

PP14767/09/2012(030761)

Dayang Enterprise Holdings Bhd

“Holds 94.8% Equity Stake in Perdana”

Dayang Enterprise Holdings Bhd (Dayang) has closed the conditional takeover offer to acquire Perdana Petroleum Berhad (PPB) for a cash offer price of RM1.55/share and RM0.84/warrant. 45.16% of Perdana's shares were accepted as part of the exercise, bringing the total acceptance to 94.80%. We remain positive for Dayang to gain control over Perdana which will provide access to its fleet size of 17 vessels. Dayang is worth at RM2.64 and the stock is a **BUY**.

- Total acceptance at 94.8%.** Dayang has received acceptance for the 338.04 million shares, representing a 45.16% equity stake in Perdana as at the closing of the offer on 14 August 2015. Therefore, Dayang’s total stake in Perdana rose to 709.57 million shares, or equivalent to 94.8% interest in the company. As for Perdana’s warrants, Dayang received acceptance for 15.13 million shares, representing 49.39% of the total warrant base, bringing its total holdings to 27.90 million warrants or 91.11% of the outstanding warrants.
- Maintain listing status of Perdana.** Dayang has stated its intention to maintain the listing status of Perdana and will explore various options or proposals including placement of Perdana’s shares within 3 month from the closing date to restore the public shareholding spread which currently stands at 5.2%, below listing requirement of 10% and above.
- Rational for the takeover.** We foresee the takeover exercise which would further strengthen Dayang’s business expansion especially on the hook-up and commissioning (HUCC) services by leveraging on Perdana’s expertise as a marine player with fleet size of 17 vessels (8 Anchor Handling Tug & Supply (AHTS), 7 Work Barge and 2 Work Boat). The full control of Perdana would be a decisive point for Dayang in participating for the new tenders. Note that Perdana has contributed approximately 10% to Dayang’s FY14

Monday, August 17, 2015

BUY (TP: RM2.64)

Current Price (RM)	RM1.70
New Target Price (RM)	RM2.64
Previous Target Price (RM)	RM2.95
Previous Recommend.	BUY
Upside To Target Price	55%
Dividend Yield (FY16)	3%

Stock Code

Bloomberg	DEHB MK
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Stock & Market Data

Listing	MAIN MARKET
Sector	Oil and Gas
Shariah Compliance	Yes
Issued Shares (mn)	877
Market Cap (RM mn)	1,578
YTD Chg In Share Price	-38%
Beta (x)	1.49
52-week Hi/Lo (RM)	3.77   1.70
3M Average Volume (shrs)	0.26mn
Estimated Free Float	23%

Major Shareholders

Naim Holdings	29%
KWAP	9%
Kiong Ling Suk	9%

## Company Update - Dayang Enterprise Holdings Bhd

PBT of RM217 million. Nonetheless, we remain upbeat on Dayang's long-term outlook driven by the group's sizeable order book of approximately RM3.8 billion which is expected to last them until FY18.

- **Change to forecast.** We keep unchanged our earnings forecast for now. Nonetheless, FY15 and FY16 earnings forecast of RM187 million (+5% y-o-y) and RM203 million (+9% y-o-y) respectively will be underpinned by i) on-going earnings contribution from HUC jobs and ii) impressive tender book of RM800 million backed by solid order book of RM3.8 billion.
- **Valuation & recommendation.** We value Dayang at RM2.64 based on 11x PER (1- SD below 3-years average PER of 16x) pegged to FY16 EPS of 24sen and the stock is a **BUY**. Re-rating catalyst may come from i) stronger-than-expected subsidiary contribution from Perdana Petroleum ii) better-than-expected HUCC margin.

