

Dayang Enterprise

Buying for the Future

By Lim Sin Kiat, CFA / limsk@kenanga.com.my

DAYANG ordered a newbuild workboat from Shin Yang Shipyard Sdn. Bhd. to be delivered on Jan 2028. While there will be no earnings accretion during the construction period in the next two years, the order secured the group's longer term vessel availability given its aging fleet and conservatively it could yield RM5m PAT per annum. This also indicates the group's gradually growing optimism in the long-term fundamentals of the OSV market which we believe is still facing chronic under-investment. We maintain our forecasts, TP of RM1.60 pegged to 10x FY25F PER (-0.5SD) and **MARKET PERFORM** call.

DAYANG has entered into a sale and purchase agreement with Shin Yang Shipyard Sdn. Bhd. to construct a marine vessel for a consideration of RM117.7m with a delivery window of 2nd Jan 2028 to 10 Jan 2028. The funding of the vessel could be from a mix of internal funds and borrowings but its cash pile is sufficient to finance the new build vessel as it will be paid progressively in the next two years. The vessel has no offtake at this juncture but given the tight and aging market we believe it will not be difficult to secure offtakes.

While there will be no near to medium term earnings impact to the group, we still see this as a positive move as DAYANG is willing to invest in a newbuild to potentially add to its current fleet or replace its aging fleet. Meanwhile, while DAYANG is still required to secure an offtake in the future, this showcased the group's confidence in the long-term outlook of the OSV market, which is still undergoing a chronic under-investment due to the structural macro forces. By assuming a conservative RM90,000/day DCR (significantly below last reported DCRs from peers), the vessel is expected to contribute c.RM5m per annum PAT for the group.

Forecasts. Maintained.

Valuations. We maintain our TP of RM1.60 pegged to an unchanged 10x FY25F PER, which is at -0.5SD of its 5-year PER band (consistent with upstream services valuation largely during a period of heightening slowdown risk environment).

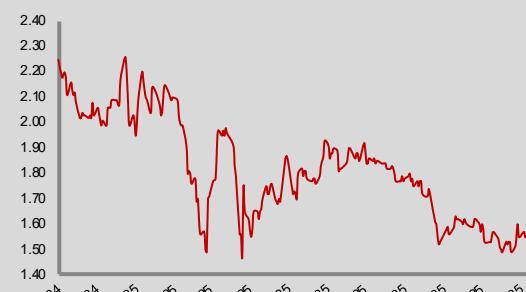
Investment case. We like the company due to: (i) its significant net cash balance sheet position, (ii) sustained marine division profits despite slowdown in upstream activities, and (iii) its track record in top side maintenance space. However, we are still cautious on the upstream macro due to weakness in Brent crude prices. Maintain **MARKET PERFORM**.

Risks to our call include: (i) significant decline in Brent crude prices, (ii) unexpected vessel downtime due to unplanned maintenance, and (iii) decline in oil producers' capex planned.

MARKET PERFORM ↗

Price: **RM1.75**
Target Price: **RM1.60** ↗

Share Price Performance



KLCI	1,699.06
YTD KLCI chg	1.1%
YTD stock price chg	3.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DEHB MK Equity
Market Cap (RM m)	2,026.1
Shares outstanding	1,157.8
52-week range (H)	2.23
52-week range (L)	1.43
3-mth avg. daily vol.	1,661,253
Free Float	59%
Beta	0.9

Major Shareholders

Naim Holdings Bhd	24.2%
Ling Suk Kiong	7.2%
Ling Siew Loung	3.8%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Revenue	1468.1	1101.6	1069.3
EBIT	497.9	232.0	275.0
PBT	503.1	246.6	289.6
Net Profit (NP)	311.1	157.8	185.3
Core NP (CNP)	273.6	157.8	185.3
Consensus (CNP)	-	155.0	162.0
Earnings Revision (%)	-	-	-
Core EPS (sen)	23.6	13.6	16.0
EPS Growth (%)	25.0	-42.4	17.3
DPS (sen)	5.7	9.5	8.0
BV/Share (RM)	1.62	1.66	1.73
PER (x)	6.7	11.5	9.8
PBV (x)	1.0	0.9	0.9
Net-Gearing (x)	-0.1	-0.2	-0.3
Div. Yield (%)	3.6	6.1	5.1

