

Yinson Holdings (YNS MK)

3QFY26 Results Addendum: Superior Execution Is Key, While Ongoing Brazil Risks Remain Inherent

Highlights

- 9MFY26F earnings on Enterprise Reporting (ER) reflect superior execution and capital recycling prowess.** Beating consensus estimates, the ER profits were lifted by full recognition of the FPSO Atlanta loan buyout gain (as it was treated as a loan extinguishment income), and FPSO Agogo's full charter recognition from early startup. We decided to treat the EPCIC obligation as an exceptional item (EI).
- YNS' superior execution alongside capital recycling remains centre theme.** We expect the group to be focused on execution with an over US\$19b FPSO orderbook, and to maintain this superior delivery track record, active capital recycling has to go hand-in-hand. This also includes the rumoured privatisation plan (and eventual IPO plan few years down the road). However, earnings risks remain inherent for Brazil FPSOs, although we rule out a major risk scenario that will be detrimental to the bond covenants. For example, FPSO MQ was on standby mode in 4QFY26. After the forecast adjustment, we retain BUY with an adjusted SOTP-based target price of RM3.10 (vs RM3.15 previously).

Yinson Production (YP) 3QFY26 Results In IFRS And ER formats

| Year to 31 Jan | ----- | IFRS | ----- | ER | Comments |
|------------------|--------|--------|--------|--------|---|
| (US\$m) | 3QFY26 | 3QFY25 | 3QFY26 | 3QFY25 | For comparison, figures stated for 3QFY26/3QFY25 |
| Revenue | 393 | 415 | 292 | 159 | ER includes US\$19m/ US\$5m progress milestone |
| EBIT | 233 | 139 | 273 | 112 | ER operating expenses were US\$65m/ US\$26m |
| EBITDA | 251 | 155 | 354 | 146 | ER depreciation were US\$81m/ US\$34m |
| *Adjusted EBITDA | - | - | 193 | 141 | YP excluded the entire Brava gain of US\$153m |
| Finance costs | (84) | (92) | (90) | (46) | Include bond costs for Anna Nery (AN), Maria Quiteria |
| Associates | 12 | 2 | - | - | ER assumes AN as proportionally consolidated |
| Pre-tax profit | 158 | 54 | 189 | 70 | Operating days ytd: 2,237 days/1,659 days |
| Reported profit | 137 | 44 | 169 | 59 | Exclude US\$2m finance cost charged from Yinson |
| Reported PATAMI | 129 | 36 | 161 | 51 | Production Offshore Investments |

| Year to 31 Jan | ----- | IFRS | ----- | ER | Comments |
|------------------|--------|--------|--------|--------|--|
| (US\$m) | 9MFY26 | 9MFY25 | 9MFY26 | 9MFY25 | For comparison, figures stated for 9MFY26/9MFY25 |
| Revenue | 968 | 1,313 | 789 | 413 | ER includes US\$147m/ US\$28m progress milestone |
| EBIT | 495 | 458 | 549 | 231 | ER operating expenses were US\$143m/ US\$68m |
| EBITDA | 548 | 505 | 744 | 328 | ER depreciation were US\$195m/ US\$97m |
| *Adjusted EBITDA | - | - | 455 | 300 | Depreciation includes vessel and carbon capture |
| Finance costs | (283) | (245) | (266) | (114) | Include bond costs for Anna Nery (AN) and MQ |
| Associates | 40 | 6 | - | - | ER assumes AN as proportionally consolidated |
| Pre-tax profit | 290 | 230 | 297 | 128 | Non-O&G loss at RM300m (1HFY26: RM220m) |
| Reported profit | 248 | 185 | 252 | 95 | 3Q/9MFY26 ER PAT: RM720m/ RM1.0b |
| Reported PATAMI | 230 | 154 | 234 | 64 | 3Q/9MFY26 Core ER PAT: RM375m/ RM676m |

Note: Enterprise Reporting (ER). Effective FY25, YP adopted ER as a as a complementary disclosure to the statutory IFRS reporting. Under ER, YP adopted operating lease and apply proportional consolidation based on YP's share in assets. Adjusted EBITDA is for ER format e only