Table 1: Peers Comparison (Calenderised)

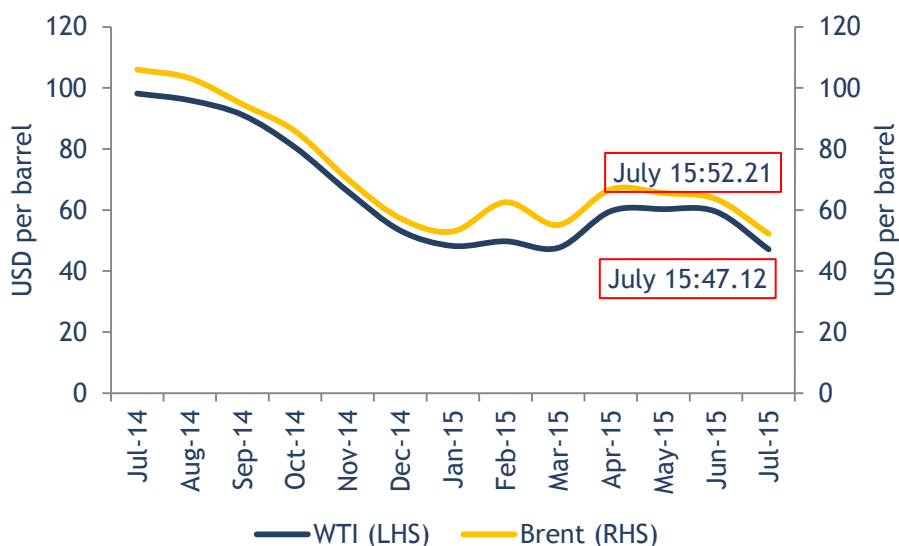
Company	FYE	Price (RM)	EPS (sen)		P/E (X)		P/B (X)		ROE (%)	DY (%)	TP (RM)	Call
			FY15	FY16	FY15	FY16	FY15	FY16				
SapuraKencana	Jan	1.93	19	20	13.2	12.3	1.1	1.0	10	1	2.95	Buy
Wah Seong	Dec	1.26	14	15	9.5	8.8	0.9	0.9	13	4	1.38	Hold
Bumi Armada	Dec	0.95	7	10	15.3	11.1	1.0	0.9	4	1	1.32	Buy
Dialog Group	Jun	1.49	5	5	31.4	29.9	4.5	4.5	15	1	1.70	Hold
Alam Maritim	Dec	0.40	5	6	9.3	7.9	0.5	0.5	7	NA	0.56	Hold
MMHE	Dec	1.01	8	8	14.3	15.0	0.7	0.7	5	NA	1.20	Hold
PetDag	Dec	20.02	74	81	28.9	26.1	3.4	3.4	12	2	19.71	Hold
Dayang	Dec	1.70	21	24	9.7	8.7	1.8	1.4	22	3	2.64	Buy
UMW-OG	Dec	1.03	9	11	16.2	12.4	0.9	0.8	7	1	2.21	Buy
Perisai	Dec	0.32	3	6	15.6	7.1	0.4	0.4	2	NA	NR	NR
Perdana Petroleum	Dec	1.53	8	13	18.6	11.6	1.7	1.4	12	1	NR	NR
TH Heavy	Dec	0.15	(1)	2	NA	10.5	0.5	0.4	(26)	NA	NR	NR
Petra Energy	Dec	0.91	12	15	8.7	7.1	0.6	0.6	7	2	NR	NR
Deleum	Dec	1.02	16	18	8.0	7.5	1.7	1.4	23	6	NR	NR
Uzma	Dec	2.20	20	24	12.5	10.4	2.3	1.9	18	2	NR	NR
KNM	Dec	0.52	7	7	8.8	7.8	0.5	0.4	3	NA	NR	NR
Average					14.7	12.1	1.4	1.3	8	2		

