



Oiltek International Ltd

Prepare for the next wave



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SINGAPORE | ENGINEERING | 1H25 RESULTS

4 August 2025

- 1H25 PATMI was within our expectations at 49% of our FY25e forecast. Underlying net profit (excl. FX translation loss) jumped 92% YoY to RM17mn. Revenue was below expectations at 34% of our FY25e.
- Gross margins expanded almost 13% points to 32.2% from procurement and re-engineering savings. Timing of projects will also impact gross margins. Interim dividend rose 67% YoY to 0.5 cents. The company ended 1H25 with net cash of RM111.7mn (1H24: RM103.9mn).
- We maintain of FY25e earnings and lift FY26e earning by 20% to RM47.6mn. We are raising our valuations to a bull case scenario. Listed peers in Malaysia are trading at 19x PE FY26e but with slower earnings growth of 16%. In contrast, Oiltek's growth has been compounding at around 50%. With a better earnings growth profile and huge upcoming opportunities in SAF, we believe a premium valuation is warranted. We peg Oiltek to 35x PE FY26e or target price of S\$1.18. Historical valuations have already hit 45x, and we see no slowdown in earnings growth. We expect order momentum to expand from SAF pre-treatment units, Latin America, biodiesel regionally, and new refining capacity.

Results at a glance

RM '000	1H25	1H24	YoY	Comments
Revenue	100,817	100,454	0.4%	
- Indonesia	56,596	61,184	-7.5%	
- Malaysia	34,091	23,679	44.0%	Refining and fractionalization projects.
Gross profit	32,442	19,513	66.3%	
Other gains	-6,212	1,654	n.m.	
- FX translation	-2,947	1,365	n.m.	Translation loss of US dollar holdings.
PATMI	14,132	10,278	37.5%	
Underlying PATMI	17,079	8,913	91.6%	Excluding unrealised translation FX.
Gross Margins	32.2%	19.4%	12.8%	Procurement and re-engineering savings.
DPS - Final	0.50	0.30	66.7%	
Orderbook	332,500	405,100	-17.9%	

Source: Company, PSR

The Positive

+ Jump in gross margins. Gross margins rose to new highs of 32.2%, a 12.8% point expansion. We believe the expanded scale has yielded significant procurement savings for the company. The timing of project completions and re-engineering initiatives was another contributor.

The Negative

- Contraction in the order book. The order book contracted by 18% YoY to RM332mn or 1 year's visibility. We expect the order book to replenish in the coming months, as management has been focused on executing their record order wins.

Outlook

Oiltek has announced preliminary opportunities in SAF in Indonesia and Sarawak this year. SAF is expected to increase from 0.3% to 0.7% of jet fuel in 2025. The projected target is 3.8% of global jet fuel by 2030 from the current 0.3%. Multiple airlines have already committed to SAF targets by 2030 – SIA (5%), Garuda (5%), IAG (10%), Japan Airlines (10%), and Cathay Pacific (10%). We think Oiltek's opportunity lies in Malaysia and Indonesia, where the feedstock is palm oil effluent, rather than used cooking oil. We believe Oiltek's opportunity extends beyond constructing the pre-treatment unit that supplies feedstock to the SAF plant and includes potential recurrent income as a shareholder. We believe other project opportunities include refineries in Latin America and Southeast Asia, as well as biodiesel plants regionally.

BUY (Maintained)

CLOSING PRICE	SGD 0.980
FORECAST DIV	SGD 0.013
TARGET PRICE	SGD 1.180
TOTAL RETURN	21.7%

COMPANY DATA

Bloomberg CODE:	OTEK SP Equity
O/S SHARES (MN) :	429.0
MARKET CAP (USD mn / SGD mn) :	321 / 416
52 - WK HI/LO (SGD) :	0.99 / 0.14
3M Average Daily T/O (mn) :	1.32

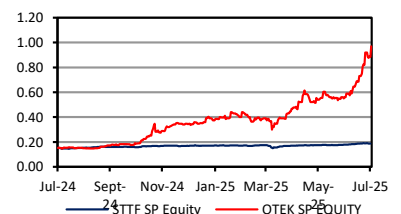
MAJOR SHAREHOLDERS

Koh Brothers Group Ltd	68.1%
Yong Khai Weng	6.3%

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	60.9	91.8	158.2
STTF RETURN	5.4	10.1	13.3

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	2.1	2.5	2.8
P/E (X)	25.5	46.9	39.6	34.9
Dividend Yield	0.5%	0.9%	1.3%	1.7%
ROE	31.5%	39.0%	35.0%	30.0%
ROA	12.4%	14.8%	14.9%	14.5%

Source: Company, PSR

VALUATION METHOD

35x PE Multiple FY26e

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Maintain BUY with a higher TP of S\$1.18 (prev. S\$0.493)

Oiltek's attractive financial metrics include an ROE of 35% with a net cash balance sheet of RM111.7mn (~S\$34). The company operates on an asset-light business model, with fixed assets of RM4mn, that leverages on their intellectual property with manufacturing and construction outsourced.

There are no direct comparables for Oiltek. We use Malaysian process equipment makers as a proxy. The sector is trading at 19x PE FY26e with earnings growth of 16% (Figure 1). We are expecting a much faster growth of 45% in FY26e for Oiltek and a superior ROE.

