



WASCO GREENERGY

4Q25 - Meeting expectations

Results | GENERGY | Renewables

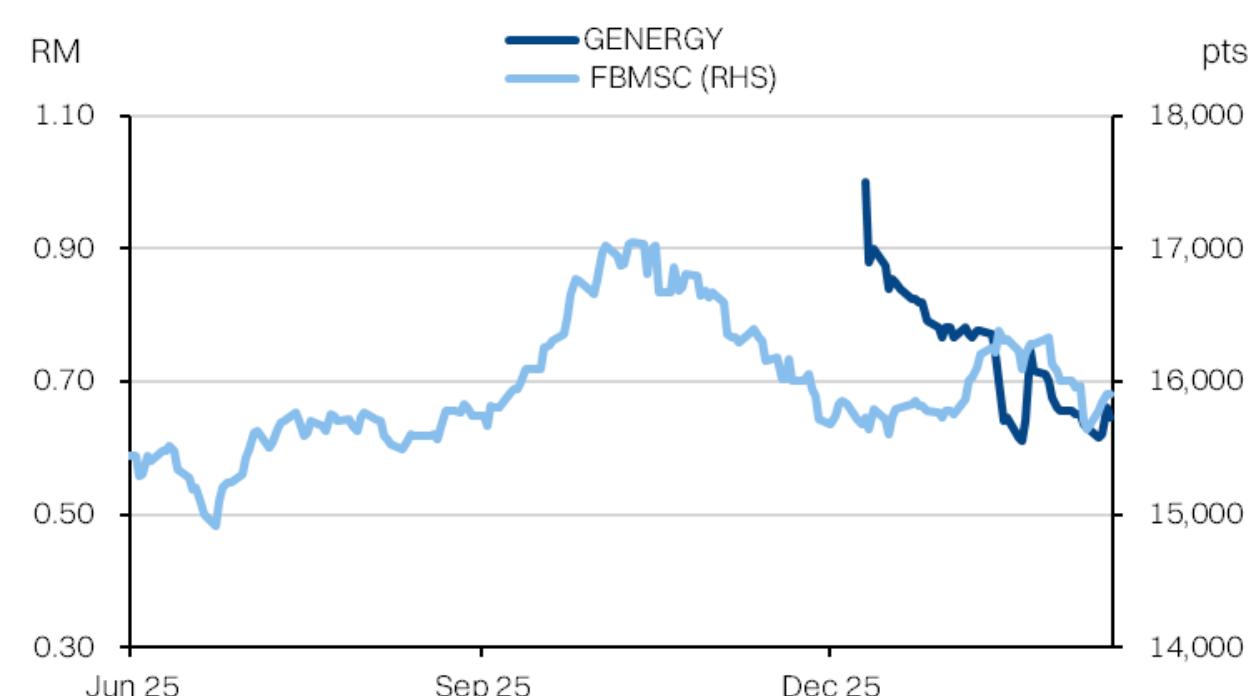
BUY

Target Price: RM1.10

Last Price: RM0.64

(as at 12 Feb 2026)

SHARE PRICE PERFORMANCE



Market cap	RM323m
Shares out	500m
52-week range	RM0.61/RM0.98
3M ADV	n/a
T12M returns	-36%

INVESTMENT FUNDAMENTALS

RMm (end-Dec)	FY25A	FY26E	FY27E	FY28E
Revenue	267	303	341	359
Revenue YoY	-4%	14%	13%	5%
Adj PATAMI	28.6	34.7	40.1	41.5
Adj PATAMI margin	11%	11%	12%	12%
DPS (sen)	2	2.4	2.8	2.9
ROA	7%	8%	8%	8%
ROE	11%	12%	12%	11%
PER	8.5	9.2	8.0	7.7
P/BV	0.9	1.1	1.0	0.9
Yield	3%	4%	4%	4%
Net debt/equity	16%	15%	17%	18%

Source: Company data, NPS Research, February 2026

KEY POINTS:

- 4Q25 Adj NP of RM9.8m (+16.7% YoY) was in-line with ours/consensus expectations. Full year Adj NP up +5.6% YoY.
- Orderbook remains stable at RM241m, marginally lower by RM9m YoY.
- We trim our FY26E Adj NP by -2% and lower our TP to RM1.10 (from RM1.30) on a lower target multiple of 12x.

NEWSFLOW NEEDED TO REVERSE DERATING

- ENERGY's 4Q25 earnings were broadly in-line with expectations, with a full-year Adj NP of RM32.3m (+5.6% YoY). Revenue of RM266.5m was a little softer than expected (-3.7% YoY) but offset by better margins.
- Management shared that orderbook remained stable at RM241.3m, with ~89% in renewable energy and another 11% in industrial energy and equipment. Almost all the orderbook is due to be recognized in FY26. The current trajectory of the orderbook points to a potentially flatter FY26. Nonetheless we maintain our expectation of RM303m (+14% YoY), as we expect securing new projects will drive growth.
- On that note, there were not meaningful updates on prospective brownfield/greenfield projects for the build-own-operate (BOO) and build-own-transfer (BOT) segment that management is trying to build. The timeline for the brownfield project is the clearest, with management expecting a decision within 1Q26. However, the tender process on the greenfield project sounded less certain and could take longer to come to a decision.
- A dividend of 2sen/share was declared (34% payout), which was in-line with expectations.

