ASL Marine

BUY

Share price (S$)	**0.29**
Target price (S$)	**0.38**
Up / downside (%)	**31.0**

Company profile
ASL Marine is an SGX mainboard-listed group specializing in marine services: shipbuilding, shiprepair and conversion, and shipchartering. Its integrated model lets it build, repair and operate its own tonnage and its Batam graving dock is one of the few yards in the region able to dry-dock Capesize tonnage.

Ticker	ASL SP
Market cap (S$m)	298.4
3M ADV (S$'000)	218.5
Free float (m shares)	356.1
Total shares outstanding (m)	1,029
52W High / Low (S$)	0.41 / 0.148

Top shareholders	**(%)**
Ang Family	66.8

Price performance (%)

1M	3M	12M
(6.5)	(4.9)	54.3

52W price chart

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Chartering to drive the upside, repair to anchor quality

FY26 Earnings Update

- **We slightly lower our TP of ASL to S$0.38/share (vs. S$0.42 at initiation)**, implying around 31% upside to the current share price of S$0.29/share. The lower target reflects reduced ship repair and shipbuilding EBITDA on our revised revenue outlook, partly offset by a stronger chartering segment and improved net debt position.
- **Revenue held up in FY26, but shipbuilding outlook less rosy.** ASL reported its FY26 results on 27th Aug 26. Revenue grew 3.0% YoY to S$360.7m, 3.2% below our Jul 26 estimate of S$372.7m. Ship chartering revenue grew 10.1% YoY and ship repair grew 0.8%, while shipbuilding was broadly flat. More importantly, we would highlight that as of FY26, ASL's outstanding shipbuilding order book stood at around S$18m, with deliveries scheduled progressively to 4Q27, well below the run-rate of recent years.
- In our discussions following the results, management attributed part of the softness in shipbuilding's order book to a weaker Indonesian coal barging market, which had been a large driver of shipbuilding demand over the past few years. The recent coal output cuts and export curbs had an unexpectedly outsized impact on shipbuilding sentiment and hence a reduction in shipbuilding orders. Still, ASL's key focus continues to remain on repair and chartering, both of which are higher in margin and visibility.
- **Chartering lifted margins but deleveraging held up bottom line.** Gross profit grew 27% YoY to S$77.0m, 5.9% above our Jul 26 estimate of S$72.7m. The improvement came almost entirely from ship chartering, whose gross margin recovered to 20.1% (FY25: 5.7%) due to higher utilisation of its existing fleet while ongoing fleet disposals meant the removal of depreciation from unused legacy vessels. Ship repair, still the largest contributor to group gross profit at S$40.2m, saw its margin narrow to 23.6% (FY25: 25.8%).
- EBITDA grew 7.3% YoY to S$83.5m, 7.1% above our estimate, with EBITDA margin at 23.1% (FY25: 22.2%). PATMI more than doubled to S$33.3m (FY25: S$14.6m), in line with our estimate of S$33.1m, as the firm continued its deleveraging efforts, with finance costs falling to S$7.3m (FY25: S$21.4m) as of FY26.

Key Financials (YE 30th Jun, S$m)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	349.3	350.1	360.7	338.1	355.9	369.7
Gross Profit	45.7	60.7	77.0	75.4	80.2	83.3
EBITDA	77.5	77.8	83.5	80.1	84.3	86.9
PATMI	3.9	14.6	33.3	36.2	39.8	41.8
CFO	40.4	50.5	49.5	80.0	77.9	79.8
EPS (S cents)	0.6	1.5	3.2	3.5	3.9	4.1
DPS (S cents)	-	0.2	0.3	0.3	0.3	0.3
Dividend yield (%)	-	0.7	1.0	1.0	1.0	1.0
Net gearing (%)	227.4	142.7	67.3	31.2	10.4	Net cash
P/E (x)	76.2	20.5	9.0	8.3	7.5	7.1
P/B (x)	4.1	3.2	2.7	2.0	1.6	1.4
ROE (%)	4.7	14.2	25.6	21.9	19.9	17.6
ROA (%)	0.7	2.8	7.1	8.4	9.0	8.9

