

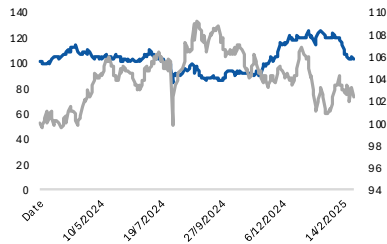
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Recommendation:	BUY
Current Price:	RM 0.56
Previous Target Price:	RM 0.76
Target Price:	↔ RM 0.76
Capital Upside/ Downside:	35.7%
Dividend Yield (%):	0.0%
Total Upside/ Downside:	35.7%

Stock information	
Board	MAIN
Sector	Energy
Bursa/ Bloomberg Code	5210/ BAB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	5,927.9
Market Cap (RM' m)	3,319.6
52-Week Price Range (RM)	0.695-0.445
Beta (x)	1.0
Free float (%)	39.0
3M Average Volume (m)	15.8
3M Average Value (RM' m)	10.0

Top 3 Shareholders		(%)
Objektif Bersatu Sdn Bhd	34.6	
Amanah Saham Nasional Bhd	13.2	
Karisma Mesra Sdn Bhd	4.0	

Share Price Performance



	1M	3M	12M
Absolute (%)	-14.5	-1.8	3.7
Relative (%)	-15.6	0.3	1.3

Bumi Armada Berhad

Dividend Surprise

Executive Summary

- **ARMADA's 4QFY24 results came in within expectations. Quarterly CNP stood at RM212.8m (-17.0% qoq, -32.8% yoy), bringing the FY24 CNP to RM979.6m (+29.8% yoy).**
- **The Group declared an interim dividend of 1.0sen, the first since FY15.**
- **With a much healthier balance sheet and the potential share-based merger between ARMADA and MISC, we believe this could allow ARMADA to have a better access to financing for new FPSO projects.**
- **No change to our earnings forecasts.**
- **Maintain BUY recommendation with an unchanged target price of RM0.76 pegged to 0.6x FY25 BVPS (3Y historical mean).**

Within Expectations. ARMADA's FY24 core net profit (CNP) of RM979.6m was in line with expectations, achieving 98% of our forecast and 105% of consensus full-year estimates.

Dividend Surprise. The Group declared an interim dividend of 1.0sen, the first since FY15.

QoQ. Excluding exceptional items, such as impairment loss at Kraken FPSO (RM325.1m), forex gains (RM23.6m), and other adjustments, 4QFY24 CNP dropped 17.0% qoq to RM212.8m, driven by weakening of USD against MYR, lower charter rate following the extension of Armada TGT1 FPSO's charter period in 4QFY24 and Armada Kraken FPSO's planned shutdown recognised in 4QFY24. Share of results from JVs and associates recorded a loss of RM17.0m, compared with a profit of RM15.0m in 3QFY24, due to a one-off reduction in finance lease revenue in 4QFY24 to align the lease term with the charter period for Armada Sterling III FPSO.

YoY. 4QFY24 CNP plunged 32.8% yoy due to reasons mentioned above.

YTD. For the full year, FY24 CNP surged 29.8% yoy to RM979.6m on the back higher Olombendo FPSO daily operating fee and lower revenue in FY23 as Kraken FPSO experienced hydraulic submersible pump (HSP) failure in late 2QFY23 and only resumed 100% production in Aug 2023.

Outlook. With a much healthier balance sheet and the potential share-based merger between ARMADA and MISC, we believe this could allow ARMADA to have a better access to financing for new FPSO projects, which ARMADA has struggled to secure in the past few years. Sterling II's firm period contract will expire in Mar 2025 but management is confident of securing an extension or a new contract for the vessel. Furthermore, headline profit numbers should improve in FY25 compared with FY24 as no further impairment of Kraken FPSO is expected moving forward.

Earnings Revision. No change to our earnings forecasts.

Valuation and Recommendation. Maintain **BUY** recommendation with an unchanged target price of **RM0.76** pegged to 0.6x FY25 BVPS (3Y historical mean). We remain positive on ARMADA, given its significantly improved balance sheet, which positions it well to secure new FPSO projects in a tight market.

Risk. Unable to secure contract extensions, contracts cancelled by clients, weaker-than-expected uptime from unexpected asset breakdowns.

Earnings Summary

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	2405.5	2133.1	2299.2	2274.9	2318.6
EBITDA	1337.5	856.1	1148.8	1364.9	1391.2
Pre-tax profit	709.0	296.1	646.1	943.7	1069.5
Net profit	732.4	332.1	634.0	983.6	1107.0
Core net profit	732.4	754.7	979.6	983.6	1107.0
Core EPS (sen)	12.4	12.7	16.5	16.6	18.7
DPS (sen)	0.0	0.0	1.0	0.0	0.0
P/E (x)	4.5	10.0	5.2	3.4	3.0
P/B (x)	1.1	0.8	0.6	0.6	0.5
EV/EBITDA (x)	5.8	8.3	4.0	3.5	2.6
Dividend Yield (%)	0.0%	0.0%	1.8%	0.0%	0.0%

