Uzma

Briefing Takeaways

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OUTPERFORM ↔

Price : **RM0.44**

Target Price : **RM0.70** ↔

UZMA's latest briefing takeaways remains largely encouraging as its orderbook is now at RM4.1b with robust 2.5-year revenue cover with more pending job wins. Its solar business is running well and the group will participate in bidding for LSS6 but only if the economics make sense. For now, its solar and digital business remain as optional value which we have yet to factor into forecast. We maintain our forecasts, TP of RM0.70 pegged to 7x PER target and OUTPERFORM call.

Below are the key takeaways: -

(i) The group's orderbook remain robust at RM4.1b (mainly still in well services which covers the group revenue for the next 2.5 years. The group still has multiple large bids pending, of which some could be finalized in the near term (bid book is at RM3.1b with oil & gas accounting for 66%). Momentum of job wins has been gradually picking up with UZMA securing a hat trick of jobs during April 2026 mainly on well services. Job enquires have picked up in the upstream services segment though job awards have not been flowing in significantly yet.

(ii) Its solar business is running well and the group has stated that it will bid for upcoming LSS6 projects especially if it comes with BESS (battery) and the economics make sense. However, the group pointed out that if the bids are too competitive where the project IRR is unjustified (particularly if solar panel prices stay elevated), the group would not sacrifice profitability for job wins. The group is also looking at Solar Atap jobs. In our view, while the margins are better the growth impact to the group is minimal due to smaller project sizes. For now, we still do not factor in significant value for its solar business as we need to assess the scope and scale of LSS6 jobs that UZMA participates in when they win it as the potential IRR would need to be balanced by manageable gearing impact as well.

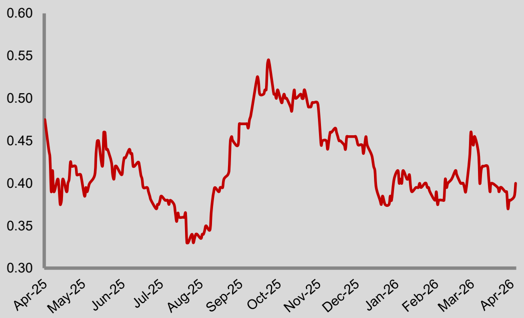
(iii) There are also a couple of recurring contributors to the group in the coming years on top of its core businesses namely seismic data acquisition jobs (driven by Petronas activity starting CY26) and bigger LNG contracts. On its digital business, the group is a successful bidder for Malaysia's Pembangunan Satelit Penderiaan Jauh Negara (PSPJN), but in our view, contribution remains minimal at this juncture (revenue recognition is based on work order) and we also think that this business is an option for longer term growth which we have not factored in.

Forecasts. Maintained.

Valuations. Correspondingly, we maintain our TP at RM0.70 pegged to unchanged FY27F 7x PER, pricing in near-term uncertainties in the upstream segment, reflective of its highly geared balance sheet. The 40% valuation discount to our target 10x PER for upstream service providers is deemed extremely conservative given that the group is still showing consistent earnings growth.

There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Share Price Performance



KLCI	1,683.63
YTD KLCI chg	0.2%
YTD stock price chg	5.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UZMA MK Equity
Market Cap (RM m)	242.9
Shares Outstanding	607.3
52-week range (H)	0.56
52-week range (L)	0.32
3-mth avg daily vol:	2,868,708
Free Float	84%
Beta	0.9

Major Shareholders

Tenggiri Tuah Sdn Bhd	22.7%
Norges Bank	5.3%
Citigroup Inc	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
Net Profit	**53.5**	**57.2**	**61.5**
Core Net Profit	**53.5**	**57.2**	**61.5**
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 (%)	-	-	-

Investment case. We like UZMA due to: (i) resilient oil & gas division business outlook as its forte remains in brownfield jobs which are severely discounted by the market presently despite seeing near term positive momentum, (ii) its active thrust into sustainable businesses via 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 (iii) gearing risk

Income Statement

FY Jun (RM m)	2023A	2024A	2025A	2026F	2027F
Revenue	474.0	600.7	725.1	746.7	777.9
EBIT	59.1	126.7	103.8	100.0	100.4
Interest Exp	-18.0	-19.9	-25.1	-23.5	-18.4
Associate	2.4	0.0	-1.7	-1.7	-1.7
PBT	43.5	61.6	77.0	74.9	80.2
Taxation	-3.1	-7.5	-21.2	-15.3	-16.4
MI	-1.3	-4.0	-2.3	-2.3	-2.3
Net Profit	39.0	50.1	53.5	57.2	61.5
Core profit	**39.0**	**50.1**	**53.5**	**57.2**	**61.5**

Balance Sheet

FY Jun (RM m)	2023A	2024A	2025A	2026F	2027F
Fixed Assets	542.5	796.6	1091.8	1227.9	1360.3
Intangible Assets	206.1	202.2	192.6	192.6	192.6
Other LT assets	39.6	44.7	42.6	42.6	42.6
Inventories	47.2	67.8	57.3	83.4	63.0
Receivables	327.7	253.7	198.8	259.8	270.7
Other CA	88.4	45.1	118.7	118.7	118.7
Cash	95.6	133.3	103.8	151.1	104.0
Total Assets	1347.2	1543.5	1805.7	2076.1	2151.8
Payables	209.4	191.2	131.1	244.4	258.5
ST Borrowings	184.7	259.3	268.3	268.3	268.3
Other ST Liability	95.5	27.7	70.2	70.2	70.2
LT Borrowings	212.3	358.6	597.9	697.9	697.9
Other LT Liability	75.1	60.5	75.0	75.0	75.0
Minorities Int.	30.4	32.4	20.8	20.8	20.8
Perpetual	40.9	0.0	0.0	0.0	0.0
Net Assets	**499.0**	**613.8**	**642.5**	**699.7**	**761.2**
Share Capital	307.5	384.3	388.0	388.0	388.0
Reserves	191.4	229.5	254.5	311.7	373.2
Equity	**499.0**	**613.8**	**642.5**	**699.7**	**761.2**

