

## Public Invest Research upgrades Daya Material to Outperform

KUALA LUMPUR: [Public Invest Research](#) has upgraded Daya Material to an Outperform with an unchanged target price of 37 sen.

However, it said on Thursday it maintained its earnings estimates for now as it had factored in the contracts into its valuations.

“We are taking a more cautious stance by assuming lower margins at this juncture due to possible high costs incurred in their first ever foray into managing vessels.

“Nevertheless, we see a re-rating potential should it secure higher margins on the chartering business. Due to the recent price weakness which has thrown up accumulation opportunities, we therefore upgrade our call to Outperform from Neutral with an unchanged 37 sen target price pegged to a PE multiple of 12 times FY14 [EPS](#) of 3.1 sen,” it said,

On Wednesday, Daya announced its subsidiary [Daya OCI \(Labuan\) Ltd](#) had entered into a charter agreement with [Siem Offshore](#) Rederi AS (a ship builder company based in Norway) for the managing of a vessel for five years with an option to purchase.

It also announced a long-term three-year charter contract with Technip Norge AS in relation to the appointment of Daya OCI as the manager of the vessel. The estimated value of the contract ranges from RM100mil to RM176mil for a period of 100 to 175 days per year commencing 2014 with extension option of four years (three plus four years).

“This development is certainly positive, and in line with the strategic plans of Daya in actively being involved inupstream O&G industry,” it said.

[Public Invest Research](#) said the outlook for Daya remains good with outstanding order book worth about RM1.9bn (O&G: RM1.1bil, [Trading Services](#): RM800mil).

It added that Daya’s anagement has proven to be able to secure O&G orderbook over and above the [trading services](#) segment.