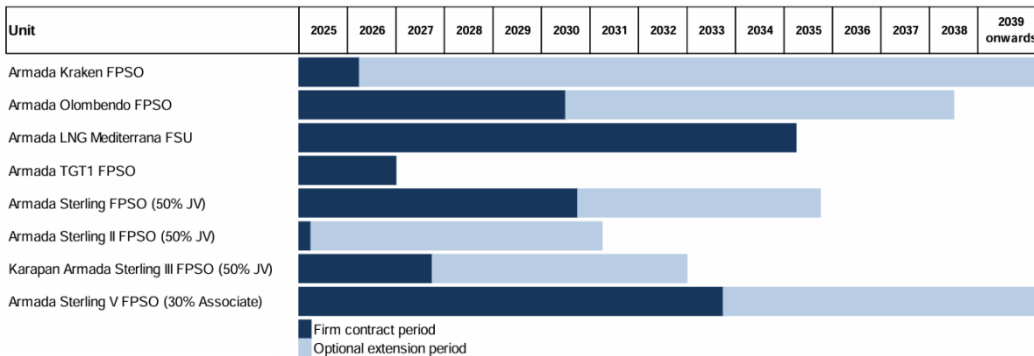
Source: Company, Apex Securities

Results Comparison

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12MFY24	12MFY23	yoy (%)	Comments
Revenue	533.0	623.0	(14.4)	551.9	(3.4)	2,299.2	2,133.1	7.8	Revenue dropped qoq due to weaker USD against Ringgit
EBITDA	57.4	(20.0)	nm	312.0	(81.6)	1,148.8	856.1	34.2	
Depreciation & Amortisation	(71.2)	(85.2)	(16.4)	(72.0)	(1.2)	(296.2)	(333.5)	(11.2)	
Finance income	14.3	13.5	6.2	20.7	(30.7)	70.5	49.1	43.5	
Finance cost	(78.5)	(80.0)	(1.9)	(75.1)	4.5	(310.1)	(338.4)	(8.4)	
Share of results of JV & associates	(17.0)	(3.1)	440.1	15.0	nm	33.2	62.8	(47.2)	4QFY24 affected by reduction in finance lease revenue to align lease term with charter period for Armada Sterling III FPSO
Pre-tax profit	(94.9)	(174.8)	(45.7)	200.5	nm	646.1	296.1	118.2	Headline loss in 4QFY24 due to RM325m
Net profit	(83.8)	(165.5)	(49.3)	211.3	nm	634.0	332.1	90.9	Kraken FPSO impairment
Core net profit	212.8	316.7	(32.8)	256.4	(17.0)	979.6	754.7	29.8	
Core EPS (sen)	3.6	5.3	(32.9)	4.3	(17.0)	16.5	12.7	29.7	
DPS (sen)	1.0	-	nm	-	nm	1.0	-	nm	First dividend since FY15
EBITDA margin (%)	10.8	(3.2)		56.5		50.0	40.1		
PBT margin (%)	(17.8)	(28.1)		36.3		28.1	13.9		
Core net profit margin (%)	39.9	50.8		46.5		42.6	35.4		

Source: Company, Apex Securities

Charter Period of FPSO Units



Source: Company, Apex Securities

Results Note

Monday, 03 Mar, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 2.3k tCO ₂ e in 2023, marking an 82% yoy reduction from 2022.
Waste & Effluent	★★★★	Recorded zero incident of spill released to the surrounding marine waters by the Group's FPSO, FSU and SC fleets in 2023.
Energy	★★★	In 2023, bunker fuel consumption decreased by 12% from 2022 while the amount of FPSO energy consumption per unit hydrocarbon increased by 12% from 2022.
Water	★★★	In 2023, ARMADA achieved 11% yoy decrease in water consumption on the Group's assets from 2022 due to a decrease in the production of hydrocarbon.
Compliance	★★★	The Group is in compliance with local and international environmental regulations.

Social

Diversity	★★★	ARMADA promotes a diverse and inclusive workforce that supports employee morale and work efficiency.
Human Rights	★★★	The Human Rights Statement was incorporated into a Human Rights Policy to cultivate a workplace where employees feel valued, respected and are able to voice their opinions and grievances.
Occupational Safety and Health	★★★★	No fatality has occurred in the last 5 years and ARMADA's operations maintained zero LTI throughout 2023.
Labour Practices	★★★	ARMADA's labour practices are aligned with the local labour laws and regulations.

Governance

CSR Strategy	★★★	ARMADA, in partnership with The Greyhope Bay, has sponsored the revitalisation of Girdle Ness, a previously neglected landscape in the UK.
Management	★★	In 2023, among the board members, 17% (1 out of 6) were female, while 50% (3 out of 6) were independent directors.
Stakeholders	★★★	Regularly engages with stakeholders to understand and address their needs. For instance, the Group organizes annual general meeting (AGM) for investors, and quarterly results briefings for analysts.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Monday, 03 Mar, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.