



# Oiltek International Ltd

Working with the giants



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SINGAPORE | ENGINEERING | UPDATE

11 March 2025

- On 26 February, Oiltek announced a heads of agreement with Indonesian state oil company Pertamina to enter a joint venture to develop a pre-treatment unit (PTU) and supply feedstock. There are potentially three revenue streams – constructing the PTU plant and recurrent revenue from partial ownership of the PTU and sourcing feedstock for the PTU.
- On 3 March, Oiltek proposed a 2 for 1 bonus issue. It is subject to shareholders' approval during the upcoming annual general meeting. The company is also proposing to transfer its listing from the Catalist Board to the SGX Mainboard.
- We maintain our BUY recommendation and FY25e earnings. The target price of S\$1.48 is based on industry 20x PE FY25e, in line with peers. The conclusion of the agreement will be a major driver to earnings and re-rating of the business model from project-based earnings to a higher proportion of recurrent earnings. Oiltek is a global leader in palm oil process technology, including refining, fractionation, and phytonutrient extraction. The thematic growth drivers include increased palm oil acreage in Africa and South America, increased downstream activities, higher biodiesel capacity in Indonesia and Malaysia, and expansion into sustainable aviation fuel (SAF).

## BUY (Maintained)

CLOSING PRICE	SGD 1.220
FORECAST DIV	SGD 0.032
TARGET PRICE	SGD 1.480
TOTAL RETURN	23.9%

### COMPANY DATA

Bloomberg CODE:	OITEK SP Equity
O/S SHARES (MN):	143.0
MARKET CAP (USD mn / SGD mn):	136 / 182
52 - WK HI/LO (SGD):	1.35 / 0.24
3M Average Daily T/O (mn):	0.22

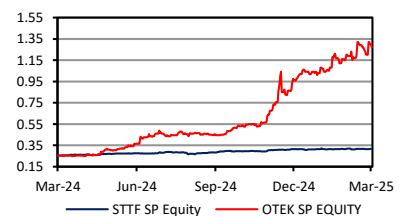
### MAJOR SHAREHOLDERS

Koh Brothers Group Ltd	68.1%
Yong Khai Weng	6.3%

### TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	8.5	49.4	22.1
STTF RETURN	2.5	3.2	4.2

### PRICE VS. STTF



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Dec RM (mn)	FY23	FY24	FY25e	FY26e
Revenue	201	230	293	331
EBITDA	23.0	36.9	44.3	51.0
Net Profit	19.1	29.6	35.0	39.8
EPS (SGD cents)	3.8	6.3	7.4	8.4
P/E (X)	31.8	19.5	16.5	14.5
Dividend Yield	1.3%	2.2%	2.6%	2.8%
ROE	31.5%	39.0%	35.0%	29.9%
ROA	12.4%	14.8%	14.9%	14.4%

Source: Company, PSR

### VALUATION METHOD

20x PE Multiple FY25e

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## Key Highlights

**New growth and business model opportunity.** We believe it is a significant milestone for Oiltek to enter a joint venture with an oil giant such as Pertamina. We view the heads of agreement (HOA) as a firm collaboration, but details are to be finalised and approved later. The HOA is in force and effect for one year from the date of the HOA. We believe there will be potentially three sources of revenue for Oiltek. There will be two recurrent income streams from ownership in the joint venture and supply margin from supplying the PTU's palm oil effluent (POME) feedstock. POME is the wastewater from palm oil mills. The third revenue source is a contract to build the PTU.

**What is a PTU?** The PTU plant will process sustainable feedstock from nonedible sources such as POME for use in a SAF plant. It will remove the impurities and all undesired contaminants in the POME. Oiltek has built operating PTU plants using its proven proprietary process for other SAF producers using International Sustainability and Carbon Certification (ISCC) certified POME. The joint venture PTU can potentially earn a processing margin on the POME feedstock before selling it to a SAF plant.

**More corporate action.** Oiltek is undertaking two corporate actions. The first is 2 bonus shares for every 1 share held, which will require shareholders' approval during the upcoming annual general meeting. There is also a proposed transfer of their listing from the Catalist Board to the Mainboard of the SGX. However, such a transfer requires a 25% public free float. Based on current shareholding, the float is only 21.6%.

