Equity Beat



22 May 2013 | Corporate update

Dayang Enterprise Holdings Berhad

Alas, the wait is finally over!

INVESTMENT HIGHLIGHTS

- Dayang Enterprise Holdings Bhd (DEHB) clinched an RM2b job from Shell for the provision of hook-up, commissioning (HUC) and topside maintenance services.
- The contract is part of the RM8-10b Pan Malaysia HUC job lasting five years with a one year extension option.
- We maintain our BUY recommendation on DEHB, premised strong fundamentals, mega contract win and strong orderbook of RM3.5b.

Contract details. DEHB finally announced that it has secured the coveted HUC job under the Pan Malaysia HUC umbrella package from Sarawak Shell Bhd and Sabah Shell Petroleum Company Limited. The total contract value is RM2b spanning five years with a one year extension option.

Impact on earnings. In our previous report, we have taken a conservative approach by assuming new order replenishment of RM1.5b in FY13. However, we are now increasing our assumption to RM2.5b based on the quantum of this new job. Subsequently, earnings for FY13 and FY14 increased by +13.7% and +20.8% respectively. Do note that given our current fiscal position midway through the financial year, earnings are most likely to be accrued towards the tail-end of FY13.

Revise target price. We are revising our TP to RM6.08 from RM4.41 previously, based on the increase in earnings estimates. Our TP is derived from EPS14 of 38sen pegged to a PER14 of 16x. In addition, we have raised our PER by two multiples taking into consideration that Dayang is now considered a mid-large cap oil and gas service provider. At its high, Dayang was close to becoming a USD1b market cap company.

Maintain BUY. We maintain our **BUY** recommendation on DEHB. We believe that DEHB is one of the top performing oil and gas service providers of FY13. We also believe that this company is poised to trade at a market cap exceeding USD1b in due course. Orderbook of RM3.5b remains very strong with high quality firm contracts extending to 2018.

Revised Target Price (TP): RM6.08 (previously RM4.41)

Maintain BUY

RETURN STATS

Expected Total Return	+26.8%
Expected Dividend Yield	+2.5%
Expected Share Price Return	+24.3%
Target Price	RM6.08
Price (21 May 2013)	RM4.89
Price (21 May 2013)	RM4.89

STOCK INFO

1,787.38		
5141 / DEHB MK		
Main/ Trading Services		
Yes		
549.7		
0.50		
2,688		
2.83x		
RM1.87 – RM5.00		
1.51		
1.03m		
RM2.53m		
33.65%		
10.07%		
10.04%		
7.42%		
5.03%		
5.01%		

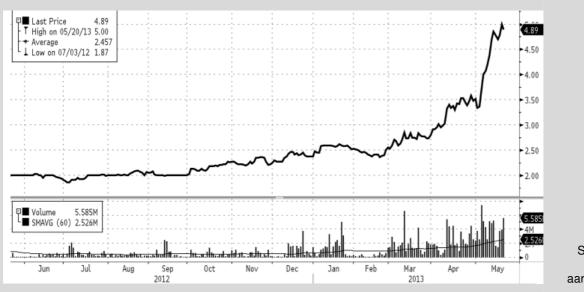
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FINANCIAL STATEMENTS

Statement of Income (RMm)	2011	2012	2013F	2014F	2015F
Operating Revenue	382.3	401.2	627.9	882.7	942.3
Direct Operating Costs	(225.0)	(215.3)	(331.7)	(464.5)	(494.8)
Gross Profit	157.4	185.9	296.2	418.2	447.5
EBITDA	127.4	151.6	242.4	336.8	364.4
EBIT	111.7	132.2	222.9	313.0	336.7
Associates	0	0	15.6	23.2	27.0
Profit before tax	106.5	128.2	188.4	264.4	284.9
Тах	(26.1)	(39.2)	(55.2)	(60.2)	(36.8)
PAT	83.1	102.1	149.2	209.3	224.7
Standardized EPS (sen)	15.1	18.6	27.1	38.0	40.9
Net Margin (%)	21.7	25.4	23.8	23.7	23.8
PER (x)	32.4	26.3	18.0	12.9	12.0
Dividend yield (%)	2.0	2.0	2.0	2.5	2.5

Source: MIDFR estimates

DAILY PRICE CHART



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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	Negative total return is expected, by -15% or more, 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.		