

OM Holdings Ltd

4Q23 Production and Market Update

Summary

- Production.** In 4Q23, production output for FeSi stood at 40,635 tonnes (+18% YoY, +3%) QoQ as compared to 39,296 in 3Q23 and 34,332 in 4Q22. Meanwhile, Manganese alloys which include silicomanganese (SiMn) and high carbon ferromanganese (HCFeMn) production registered at 84,571 tonnes (+104% YoY, -3% QoQ).
- Sales.** In 4Q23, a total of 43,346 tonnes (+4% YoY, +26% QoQ) of FeSi and 113,585 tonnes (+115% YoY, +68% QoQ) of manganese alloys were sold. The sales increase was due to shipments carried forward from previous quarter.

OMH Production and Sales (tonnes)

Production (Tonnes)	4Q22	3Q23	4Q23	QoQ	YoY	FY22	FY23	YoY
FeSi	34,332	39,296	40,635	3%	18%	140,355	139,529	-1%
Mn Alloys	41,495	86,934	84,571	-3%	104%	216,813	294,432	36%
Total	75,827	126,230	125,206	-1%	65%	357,168	433,961	22%

Sales (Tonnes)	4Q22	3Q23	4Q23	QoQ	YoY	FY22	FY23	YoY
FeSi	41,542	34,353	43,346	26%	4%	146,646	135,545	-8%
Mn Alloys	52,752	67,586	113,585	68%	115%	216,604	290,770	34%
Total	94,294	101,939	156,931	54%	66%	363,250	426,315	17%

Source: M+ Online

- Furnaces conditions.** 1 FeSi furnace began hot commissioning and performance testing at end-Dec 2023, bringing the total operational FeSi furnaces to 8 units. Meanwhile, 14 out of the 16 furnaces have undergone and completed major maintenance, of which 12 furnaces have passed hot commissioning and performance testing. 1 manganese alloy furnace's hot commissioning has been extended due to the furnace not performing as per contract requirements. 2 FeSi furnaces are scheduled to commence major maintenance in 2025.
- Silicon metal project.** Fabricated equipment for the silicon metal conversion project has been delivered on site, and the replacement works have commenced in the mid-Jan 2024, and are targeted to be completed by the end-Feb 2024. Both silicon metal furnaces are producing FeSi to maximize furnace utilization.
- Capacity.** Upon completion of the conversion works and scheduled major maintenance, OMH will have a design annual capacity to of approximately 120k-126k tonnes of FeSi, 333k-400k tonnes of manganese alloys and 21k-24.5k tonnes of silicon metal. The Plant also consists of a sinter plant that has a design capacity to produce 250k tonnes of sinter ore per annum.
- Material price trend.** 44% Mn ore closed at USD4.17/dmtu CIF China as of Dec-23 vs. USD4.37/dmtu CIF China Sep-23. Meanwhile, FeSi prices decreased from USD1360 to USD1285 per tonne CIF Japan and SiMn price fell from USD945 to USD900 per tonne CIF Japan and these were mainly attributable to reduced global demand and higher production rates from FeSi smelters in China.

Material Price Trend

Price	4Q22	3Q23	4Q23	QoQ	YoY	FY22 (avg)	FY23 (avg)	YoY
44% Mn Ore (USD/dmtu)	5.13	4.37	4.17	-5%	-19%	6.2	4.6	-25%

Source: M+ Online

Update Note

Loui Low
louilow@msec.com.my
(603) 2201 2100

BUY

Share price	RM1.52
Target price	RM1.92
Previous TP	RM1.92
Capital upside	26.3%
Dividend return	2.9%
Total return	29.2%

Company profile

Principally involved in the mining, smelting and trading of raw ores

Stock information

Bursa Code	5298
Bloomberg ticker	OMH MK
Listing market	MAIN
Share issued (m)	766.3
Market Cap (m)	1164.7
52W High/Low	2.71 / 1.42
Est. Free float (%)	90.8
Beta (x)	1.0
3-mth avg vol ('000)	66.1
Shariah compliant	Yes

Major shareholders

Hanwa Co Ltd	4.24
Low Ngee Tong	1.31
Heng Siow Kwee	1.18

Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	2.7	4.8	-36.4
Relative	-1.3	-0.6	-37.6

Earnings snapshot (USD)

FYE (Dec)	FY22	FY23f	FY24f
PATMI (m)	67.8	40.5	46.3
EPS (sen)	5.5	6.3	7.4
P/E (x)	6.3	5.5	4.7

Relative performance chart



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Friday, 02 Feb, 2024

Brought to you by BURSA MALAYSIA
RISE (Research Incentive Scheme)

- **Shipping rates.** Freight rates have normalized over the past few quarters, but with the recent spike in the Middle East tension, we reckon that freight prices may remain elevated above the pre-Covid19 pandemic levels.

Valuation & Recommendation

- **Earnings forecast.** No change to our FY23f-25f earnings forecast pending for results announcement this month.
- **Maintained BUY with TP at RM1.92.** The target price is derived by assigning targeted P/E multiple of 7.0x to mid-FY24f 27.4 sen. The assigned target P/E represents a slight discount to the average of 9.0x of selected mining and smelting companies listed on Bursa Malaysia as well as international scale.
- **Risks** to our recommendation and target price include weaker-than-expected production and ferroalloy prices. OMH is also exposed to currency risk, whereby a weaker USD against the ringgit would be a drawback and vice versa.