OVERSOLD, BUT CATALYST NEEDED

- Since listing, ENERGY's share price has fallen ~36%, despite no material downgrades in outlook. One potential reason for the derating, could be the corresponding weakness in other renewable stocks (solar in particular), that have seen a sharp correction in the same period. While having very different drivers, we appreciate the weaker market sentiment will have a tack-on impact on ENERGY as well.
- ENERGY is now trading at an implied 8x FY26E PER, which we see as heavily depressed. We lower our target multiple to 15.9x FY26E for a target price of RM1.10.
- The key for ENERGY's rerating hinges on newsflow of new BOO/BOT projects. The good news, is that the aforementioned brownfield project is likely to crystallize within the next 2-3 months.
- Maintain BUY.

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About the Company

Wasco Greenergy Bhd (ENERGY) is one of the top biomass power equipment EPCC companies in Malaysia and Indonesia. This encompasses boilers that are fabricated in-house and the distribution of Shinko steam turbines. ENERGY differentiates itself from its direct competitor, BM Greentech, by providing engineering for customized solutions. It will further differentiate itself by venturing into asset ownership of biomass-to-steam systems for industrial customers.

About the Stock

ENERGY is listing on the main board of Bursa Malaysia and will be a Shariah compliant stock. It is a renewable energy spin-off from its listed O&G-focused parent, Wasco Bhd, which retains a 62.5% stake. ENERGY is a professionally-managed company with a majority independent board.

Investment Thesis

ENERGY is an early-stage opportunity to invest in a high-growth renewable niche of biomass-for-steam power. Not just as an EPCC, but as an asset owner. Between the abundant and under-utilized biomass supply and the estimated 30% cost savings compared with natural gas-powered steam, which we estimate to be an RM2-3bn market. Thematically, ENERGY will be a strong ESG play as it helps customers decarbonize while decoupling from global energy commodity prices.

Key Risks:

- **Execution risk:** By far the biggest hurdle will be securing the first greenfield biomass-to-steam contract and subsequently delivering on the expected payback period of 5 years. ENERGY has no track record with asset-ownership.
- **Competition:** ENERGY has sizable EPCC competitors in the space. While some lack direct engineering capability, they have the resources and balance sheet to close the gap and compete for the same assets.
- **Feedstock:** The business model counts on biomass remaining at least cheaper than conventional fuels. Competing use for biomass that threatens feedstock prices would upend the business model.

Changes to forecasts

	Actual	NPS forecasts			Consensus forecasts			NPS vs Consensus		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	267	303	341	359	306	329		-1%	4%	
EBITDA	42	57	66	69	55	59		5%	12%	
PATAMI	29	35	40	42	37	40		-7%	0%	

	Actual	NPS New			NPS Old			NPS vs Consensus		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	267	303	341	359	303	341		0%	0%	
EBITDA	42	57	66	69	51	59		13%	12%	
PATAMI	29	35	40	42	35	42		-2%	-4%	

Source: Company data, NPS Research, February 2026

Lower TP to RM1.10

	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	289	277	267	303	341	359	429	505
	8%	-4%	-4%	14%	13%	5%	19%	18%
Adj NP	30	35	29	35	40	42	53	66
Target multiple				16				
Valuation				551				
Shares out	378	378	500	500	500	500	500	500
Target Price				1.10				
Last price				0.64				
Dividend (sen)	0	0	2	2.4	2.8	2.9	3.7	4.5
TSR				76%				
PER (at current last price)	8.0	7.0	11.0	9.0	8.0	8.0	6.0	5.0
PER (at target price)	14.0	12.0	19.0	16.0	14.0	13.0	10.0	8.0
P/B (at current price)	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
P/B (at target price)	3.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Yield (at current price)	0.0%	0.0%	3.1%	3.7%	4.3%	4.5%	5.7%	7.1%
Yield (at target price)	0.0%	0.0%	1.8%	2.2%	2.5%	2.6%	3.3%	4.1%

Source: Company data, NPS Research, February 2026

Income Statement

Income statement	Dec 2025	Dec 2026	Dec 2027	Dec 2028
	FY25A	FY26E	FY27E	FY28E
Total revenue	266.5	303.1	341	359.5
Cost of Goods Sold	-188.6	-219.2	-247.3	-260.7
Gross Profit	77.9	83.9	93.7	98.8
Other operating expenses	-35.9	-26.8	-28.1	-29.4
EBITDA	42	57.1	65.6	69.4
Depreciation	-3.5	-4.1	-4.7	-6.1
Amortisation	0	0	0	0
EBIT	38.5	53	60.9	63.3
Interest expense	-2.5	-2.5	-2.5	-2.5
Interest income	1.2	3.1	3.4	3.4
Associates & JV's	0	0	0	0
PBT	37.2	53.6	61.9	64.2
Tax	-10.8	-13.4	-15.5	-16
Net Profit	26.3	40.2	46.4	48.2
Minority interests	3.6	5.5	6.4	6.6
Reported PATAMI	22.7	34.7	40.1	41.5
Adjusted PATAMI	28.6	34.7	40.1	41.5