Figure 1: Malaysia sector proxy trading at 19x forward PE

Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	PSR Rec.	Share Px Local Crcy	Mkt. Cap. (US\$m)	PE Yr 0	PE Yr +1	PE Yr +2	EV/ EBITDA (x)	ROE	Net Profit (RM mn)
<b>Singapore</b>												
Oiltek	7.5%	34.4%	24.0%	BUY	1.290	138	20.6	17.4	15.3	13.4	31.5%	29.6
<b>Malaysia (proxy)</b>												
BM Greentech	-6.3%	-1.1%	2.3%	-	1.78	276	36.4	29.2	23.2	19.4	15.1%	33.5
Kellington Group	1.2%	-2.9%	-5.0%	-	3.39	550	23.5	20.5	17.4	10.9	33.7%	122.7
Samaiden Group	-12.9%	-10.7%	-16.3%	-	1.08	102	28.1	20.7	16.4	13.4	13.3%	15.5
<b>Malaysia Total</b>	<b>-2.6%</b>	<b>-3.2%</b>	<b>-4.1%</b>			<b>928</b>	<b>26.8</b>	<b>22.5</b>	<b>18.7</b>	<b>13.7</b>	<b>25.9%</b>	<b>33.5</b>

Source: PSR, Bloomberg #Price as at 6Mar25

Maintain BUY with an unchanged TP of S\$1.48

## Financials

### Income Statement

Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
<b>Revenue</b>	<b>163.7</b>	<b>201.1</b>	<b>230.3</b>	<b>293.4</b>	<b>331.4</b>
Gross profit	30.6	39.2	55.1	66.9	73.9
<b>EBITDA</b>	<b>13.9</b>	<b>23.0</b>	<b>36.9</b>	<b>44.3</b>	<b>51.0</b>
Depreciation & amortisation	(0.2)	(0.2)	(0.4)	(0.3)	(0.3)
<b>EBIT</b>	<b>13.7</b>	<b>22.8</b>	<b>36.5</b>	<b>44.0</b>	<b>50.7</b>
Other income	2.2	1.3	3.4	2.4	2.1
Other gain / (losses)	1.8	1.4	2.6	0.2	0.2
Profit before tax	17.7	25.5	42.5	46.6	53.0
Taxation	(5.0)	(6.4)	(9.9)	(11.7)	(13.3)
Minority interest	-	-	-	-	-
<b>PATMI</b>	<b>12.7</b>	<b>19.1</b>	<b>29.6</b>	<b>35.0</b>	<b>39.8</b>

### Per share data (SGD Cents)

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
EPS, Reported	2.61	3.84	6.27	7.40	8.41
DPS	1.20	1.60	2.70	3.20	3.40
BVPS	0.11	0.14	0.18	0.24	0.32

### Cash Flow

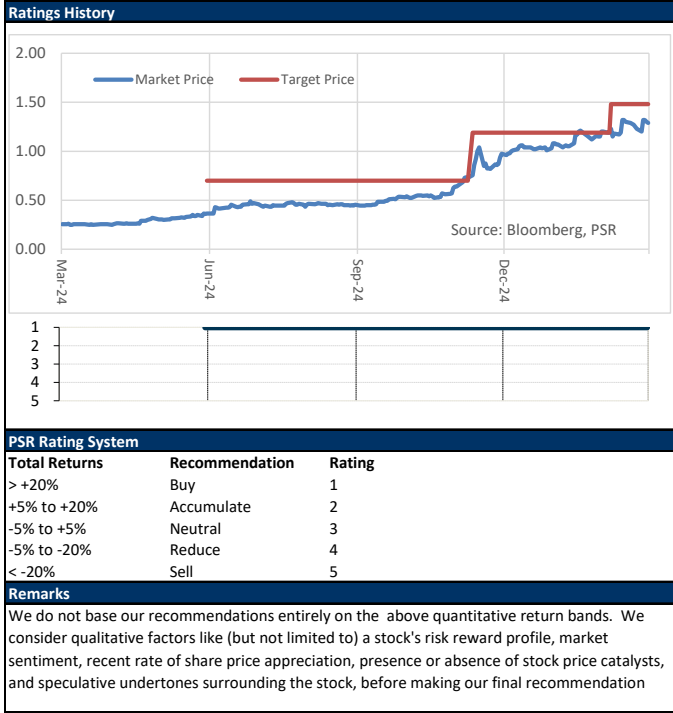
Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
<b>CFO</b>					
<b>Profit before tax</b>	<b>17.7</b>	<b>25.5</b>	<b>39.5</b>	<b>46.6</b>	<b>53.0</b>
Adjustments	0.9	(2.6)	(2.0)	(2.2)	(1.9)
WC changes	4.2	(90.9)	(45.0)	44.6	1.5
Cash generated from ops	22.8	(68.0)	(7.5)	89.1	52.7
Tax paid	(4.2)	(5.1)	(4.2)	(9.2)	(11.1)
<b>Cashflow from ops</b>	<b>18.6</b>	<b>(73.2)</b>	<b>(11.7)</b>	<b>79.9</b>	<b>41.6</b>
<b>CFI</b>					
CAPEX, net	(0.4)	(0.3)	(0.7)	(0.5)	(0.5)
Others	-	0.0	0.1	-	-
<b>Cashflow from investments</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>CCF</b>					
Share issuance, net	16.0	-	-	-	-
Dividends	(8.9)	(5.9)	(12.1)	(3.9)	(4.6)
Others	(0.5)	-	-	-	-
<b>Cashflow from financing</b>	<b>6.6</b>	<b>(5.9)</b>	<b>(12.1)</b>	<b>(3.9)</b>	<b>(4.6)</b>
Net change in cash	24.8	(79.3)	(24.4)	75.5	36.5
FX	(0.4)	2.5	(2.0)	0.0	0.0
<b>CCE, end</b>	<b>67.4</b>	<b>132.5</b>	<b>106.1</b>	<b>181.7</b>	<b>218.2</b>

