Bumi Armada Berhad

(5210 | BAB MK) Energy | Energy Infrastructure, Equipment & Services

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain BUY

Revised Target Price **RM0.44**
(from RM0.54)

New Opportunities in the Making

Maintain Buy with a revised target price of RM0.44. Bumi Armada Bhd's (BAB) reported a 9MFY25 core earnings at RM382m, which came in below our expectation, but in line with the consensus, at 62% and 72%, respectively. As such, we revise our target price to RM0.44 (previously RM0.54), and maintain a BUY call for BAB.

3QFY25 earnings came in +1.4%qoq. BAB reported 3QFY25 core earnings of RM97.9m (1.4%qoq, -51.3%yoy). The core earnings came on the back of revenue of RM360.7m (-11.4%qoq, -34.6%yoy). The decrease in revenue was mainly due to distribution from the Trustee of the bankrupt former charterer of the Armada Perdana FPSO (disposed vessel) in Q2 2025, and to lower operating and maintenance revenue from the Kraken FPSO in Q3 2025. However, 3QFY25 core earnings remained in the green, driven by higher costs recorded in 2QFY25, including higher maintenance costs for its FPSO business and equipment purchases for its upstream business.

On the 9MFY25, core earnings stood at RM381.8m, a decline of 58% recorded during the same period a year ago. The weakness stemmed from lower revenue recorded following the commencement of Kraken FPSO's annual option period charter, which began in April 2025 at a lower charter rate. Furthermore, 9MFY24 also benefit from the higher revenue from the Armada Olombendo FPSO.

Strong balance sheet to opens up opportunities. While the commencement of the Kraken FPSO's annual option period charter may set a new normal for the company, it is worth remembering that BAB has a strong cash balance of over RM1.2b, and a low net debt-to-equity ratio of 0.25x. The strong financial position opens up many opportunities to BAB, such as bidding for new FPSOs, in our view. Previously, BAB has expressed its interest in bidding for FPSOs, especially in Build, Operate, and Transfer (BOT) contracts. Furthermore, BAB's orderbook remains robust, with firm vessel contract orderbook at RM8.6b and optional extension orderbook at approx. RM9.2b, which may provide stability in the future.

Revised earnings estimates. Given that 9MFY25 came in below expectations, we revised our revenue forecasts for FY25-27 downwards by 15% each. The earnings revision reflects lower revenue due to Kraken FPSO entering its option period charter and lower contributions from Olombendo FPSO. We also noted on BAB's continued focus on its cash flow and debt repayments, as well as its increased interest in non-core businesses

RETURN STATISTICS	
Price @ 27th Nov. 2025 (RM)	0.305
Expected share price return (%)	+44.3
Expected dividend yield (%)	0.0
Expected total return (%)	+44.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-10.1	-10.6
3months	-11.4	-21.4
12 months	-45.6	-46.2

INVESTMENT STATISTICS

FYE Dec (RM m)	2025E	2026F	2027F
Revenue	1,655	1,689	1,735
Operating Profit	817	830	867
Profit Before Tax	539	587	653
Core PATAMI	495	523	551
Core EPS	8.4	8.8	9.3
DPS	0	0	0
Dividend Yield	0	0	0

KEY STATISTICS	
FBM KLCI	1,617.46
Issue shares (m)	5927.91
Estimated free float (%)	44.27
Market Capitalisation (RM'm)	1837.65
52-wk price range	RM0.28 - RM0.69
3-mth average daily volume (m)	19.28
3-mth average daily value (RM'm)	6.47
Top Shareholders (%)	
Objektif Bersatu Sdn Bhd	34.55
Amanah Saham Nasional Bhd	13.14
Vanguard Group Inc/The	4.10

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Revised TP to RM0.44. Likewise, we revise our target price to RM0.44 from RM0.54, pegging it to a PER of 5.2x the revised FY25 EPS of 8.4sen. The PER used is BAB's average 5-Y PER of 4.5x, with a +1 SD premium, as we remain optimistic about Bumi Armada's long-term prospects. The optimism is derived from: (i) Akia PSC advancing into the next development stage, (ii) Kojo PSC commencing its 1st geological and geophysical study technical discussions, (iii) continuous bidding for BOT tenders amid PETRONAS ramping up FPSO tenders, (iv) full-paid Olombendo debt for FY26-27, and (v) vigilant debt repayment and cash balancing. BAB is also planning to expand its core FPSO business and explore the potential of non-core assets (including upstream, CO2 storage, and LNG). Hence, we maintain a BUY call for BAB.

