# MISC Berhad

(3816 | MISC MK) Main | Transportation & Logistics

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

## MISC Enters FSO Contract

**Secured a long-term bareboat charter contract.** MISC Bhd has secured a long-term bareboat charter contract from ExxonMobil PNG Ltd to provide a Floating Storage and Offloading (FSO) unit for operations in Papua New Guinea, marking the country's first offshore floating facility under the Kutubu Pipeline System. The charter carries a firm tenure of 15 years, with an option for a further 15-year extension, and is scheduled to commence operations in 1HCY28, according to disclosures made to Bursa Malaysia.

**Project will only start 1HCY28.** While financial details of the contract were not disclosed, MISC indicated that the project is not expected to have a material impact on its earnings or gearings within the near future given the project will only start 1HCY28. As such, we do not expect near-term earnings implications on the company. That said, consistent with the group's broader strategy of securing long-duration, cash flow–visible assets it is a good development for the company.

**A positive development.** Strategically, the contract represents a positive development, reinforcing MISC's position as a preferred offshore solutions provider to global energy majors while establishing an early foothold in Papua New Guinea's offshore energy segment. The long charter tenor and potential extension provide earnings visibility beyond the initial term, although meaningful financial contribution will only materialise from 2028 onwards.

**Group's first major offshore project in the region.** Papua New Guinea (PNG) is currently navigating a pivotal phase in its oil and gas industry, which remains the primary driver of the nation's economy, accounting for approximately 80% of total export revenues. Therefore, MISC entry to the market and MISC Berhad's relationship with Papua New Guinea (PNG) is characterized by a 'strategic entry' into the country's energy sector through high-value, long-term infrastructure projects. While the relationship was established as early as 2010 through a joint venture with Petromin PNG Holdings, it has recently reached a landmark milestone with the group's first major offshore project in the region.

**No changes to earnings estimates.** Given that this segment will only start contributing from 2028, we make no changes to our earnings estimates during FY26. Moving forward, we expected a mixed but ultimately positive outlook for MISC, driven by its diversified business model and opportunities in driving growth for its tankers and FPSOs. Nevertheless, we believe that this positive outlook has been priced in. Hence, given the limited upside, we maintain our **NEUTRAL** call for MISC with a **target price at RM8.13**, pegging on a PER of 15x to EPS25 of 54.2sen. The PER is a slight premium (+0.5SD) from MISC's 1-Y average PER of 14.6x.

## Maintain NEUTRAL

Unchanged Target Price **RM8.13**

| RETURN STATISTICS | |
|---|---|
| Price @ 10th Feb. 2026 (RM) | RM8.10 |
| Expected share price return (%) | +0.4 |
| Expected dividend yield (%) | +4.4 |
| Expected total return (%) | +4.8 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 0.5 | 0.2 |
| 3months | 6.7 | 0.1 |
| 12 months | 2.9 | 1.6 |

**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 | 1,747.54 |
| Issue shares (m) | 4463.75 |
| Estimated free float (%) | 38.97 |
| Market Capitalisation (RM'm) | 36162.58 |
| 52-wk price range | RM6.5 - RM8.0 |
| 3-mth average daily volume (m) | 2.67 |
| 3-mth average daily value (RM'm) | 19.91 |
| **Top Shareholders (%)** | |
| Petroliam Nasional Bhd | 51.00 |
| Employees Provident Fund Board | 14.88 |
| Amanah Saham Nasional Bhd | 7.46 |

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## 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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### MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK) : GUIDE TO RECOMMENDATIONS

**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