### Balance Sheet

Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
<b>ASSETS</b>					
Trade and other receivables	11.4	26.9	87.3	44.0	49.7
Cash	67.4	132.5	106.1	181.7	218.2
Inventories	6.0	5.7	0.9	5.9	6.6
Others	34.2	16.4	18.1	18.1	18.1
<b>Total current assets</b>	<b>119.0</b>	<b>181.5</b>	<b>212.5</b>	<b>249.7</b>	<b>292.6</b>
PPE	3.2	3.3	3.6	3.9	4.1
Others	0.3	0.5	0.4	0.4	0.4
<b>Total non-current assets</b>	<b>3.5</b>	<b>3.8</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>
<b>Total Assets</b>	<b>122.5</b>	<b>185.2</b>	<b>216.5</b>	<b>254.0</b>	<b>297.2</b>
<b>LIABILITIES</b>					
Accounts payable	44.4	36.8	55.3	61.6	69.6
Bank borrowings	-	-	-	-	-
Other payables	23.1	79.0	72.9	72.9	72.9
Others	1.6	1.7	4.0	4.0	4.0
<b>Total current liabilities</b>	<b>69.0</b>	<b>117.5</b>	<b>132.2</b>	<b>138.6</b>	<b>146.5</b>
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>69.0</b>	<b>117.5</b>	<b>132.2</b>	<b>138.6</b>	<b>146.5</b>
<b>Equity</b>					
Share capital	98.6	98.6	98.6	98.6	98.6
<b>Shareholder Equity</b>	<b>53.5</b>	<b>67.7</b>	<b>84.3</b>	<b>115.4</b>	<b>150.6</b>

### Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (X)	46.7	31.8	19.5	16.5	14.5
P/B (X)	11.4	9.0	6.8	5.0	3.8
EV/EBITDA (X)	39.0	20.7	12.8	8.9	7.0
Dividend Yield	1.0%	1.3%	2.2%	2.6%	2.8%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	62.7%	22.8%	14.5%	27.4%	13.0%
EBITDA	11.8%	65.6%	60.5%	20.1%	15.2%
EBIT	11.7%	66.1%	60.3%	20.5%	15.2%
PATMI	30.5%	50.9%	55.0%	18.0%	13.7%
<b>Margins</b>					
Gross margin	18.7%	19.5%	23.9%	22.8%	22.3%
EBITDA margin	8.5%	11.4%	16.0%	15.1%	15.4%
EBIT margin	8.4%	11.3%	15.9%	15.0%	15.3%
Net profit margin	7.7%	9.5%	12.9%	11.9%	12.0%
<b>Key Ratios</b>					
ROE	28.8%	31.5%	39.0%	35.0%	29.9%
ROA	12.4%	12.4%	14.8%	14.9%	14.4%
Net Gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Net Debt/EBITDA (X)	n.a.	n.a.	n.a.	n.a.	n.a.



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