Table 1: Bumi Armada's 3QFY25 earnings review

Financial year ending 31st December (in RM'm unless stated otherwise)	Quarterly Results					Cumulative results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9MFY24	9MFY25	YoY (%)
Revenue	551.9	407.1	360.7	(11.4)	(34.6)	1,766.3	1,241.8	(29.7)
Cost of sales	(239.4)	(256.6)	(220.0)	(14.3)	(8.1)	(757.8)	(697.8)	(7.9)
Gross profit	**312.5**	**150.5**	**140.7**	(6.5)	(55.0)	**1,008.5**	**544.0**	**(46.1)**
Other operating income	23.7	20.7	21.1	2.1	(11.1)	68.6	62.4	(9.0)
Selling and distribution costs	(0.6)	(0.7)	(0.5)	(25.1)	(10.6)	(1.4)	(1.7)	16.9
Administrative expenses	(75.0)	(53.3)	(26.2)	(50.9)	(65.0)	(154.6)	(104.1)	(32.7)
Operating profit	**260.6**	**117.2**	**135.0**	15.3	(48.2)	**922.6**	**500.6**	**(45.7)**
Profit Before Tax	**200.5**	**76.9**	**96.0**	24.9	(52.1)	**741.0**	**364.0**	**(50.9)**
Taxation	0.3	3.5	2.0	(44.1)	578.4	(8.6)	2.0	(123.8)
Profit After Tax	**200.8**	**80.4**	**98.0**	21.8	(51.2)	**732.4**	**366.1**	**(50.0)**
Non- controlling interests	10.5	0.4	1.9	358.6	(82.0)	(14.6)	7.1	(149.0)
PATAMI	**211.3**	**80.0**	**96.1**	20.1	(54.5)	**717.8**	**358.9**	**(50.0)**
PATAMI (ex-EI)	**200.8**	**96.5**	**97.9**	1.4	(51.3)	**732.4**	**381.8**	**(47.9)**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,133	2,299	1,655	1,689	1,735
EBIT	572	923	817	830	867
PBT	296	646	539	587	653
Taxation	-3	10	-4	2	1
PAT	371	656	535	589	654
MI	-39	-22	-28	-36	-47
PATAMI	332	634	507	553	607
Core PATAMI	293	656	495	523	551
EPS (sen)	5.6	10.7	8.4	8.8	9.3
PER (x)	9.6	5.0	6.5	6.1	5.8
DPS (sen)	0	0	0	0	0
Dividend yield (%)	0	0	0	0	0

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	296	646	539	587	653
Depreciation	333	296	337	325	307
OP pre-WC changes	1272	1492	1476	1515	1554
Change in NWC	-19	386	321	323	332
Operating cash flow	**989**	**1717**	**1423**	**1480**	**1529**
Capital expenditure	-1	-2	-7	-5	-3
Investing cash flow	**181**	**71**	**112**	**176**	**218**
Debt raised/(repaid)	-1837	-2743	-2355	-2407	-2506
Dividends paid	0	1	2	3	4
Financing cash flow	**-1340**	**-1043**	**-1452**	**-1476**	**-1555**
Net cash flow	**-170**	**745**	**83**	**179**	**192**
Beginning cash flow	**839**	**705**	**1427**	**1497**	**1662**
Ending cash flow	**705**	**1427**	**1497**	**1662**	**1852**

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	-11.3	7.8	-28.0	2.0	2.7
PBT growth	-58.2	118.2	-16.6	9.0	11.2
PATAMI growth	-54.7	90.9	-20.0	9.0	9.7
Core PATAMI growth	-59.6	123.9	-24.6	5.6	5.4

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	26.8	40.1	49.4	49.2	50.0
PBT margin	13.9	28.1	32.5	34.8	37.6
PATAMI margin	15.6	27.6	30.6	32.7	35.0
Core PATAMI margin	13.7	28.5	29.9	31.0	31.8
ROA	2.6	6.3	4.6	4.7	5.0
ROE	5.3	10.9	7.9	8.5	9.0

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	3,256	2,556	2,980	2,967	2,837
ROU assets	4,206	3,722	3,697	3,638	3,533
Non-current assets	**9,268**	**7,870**	**8,334**	**8,328**	**8,132**
Trade receivables	671	673	659	658	682
Cash & bank balances	705	1,427	1,497	1,662	1,852
Current assets	**1,848**	**2,587**	**2,514**	**2,688**	**2,921**
Long-term debt	2,081	3,003	3,037	3,159	3,001
Non-current liabilities	**2,272**	**3,178**	**3,249**	**3,483**	**3,663**
Short-term debt	2,273	681	707	705	568
Trade payables	117	108	120	123	120
Current liabilities	**3,265**	**1,232**	**1,337**	**1,385**	**1,266**
Share capital	4,335	4,339	4,339	4,339	4,339
Reserves	1,336	1,776	1,999	1,896	1,880
Equity	**5,580**	**6,047**	**6,261**	**6,149**	**6,125**

Liquidity Ratios (x)	2023A	2024A	2025E	2026F	2027F
Current ratio	0.6	2.1	1.9	1.9	2.3
Quick ratio	0.4	0.0	0.3	-0.2	0.1

Leverage Ratios (x)	2023A	2024A	2025E	2026F	2027F
Debt-to-equity	1.0	0.7	0.7	0.8	0.8
Interest coverage	1.7	3.0	2.9	3.4	4.0

Efficiency Ratios (days)	2023A	2024A	2025E	2026F	2027F
Cash conversion cycle	78	69	93	91	94
DIO	2	2	3	3	3
DSO	115	107	145	142	143
DPO	39	40	55	54	52

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology