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Newsflash

Market Open: KLCI dips 0.3% on profit taking after hitting lofty levels

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Hot Stock: Daya Materials rises 1% on rerating potential

First Read

Written by Jeffrey Tan of theedgemalaysia.com

Tuesday, 17 December 2013 12:04

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KUALALUMPUR (Dec 17): Daya Materials Bhd erased losses to rise as much as 1% after analysts said the oil and gas (O&G) support-services provider has rerating potential.

At 11.41am, Daya rose as much as 0.5 sen to 38 sen. Daya which earlier became the bourse's ninth most-active counter, saw some five million shares traded.

"Reiterate 'outperform' call. We are maintaining our target price of RM0.45, but with prospects for further re-rating pending the clarity of securing the new O&G contracts.

"The group's outlook remains bullish with an orderbook worth about RM2.1bn which will provide the group's earnings visibility up to FY17," Public Investment Bank wrote in a note.

Public IB said it sees Daya entering into an exciting phase with current contracts on hand, besides potential contracts the firm could be close to securing.

"The group has tendered for approximately RM1 billion to RM1.5 billion worth of new contracts under the subsea engineering segment. We do believe Daya has the capacity to grow, buoyed by better oil & gas sector growth outlook going forward," Public IB said.

Public IB issued its note after Daya clarified yesterday that a memorandum of agreement (MOA) involving a planned acquisition of a new-build diving

support and construction vessel worth RM755 million (US\$180 million) by Daya is invalid.

Public IB said the exercise may not materialise considering the details of the MOA.

Meanwhile, Kenanga Research said Daya's share price's immediate technical support and resistance are seen at 37 sen and 38 sen respectively.

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