Yinson Holdings (YNS MK)

Privatisation: Third Time Is The Charm

Highlights

- **Privatisation price of RM2.50 is fair and the best deal yet**. We deem the valuation multiple on EV/EBITDA to be fair, as it is well within peer average and more importantly aligns with the implied multiple of the RCPS. MISC's role is clearly not to take control of YNS as a subsidiary but as an associate, and it will be business as usual for both FPSO players. Having MISC as a platform will allow YNS to gradually reduce its blended financing costs over time. The timing of MISC's entry and as a capital provider is impeccable, given that Yinson Production (YP) recently guided it can take on five projects at once, but in reality is in late stage negotiations for at least three new FPSOs - Tangkulo, Albacora and ZabaZaba.
- **Revising target price to match privatisation, as we assume third time is the charm.** YNS has pursued privatisation for years, driven by the valuation gap between its public and private market valuations. The RCPS private investors valued YNS at US$3.7b, which is a sharp contrast to YNS' market cap. The current deal may not be as lucrative as the previous attempts, but will allow YNS to have a quality, diversified funding platform ie founders' capital, pension money and a strategic FPSO partner. Hence, we encourage investors to support this privatisation. Retain BUY with an adjusted target price RM2.50.

Analysis

- **Sweetened RM2.50/share cash buyout.** The deal runs through a vehicle MY Offshore Holdings, in which MISC and the Lim family each hold 41.5% and Employees Provident Fund (EPF) retains 17.1%. This structure follows the details revealed during the preliminary exclusive negotiations with the consortium that started about two months ago. The price is 6.4% above the preliminary RM2.35/share offer floated on 28 Aug 26. Privatising Yinson Holdings (YNS) at RM2.50/share implies a firm value of RM7.3b (US$1.8b). The consortium plans to buy the remaining 1.6b shares for RM4.03b under a court-sanctioned scheme of arrangement. MISC's portion amounts to RM3.03b.
- **We deem the implied valuation to be fair**... According to MISC's announcement and with reference to YNS' 1HFY27 financials, the deal implies 8.7x EV/EBITDA and 1.4x P/B. The enterprise value (EV) includes RM16b in group loans, RM3.3b in Redeemable Convertible Preference Shares (RCPS) and RM1.9b in perpetual securities. It is well within peer average EV/EBITDA multiples eg Bumi Armada (4x), BW Offshore (12x), and Modec (3x), and nearly a mirror image to SBM Offshore's (7.8x EV/EBITDA; 1.5x P/B). We note that YNS' historical EV/EBITDA trading range of 6-8x seems to be at a discount relative to other offshore peers that are valued closer to 10x. Using a PE comparison is not meaningful due to finance lease distortions.

Key Financials

Year to 31 Jan (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	7,605	5,375	4,295	4,710	4,781
EBITDA	2,052	3,189	3,477	3,568	3,645
Operating profit	1,675	2,812	2,586	2,605	2,751
Net profit (rep./act.)	1,075	771	340	344	465
Net profit (adj.)	510	899	340	344	465
PE	15.0	8.5	22.5	22.2	16.4
P/B	1.4	1.5	1.6	1.6	1.6
EV/EBITDA	10.4	6.7	6.5	6.8	7.2
Dividend yield	1.3	2.2	2.2	2.2	2.2
Net margin	14.1	14.3	7.9	7.3	9.7
Net debt/(cash) to equity	176.4	150.1	163.7	185.5	206.3
Interest cover	1.2	1.8	2.0	2.0	2.1
ROE	18.2	11.6	5.2	5.3	7.1
Consensus net profit	-	-	867	946	1,011
UOBKH/Consensus (x)	-	-	0.39	0.36	0.45

Source: Yinson Group Berhad, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.26
Target Price	RM2.50
Upside	+10.6%
Previous TP	RM2.40

Stock Data

Sector	Energy
Bloomberg ticker	YNS MK
Shares issued (m)	3,220.4
Market cap (RMm)	7,273.0
Market cap (US$m)	1,773.8
3-mth avg daily t'over (US$m)	3.9

Price Performance (%

52-week high/low				RM2.48/RM1.71
1mth	3mth	6mth	1yr	YTD
6.6	(5.2)	7.6	(6.6)	(4.2)

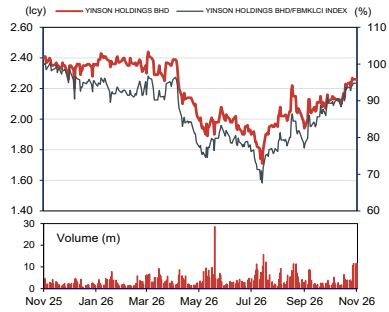
Major Shareholders (%)

Yinson Legacy	27.1
EPF	17.1

Balance Sheet Metrics

FY27 NAV/Share (RM)	1.50
FY27 Net Debt/Share (RM)	4.58

Price Chart



Source: Bloomberg

Company Description

One of the largest global Floating, Production, Storage and Offloading (FPSO) operators. Since 2025, its FPSO subsidiary Yinson Production (YP) begun adopting Enterprise Reporting (ER), as a complementary disclosure to the statutory IFRS reporting that uses Finance Lease (FL) method. Under ER, YP adopted operating lease method and applied proportional consolidation based on YP's share in assets. ER profits include non-recurring revenues like progress milestone and bonus incentives for early delivery, whereas adjusted ER EBITDA excludes these items.

