

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 1 Hold 1 Sell 0

Current price:	RM0.41
Target price:	RM0.58
Previous target:	RM0.50
Up/downside:	41.5%
CGS-CIMB / Consensus:	23.4%
Reuters:	DNCO.KL
Bloomberg:	DMEC MK
Market cap:	US\$40.91m
	RM181.4m
Average daily turnover:	US\$0.06m
	RM0.24m
Current shares o/s:	442.6m
Free float:	47.7%

\*Source: Bloomberg

#### Key changes in this note

- FY23-24F EPS raised by 16.3-18.0%. Note that FY23F core EPS growth is negative 7.0%, due to expiry of warrants in FY22.
- We introduce FY25F EPS estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.8	5.1	-31.7
Relative (%)	-3	7.2	-23.1

#### Major shareholders

	% held
ABC EQUITY SDN BHD	39.5
AIK SWEE TONG	6.4
AIK CWO CHING	6.4

#### Analyst(s)



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# Dancomech Bhd

## Growth momentum to continue in FY23F

- FY22 core net profit of RM21.6m (+28.9% yoy) was above expectations, at 126% of both our and Bloomberg consensus' estimates.
- We expect Dancomech's net profit to rise 6.3% yoy in FY23F, driven by strong contribution from its metal stamping and E&E engineering divisions.
- Reiterate Add, with a higher TP of RM0.58 (based on 10x CY24F P/E).

### FY22 core net profit rose 28.9% yoy, above our expectations

Core net profit in 4Q22 came in at RM10.1m (+80.4% yoy), after accounting for one-off losses of RM3.6m (mainly provisions for credit loss worth RM2.1m and impairment of contract assets worth RM1.5m). This brought FY22 core net profit to RM21.6m (+28.9% yoy), above expectations at 126% of both our and Bloomberg consensus' FY22 forecasts. Dancomech declared an interim dividend of 1.25 sen/share for 4Q22, bringing FY22 dividend to 2 sen/share (a 41% dividend payout).

### 4Q22: stronger qoq thanks to better segmental performance

Revenue in 4Q22 rose 8.1% qoq to RM61.0m, thanks to higher contributions from the E&E engineering, trading and metal stamping divisions. 4Q22 EBITDA margin rose 8.2% pts qoq to 22.7%, thanks to higher contribution from high-margin segments (trading and E&E engineering) and greater economies of scale. Accordingly, 4Q22 core net profit rose 112.2% qoq to RM10.1m. On a cumulative basis, FY22 revenue and core net profit rose 3.2% and 28.9%, respectively. The stronger FY22 gross profit (GP) was thanks to higher contribution from the trading, E&E engineering and metal stamping divisions, which offset lower GP from pump manufacturing (-44.8% yoy) and MHS solutions (-69.1% yoy).

### FY23F growth to be driven by acquired subsidiaries

In FY23F, we expect Danco's net profit to rise 6.3% yoy, mainly driven by its metal stamping (+10% yoy) and E&E engineering divisions (+40% yoy). We believe the metal stamping division will be driven by: i) strong demand from existing clients and new client acquisitions; and ii) its capacity addition of 15-20% as of end-FY22. Meanwhile, the E&E engineering segment's growth could be driven by a robust orderbook (RM7m at end-CY23F), in our view. We also gather that Danco is not discounting further M&As, given its robust net cash position of RM82.0m (as at end-FY22, 45.2% of its market cap).

### Reiterate Add, with a higher TP of RM0.58 (10x CY24F P/E)

With the 4Q22 earnings beat, we raise our FY23-24F EPS by 16.3-18.0% to account for higher contributions from its trading, metal stamping and E&E divisions, as well as greater economies of scale. In tandem with our EPS hikes, our TP rises to RM0.58 (based on 10x CY24F P/E, 5-year historical mean). We also introduce our FY25F estimates. We like Danco for: i) its undemanding valuation (7.1x CY24F P/E); ii) attractive dividend yields of 5.7-7.1% for FY23-25F, and iii) the defensive nature of its businesses (diversified business segments, especially trading in valves, which are used in all industries). Downside risks: input cost spike, lower sales volume and price competition.

#### Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (RMm)	205.4	212.0	239.8	266.0	294.6
Operating EBITDA (RMm)	30.57	33.72	38.24	43.15	48.14
Net Profit (RMm)	16.76	21.60	22.96	25.60	28.54
Core EPS (RM)	0.052	0.056	0.052	0.058	0.064
Core EPS Growth	1.7%	6.7%	(7.0%)	11.5%	11.5%
FD Core P/E (x)	7.84	7.35	7.90	7.09	6.36
DPS (RM)	0.022	0.020	0.023	0.026	0.029
Dividend Yield	5.47%	4.88%	5.69%	6.35%	7.08%
EV/EBITDA (x)	2.88	2.81	2.84	2.43	2.07
P/FCFE (x)	13.69	NA	8.42	9.54	8.18
Net Gearing	(34.5%)	(37.4%)	(39.5%)	(39.5%)	(39.9%)
P/BV (x)	0.86	0.90	0.85	0.80	0.74
ROE	11.2%	12.0%	11.1%	11.6%	12.1%
% Change In Core EPS Estimates			18.0%	16.3%	
CGS-CIMB/Consensus EPS (x)			1.21	1.18	

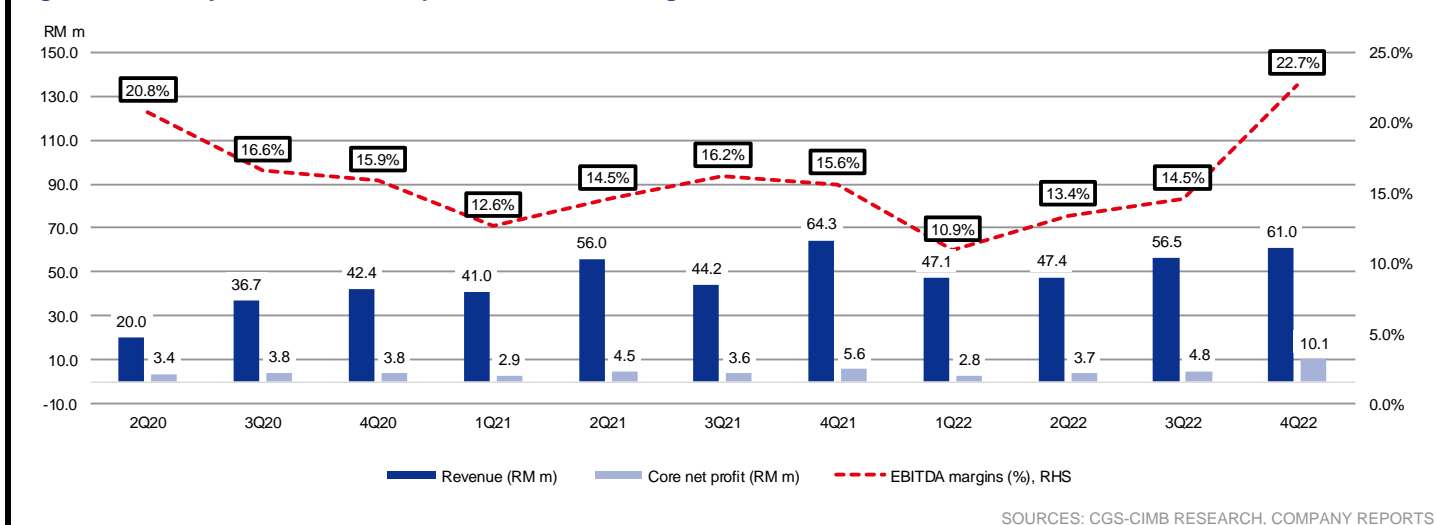
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	4QFY22	4QFY21	yoy % chg	qoq % chg	4QFY22 Cum	4QFY21 Cum	yoy % chg	Prev. FY22F	Comments
Revenue	61.0	64.3	(5.1)	8.1	212.0	205.4	3.2	212.7	FY22: Stronger yoy owing to stronger contribution mainly from metal stamping segment
Cost of sales	(44.5)	(51.2)	(13.2)	(2.0)	(166.8)	(163.6)	2.0	(167.8)	
<b>Gross profit</b>	<b>16.6</b>	<b>13.1</b>	<b>26.6</b>	<b>49.4</b>	<b>45.2</b>	<b>41.9</b>	<b>8.0</b>	<b>44.9</b>	
GP margin %	27.1%	20.4%	6.8	7.5	21.3%	20.4%	0.9	0.2	In tandem with revenue growth
<b>EBITDA</b>	<b>13.9</b>	<b>10.0</b>	<b>38.2</b>	<b>68.7</b>	<b>33.7</b>	<b>30.6</b>	<b>10.3</b>	<b>32.9</b>	
EBITDA margin (%)	22.7%	15.6%	7.1	8.2	15.9%	14.9%	1.0	15.5	
Depn & amort.	(1.3)	(1.2)	9.8	47.8	(3.9)	(3.8)	2.8	(3.8)	
<b>EBIT</b>	<b>12.5</b>	<b>8.8</b>	<b>42.1</b>	<b>71.3</b>	<b>29.8</b>	<b>26.8</b>	<b>11.3</b>	<b>29.1</b>	
Interest expense	(0.2)	(0.2)	(21.2)	39.2	(0.5)	(0.5)	4.2	(0.5)	
