KEYFIELD INTERNATIONAL

(KEYFIELD MK EQUITY, KEYF.KL)

BUY (MAINTAINED)	Price: RM1.37 Target Price (% return): RM1.76 (21%) 52-week High/Low: RM1.78/RM1.28	**Oil & Gas** Rationale for report: Company Result

Another transition quarter

Maintain BUY with a lower TP of RM1.76 (from RM1.80 previously), pegged to an unchanged 9x FY27F PE. We believe 1H26 marked the trough, as higher-rate accommodation work barges (AWBs) have commenced charter in June. With all vessels now on hire, we expect utilisation to strengthen in 3Q26 and drive a strong 2H26 earnings recovery, with several contracts extending into 1Q27. Looking ahead, Keyfield's modern fleet positions it well to capture the recovery in O&G activity from 2027, supporting a 3-year earnings CAGR of 15% and an FY27F dividend yield of 6%.

- **Maintain BUY with a lower TP of RM1.76** (from RM1.80 previously), pegged to an unchanged 9x FY27F PE. We cut FY26F earnings by 49% to reflect unfavourable vessel mix in 1H26, as lower-rate AHTS vessels contributed a larger proportion of charter days. We made housekeeping downward adjustment on FY27-FY28F earnings by 2-3% to account for higher depreciation cost from delivery of three newbuild vessels.
- **Missed estimate.** Keyfield's 1H26 core net loss of RM1.1mil came as a shock. While we expected softer 2Q26 earnings on utilisation of 69-70%, we did not anticipate the vessel mix to be heavily skewed towards AHTS vessels, which command 50% lower daily charter rate (DCRs) than accommodation work barge (AWBs). Most AWBs only commenced charters in late 2Q26, lifting utilisation from 62% in April-May to 83% in June.
- **Stronger 2H26, and 2027.** We draw confidence on 2H26 recovery, with 14 owned vessels already deployed, and newly acquired Keyfield Joyful to be delivered in the middle of 3Q26. Management expects own-vessel utilisation to rise to 90-95% in 3Q26 before easing to 60–65% in 4Q26 due to seasonality. The improving charter schedule should also carry into 1Q27, as some of the current contracts extend beyond year-end.
- **Modern fleet advantage bodes well.** With all vessels now on hire, Keyfield is outperforming peers, as some continue to face deployment challenges, especially for workboat segment. We remain positive in its ability to capture the recovery in

YE to Dec	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	430.5	363.7	529.3	564.0
Core net profit (RM mil)	110.2	50.3	154.4	165.3
FD Core EPS (sen)	13.5	6.2	18.9	20.3
FD Core EPS growth (%)	(54.3)	(54.4)	207.1	7.1
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	9.0	3.1	9.0	9.1
PE (x)	10.1	22.2	7.2	6.8
EV/EBITDA (x)	3.9	6.6	3.6	3.5
Div yield (%)	5.8	2.0	5.8	5.9
ROE (%)	19.3	6.3	18.2	17.7
Net Gearing (%)	nm	nm	2.6	8.9

Source: Keyfield International, AmInvestment Bank Bhd.

Analyst (s)

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Key Changes

Target Price:	⬇
EPS:	⬇

Stock and Financial Data

Shares Outstanding (million)	815.1
Market Cap (RMmil)	1,116.7
Book Value (RM/Share)	0.97
P/BV (x)	1.4
ROE (%)	19.3
Net Gearing (%)	-
Free Float	46.1
Avg Daily Value (RMmil)	0.2

Major Shareholders

Lavin Group	(26.9%)
Kee Chit Huei	(22.7%)
Ooi Soo Ping	(4.3%)

Price performance	3mth	6mth	12mth
Absolute(%)	(18.5)	(5.5)	(6.7)
Relative(%)	(17.9)	(5.2)	(14.7)

Source: Keyfield International, AmInvestment Bank Bhd.

