Maybank

0.44/0.18

2.2%

Dyna-Mac (DMHL SP)

Further capacity expansion + bonus warrants

Maintain BUY with lower SGD0.38 TP

Dyna-Mac said it bought Exterran Offshore Pte Ltd for USD8.25m which will grant it access to an additional 4.5ha of yard facilities along Gul Road, just beside its own facility. We expect this acquisition to expand capacity by 30% which will be positive. As a result, we lift FY24/25E earnings by 10%. It also issued a 1-for-5 share bonus warrant at an exercise price of SGD0.15/sh, a 53% discount to current share price to reward shareholders. To account for dilution due to the bonus warrants, assuming 100% conversion, our TP is lowered to SGD0.38 from SGD0.51, pegged to a 16.5x FY24E P/E.

Additional 30% capacity

After expanding by leasing more land from Jurong Town Corporation (JTC), Dyna-Mac said it will buy Exterran Offshore Pte Ltd to provide additional fabrication capacity for current and future projects. The acquisition comes with yard facilities of approximately 4.5ha next to its current main facility and will extend its waterfront length by 680m, allowing it to improve its current method of construction via split modules, shortening time to deliver projects, as well as providing an option to work on cable manufacturing and modules for the pharmaceutical sector. The acquisition cost USD8.25m but comes with USD2.51m of cash and net book value of USD3.65m. However, the latest valuation report done by OrangeTee Advisory Pte Ltd in Aug 2023 valued the land and building at SGD17m.

1 bonus warrant for every 5 shares owned

Management has rewarded shareholders with 1 bonus warrant with every 5 shares owned at an exercise price of SGD0.15, a deep discount to current price levels. We expect the warrants to be fully converted if approved.

Expansion of capacity signals bullishness

We believe that the further expansion of its capacity through this acquisition signals bullishness by management on its future potential order wins which will likely lead to higher revenue and profitability.

FYE Dec (SGD m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	220	291	367	459	528
EBITDA	4	12	19	27	31
Core net profit	6	13	21	29	33
Core EPS (cts)	0.5	1.3	1.7	2.3	2.6
Core EPS growth (%)	nm	136.3	28.4	38.6	14.2
Net DPS (cts)	0.0	0.3	0.5	0.7	0.8
Core P/E (x)	16.6	14.5	19.3	13.9	12.2
P/BV (x)	3.2	4.5	6.3	4.4	3.2
Net dividend yield (%)	0.0	1.5	1.5	2.1	2.4
ROAA (%)	2.9	5.3	7.0	8.3	8.1
EV/EBITDA (x)	nm	0.9	9.1	4.6	2.5
Net gearing (%) (incl perps)	net cash				
Consensus net profit	-	-	21	26	30
MIBG vs. Consensus (%)	-	-	(0.2)	10.5	10.4

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BUY

Share Price SGD 0.32 12m Price Target SGD 0.38 (+19%)

Previous Price Target SGD 0.51

Company Description

Dyna-Mac undertakes engineering, procurement, fabrication, onshore pre-commissioning & commissioning of topside modules mainly in the O&G industry

Statistics

52w high/low (SGD)

3m avg turnover (USDm)	1.2
Free float (%)	38.2
Issued shares (m)	1,243
Market capitalisation	SGD397.9M
	USD299M
Major shareholders:	
Estate of Tze Jong Lim	32.4%
Kennel Corn, Ltd	24.3%

TEO BOON HWEE Price Performance



	-1M	-3M	-12M
Absolute (%)	21	(18)	71
Relative to index (%)	16	(19)	73

Source: FactSet

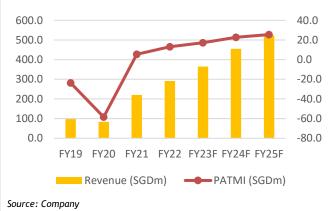


Co. Reg No: 198700034E MICA (P): 099/03/2012

Value Proposition

- Global EPC service provider to the world's energy market. Dyna-Mac has 2 fabrication yards in Singapore totalling 140,000 sgm.
- Zero debt and SGD128.5m net cash, which could fund inorganic growth to fast track earnings growth.
- Riding the O&G industry's tailwind; we forecast 30% earnings CAGR for the next 2 years despite being lossmaking in FY20.
- We expect Dyna-Mac to continue to win larger contracts
- It has clear ESG policies and strategies.