Interest & invt inc	0.6	0.2	204.0	493.2	1.0	0.6	75.4	0.9	Net cash position of RM82.0m (at end-4Q22)
Associates' contrib	0.0	(0.0)	nm	nm	(0.0)	(0.1)	(96.1)	(0.1)	
Exceptionals	(3.6)	(0.1)	>100	nm	(3.4)	(0.2)	1901.8	0.0	4Q22: Net forex gain of RM0.03m, bad debt written off of RM0.01m, net provision for expected credit losses of RM2.1m and impairment of contract assets (RM1.5m).
<b>Pretax profit</b>	<b>9.4</b>	<b>8.7</b>	<b>7.8</b>	<b>27.9</b>	<b>26.9</b>	<b>26.6</b>	<b>1.3</b>	<b>29.4</b>	
Tax	(3.3)	(1.9)	75.9	76.4	(7.8)	(6.4)	20.7	(7.9)	
Tax rate (%)	34.9%	21.4%	13.5	9.6	28.9%	24.3%	4.6	27.0	Higher than statutory tax rate due to certain non-deductible tax expenses
Minority interests	0.4	(1.3)	nm	nm	(0.9)	(3.5)	(73.5)	4.3	
<b>Net profit</b>	<b>6.5</b>	<b>5.6</b>	<b>17.8</b>	<b>34.9</b>	<b>18.2</b>	<b>16.6</b>	<b>9.7</b>	<b>17.2</b>	
<b>Core net profit</b>	<b>10.1</b>	<b>5.6</b>	<b>80.4</b>	<b>112.2</b>	<b>21.6</b>	<b>16.8</b>	<b>28.9</b>	<b>17.2</b>	Above both ours and Bloomberg FY22 core net profit estimates at 126%
EPS (sen)	1.5	1.3	17.8	34.9	4.1	3.7	9.7	4.3	
Core EPS (sen)	2.3	1.3	80.4	112.2	4.9	3.8	28.9	4.3	Based on 443m shares

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Quarterly revenue, core net profit and EBITDA margins



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

RM m	FY22A	FY23F			FY24F			FY25F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	212	231	240	3.7%	257	266	3.3%	-	295	-
EBITDA	34	37	38	4.1%	41	43	5.0%	-	48	-
Core pretax profit	30	33	34	1.5%	38	39	2.3%	-	43	-
Core net profit	22	19	23	18.0%	22	26	16.3%	-	29	-
Core EPS (sen)	6	4	5	18.0%	5	6	16.3%	-	6	-

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: Segmental breakdown

FYE 31 Dec (RM m)	4QFY22	4QFY21	yoy % chg	3QFY22	qoq % chg	4QFY22 Cum	4QFY21 Cum	yoy % chg
<b>Revenue (RM m)</b>								
Trading	23.7	22.0	7.9	19.2	23.4	76.4	82.7	(7.7)
Pump manufacturing	1.3	1.1	14.3	1.5	(11.8)	4.8	4.3	10.6
MHS solutions	0.0	12.1	nm	0.0	nm	0.0	36.3	nm
Metal stamping	33.8	26.2	29.1	34.6	(2.3)	124.7	77.5	61.0
E&E engineering	3.2	3.7	(15.0)	2.3	34.5	10.0	7.9	25.8
Elimination	(0.9)	(0.8)	17.8	(1.1)	(20.1)	(3.8)	(3.3)	16.5
<b>Total</b>	<b>61.0</b>	<b>64.3</b>	<b>(5.1)</b>	<b>56.5</b>	<b>8.1</b>	<b>212.0</b>	<b>205.4</b>	<b>3.2</b>
<b>Gross profit (RM m)</b>								
Trading	9.8	5.8	67.6	6.6	48.6	27.5	22.9	20.3
Pump manufacturing	0.1	0.4	(63.4)	0.3	(48.9)	0.6	1.1	(44.8)
MHS solutions	1.9	1.8	3.6	0.0	nm	1.9	6.2	(69.1)
Metal stamping	3.7	3.7	0.2	3.4	7.8	11.9	9.5	25.7
E&E engineering	1.0	1.3	(22.9)	0.8	29.6	3.3	2.2	46.0
Elimination	0.0	0.0	nm	0.0	nm	0.0	0.0	nm
<b>Total</b>	<b>16.6</b>	<b>13.1</b>	<b>26.6</b>	<b>11.1</b>	<b>49.4</b>	<b>45.2</b>	<b>41.9</b>	<b>8.0</b>
<b>Gross profit margin (%)</b>								
Trading	41.3%	26.6%	14.7%	34.3%	7.0%	36.0%	27.6%	8.4%
Pump manufacturing	10.8%	33.6%	(22.8%)	18.6%	(7.8%)	13.3%	26.6%	(13.3%)
MHS solutions	nm	15.2%	nm	nm	nm	nm	17.0%	nm
Metal stamping	11.0%	14.1%	(3.2%)	9.9%	1.0%	9.6%	12.2%	(2.7%)
E&E engineering	32.6%	35.9%	(3.4%)	33.8%	(1.2%)	32.7%	28.2%	4.5%
Elimination	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>27.1%</b>	<b>20.4%</b>	<b>6.8%</b>	<b>19.6%</b>	<b>7.5%</b>	<b>21.3%</b>	<b>20.4%</b>	<b>0.9%</b>
<b>Percentage of total revenue (%)</b>								
Trading	38.8%	34.2%	4.7%	34.0%	4.8%	36.0%	40.3%	(4.3%)
Pump manufacturing	2.1%	1.8%	0.4%	2.6%	(0.5%)	2.2%	2.1%	0.1%
MHS solutions	0.0%	18.8%	(18.8%)	0.0%	0.0%	0.0%	17.7%	(17.7%)
Metal stamping	55.4%	40.7%	14.7%	61.2%	(5.9%)	58.8%	37.7%	21.1%
E&E engineering	5.2%	5.8%	(0.6%)	4.2%	1.0%	4.7%	3.9%	0.8%
Elimination	-1.5%	-1.2%	(0.3%)	-2.0%	0.5%	(1.8%)	(1.6%)	(0.2%)
<b>Percentage of total gross profit (%)</b>								
Trading	59.1%	44.7%	14.5%	59.4%	(0.3%)	60.8%	54.6%	6.2%
Pump manufacturing	0.8%	2.9%	-2.1%	2.5%	(1.6%)	1.4%	2.7%	(1.3%)
MHS solutions	11.5%	14.0%	(2.5%)	0.0%	11.5%	4.2%	14.7%	(10.5%)
Metal stamping	22.3%	28.2%	-5.9%	31.0%	(8.6%)	26.4%	22.7%	3.7%
E&E engineering	6.2%	10.2%	-4.0%	7.1%	(0.9%)	7.2%	5.3%	1.9%
Elimination	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