Source: Yinson, Yinson Production (YP). UOB Kay Hian

Key Financials

| Year to 31 Jan (RMm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---------------------------|--------|-------|-------|-------|-------|
| Net turnover | 11,646 | 7,605 | 3,450 | 4,602 | 5,109 |
| EBITDA | 1,613 | 2,052 | 2,791 | 3,714 | 3,853 |
| Operating profit | 1,270 | 1,675 | 2,411 | 3,331 | 3,435 |
| Net profit (rep./act.) | 964 | 752 | 749 | 938 | 1,078 |
| Net profit (adj.) | 623 | 510 | 749 | 938 | 1,078 |
| EPS | 18.2 | 14.9 | 21.9 | 27.4 | 31.5 |
| PE | 13.5 | 16.5 | 11.2 | 9.0 | 7.8 |
| P/B | 1.5 | 1.6 | 1.5 | 1.3 | 1.2 |
| EV/EBITDA | 10.4 | 8.0 | 7.5 | 6.1 | 6.4 |
| Dividend yield | 1.2 | 1.2 | 2.0 | 2.0 | 2.0 |
| Net margin | 8.3 | 9.9 | 21.7 | 20.4 | 21.1 |
| Net debt/(cash) to equity | 183.0 | 188.2 | 237.3 | 237.1 | 237.6 |
| Interest cover | 1.7 | 1.2 | 2.0 | 2.0 | 2.1 |
| ROE | 16.8 | 13.2 | 12.7 | 15.1 | 16.3 |
| Consensus net profit | - | - | 637 | 841 | 911 |
| UOBK/H/Consensus (x) | - | - | 1.17 | 1.11 | 1.18 |

Note: Past financials are based on IFRS FL: core profits excluded FL construction effects

Source: Yinson, Bloomberg, UOB Kay Hian

| | |
|--------------|--------|
| Share Price | RM2.41 |
| Target Price | RM3.10 |
| Upside | +28.6% |

Analyst(s)

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Stock Data

| | |
|--------------------------------|---------|
| GICS Sector | Energy |
| Bloomberg ticker | YNS MK |
| Shares issued (m) | 3,211 |
| Market cap (RMm) | 7,682.0 |
| Market cap (US\$m) | 1,600 |
| 3-mth avg daily t/over (US\$m) | 3- |

Price Performance (%)

| 52-week high/low | RM2.82/RM1.73 | | | |
|------------------|---------------|------|--------|-------|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 2.0 | 6.6 | 8.6 | (14.0) | (9.5) |

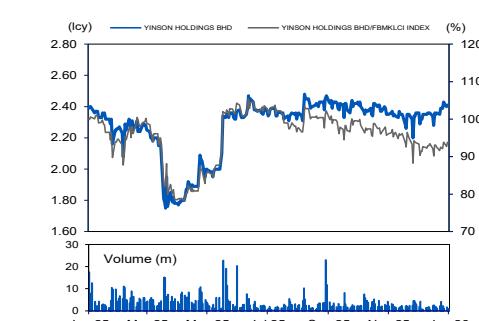
Major Shareholders

| | |
|---------------|------|
| Yinson Legacy | 16.6 |
| EPF | 17.1 |

Balance Sheet Metrics

| | |
|--------------------------|---|
| FY25 NAV/Share (RM) | - |
| FY25 Net Debt/Share (RM) | - |

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), 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.