Revenue and net profit trend



Financial Metrics

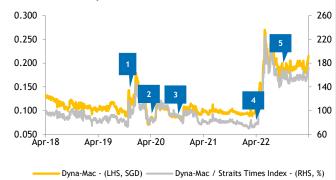
- Revenue more than doubled since new management came on board in FY20, and we forecast 30% growth pa for the next 2 years.
- Turned around from a loss of SGD58.4m in FY20 to a profit of SGD13.4m in FY22.
- Strong net cash position with no debt.

Dyna-Mac is in a net cash position (SGDm)



Price Drivers

Historical share price trend



Source: Company, Maybank IBG Research

- 1. In Feb'20, issued profit warning of a loss for FY19.
- 2. In Mar'20, the new CEO and management team joined the company.
- 3. In Feb'21, announced FY20 loss of SGD58.4m.
- 4. In May'22, said it won a SGD180m order and subsequently announced a strong outlook for 2022.
- 5. Oil price weakened due to fears of a global recession after the spike caused by the Russia-Ukraine war.

Swing Factors

Upside

- Riding the boom in the O&G sector.
- We expect Dyna-Mac to win larger contracts, boosting its revenue and order book, which is already at a high.
- Inorganic growth through acquisitions due to net cash balance sheet.
- We forecast strong organic earnings growth of at least 30% CAGR for the next 2 years.

Downside

- Decline in oil price will reduce investments in the O&G space.
- Higher labour costs will reduce margins.
- New competitors entering the industry may temporarily reduce Dyna-Mac's market share.

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January 5, 2024

Dyna-Mac





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Risk Rating & Score ¹	Not Rated
Score Momentum ²	na
Last Updated	na
Controversy Score ³	na

Business Model & Industry Issues

- As a global multi-disciplinary contractor for the O&G industry, the group places significant emphasis on protecting the environment. Dyna-Mac has also ventured into adjacent areas like LNG modules and renewable energy in decarbonisation with a focus on green hydrogen/ammonia production modules. By diversifying and leveraging its core capabilities, Dyna-Mac is poised to move up the value chain and ride the changing demands of the energy industry.
- The group has restructured payment terms with customers (i.e. requesting more up-front payment for contracts), repaid all its debts as well as focusing on its key expert area (FPSOs), which has seen growing investments by O&G producers. Dyna-Mac also streamlined its operations and improved efficiency, boosting margins as a result.
 - The key risk would be another downturn in the O&G industry, which would result in a lull period and drop in profits. However, the group is actively looking for inorganic means to diversify into a more sustainable revenue source via maintenance or servicing revenue.

Material E issues

- The electricity usage in the yards is mainly for welding machines, CNC plasma cutting machines, band saw/pipe cutting machines, bevel machines of pipe joints, electrical hand tools, and main air-compressors and workshop lights. During 2021, Dyna-Mac implemented measures to reduce energy consumption.
- Fuel consumption is mainly diesel oil to operate vehicles and machines. Dyna-Mac schedules regular maintenance of vehicles and machines to ensure efficient working condition. To support the green initiative, the company has started to use electric forklifts instead of diesel-powered forklifts for the entire warehouse and use electric compressors instead of diesel-engine air compressors.
- Dyna-Mac recognises that proper waste management is crucial to protect the environment and ensure health and safety of the communities it operates in. Managing the proper disposal of waste is especially important for this industry. By shifting towards adoption of the 3Rs (Reduce, Reuse, Recycle), it can also reap cost savings for the business.

Material S issues

- To better manage and improve site operational efficiency, Dyna-Mac partnered with a licensed private HCP in June 2021 and was approved by the Ministry of Health to conduct the self-swab Rostered Routing Testing Polymerase Chain Reaction testing at the company's designated premises.
- The Flexible Work Arrangement Policy was established on 1
 July 2021 to give employees work-life balance while
 upholding a strong sense of personal responsibility of work
 standards.

Key G metrics and issues

- The board has six directors, including the Executive Chairman, the CEO and four non-executive directors, of which two are independent.
- 40% of the board are females, which demonstrates good diversity.
- Under the Board Diversity Policy, the board strives to have one member with relevant experience in the Group's businesses or markets; and one member with professional qualification in accounting, legal or other professional backgrounds or disciplines as may be determined by the board to be necessary and/or beneficial to the Group.
- Management has also implemented the whistle-blowing policy by setting out the procedures that provide for the well-defined mechanism and accessible channel by which employees, vendors, contractors, service providers, customers and other stakeholders may in confidence, raise concerns about possible improprieties, misconduct, irregularities or malpractices relating to the company and its officers without fear of harassment or victimization.

<u>Risk Rating & Score</u> - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <u>*Score Momentum</u> - indicates changes to the company's score since the last update - a <u>negative</u> integer indicates a company's improving risk score; a <u>positive</u> integer indicates a deterioration. <u>*Controversy Score</u> - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Fig 1: Changes in our FY23-25 forecasts

	FY23E		FY24E			FY25E			
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue (SGDm)	367.3	367.3	0.0	459.1	440.7	4.2	527.9	506.8	4.2
Gross profit (SGDm)	50.4	50.4	0.0	64.7	60.5	7.0	74.5	69.6	7.0
EBIT (SGDm)	19.3	19.3	0.0	26.8	24.2	10.3	30.5	27.6	10.5
EBITDA (SGDm)	19.3	19.3	0.0	26.8	24.2	10.3	30.5	27.6	10.5
Core net profit (SGDm)	20.7	20.7	0.0	28.6	25.9	10.3	32.7	29.6	10.5
EPS (SGD)	0.02	0.02	0.0	0.02	0.02	10.3	0.03	0.02	10.5
			Chg (ppt)			Chg (ppt)			Chg (ppt)
Gross Margin	13.7%	13.7%	0.0	14.1%	13.7%	0.4	14.1%	13.7%	0.4
Net Margin	5.6%	5.6%	0.0	6.2%	5.9%	0.3	6.2%	5.8%	0.4

Source: Maybank IBG Research

Core P/E (x)	FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Core PTE (x)	Key Metrics					
PFBV (x) 3.2 4.5 6.3 4.4	P/E (reported) (x)	18.0	12.6	19.3	13.9	12.2
P/NTA (c) (28.7) 12.7 10.3 5.7 Net dividend yield (%) 0.0 1.5 1.5 2.1 FC yield (%) 67.3 44.3 11.1 15.3 EV/EBITDA (x) nm 0.9 9.1 4.6 EV/EBIT (x) nm 0.9 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Core P/E (x)	16.6	14.5	19.3	13.9	12.2
Nect dividend yield (%) 67.3 44.3 11.1 15.3 2.1 FCF yield (%) 67.3 44.3 11.1 15.3 FCF yield (%) nm 0.9 9.1 4.6 EV/EBIT (x) nm 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	P/BV (x)	3.2	4.5	6.3	4.4	3.2
FCF yield (%) 67.3 44.3 11.1 15.3 EV/EBITDA (x) nm 0.9 9.1 4.6 EV/EBIT (x) nm 0.9 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	P/NTA (x)	(28.7)	12.7	10.3	5.7	3.8
EV/EBITDA (x)	Net dividend yield (%)	0.0	1.5	1.5	2.1	2.4
INCOME STATEMENT (SGD m) Revenue 220.2 291.5 367.3 459.1 5 5 5 5 5 5 5 5 5	FCF yield (%)	67.3	44.3	11.1	15.3	14.2
NICOME STATEMENT (SGD m) Revenue 220.2 291.5 367.3 459.1 5 5 5 5 5 5 5 5 5	EV/EBITDA (x)	nm	0.9	9.1	4.6	2.5
Revenue 220.2 291.5 367.3 459.1 5. EBITDA 4.3 11.8 19.3 26.8 Depreciation 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Amortisation 0.0 0.0 0.0 0.0 0.0 0.0 Amortisation 0.0 0.0 0.0 0.0 0.0 0.0 Amortisation 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Amortisation 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	EV/EBIT (x)	nm	0.9	9.1	4.6	2.5
EBITDA	INCOME STATEMENT (SGD m)					
Depreciation 0.0 0.0 0.0 0.0 0.0 Anortisation 0.0 0.0 0.0 0.0 DA	Revenue	220.2	291.5	367.3	459.1	527.9
Amortisation 0.0 0.0 0.0 0.0 0.0 0.0 EBIT 4.3 11.8 19.3 26.8 ENE tinterest income / (exp) (0.1) (0.0) 0.0 0.0 0.0 0.0 Associates & JV 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Exceptionals 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	EBITDA	4.3	11.8	19.3	26.8	30.5
Bell	Depreciation	0.0	0.0	0.0	0.0	0.0
Net interest income /(exp)	Amortisation	0.0	0.0	0.0	0.0	0.0
Associates & JV	EBIT	4.3	11.8	19.3	26.8	30.5
Exceptionals 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other pretax income 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other pretax income 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other pretax profit 4.2 11.8 19.3 26.8 Income tax 1.4 1.6 1.4 1.9 Minorities 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other profit 5.6 13.4 20.7 28.6 Core net profit 5.6 13.4 27.5 Core net profit 5.6 13.4 27.5 Core net profit 5.6 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0	Net interest income /(exp)	(0.1)	(0.0)	0.0	0.0	0.0
Other pretax income 0.0 0.0 0.0 0.0 Pretax profit 4.2 11.8 19.3 26.8 Income tax 1.4 1.6 1.4 1.9 Minorities 0.0 0.0 0.0 0.0 Discontinued operations 0.0 0.0 0.0 0.0 Reported net profit 5.6 13.4 20.7 28.6 Core net profit 5.6 13.4 20.7 28.6 BALANCE SHEET (SGD m) Cash & Short Term Investments 106.3 185.4 223.4 275.9 3 Accounts receivable 57.8 30.1 38.0 47.5 1 Inventory 0.0 0.0 0.0 0.0 0.0 0.0 Reinsurance assets 0.0 0.0 0.0 0.0 0.0 0.0 Investment in Associates & JVs 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Associates & JV	0.0	0.0	0.0	0.0	0.0
Pretax profit 4.2 11.8 19.3 26.8 Income tax 1.4 1.6 1.4 1.9 Minorities 0.0 0.0 0.0 0.0 Discontinued operations 0.0 0.0 0.0 0.0 Reported net profit 5.6 13.4 20.7 28.6 Core net profit 5.6 13.4 20.7 28.6 BALANCE SHEET (SGD m) Cash & Short Term Investments Accounts receivable 57.8 30.1 38.0 47.5 3.4 Investory 0.0 0.0 0.0 0.0 0.0 0.0 Reinsurance assets 0.0 0.0 0.0 0.0 0.0 0.0 Property, Plant & Equip (net) 33.4 28.7 24.8 21.7 Intangible assets 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 </td <td>Exceptionals</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td>	Exceptionals	0.0	0.0	0.0	0.0	0.0
Income tax	Other pretax income	0.0	0.0	0.0	0.0	0.0
Minorities 0.0 0.0 0.0 0.0 Discontinued operations 0.0 0.0 0.0 0.0 Reported net profit 5.6 13.4 20.7 28.6 Core net profit 5.6 13.4 20.7 28.6 BALANCE SHEET (SGD m)	Pretax profit	4.2	11.8	19.3	26.8	30.5
Discontinued operations	Income tax	1.4	1.6	1.4	1.9	2.1
Reported net profit 5.6 13.4 20.7 28.6 Core net profit 5.6 13.4 20.7 27.5 3.3 20.1 38.0 47.5 27.5 3.3 20.1 38.0 47.5 27.5 28.1 27.5 27.5 28.1 28.1 27.5 27.5 28.1 28.1 28.7 24.8 21.7 29.1 29.1 29.1 29.1 29.1 29.1 29.1 29.1	Minorities	0.0	0.0	0.0	0.0	0.0
Core net profit 5.6	Discontinued operations	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET (SGD m) Cash & Short Term Investments	Reported net profit	5.6	13.4	20.7	28.6	32.7
