

KEYFIELD INTERNATIONAL

(KEYFIELD MK EQUITY, KEYF.KL)

BUY

Price: RM1.39

Target Price (% return): RM1.80 (29%)

52-week High/Low: RM2.12/RM1.28

Oil & Gas

Rationale for report: Company Update

Analyst (s)

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Positive on DP2 AHTS fleet expansion

Keyfield announced the construction of a new DP2 AHTS, bringing its total newbuild pipeline to three vessels. While this falls outside our forecasts, we view it positively as it strengthens Keyfield's fleet assets and positions the group to capitalise on the tight AHTS supply gap. As highlighted in our PAO 26-28 commentary report, the outlook points to tighter offshore support vessel supply, with demand for AHTS <100MT remaining resilient, having positive revision to 63 vessels (+7%) in 2026E. At present, all of Key field's AHTS vessels is on hire.

- Keyfield announced the construction of a new 90MT diesel-electric DP2 AHTS for USD18mil (c.RM72.5mil), bringing its total newbuild pipeline to three vessels, comprising one DP2 AWB and two DP2 AHTS. While this is outside our forecasts, we see it as strategically positive as it expands fleet capacity into a tightening AHTS market.
- As highlighted in our PAO report, the market backdrop remains supportive, with the outlook pointing to a tight AHTS supply gap. Demand for AHTS <100MT remains resilient, as latest PAO forecasted higher AHTS <100MT requirements of 63 vessels (+7%) in 2026E and 67 vessels by 2028E, underpinned by sustained production support and logistics requirements across mature fields. At present, all of Keyfield's AHTS capacity is on hire (2 owned + 3 third-party AHTS), which supports the need for fleet expansion.
- We expect no immediate earnings contribution from this newbuild until delivery and deployment, which management has tentatively guided for 2028. Funding will come from internal cash and vessel disposal proceeds, with Keyfield still in a comfortable net cash position following the receipt of RM148mil from the disposal of Keyfield Compassion. We have not imputed this newbuild into our forecasts at this stage, pending greater clarity on the exact delivery timeline and commencement month. As such, we make no change to our earnings estimates or TP for now.
- Keyfield is trading cheap at FY27F 7x PE. We maintain BUY at TP RM1.80, pegged to FY27F 9x PE, in line with oil & gas service equipment (OGSE) 5-year average. This implies 29% share price upside, and an attractive dividend yield of 6%.

Quick Take

YE to Dec	FY25	FY26F	FY27F	FY28F
FD Core EPS (sen)	13.5	16.1	19.6	21.0
PE (x)	10.3	8.7	7.1	6.6

Source: Company, AmInvestment Bank Bhd.

VALUATION MATRIX

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	687.2	430.5	463.0	529.3	563.7
Core net profit (RM mil)	214.2	110.2	131.0	159.4	171.4
FD Core EPS (sen)	29.6	13.5	16.1	19.6	21.0
FD Core EPS growth (%)	34.1	(54.3)	18.9	21.7	7.5
Consensus Net Profit (RM mil)	-	-	-	-	-
DPS (sen)	11.0	9.0	9.0	9.0	9.0
PE (x)	4.7	10.3	8.7	7.1	6.6
EV/EBITDA (x)	2.4	4.0	3.9	3.5	3.4
Div yield (%)	7.3	6.0	6.0	6.0	6.0
ROE (%)	45.4	19.3	16.2	18.1	17.6
Net Gearing (%)	nm	nm	nm	nm	nm

Source: Company, AmInvestment Bank Bhd.

Valuations

Target PE (x)	9.2
FY27 EPS (sen)	19.6
ESG premium	-
12-month target price	RM1.80*

Source: Company, AmInvestment Bank Bhd. *Round up to nearest decimals

Company profile

Founded in 2013 by Dato' Darren Kee Chit Huei, Keyfield is a local O&G services company involved in the provision of offshore support vessels (OSV) and related ancillary services. The group's current fleet of 13 vessels consists of 9 accommodation workboats (AWB), 2 anchor handling tug & supply vessel (AHTS), 1 geotechnical vessel and 1 work barge. The group also charters third-party vessels on spot basis.

Investment Thesis

FY26F PAT +19% YoY on 2H26 recovery, 3-Year CAGR of 16%. Malaysia's fleet is at a renewal inflection with peers actively disposing vessels (6-7 units) against only 3 newbuilds, tightening effective supply, which supports higher DCR over time.

Young fleet, new growth levers. Tight OSV supply (Clarksons: 40% <25-year vessels) favours Keyfield's young, AWB-skewed fleet in Petronas tenders. The new DP2 cable-laying barge adds infra-linked revenue from AI data centres and subsea connectivity.

Capital discipline drives yield and growth. Management's timely monetisation (RM152mil sale, RM85mil gain) and net-cash balance sheet underpin a 6% yield and reinvestment capacity.

Valuation methodology

We value Keyfield using a P/E-based approach, as its valuation is primarily driven by earnings delivery rather than asset replacement value.

The group's chartering model generates contract-based earnings where utilisation, daily charter rates (DCR), and fleet expansion translate directly into profit.

Given the cyclical nature of the offshore support vessel (OSV) sector, P/E remains the dominant valuation metric across peers.

We therefore peg our valuation to 9x blended forward FY27F P/E, in line with the 5-year average for domestic OGSE peers

Risk factors

Key downside risks to our investment thesis include:

- Slower-than-expected activity in offshore exploration, production, and development,
- Higher operating costs, from increased material costs or labor shortages,
- Geopolitical and economic uncertainties impacting oil prices,
- A sharp drop in oil prices, potentially triggering an industry de-rating, and
- Continued sector de-rating by banks and investors due to ESG and climate change prerogatives.

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