Analysis

- FY26 ER profit beat consensus.** Yinson Production's (YP) mandatory financial disclosure in end-Dec 25 revealed 3QFY26 ER profit of US\$169m (+280% yoy), which far exceeded consensus expectation and matched our guesstimate in our 3QFY26 results review. The key one-off item being the favourable gain on the loan buyout of FPSO Atlanta from Brava. The FPSO is the only one in Yinson Holdings' (YNS) fleet that employs Service Contract under IFRS 15 (ie neither operating lease nor FL recognition).
- RM657m/US\$153m Brava gain accounting treatment.** Under IFRS/FL, about US\$80m represented satisfied EPCIC obligation recognised as revenue at a point in time. The remaining US\$73m represents charter obligations, which can only be recognised over time as deferred revenue throughout the 14.5 years tenure, for the party to be satisfied. Under ER format, the full US\$153m gain was treated like a one-off loan extinguishment income. We treat only the US\$80m (RM345m) gain as an exceptional item. The US\$73m "early project return" is consistent with the group's capital recycling strategy, and we took into consideration that YNS' future quarterly IFRS disclosures for FPSO Atlanta may be inflated by deferred revenues (at US\$1m/quarter), vs the case of future ER disclosures for FPSO Atlanta.

Valuation/Recommendation

- Maintain BUY, SOTP-based target price adjusted to RM3.10 (from RM3.15)** This implies 12x FY26F PE, or 10x long-term PE once FPSO Agogo contributes to earnings fully by FY28. While we upgraded FPSO Agogo's earnings and valuation, this is offset by applying a 10% discount on the Brazil FPSOs (especially FPSO MQ or PDB) given the earnings performance on ER basis to date. We believe our new SOTP valuation fairly reflects YNS' superior execution as it transitions to an operational phase (from heavy-capex phase), but it is still not fully immune to country risks like Brazil (hence, execution remains paramount to safeguard debt repayment).

Earnings Revision/Risk

- Adjusted FY26-28 earnings by +20%/-5%/-5%.** For FY26, we adjusted FPSO Agogo's charter contribution from two months to 5.5 months, reflecting its early startup. For all forecast years, the offsetting factors were higher finance costs and lower contribution from Brazil FPSOs. It appears the ongoing country risks in the O&G space is slowing the FPSO ramp-up, although we believe the FPSOs will eventually achieve normalisation. There is still a risk that near-term earnings may not sufficiently match the higher finance costs obligation due to project bonds. However, we believe that under YNS' execution, a scenario causing a material disruption to FPSO earnings that could impact debt covenants is unlikely.

Environmental, Social, Governance (ESG) Updates

Environmental

- Advanced in carbon (CO2) reduction.** Outlined climate goals roadmap to reach carbon-neutral status by 2030 and net-zero carbon status
- Advanced in non-O&G diversification.** Targets 3GW renewable energy (RE) pipeline by end-22, and 5-10GW operating portfolio by 2029
- Safety (HSE).** Nil Lost Time Injury (LTI) Frequency in FY21 (FY20: 0.71)

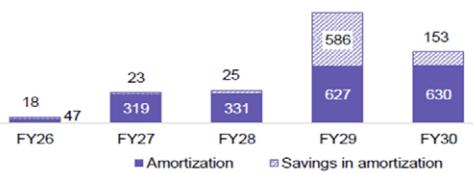
Social

- 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

YP's Debt Amortisation Schedule (US\$M)



Source: YNS

Other Highlights in YP's 3QFY26 Accounts

- Depreciation. Now includes both vessels, and carbon capture storage licence. We are pending guidance from management on the latter's depreciation.
- A new subsidiary was formed in end Oct 25, ie Yinson Engineering Management (Shanghai)
- YP confirmed acquiring Very Large Crude Carrier Maran Antares on 28 Oct 25. This was a net US\$80m increase in its asset
- Orderbook of US\$19.8b as of ER basis (vs US\$19.9b qoq). Orderbook on IFRS basis: US\$20.6b
- FPSO Anna Nery (AN): 3QFY26/ 9MFY26 IFRS profits were US\$14.2m/ US\$45.9m (+14%/-22% yoy) respectively. ER profits were US\$4.9m/ US\$17.5m (na/ -37% yoy) respectively. The overall decline is due to higher finance costs of US\$72m in 9MFY26, vs US\$46m. DSCR was 1.36-1.4x on average, vs 1.3x requirement
- FPSO AN average production was 41,000 bpd (-59% of capacity). There were one-off US\$2.6m EPCIC variation orders and inventory expense of US\$7m in the quarter.
- FPSO Maria Quiteria (MQ): 3QFY26/ 9MFY26 IFRS profits were US\$7.7m/ US\$16.2m (-8%/+32% yoy) respectively. On ER basis, they were losses of US\$1.6m/ US\$20.1m respectively. The overall decline is due to higher finance costs of US\$88m in 9MFY26, vs US\$3m
- FPSO MQ average production was 61,000 bpd (-61% of capacity). There was US\$3.2m one-off inventory expenses. Will start reporting DSCR from Jan 26. However, Petrobras put the FPSO on standby effective 10 Dec 25 for at least 50 days. During which, YP is entitled to 95% of charter payment.