SOURCE: CGS-CIMB RESEARCH, COMPANY REPORT

## Re-rating and downside risks ►

Re-rating catalyst: better-than-expected sales volume and more inorganic growth via merger and acquisition. Downside risks: a spike in input costs, lower sales volume and stiff pricing competition.

Figure 5: Malaysian industrial goods and services sector comparison – CGS-CIMB Research coverage

Company	Bloomberg Ticker	Recom.	Share price	Target Price	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
			(local curr)	(local curr)		CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F
Hartalega Holdings	HART MK	Hold	1.55	1.70	1,194	60.8	25.5	1.0	1.0	1.7%	4.0%	10.4	6.3	0.8%	2.0%
Top Glove Corporation	TOPG MK	Reduce	0.77	0.46	1,381	na	33.7	1.2	1.1	-3.0%	3.4%	35.7	12.3	0.4%	1.5%
Kossan Rubber Industries	KRI MK	Hold	1.05	1.10	604	na	33.9	0.7	0.7	-1.0%	2.0%	23.6	8.2	0.0%	0.9%
Supermax Corp	SUCB MK	Reduce	0.78	0.70	465	na	42.9	0.4	0.4	-2.3%	1.0%	na	-0.3	0.0%	1.0%
Karex Berhad	KAREX MK	Add	0.79	0.96	186	40.5	24.4	1.7	1.6	4.3%	6.8%	15.2	11.4	0.0%	0.0%
Wellcall Holdings	WELL MK	Add	1.15	1.46	129	13.4	11.8	4.2	4.0	32.3%	34.7%	8.3	7.1	5.9%	6.8%
Thong Guan Industries	TGI MK	Add	2.32	4.54	204	5.8	5.0	0.9	0.8	17.4%	17.6%	3.5	3.0	3.8%	4.4%
EITA Resources Bhd	EITA MK	Add	0.75	0.84	44	9.1	8.0	0.9	0.8	9.6%	10.4%	5.0	4.3	4.3%	4.4%
Success Transformer Corp	STC MK	Add	0.71	1.22	36	6.9	6.4	0.4	0.4	6.4%	6.6%	1.9	1.7	4.3%	4.3%
<b>Dancomech Bhd</b>	<b>DMEC MK</b>	<b>Add</b>	<b>0.41</b>	<b>0.58</b>	<b>41</b>	<b>7.9</b>	<b>7.1</b>	<b>0.8</b>	<b>0.8</b>	<b>11.1%</b>	<b>11.6%</b>	<b>2.8</b>	<b>2.4</b>	<b>5.7%</b>	<b>6.3%</b>
<b>Weighted Average</b>						<b>19.6</b>	<b>29.3</b>	<b>1.1</b>	<b>1.0</b>	<b>1.4%</b>	<b>5.1%</b>	<b>18.9</b>	<b>7.8</b>	<b>0.8%</b>	<b>1.8%</b>
<b>Simple Average</b>						<b>20.6</b>	<b>19.9</b>	<b>1.2</b>	<b>1.2</b>	<b>7.7%</b>	<b>9.8%</b>	<b>11.8</b>	<b>5.6</b>	<b>2.5%</b>	<b>3.1%</b>

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG



## ESG in a nutshell

We believe that Danco needs to improve its disclosures in terms of ESG. In particular, for the environment and social aspects, the company does not reveal its ESG-related goals or operational data. However, we gather from its annual report that the company recognises that embedding sustainability is important and will take steps to enhance its disclosures/initiatives.

### Keep your eye on

The company has said that it values its employees' welfare, benefits, career progression, health and safety. However, it has not released any relevant data at this juncture, including its total number of employees.

