

07 May 2015 | 1QFY15 Results Preview

Dayang Enterprise Holdings Berhad

1QFY15 earnings to reflect healthy activity level

Maintain BUY

Unchanged Target Price (TP): RM3.82

INVESTMENT HIGHLIGHTS

- Dayang Enterprise Holdings Berhad is expected to announce its 1QFY15 earnings by end-May 2015
- We are anticipating 1QFY15 results to outperform earnings achieved in the same period a year earlier
- Potential earnings boost from Perdana Petroleum Bhd
- Pan Malaysia HUC activities level remain robust in 1QFY15
- Maintain BUY with an unchanged TP of RM3.82 per share

1QFY15 earnings expectations. Dayang Enterprise Holdings Berhad is slated to announce its 1QFY15 earnings by end-May 2015. We are anticipating 1QFY15 earnings to outpace what was achieved in 1QFY14. With the robust activities level achieved in the first three months of this year coupled with the newly secured modifications works from Petronas Carigali in Dec 2014 worth approximately RM280m, we anticipate Dayang to post earnings *in excess of RM35m* in 1QFY15. In addition to that, we are also anticipating additional earnings boost from its associate company Perdana Petroleum to contribute to the commendable results.

Pan Malaysia HUC activities level. Activities level in 1QFY15 remained robust with the projects from Shell, JX Nippon and Petronas Carigali recording commendable project progress. However, the HUC and topside maintenance works from Murphy Oil experienced a slight decline in activities level due to rescheduling and reorganisation of work activities.

Orderbook and tenderbook. Dayang currently has an orderbook of approximately RM4b, largely consisting hook-up and commissioning and topside maintenance job orders. Realising this, the company has since expanded its focus into the other segments of the oil and gas value chain such major modification works (involving major design and engineering capabilities) and facilities improvement works. The company currently has a tenderbook of approximately RM800m, focusing on the aforementioned sub-segments of the oil and gas value chain.

Recommendation. We are maintaining our **BUY** recommendation on Dayang with an unchanged TP of **RM3.82** per share. Our TP is based on PER15 of 16x on EPS15 of 23.9sen.



RETURN STATS	
Price (6 May 2015)	RM2.71
Target Price	RM3.82
Expected Share Price Return	+41.0%
Expected Dividend Yield	+3.0%
Expected Total Return	+44.0%

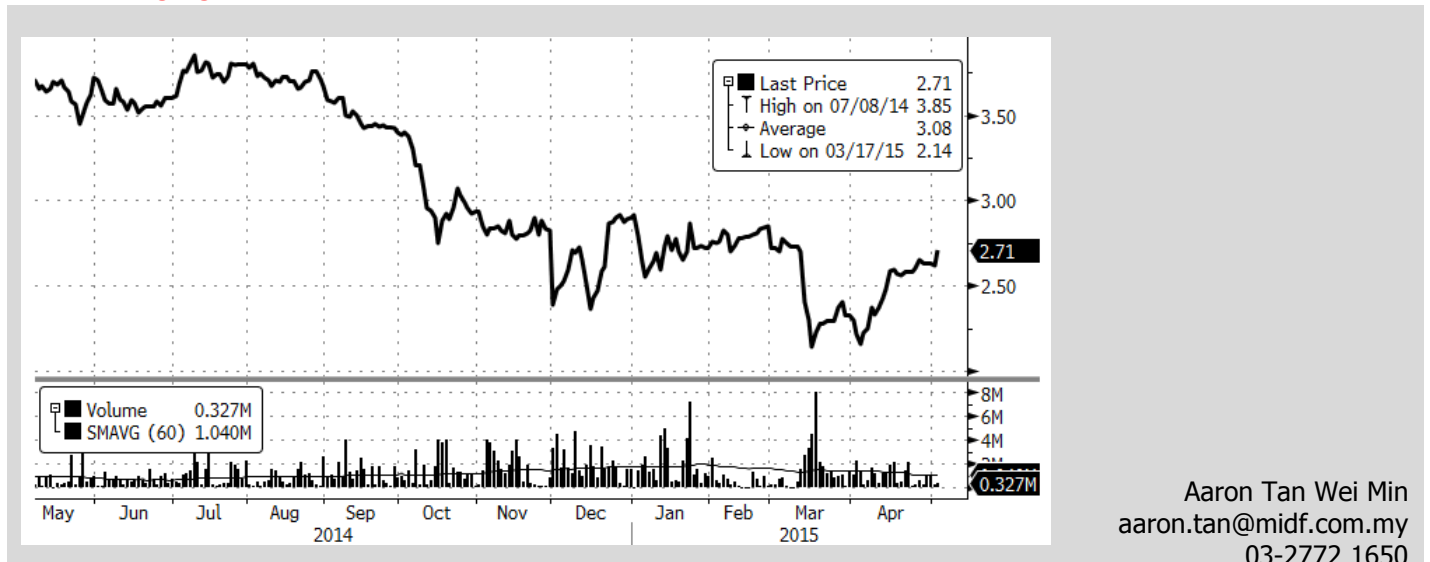
STOCK INFO	
KLCI	1,820.97
Bursa / Bloomberg	5141 / DEHB MK
Board / Sector	Main / Trading Services
Syariah Compliant	Yes
Issued shares (mil)	876.8
Par Value (RM)	1.00
Market cap. (RM'm)	2,332.3
Price over NA	2.5x
52-wk price Range	RM2.14 – RM3.85
Beta (against KLCI)	1.47
3-mth Avg Daily Vol	1.27m
3-mth Avg Daily Value	RM3.9m
Major Shareholders (%)	
Naim Holdings Bhd	29.07
Kumpulan Wang Persaraan	9.19
Ling Suk Kiong	8.81
Lembaga Tabung Haji	8.80
Ahmad Shahrudin Yusuf	7.52
Vogue Enterprise	6.98

INVESTMENT STATISTICS

Statement of Income (RMm)	2012	2013	2014	2015F	2016F
Operating Revenue	401.2	563.4	876.9	884.0	897.8
Direct Operating Costs	(215.3)	(335.0)	(577.2)	(465.1)	(467.1)
Gross Profit	185.9	228.4	299.7	418.9	430.7
EBITDA	151.6	189.5	244.8	349.5	360.1
EBIT	132.2	174.3	221.8	321.8	328.7
Associates	0	14.1	22.1	31.6	32.2
Profit before tax	128.2	174.7	217.7	273.2	279.3
Tax	(36.6)	(25.7)	(39.2)	(58.0)	(58.0)
PAT	102.1	149.0	178.6	216.5	221.4
Standardized EPS (sen)	18.6	18.1	21.3	23.9	24.4
Net Margin (%)	25.4	26.4	20.4	24.5	24.7
PER (x)	14.6	15.0	12.7	11.4	11.1
Dividend yield (%)	3.7	3.1	2.6	3.0	3.0

Source: MIDFR

DAILY PRICE CHART



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.