

**Update**
**OMS Energy Technologies, Inc. (OMSE: \$7.34)**
**Friday, August 8, 2025**
**Buy**
**Price Target: \$10.00**
**Oilfield Service and Equipment Franchise Posts Solid FY2025 Results, Setting Up Good FY 2026. We Affirm BUY, \$10 PT, and High-Risk Rating.**

Date	<b>Aug 8, 2025</b>		
Price (Aug 8, 2025)	<b>7.34 (US\$)</b>		
Target Price (12 mo.)	<b>10.00 (US\$)</b>		
52 week low-high	<b>\$5.68-\$9.86</b>		
Market cap.(US\$)	<b>313.36 MM</b>		
Region/Country	<b>Americas/United States</b>		
Sector	<b>Energy</b>		
Coverage Universe	<b>Oil &amp; Gas Equip. &amp; Svcs</b>		
Risk Profile:	<b>High</b>		
Year (FYE 3/31)	FY25	FY26	FY27
New EPS (US\$)	<b>\$1.13A</b>	<b>\$0.95E</b>	<b>\$1.00E</b>
Prev. EPS (US\$)	<b>\$1.04E</b>		
Consensus EPS (US\$)	<b>\$1.13A</b>	<b>\$0.96E</b>	<b>\$1.04E</b>
P/E (x)	<b>7.0x</b>	<b>7.5x</b>	<b>7.2x</b>
Q1 EPS (Jun Q)	<b>0.33A</b>	<b>0.21E</b>	<b>0.25E</b>
Q2 EPS (Sep Q)	<b>0.47A</b>	<b>0.23E</b>	<b>0.25E</b>
Q3 EPS (Dec Q)	<b>0.18A</b>	<b>0.26E</b>	<b>0.24E</b>
Q4 EPS (Mar Q)	<b>0.19A</b>	<b>0.26E</b>	<b>0.26E</b>
No. of Shares (M): 44.3	Dividend (US \$M): NA		
BV/Share (US\$): 1.57	Dividend yield: NA		
Year (FYE 3/31) \$MM	FY25	FY26	FY27
FQ1 Revenues (Jun Q)	<b>56.25A</b>	<b>49.28E</b>	<b>56.60E</b>
FQ2 Revenues (Sep Q)	<b>72.96A</b>	<b>51.70E</b>	<b>58.40E</b>
FQ3 Revenues (Dec Q)	<b>41.50A</b>	<b>57.50E</b>	<b>56.30E</b>
FQ4 Revenues (Mar Q)	<b>32.90A</b>	<b>59.53E</b>	<b>58.70E</b>
Fiscal Year Revenues	<b>203.61A</b>	<b>218.00E</b>	<b>230.00E</b>

Source: Company data, Joseph Gunnar Estimates

**Summary and Recommendation.**

OMSE's FY2025 results, reported via Form 20-F, reflect this oilfield service and equipment platform's strong footprint in oil-rich regions, allowing it to capitalize on oil industry ramp-up activity. OMSE's FY2025 revenues beat our conservative expectations, primarily driven by increased demand from the Saudi Arabia/Aramco contract, partly tempered by the activity slowdown in Singapore. In turn, FY2025 gross margins were impacted by economies of scale with greater sales volumes and a favorable revenue mix (weighted toward higher-margin services performed). OMSE employed savvy procurement strategies and supplier management to mitigate the impact of supply chain inflation and cost pressures, while driving robust organic growth. Although OMSE did not provide FY2026 guidance, the company should benefit from Saudi Arabia's increased energy production activity in CY2025. However, customer concentration remains a significant risk that could influence results. At current valuations, OMSE shares reflect investor concern about the sector's outlook rather than the potential for market share capture. Nevertheless, we affirm the FY2026 and FY2027 earnings estimates (See Below). We affirm our BUY, \$10 price target, and high-risk ratings.