Cash & Short Term Investments 106.3 185.4 223.4 275.9 3 Accounts receivable 57.8 30.1 38.0 47.5 1 Inventory 0.0 0.0 0.0 0.0 0.0 Reinsurance assets 0.0 0.0 0.0 0.0 0.0 Property, Plant & Equip (net) 33.4 28.7 24.8 21.7 1 Intangible assets 0.0 0.0 0.0 0.0 0.0 0.0 Intangible assets 0.0 <	Core net profit	5.6	13.4	20.7	28.6	32.7
Accounts receivable 57.8 30.1 38.0 47.5 Inventory 0.0	BALANCE SHEET (SGD m)					
Inventory	Cash & Short Term Investments	106.3	185.4	223.4	275.9	322.9
Reinsurance assets 0.0 0.0 0.0 0.0 0.0 Property, Plant & Equip (net) 33.4 28.7 24.8 21.7 Intangible assets 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Investment in Associates & JVs 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other assets 30.4 31.4 30.3 30.2 Total assets 227.9 275.6 316.4 375.3 42 ST interest bearing debt 1.1 0.0 0.0 0.0 0.0 0.0 Accounts payable 75.7 79.0 96.3 119.8 1. Insurance contract liabilities 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Other liabilities 18.0 153.0 157.0 164.0 16. Total Liabilities 197.7 231.6 253.0 284.1 30.0 Other liabilities 197.7 231.6 253.0 284.1 30.0 Shareholders Equity 29.6 43.2 63.3 91.3 17. Williabilities 197.7 240.4 63.3 91.3 17. Total shareholder equity 30.2 44.0 63.3 91.3 17. Total liabilities and equity 227.9 275.6 316.4 375.3 42. CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 Depreciation & amortisation 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	Accounts receivable	57.8	30.1	38.0	47.5	54.6
Property, Plant & Equip (net) 33.4 28.7 24.8 21.7 Intangible assets 0.0 0.0 0.0 0.0 0.0 0.0 Investment in Associates & JVS 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	Inventory	0.0	0.0	0.0	0.0	0.0
Intangible assets	Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Intangible assets 0.0 0.	Property, Plant & Equip (net)	33.4	28.7	24.8	21.7	19.2
Other assets 30.4 31.4 30.3 30.2 Total assets 227.9 275.6 316.4 375.3 42 ST interest bearing debt 1.1 0.0 0.0 0.0 Accounts payable 75.7 79.0 96.3 119.8 1. Insurance contract liabilities 0.0 0.0 0.0 0.0 0.0 LT interest bearing debt 3.0 0.0 0.0 0.0 0.0 Other liabilities 118.0 153.0 157.0 164.0 16 Total Liabilities 197.7 231.6 253.0 284.1 30 Shareholders Equity 29.6 43.2 63.3 91.3 17 Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Pretax profit 4.2 11.8	Intangible assets	0.0	0.0	0.0	0.0	0.0
Total assets 227.9 275.6 316.4 375.3 42 ST interest bearing debt 1.1 0.0 0.0 0.0 Accounts payable 75.7 79.0 96.3 119.8 11 Insurance contract liabilities 0.0 0.0 0.0 0.0 0.0 LT interest bearing debt 3.0 0.0 0.0 0.0 0.0 Other liabilities 118.0 153.0 157.0 164.0 16 Total Liabilities 197.7 231.6 253.0 284.1 30 Shareholders Equity 29.6 43.2 63.3 91.3 12 Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
ST interest bearing debt 1.1 0.0 0.0 0.0 Accounts payable 75.7 79.0 96.3 119.8 1.1 Insurance contract liabilities 0.0 0.0 0.0 0.0 0.0 LT interest bearing debt 3.0 0.0 0.0 0.0 0.0 Other liabilities 118.0 153.0 157.0 164.0 16 Total Liabilities 197.7 231.6 253.0 284.1 30 Shareholders Equity 29.6 43.2 63.3 91.3 11 Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 </td <td>Other assets</td> <td>30.4</td> <td>31.4</td> <td>30.3</td> <td>30.2</td> <td>30.2</td>	Other assets	30.4	31.4	30.3	30.2	30.2
Accounts payable 75.7 79.0 96.3 119.8 1. Insurance contract liabilities 0.0 0.0 0.0 0.0 0.0 LT interest bearing debt 3.0 0.0 0.0 0.0 0.0 Other liabilities 118.0 153.0 157.0 164.0 16. Total Liabilities 197.7 231.6 253.0 284.1 33. Shareholders Equity 29.6 43.2 63.3 91.3 15. Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12. Total liabilities and equity 227.9 275.6 316.4 375.3 42. CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 Depreciation & amortisation 0.0 0.0 0.0 0.0 Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 1. Cash taxes paid 0.0 0.3 2.6 3.1 Other operating cash flow 0.0 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 1. Capex (0.7) (2.2) (2.0) (2.0) (2.0) (2.7) Dividends paid 0.0 0.0 0.0 (6.0) (8.4) (6.2) Dividends paid 0.0 0.0 (6.0) (8.4) (6.2) Equity raised / (purchased) 0.0 0.0 (0.0 0.0 Change in Debt (3.2) (6.3) 0.0 0.0 Cfirec cash flow (1.0) (4.8) 0.0 0.0 Cfirec cash flow (1.0) (4.8) 0.0 0.0 Cfirect of exch rate changes 0.5 (0.2) 0.0 0.0 Effect of exch rate changes	Total assets	227.9	275.6	316.4	375.3	426.9
Insurance contract liabilities 0.0 0	ST interest bearing debt	1.1	0.0	0.0	0.0	0.0
LT interest bearing debt 3.0 0.0 0.0 0.0 0.0 Other liabilities 118.0 153.0 157.0 164.0 164.0 165.0 155.0 157.0 164.0 165.0 165.0 157.0 164.0 165.0 16	Accounts payable	75.7	79.0	96.3	119.8	137.8