Cashflow Statement

FY Jun (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	146.9	99.1	122.9	147.2	152.9
Investing CF	-86.3	-36.0	-365.3	-200.0	-200.0
Financing CF	-74.1	220.9	187.5	100.0	0.0

Financial Data & Ratios

FY Jun (RM m)	2023A	2024A	2025A	2026F	2027F
Growth (%)					
Revenue	25.4	26.7	20.7	3.0	4.2
Operating Profit	64.9	114.5	-18.1	-3.6	0.3
PBT	155.5	41.8	25.0	-2.8	7.2
Net Profit	192.9	28.4	6.8	6.8	7.5
Profitability (%)					
Operating Margin	12.5	21.1	14.3	13.4	12.9
PBT Margin	9.2	10.3	10.6	10.0	10.3
Net Margin	8.2	8.3	7.4	7.7	7.9
Effective Tax Rate	7.1	12.1	27.5	20.4	20.4
ROA	1.81	1.06	2.90	3.10	3.18
ROE	7.8	8.2	8.3	8.2	8.1
DuPont Analysis					
Net Margin (%)	8.2	8.3	7.4	7.7	7.9
Assets Turnover (x)	0.4	0.4	0.4	0.4	0.4
Leverage Factor (x)	2.7	2.5	2.8	3.0	2.8
ROE (%)	7.8	8.2	8.3	8.2	8.1
Leverage					
Debt/Asset (x)	0.29	0.40	0.48	0.47	0.45
Debt/Equity (x)	0.74	1.01	1.35	1.38	1.27
N. Debt/(Cash	301.34	484.56	762.35	815.11	862.20
Net Debt/Equity (x)	0.60	0.79	1.19	1.16	1.13
Valuations					
EPS (sen)	6.56	8.42	9.00	9.45	10.00
DPS (sen)	0.00	0.00	0.00	0.00	0.00
BVPS (RM)	0.96	1.09	1.11	1.21	1.31
PER (x)	6.10	4.75	4.45	4.23	4.00
Div. Yield (%)	0.00	0.00	0.00	0.00	0.00
P/BV (x)	0.42	0.37	0.36	0.33	0.30

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net. Div. (sen) 1-Yr. Fwd.	Net Div Yld 1-Yr. Fwd.
Stocks Under Coverage																	
BUMI ARMADA BHD	MP	0.320	0.360	12.5%	1,897.0	Y	12/2026	4.0	3.6	-27.0%	-10.6%	8.0	9.0	0.4	5.2%	1.0	3.1%
DAYANG ENTERPRISE HLDGS BHD	OP	1.76	2.45	39.2%	2,037.7	Y	12/2026	16.1	18.8	7.8%	17.0%	10.9	9.4	1.1	9.8%	11.0	6.3%
DIALOG GROUP BHD	OP	2.02	2.63	30.2%	11,398.2	Y	06/2026	10.4	11.8	31.4%	12.8%	19.4	17.2	1.8	9.9%	5.0	2.5%
LIANSON FLEET GROUP BHG	OP	1.70	1.91	12.4%	1,971.5	Y	12/2026	20.6	27.3	142.4%	32.3%	8.2	6.2	1.0	13.2%	4.0	2.4%
KEYFIELD INTERNATIONAL	OP	1.58	2.00	26.6%	1,276.1	Y	12/2026	10.2	18.0	-25.6%	76.1%	15.5	8.8	1.6	10.5%	6.0	3.8%
MISC BHD	OP	8.21	9.00	9.6%	36,647.4	Y	12/2026	51.1	53.4	7.6%	4.5%	16.1	15.4	1.1	6.6%	36.0	4.4%
PETRONAS CHEMICALS GROUP	OP	5.80	5.40	-6.9%	46,400.0	Y	12/2026	29.5	13.2	275.0%	-55.4%	19.6	44.0	1.2	6.5%	15.0	2.6%
PETRONAS DAGANGAN BHD	OP	17.72	21.20	19.6%	17,604.0	Y	12/2026	116.9	116.5	5.7%	-0.4%	15.2	15.2	2.8	19.1%	94.0	5.3%
UZMA BHD	OP	0.405	0.700	72.8%	246.0	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	0.300	0.320	6.7%	2,479.7	Y	12/2026	1.7	2.1	-18.7%	19.3%	17.4	14.6	1.1	6.0%	3.0	10.0%
WASCO BHD	OP	0.760	1.32	73.7%	588.5	Y	12/2026	1.4	1.7	-37.5%	23.1%	55.7	45.2	4.8	9.0%	5.0	6.6%
YINSON HOLDINGS BHD	OP	2.03	2.84	39.9%	5,932.4	N	01/2027	16.6	20.4	20.3%	22.3%	12.2	10.0	1.2	10.1%	6.0	3.0%
SECTOR AGGREGATE					**128,478.3**					**71.7%**	**-11.0%**	**16.3**	**18.3**	**1.5**	**9.5%**		**4.2%**

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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