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Wasco's new job lifts earnings sustainability

Company's order book now at RM3bil year to date

CORPORATE

PETALING JAYA: Energy services company Wasco Bhd's earnings outlook has been bolstered by its recent job replenishments in its engineering division amid lukewarm prospects in the energy sector, analysts say.

On Wednesday Wasco announced that it had been awarded a contract by Technip Energies Italy SPA for complete procurement and construction of pre-assembled modules on a remeasurement basis. The modules are expected to be used in a low-carbon ammonia project.

“We are positive about the award as it leverages Wasco's decade-long track record in design, modular engineering, procurement, and construction across the United States, Morocco, and Europe, combined with proven precision fabrication and piping execution.”

Hong Leong Investment Bank Research

The contract is expected to be completed 37 months from now. The contract's value is estimated to be between US\$150mil and US\$200mil or about RM619.4mil to RM825.8mil, which brings Wasco's order book to between RM3.2bil and RM3.4bil from RM2.6bil in the third quarter of this year (3Q25).

Maybank Investment Bank Research (Maybank IB Research) said the new contract brings Wasco's total year-to-date job wins to RM2.8bil, beating its full year job win target of RM2.7bil for this year.

The research house said it raised its job win assumptions for this year till 2027 to RM2.9bil, RM2.5bil and RM3bil, respectively, resulting in an increase of 10% and 8% in its earnings per share estimates.

"Adding up to existing wins of RM2.1bil, this new job brings Wasco's order book to RM3.3bil.

"While the energy sector has lukewarm prospects, in our view, recent job replenishments have comforted us on Wasco's near-term revenue and earnings sustainability," the research house said in a report yesterday.

Maybank IB Research said, based on its analysis, the new contract is expected to be part of the world's largest low-carbon ammonia project, "The Blue Point Number One ATR Project".

The research house noted the project is

was awarded a €1bil contract from Blue Point Number One, which is a joint venture company between CF Industries, JERA and Mitsui.

"We note that Wasco is an indirect beneficiary of this development as part of the job scope was outsourced to the group," said Maybank IB Research.

The research house maintained a "buy" call on the stock with a higher target price of RM1.10, from RM1.

Kenanga Research said if more wins are secured by Wasco, it believes the group could end this year with an order book of RM3bil, a level not seen since 3Q24.

"The win is positive but deemed within our expectations as the job spans a little more than three years. Within our assumption, we have assumed RM2.8bil replenishment rate for this year but with a burn rate of two years.

"Hence, while the year-to-date replenishment is already strong at RM2.7bil to RM2.9bil, we still deem it within expectations due to the longer contract tenure of the recent contract win. However, if the group announces another major win in 4Q25, we may need to adjust our assumptions for next year," the research house said.

Kenanga Research maintained an "out-

it likes Wasco for its strong position in the pipe-coating market as one of the top global pipe-coating players, its exposure in bioenergy, which could rerate the group due to favourable bioenergy valuations, and its environmental, social and governance exposure which includes bioenergy business.

Hong Leong Investment Bank Research (HLIB Research) said it views Wasco's new contract positively, and it expects the project to lift the group's earnings from its engineering and fabrication division from this year to 2027.

Following this latest contract win, HLIB Research said the group's consolidated order book now stands between RM3.2bil and RM3.4bil, representing a meaningful increase from RM2.6bil in September.

"We are positive about the contract award as it leverages Wasco's decade-long track record in design, modular engineering, procurement, and construction (EPC) across the United States, Morocco, and Europe, combined with proven execution in precision fabrication and piping.

"This validates its ability to bridge front-end engineering into full-scale module EPC delivery, underpinning long-term decarbonised energy demand drivers," the research house said.

expected to enable greater than 95% carbon dioxide recovery. On April 8, Technip

perform” call for Wasco with a target price of RM1.17. The research house said

HLIB Research maintained a “buy” call on Wasco with a target price of RM1.49.