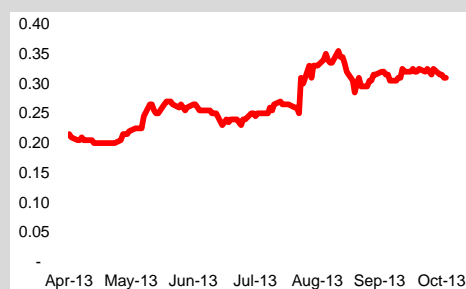


DESCRIPTION

The Group involves in upstream O&G activities i.e. offshore pipeline services, production chemical, automated welding and FPSO desludging

12-Month Target Price	RM0.37
Current Price	RM0.31
Expected Return	19%
Market	Main
Sector	Oil & Gas
Bursa Code	0091
Bloomberg Ticker	DAYA MK
Shariah-compliant	Yes

SHARE PRICE CHART


52 Week Range (RM)	0.18-0.37
3-Month Average Vol ('000)	25,065.3

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-3.1	25.2	45.6
Relative Returns	-3.4	26.5	38.2

KEY STOCK DATA

Market Capitalisation (RM m)	385.9
No. of Shares (m)	1,244.8

MAJOR SHAREHOLDERS

	%
Dato' Mazlin Bin Md. Junid	12.2
Dato' Sri Koh Kin Lip JP	6.3
Nathan Tham Jooi Loon	6.0

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Re-awards Construction Works

Daya announced that its wholly-owned subsidiary, Daya Land & Development SB (DLD) will re-award the construction contract given to it by Chang Cheng Realty SB (CCR). Given the significant amount of order book on hand and its resource deployment strategy, both DLD and CCR have mutually agreed to re-award the construction works on an open tender basis. We view this development positively as the company is focusing on O&G-related works involving higher margins as compared to construction activities. Hence, we reiterate our **Outperform** call with unchanged RM0.37 target price.

- To trim down construction works.** The contract was awarded to Daya CMT SB (DCMT) in Oct 2012, involving the construction of 40 units of 4-storey and 8 units of 3-storey shop offices and 1 block of a 28-storey retail/showroom/service suites on 4 parcels of empty land held located at Jalan Pintas in the District of Penampang, Sabah. We believe the re-award of construction works will not materially impact the company's earnings as the segment only contributes 3% to 5% in profit margins.
- O&G still the main driver.** We note that Daya's earnings growth drivers rely much on O&G-related activities, owing to the higher profit margins involved (c. 20%). Hence, the Group is moving progressively to focusing on upstream O&G activities i.e. subsea construction engineering, venturing into risk sharing contract (RSC) and securing long-term charters for its vessels. To date, the Group's orderbook stands at RM1.9bn which could last until 2016 (O&G: RM1.1bn, Technical Services: RM0.8bn). Management has proven to be able to secure O&G works over and above the trading services segment.
- Reiterate Outperform call.** We are maintaining our target price of RM0.37 for now. Daya is potentially set for growth, opening the door for further re-rating pending clarity in the securing of new O&G contracts. Our current valuation of Daya is based on a 12x multiple to FY14 EPS of 3.1 sen.

KEY FORECAST TABLE (RM m)

FYE Dec	2011A	2012A	2013F	2014F	2015F	CAGR
Revenue	281.7	276.9	453.8	638.7	762.0	22.0%
Gross Operating Profit	26.3	31.0	36.2	50.9	62.3	18.8%
Pre-tax Profit	23.8	28.4	37.9	52.9	64.3	22.0%
Core Net Profit	17.4	20.2	27.3	38.1	46.3	21.6%
EPS (Sen)	1.5	1.7	2.2	3.1	3.8	20.2%
P/E (x)	20.7	18.8	14.0	10.0	8.2	-
DPS (Sen)	0.3	0.3	0.4	0.5	0.6	-
Dividend Yield (%)	0.8	0.8	1.2	1.7	2.1	-

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RM m)	2011A	2012A	2013F	2014F	2015F
Revenue	281.7	276.9	453.8	638.7	762.0
Gross Operating Profit	26.3	31.0	36.2	50.9	62.3
Other Income	6.4	5.7	9.5	13.4	16.0
Other Expenses	-22.2	-29.2	-42.1	-59.2	-70.6
Finance Cost	-4.0	-4.1	-3.3	-3.0	-3.0
Pre-tax Profit	23.8	28.4	37.9	52.9	64.3
Income Tax	-6.3	-8.3	-10.2	-14.3	-17.4
Effective Tax Rate (%)	26.6	29.1	27.0	27.0	27.0
Minorities	-0.1	0.1	-0.4	-0.5	-0.6
Core Net Profit	17.4	20.2	27.3	38.1	46.3
Growth					
Revenue (%)	61.7	-1.7	63.9	40.7	19.3
Gross Operating Profit (%)	3.0	17.6	16.8	40.7	22.3
Net Profit (%)	2.8	16.1	35.2	39.6	21.5

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2011A	2012A	2013F	2014F	2015F
Property, plant and equipment	100.0	105.6	111.7	121.5	130.8
Inventories	14.2	14.1	16.4	23.1	27.5
Trade receivables	86.5	72.6	119.0	167.4	199.7
Cash and bank balances	62.8	66.4	75.7	98.5	131.6
Total Assets	378.1	399.2	463.3	551.0	630.2
ST Borrowings	17.9	40.3	40.0	35.0	35.0
LT Borrowings	48.9	41.0	20.0	20.0	20.0
Trade Payables	94.5	85.6	147.7	207.9	247.4
Minority Interests	0.0	-0.1	0.3	0.9	1.5
Total Liabilities	167.5	168.3	209.0	264.2	303.7
Total Equity	210.6	230.9	254.3	286.8	326.4
Total Equity and Liabilities	378.1	399.2	463.3	551.0	630.2

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2011A	2012A	2013F	2014F	2015F
Book Value Per Share	0.2	0.2	0.2	0.2	0.3
NTA Per Share	0.2	0.2	0.2	0.2	0.3
EPS (sen)	1.5	1.7	2.2	3.1	3.8
DPS (sen)	0.3	0.3	0.4	0.5	0.6
Payout Ratio (%)	16.7	15.2	17.0	17.0	17.0
ROA (%)	4.6	5.0	6.0	7.0	7.4
ROE (%)	8.3	8.7	10.9	13.5	14.4

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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