Price Chart

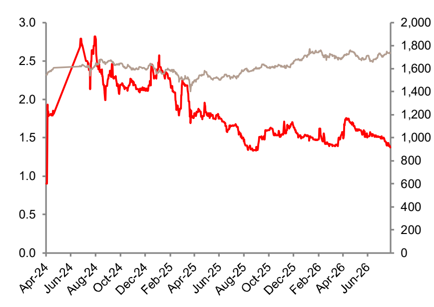


EXHIBIT 1. Changes in earnings

	FY26F			FY27F			FY28F		
RMmil	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	417.69	363.7	-13%	529.29	529.3	0%	561.84	564.0	0%
Earnings	98.08	50.3	-49%	159.36	154.4	-3%	169.49	165.3	-2%
Utilisation rate (%)	65%	62%	-3ppt	73%	73%	-	75%	75%	-

Source: Company, AmInvestment Bank Bhd

EXHIBIT 2. 2Q26 and 2H26 Earnings Summary

RM mil, YE 31 Dec	2Q25	1Q26	2Q26	QoQ %	YoY%	6M25	6M26	YoY%
Revenue	132.0	47.2	113.5	>100	-14	218.7	160.7	-27
Cost of sales	-66.2	-63.2	-79.7	26	20	-118.1	-142.9	21
Gross profit	**65.8**	**-16.0**	**33.8**	**>100**	**-49**	**100.6**	**17.8**	**-82**
Other income	27.2	89.6	1.7	-98	-94	31.6	91.3	>100
Admin exp	-6.6	-8.0	-8.1	1	22	-14.0	-16.1	15
Other exp	-3.1	-2.5	-0.3	-88	-91	-3.7	-2.8	-25
Operating profit	**83.3**	**63.1**	**27.1**	**-57**	**-67**	**114.5**	**90.2**	**-21**
Int. income	0.0	0.0	0.0	n.a	n.a	0.0	0.0	n.a
Int. exp	-3.0	-3.1	-3.1	-1	2	-5.9	-6.3	6
Share of losses of associate	0.0	0.0	0.0	-33	>100	0.0	0.0	>100
PBT	**80.3**	**59.9**	**24.0**	**-60**	**-70**	**108.6**	**84.0**	**-23**
Tax	-13.9	-4.7	-0.6	-86	-95	-21.5	-5.3	-75
Reported PAT	**66.3**	**55.2**	**23.4**	**-58**	**-65**	**87.1**	**78.6**	**-10**
MI	0.0	0.9	-0.3	>100	n.a	0.0	0.6	>100
PATMI	**66.3**	**56.1**	**23.1**	**-59**	**-65**	**87.0**	**79.2**	**-9**
Exceptional Items	0.0	-79.9	-0.5	-99	n.a	0.0	-80.4	n.a
Core PATMI/LATMI	**66.3**	**-23.7**	**22.6**	**-158**	**-65**	**87.0**	**-1.1**	**-9**
Ratio:								
GPM	50%	-34%	30%	>100	-40 ppt	46%	11%	-76 ppt
OPM	63%	134%	24%	-82 ppt	-62 ppt	52%	56%	7 ppt
PBT	61%	127%	21%	-83 ppt	-65 ppt	50%	52%	5 ppt
Core PAT	50%	-50%	20%	>100	-60 ppt	40%	-1%	>100
ETR	-17%	-8%	-3%	-66 ppt	-85 ppt	-20%	-6%	-68 ppt
Revenue	**2Q25**	**1Q26**	**2Q26**	**QoQ %**	**YoY%**	**6M25**	**6M26**	**YoY%**
- Chartering	97.5	31.0	73.8	>100	-24	157.7	104.7	-34
- Catering	15.9	1.3	8.9	>100	-44	26.2	10.1	-61
- Others	3.2	0.4	3.5	>100	10	5.3	3.9	-26
Own Vessels	116.6	32.7	86.1	>100	-26	189.2	118.8	-37
- Chartering	13.9	12.5	26.1	>100	88	25.6	38.6	51
- Catering	0.4	0.6	1.0	70	>100	2.5	1.6	-38
- Others	1.0	1.4	0.4	-73	-64	1.4	1.8	27
Third Party Vessels	15.3	14.5	27.4	89	79	29.5	41.9	42
Total	132.0	47.2	113.5	>100	-14	218.7	160.7	-27
Geography								
Singapore	6.0	23.9	0.0	-100	-100	9.7	0.0	-100
China	3.5	12.6	12.2	-3	>100	3.5	22.9	>100
Middle East	2.3	10.7	14.5	35	>100	2.3	27.0	>100
Malaysia	120.2	0.0	86.9	n.a	-28	203.2	110.8	-45
Total	132.0	47.2	113.5	>100	-14	218.7	160.7	-27