- **…especially against private equity (pre-IPO growth capital).** Importantly, we note that the deal is also aligned to the RCPS holders' investment on YP back in Jan 25. The US$1b RCPS was valued at 8.9x EV/EBITDA, at a pre-subscription equity value of US$2.6b for YP (leading to post-subscription value of >US$3.6b)
- **Justifying YNS' rationale.** According to YNS, having a private ownership structure is better aligned with the long-term nature of YNS business and provides flexibility in capital requirements, without the constraints associated with it being a listed company. We acknowledge the constraints highlighted, which can reflect the persistent valuation gap that remains even at YNS' current business phase, despite having moved past the heavy capital-intensive stage for the majority of its FPSO fleet to stable, long-term operating generation. However, YNS remains serious on expanding its green energy platform.
- Private infrastructure investors tend to appreciate long-term contracted cash flow generation and value creation. However, public markets will tend to assign lower valuation consistently. One key reason is that long-duration contracted FPSOs are usually paired with heavy debt requirements, and the heavy financing costs associated will discount incoming quarterly earnings expectation. Leaving this structure this way will lead to a never-ending cycle of valuation gap; assuming equity funding is raised from public markets, the new projects will be funded entirely by loans, but under-funded by equity, which in turn overinflates gearing.
- **Clear role of MISC as JV shareholder without unilateral control...** The announcements did not specify whether YNS will be classified as a subsidiary or associate for MISC, except a commentary that MISC will not have unilateral control. In accounting terms, unilateral control is a key element that defines a subsidiary. Owning YNS as associate benefits MISC for immediate incremental profit base and avoiding the heavy debt burden in its books. Also, in the RCPS terms, it is a key condition that the Lim family must remain in control (or for YNS to have at least 25% in shareholding). We assume that MISC's offshore unit and YP will continue as separate FPSO operations, including bidding for projects.
- **…but as reliable capital provider.** We also opine that the privatisation timing is impeccable, given that YP recently guided it can take on five new projects simultaneously. More importantly, YP is at the late stage phases for at least tjree FPSOs, namely Tangkulo (Indonesia), Albacora (Brazil) and Zabazaba (Nigeria). Although we reiterate that MISC will not likely intervene in YP's business, we highlight another RCPS term – for the construction of a third new FPSO, YP is obliged to redeem US$280m of that RCPS. Last but not least, as in the case of Petronas and Eni forming independent JVs as "satellite model", we also see that the same business model can be applied in some potential markets where it makes sense for YP and MISC to join forces without stressing their balance sheet.
- **Having direct access to MISC's and Petronas' competitive funding platform would reasonably lower blended interest cost over time**. We exclude scenarios of YNS immediately redeeming the RCPS (which carries an expensive distribution rate of >12%), because this action will violate a key RCPS clause stating that no RCPS can be redeemed from the date the RCPS holders were notified of a IPO plan (which has to be executed by Jun 30). However, this structure can be used to refinance project bonds such as the FPSO Anna Nery and Agogo, which carries financing rates of 7-9%.

Valuation/Recommendation

- **Maintain BUY, with an adjusted SOTP-based target price of RM2.50 (from RM2.40).** Our SOTP valuation implies 25x FY27F PE (from 24x), which is slightly adjusted to match the privatisation deal. This is consistent with our long-term view, and we assume the deal will be successful.

Earnings Revision/Risk

- **None.**

YNS' Privatisation Attempts

Year	Remarks
2022	Strategic review of YP, prompting YNS to favour
	separating the FPSO division and relisting it
	overseas. At that time, Oslo Stock Exchange
	was favoured, as the Norwegian market was
	mature and FPSO-friendly, that comes with
	improved access to finance. In addition, Oslo is the right b,…G,
	the headquarter of YP's global FPSO operations
	YP inherited a strong team of Norwegians after
	acquiring Fred Olsen pre-2014. Few years later,
	YNS shifted target IPO market to the US, but
	Norway remains an active market for bonds.
Jun 25	Bloomberg revealed the Lim family had engaged
	with US-based Stonepeak to privatise YNS at
	per-share valuation of RM2.76-RM3.11. This
	valued YNS at a max of RM9b. A push factor
	enabling this exercise was likely due to public-
	private market disconnect. YNS' share price
	plunged after raising US$1b RCPS in early 25.
Mar-	Lim family re-engaged with Stonepeak and local
May 26	pension funds, on a RM8b take-private through
	scheme of arrangement. The partners withdrawn
	by late May, likely due to lack of commitment
Nov 26	The current deal with EPF and MISC offers a
	balanced and diversified funding platform, that we believe Stonepeak would not able to match.
	Founders' capital, pension money and strategic
	Offshore/ FPSO partner.

