PSP Energy Berhad

A Pit Stop Break for Future Gains

- **PSP, founded in 2010, operates two licensed storage plants in Port Klang and a sizeable logistics fleet spanning road tankers and bunker vessels. With integrated storage and distribution for diesel, fuel oil, and lubricants, it serves land and marine customers efficiently, sustaining strong ties with five major O&G players.**
- **We project the Group's earnings to grow 8.6%/10.4%/9.8%, on the back of an additional bunker vessel to increase capacity catering for higher order volume, reduced dry-docking impact with a larger fleet improving operational efficiency, as well as Customer E's expected growing orders.**
- **We ascribed a P/E of 11.0x pegged on its mid-FY27f EPS of 1.86 sen, arriving at a fair value of RM0.20. While the valuation is a c.25.7% discount from the Energy Index 2-year average of 14.8x, we believe it is justified given the Group's comparatively smaller market capitalization against its peer.**

Investment Merits

A fully integrated marine and onshore fuel distributor. Founded in 2010, PSP boasts a remarkable 25-year track record in Malaysia's O&G downstream value chain. With its two licensed storage plants in Port Klang, which have a combined storage capacity of 1.8 megalitres (1.5ML at Lot 14827 and 0.3ML at Lot 14793), on top of a sizeable logistics fleet comprising 42 road tankers (1.3ML cumulative carrying capacity) as well as three bunker vessels with a total cargo-carrying capacity of 2.4 megalitres, the Group is principally involved in the trading and distribution of fuel products such as diesel, fuel oil and lubricants. This integrated ecosystem enables PSP to serve both land-based and marine customers promptly, a strength reflected in its longstanding relationships with five major O&G players and key suppliers.

IPO war chest to continue legacy of excellence. PSP's bunkering business is gaining traction, reflected in its healthy 3-year revenue CAGR of 11.7% (from RM106.1m in FYE22 to RM147.8m in FYE25), thanks to its proximity to Malaysia's largest port. With all three vessels reaching a 65–82% utilisation rate as of the latest practicable date, approximately 43.9% (c. RM15.0m) of the IPO proceeds will be allocated towards the purchase of new bunker vessels, all in all lifting PSP's bunkering capacity by at least 2.0 megalitres. We think these IPO proceeds are key to meeting the rising demand for bunkering across the port areas, given that Malaysia's shipping industry is well positioned to benefit from reshoring and the realignment of global supply chains, backed by Port Klang's strategic location along the Straits of Malacca, competitive energy costs, as well as well-developed port infrastructure.

Multi-year growth via Tanjung Bruas Port. While Port Klang's development remains sturdy, we think PSP is positioned to capture outsized demand with its expansion at Tanjung Bruas Port, Melaka, where the Group has secured land under a tenancy agreement. With Malaysia's healthy reciprocal tariffs backed by Tanjung Bruas' proximity to a dense cluster of E&E manufacturers, we think the port's relevance is rising as a regional logistics and transshipment node, all in all positioning PSP to replicate its Port Klang model and tap into new marine and industrial fuel demand. Besides that, as a fuel distributor, PSP offers diversification to investors seeking refuge from the subdued commodity price outlook.

IPO Note – Not rated

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Non-Rated

Share price	**RM0.16**
Target price	**RM0.20**
Previous TP	**-**
Capital upside	25.0%
Dividend return	2.3%
Total return	27.3%

Company profile

PSP Energy Berhad operates within the downstream segment of the oil and gas industry, primarily focusing on the sales and distribution of fuel and lubricant products.

Stock information

Bursa Code	0383
Bloomberg ticker	PSP MK
Listing market	ACE
Share issued (m)	1,068.8
Market Cap (m)	171.0
Shariah compliant	YES

Major shareholders	**%**
CS Hutchison Holdings	51.0
Rafidah Binti Bahtiar	17.0

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	14.3	18.9	20.9
EPS (sen)	1.34	1.77	1.95
P/E (x)	12.0	9.05	8.20

Timetable of IPO

Opening of application	11 November
Closing of application	21 November
Balloting of application	25 November
Allotment of the IPO shares	2 December
Listing on the ACE market	4 December

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Company Overview

PSP Energy Berhad operates within the downstream segment of the oil and gas industry, primarily focusing on the sales and distribution of fuel and lubricant products. Its key business activities are categorised into three segments: trading of fuel products, distribution of fuel products, and distribution of lubricant products.

i. **Trading of fuel products (48.1% of FYE2025 revenue):** PSP Energy procures fuel products in bulk from its network of suppliers and sells them to customers based on purchase orders, mainly on a wholesale basis.

ii. **Distribution of fuel products (48.1% of FYE2025 revenue):** Furthermore, it distributes these products to customers using its own fleet of road tankers and bunker vessels.