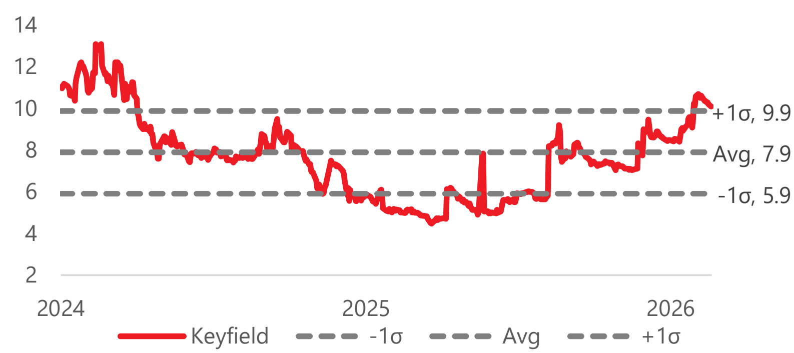
Source: Company, AmInvestment Bank Bhd

EXHIBIT 3. Valuation

Target PE (x)	9.3
FY27F EPS	18.9
ESG premium	-
12-month target price (RM)	1.76

Source: Company, AmInvestment Bank Bhd. *May not add up due to rounding

EXHIBIT 4. Keyfield 12-month forward PE



Source: Company, AmInvestment Bank Bhd.

Company profile

Keyfield International is a Malaysian offshore support vessel (OSV) operator providing vessel chartering and ancillary offshore services to the oil and gas sector. The group owns 15 vessels, comprising 10 accommodation workboats, 3 AHTS vessels, 1 geotechnical vessel and 1 work barge, while also chartering third-party vessels on a spot basis.

Investment thesis

Contract wins support utilisation rebound. Keyfield is well-positioned for FY27F recovery as utilisation improves from FY25's weaker 63% level toward c.73% in FY27F, supported by recent contract wins.

Young fleet and expansion capture tight supply. Tight OSV supply favours Keyfield's young fleet, while its newbuild pipeline of 1 DP2 AWB and 2 DP2 AHTS strengthens growth beyond FY26F. The latest 90MT DP2 AHTS is guided for 2028 delivery and funded by internal cash and vessel disposal proceeds.

Net cash and capital discipline support yield. Keyfield's net cash balance sheet, and disciplined capital allocation underpin attractive dividend yield while preserving reinvestment capacity for fleet expansion.

Valuation Methodology

We value Keyfield using a PE-based methodology, pegging the stock to 9x FY27F PE, to derive a target price of RM1.76/share. Given Keyfield's young fleet advantage, we ascribe higher PE among peers. This is supported by a better sector backdrop, as elevated Brent prices should improve operator capex confidence, while improving local tender flow and tight vessel supply could drive future charter-rate repricing.

Risk factors

i) Slower-than-expected offshore activity.

ii) Lower vessel utilisation or weaker daily charter rate

iii) Delays in newbuild delivery or deployment

Financial Summary

Income Statement (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	687.2	430.5	363.7	529.3	564.0
EBITDA	338.4	230.1	158.1	316.1	344.8
Depreciation/Amortisation	(52.7)	(67.9)	(80.2)	(98.9)	(110.8)
Operating income (EBIT)	285.7	162.2	77.9	217.2	234.0
Other income & associates	-	-	-	-	-
Net interest	(6.9)	(12.0)	(12.2)	(14.4)	(16.9)
Exceptional items	(12.8)	(33.5)	-	-	-
Pretax profit	**291.5**	**150.1**	**65.7**	**202.7**	**217.1**
Taxation	(76.5)	(40.3)	(15.8)	(48.7)	(52.1)
Minorities/pref dividends	(0.8)	0.3	0.3	0.3	0.3
Net profit	**226.9**	**143.7**	**50.3**	**154.4**	**165.3**
Core net profit	214.2	110.2	50.3	154.4	165.3

