MISC Berhad

(3816 | MISC MK) Main | Transportation & Logistics

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Revenues Down for FY25

Maintain NEUTRAL

Unchanged Target Price **RM8.13**

MISC's 4Q25 results came in below our expectations and consensus, largely weighed down by impairment charges and other one-off items recognised during the quarter. That said, after stripping out these non-recurring items, the group's underlying performance was broadly in line with consensus expectations, supported by stable contributions from its core shipping segments. At current share price, we believe that MISC is fully valued. Hence, our **NEUTRAL** call on the stock.

Revenue declined 15.8%yoy. MISC's FY2025 revenue fell to RM11.15bn, down from RM13.24bn in FY2024, mainly due to weaker contributions from Gas Assets & Solutions (GAS) and Marine & Heavy Engineering (MHE). GAS revenue declined on the back of lower earning days, driven by contract expiries, vessel disposals, vessel lay-ups and softer charter rates, while MHE revenue fell sharply as most major projects neared completion, with newly secured jobs still at early fabrication stages. This was partially offset by stronger revenue from the Offshore segment, supported by the transition of FPSO assets from construction to operational phase, as well as stable growth in Petroleum & Products, underpinned by higher freight rates and improved earning days.

Excluding impairment charges, MISC delivered a stronger set of core earnings in FY2025. On an underlying basis, the group's operating profit rose +7.0%yoy to RM2.78bn, up from RM2.59bn in FY2024, reflecting improved operational performance despite a weaker revenue environment. The improvement was mainly driven by the Offshore segment, as well as solid performance from the Petroleum & Products segment amid firmer freight rates and improved earning days. These gains were partly offset by softer contributions from Gas Assets & Solutions. Overall, the FY25 results highlight resilient core profitability, with earnings growth achieved despite revenue contraction and continued cyclical headwinds in select segments.

MISC's near-term earnings outlook remains mixed. The Gas Assets & Solutions segment is expected to stay under pressure in amid subdued LNG charter rates, particularly for older vessels. Petroleum & Products should continue to provide stable earnings support on the back of firm tonne-mile demand and resilient freight rates. The Offshore segment outlook remains constructive, underpinned by FPSO assets transitioning into the operational phase, which should support more stable recurring income. Meanwhile, Marine & Heavy Engineering is expected to operate in a challenging but manageable environment as project execution remains disciplined while new jobs ramp up. Given the fairly mixed outlook and with the stock now fully valued in our view, hence, our NEUTRAL call with a target price of RM8.13.

RETURN STATISTICS	
Price @ 24th Feb 2026 (RM)	RM8.20
Expected share price return (%)	-0.8
Expected dividend yield (%)	+4.4
Expected total return (%)	+3.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.7	2.5
3months	5.8	-2.6
12 months	15.4	4.5

INVESTMENT STATISTICS

FYE Dec (RM m)	2025E	2026F	2027F
Revenue	13,442	13,880	14,555
Operating Profit	2,794	2,938	3,091
Profit Before Tax	2,331	2,358	2,456
Core PATAMI	2,420	2,498	2,620
Core EPS	54.2	56.0	58.7
DPS	36.0	36.0	36.0
Dividend Yield	4.4%	4.5%	5.1%

KEY STATISTICS	
FBM KLCI	1,754.01
Issue shares (m)	4463.75
Estimated free float (%)	38.97
Market Capitalisation (RM'm)	36825.90
52-wk price range	RM6.5 - RM8.33
3-mth average daily volume (m)	2.28
3-mth average daily value (RM'm)	17.87
Top Shareholders (%)	
Petroliam Nasional Bhd	51.00
Employees Provident Fund Board	13.89
Amanah Saham Nasional Bhd	7.46

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Table 1: MISC's 4QFY25 earnings review

Financial year ending 31st Dec (in RM'm unless stated otherwise)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	2,811.50	2,797.20	3,306.60	0.5%	-15.0%	11,146.10	13,237.50	-15.80%
Cost of Sales	-1,942.10	-1,870.90	-2,398.70	3.8%	-19.0%	-7,406.90	-9,544.00	-22.39%
Gross Profit	869.40	926.30	907.9	-6.1%	-4.2%	3,739.20	3,693.50	1.24%
Net Operating Expenses	-361.80	-269.80	-290.1	34.1%	24.7%	-962.70	-858.7	12.11%
Operating Profit	507.60	656.50	617.8	-22.7%	-17.8%	2,776.50	2,834.80	-2.06%
Net one off gains/(losses)	-363.90	101.40	-649.4	-458.9%	-44.0%	-335.00	-591.4	-43.35%
Finance costs	-97.50	-161.90	-164.6	-39.8%	-40.8%	-579.60	-718.8	-19.37%
Profit/(Loss) before tax	46.20	596.00	-196.2	-92.2%	-123.5%	1,861.90	1,524.60	22.12%
Taxation	-42.10	-43.10	0.7	-2.3%	-6114.3%	-123.90	-50.3	146.32%
PAT	4.10	552.90	-195.5	-99.3%	-102.1%	1,738.00	1,474.30	17.89%
Minority Interest	-15.90	-11.10	-9.6	43.2%	65.6%	-37.90	-39.7	-4.53%
PATAMI	-11.80	541.80	-446.2	-102.2%	-97.4%	1,700.10	1,193.50	42.45%
Core Earnings	682.10	463.40	515.8	47.2%	32.2%	2,430.00	2,179.80	11.48%
				+/(-) ppts	*+/(-) ppts*			*+/(-) ppts*
Operating profit margin (%)	18.1	23.5	18.7	-23%	-3%	24.9	21.4	16%
PATAMI margin (%)	-0.4	19.4	-13.5	-102%	-97%	15.3	9.0	69%
Core Earnings margin (%)	24.3	16.6	15.6	46%	56%	21.8	16.5	32%
Tax rate (%)	91.1	7.2	0.4	1160%	25441%	6.7	3.3	102%
SEGMENTAL								
Revenue:								
Gas Assets & Solutions	417.5	516.9	674.2	-19.2%	-38.1%	2,095.00	2,137.90	-2.01%
Petroleum & Product Shipping	1348.4	1278.6	1,160.00	5.5%	16.2%	5,169.70	3,832.10	34.91%
Offshore Business	487.3	479	253.5	1.7%	92.2%	1,931.00	1,216.60	58.72%
Marine & Heavy Engineering	581.8	509.8	906.5	14.1%	-35.8%	1,976.30	2,791.00	-29.19%
EBIT:								
Gas Assets & Solutions	0.5	148.7	257.7	-99.7%	-99.8%	692.40	868	-20.23%
Petroleum & Product Shipping	391.6	349.9	338.4	11.9%	15.7%	1,412.70	1,130.70	24.94%
Offshore Business	177.9	198.9	-33.2	-10.6%	-635.8%	865.40	186.6	363.77%
Marine & Heavy Engineering	55.5	31.6	20.7	75.6%	168.1%	115.60	114.2	1.23%