Source: Evolve Capital, Company

FY26 Earnings Update

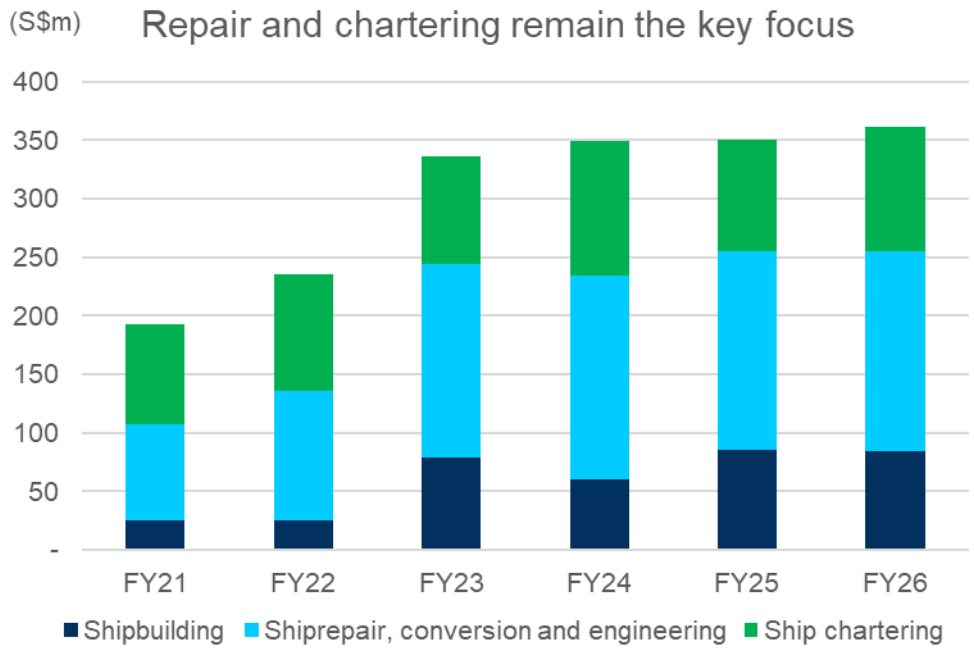
Revenue held up in FY26, but shipbuilding outlook less rosy

ASL reported its FY26 results on 27th Aug 26. Revenue grew 3.0% YoY to S$360.7m, 3.2% below our Jul 26 estimate of S$372.7m. Ship chartering revenue grew 10.1% YoY and ship repair grew 0.8%, while shipbuilding was broadly flat. The shortfall against our estimate was driven by ship repair, which grew only 0.8% against our expectation of stronger volume growth; chartering came in slightly ahead of our prior estimate while shipbuilding was broadly in line.

More importantly, we would highlight its shipbuilding order book. As of FY26, ASL's outstanding shipbuilding order book stood at around S$18m, with deliveries scheduled progressively to 4Q27, well below the run-rate of recent years.

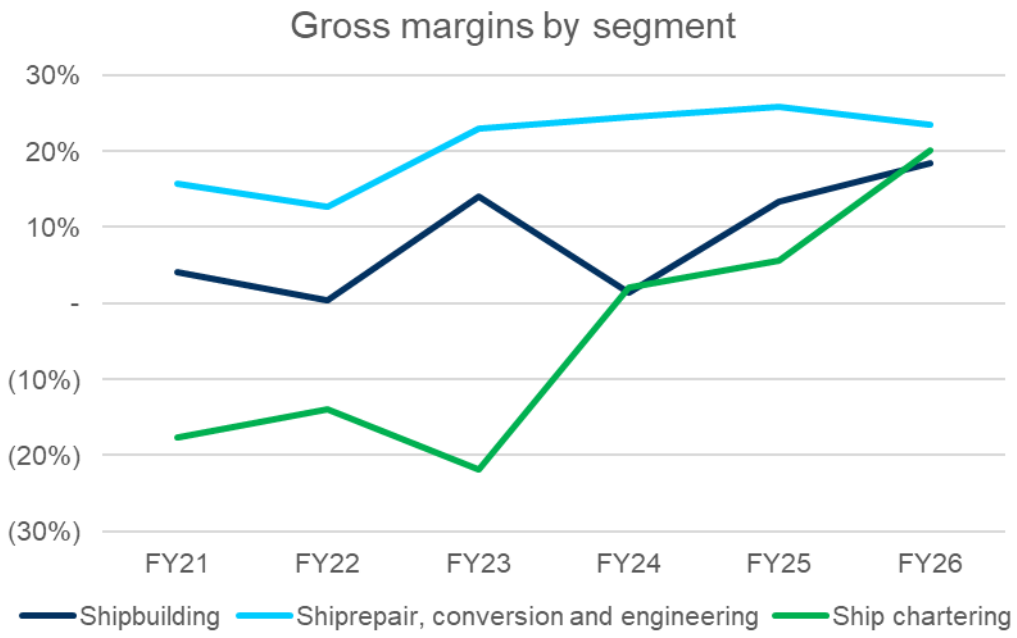
In our discussions following the results, management attributed part of the softness in shipbuilding's order book to a weaker Indonesian coal barging market, which had been a large driver of shipbuilding demand over the past few years. The coal output cuts and export curbs had an unexpectedly outsized impact on shipbuilding sentiment, which led to a reduction on shipbuilding orders. The Indonesia coal market is likely oversupplied with barges as well given the heavy barge construction activity over the past few years.

We had not assumed this pace of order-book run-off at initiation, and it is the main driver of the estimate changes we set out below. The chartering order book is more supportive, with around S$61m of long-term contracts disclosed in FY26, against roughly 36% of FY26 chartering revenue attributable to such contracts. Notably, management has also reiterated that their key focus continues to remain on repair and chartering, both of which are higher in margin and visibility.

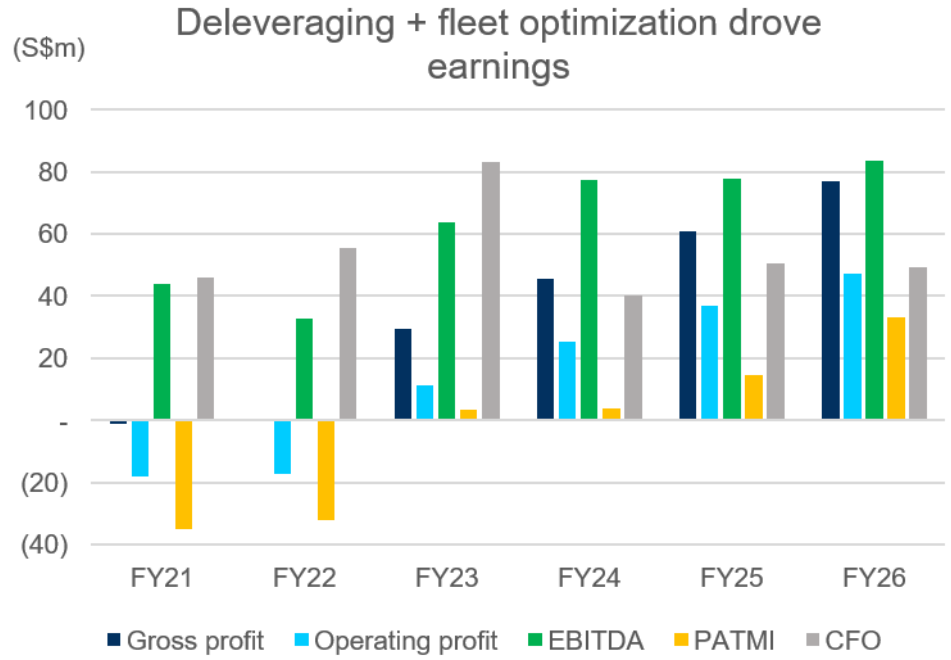


Chartering lifted margins but deleveraging held up bottom line

Gross profit grew 27% YoY to S$77.0m, 5.9% above our Jul 26 estimate of S$72.7m. The improvement came almost entirely from ship chartering, whose gross margin recovered to 20.1% (FY25: 5.7%) due to higher utilisation of its existing fleet while ongoing fleet disposals meant the removal of depreciation from unused legacy vessels. Ship repair, still the largest contributor to group gross profit at S$40.2m, saw its margin narrow to 23.6% (FY25: 25.8%). Shipbuilding margin improved to 18.4% (FY25: 13.5%), but on the smallest gross profit base of the three.



EBITDA grew 7.3% YoY to S$83.5m, 7.1% above our estimate, with EBITDA margin at 23.1% (FY25: 22.2%). PATMI more than doubled to S$33.3m (FY25: S$14.6m), in line with our estimate of S$33.1m, as the firm continued its deleveraging efforts, with finance costs falling to S$7.3m (FY25: S$21.4m) as of FY26.