Other liabilities 118.0 153.0 157.0 164.0 167.0 Total Liabilities 197.7 231.6 253.0 284.1 30.3 Shareholders Equity 29.6 43.2 63.3 91.3 11.3 Minority Interest 0.5 0.8 0.0 0.0 157.0 <t< td=""><td>Insurance contract liabilities</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td></t<>	Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities 118.0 153.0 157.0 164.0 167.0 Total Liabilities 197.7 231.6 253.0 284.1 30.3 Shareholders Equity 29.6 43.2 63.3 91.3 11.3 Minority Interest 0.5 0.8 0.0 0.0 157.0 <t< td=""><td>LT interest bearing debt</td><td>3.0</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td></t<>	LT interest bearing debt	3.0	0.0	0.0	0.0	0.0
Total Liabilities 197.7 231.6 253.0 284.1 30 Shareholders Equity 29.6 43.2 63.3 91.3 13 Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Tretax profit 4.2 11.8 19.3 26.8 42 Depreciation & amortisation 0.0 0.0 0.0 0.0 0.0 Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 30 Cash taxes paid 0.0 0.3 2.6 3.1 0.0 Other operating cash flow 0.0 0.0 0.0 0.0 0.0 Capex (0.7) (2.2) (2.0) (2.0) (2.0) Free cash flow	Other liabilities					166.0
Shareholders Equity 29.6 43.2 63.3 91.3 11 Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 20 Depreciation & amortisation 0.0 0.0 0.0 0.0 0.0 Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 2.0 Cash taxes paid 0.0 0.3 2.6 3.1 0.0 Other operating cash flow 0.0 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 62.9 Capex (0.7) (2.2) (2.0) (2.0) (2.0	Total Liabilities					303.8
Minority Interest 0.5 0.8 0.0 0.0 Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 26.0 26.0 26.0 26.0 2	Shareholders Equity					123.1
Total shareholder equity 30.2 44.0 63.3 91.3 12 Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 Depreciation & amortisation 0.0 0.0 0.0 0.0 Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 Cash taxes paid 0.0 0.3 2.6 3.1 Other operating cash flow 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 Capex (0.7) (2.2) (2.0) (2.0) (2.0) Free cash flow 62.9 86.3 44.0 60.9 Dividends paid 0.0 0.0 0.0 (6.0) (8.4) (6.0) Equity raised / (purchased) 0.0 0.0 0.0 0.0 Change in Debt (3.2) (6.3) 0.0 0.0 Other invest/financing cash flow (1.0) (4.8) 0.0 0.0 Effect of exch rate changes 0.5 (0.2) 0.0 0.0						0.0
Total liabilities and equity 227.9 275.6 316.4 375.3 42 CASH FLOW (SGD m) Pretax profit 4.2 11.8 19.3 26.8 19.0 20.0 20.0 24.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 33.0 26.0 3.1 20.0 26.0 33.0 26.0 3.1 20.0 20.0 20.0 2						123,1
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Pretax profit 4.2 11.8 19.3 26.8 Depreciation & amortisation 0.0 0.0 0.0 0.0 Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 Cash taxes paid 0.0 0.3 2.6 3.1 Other operating cash flow 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 62.9 Capex (0.7) (2.2) (2.0) (2.0) (2.0) (5.0)	CASH FLOW (SGD m)					
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Adj net interest (income)/exp 0.9 (0.5) 0.0 0.0 Change in working capital 50.2 67.0 24.0 33.0 Cash taxes paid 0.0 0.3 2.6 3.1 Other operating cash flow 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 Capex (0.7) (2.2) (2.0) (2.0) (2.0) Free cash flow 62.9 86.3 44.0 60.9 10.0 Dividends paid 0.0 0.0 (6.0) (8.4) (6.0) Equity raised / (purchased) 0.0 0.0 0.0 0.0 Change in Debt (3.2) (6.3) 0.0 0.0 Other invest/financing cash flow (1.0) (4.8) 0.0 0.0 Effect of exch rate changes 0.5 (0.2) 0.0 0.0						0.0
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Cash taxes paid 0.0 0.3 2.6 3.1 Other operating cash flow 0.0 0.0 0.0 0.0 Cash flow from operations 63.6 88.6 46.0 62.9 Capex (0.7) (2.2) (2.0) (2.0) (2.0) Free cash flow 62.9 86.3 44.0 60.9 10.0 Dividends paid 0.0 0.0 (6.0) (8.4) (6.0) (8.4) (6.0) Equity raised / (purchased) 0.0 0.0 0.0 0.0 0.0 0.0 Change in Debt (3.2) (6.3) 0.0 0.0 0.0 Other invest/financing cash flow (1.0) (4.8) 0.0 0.0 Effect of exch rate changes 0.5 (0.2) 0.0 0.0						25.1
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Dividends paid 0.0 0.0 (6.0) (8.4) (Equity raised / (purchased) 0.0 0.0 0.0 0.0 0.0 Change in Debt (3.2) (6.3) 0.0 0.0 0.0 Other invest/financing cash flow (1.0) (4.8) 0.0 0.0 0.0 Effect of exch rate changes 0.5 (0.2) 0.0 0.0 0.0						56.5
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Effect of exch rate changes 0.5 (0.2) 0.0 0.0	=					0.0
, ,						0.0
NET CASH TLOW 59.2 75.1 37.9 52.6	•					0.0
	Net cash flow	59.2	75.1	37.9	52.6	46.9

