

Yinson (YNS MK)

1HFY27: Superior Execution To Support Deleveraging

Highlights

- **1HFY27 core profit is deemed in line**, assuming the ER version is similar to its reported number. 1HFY27 results are cleaner, unlike FY26 whereby Yinson benefitted from large lumpy gains in FPSO Agogo's early progress milestone. However, we observed narrowing losses from the non-FPSO divisions and accelerated loan repayments are the bigger picture for Yinson, as long as it maintains its superior execution.
- Maintain BUY with a target price of RM2.40, as we see a high likelihood of the company securing up to two new FPSOs in Indonesia and Brazil. This is corroborated by a second crude tanker purchase by Yinson in Aug 26. Management guided no additional funding is necessary.

1HFY27 Results *

Year to 31 Jan (RMm)	2QFY27	qoq	yoy	1HFY27	yoy	Comments, and 2QFY27 vs 1HFY27 comparison
(RMm)		% chg	% chg		% chg	
Revenue	1,136	8.3	(16.7)	2,185	(15.8)	FPSO (IFRS) EBITDA: RM656m/RM1,273m
EBIT	575	9.9	(10.2)	1,098	(11.2)	FPSO (ER) EBITDA: RM840m/RM1,651m
EBIT margin (%)	50.6%	0.8%	3.7%	50.3%	2.6%	Core ER EBITDA: RM840m/RM1,626m vs RM1.09b yoy
Finance costs	(426)	19.0	(20.5)	(784)	(11.5)	Non-FPSO, RM52m/RM106m
Associates	84	64.7	50.0	135	12.5	Higher recognition of EPCIC works
Pre-tax profit	233	7.9	45.6	449	26.5	Non-FPSO loss before tax, RM56m/ RM124m
Reported profit	128	6.7	26.7	248	(22.5)	EBITDA yoy growth, IFRS/ Core ER: -3%/ +53%
Core profit	172	56.4	31.3	282	(2.8)	2QFY27 EI RM6m net forex gain, RM6m fair value gain

*Exceptional item (EI); Enterprise Reporting (ER) effective FY25; Yinson Production (YP); Yinson Holdings (YNS); International Financial Reporting Standards (IFRS); The US\$/RM rates for 2QFY27 and 1QFY27 were 4.0 and 3.9 respectively
Source: YNS, YP, UOB Kay Hian

Analysis

- **1HFY27 deemed in line, at potentially 43% of our/consensus forecasts.** YP is expected to publish its 2QFY27 enterprise reporting (ER) results and investor presentation by 14 Oct 26, and hence we assume at this juncture that 2QFY27 core profit under the ER version almost matches the IFRS core profit of RM128m. As a recap in FY26, Yinson benefitted significantly from RM554m in early bonus/progress milestone payments for FPSO Agogo (1HFY27: RM25m). 2QFY27 finance costs contained some one-off charges of RM40m that relate to early loan repayments. We treated these as EI.
- **Growth of adjusted ER EBITDA consistent with that of operating cash flow.** Our addendum note to Yinson's 1QFY27 results revealed YP's ER quarterly profit base (before adjusting for EI) was below US\$10m since end-FY26, as they now reflect higher financing/depreciation costs, and operating cost structure after adjusting for FPSO Agogo's inventory costs and cost of tendering for projects. However, we believe assessment of Yinson's 2QFY27 execution is more meaningful, if we account for lower non-O&G losses qoq and early loan repayments. Operating cash flow shows a remarkable turnaround of +741% yoy from a RM184m loss to RM1,179m (2QFY27: RM542m), enabling a continuous enhancement on its debt repayment profile.