Taking the above into account, we reduce our FY27E and FY28E revenue forecasts by 14.3% and 13.1% respectively, with shipbuilding revenue stepping down to S$45m in FY27E (FY26: S$84.5m) on the reduced order book as well as the weakened outlook of the Indonesian coal transshipment market. While ASL is actively bidding for some larger shipbuilding jobs (above US$10m in size), these projects do not tend to carry margins as high as barges.

Additionally, management had mentioned that the completion of its third floating dock will likely be delayed as they are currently awaiting approval from the relevant authorities for the construction of a seawall (considered a major coastal development), as well as other coastal protection elements. Previously targeted

for completion by mid-FY27, the timeline for completion is currently uncertain and management expects to provide an update in 1H27.

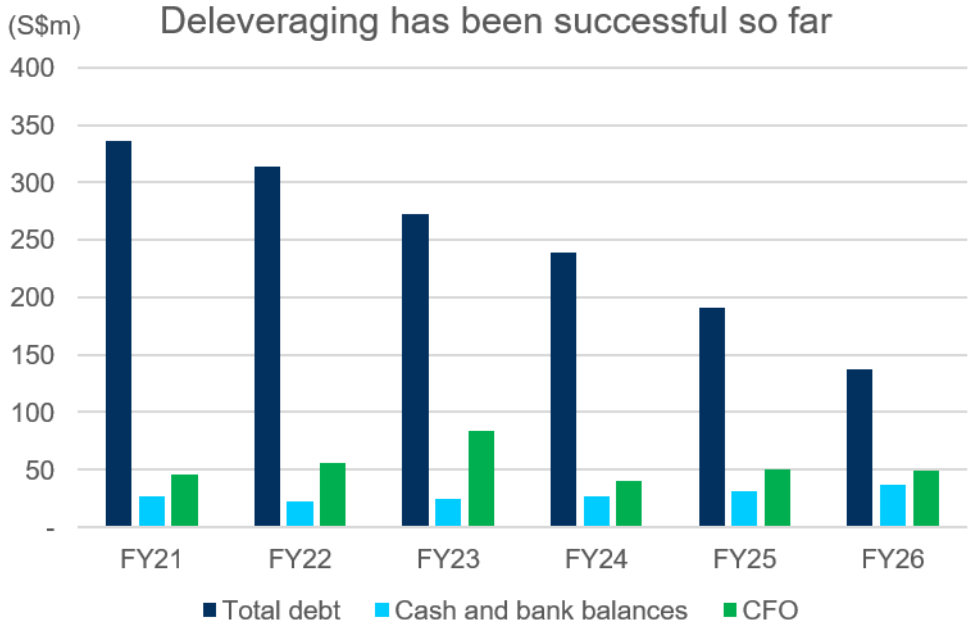
As such, our current forecasts assume that the third floating dock only begins ramping up in FY28. While ASL's tender book is currently estimated to be between S$100-200m, replenishment of its shipbuilding order book remains an uncertainty. Hence, the core focus remains on its higher margin repair and chartering segments to drive earnings. Refer to the following table for our revised estimates.

S$m	FY26E (prior)	FY26E (actual)	Var.	FY27E (prior)	FY27E (revised)	Var.	FY28E (revised)
Revenue	372.7	360.7	(3.2%)	394.4	338.1	(14.3%)	355.9
Gross profit	72.7	77.0	6.0%	78.9	75.4	(4.4%)	80.2
Gross margin	*19.5%*	*21.4%*	*185bps*	*20.0%*	*22.3%*	*231bps*	*22.5%*
Operating profit	45.1	47.1	4.4%	50.5	47.3	(6.2%)	50.6
EBITDA	78.0	83.5	7.1%	80.7	80.1	(0.7%)	84.3
EBITDA margin	*20.9%*	*23.1%*	*222bps*	*20.5%*	*23.7%*	*324bps*	*23.7%*
PATMI	33.1	33.3	0.5%	39.2	36.2	(7.7%)	39.8
CFO	46.7	49.5	6.0%	77.0	80.0	3.8%	77.9

Source: Evolve Capital, Company

Balance sheet health improves with step-up in dividend

Net gearing fell to 0.68x as of FY26 (FY25: 1.43x) as ASL continued to pay down its borrowings. ASL declared a final dividend of 0.17 S cents/share, taking the FY26 total to 0.30 cents/share, representing a dividend yield of around 1%. While the payout remains modest, we read the increase in YoY payout as management signalling confidence in its recovery while maintaining capital prudence. This is especially since the firm is still expected to require some level of CAPEX (potentially up to S$40m) for its ongoing fleet optimization while still committing to its debt repayment.