Source: Teekay Tankers, Clarksons

SOTP Target Price

| FY26F | Valuation | RM |
|--------------------------|---|--------|
| FPSO Adoon | DCF (Blended IRR 12%) | 0.07 |
| FPSO JAK, firm only | DCF (IRR 14%, 74% stake) | 0.71 |
| FPSO Helang, firm | DCF, US\$280m capex + US\$50m residual value | 0.70 |
| FPSO Abigail-Joseph (AJ) | DCF (IRR 25%) | 0.40 |
| MOPU | 11x PE | 0.02 |
| Lam Son | redeployment | 0.07 |
| FPSOs Anna Nery and PDB | DCF (IRR 17%, both assume 63-85% stake), apply 10% discount | 2.49 |
| FPSO Agogo | DCF (IRR 20%, 85% stake from 100%) | 1.58 |
| Atlanta, and new FPSOs | Include chance of more contract wins | 1.25 |
| (-) Minus net debt | Include all perpetuities | (4.19) |
| Implied FY27F PE | RM3.4b shares include warrants conversion | 3.10 |
| Implied FY28F PE | - | 11.9x |
| | - | 10.3x |

Source: UOB Kay Hian

Profit & Loss

| Year to 31 Jan (RMm) | 2025 | 2026F | 2027F | 2028F | Year to 31 Jan (RMm) | 2025 | 2026F | 2027F | 2028F |
|----------------------------------|---------|---------|---------|---------|---------------------------|--------|--------|--------|--------|
| Net turnover | 7,605 | 3,450 | 4,602 | 5,109 | Fixed assets | 4,421 | 8,831 | 9,708 | 10,548 |
| EBITDA | 2,052 | 2,791 | 3,714 | 3,853 | Other LT assets | 16,473 | 17,073 | 22,173 | 24,273 |
| Deprec. & amort. | 377 | 380 | 382 | 419 | Cash/ST investment | 2,679 | 1,959 | 2,573 | 696 |
| EBIT | 1,675 | 2,411 | 3,331 | 3,435 | Other current assets | 899 | 408 | 544 | 604 |
| Total other non-operating income | - | 0 | 0 | 0 | Total assets | 25,501 | 29,279 | 36,017 | 37,145 |
| Associate contributions | (21) | 84 | 89 | 109 | ST debt | 1,247 | 1,818 | 2,416 | 2,914 |
| Net interest income/(expense) | (1,736) | (1,367) | (1,846) | (1,828) | Other current liabilities | 1,425 | 1,224 | 4,374 | 4,747 |
| Pre-tax profit | 1,120 | 1,128 | 1,575 | 1,716 | LT debt | 14,807 | 18,049 | 19,549 | 19,039 |
| Tax | (167) | (168) | (251) | (290) | Other LT liabilities | 523 | 163 | 193 | 193 |
| Minorities | (201) | (211) | (386) | (348) | Shareholders' equity | 7,105 | 7,547 | 8,177 | 8,948 |
| Net profit | 752 | 749 | 938 | 1,078 | Minority interest | 282 | 366 | 521 | 660 |