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Income Statement					Financial Data & Ratios						
FY Jan (RM m)	2022A	2023A	2024A	2025F	2026F	FY Jan	2022A	2023A	2024A	2025F	2026F
Revenue	984.2	1113.0	1468.1	1101.6	1069.3	Growth (%)					
EBIT	219.9	355.9	497.9	232.0	275.0	Revenue	47.4	13.1	31.9	-25.0	-2.9
Interest Exp	-19.0	-18.6	5.2	14.6	14.6	EBIT	-157.8	61.9	39.9	-53.4	18.5
Associate & JV	0.0	0.0	0.0	1.0	2.0	PBT	-149.4	68.0	49.1	-51.0	17.4
PBT	200.9	337.4	503.1	246.6	289.6	Net Profit	303.8	85.8	25.0	-42.3	17.4
Taxation	-72.5	-102.3	-138.6	-61.6	-72.4	Profitability (%)					
MI	4.1	16.2	53.4	27.1	31.8	EBIT	22.3	32.0	33.9	21.1	25.7
Net Profit	124.2	218.9	311.1	157.8	185.3	PBT Margin	20.4	30.3	34.3	22.4	27.1
Core Profit	117.9	218.9	273.6	157.8	185.3	Net Margin	12.0	19.7	18.6	14.3	17.3
Balance Sheet						Effective Tax Rate	36.1	30.3	27.6	25.0	25.0
FY Jan (RM m)	2022A	2023A	2024A	2025F	2026F	ROA	5.0	8.7	10.0	5.9	6.7
Fixed Assets	1026	1041	968	917	872	ROE	8.1	13.2	14.6	8.2	9.2
Intangible Assets	-	-	-	-	-	DuPont Analysis					
Other LT assets	478	461	483	483	483	Net Margin (%)	12.0	19.7	18.6	14.3	17.3
Inventories	8	8	8	6	6	Assets Turnover (x)	0.4	0.4	0.5	0.4	0.4
Receivables	128	172	222	167	162	Leverage Factor (x)	1.6	1.5	1.5	1.4	1.4
Other CA	406	567	660	660	660	ROE (%)	8.1	13.2	14.6	8.2	9.2
Cash	313	272	386	425	570	Leverage					
Total Assets	2360	2520	2727	2658	2753	Debt/Asset (x)	0.2	0.1	0.0	0.0	0.0
Payables	192	258	328	295	265	Debt/Equity (x)	0.3	0.1	0.1	0.0	0.0
ST Borrowings	143	121	111	0	0	N. Debt/(Cash)	88.7	-33.4	-268.9	-418.6	-563.3
Other ST Liability	35	56	48	48	48	Net Debt/Equity (x)	0.1	0.0	-0.1	-0.2	-0.3
LT Borrowings	259	118	7	7	7	Valuations					
Other LT Liability	77	79	79	79	79	EPS (sen)	10.2	18.9	23.6	13.6	16.0
Minorities Int.	204	235	280	308	339	DPS (sen)	0.0	4.5	5.7	9.5	8.0
Perpetual	0	0	0	0	0	BVPS (RM)	1.2	1.4	1.6	1.7	1.7
Net Assets	1449	1653	1875	1922	2015	PER (x)	15.5	8.3	6.7	11.5	9.8
Share Capital	891	891	891	891	891	Div. Yield (%)	1.9	2.9	3.6	6.1	5.1
Reserves	558	761	984	1031	1124	P/BV (x)	1.3	1.1	1.0	0.9	0.9
Equity	1449	1653	1875	1922	2015						
Cashflow Statement											
FY Jan (RM m)	2022A	2023A	2024A	2025F	2026F						
Operating CF	173.8	345.3	441.5	330.1	307.4						
Investing CF	-30.6	-23.7	-114.0	-70.0	-70.0						
Financing CF	-177.7	-206.4	-203.4	-221.3	-92.7						

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
Stocks Under Coverage																	
BUMI ARMADA BHD	OP	0.310	0.450	45.2%	1,837.7	Y	12/2025	6.1	5.4	-45.7%	-10.9%	5.1	5.7	0.4	7.6%	0.0	0.0%
DAYANG ENTERPRISE HLDGS BHD	MP	1.75	1.60	-8.6%	2,026.1	Y	12/2025	13.6	16.0	-42.3%	17.4%	12.9	11.0	1.1	8.3%	10.0	5.7%
DIALOG GROUP BHD	OP	1.71	2.28	33.3%	9,649.0	Y	06/2026	10.4	11.4	31.4%	9.7%	16.4	15.0	1.6	9.9%	5.0	2.9%
KEYFIELD INTERNATIONAL	MP	1.52	1.57	3.3%	1,226.5	Y	12/2025	14.0	17.5	-49.6%	24.3%	42.6	18.4	1.6	15.6%	6.0	3.9%
LIANSON FLEET GROUP BHG	OP	2.20	2.40	9.0%	2,529.2	Y	12/2025	4.9	11.3	0.0%	18.7%	25.4	21.4	2.4	11.9%	0.0	0.0%
MISC BHD	OP	7.70	8.55	11.0%	34,370.8	Y	12/2025	50.1	52.1	2.9%	4.0%	15.4	14.8	0.9	5.9%	36.0	4.7%
PETRONAS CHEMICALS GROUP	OP	3.30	4.70	42.4%	26,400.0	Y	12/2025	(6.1)	10.3	-	70.4%	N.A.	32.0	0.7	-1.3%	5.0	1.5%
PETRONAS DAGANGAN BHD	MP	20.88	21.20	1.5%	20,743.3	Y	12/2025	110.4	113.0	-0.8%	2.3%	18.9	18.5	3.4	18.0%	88.0	4.2%
VELESTO ENERGY BHD	MP	0.280	0.250	-10.7%	2,300.4	Y	12/2025	2.0	2.1	-21.5%	7.3%	14.1	13.1	0.8	6.1%	3.0	10.7%
WASCO BHD	OP	0.870	1.17	34.5%	673.7	Y	12/2025	1.5	1.7	-41.5%	9.4%	57.0	52.1	5.5	10.1%	5.0	5.7%
YINSON HOLDINGS BHD	OP	2.41	2.84	17.8%	7,042.9	N	01/2026	16.6	20.4	20.3%	22.3%	14.5	11.8	1.4	10.1%	6.0	2.5%
SECTOR AGGREGATE					109,034.7					-29.4%	32.2%	21.5	16.2	1.7	9.3%		3.5%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating		
GENERAL	Earnings Sustainability & Quality	★	★	
	Community Investment	★	★	
	Workers Safety & Wellbeing	★	★	★
	Corporate Governance	★	★	
	Anti-Corruption Policy	★	★	★
	Emissions Management	★	★	★
SPECIFIC	Transition to Low-Carbon Future	★	★	★ ★
	Conservation & Biodiversity	★	★	★
	Effluent/Waste Management	★	★	★
	Water Management	★	★	★
	Supply Chain Management	★	★	
	Energy Efficiency	★	★	★
OVERALL		★	★	★

★ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