Key Ratios					
Revenue growth	-4%	14%	13%		
EBITDA growth	-26%	36%	15%	19%	
EBIT growth	-29%	38%	15%		
PATAMI growth	-7%	21%	16%		
EBITDA margin	16%	19%	19%		
EBIT margin	14%	17%	18%		

ROA	6%	8%	8%	8%
ROE	11%	12%	13%	
Net debt/Equity	-36%	-37%	-30%	

Shares					
Basic shares outstanding	379	500	500	500	
Diluted shares outstanding	379	500	500	500	

EPS (sen)	7.56	6.93	8.01	
DPS (sen)	2	2.38	2.75	
Dividend payout ratio	26%	34%	34%	

Source: Company Data, Bloomberg, NewParadigm Research, February 2026

Balance Sheet

Balance sheet	Dec 2025	Dec 2026	Dec 2027	Dec 2028
	FY25A	FY26E	FY27E	FY28E
Current assets				
Cash & other liquid assets	138.8	156.7	154.6	138.6
Receivables	43.2	41.5	46.7	49.2
Inventories	61.7	71.7	80.9	85.3
Other current assets	26.7	26.7	26.7	26.7
Total current assets	270.4	296.6	308.9	299.8
Non-current assets				
Fixed assets	106.6	122.3	162	218
Right-of-use assets	0	0	0	0
Investment in associates/JV's	0	0	0	0.1
Other investments	0	0	0	0
Non-current receivables	0	0	0	0
Other non-current assets	6.4	6.1	5.8	5.4
Total non-current assets	116.3	131.7	171.1	226.8
Total Assets	386.7	428.3	480	526.6
Current liabilities				
Short-term debt	6.4	0	0	0
Lease liabilities	0	0	0	0
Trade payables	35.3	45	54.2	57.1
Other current liabilities	39.2	39.2	39.2	39.2
Total Current Liabilities	80.9	84.3	93.5	96.4
Non-current liabilities				
Long-term debt	35.9	45.9	55.9	65.9
Convertible debt	0	0	0	0
Lease liabilities	0	0	0	0
Other non-current liabilities	1.4	1.4	1.4	1.4
Total non-current Liabilities	37.3	47.3	57.3	67.3
	0	0	0	0
Total Liabilities	118.1	131.6	150.7	163.7
Equity				
Preference capital				
Ordinary capital	235.6	235.5	235.3	235.1
Reserves	-29.6	-29.6	-29.6	-29.6
Retained earnings	62.4	85.1	111.4	138.7
Minority interests	0.2	5.7	12.1	18.7
Convertible/other	0	0	0	0
Total Equity	268.6	296.8	329.3	363
Attributable to owners	268.4	291.1	317.2	344.3

Source: Company Data, Bloomberg, NewParadigm Research, February 2026

Cash Flow

Cash Flow	Dec 2025	Dec 2026	Dec 2027	Dec 2028
	FY25A	FY26E	FY27E	FY28E
EBITDA	42	57.1	65.6	69.4
Changes in working capital	-7.8	1.4	-5.2	-4
Tax paid	-11.6	-13.4	-15.5	-16
Others	-1.6	0	0	0
Net cash from Operations	21.1	45.2	44.9	49.4
Capex	-5.4	-19.5	-44.1	-61.8
Addition of ROU assets	0	0	0	0
Acquisitions	0	0	0	0
Disposals	0	0	0	0
Interest received	1.1	3.1	3.4	3.4
Others	4.5	0	0	0
Net cash from Investing	0.3	-16.4	-40.6	-58.4
Net increase/decrease in debt	-3.2	3.6	10	10
Net equity issuance	73.3	-0.1	-0.2	-0.2
Dividends paid to shareholders	0	-11.9	-13.8	-14.3
Dividends paid to NCI	0	0	0	0
Interest paid	-2.5	-2.5	-2.5	-2.5
Others	0	0	0	0
Net Cash from Financing	67.7	-10.8	-6.4	-7
Change in cash	138.8	17.9	-2.1	-16
FX adjustements	-5	0	0	0
Net Change in cash	133.8	17.9	-2.1	-16

Source: Company Data, Bloomberg, NewParadigm Research, February 2026

Important Disclosures

Recommendation definitions

Buy - Expected return of > +10% over the next 12 months.

Hold - Expected return between ±10%

Sell - Expected return of < -10% over the next 12 months

Trading Buy - Expected return of > +15% over the next 12 months, but LT prospects uncertain.

Not rated - No recommendation on stock performance.

Analysts

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Note: Recommendations may fall outside of the aforementioned ranges from time to time due to share price volatility.

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