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	162.0	32.4	26.0	25.0	15.0
EBITDA growth	nm	173.7	63.2	38.6	14.2
EBIT growth	nm	173.7	63.2	38.6	14.2
Pretax growth	nm	182.5	63.4	38.6	14.2
Reported net profit growth	nm	138.6	54.1	38.6	14.2
Core net profit growth	nm	138.6	54.1	38.6	14.2
Profitability ratios (%)					
EBITDA margin	2.0	4.1	5.3	5.8	5.8
EBIT margin	2.0	4.1	5.3	5.8	5.8
Pretax profit margin	1.9	4.1	5.3	5.8	5.8
Payout ratio	0.0	22.4	29.2	29.2	29.2
DuPont analysis					
Net profit margin (%)	2.6	4.6	5.6	6.2	6.2
Revenue/Assets (x)	1.0	1.1	1.2	1.2	1.2
Assets/Equity (x)	7.7	6.4	5.0	4.1	3.5
ROAE (%)	na	na	na	na	na
ROAA (%)	2.9	5.3	7.0	8.3	8.1
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	71.1	54.3	33.4	33.5	34.8
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	117.0	107.2	99.6	98.7	102.3
Dividend cover (x)	nm	4.5	3.4	3.4	3.4
Current ratio (x)	1.0	1.1	1.2	1.3	1.4
Leverage & Expense Analysis					
Asset/Liability (x)	1.2	1.2	1.3	1.3	1.4
Net gearing (%) (incl perps)	net cash				
Net gearing (%) (excl. perps)	net cash				
Net interest cover (x)	30.9	nm	nm	nm	nm
Debt/EBITDA (x)	0.9	0.0	0.0	0.0	0.0
Capex/revenue (%)	0.3	0.8	0.5	0.4	0.4
Net debt/ (net cash)	(102.3)	(185.4)	(223.4)	(275.9)	(322.9)

Source: Company; Maybank IBG Research

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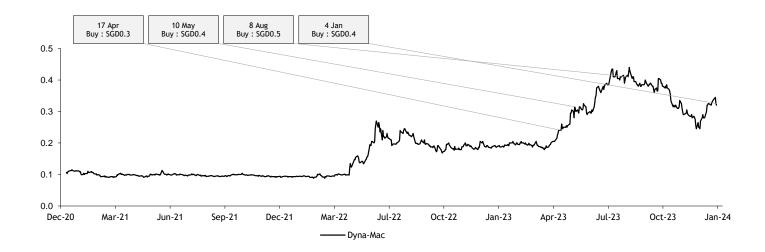
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Historical recommendations and target price: Dyna-Mac (DMHL SP)



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January 5, 2024

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