

- Categories**
- ▶ First Read
 - ▶ Business News**
 - ▶ Political News
 - ▶ Commentary
 - ▶ Features
 - ▶ Personal Finance
 - ▶ Property
 - ▶ Lifestyle
 - ▶ Deco & Garden
 - ▶ Technology
 - ▶ Media & Advertising
 - ▶ Management
 - ▶ Sports
 - ▶ Insider Asia
 - ▶ In The Edge Financial Daily Today
 - ▶ The Edge Billion Ringgit Club

THE EDGE MEDIA GROUP



Stock Focus Daya rises to near 4-yr high, seen as next O&G play

Business & Markets 2013

Written by Ho Wah Foon of theedgemaalaysia.com

Thursday, 01 August 2013 17:21

10

A+ / A- / Reset

KUALA LUMPUR (Aug 1): DAYA MATERIALS BHD [], which emerged to be the hottest stock today with a 24% surge in price, is seen as the next oil and gas play.

At market close, Daya ended up 6 sen or 24% at 31 sen per unit on trades of 152.1 million shares.

This market behaviour followed after a positive report on the company by a research house today.

HwangDBS Vickers Research, in a report today, said Daya is an "up-and-coming oil and gas (O&G) play" and gave it a fair value of RM0.45 per share.

The research house said this is an "under-appreciated O&G proxy with solid fundamentals and strong growth prospects."

The company posted a 71% year-on-year increase in net profit for the first quarter to end-March 2013, on the back of a 233% jump in revenue at RM100 million.

Among the positives Hwang-DBS has listed about the company are:

- Clear earnings visibility with RM1.3 billion order book to drive 3-year earnings CAGR of 37%;
- Newbuild Siem Daya 1 set to be the game-changer, vying for huge contract in Norway.

The research house added that Daya is a fast-growing integrated O&G player, servicing the likes of Petronas, Exxon, Shell, Schlumberger, Technip and SapuraKencana in upstream and downstream segments.

Daya is also the largest mobile crane and lifting service provider for Malaysia's O&G sector, it noted.

HwangDBS Vickers sees explosive earnings growth and exciting times ahead for Daya.

It said: "Daya is currently undertaking the RM186 million Tapis Enhanced Oil Recovery project which entails installation works via Bourbon Evolution 803, where the bulk of earnings will be recognized in 2H13.

"FY14 is set to be an exciting year with the arrival of its DP2 subsea CONSTRUCTION [] vessel, Siem Daya 1 in August 2013."

The research house added: "We believe that a long-term contract is in the pipeline, taking the cue from its committed 5-year charter (+ 2-year extension) for the vessel from Oslo-listed Siem Offshore."

On the Stock, it said trading at 7x FY14 PE Daya is among the cheapest O&G stocks with strong earnings visibility and healthy balance sheet (10% net gearing).

"We are upbeat on its strong prospects in view of burgeoning contract awards in Malaysia. Securing a long-term contract for Siem Daya 1 will be a huge re-rating catalyst. Further strategic collaboration between DAYA and Siem may pave the way for more exciting M&As."

[Gold down 92 sen at RM133.51 per gramme at 5pm < Prev](#)

[Next >#Market Close* KLCI rises 0.3% on bargain hunting; US, China data](#)

[Back to top](#)

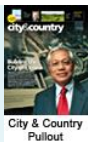
[Investing in Penny Stocks](#)

[WealthDaily.com/Penny_Stocks](#)

We've Broken Down How To Invest in Penny Stocks In Our New Report.

Last Updated on Tuesday, 30 November 1999 08:00





[Home Page](#) - | - [About Us](#) - | - [Contact Us](#) - | - [Join Us](#) - | - [Advertise with Us](#) - | - [Terms of Use](#) - | - [Subscribe](#) - | - [Sitemap](#)



© All rights reserved. 2009. The Edge Communications Sdn Bhd. (266980-X)
Website developed by The Edge