### Implications

We view this negatively as we are unable to track its latest employment status and thus are unable to carry out further analysis on the matter and other labour-related social compliance.

### ESG highlights

Danco has undertaken several initiatives to reduce energy consumption and promote the use of renewable energy. For instance, we understand that Danco has installed a solar power system at its head office for the generation and consumption of renewable energy. However, we note that Danco does not share data for energy-saving initiatives.

### Implications

While we are positive that Danco is making an effort to be environmentally friendly in its daily operations, we believe the company should focus on providing data for its efforts to reduce energy consumption to provide investors with greater clarity on its efforts to manage the impact of its operations on the environment.

### Trends

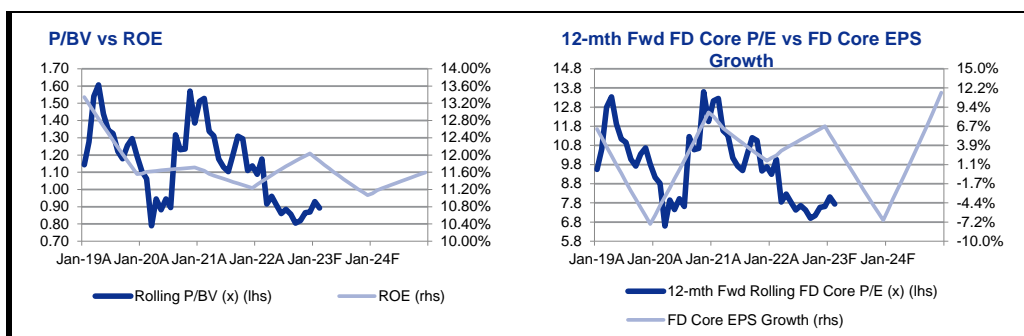
As of Dec 21, Danco has three independent representatives and only one female member on its board or directors, out of a total of six members.

### Implications

We are positive on the fact that half of the board members are independent directors, as advocated by the Malaysia Code of Corporate Governance (MCCG). However, we are negative on the gender breakdown of the board that falls short of the 30% female ratio, as stipulated in the MCCG.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Total Net Revenues</b>	<b>205.4</b>	<b>212.0</b>	<b>239.8</b>	<b>266.0</b>	<b>294.6</b>
<b>Gross Profit</b>	<b>41.9</b>	<b>45.2</b>	<b>53.2</b>	<b>59.6</b>	<b>66.6</b>
<b>Operating EBITDA</b>	<b>30.6</b>	<b>33.7</b>	<b>38.2</b>	<b>43.1</b>	<b>48.1</b>
Depreciation And Amortisation	(3.8)	(3.9)	(4.6)	(4.9)	(5.3)
<b>Operating EBIT</b>	<b>26.8</b>	<b>29.8</b>	<b>33.6</b>	<b>38.2</b>	<b>42.8</b>
Financial Income/(Expense)	0.1	0.5	0.1	0.2	0.2
Pretax Income/(Loss) from Assoc.	(0.1)	(0.0)	(0.0)	0.1	0.2
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>26.7</b>	<b>30.3</b>	<b>33.8</b>	<b>38.5</b>	<b>43.2</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>26.7</b>	<b>30.3</b>	<b>33.8</b>	<b>38.5</b>	<b>43.2</b>
Taxation	(6.4)	(7.8)	(9.1)	(10.2)	(11.5)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>20.3</b>	<b>22.5</b>	<b>24.6</b>	<b>28.3</b>	<b>31.8</b>
Minority Interests	(3.5)	(0.9)	(1.7)	(2.7)	(3.2)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>16.8</b>	<b>21.6</b>	<b>23.0</b>	<b>25.6</b>	<b>28.5</b>
Recurring Net Profit	16.8	21.6	23.0	25.6	28.5
<b>Fully Diluted Recurring Net Profit</b>	<b>16.8</b>	<b>21.6</b>	<b>23.0</b>	<b>25.6</b>	<b>28.5</b>