**Key Points**

- Revenue: Beat Expectations.** FY2025 revenues were \$203.6MM, 12.2% higher than the prior year and beat our conservative estimate – See Figures 1 & 2. FY2025 revenue performance can be attributed to higher sales of specialty connectors and pipes, driven by robust activity related to oil and gas production, especially in Saudi Arabia/Aramco. However, surface wellhead and Christmas tree equipment sales declined due to lower demand from an Indonesian customer – See Figure 3.
- Gross Margins.** FY2025 gross profit was \$68.99MM, a 28.3% increase YoY, and gross margin increased to 33.9%, up 425 bps YoY – See Figures 4 & 5. OMSE was impacted by economies of scale, greater sales volumes in specialty connectors and pipes, and a higher mix of higher-margin services performed.
- Operating Margins.** Operating expenses were \$9.12MM, 23.3% lower than our estimate and a 12.0% decrease YoY. Operating expenses were impacted by the delay in the timing of OMSE's IPO. Operating margins were 29.4%, a 548 basis point increase from the prior year.
- CY2025 Industry Outlook.** The oilfield services and manufacturing industry should see robust growth in CY2025, driven by the demand for new equipment and the need to upgrade and transform existing equipment. The natural depletion of existing oil production capacities is driving oil explorers and developers to adopt advanced oil extraction technologies to enhance the recovery rates of aging oil fields. OMSE's highly differentiated and unique oilfield equipment platform should benefit from this favorable environment.
- Customer Concentration Impact.** OMSE's top ten customers accounted for 91% of total sales in FY2025, up from 88% in the prior year. Saudi Aramco alone contributed 67% of total revenue in FY2025, making it by far the single largest customer and a critical factor in the company's financial results. While the company is proactively diversifying its customer base, the customer concentration will persist as a risk in the near term. Nevertheless, Saudi Aramco provides a robust validation of OMSE's capabilities, critical to winning new customers.
- Affirm FY2026 and FY2027 Earnings Estimates.** For FY2026, we expect revenue of \$218.0MM and EPS gain of \$0.95, with Aramco running at steady state levels. Furthermore, our FY2026 estimate assumes oil trading above \$60 per barrel – sufficient to drive profitable oil exploration activity. In FY2027, OMSE is projected to deliver \$230.0MM and an EPS gain of \$1.00, driven by growth in MENA and SE Asia regions.
- Appealing Valuation.** We believe OMSE should command a better valuation, reflecting our expectations for the company's future growth expectations. Currently, OMSE trades at a forward EV/EBITDA multiple of 4.0x based on our CY25 estimated EBITDA of \$54.4MM. While execution and industry risk exist that impact the valuation multiple, OMSE has significant tactical advantages, growth drivers, and earnings leverage potential. Thus, we believe OMSE should command a higher EV/EBITDA multiple, translating into a \$10 price target.

## I. FY2025 Earnings Review

### Revenues

FY2025 revenues were \$203.6MM, 12.2% higher than the prior year and beat our estimate – See Figures 1 & 2. The growth was primarily attributed to significantly increased demand from Saudi ARAMCO, which became OMS's largest customer, accounting for 67% of the company's revenue in 2025.

- **Specialty Connectors and Pipes.** The specialty connectors and pipes segment emerged as the dominant revenue driver, generating \$143.1 MM in FY2025, up 20.6% year over year. The segment benefited from a significant increase in demand from Aramco, which had higher levels of business activities related to oil and gas production.
- **Surface wellhead and Christmas Tree equipment.** The surface wellhead and Christmas tree equipment segment posted a modest decline, down 11.2% year over year. The decline stemmed from lower demand from a major customer in Indonesia, who had lower levels of business activities related to oil and gas production.
- **Premium Threading Services.** Premium threading services revenue declined slightly, down 4.9% year over year. No significant changes due to the relatively stable level of rig activities across OMSE's oil and gas customer base.
- **Other Ancillary Services.** The other ancillary services segment benefited from higher customer demand, up 4.8% year over year.