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	14,272	13,238	13,442	13,880	14,555
EBIT	3,511	2,594	2,794	2,938	3,091
PBT	2,723	1,284	2,331	2,358	2,456
Taxation	-135	-50	-23	-24	-25
PAT	2,588	1,233	2,308	2,335	2,431
MI	165	40	48	41	32
PATAMI	2,124	1,194	2,260	2,294	2,399
Core PATAMI	2,374	2,129	2,420	2,498	2,620
EPS (sen)	47.6	47.7	54.2	56.0	58.7
PER (x)	17.1	17.0	15.0	14.5	13.9
DPS (sen)	35.0	36.0	36.0	36.0	36.0
Dividend yield (%)	4.8	5.0	4.4	4.5	5.1

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	2,723	1,284	2,331	2,358	2,456
Depreciation	2,142	2,158	2,336	2,532	2,824
OP pre-WC changes	4,636	4,100	5,202	5,365	5,492
Change in NWC	1,061	177	88	-75	79
Operating cash flow	**5,696**	**4,277**	**5,290**	**5,289**	**5,571**
Capital expenditure	-2,523	-1,813	-2,321	-1,911	-2,543
Investing cash flow	**-1,866**	**-1,192**	**-1,741**	**-1,389**	**-1,952**
Debt raised/(repaid)	-1,248	-1,648	354	-1,024	-1,062
Dividends paid	-1,615	-1,607	-1,641	-1,694	-1,919
Financing cash flow	**-3,920**	**-4,140**	**-3,176**	**-3,109**	**-3,304**
Net cash flow	**-90**	**-1,055**	**373**	**792**	**315**
Beginning cash flow	**6,406**	**7,732**	**6,677**	**7,050**	**7,842**
Ending cash flow	**7,732**	**6,677**	**7,050**	**7,842**	**8,158**

Growth (%)	2023A	2024E	2025F	2026F	2027F
Revenue growth	2.9	-7.2	1.5	3.3	4.9
PBT growth	45.3	-52.9	81.6	1.2	4.1
PATAMI growth	16.5	-43.8	89.4	1.5	4.6
Core PATAMI growth	38.2	-10.3	13.6	3.3	4.9

Profitability Ratios (%)	2023A	2024E	2025F	2026F	2027F
EBIT margin	-0.7	-8.3	-5.8	-5.1	-4.8
PBT margin	19.1	9.7	17.3	17.0	16.9
PATAMI margin	14.9	9.0	16.8	16.5	16.5
Core PATAMI margin	16.6	16.1	18.0	18.0	18.0
ROA	3.6	3.5	3.9	4.0	4.1
ROE	5.9	5.6	6.2	6.3	6.5

Balance Sheet (RM'm)	2023A	2024E	2025F	2026F	2027F
PPE	25,423	23,461	23,446	22,824	22,543
ROU assets	24,779	23,195	23,855	24,591	25,264
Non-current assets	51,152	47,576	48,249	48,395	48,819
Trade receivables	4,481	4,435	4,570	4,580	4,658
Cash & bank balances	7,732	6,677	7,050	7,842	8,158
Current assets	13,908	12,859	13,378	14,231	14,642
Long-term debt	15,826	12,161	12,515	12,492	12,430
Non-current liabilities	17,151	13,046	13,354	13,461	13,413
Short-term debt	1,719	3,333	3,223	3,524	3,612
Trade payables	6,111	5,706	5,677	5,699	5,957
Current liabilities	7,944	9,075	8,978	9,350	9,770
Share capital	8,923	8,923	8,923	8,923	8,923
Reserves	10,866	9,598	9,538	9,459	9,077
Equity	39,966	38,314	39,051	39,774	40,079

Liquidity Ratios (x)	2023A	2024E	2025F	2026F	2027F
Current ratio	1.8	1.4	1.5	1.5	1.5
Quick ratio	1.2	0.9	1.0	1.0	1.0

Leverage Ratios (x)	2023A	2024E	2025F	2026F	2027F
Debt-to-equity	0.6	0.6	0.6	0.6	0.6
Interest coverage	4.8	3.6	4.3	4.4	4.3

Efficiency Ratios (days)	2023A	2024E	2025F	2026F	2027F
Cash conversion cycle	-91	-92	-86	-84	-87
DIO	3	4	4	4	3
DSO	115	122	124	120	117
DPO	209	218	214	208	207

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