UOBKayHian

Company – Results | Singapore

Wednesday, 02 September 2026

ASL Marine (ASL SP)

FY26: Strong Earnings Growth And Improving Outlook

Highlights

- FY26 revenue and earnings are in line, forming 95% and 103% of our forecasts respectively.
- Ship chartering drove growth, with revenue up 10% yoy and gross margin improving to 20.1%, while ship repair remained resilient.
- Maintain BUY with a slightly lower target price of S$0.41, pegged to an unchanged 12x FY27F PE.

FY26 Results

Year to 30 Jun (S$m)	2HFY26	2HFY25	yoy % chg	FY26	FY25	yoy % chg
Revenue	179.1	177.9	+0.7	360.7	350.1	+3.0
Gross profit	41.9	32.4	+29.3	77.0	60.7	+27.0
Gross profit margin (%)	23.4	18.2	+5.2ppt	21.4	17.3	+4.1ppt
PATMI	16.2	13.1	+23.3	33.3	14.6	+128.3
PATMI margin (%)	9.0	7.4	+1.6ppt	9.2	4.2	+5.1ppt

Source: ASL, UOB Kay Hian

Analysis

- **Earnings slightly ahead of expectations.** ASL Marine (ASL) reported FY26 revenue of S$360.7m (+3.0% yoy) and PATMI of S$33.3m (+128.3% yoy), accounting for 95% and 103% of our respective forecasts. Growth was driven by stronger ship chartering contributions while shipbuilding and ship repair remained stable. The earnings beat was supported by stronger ship chartering contributions and continued deleveraging, with finance costs falling 66% yoy. Gross margins improved 4.1ppt to 21.4%, while PATMI margin improved 5.1ppt to 9.2%.
- **2HFY26 margins strengthened on better business mix.** For 2HFY26, ASL reported revenue of S$179.1m (+0.7% yoy) and PATMI of S$16.2m (+23.3% yoy). Ship chartering revenue rose 18.6% yoy, offsetting softer ship repair and shipbuilding contributions. Gross margin expanded 5.2ppt yoy to 23.4%, driven by stronger ship chartering margins on higher charter rates, lower maintenance and operating costs, alongside improved shipbuilding margins.

Key Financials

Year to 30 Jun (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	349	361	396	414	430
EBITDA	87	87	89	94	97
Operating profit	36	51	49	50	51
Net profit (rep./act.)	4	33	35	38	40
Net profit (adj.)	18	33	35	38	40
EPS (S$ cent)	2.5	3.2	3.4	3.7	3.9
PE (x)	12.0	9.3	8.8	8.1	7.7
P/B (x)	2.7	1.9	1.6	1.4	1.2
EV/EBITDA (x)	4.5	3.5	3.4	3.3	3.2
Dividend yield (%)	0.7	1.0	1.0	1.0	1.0
Net margin (%)	4.2	9.2	8.9	9.2	9.3
Net debt/(cash) to equity (%)	119.8	40.7	(1.1)	(14.7)	(27.0)
Interest cover (x)	3.6	11.9	19.7	32.9	72.9
ROE (%)	14.2	24.6	20.1	18.2	16.3
Consensus net profit (S$m)	-	-	38	40	-
UOBKH/Consensus (x)	-	-	0.94	0.94	-

Source: ASL, Bloomberg, UOBKH

Analyst(s)

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BUY (Maintained)

Share Price	S$0.30
Target Price	S$0.41
Upside	+36.7%
Previous TP	S$0.43

Stock Data

GICS sector	Industrials
Bloomberg ticker:	ASL SP
Shares issued (m):	1,029.0
Market Cap (S$m):	308.7
Market cap (US$m):	242.5
3-mth avg t'over (US$m):	0.2

Price Performance (%)

52-week high/low				S$0.41/S$0.094
1mth	3mth	6mth	1yr	YTD
(6.3)	(11.8)	(6.3)	167.9	7.1

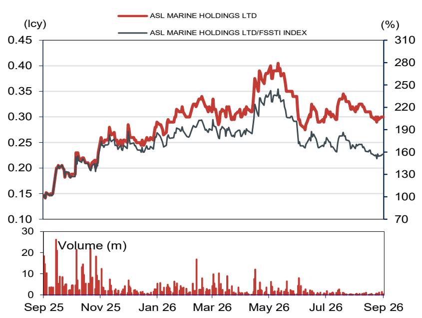
Major Shareholders (%)

The Ang Family	65.4

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.19
FY26 Net Cash/ Share (S$)	0.00

Price Chart



Source: Bloomberg

Company Description

ASL Marine operates as a holding company. The company, through its subsidiaries, engages in shipbuilding, shiprepair and conversion, marine vessel chartering, marine engineering, and other related services. It serves customers worldwide.

- **Ship chartering: Driving top-line growth.** Ship chartering revenue rose 10.1% yoy to S$105.3m, driven by stronger contributions from local infrastructure projects, despite softer overseas infrastructure and towage jobs. Gross margin surged to 20.1% from 5.7%, lifting gross profit to S$21.2m. Orderbook remained strong at S$61m (+60.5% yoy), while management expects demand to remain supported by infrastructure and energy-related projects across Asia.
- **Ship repair remains the core earnings anchor.** Ship repair, conversion and engineering revenue was broadly stable, rising 0.8% yoy to S$170.9m (47% of revenue), supported by higher-value repair projects. 2HFY26 revenue fell 8.2% yoy due to lower contributions from precast projects.
- **Shipbuilding: Pipeline moderates amid softer demand.** Shipbuilding revenue remained broadly flat at S$84.5m (-0.4% yoy), while gross margin improved to 18.4% (+4.9ppt yoy). The orderbook declined to S$18m, reflecting softer tug and barge demand from Indonesia's coal market. Management is targeting alternative markets and pursuing higher-value projects, which should help support margins despite the softer pipeline.
- **Cash position strengthened; 0.17 S cents dividend proposed.** ASL generated S$49.5m in operating cash flow, supported by stronger profitability and healthy cash generation from its service-centric businesses. Cash and cash equivalents increased to S$30.1m, while net gearing improved significantly to 0.59x, as the company continues to focus on deleveraging. Against the improved financial position, a final dividend of 0.17 S cents/share was proposed, bringing total FY26 DPS to 0.30 S cents (+50% yoy).
- **Singapore infrastructure initiatives support longer-term growth opportunities.** Management highlighted Singapore's S$100b coastal protection programme and the New Western Island initiative as potential multi-year opportunities for ASL. These projects should increase demand for dredging engineering services and vessel utilisation, supporting the group's businesses over the longer term.