**Figure 1. OMSE FY2025 Revenue Mix – Estimate vs. Actual (\$ in MM)**

	Joseph Gunnar Est.	Actual	% Difference
Specialty Connectors and Pipes	\$139.66	\$143.09	+2.5%
Surface Wellhead & Christmas Tree Equipment	9.37	8.68	-7.4%
Premium Threading Services	35.56	36.83	+3.6%
Other Ancillary Services	18.10	15.00	-17.1%
<b>Total Revenues</b>	<b>\$202.70</b>	<b>\$203.61</b>	<b>+0.4%</b>

Source: Company Reports and Joseph Gunnar Estimates

**Figure 2. OMSE FY2025 Revenue Mix – Change YoY (\$ in MM)**

	2025	2024	Year over Year (YoY)
Specialty Connectors and Pipes	\$143.09	\$118.65	+20.6%
Surface Wellhead & Christmas Tree Equipment	8.68	9.77	-11.2%
Premium Threading Services	36.83	38.71	-4.9%
Other Ancillary Services	15.00	14.32	+4.8%
<b>Total Revenues</b>	<b>\$203.61</b>	<b>\$181.45</b>	<b>+12.2%</b>

Source: Company Reports and Joseph Gunnar Estimates

**Figure 3. OMSE FY2025 –Revenue Mix – By Country (\$ in MM\$)**

	2025	2024	Year over Year (YoY)
Saudi Arabia	141.08	115.56	+22.1%
Singapore	19.41	23.59	-17.7%
Malaysia	15.27	14.50	+5.2%
Thailand	11.40	9.97	+14.3%
Indonesia	13.56	14.89	-9.0%
Others	2.90	2.93	-1.3%
<b>Total Revenues</b>	<b>203.61</b>	<b>181.45</b>	<b>+12.2%</b>

Source: Company Reports and Joseph Gunnar Estimates

**Figure 4. OMSE FY2025 – Profitability – Estimate vs. Actual**

	Joseph Gunnar Est.	Actual	Difference
<b>Gross Margin</b>	+32.1%	+33.9%	+180 bps
<b>Operating Margin</b>	+26.3%	+29.4%	+/- XXX bps
<b>Net Margin</b>	+21.3%	+23.1%	+/- XXX bps

Source: Company Reports and Joseph Gunnar Estimates

**Figure 5. OMSE FY2025 – Profitability – YoY Change**

	Actual	YOY Change
<b>Gross Margin</b>	33.9%	+425 bps
<b>Operating Margin</b>	29.4%	+548 bps
<b>Net Margin</b>	23.1%	-2,348 bps

Source: Company Reports and Joseph Gunnar Estimates

## II. Estimates

### Our Estimates

- FY2026 Estimates.** We believe that in FY2026, OMSE can deliver \$218.0MM in revenue and a GAAP EPS gain of \$0.95. Aramco is expected to account for approximately 70% of FY2026 revenues. Anchoring our FY2026 estimates, we expect OMSE's gross margins to decline to the low 30% range, as Aramco's order flow becomes more stable and less lumpy. With relatively stable SG&A expenses, OMSE's operating margins should trend in the mid 20% range. Furthermore, our FY2026 estimate assumes oil trading above \$60 per barrel – providing enough profit to encourage oil explorers and developers to seek oil. Consequently, OMSE would benefit from the demand for new equipment and upgrades for existing equipment.
- FY2027 Estimates.** We expect OMSE to produce revenue of \$230MM and a GAAP EPS gain of \$1.00. At the beginning of FY2027, OMSE is likely to benefit from organic growth in the Southeast Asia region, with Aramco accounting for approximately 65% of FY2027 revenues. OMSE's gross margins are expected to stabilize in the high 20% to low 30% range, due to pricing pressures and a shift in mix towards small and mid-size customer accounts. Despite an increase in SG&A spending to support expanding operations, OMSE's operating margins are expected to remain in the mid-20 % range.

### III. Valuation

We believe OMSE trades at a discount to peers for four reasons: (1) investors' unfamiliarity with the platform, (2) rising concerns of a recession in the second half of 2025, (3) potential exposure to tariffs, and (4) the platform's relatively small size compared to industry peers. Currently, oilfield technology companies trade at a forward EV/EBITDA multiple of 7.2x, while oilfield services companies trade at a forward EV/EBITDA multiple of 6.3x. In contrast, OMSE trades at a forward EV/EBITDA multiple of 4.2, based on our estimated CY2025 EBITDA of \$54.38 million.