Valuation

Per Bloomberg estimates, ASL Marine currently trades at around 4.7x FY27E and 4.6x FY28E EV/EBITDA. Its core peer group currently trade at an average of 4.2x FY27E and 3.9x FY28E EV/EBITDA while larger offshore and marine peers trade at an average of 7x FY27E and 6.8x FY28E EV/EBITDA.

Company name	Price	MCap (S$m)	EV / EBITDA (27E)	EV / EBITDA (28E)	EV / EBITDA (29E)	P/E (26E)	P/E (27E)	Rev Growth (27E, %)	Profit Growth (27E, %)
ASL Marine Holdings Ltd	0.29	298	4.7	4.6	4.2	8.1	7.8	9.8	11.5
Simple average			**4.2**	**3.9**		**7.3**	**6.9**		
Marco Polo Marine Ltd	0.133	521	7.3	6.5		13.3	11.1	24.3	11.1
Nam Cheong Ltd	1.02	409	3.8	3.5				16.1	
Beng Kuang Marine Ltd	0.39	116	4.5	4.2		7.3	6.9	6.4	76.7
Larger offshore & marine peers			**7.0**	**6.8**	**7.0**	**11.5**	**10.6**		
Seatrium Ltd	2.12	7,164	7.7	7.6	7.6	14.4	13.1	(13.7)	(8.1)
Yangzijiang Shipbuilding	5.09	20,032	6.3	6.0	6.4	8.5	8.1	13.5	13.2

Source: Bloomberg, Company, Evolve Capital

We slightly lower our TP of ASL to S$0.38/share (vs. S$0.42 at initiation), implying around 31% upside to the current share price of S$0.29/share. The lower target reflects reduced ship repair and shipbuilding EBITDA on our revised outlook, partly offset by a stronger chartering segment and improved net debt position. We hold our ship repair and shipbuilding multiples at 6.5x and 6.0x FY27E EV/EBITDA respectively, both a modest haircut to MPM's 7.4x.

We do, however, raise our chartering multiple to 4.7x FY27E EV/EBITDA, from 4.0x at initiation. The step-up reflects the segment's improved standing relative to Nam Cheong but still below MPM. ASL's marine infrastructure chartering order book of around S$61m offers more defensibility than Nam Cheong's Middle East-exposed fleet, whose 1H26 core chartering earnings weakened. On that basis, we think a modest premium to Nam Cheong is fair.

Overall, we remain positive on ASL. The deleveraging thesis we set out at initiation continues to play out and the balance sheet is on track to potentially reach net cash in the near-term. We expect the market to re-rate ASL upwards as management continues to execute.

SOTP	Basis	Applicable peer(s)	Multiple	FY27E segment EBITDA	Value (S$m)
Ship repair	EV/EBITDA	MPM	6.5x	38.0	247.0
Ship chartering	EV/EBITDA	MPM / Nam Cheong	4.7x	41.5	195.1
Shipbuilding	EV/EBITDA	MPM / BKM	6.0x	7.8	46.9
Enterprise value					**488.9**
Less: net debt					(99.8)
Less: MI					0.7
Equity value					**389.8**
Shares outstanding (m)					1,029
Equity value per share (S$)					**0.38**
Current price (S$)					0.29
Implied upside (%)					**31.0**

Key Risks

Chartering margin reversion

ASL's chartering segment's margin is largely utilisation-driven against a fixed cost base, so a slowdown in Singapore infrastructure and reclamation activity, or the roll-off of its contracted order book without replenishment, would compress it quickly. With the shipbuilding run-off already reflected in our estimates, chartering is now the key swing factor for group profitability. We would watch this segment most closely at 1H27 results.

Execution and disposal-timing risk

ASL's near-term equity story rests in large part on its deleveraging path, which in turn depends on asset disposals proceeding to plan. While management has indicated that its vessels do not typically take long to dispose of, a stalled disposal programme would leave capital tied up in lower-return assets and slow the gearing reduction that has driven the re-rating so far.

Delayed capacity additions

By FY28-30, the deleveraging tailwind will be largely exhausted, and the next leg of growth depends on capacity additions - principally the third floating dock, potential fourth dock and even improved utilization through its fleet optimization programme. As aforementioned, our current forecasts assume the third dock only begins ramping up in FY28. Should these approvals slip further or the additions fail to materialise, ASL's profitability trajectory may flatten once deleveraging runs its course, and the transition from a deleveraging story to a growth story would stall.