Balance Sheet (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	618.2	861.5	1,061.0	1,248.5	1,421.8
Intangible assets	31.3	15.3	38.9	43.5	54.7
Other long-term assets	1.9	1.7	1.7	1.7	1.7
Total non-current assets	**651.3**	**878.5**	**1,101.6**	**1,293.7**	**1,478.2**
Cash & equivalent	321.6	234.9	95.0	2.4	(61.3)
Stock	3.9	8.1	8.8	9.6	10.2
Trade debtors	152.1	35.4	29.9	43.6	46.4
Other current assets	8.7	25.7	25.7	25.7	25.7
Total current assets	**486.3**	**304.1**	**159.4**	**81.3**	**21.0**
Trade creditors	72.6	34.4	37.5	41.1	43.4
Short-term borrowings	-	5.6	5.6	5.6	5.6
Other current liabilities	50.3	25.2	27.6	27.6	27.6
Total current liabilities	**122.9**	**65.2**	**70.7**	**74.3**	**76.7**
Long-term borrowings	-	20.1	20.1	20.1	20.1
Other long-term liabilities	299.8	309.8	357.9	387.6	418.8
Total long-term liabilities	**299.8**	**329.9**	**378.1**	**407.7**	**439.0**
Shareholders' funds	**710.6**	**782.2**	**807.3**	**888.4**	**979.3**
Minority interests	4.3	5.2	4.9	4.6	4.3
BV/share (RM)	0.99	0.97	1.00	1.10	1.21

Cash Flow (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	291.5	150.1	65.7	202.7	217.1
Depreciation/Amortisation	52.7	67.9	80.2	98.9	110.8
Net change in working capital	359.3	227.1	146.0	301.7	327.9
Others	(414.9)	(194.5)	(153.9)	(361.2)	(381.1)
Cash flow from operations	**288.6**	**250.7**	**138.0**	**242.1**	**274.8**
Capital expenditure	(147.4)	(330.3)	(252.8)	(261.4)	(264.1)
Net investments & sale of fixed assets	-	-	-	-	-
Others	(1.0)	58.1	-	-	-
Cash flow from investing	**(148.4)**	**(272.2)**	**(252.8)**	**(261.4)**	**(264.1)**
Debt raised/(repaid)	-	27.6	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(79.3)	(72.5)	(25.1)	(73.3)	(74.4)
Others	179.6	(19.4)	-	-	-
Cash flow from financing	**100.3**	**(64.2)**	**(25.1)**	**(73.3)**	**(74.4)**
Net cash flow	**240.5**	**(85.7)**	**(139.9)**	**(92.6)**	**(63.7)**
Net cash/(debt) b/f	**68.5**	**321.6**	**234.9**	**95.0**	**2.4**
Net cash/(debt) c/f	**505.7**	**235.9**	**95.0**	**2.4**	**(61.3)**

Key Ratios

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	59.6	(37.3)	(15.5)	45.5	6.5
EBITDA growth (%)	63.2	(32.0)	(31.3)	99.9	9.1
Pretax margin (%)	42.4	34.9	18.1	38.3	38.5
Net profit margin (%)	33.0	33.4	13.8	29.2	29.3
Interest cover (x)	41.2	13.5	6.4	15.1	13.9
Effective tax rate (%)	26.2	26.8	24.0	24.0	24.0
Dividend payout (%)	-	-	-	-	-

Debtors turnover (days)	65	80	33	25	29
Stock turnover (days)	2	5	8	6	6
Creditors turnover (days)	30	45	36	27	27

Source: Company, AmInvestment Bank Bhd.

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