Source: Bloomberg, M&A Securities

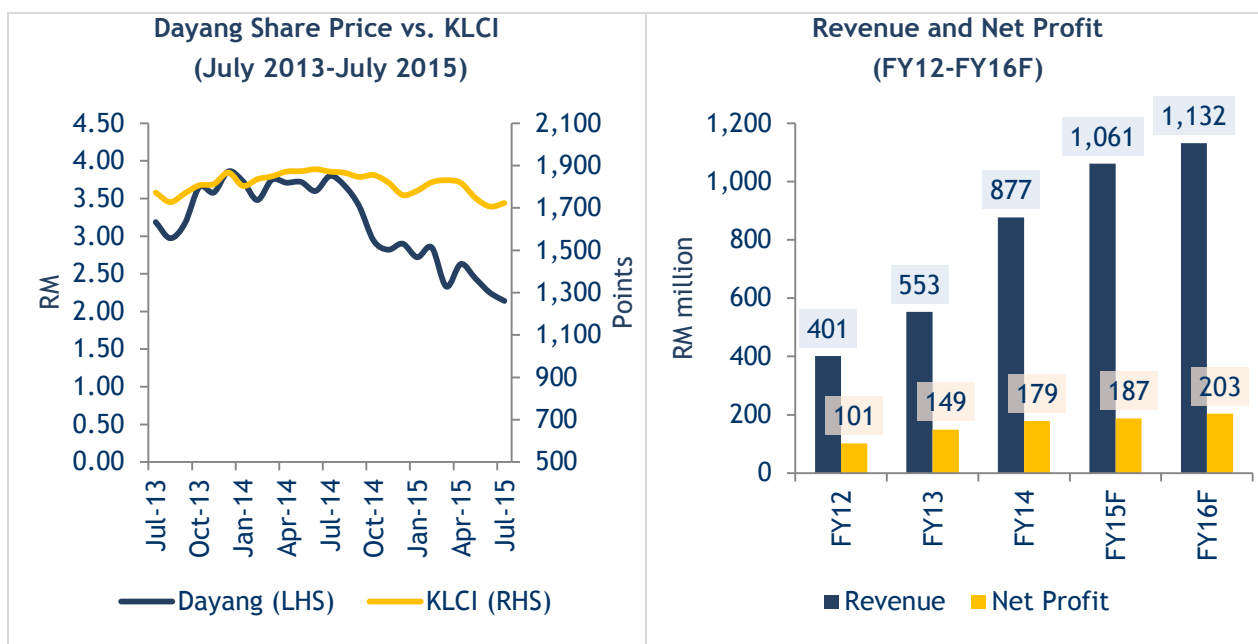
Table 2: Financial Forecast

YE: Dec (RM million)	FY12	FY13	FY14	FY15F	FY16F
Revenue	401	553	877	1,061	1,132
Gross profit	186	230	300	392	419
EBITDA	146	158	227	246	263
EBIT	127	132	200	215	230
Net Finance cost	2	(0)	(4)	(14)	(15)
Share of profit from Associates	0	14	22	27	40
PBT	128	175	218	228	254
Net profit	101	149	179	187	203
EPS (sen)	12	18	21	22	24
EBITDA margin	36%	29%	26%	23%	23%
EBIT margin	32%	24%	23%	20%	20%
PBT margin	32%	32%	25%	22%	22%
Net profit margin	25%	27%	20%	18%	18%
PER (x)	12.9	21.3	13.6	10.7	9.9
P/BV (x)	2.2	4.8	2.5	1.8	1.6
Dividend (sen)	10	10	7	7	8
Dividend yield	6%	3%	2%	3%	3%

Source: Bursa Malaysia, M&amp;A Securities

WTI vs. Brent Crude Oil Price  
(July 2014-July 2015)

Source: Bloomberg



Source: Bloomberg, M&A Securities

# M&A Securities

## STOCK RECOMMENDATIONS

<b>BUY</b>	Share price is expected to be $\geq +10\%$ over the next 12 months.
<b>TRADING BUY</b>	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
<b>HOLD</b>	Share price is expected to be between $-10\%$ and $+10\%$ over the next 12 months.
<b>SELL</b>	Share price is expected to be $\geq -10\%$ over the next 12 months.

## SECTOR RECOMMENDATIONS

<b>OVERWEIGHT</b>	The sector is expected to outperform the FBM KLCI over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform the FBM KLCI over the next 12 months.

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