Operational and manpower risks

Operational safety and workforce management remain critical given the complex and inherently high-risk nature of shipyard operations. ASL experienced two separate fire incidents at its Batam shipyard in Jun 25 and Oct 25, which resulted in fatalities and injuries. Although the affected vessels were isolated and the remainder of the yard continued operating without significant disruption, the incidents underscore the importance of maintaining robust safety standards and effective operational controls. In addition, the availability of skilled labour and effective oversight of subcontractors remain ongoing execution risks amid persistent regional manpower constraints.

Key Financial Items

Income statement

YE 30th Jun, S$m	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	349.3	350.1	360.7	338.1	355.9	369.7
Gross profit	45.7	60.7	77.0	75.4	80.2	83.3
Operating profit	25.4	36.7	47.1	47.3	50.6	52.6
EBITDA	77.5	77.8	83.5	80.1	84.3	86.9
PATMI	3.9	14.6	33.3	36.2	39.8	41.8
Margins (%)						
Gross profit	13.1%	17.3%	21.4%	22.3%	22.5%	22.5%
Operating profit	7.3%	10.5%	13.0%	14.0%	14.2%	14.2%
EBITDA	22.2%	22.2%	23.1%	23.7%	23.7%	23.5%
PATMI	1.1%	4.2%	9.2%	10.7%	11.2%	11.3%
YoY Growth (%)						
Revenue		0.2%	3.0%	(6.3%)	5.3%	3.9%
Gross profit		32.8%	27.0%	(2.1%)	6.3%	3.9%
Operating profit		44.3%	28.2%	0.6%	6.9%	3.9%
EBITDA		0.5%	7.3%	(4.0%)	5.2%	3.1%
PATMI		272.3%	128.3%	8.6%	10.0%	5.0%

Source: Evolve Capital, Company

Balance sheet

YE 30th Jun, S$m	FY24	FY25	FY26	FY27E	FY28E	FY29E
PPE	295.3	219.4	212.3	218.5	222.7	226.3
Inventories	34.4	28.5	23.5	24.1	25.3	26.2
Trade and other receivables	102.1	106.6	96.6	96.3	99.8	102.5
Cash and cash equivalents	17.2	22.8	30.1	35.8	49.2	75.3
Restricted cash	9.0	8.6	7.0	7.0	7.0	7.0
Others	85.3	112.2	65.2	53.3	53.1	52.7
Total assets	**543.5**	**498.2**	**434.7**	**434.9**	**457.0**	**490.0**
Non-current liabilities						
Borrowings	95.5	132.2	62.0	27.0	9.0	1.0
Lease liabilities	11.3	11.5	11.5	11.0	10.5	10.0
Others	8.6	7.4	6.7	6.7	6.7	6.7
Current liabilities						
Borrowings	114.8	24.3	32.7	30.7	28.7	26.7
Lease liabilities	0.5	0.3	0.4	0.3	0.3	0.3
Trade and other payables	187.3	172.6	123.7	128.0	133.5	137.9
Others	32.6	38.9	50.0	50.0	50.0	50.0
Total liabilities	**450.6**	**387.1**	**287.0**	**253.7**	**238.7**	**232.7**
Share capital	125.6	130.1	136.8	136.8	136.8	136.8
Treasury shares	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Reserves	(31.0)	(17.7)	12.5	45.5	82.2	120.9
Total shareholders'	**93.7**	**111.6**	**148.4**	**181.4**	**218.1**	**256.8**
NCI	(0.8)	(0.5)	(0.7)	(0.3)	0.1	0.6
Total equity	**92.9**	**111.0**	**147.7**	**181.2**	**218.3**	**257.4**

Source: Evolve Capital, Company

Cash flows

YE 30th Jun, S$m	FY24	FY25	FY26	FY27E	FY28E	FY29E
CFO	40.4	50.5	49.5	80.0	77.9	79.8
CFI	15.9	26.5	22.7	(27.9)	(36.9)	(36.9)
CFF	(51.7)	(70.9)	(64.6)	(46.3)	(27.6)	(16.8)
Net change in cash	4.5	6.1	7.6	5.8	13.3	26.2
Cash and cash equivalents	17.2	22.8	30.1	35.8	49.2	75.3

Source: Evolve Capital, Company

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