Figure 1: Sector proxy

Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	PSR Rec.	Share Px Local Crcy	Mkt. Cap. (US\$mn)	PE			EV/ EBITDA (x)	ROE	Net Profit (RM mn)
							Yr 0	Yr + 1	Yr + 2			
Malaysia (proxy)												
BM Greentech	-7.2%	4.7%	3.4%	-	1.80	292	23.6	20.8	19.7	12.4	12.7%	33.5
Kellington Group	12.9%	24.3%	17.4%	-	4.19	746	25.4	21.6	18.4	16.3	29.2%	122.7
Samaiden Group	4.2%	19.4%	-4.7%	-	1.23	131	34.3	27.9	21.0	14.2	14.3%	15.5
Malaysia Total	6.9%	18.9%	11.4%			1,169	25.7	21.9	18.9	15.1	23.4%	33.5

Source: Company, PSR, Bloomberg

Financials

Income Statement

Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	163.7	201.1	230.3	255.6	288.7
Gross profit	30.6	39.2	55.1	64.2	81.4
EBITDA	13.9	23.0	36.9	44.5	61.5
Depreciation & amortisation	(0.2)	(0.2)	(0.4)	(0.3)	(0.3)
EBIT	13.7	22.8	36.5	44.2	61.2
Other income	2.2	1.3	3.4	(0.5)	2.1
Other gain / (losses)	1.8	1.4	2.6	0.2	0.2
Profit before tax	17.7	25.5	42.5	43.9	63.5
Taxation	(5.0)	(6.4)	(9.9)	(11.0)	(15.9)
Minority interest	-	-	-	-	-
PATMI	12.7	19.1	29.6	32.9	47.6
Underlying PATMI	12.7	17.6	30.6	35.9	47.6

Per share data (SGD Cents)

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
EPS, Underlying	0.85	1.18	2.16	2.54	3.37
DPS	0.40	0.53	0.90	1.30	1.70
BVPS	0.04	0.05	0.06	0.08	0.11

Cash Flow

Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit before tax	17.7	25.5	39.5	43.9	63.5
Adjustments	0.9	(2.6)	(2.0)	(2.2)	(1.9)
WC changes	4.2	(90.9)	(45.0)	43.1	1.3
Cash generated from ops	22.8	(68.0)	(7.5)	84.9	63.0
Tax paid	(4.2)	(5.1)	(4.2)	(8.5)	(13.8)
Cashflow from ops	18.6	(73.2)	(11.7)	76.3	49.2
CFI					
CAPEX, net	(0.4)	(0.3)	(0.7)	(0.5)	(0.5)
Others	-	0.0	0.1	-	-
Cashflow from investments	(0.4)	(0.3)	(0.6)	(0.5)	(0.5)
CFF					
Share issuance, net	16.0	-	-	-	-
Dividends	(8.9)	(5.9)	(12.1)	(3.9)	(5.6)
Others	(0.5)	-	-	-	-
Cashflow from financing	6.6	(5.9)	(12.1)	(3.9)	(5.6)
Net change in cash	24.8	(79.3)	(24.4)	72.0	43.2
FX	(0.4)	2.5	(2.0)	0.0	0.0
CCE, end	67.4	132.5	106.1	178.1	221.3

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Dec, RM mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Trade and other receivables	11.4	26.9	87.3	38.3	43.3
Cash	67.4	132.5	106.1	178.1	221.3
Inventories	6.0	5.7	0.9	5.1	5.8
Others	34.2	16.4	18.1	18.1	18.1
Total current assets	119.0	181.5	212.5	239.7	288.5
PPE	3.2	3.3	3.6	3.9	4.1
Others	0.3	0.5	0.4	0.4	0.4
Total non-current assets	3.5	3.8	4.1	4.3	4.5
Total Assets	122.5	185.2	216.5	244.0	293.0
LIABILITIES					
Accounts payable	44.4	36.8	55.3	53.7	60.6
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
Total current liabilities	69.0	117.5	132.2	130.6	137.6
Total non-current liabilities	-	-	-	-	-
Total Liabilities	69.0	117.5	132.2	130.6	137.6

Equity

Share capital	98.6	98.6	98.6	98.6	98.6
Shareholder Equity	53.5	67.7	84.3	113.4	155.4

Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (X)	115.8	83.1	45.4	38.6	29.1
P/B (X)	27.4	21.6	16.5	12.2	8.9
EV/EBITDA (X)	100.8	58.0	34.8	27.2	19.0
Dividend Yield	0.4%	0.5%	0.9%	1.3%	1.7%

Growth & Margins

Growth					
Revenue	62.7%	22.8%	14.5%	11.0%	12.9%
EBITDA	11.8%	65.6%	60.5%	20.6%	38.2%
EBIT	11.7%	66.1%	60.3%	21.1%	38.4%
PATMI - underlying	30.5%	50.9%	55.0%	11.1%	44.6%
Margins					
Gross margin	18.7%	19.5%	23.9%	25.1%	28.2%
EBITDA margin	8.5%	11.4%	16.0%	17.4%	21.3%
EBIT margin	8.4%	11.3%	15.9%	17.3%	21.2%
Net profit margin	7.7%	9.5%	12.9%	12.9%	16.5%

Key Ratios

ROE	28.8%	31.5%	39.0%	33.3%	35.4%
ROA	12.4%	12.4%	14.8%	14.3%	17.7%
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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