



Bumi Armada Berhad

“FY21 PATMI Above Our Estimates”

Bloomberg: BAB:MK | Reuters: BUAB.KL | Stock Code: 5210

Valuation / Recommendation

We are maintaining our BUY recommendation and target price of RM0.92 for BAB, which represents a potential upside of 145.3% from the current price. At our target price of RM0.92 BAB would be trading at a PE of 8.1x our FY22 EPS estimate. We think that BAB deserves a higher forward PE of 8.1x as we are forecasting stronger profitability as well as lower future gearing.

Investment Highlights

FY21 PATMI of RM574.1m surpasses our forecast FY21 PATMI of RM541.4m. BAB’s FY21 PATMI surged 357.2% y-o-y from RM125.6m in FY20 mainly due to lower impairment recognized in FY21 compared to FY20. The Group also registered lower finance costs and higher share of results of joint ventures and associates in FY21.

Disposal of certain wholly-owned indirect subsidiaries positive for future earnings prospects; upgrading FY22 PATMI estimate. The disposal will pave the way for the Group to report stronger earnings in the future. Loss from discontinuing operations stood at RM85.2m for FY21. We are, therefore, increasing our FY22 PATMI estimate to RM667.5m (previous: RM514.0m).

Positive outlook. We think that the surge in oil prices will result in higher demand for FPSOs, which will create more opportunities for BAB to secure new charter contracts. The high oil prices will also reduce the risk of unscheduled termination of existing charter contracts.

Risk factors. Unplanned downtime for its FPSOs and defaults by customers on their contractual payments will negatively impact the financial position of the Group.

Share Information	Top 3 Shareholders (%)
Market Cap (RM bn)	2.2 Objektif Bersatu Sdn Bhd 34.7
Issued Shares (bn)	5.9 Amanah Saham Nasional Bhd 12.9
52W High (RM)	0.58 Karisma Mesra Sdn Bhd 4.0
52W Low (RM)	0.38
Estimated Free Float (%)	39.1
Beta vs FBM KLCI	1.07
65-Day Average Vol. ('000)	29,422.7

Sources: Mercury Securities, Bloomberg, Wall Street Journal

INVESTMENT STATISTICS (FY Dec)	FY19	FY20	FY21	FY22F	FY23F
Revenue (RM m)	2,070.7	2,339.9	2,162.6	2,110.0	2,110.0
Adjusted EBITDA (RM m)	974.3	1,466.8	1,443.2	1,318.9	1,270.2
PATMI (RM m)	58.6	125.6	574.1	667.5	736.2
EPS (sen)	1.0	2.1	9.7	11.3	12.5
EPS Growth (%)	-	113.0	356.3	16.3	10.3
PE (x)	53.0	16.4	3.9	3.3	3.0
Net Gearing (%)/ (net cash)	2.6	2.4	1.5	1.1	0.7
ROA (%)	0.4	1.0	4.8	5.2	5.5
ROE (%)	1.8	4.0	14.5	14.4	13.7
NA per share (RM)	0.55	0.54	0.67	0.78	0.91

Sources: Mercury Securities, Company

MAIN BOARD
ENERGY
BUY
TP: RM0.92
Price: RM0.375

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RESULTS (RM m)	4Q21	3Q21	qoq %	4Q20	yoy %
Revenue	513.1	545.7	(6.0)	592.1	(13.4)
Adjusted EBITDA	294.1	364.3	(19.3)	316.7	(7.1)
Depn & Amortization	92.8	119.9	-	109.0	-
EBIT Before Impairment	201.3	244.5	(17.7)	207.6	(3.1)
Net Finance Costs	(87.2)	(94.5)	-	(106.4)	-
Share of Results of JVs and Associates	31.1	26.9	-	60.3	-
Profit Before Tax	139.8	165.4	(15.5)	131.3	6.4
Taxation (Loss)/Profit from discontinuing ops	1.4	(3.9)	-	3.8	-
Net Profit	112.7	161.5	(30.2)	135.1	(16.6)
Minority Interests	(5.3)	8.1	-	(9.0)	-
PATMI	118.0	153.4	(23.1)	144.1	(18.1)

Business Overview

BAB is primarily involved in the engineering, procurement, construction, commissioning, and the operations of floating oil and gas facilities. The Group is also involved in the chartering, scope planning, logistics and full operations of offshore support vessels and subsea construction vessels.

As at 31 March 2021, BAB has 4 wholly-owned and 3 jointly-owned FPSOs, 1 LNG FSU, and 1 partially owned FPSO under construction.

Stock Return Information

FBM KLCI (pts)	1,557.41
Expected Share Return (%)	145.3
Expected Dividend Yield (%)	-
Expected Total Return (%)	145.3

Price Performance

	1M	3M	12M
Absolute (%)	(31.8)	(13.8)	(23.5)
Relative to FBMKLCI (%)	(29.2)	(18.8)	(19.6)



Sources: Mercury Securities, Bloomberg, Company

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Sources: Company, Bloomberg, Mercury Securities

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