Valuation/Recommendation

- **Maintain BUY with a 5% lower target price of S$0.41 (S$0.43 previously),** pegged to unchanged 12x FY27F PE, in line with peers' average. The slightly lower target price reflects the enlarged share base following ASL's recent placement. We continue to expect ASL's earnings growth to be supported by resilient ship repair demand and sustained chartering activity in the next financial year. We also introduce our FY29 forecasts.

Earnings Revision/Risk

- We maintain our earnings forecasts.

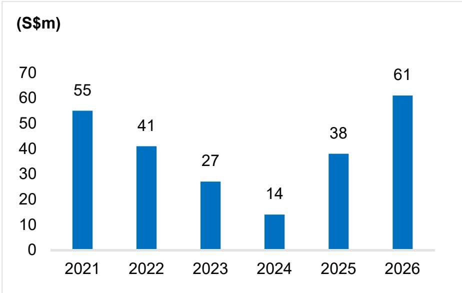
Share Price Catalyst

- Higher contracts win across business segments.
- Expansion of dry-dock capacity in early-FY27.
- Higher dividend payout.

Key Financial Highlights (FY26)

Source: ASL, UOB Kay Hian

Ship Chartering Orderbook



Source: ASL, UOB Kay Hian

Profit & loss

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Net turnover	360.7	395.8	414.1	430.0
EBITDA	86.7	89.4	93.6	97.3
Deprec. & amort.	35.5	40.4	43.3	46.1
EBIT	51.2	49.0	50.3	51.2
Total other non-operating income	(1.8)	0.0	0.0	(0.0)
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(7.3)	(4.5)	(2.8)	(1.3)
Pre-tax profit	42.2	44.5	47.5	49.9
Tax	(8.9)	(9.3)	(9.5)	(10.0)
Minorities	0.0	0.0	0.0	0.0
Net profit	33.3	35.1	38.0	39.9
Net profit (adj.)	33.3	35.1	38.0	39.9

Balance Sheet

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Fixed assets	212.3	201.9	188.7	172.6
Other LT assets	14.2	14.2	14.2	14.2
Cash/ST investment	30.1	64.0	69.2	81.0
Other current assets	188.5	170.2	195.3	218.4
Total assets	445.2	450.4	467.4	486.2
ST debt	32.7	26.0	26.0	26.0
Other current liabilities	174.1	176.3	183.8	191.1
LT debt	62.0	36.0	10.0	(16.0)
Other LT liabilities	18.1	21.3	21.8	22.5
Shareholders' equity	158.8	190.9	225.8	262.6
Minority interest	(0.7)	0.0	0.0	0.0
Total liabilities & equity	445.2	450.4	467.4	486.2

Cash flow

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Operating	49.5	76.8	84.6	90.1
Pre-tax profit	42.2	44.5	47.5	49.9
Tax	(6.3)	(6.9)	(9.3)	(8.8)
Deprec. & amort.	35.5	40.4	43.3	46.1
Associates	0.0	0.0	0.0	0.0
Working capital changes	(19.2)	(12.7)	3.1	2.9
Non-cash items	(2.7)	11.5	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	22.7	(2.5)	(33.0)	(30.0)
Capex (growth)	(63.3)	(30.0)	(30.0)	(30.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	9.8	0.0	0.0	0.0
Others	76.2	27.5	(3.0)	0.0
Financing	(64.6)	(40.3)	(46.4)	(48.3)
Dividend payments	(3.3)	(3.1)	(3.1)	(3.1)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(61.7)	(32.7)	(26.0)	(26.0)
Others/interest paid	0.5	(4.5)	(17.3)	(19.2)
Net cash inflow (outflow)	7.6	34.0	5.2	11.8
Beginning cash & cash equivalent	22.8	30.1	64.0	69.2
Changes due to forex impact	(0.4)	0.0	0.0	0.0
Ending cash & cash equivalent	30.1	64.0	69.2	81.0

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	24.0	22.6	22.6	22.6
Pre-tax margin	11.7	11.2	11.5	11.6
Net margin	9.2	8.9	9.2	9.3
ROA	n.a.	7.8	8.3	8.4
ROE	n.a.	20.1	18.2	16.3
Growth				
Turnover	n.a.	9.7	4.6	3.8
EBITDA	n.a.	3.1	4.7	4.0
Pre-tax profit	n.a.	5.5	6.9	4.9
Net profit	n.a.	5.5	8.2	4.9
Net profit (adj.)	n.a.	5.5	8.2	4.9
EPS	n.a.	5.5	8.2	4.9
Leverage				
Debt to total capital	37.5	24.5	13.8	3.7
Debt to equity	59.6	32.5	16.0	3.8
Net debt/(cash) to equity	40.7	(1.1)	(14.7)	(27.0)
Interest cover (x)	11.9	19.7	32.9	72.9