Company: Wasco Greenergy Berhad

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GENE **GENERGY** Wasco Greenergy Berhad

# Wasco Greenergy Positioned For Stronger Recovery Backed By Renewable Energy Expansion

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|---|---|---|---|
| RM 0.59 | RM 0.90 33.9% undervalued | n/a | -7.0% |

Wasco Greenergy Berhad remains optimistic on its growth trajectory despite a softer first quarter FY2026, with management highlighting that its expanding **renewable energy pipeline**, resilient **order book** and regional growth initiatives continue to position the group well for **stronger recovery ahead**.

The group recorded **revenue of RM54.4 million** for the first quarter ended 31 March 2026 compared with RM61.4 million in the corresponding quarter last year, while **profit before tax** stood at **RM4.9 million** versus RM6.3 million previously. Net profit attributable to shareholders came in at **RM4.1 million**, with earnings per share easing to **0.82 sen** from 1.24 sen.

In a recent briefing, management explained that the weaker quarter was mainly due to lower **steam turbine deliveries** and softer **after-sales activities** arising from overlapping festive periods. The company delivered **13 turbines** during the quarter compared with 22 units in the previous corresponding quarter.

Despite the softer start, management noted that the first quarter is traditionally **seasonally weaker**, with stronger **project execution** and revenue recognition typically accelerating in the later quarters of the financial year.

The **renewable energy segment** continued to be the group's **core earnings driver**, generating **RM49.1 million** in revenue compared with RM56.4 million previously. Segment profit stood at **RM5.35 million** against RM6.73 million a year earlier, while **gross profit margin** remained healthy at approximately **24%**, reflecting continued operational resilience.

Meanwhile, the **industrial energy and equipment segment** delivered encouraging improvement. Revenue remained stable at RM5.24 million while segment profit improved to **RM0.64 million** from RM0.31 million previously, supported by stronger **margin capture** and **operational efficiency**.

A key highlight from the recent briefing was the strategic memorandum of understanding signed with Gas Malaysia to explore integrating **biomass technology** with natural gas infrastructure for **long-term green steam supply projects**.

Management said the collaboration could potentially unlock longer-term **recurring income opportunities** as industries gradually transition towards greener energy solutions. Gas Malaysia is expected to provide a **customer shortlist** within the coming month, followed by **feasibility and tariff studies**.

Operationally, the group is currently handling around **20 to 30 concurrent boiler projects** alongside repair-shop activities, with project recognition based on **milestone progress billing schedules**.

The group's outstanding **order book** remained strong at **RM244.7 million**, comprising **RM220.7 million** from renewable energy and **RM24 million** from industrial energy and equipment. Management expects approximately **RM167.6 million** to be recognised within FY2026, providing **earnings visibility** for the coming quarters.

Indonesia was also identified as a **promising long-term growth market** supported by PLN's **biomass co-firing initiatives**, biodiesel mandates from **B40 potentially towards B50**, and abundant **biomass feedstock availability**.

Despite external risks such as **geopolitical uncertainties** and **currency volatility**, management reiterated confidence in exceeding FY2025 revenue levels, supported by the group's **healthy balance sheet**, **net cash position**, disciplined execution and growing renewable energy opportunities across Southeast Asia.