Financial Highlights

Income Statement						Balance Sheet					
FYE Dec (USD m)	FY21	FY22	FY23f	FY24f	FY25f	FYE Dec (USD m)	FY21	FY22	FY23f	FY24f	FY25f
Revenue	779.9	856.6	614.0	660.9	755.5	Cash	81.5	62.4	41.9	88.5	107.4
EBITDA	141.2	137.9	96.6	110.5	122.3	Receivables	40.9	31.8	25.2	27.2	31.0
EBIT	98.9	110.8	60.5	69.3	81.0	Inventories	256.4	235.4	166.2	177.7	203.2
Net finance income/ (cost)	(18.4)	(13.6)	(9.0)	(10.0)	(9.0)	PPE	444.0	445.6	464.4	443.1	451.7
Associates & JV	4.1	8.4	8.4	8.4	8.4	Others	120.9	110.9	110.9	110.9	110.9
Profit before tax	84.5	105.6	59.8	67.6	80.4	Assets	943.6	886.0	808.5	847.4	904.2
Tax	(2.5)	(23.0)	(12.3)	(14.2)	(17.3)	Debts	302.4	258.3	175.0	174.6	171.1
Net profit	82.1	82.6	47.5	53.4	63.1	Payables	128.2	126.6	95.9	95.7	109.4
Minority interest	(20.6)	(14.7)	(7.0)	(7.1)	(8.2)	Others	69.3	101.4	101.4	101.4	101.4
Core earnings	61.5	67.8	40.5	46.3	54.9	Liabilities	499.9	486.3	372.3	371.8	381.9
Exceptional items	-	-	-	-	-	Shareholder's equity	368.0	396.1	432.6	472.0	518.7
Reported earnings	61.5	67.8	40.5	46.3	54.9	Minority interest	75.7	3.6	3.6	3.6	3.6
						Equity	443.7	399.7	436.2	475.6	522.3
Valuation & Ratios						Cash Flow Statement					
FYE Dec (USD m)	FY21	FY22	FY23f	FY24f	FY25f	FYE Dec (USD m)	FY21	FY22	FY23f	FY24f	FY25f
Core EPS (sen)	8.3	9.2	5.5	6.3	7.4	Profit before taxatio	84.5	105.6	59.8	67.6	80.4
P/E (x)	19.4	17.6	29.5	25.8	21.8	Depreciation & amortisa	42.3	27.1	36.2	41.2	41.4
EV/EBITDA (x)	6.8	7.0	10.0	8.7	7.9	Changes in working cap	28.4	28.4	45.1	(13.6)	(15.6)
DPS (sen)	6.0	6.0	0.8	0.9	1.1	Share of JV profits	(4.1)	(8.4)	(8.4)	(8.4)	(8.4)
Dividend yield	3.7%	3.7%	0.5%	0.6%	0.7%	Taxation	(2.5)	(23.0)	(12.3)	(14.2)	(17.3)
BVPS (RM)	0.50	0.54	0.59	0.64	0.70	Others	(69.3)	67.2	71.7	74.3	43.2
P/B (x)	3.3	3.0	2.8	2.5	2.3	Operating cash flow	79.4	196.9	192.0	146.9	123.7
EBITDA margin	18.1%	16.1%	15.7%	16.7%	16.2%	Net capex	(28.4)	(49.7)	(20.0)	(20.0)	(20.0)
EBIT margin	12.7%	12.9%	9.8%	10.5%	10.7%	Others	32.7	18.8	18.8	18.8	18.8
PBT margin	10.8%	12.3%	9.7%	10.2%	10.6%	Investing cash flow	4.4	(30.9)	(1.2)	(1.2)	(1.2)
Net margin	7.9%	7.9%	6.6%	7.0%	7.3%	Changes in borrowings	(26.7)	(44.1)	(83.3)	(0.3)	(3.5)
ROE	16.7%	17.8%	9.8%	10.2%	11.1%	Issuance of shares	-	-	-	-	-
ROA	6.5%	7.4%	4.8%	5.6%	6.3%	Dividends paid	(44.3)	(44.3)	(6.1)	(6.9)	(8.2)
Net gearing	60.0%	49.4%	30.8%	18.2%	12.3%	Others	30.9	(92.3)	(92.3)	(92.3)	(92.3)
						Financing cash flow	(40.2)	(180.7)	(231.3)	(99.6)	(104.1)
						Net cash flow	43.6	(14.8)	(20.5)	46.6	18.9
						Forex	(0.7)	(1.9)	(1.9)	(1.9)	(1.9)
						Others	-	-	-	-	-
						Beginning cash	36.0	81.5	62.4	41.9	88.5
						Ending cash	81.5	62.4	41.9	88.5	107.4



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

As of **Friday, 02 Feb, 2024**, the analyst(s), Loui Low Ley Yee, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