Source: Yinson **Note: Yinson Production (YP),*

Third Time Is The Charm

The current structure is YNS's third formal attempt on privatisation. At its core, the motivation to privatise YNS stems from frustration with public market perception on YNS' share price which was heavily discounted. This can be traced as early as 2022, when YNS started to consider IPO plans overseas for its FPSO subsidiary, YP. The negative share price reaction after YNS secured the US$1b RCPS in Jan 25, elevated the public-private market disconnect, and led to first two privatisation attempts with Stonepeak in 2025 (for a deal price of RM9b

Source: Yinson

Delisting May Take Up To One Year

Naturally, YNS's board accepted the proposal, paving way for the group to be delisted likely by 2H27. However, it is more realise to expect the long timeline. A court process has to pass, although we do not see any risk of dissenting shareholders. Funds like KWAP may hold a blocking stake, but we assume they will support the deal given the precedence of other privatisation of long-term infrastructure assets like Malaysia Airports.

Source: Yinson

Potential Risks

The bigger complication may arise from uncertainty of antitrust watchdogs and merger control clearance from several country's commission. One of them is the Brazil's Administrative Council for Economic Defense (CADE) given the significance of MISC's and Yinson's FPSO presence in Brazil. We noted precedence like the Saipem/Subsea merger (which happened recently). Initially CADE approved without conditions, however Petrobras appealed against this decision, citing that it will be unhealthy to have a lesser vendor pool, and subsequently CADE amended to a conditional approval requiring the consortium to sell off one of their flagship subsea vessel. If this happens on YNS, it is possible for a risk of one of the Brazil FPSO disposal to fulfil merger antitrust conditions

Source: Yinson **Note: Yinson Production (YP),*

Profit & Loss

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Net turnover	5,375	4,295	4,710	4,781
EBITDA	3,189	3,477	3,568	3,645
Deprec. & amort.	377	445	482	447
EBIT	2,812	2,586	2,605	2,751
Total other non-operating income	-	0	0	0
Associate contributions	328	82	99	119
Net interest income/(expense)	(1,769)	(1,749)	(1,775)	(1,731)
Pre-tax profit	1,117	920	928	1,138
Tax	(276)	(296)	(308)	(389)
Minorities	(70)	(283)	(276)	(283)
Net profit	899	340	344	465

Balance Sheet

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Fixed assets	3,396	3,764	4,060	4,425
Other LT assets	16,847	16,947	16,947	16,947
Cash/ST investment	4,528	4,535	2,965	1,694
Other current assets	2,851	2,274	3,735	5,181
Total assets	29,182	28,892	29,146	29,698
ST debt	779	303	379	231
Other current liabilities	2,589	2,230	2,609	2,847
LT debt	15,433	16,829	16,613	16,951
Other LT liabilities	337	284	298	298
Shareholders' equity	8,988	8,874	8,764	8,775
Minority interest	259	372	483	596
Total equity and liabilities	29,182	28,892	29,146	29,698

Cash Flow

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Operating	(412)	51	670	763
Pre-tax profit	1,029	920	928	1,138
Tax	(237)	(296)	(308)	(389)
Deprec. & amort.	377	891	963	894
Associates	(328)	(82)	(99)	(119)
Working capital changes	(2,934)	(1,381)	(814)	(761)
Other operating cashflows	1,681	(0)	0	0
Investing	(1,298)	(500)	(500)	(500)
Capex (growth)	(2,040)	(500)	(500)	(500)
Investments	112	0	0	0
Others	630	0	0	0
Financing	4,440	456	(1,741)	(1,534)
Dividend payments	(140)	(171)	(171)	(171)
Issue of shares	2,080	0	0	0
Proceeds from borrowings	3,892	(3,986)	(1,680)	(4,476)
Loan repayment	(1,205)	4,500	0	3,000
Others/interest paid	(187)	113	111	113
Net cash inflow (outflow)	2,730	7	(1,571)	(1,271)
Beginning cash & cash equivalent	2,679	4,528	4,535	2,965
Changes due to forex impact	(881)	0	0	0
Ending cash & cash equivalent	4,528	4,535	2,965	1,694

Key Metric

Year to 31 Jan (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	59.3	81.0	75.7	76.2
Pre-tax margin	20.8	31.8	29.9	33.2
Net margin	14.3	14.9	14.1	15.9
ROA	3.5	2.9	3.0	3.3
ROE	11.6	9.6	9.8	10.9
Growth				
Turnover	49.0	19.1	30.6	32.5
EBITDA	212.3	240.6	249.5	257.0
Pre-tax profit	56.0	90.6	96.9	121.3
Net profit	92.2	60.1	65.9	89.3
Net profit (adj.)	92.2	60.1	65.9	89.3
EPS	92.2	60.1	65.9	89.3
Leverage				
Debt to total capital	194.9	199.6	194.8	192.4
Debt to equity	200.5	207.7	204.8	204.3
Net debt/(cash) to equity	150.1	159.8	176.4	191.5
Interest cover (x)	1.8	2.0	2.0	2.1

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