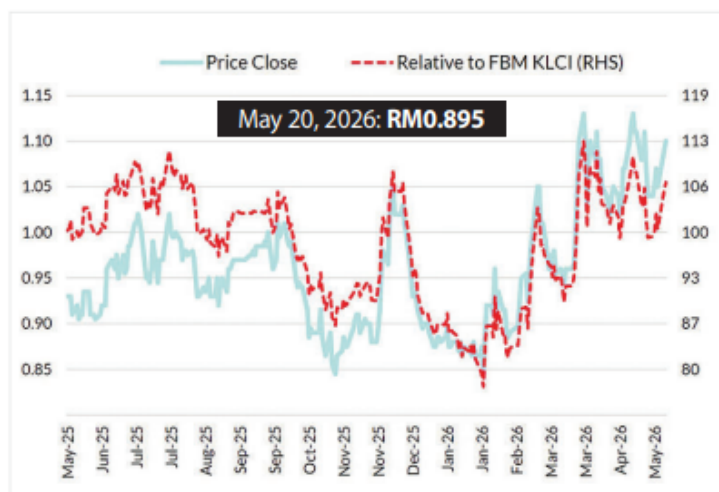


Company Name : Wasco Berhad
Date : 21 May 2026
Source : The Sun Daily

Wasco Bhd

Buy. Target price: RM1.37



Source: Bloomberg

REVENUE declined by 23.8% QoQ to RM451.2 million, mainly reflecting softer contribution from the energy services (-24.3% QoQ) and renewables (-20% QoQ) segments. The weaker energy services performance was primarily due to deferred execution of awarded projects arising from supply chain disruptions linked to the ongoing Middle East conflict, while the decline in renewables was attributed to lower deliveries of steam turbine generating systems and reduced after-sales activities. This was partially offset by higher EPCC activities for steam energy systems. Consequently, core net profit fell 77.5% QoQ to RM13.6 million, after adjusting for one-off items and impairment reversals.

As at Q1'26, the group's orderbook stood at RM2.6 billion (-8.5% QoQ), reflecting continued replenishment from newly secured projects. The orderbook comprises 43% engineering, 47% pipeline, and 10% bioenergy projects. We expect pipeline coating activities to gain traction only in 2H'26, as several projects remain deferred in the near term. On the project front, the Kikeh FPSO contract is expected to be awarded by Q2'26, where Wasco's available yard capacity could potentially position the group to secure 1-2 additional module packages. A potential easing of geopolitical tensions could also support the resumption of deferred energy infrastructure projects and repair activities, thereby increasing demand for pipeline coating and engineering services.

We trim our FY26 earnings forecast by 21% to reflect weaker near-term execution following project deferments arising from ongoing supply chain disruptions.

BUY with RM1.37 TP. – *RHB Research, May 20*