

Company Name : Wasco Berhad
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Wasco well-positioned to secure up to two FPSO module packages

PETALING JAYA: Wasco Bhd's existing yard capacity and modular fabrication capability appear well-positioned to secure one to two additional floating production, storage and offloading (FPSO) module packages, according to Hong Leong Investment Bank (HLIB) Research.

Following the recent award for pre-assembled process modules from Technip Energies Italy, Wasco's consolidated order book has expanded RM3.2bil to RM3.4bil, while its tender book remains robust at RM14.2bil.

The current order book level has surpassed pre-pandemic highs and is likely to remain above RM3bil throughout financial year 2026 (FY26), said the research house.

It said this would be supported primarily by sustained momentum in Wasco's engineering and fabrication division.

HLIB Research kept its earnings forecasts unchanged and reiterated its "buy" call on the stock with an unchanged target price of RM1.49 a share.

This is based on a price-to-earnings ratio of nine times.

The research house liked Wasco as a strategic proxy to rising capital expenditure in deepwater developments (FPSO) and liquefied natural gas projects.

There are also emerging opportunities in the energy transition space including carbon capture, utilisation and storage, new energy such as hydrogen infrastructure, green ammonia as well as renewa-

bles such as biomass, wind and solar, according to the research house.

HLIB Research is upbeat on Wasco's engineering and fabrication division, with seven FPSO projects currently out for tender across Malaysia, South America and Africa.

It added that while the Sepat FPSO is likely heading to OceanStar Elite, removing Wasco from that bid, the Kikeh FPSO tender is still ongoing.

However, Wasco's partnering arrangement is yet to be confirmed.

HLIB Research pointed out that the pipeline business remained subdued with Wasco gradually pivoting away from its traditional pipe-coating segment amid a softer tender environment and slower

contract-award cycles.

Several prospective projects appeared to be on hold or delayed although Wasco continues to actively participate in tenders.

Based on HLIB Research's findings, Wasco's pipeline scope for the Estel Enterprise Sabah RM31bil integrated steel project had been delayed.

This is primarily due to setbacks in securing the necessary regulatory approvals and natural gas supply arrangements.

Major Japanese pipe mills have been reducing crude steel output and shipment volumes, reflecting softer demand conditions and increasing price competition from lower-priced Chinese supply, according to the research house.