivables	4481	4435	3998	3742	3850
Other CA	1603	1641	1801	1801	1801
Cash	7732	6677	6096	6629	6798
Total Assets	65060	60435	53014	53921	54582
Payables	6111	5706	4585	5055	5186
ST Borrowings	1719	3333	1923	1923	1923
Other ST Liability	120	36	55	55	55
LT Borrowings	15826	12161	10959	10959	10959
Other LT Liability	1325	885	788	788	788
Minorities Int.	680	709	697	630	601
Perpetual	0	0	0	0	0
Net Assets	39279	37604	34007	34512	35070
Share Capital	8923	8923	8923	8923	8923
Reserves	30363	28681	25084	25589	26147
Equity	39286	37604	34007	34512	35070

Cashflow Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	5696.3	4276.9	5638.9	4343.5	4023.4
Investing CF	-1866.2	-1191.6	-1473.9	-1907.5	-1906.5
Financing CF	-3920.4	-4165.6	-4204.7	-1903.2	-1947.9

Financial Data & Ratios

FY Dec	2023A	2024A	2025A	2026F	2027F
Growth (%)					
Revenue	2.92	-7.25	-15.80	22.53	2.89
EBIT	33.09	-31.22	18.47	-7.60	6.96
PBT	11.71	-38.70	45.06	10.90	6.70
Net Profit	16.49	-43.80	48.80	18.91	4.64
Profitability (%)					
EBIT	18.37	13.62	19.16	14.45	15.02
PBT Margin	14.67	9.70	16.70	15.12	15.68
Net Margin	15.08	16.43	19.02	15.46	15.73
Effective Tax Rate	6.44	3.92	6.65	1.00	1.00
ROA	2.2	3.31	3.60	4.00	3.92
ROE	5.48	5.78	6.23	6.12	6.30
DuPont Analysis					
Net Margin (%)	15.1	16.4	19.0	15.5	15.7
Assets Turnover (x)	0.2	0.2	0.2	0.3	0.3
Leverage Factor (x)	1.7	1.6	1.6	1.6	1.6
ROE (%)	5.5	5.8	6.2	6.1	6.3
Leverage					
Debt/Asset	0.3	0.3	0.2	0.2	0.2
Debt/Equity	0.4	0.4	0.4	0.4	0.4
N. Debt/(Cash	9813.4	8817.7	6785.2	6252.4	6083.4
Net Debt/Equity (x)	0.2	0.2	0.2	0.2	0.2
Valuations					
EPS (sen)	48.2	48.7	47.5	47.3	49.5
DPS (sen)	36.0	36.0	36.0	36.0	37.0
BVPS (RM)	8.8	8.4	7.6	7.7	7.9
PER (x)	17.4	17.2	17.6	17.7	16.9
Div. Yield	4.3	4.3	4.3	4.3	4.4
P/BV (x)	1.0	1.0	1.1	1.1	1.1

05 May 2026

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.				
Stocks Under Coverage																	
BUMI ARMADA BHD	OP	0.400	0.410	2.5%	2,371.2	Y	12/2026	4.7	4.5	-14.8%	-3.7%	8.6	8.9	0.5	6.1%	95.0	237.5%
DAYANG ENTERPRISE HLDGS BHD	OP	2.02	2.45	21.3%	2,338.7	Y	12/2026	16.1	18.8	7.8%	17.0%	12.6	10.7	1.2	9.8%	11.0	5.4%
DIALOG GROUP BHD	OP	2.33	2.28	-2.1%	13,147.5	Y	06/2026	10.4	11.4	31.4%	9.7%	22.4	20.4	2.1	9.9%	5.0	2.1%
LIANSON FLEET GROUP BHG	OP	1.76	2.40	36.4%	2,071.6	Y	12/2026	20.6	27.3	142.4%	32.3%	8.5	6.4	1.1	13.2%	400.0	227.3%
KEYFIELD INTERNATIONAL	MP	1.71	1.60	-6.4%	1,380.0	Y	12/2026	14.7	16.0	7.5%	8.4%	11.6	10.7	1.7	15.1%	8.0	4.7%
MISC BHD	OP	8.38	8.60	2.6%	37,406.2	Y	12/2026	47.3	49.5	-0.4%	4.6%	17.7	16.9	1.1	6.2%	36.0	4.3%
PETRONAS CHEMICALS GROUP	OP	5.70	4.90	-14.0%	45,600.0	Y	12/2026	4.0	4.1	-48.7%	0.6%	141.0	140.2	1.3	0.9%	2.0	0.4%
PETRONAS DAGANGAN BHD	MP	20.10	21.20	5.5%	19,968.4	Y	12/2026	116.9	116.5	5.7%	-0.4%	17.2	17.3	3.2	19.1%	94.0	4.7%
UZMA BHD	OP	0.445	0.700	57.3%	268.6	Y	06/2026	14.8	15.9	6.9%	7.5%	3.0	2.8	0.2	8.5%	0.0	0.0%
VELESTO ENERGY BHD	MP	0.330	0.320	-3.0%	2,726.4	Y	12/2026	2.2	2.6	3.7%	18.1%	15.0	12.7	1.1	7.5%	2.0	6.1%
WASCO BHD	OP	1.08	1.45	34.3%	836.3	Y	12/2026	1.8	2.0	-15.7%	6.4%	58.7	55.1	6.3	11.3%	6.0	5.6%
YINSON HOLDINGS BHD	OP	2.10	2.84	35.2%	6,137.0	N	01/2027	16.6	20.4	20.3%	22.3%	12.6	10.3	1.2	10.1%	6.0	2.9%
SECTOR AGGREGATE					134,251.8					27.2%	6.5%	22.9	21.5	1.8	9.8%		41.7%

Source: Kenanga Research

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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