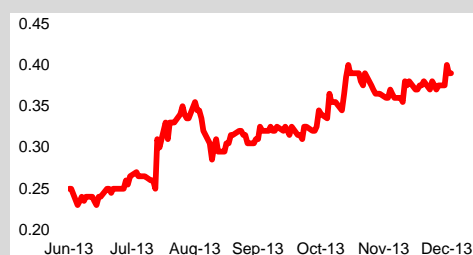


DESCRIPTION

The Group involves in upstream and downstream O&G activities i.e. offshore pipeline services, subsea installation, automated welding, production chemical, FPSO desludging and others. Sub-segment also includes engineering and industrial plant construction.

12-Month Target Price	RM0.430
Current Price	RM0.390
Expected Return	10.3%
Market	Main
Sector	Oil & Gas
Bursa Code	0091
Bloomberg Ticker	DAYA MK
Shariah-compliant	Yes

SHARE PRICE CHART


52 Week Range (RM)	0.18-0.41
3-Month Average Vol ('000)	21,081.0

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	8.3	25.8	54.4
Relative Returns	6.0	16.5	49.7

KEY STOCK DATA

Market Capitalisation (RM m)	490.5
No. of Shares (m)	1,383.6

MAJOR SHAREHOLDERS

	%
Dato' Mazlin Bin Md. Junid	11.5
Tan Sri Dato' Sri Koh Kin Lip	6.2
Nathan Tham Jooi Loon	5.9

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Price Fixed For Private Placement

Daya announced the price fixing date yesterday for its proposed private placement announced on 21 October 2013. The issue price has been fixed at RM0.345 per placement share representing a discount of approximately 9.7% to the 5-day volume weighted average price (VWAP) of Daya shares. The VWAP is up to and includes 17 December 2013 of RM0.3821 per share. We believe the placement exercise would aid in the Group to pare down its existing borrowings which was undertaken to finance the offshore cable laying operations. In addition, the proposed repayment of borrowings is expected to result in interest savings of c.RM1.76m per annum. We maintain our **Outperform** call but our TP is revised to RM0.43 to reflect the dilutive effects of the placement premised on 12x FY14 EPS of 3.37 sen but adding back the RM43.4m proceeds.

- **The details.** New ordinary shares of RM0.10 each in representing up to 10% of the issued and paid-up share capital of Daya as placement shares. The payments from the placee(s) are expected to be received within 5 market days from the Price-Fixing Date of 18 December 2013.
- **Utilisation of proceeds.** To recap from our previous note, bulk of the proceeds from the placement will be used to refinance existing borrowings and partly on working capital. We understand that this will pare down the existing borrowings which was undertaken to finance the offshore cable laying operations. In addition, the proposed repayment of borrowings is expected to result in interest savings of c.RM1.76m per annum.
- **Dilutive impact.** The proposed placement is expected to have a dilutive effect on Daya's FY14 EPS. Based on the enlarged share capital of 1,383.6m, our forecasted FY14 EPS will be diluted by approximately 5% to 3.37sen from 3.71sen. Adding back the RM43.4m proceeds based on the placement price fixed at RM0.345 per share, our TP will be revised to RM0.43.
- **Maintaining Outperform.** Albeit the revision of our TP from the dilutive effects of the placement, we concede that Daya still has 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.

KEY FORECAST TABLE (RM m)

FY Dec	2011A	2012A	2013F	2014F	2015F	CAGR
Revenue	281.7	276.9	453.8	672.4	818.7	23.8%
Operating Profit	26.3	31.0	36.2	56.3	68.6	21.1%
Pre-tax Profit	23.8	28.4	37.9	58.3	70.5	24.3%
Core Net Profit	17.4	20.2	27.3	46.1	55.7	26.2%
EPS (Sen)	1.5	1.7	2.0	3.4	4.1	22.2%
P/E (x)	26.3	23.9	19.8	11.7	9.7	-
DPS (Sen)	0.3	0.3	0.3	0.6	0.7	-
Dividend Yield (%)	0.6	0.6	0.9	1.5	1.8	-

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FY Dec (RM m)	2011A	2012A	2013F	2014F	2015F
Revenue	281.7	276.9	453.8	672.4	818.7
Gross Operating Profit	26.3	31.0	36.2	56.3	68.6
Other Income	6.4	5.7	9.5	14.1	17.2
Other Expenses	-22.2	-29.2	-42.1	-62.3	-75.9
Finance Cost	-4.0	-4.1	-3.3	-3.0	-3.0
Pre-tax Profit	23.8	28.4	37.9	58.3	70.5
Income Tax	-6.3	-8.3	-10.2	-11.7	-14.1
Effective Tax Rate (%)	26.6	29.1	27.0	20.0	20.0
Minorities	-0.1	0.1	-0.4	-0.6	-0.7
Core Net Profit	17.4	20.2	27.3	46.1	55.7
Growth					
Revenue (%)	61.7	-1.7	63.9	48.2	21.8
Gross Profit (%)	3.0	17.6	16.8	55.6	21.8
Net Profit (%)	2.8	16.1	35.2	68.8	21.0

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FY Dec (RM m)	2011A	2012A	2013F	2014F	2015F
Property and equipment	100.0	105.6	111.7	121.5	130.8
Inventories	14.2	14.1	16.4	24.2	29.4
Trade receivables	86.5	72.6	119.0	176.3	214.6
Cash and bank balances	62.8	66.4	119.1	148.6	190.6
Total Assets	378.1	399.2	506.7	611.1	706.0
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	217.8	265.2
Minority Interests	0.0	-0.1	0.3	0.9	1.6
Total Liabilities	167.5	168.3	209.0	274.1	321.5
Total Equity	210.6	230.9	297.6	336.9	384.5
Total Equity and Liabilities	378.1	399.2	506.7	611.1	706.0

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FY 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	2.0	3.4	4.1
DPS (Sen)	0.3	0.3	0.3	0.6	0.7
Payout Ratio (%)	16.7	15.2	17.0	17.0	17.0
ROA (%)	4.6	5.0	5.5	7.6	8.0
ROE (%)	8.3	8.7	9.3	13.9	14.7

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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