We believe that the enterprise value-to-EBITDA ratio is the most appropriate valuation metric for OMSE. This multiple is commonly used for businesses in capital-intensive sectors such as manufacturing, telecommunications, and utilities. These industries often have significant depreciation and interest expenses, and the multiple allows for more meaningful operational comparisons by excluding these financing and non-cash items. Since OMSE may become an acquirer, EV/EBITDA will help determine fair valuations and establish deal terms for acquisitions.

We believe OMSE should command a better valuation, reflecting our expectations for the company's future growth. In our peer comparison group, Innovex, the closest comparable to OMSE, is projected to grow revenue by 45% in FY25 and commands a 6.0 EV/EBITDA multiple based on FY25 sales. We envision a similar organic growth rate for OMSE; however, OMSE could post upside to our FY 2026 forecast if Aramco's order volume exceeds our expectations (\$150 million). Nevertheless, OMSE is a minor player in the Oilfield Technologies group, and should receive a discount on the group multiple. Thus, we derive a final multiple of 6.0 times enterprise value to EBITDA for OMSE. Adjusting for the cash balance, we derive a price target of \$10, using the fully diluted share count of 44.3 million shares.

## Appendix 1. Income Statement

### OMS Energy Technologies Inc.

NASDAQ: OMSE

#### HISTORICAL AND PROJECTED INCOME STATEMENT (\$ in 000s, except share data)

Year Ending: March 31	FY				FY 2025				FY 2026				FY 2027			
	2024A	2025A	2026E	2027E	Jun-24 1Q25A	Sep-24 2Q25A	Dec-24 3Q25A	Mar-25 4Q25A	Jun-25 1Q26E	Sep-25 2Q26E	Dec-25 3Q26E	Mar-26 4Q26E	Jun-26 1Q27E	Sep-26 2Q27E	Dec-26 3Q27E	Mar-27 4Q27E
<b>Revenues:</b>																
Total Revenue	\$180,706	\$203,607	\$218,000	\$230,001	\$56,248	\$72,964	\$41,500	\$32,895	\$49,275	\$51,700	\$57,499	\$59,525	\$56,600	\$58,400	\$56,301	\$58,700
Cost of Revenue	127,680	134,620	153,143	161,460	38,065	47,835	29,292	19,428	34,788	36,138	40,192	42,024	39,733	40,997	39,523	41,207
Gross Profit	\$53,026	\$68,987	\$64,857	\$68,541	\$18,183	\$25,129	\$12,208	\$13,467	\$14,487	\$15,562	\$17,308	\$17,501	\$16,867	\$17,402	\$16,778	\$17,493
<b>Operating Expenses:</b>																
Selling, general, and administrative	10,364	8,563	12,435	13,337	2,537	2,515	2,404	1,107	2,957	3,102	3,162	3,214	3,226	3,387	3,378	3,346
Amortization of intangible assets	-	559	400	400	113	113	113	219	100	100	100	100	100	100	100	100
Impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>10,364</b>	<b>9,122</b>	<b>12,835</b>	<b>13,737</b>	<b>2,650</b>	<b>2,628</b>	<b>2,517</b>	<b>1,327</b>	<b>3,057</b>	<b>3,202</b>	<b>3,262</b>	<b>3,314</b>	<b>3,326</b>	<b>3,487</b>	<b>3,478</b>	<b>3,446</b>
Operating Income (Loss)	42,662	59,865	52,022	54,803	15,533	22,501	9,691	12,140	11,430	12,360	14,045	14,187	13,541	13,915	13,299	14,047
<b>Other Income (Expenses)</b>																
Bargain purchase gain	49,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	129	55	200	200	(22)	41	41	(5)	50	50	50	50	50	50	50	50
Finance Cost	(1,115)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income (Expense)	696	246	400	400	168	168	168	(257)	100	100	100	100	100	100	100	100
<b>Total Other Income (Expenses)</b>	<b>49,139</b>	<b>302</b>	<b>600</b>	<b>600</b>	<b>146</b>	<b>209</b>	<b>209</b>	<b>(261)</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
Pre-Tax Income (Loss)	91,801	60,167	52,622	55,403	15,678	22,710	9,900	11,878	11,580	12,510	14,195	14,337	13,691	14,065	13,449	14,197
Provision For Income Taxes	8,081	13,189	10,524	11,081	3,045	4,635	1,973	3,536	2,316	2,502	2,839	2,867	2,738	2,813	2,690	2,839
Net Income (Loss)	83,720	46,978	42,098	44,323	12,634	18,075	7,926	8,342	9,264	10,008	11,356	11,470	10,953	11,252	10,760	11,358
Foreign currency translation differences	(2,311)	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0
Changes resultng from actuarial remeasurement of employee benefits obligation	(42)	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	81,367	46,978	42,098	44,323	12,634	18,075	7,926	8,342	9,264	10,008	11,356	11,470	10,953	11,252	10,760	11,358
Basic - Earnings per share	37,600	41,500	44,300	44,300	38,700	38,700	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300
Diluted - Earnings per share	37,600	41,500	44,300	44,300	38,700	38,700	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300
Weighted Share Outstanding - Basic	\$2.16	\$1.13	\$0.95	\$1.00	\$0.33	\$0.47	\$0.18	\$0.19	\$0.21	\$0.23	\$0.26	\$0.26	\$0.25	\$0.25	\$0.24	\$0.26
Weighted Share Outstanding - Diluted	\$2.16	\$1.13	\$0.95	\$1.00	\$0.33	\$0.47	\$0.18	\$0.19	\$0.21	\$0.23	\$0.26	\$0.26	\$0.25	\$0.25	\$0.24	\$0.26