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	3,032	3,086	3,198
Net profit (rep./act.)	1,075	771	642	665	759
Net profit (adj.)	510	899	642	665	759
EPS (x)	12.9	7.3	10.2	9.9	8.7
PE (x)	14.4	8.2	11.5	11.1	9.7
P/B (x)	1.3	1.5	1.4	1.4	1.3
EV/EBITDA (x)	9.9	6.4	6.2	6.6	7.1
Dividend yield (%)	1.6	2.6	2.6	2.6	2.6
Net margin (%)	14.1	14.3	14.9	14.1	15.9
Net debt/(cash) to equity (%)	176.4	150.1	159.8	176.4	191.5
Consensus net profit			654	510	759
UOBKH/Consensus (x)	-	-	0.98	1.31	1.00

Source: Yinson, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.15
Target Price	RM2.40
Upside	+11.6%

Stock Data

Sector	Energy
Bloomberg ticker	YINSON MK
Shares issued (m)	2,920
Market cap (RMm)	6,283.0
Market cap (US\$m)	1,559.0
3-mth avg daily t'over (US\$m)	2.67

Price Performance (%)

52-week high/low				RM2.48/RM1.71
1mth	3mth	6mth	1yr	YTD
0.0	(6.5)	(6.5)	(11.5)	(8.9)

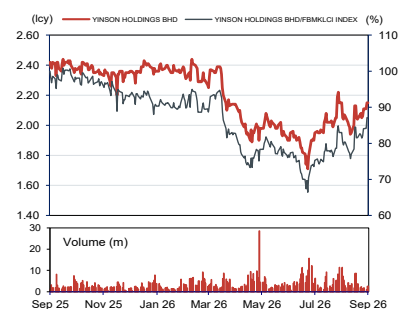
Major Shareholders (%)

Yinson Legacy	16.6
EPF	17.1

Balance Sheet Metrics

FY27 NAV/Share (RM)	1.50
FY27 Net Debt/Share (RM)	0.05

Price Chart



Source: Bloomberg

Company Description

One of the largest global floating, production, storage and offloading (FPSO) operators. It has engineering, construction, procurement, installation and commissioning (EPCIC) capabilities, and may record EPCIC income under finance lease (FL) method, as dictated by the International Financial Accounting Standards (IFRS). It also holds an associate stake in Offshore Support Vessels (OSV)

Lately, its FPSO subsidiary Yinson Production (YP), has begun adopting Enterprise Reporting (ER), as a complementary disclosure to the statutory IFRS reporting. Under ER, YP adopted operating lease method and applied proportional consolidation based on YP's share in assets.

- **Debt amortisation enhancement continues.** With the funding structures in place, YP guided that the short-term repayments for FY27/FY28 horizon are not material and can be easily covered by cash flow generation from the largest FPSO (FPSO Agogo) alone, which is capable of generating EBITDA of US\$200m-250m p.a.. This dwarfs even the EBITDA generation of the Brazil FPSOs AN and MQ (US\$175m-225m each) and FPSO John Agyekum Kufuor (US\$120m-160m).
- In addition, under Yinson's RM1b Sustainability-Linked Sukuk Wakalah Programme, it had made early redemption and subsequent cancellation of RM30m and RM100m respectively. The remaining RM878m value carries a 5.6% interest rate and will mature in Dec 26. This is one of the major portions in Yinson's short-term borrowings of RM2.2b as of Jul 26.
- **Potentially high likelihood of securing up to two new FPSOs.** As per upstream articles, Yinson is a frontrunner for the Tangkulo FPSO (Indonesia) and Albacora (Brazil). Energy Maritime Associates, a well-followed FPSO consultant, estimates capex of US\$1.3b and US\$2.3b for Tangkulo and Albacora respectively. The latter is also Yinson's bidding price offered to Petrobras, making it the lowest bidder in the list. We think the likelihood of securing two new FPSOs is high, as Yinson in Aug 26 procured a second crude tanker from Navigold Maritime for US\$97m.

