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Wasco Greenergy sees Q2 profit climb 34% as margins improve

KUALA LUMPUR: Wasco Greenergy Bhd, a market-leading energy system provider, reported stronger profitability amid a softer revenue performance for Q2 ended June 30, 2026 (FY26), supported by improved margins, resilient operational execution and continued contributions from the Industrial Energy & Equipment segment and an order book of RM220.7 million.

For Q2 FY26, the group recorded revenue of RM60.7 million, compared with RM64.7 million in the same quarter last year.

The variance was primarily driven by the timing of engineering, procurement, construction and commissioning (EPCC) project activities, partially offset by higher steam turbine deliveries and after-sales services.

Profitability strengthened during the quarter, with profit before tax (PBT) increased by 34.1% to RM5.6 million, compared with RM4.2 million in Q2 FY25, with PBT margin improving to approximately 9.2% from 6.4%.

Profit after tax (PAT) increased by 28.2% to RM3.9 million, compared with RM3.0 million in the same quarter last year.

For the six-month (1H) FY26, the group recorded revenue of RM115.1 million, compared with RM126.2 million in the same period last year.

PBT remained stable at RM10.5 million, while PAT was RM7.9 million, broadly in line with the corresponding period last year.

PBT margin increased to approximately 9.1% from 8.3% while PAT margin strengthened to approximately 6.9% from 6.3%.

The group's Renewable Energy (RE) segment remained its primary revenue contributor, generating revenue of RM53.1 million in Q2 FY26, compared with RM55.6 million in Q2 FY25.

The variance was primarily attributable to the timing of EPCC project activities, partially offset by higher steam turbine deliveries and after-sales services.

During the quarter, 19 steam turbine units were delivered, compared with 15 units in Q2 FY25, while after-sales services continued to account for approximately one-third of segment revenue.

Gross profit for the segment stood at RM12.9 million, compared with RM16.0 million in the corresponding quarter, with gross profit margin moderating to approximately 24.3% from 28.8%, reflecting softer EPCC and steam turbine sales margins.

The Industrial Energy & Equipment segment contributed revenue of RM7.7 million, compared with RM9.1 million in Q2 FY25.

Gross profit increased to RM2.1 million from RM1.4 million in the same quarter last year, while gross profit margin strengthened to approximately 26.8% from 14.9%.

The group's latest order book stood at RM220.7 million, with approximately 90.9% attributable to its RE segment and 9.1% to the Industrial Energy & Equipment segment.

Of the total order book, approximately RM133.3 million is expected to be recognised in FY26, with the remaining RM87.4 million expected to be recognised in FY27, providing revenue visibility for the coming quarters.

The group maintained a healthy financial position with cash of approximately RM114.3 million as of June 30, 2026 and remained in a net cash position.

Of the RM75.0 million raised through its IPO in December 2025, the group continues to deploy proceeds towards the initiatives set out in its prospectus, including business expansion, enhancement of operational facilities, expansion of operations in Indonesia, digitalisation, and research and development.

The board also declared an interim single-tier cash dividend of 1.0 sen per share for FY26, with an entitlement date of September 21, 2026 and a payment date of October 7, 2026.

No dividend was declared in the same financial period last year.

Commenting on the group's performance and outlook, group managing director Wong Yin Kee said that as the group moves into the 2H of FY26, the priority is to build on Wasco Greenergy's established engineering capabilities and position the group for its next phase of growth.

"We see opportunities to deepen our presence in key markets, particularly Malaysia and Indonesia, while continuing to pursue opportunities across the palm oil and process industries.

"Beyond expanding our project pipeline, we are focused on strengthening the group's capabilities through technology enhancement and digitalisation, while selectively advancing Build-Own-Operate opportunities that can broaden our recurring income base over the longer term.

"We will remain disciplined in pursuing opportunities that complement our core strengths and support sustainable value creation for our stakeholders," he said.

Wong said the increase in steam turbine deliveries to 19 units this quarter, together with continued growth in after-sales services, reflects the strength of the group's engineering track record and its customers' trust.

"With a healthy net cash position and an order book that provides good visibility into FY27, we remain focused on executing our existing projects well while continuing to convert opportunities across both the palm oil and industrial sectors," he said.

Looking ahead, the group expects demand for efficient and sustainable steam energy systems to remain supported by industrial decarbonisation initiatives, tightening energy efficiency requirements and continued investment within the palm oil and process industries in Malaysia and the broader Asean region.

The ongoing development of Malaysia's voluntary carbon market is expected to reinforce these trends.

Market-based mechanisms such as the Bursa Carbon Exchange (BCX), which enables businesses to trade carbon credits and manage their emissions, are increasingly encouraging companies to measure and reduce their carbon footprint.

As carbon becomes a more tangible cost and corporate decarbonisation gains momentum, the group believes this will strengthen demand for the energy-efficient, lower-emission steam and energy solutions it specialises in, positioning the group to benefit from this structural shift.