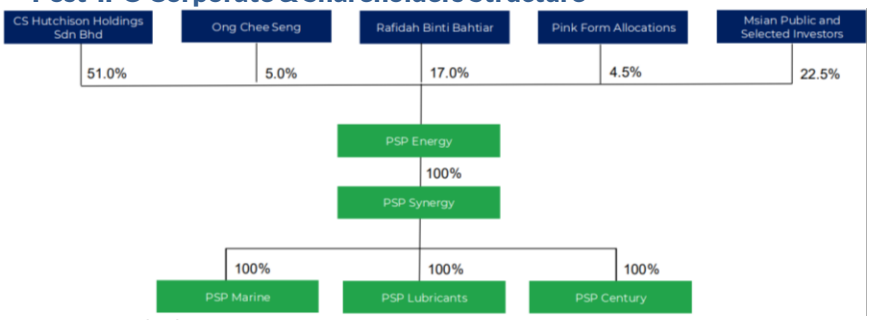
iii. **Distribution of lubricant products (3.0% of FYE2025 revenue):** In addition, it markets both third-party and its in-house lubricant brands, primarily through bulk sales, which are mainly fulfilled via purchase order.

Fig #1 PSP's Business Summary

Business Segments	Trading of fuel products	Distribution of fuel products		Distribution of lubricant products	Others
		In-road	Bunkering		
Description of Services	Trading of fuel products	Onshore distribution of diesel products via road tanker in peninsular Msia	Offshore distribution of diesel products via bunker vessels	• Third party brands of lubricant products • Own brand of lubricant products	• Transportation Services • Handling Services
Primary Customer Base	• Wholesalers and traders of petroleum products • Transportation and logistics companies • Construction companies	• Wholesalers and traders of petroleum products • Transportation and logistics companies • Construction companies • Manufacturing Companies • Utility and energy company		• Wholesalers and traders of petroleum products • Transportation and logistics companies • Construction companies • Manufacturing Companies	• Wholesalers and traders of petroleum products • Transportation and logistics companies
Nature of Revenue	Sales of products	Sale of products	Sale of products	Sale of products	Fees and charges
Principal Market	Malaysia				

Source: PSP Energy Berhad

Fig #2 Post-IPO Corporate & Shareholders Structure



Source: PSP Energy Berhad

Fig #3 Post-IPO Corporate & Shareholders Structure

Use of proceeds	RM'm	%	Estimated time frame
Purchase of a bunker vessel	15.0	43.9	Within 18 months
Purchase of fuel products	12.0	35.1	Within 24 months
Purchase of 7 new road tankers	1.0	2.9	Within 24 months
General working capital	1.3	3.8	Within 24 months
Estimated listing expenses	4.9	14.3	Within 1 month
Total	34.2	100.0	

Source: PSP Energy Berhad

Financial and Valuation

Financial overview. PSP Energy's revenue expanded from RM491.9m in FY22 to RM961.2m in FY25, delivering a 3-YR CAGR of c.25%. This growth was primarily driven by stronger contributions from both trading as well as fuel product distributions. Breaking it down, PSP's trading segment grew sharply from RM29.1m in FY23 to RM204.4m in FY24, before surging to RM462.3m in FY25, following higher sales volume and stronger demand, especially from Customer E. Its distribution of fuel products remained a stable anchor, all in all contributing >RM400.0m over the last two years, on the back of steadily growing demand from the transportation, construction and manufacturing sectors.

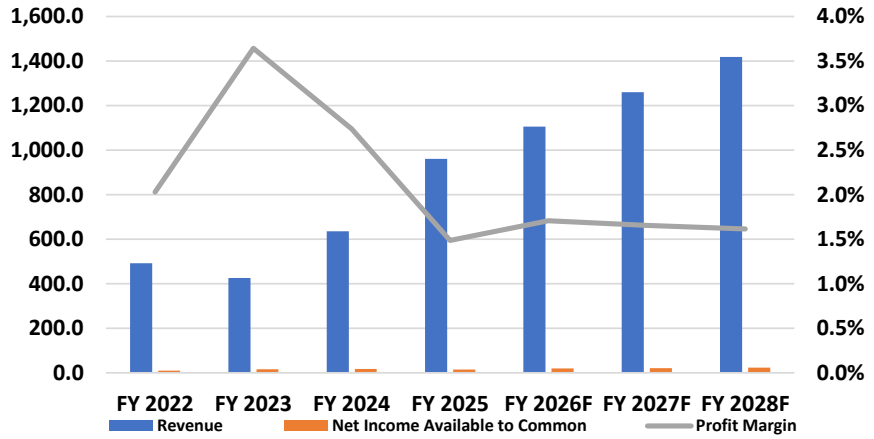
Earnings Forecast. We expect the Group's earnings to grow by 8.6%/10.4%/9.8% on the back of:

i. Additional bunker vessel to expand PSP's available capacity, allowing the Group to take on more orders concurrently, which should translate into higher bunkering volume assuming utilisation rates remain steady.

ii. We expect dry docking to be less severe as downtime is now spread across a larger fleet. For perspective, if PSP were to operate on a single vessel, a significant mix of capacity was taken offline, which ultimately limit PSP's order take-up.

iii. We expect Customer E's minimum volume order rate for the next three years to be at least >15%, supported by Singapore's vision of becoming a global maritime hub for connectivity and innovation.