EBITDA Reconciliation																
Operating Income	42,662	59,865	52,022	54,803	\$15,533	\$22,501	\$9,691	\$12,140	\$11,430	\$12,360	\$14,045	\$14,187	\$13,541	\$13,915	\$13,299	\$14,047
Depreciation and Amortization	2400	4,404	4,990	4,990	1,248	1,248	1,248	661	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248
<b>EBITDA</b>	<b>\$45,062</b>	<b>\$64,269</b>	<b>\$57,012</b>	<b>\$59,793</b>	<b>\$16,780</b>	<b>\$23,749</b>	<b>\$10,939</b>	<b>\$12,801</b>	<b>\$12,678</b>	<b>\$13,607</b>	<b>\$15,293</b>	<b>\$15,435</b>	<b>\$14,789</b>	<b>\$15,163</b>	<b>\$14,547</b>	<b>\$15,295</b>
<b>EBITDA Margin</b>	<b>24.9%</b>	<b>31.6%</b>	<b>26.2%</b>	<b>26.0%</b>	<b>29.8%</b>	<b>32.5%</b>	<b>26.4%</b>	<b>38.9%</b>	<b>25.7%</b>	<b>26.3%</b>	<b>26.6%</b>	<b>25.9%</b>	<b>26.1%</b>	<b>26.0%</b>	<b>25.8%</b>	<b>26.1%</b>

Source: Company reports and Joseph Gunnar estimates

Leo Carpio

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**High – Fundamental Criteria:** This risk rating is assigned to companies with below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. The price volatility of companies falling within this category is expected to exceed the industry or sector. High-risk stocks may not be suitable for a significant class of individual investors.

**Medium – Fundamental Criteria:** This risk rating is assigned to companies with average revenue and earnings visibility, positive cash flow, and relatively liquid. Accordingly, price volatility and fundamental risk are expected to approximate the industry average.

**Low – Fundamental Criteria:** This risk rating is assigned to companies with above-average revenue and earnings visibility, positive cash flow, and relatively liquid. Accordingly, price volatility and fundamental risk are expected to be below the industry average.

## DEFINITION OF RATINGS

### Definition of Ratings

**BUY (B)** – Shares are expected to outperform its relevant index over the next 12 months.

**HOLD (H)** – Shares are expected to trade in line with their relevant index over the 12 months.

**SELL (S)** – Shares are expected to underperform its relevant index over the next 12 months.

For OMSE, we use the Russell 2000 as the relevant index.

**Investors should consider this report as only one of several factors in making their investment decisions.**

### Joseph Gunnar & Co. Ratings Distribution – As of August 8, 2025

Rating	% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 Months
Buy	80%	50%
Hold	20%	0%
Sell	0%	0%

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