

26 April 2016 | Corporate Update

Dayang Enterprise Holdings

First gig for the year

INVESTMENT HIGHLIGHTS

- **Dayang Enterprise Holdings Bhd reported its first contract win for the year worth between RM25-42m**
- **The two-year contract is for the provision of topside maintenance services for KPOC**
- **Total orderbook still remains strong at approximately RM3.7b with burn-rate until 2018**
- **Maintain NEUTRAL with unchanged target price of RM1.34**

Contract. Dayang Enterprise announced its first contract win for the year worth between RM25-42m. The two-year contract (with a 1-year extension option) is for the provision of topside maintenance services for Keabangan Petroleum Operating Company Sdn Bhd (KPOC).

Background of KPOC. KPOC, a 40%-associate company of Petronas, is appointed as the operator of the Keabangan cluster located 130km off the coast of Sabah. The field is jointly operated by ConocoPhillips Sabah Ltd (30%) and Shell Energy Asia Ltd (30%).

Orderbook. Inclusive of jobs from Perdana Petroleum, Dayang has a total orderbook of RM3.7b with a burn-rate until 2018. Its tenderbook stands at approximately RM300m.

Earnings contribution. Due to the relatively modest contract value, this 2-3 year contract is estimated to contribute approximately RM2.5-3.0m per year to Dayang.

Impact on earnings. We are maintaining our earnings forecasts as the new contract win is within our new orderbook replenishment assumptions.

Maintain NEUTRAL. We are maintaining our **NEUTRAL** outlook on Dayang with an unchanged target price of **RM1.34 per share**. Our target price is based on PER16 of 10x pegged to EPS16 of 13.4sen. The target PER16 is based on a 1-standard deviation discount to the company's five-year average rolling PER of 15x.



Maintain NEUTRAL
Unchanged Target Price (TP): RM1.34

RETURN STATS

Price (25 April 2016)	RM1.36
Target Price	RM1.34
Expected Share Price Return	-1.5%
Expected Dividend Yield	+3.7%
Expected Total Return	+2.2%

STOCK INFO

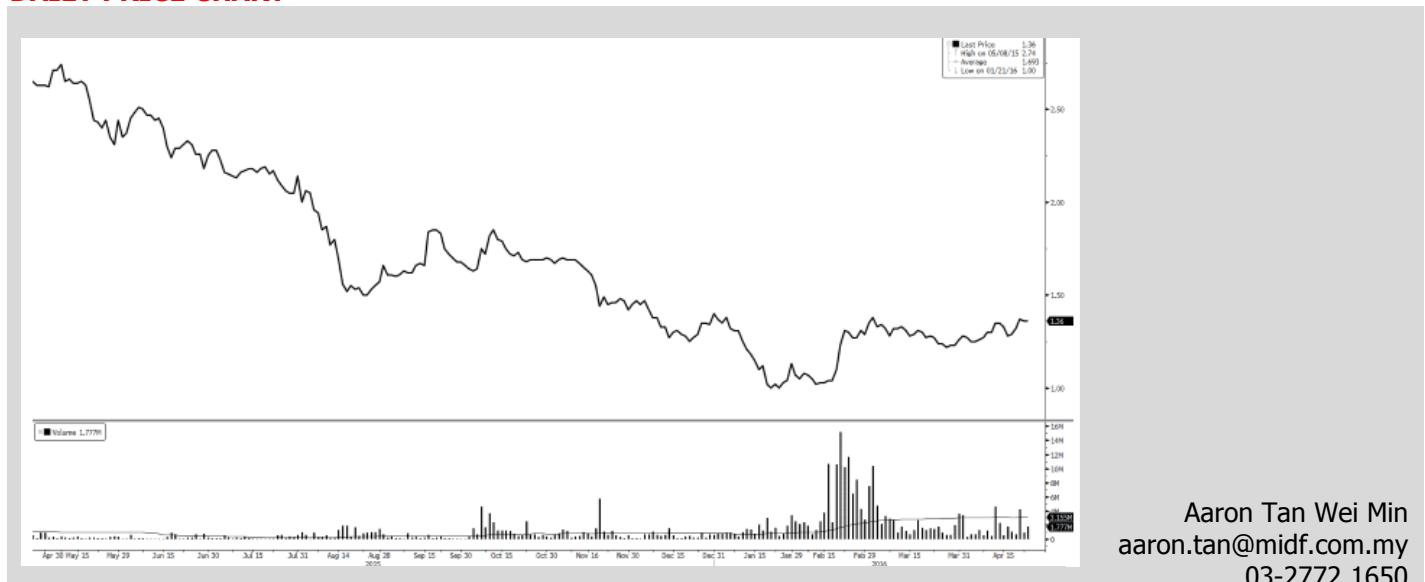
KLCI	1,714.51
Bursa / Bloomberg	5141 / DEHB MK
Board / Sector	Main / Trading Services
Syariah Compliant	Yes
Issued shares (mil)	876.8
Par Value (RM)	1.00
Market cap. (RM'm)	1,192.4
Price over NA	0.95x
52-wk price Range	RM1.00 – RM2.74
Beta (against KLCI)	1.85
3-mth Avg Daily Vol	1.24m
3-mth Avg Daily Value	RM2.1m
Major Shareholders (%)	
Naim Holdings Bhd	29.07
Kumpulan Wang Persaraan	9.52
Lembaga Tabung Haji	8.89
Ling Suk Kiong	8.81
Ahmad Shahrudin Yusuf	7.52
Vogue Enterprise	6.98

INVESTMENT STATISTICS

Statement of Income (RMm)	2013	2014	2015	2016F	2017F
Operating Revenue	563.4	876.9	779.1	918.8	1166.5
Direct Operating Costs	(335.0)	(577.2)	(440.5)	(503.7)	(629.2)
Gross Profit	228.4	299.7	338.6	415.1	537.3
EBITDA	189.5	244.8	155.8	259.4	329.6
EBIT	174.3	221.8	258.4	228.1	294.9
Associates	14.1	22.1	-6.3	-20.0	-19.0
Profit before tax	174.7	217.7	147.0	177.5	230.7
Tax	(25.7)	(39.2)	(53.2)	(60.5)	(96.2)
PAT	149.0	178.6	202.0	122.0	134.5
Standardized EPS (sen)	18.1	21.3	19.6	13.4	14.8
Net Margin (%)	26.4	20.4	25.9	13.3	11.5
PER (x)	7.1	6.1	6.6	9.6	8.7
Dividend yield (%)	6.3	5.1	5.4	3.7	3.7

Source: MIDFR

DAILY PRICE CHART



Aaron Tan Wei Min
aaron.tan@midf.com.my
 03-2772 1650

Source: MIDFR, Company

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <-15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.