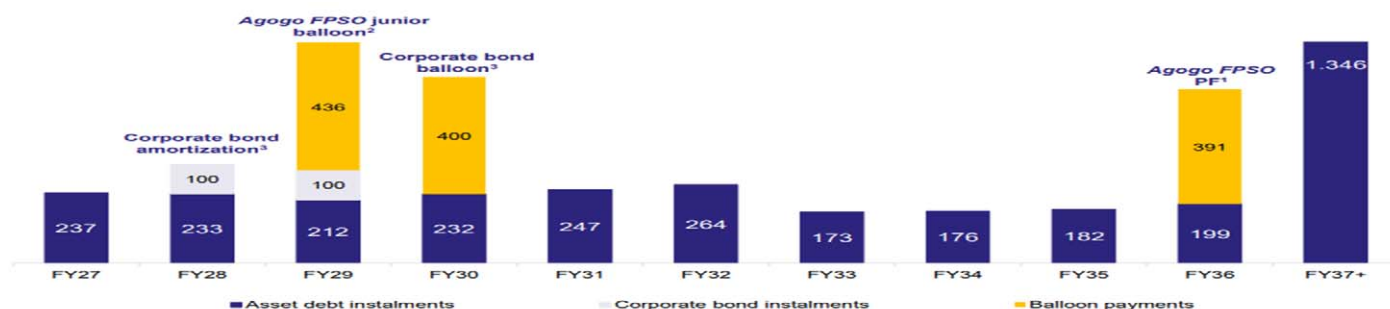
Valuation/Recommendation

- **Maintain BUY, with an SOTP-based target price of RM2.40.** Our SOTP valuation implies 13x FY27F PE, which we had adjusted in our previous company update note for a higher debt assumption, which also factors in a higher operating cost environment while FPSO capex funding remains challenging. We also retain key operational assumptions like: a) a 10% discount on the Brazil FPSOs (MQ and AN), b) zero value for energy transition/non-O&G operations, and c) potential 15% divestment of FPSO Agogo. We do not factor potential from new projects into our SOTP for now, as the privatisation deal remains in discussion.

Earnings Revision/Risk

- Maintain forecasts, pending ER disclosure by mid-Oct 26.

Debt Amortisation Profile (YP Level Only)



Source: YP 1QFY27 Investor Presentation

SOTP Target Price (at RM4.00 US\$/RM)

FY26F	Valuation	RM
FPSO Adoon	DCF (Blended IRR 12%)	0.07
FPSO JAK, firm only	DCF (IRR 14%, 74% stake)	0.71
FPO Helang, firm	DCF, US\$280m capex + US\$50m residual value	0.67
FPSO Abigail-Joseph (AJ)	DCF (IRR 25%)	0.35
MOPU	11x PE	0.02
Lam Son	redeployment	0.14
FPSOs Anna Nery and PDB	DCF (IRR 17%, both assume 63-85% stake), apply 10% discount	2.37
FPSO Agogo	DCF (IRR 20%, 85% stake from 100%)	1.50
Atlanta, and new FPSOs	Include chance of more contract wins	0.64
(-) Minus net debt	Include all perpetuals	(4.12)
SOTP (diluted)	RM3.4b shares	2.40
Implied FY27F PE	-	12.8x
Implied FY28F PE	-	12.4x

Source: UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Advanced in carbon (CO2) reduction. Outlined climate goals roadmap to reach carbon-neutrality and net-zero carbon by 2030
- Advanced in non-O&G diversification. Targets 5GW of operating portfolios of renewable energy capacities by 2035
- Safety (HSE). Lost Time Injury Frequency of 0.13 in FY25 (FY24: 0.05), superior to industry benchmark of 0.24-0.28
Social
- Ranked top for active stakeholder engagements with bankers/clients/ investors
Governance
- Most advanced in self-monitoring and reporting of its environmental contribution
- 50% of its board members are independent despite having family representation

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	3,032	3,086	3,198
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	1,365	1,410	1,585
Tax	(276)	(440)	(468)	(542)
Minorities	(70)	(283)	(276)	(283)
Net profit	899	642	665	759

Cash Flow

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Operating	(412)	(92)	510	610
Pre-tax profit	1,029	1,365	1,410	1,585
Tax	(237)	(440)	(468)	(542)
Deprec. & amort.	377	445	482	447
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	(136)	(1,731)	(1,424)
Beginning cash & cash equivalent	2,679	4,528	4,392	2,661
Changes due to forex impact	(881)	0	0	0
Ending cash & cash equivalent	4,528	4,392	2,661	1,237

Balance Sheet

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Fixed assets	3,396	4,210	4,987	5,799
Other LT assets	16,847	16,947	16,947	16,947
Cash/ST investment	4,528	4,392	2,661	1,237
Other current assets	2,851	2,274	3,735	5,181
Total assets	29,182	29,194	29,769	30,615
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	9,176	9,387	9,692
Minority interest	259	372	483	596
Total equity and liabilities	29,182	29,194	29,769	30,615

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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