Cash Flow

| Year to 31 Jan (RMm) | 2025 | 2026F | 2027F | 2028F | Year to 31 Jan (%) | 2025 | 2026F | 2027F | 2028F |
|----------------------------------|---------|---------|-------|---------|---------------------------|-------|-------|-------|-------|
| Operating | (3016) | (2,253) | 731 | 925 | Profitability | | | | |
| Pre-tax profit | 1,120 | 1,128 | 1,575 | 1,716 | EBITDA margin | 27.0 | 80.9 | 80.7 | 75.4 |
| Tax | (332) | (168) | (251) | (290) | Pre-tax margin | 14.7 | 32.7 | 34.2 | 33.6 |
| Deprec. & amort. | 377 | 380 | 382 | 419 | Net margin | 9.9 | 21.7 | 20.4 | 21.1 |
| Associates | 21 | (84) | (89) | (109) | ROA | 3.7 | 3.4 | 3.7 | 4.1 |
| Working capital changes | (5,116) | (3,509) | (886) | (810) | ROE | 13.2 | 12.7 | 15.1 | 16.3 |
| Other operating cashflows | | | | | Growth | | | | |
| Investing | (486) | (782) | (500) | (500) | Turnover | 110.8 | (4.4) | 27.6 | 41.6 |
| Capex (growth) | (560) | (782) | (500) | (500) | EBITDA | 101.0 | 173.4 | 263.7 | 277.4 |
| Investments | (41) | 0 | 0 | 0 | Pre-tax profit | 56.4 | 57.5 | 119.9 | 139.6 |
| Others | 115 | 0 | 0 | 0 | Net profit | 87.5 | 86.8 | 133.8 | 168.8 |
| Financing | 3,336 | 2,315 | 383 | (2,302) | Net profit (adj.) | 26.6 | 85.8 | 132.7 | 167.5 |
| Dividend payments | 139 | 171 | 171 | 171 | EPS | 26.6 | 85.8 | 132.7 | 167.5 |
| Issue of shares | 920 | 0 | 0 | 0 | Leverage | | | | |
| Proceeds from borrowings | 5,054 | 1,042 | 4,100 | 2,270 | Debt to total capital | 217.3 | 251.1 | 252.5 | 228.5 |
| Loan repayment | (1,381) | 0 | 4,500 | 0 | Debt to equity | 226.0 | 263.3 | 268.6 | 245.3 |
| Others/interest paid | (1,118) | 1,444 | 155 | 139 | Net debt/(cash) to equity | 188.2 | 237.3 | 237.1 | 237.6 |
| Net cash inflow (outflow) | (166) | (720) | 614 | (1877) | Interest cover (x) | 1.2 | 2.0 | 2.0 | 2.1 |
| Beginning cash & cash equivalent | 3,063 | 2,679 | 1,959 | 2,573 | | | | | |
| Changes due to forex impact | (218) | 0 | 0 | 0 | | | | | |
| Ending cash & cash equivalent | 2,679 | 1,959 | 2,573 | 696 | | | | | |

Key Metrics

| Year to 31 Jan (%) | 2025 | 2026F | 2027F | 2028F |
|---------------------------|-------|-------|-------|-------|
| Profitability | | | | |
| EBITDA margin | 27.0 | 80.9 | 80.7 | 75.4 |
| Pre-tax margin | 14.7 | 32.7 | 34.2 | 33.6 |
| Net margin | 9.9 | 21.7 | 20.4 | 21.1 |
| ROA | 3.7 | 3.4 | 3.7 | 4.1 |
| ROE | 13.2 | 12.7 | 15.1 | 16.3 |
| Growth | | | | |
| Turnover | 110.8 | (4.4) | 27.6 | 41.6 |
| EBITDA | 101.0 | 173.4 | 263.7 | 277.4 |
| Pre-tax profit | 56.4 | 57.5 | 119.9 | 139.6 |
| Net profit | 87.5 | 86.8 | 133.8 | 168.8 |
| Net profit (adj.) | 26.6 | 85.8 | 132.7 | 167.5 |
| EPS | 26.6 | 85.8 | 132.7 | 167.5 |
| Leverage | | | | |
| Debt to total capital | 217.3 | 251.1 | 252.5 | 228.5 |
| Debt to equity | 226.0 | 263.3 | 268.6 | 245.3 |
| Net debt/(cash) to equity | 188.2 | 237.3 | 237.1 | 237.6 |
| Interest cover (x) | 1.2 | 2.0 | 2.0 | 2.1 |

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