Fig #4 Financial Forecast



Source: M+ Research

Valuations. We ascribed a P/E of 11.0x pegged to its mid-FY27f EPS of 1.86 sen, arriving at a fair value of RM0.20. While the valuation is a c.25.7% discount from the Energy Index 2-year average of 14.8x, we believe it is justified given the Group's comparatively smaller market capitalization.

Moreover, PSP is committed to a dividend payout ratio of up to 20% of PAT, translating into prospective dividend yields of 2.1%, 2.3%, and 2.7% for FY25–FY27f, respectively.

Investment risks

Reliance on Major Suppliers. The Group relies heavily on major oil and gas companies for its fuel supplies. Purchases from the top five suppliers contributed up to 82.8% of total purchases in FYE 2025. Any disruption in supply could severely affect business operations and revenue.

Dependence on Major Customers. Customer E accounted for 25.2% and 37.9% of total revenue in FYE 2024 and FYE 2025 respectively. A loss or reduction of sales to this customer, or delays in payment, could adversely impact the Group's revenue and financial performance.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	96	119	116	136	166
Receivables	53	72	67	76	86
Inventories	8	7	11	13	15
PPE	28	15	53	61	60
Others	24	41	41	41	41
Assets	**208**	**254**	**288**	**327**	**368**
Debts	91	112	105	119	134
Payables	37	62	52	59	66
Others	15	9	9	9	9
Shareholder's equity	66	71	123	139	158
Minority interest	-	-	-	-	-
Equity	**66**	**71**	**123**	**139**	**158**

Cash Flow Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	24	20	26	29	31
Depreciation & amortisation	3	4	5	6	7
Changes in working capital	(7)	8	(10)	(4)	(4)
Share of JV profits	-	-	-	-	-
Taxation	(6)	(6)	(7)	(8)	(8)
Others	7	5	(22)	-	-
Operating cash flow	**20**	**32**	**(8)**	**23**	**26**
Net capex	(7)	(7)	(14)	(14)	(6)
Others	4	(10)	-	-	-
Investing cash flow	**(3)**	**(17)**	**(14)**	**(14)**	**(6)**
Changes in borrowings	38	21	14	15	15
Issuance of shares	-	-	32	-	-
Dividends paid	-	-	(4)	(4)	(5)
Others	(9)	(27)	-	-	-
Financing cash flow	**28**	**(6)**	**42**	**10**	**10**
Net cash flow	**46**	**9**	**20**	**20**	**30**
Forex	1	1	-	-	-
Others	-	-	-	-	-
Beginning cash	49	96	96	116	136
Ending cash	96	119	116	136	166

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**635**	**961**	**1,106**	**1,260**	**1,419**
EBITDA	31	29	36	40	45
EBIT	28	25	31	34	38
Net finance income/ (cost)	(4)	(5)	(5)	(6)	(6)
Associates & JV	-	-	-	-	-
Profit before tax	**24**	**20**	**26**	**29**	**31**
Tax	(6)	(6)	(7)	(8)	(8)
Net profit	**17**	**14**	**19**	**21**	**23**
Minority interest	-	-	-	-	-
Core earnings	**17**	**14**	**19**	**21**	**23**
Reported earnings	17	14	19	21	23

Valuation & Ratios

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	1.6	1.3	1.8	2.0	2.1
P/E (x)	9.8	12.0	9.1	8.2	7.5
EV/EBITDA (x)	5.3	5.7	4.6	4.1	3.7
DPS (sen)	-	-	0.4	0.4	0.4
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS (RM)	0.06	0.07	0.11	0.13	0.15
P/B (x)	2.6	2.4	1.4	1.2	1.1
EBITDA margin	4.9%	3.0%	3.2%	3.2%	3.1%
EBIT margin	4.4%	2.6%	2.8%	2.7%	2.7%
PBT margin	3.8%	2.1%	2.3%	2.3%	2.2%
Net margin	2.7%	1.5%	1.7%	1.7%	1.6%
ROE	30.2%	20.9%	21.9%	15.9%	15.4%
ROA	9.4%	6.2%	7.5%	6.8%	6.6%
Net gearing	CASH	CASH	CASH	CASH	CASH

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned