

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 target price of S\$0.41, pegged to 12x FY27F PE. The lower target price reflects a dilution from ASL's enlarged share base.

FY26 Results

Year to 30 Jun (S\$m)	2H26	2H25	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. Profitability improved significantly, supported by a 4.1ppt yoy expansion in gross margin to 21.4% and a 66% yoy decline in finance costs following continued deleveraging.
- 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. Ship chartering's 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.

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 (\$ 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 (\$m)	-	-	38	40	-
UOBKH/Consensus (x)	-	-	0.94	0.94	-

Source: ASL, Bloomberg, UOBKH

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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

GLCS 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

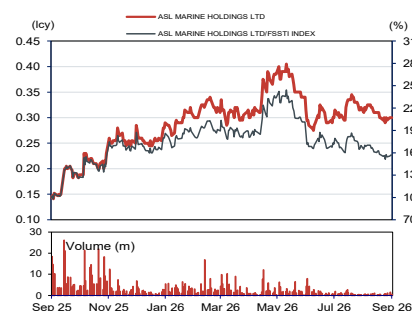
Major Shareholders (%)

Apricot Capital	16.17
Natical Int'l	12.86
Penguin Int'l	8.09

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.

- **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 lower target price reflects the enlarged share base following ASL's recent share issuance, which resulted in greater dilution. 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

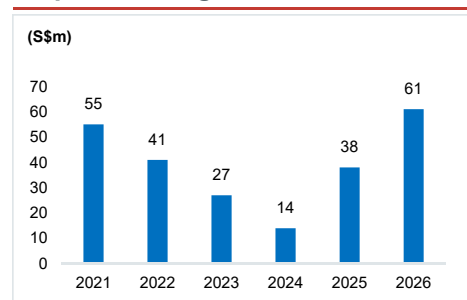
- Higher contracts win across business segments.
- Expansion of dry-dock capacity in early-FY27.
- Higher dividend payout.

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

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

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

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

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