OIL & GAS

LIANSON FLEET GROUP

(LFG MK EQUITY, LFG.KL)

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Company Report

AWB disposal reinforces capital recycling discipline

BUY

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Price: RM2.01
Target Price: RM2.40

Rationale for report: Company Update

Quick Take

YE to Dec	FY24	FY25F	FY26F	FY27F
FD Core EPS (sen)	7.3	5.9	8.7	10.0
PE (x)	27.4	34.2	23.0	20.1

Source: AmInvestment Bank Bhd

- LFG is disposing one (1) DP-2 Accomodation Workboat (AWB) Kayra for USD22mil (RM93mil) cash to MAG Offshore Investments LLC, with expected completion by December 2025.
- As highlighted in our initiation report, the sale of AWB Kayra validates management's execution of the capital recycling playbook. By trimming ageing OSVs, LFG maintains a leaner fleet and mitigating higher survey maintenance burden for older vessels.
- It strengthens balance sheet discipline and accelerates the pivot from cyclical OSVs into diversified structural growth market.
- Including this disposal, LFG has accumulated RM186mil proceeds YTD from asset disposal exercise (24% of shareholders equity, 8% of market cap), which supports early debt prepayment and boost balance sheet flexibility.
- Combined with prior disposals, LFG's stronger net cash position FY25F of RM570mil (assuming full-warrant conversion) gives LFG ample firepower to fund new higher growth ventures - a key differentiator vs. OSV peers.
- Maintain BUY, TP: RM2.40/share. Upside optionality remains from

  (i) new energy services JV, offering strategic entry into robust regional energy market and;

  (ii) long-term transformation into regional power and infra contractor role, via Asean Power Grid opportunities.

TABLE 1 : VALUATION MATRIX

YE 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	199.8	235.8	285.7	402.3	448.4
Core net profit (RM mil)	(8.1)	45.7	71.2	105.9	121.5
FD Core EPS (sen)	(1.5)	7.3	5.9	8.7	10.0
FD Core EPS growth (%)	165.9	(592.2)	(19.8)	48.7	14.7
Consensus Net Profit (RM mil)	-	-	81.5	90.7	93.4
DPS (sen)	5.0	-	4.0	5.1	5.9
PE (x)	(135.1)	27.4	34.2	23.0	20.1
EV/EBITDA (x)	23.6	23.1	11.3	7.4	6.3
Div yield (%)	3.0	-	2.4	3.0	3.5
ROE (%)	1.3	11.2	11.8	13.3	14.1
Net Gearing (%)	49.0	26.2	nm	nm	nm

Source: Company, AmInvestment Bank Bhd estimates

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