

Company Name : Wasco Berhad
Date : 27 February 2026
Source : The Sun Daily

Wasco Bhd

Neutral. Target price: RM1.03



Source: PublicInvest Research

ENERGY Services segment margin improved for the second consecutive quarter, expanding to 13.2% in Q4'25. Margin rose 6.0ppts QoQ, driven by a more favourable project mix, skewed into higher margin execution phases, lifting segment profitability by 82.9%. This was in tandem with energy transition and green projects increasing to 51% of the order book in Q4'25 (vs 35% in Q3'25 and 24% in Q2'25), reflecting a greater contribution from engineering heavy works.

Net cash position of RM49.2 million. Management clarified that the current net cash position is not intended to be structural given the project based nature of the business, where working capital cycles and investment requirements can fluctuate. Instead, the stronger balance sheet enhances financial flexibility to support growth opportunities, fund capex and selectively pursue investments, while maintaining a sustainable dividend policy, as evidenced by the 7 sen total dividend declared for FY25.

Prospects into FY26 remain supported by a RM2.8 billion order book and a sizeable RM12–13 billion tender book, providing earnings visibility despite the cyclical nature of project execution. Management highlighted continued activity across engineering modules, substations, FPSO related works and pipeline services in Malaysia and Qatar, while maintaining disciplined project selection to preserve margin.

We raise our FY26/FY27 earnings by 45% to reflect stronger execution momentum but revise our valuation multiple downward to 6.1x P/E (from 8.1x previously), reverting to its 4-year historical mean to account for earnings volatility and potential downside risk should margins normalise.

Neutral with RM1.03 TP.– **PublicInvest Research, Feb 26**