### Cash Flow

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>EBITDA</b>	<b>30.57</b>	<b>33.72</b>	<b>38.24</b>	<b>43.15</b>	<b>48.14</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(2.38)	(11.08)	0.15	(6.29)	(6.86)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3.96	6.56	4.48	4.65	4.90
Other Operating Cashflow	(4.01)	(6.80)	(4.48)	(4.65)	(4.90)
Net Interest (Paid)/Received	(0.00)	(0.52)	0.00	0.00	0.00
Tax Paid	(7.08)	(5.72)	(9.12)	(10.20)	(11.46)
<b>Cashflow From Operations</b>	<b>21.06</b>	<b>16.15</b>	<b>29.28</b>	<b>26.66</b>	<b>29.82</b>
Capex	(0.82)	(8.79)	(8.79)	(8.79)	(8.79)
Disposals Of FAs/subsidiaries	0.02	0.05	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(0.93)	0.00	0.00	0.00	0.00
Other Investing Cashflow	(7.04)	(21.71)	1.06	1.15	1.15
<b>Cash Flow From Investing</b>	<b>(8.77)</b>	<b>(30.45)</b>	<b>(7.73)</b>	<b>(7.65)</b>	<b>(7.65)</b>
Debt Raised/(repaid)	(2.69)	(2.72)	0.00	0.00	0.00
Proceeds From Issue Of Shares	6.94	33.10	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	(6.33)	(8.05)	(10.33)	(11.52)	(12.84)
Preferred Dividends					
Other Financing Cashflow	(1.23)	(3.56)	(0.94)	(0.84)	(0.74)
<b>Cash Flow From Financing</b>	<b>(3.31)</b>	<b>18.77</b>	<b>(11.28)</b>	<b>(12.37)</b>	<b>(13.59)</b>
Total Cash Generated	8.99	4.47	10.27	6.64	8.58
<b>Free Cashflow To Equity</b>	<b>9.61</b>	<b>(17.02)</b>	<b>21.55</b>	<b>19.01</b>	<b>22.17</b>
<b>Free Cashflow To Firm</b>	<b>12.79</b>	<b>(13.78)</b>	<b>22.49</b>	<b>19.95</b>	<b>23.11</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	70.0	100.7	111.0	117.7	126.2
Total Debtors	48.1	58.4	57.5	63.8	70.6
Inventories	41.0	46.6	48.6	53.7	59.4
Total Other Current Assets	10.5	4.9	4.9	4.9	4.9
<b>Total Current Assets</b>	<b>169.5</b>	<b>210.6</b>	<b>222.0</b>	<b>240.1</b>	<b>261.2</b>
Fixed Assets	62.5	76.5	80.7	84.6	88.1
Total Investments	1.0	1.0	1.0	1.0	1.0
Intangible Assets	2.0	2.0	2.0	2.0	2.0
Total Other Non-Current Assets	0.5	0.4	0.4	0.4	0.4
<b>Total Non-current Assets</b>	<b>66.0</b>	<b>80.0</b>	<b>84.2</b>	<b>88.0</b>	<b>91.5</b>
Short-term Debt	2.4	3.7	3.7	3.7	3.7
Current Portion of Long-Term Debt					
Total Creditors	43.4	47.3	48.6	53.7	59.4
Other Current Liabilities	3.4	3.1	3.1	3.1	3.1
<b>Total Current Liabilities</b>	<b>49.2</b>	<b>54.1</b>	<b>55.4</b>	<b>60.5</b>	<b>66.2</b>
Total Long-term Debt	7.1	15.1	15.1	15.1	15.1
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1.9	0.0	0.0	0.0	0.0
<b>Total Non-current Liabilities</b>	<b>9.1</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>
Total Provisions	2.4	2.3	2.3	2.3	2.3
<b>Total Liabilities</b>	<b>60.7</b>	<b>71.5</b>	<b>72.8</b>	<b>77.9</b>	<b>83.6</b>
Shareholders' Equity	157.8	201.1	213.8	227.9	243.6
Minority Interests	17.1	17.9	19.6	22.3	25.5
<b>Total Equity</b>	<b>174.9</b>	<b>219.1</b>	<b>233.4</b>	<b>250.2</b>	<b>269.1</b>

### Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	73.0%	3.2%	13.1%	10.9%	10.8%
Operating EBITDA Growth	35.3%	10.3%	13.4%	12.8%	11.6%
Operating EBITDA Margin	14.9%	15.9%	15.9%	16.2%	16.3%
Net Cash Per Share (RM)	0.18	0.19	0.21	0.22	0.24
BVPS (RM)	0.47	0.45	0.48	0.51	0.55
Gross Interest Cover	53.74	57.32	35.81	40.66	45.60
Effective Tax Rate	24.1%	25.7%	27.0%	26.5%	26.5%
Net Dividend Payout Ratio	42.5%	41.0%	45.0%	45.0%	45.0%
Accounts Receivables Days	79.05	91.64	88.19	83.41	83.25
Inventory Days	88.70	95.79	93.03	90.69	90.48
Accounts Payables Days	73.76	99.21	93.78	90.69	90.48
ROIC (%)	18.0%	18.0%	17.8%	19.7%	20.6%
ROCE (%)	15.5%	14.4%	14.0%	15.0%	15.7%
Return On Average Assets	9.27%	8.43%	8.23%	8.88%	9.29%

### Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Trading GP	24.0	31.5	34.8	37.7	40.6
Pump manufacturing GP	1.0	0.7	0.9	1.0	1.2
MHS solutions GP	6.2	-	-	-	-
Metal stamping GP	8.5	11.4	12.7	13.9	15.3
E&E engineering GP	2.2	3.3	4.8	6.9	9.5

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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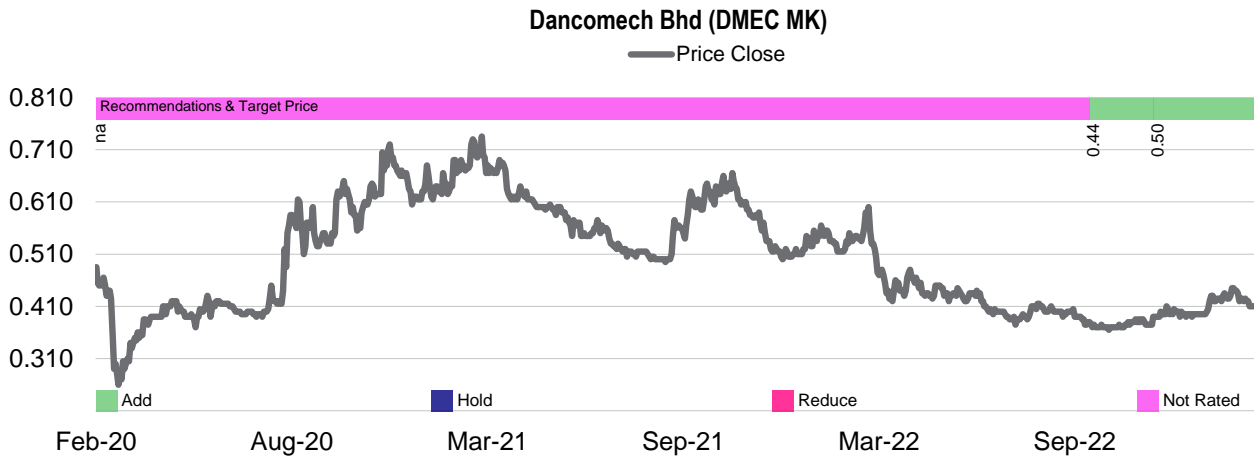
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2022		
645 companies under coverage for quarter ended on 31 December 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	64.8%	1.1%
Hold	27.0%	0.3%
Reduce	8.2%	0.0%

Spitzer Chart for stock being researched ( 2 year data )



**Recommendation Framework**

**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.