

22 August 2025

# Dayang Enterprise

## Navigating a Shallow Downturn

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Dayang's 1HFY25 earnings were below expectations due to weaker-than-expected marine division vessel utilisation as well as weaker call-out for TMS work orders. Amidst weaker oil price outlook and PETROS-Petronas gridlock, we believe upstream activities will remain slower in FY25F and FY26F. We cut our FY25-26F earnings to adjust for slower call-out and TP to RM1.44 (from RM1.56) and maintain our UNDERPERFORM rating. Despite the cautious outlook, we believe that the company will likely be able to sustain its dividends and we assume a dividend yield of 5% for FY25F.

Dayang's 1HFY25 core profit came at RM66m (after excluding EI of RM22.9m net forex gain), which is below ours (34%) and consensus (32%) expectations due to lower-than-expected work orders on its offshore topside maintenance business (TMS) and utilization of its marine segment. DPS of RM0.07/share was declared, which was above our expectations of RM0.04/share.

**YoY**, revenue declined 40% dragged by a decline in both TMS and marine division due to lower work orders for topside maintenance and lower vessel utilisation by a respective 45% from 71% due to vessel dry docking and delays in contract commencement for oil majors. Correspondingly, core profit weakened 57% YoY due to reduction in EBIT margins for both TMS and marine divisions despite being partially offset by lower admin costs.

**QoQ**, revenue surged 74% as more work orders and vessel utilisation were recorded due to seasonal trends. Core profit surged fivefold as a result of gross margin improving sequentially.

**Outlook.** While the group possesses a robust order book of RM5b, we believe the call out for its TMS division work orders will slow in FY25F due to tepid crude oil prices and lower expected upstream maintenance activities amid the Petronas-Petros gridlock. Its marine division is also facing weak utilisation outlook compared to FY24 (50-60%) but DCRs remain largely stable YoY, enabling its earnings to stay positive in the coming years.

**Forecasts.** We cut FY25/FY26F earnings by 26%/8% to account for lower work order revenue for TMS (RM910m from RM990m for FY25F and RM900m from RM915m for FY26F) to reflect weaker call out by clients.

**Valuations.** As a result, we cut our TP by 8% to RM1.44 from RM1.56 as we roll forward our valuation to FY26F and pegged to an unchanged 9x PER, which is in our view the fair target to reflect weaker upstream services macro-outlook (-1SD).

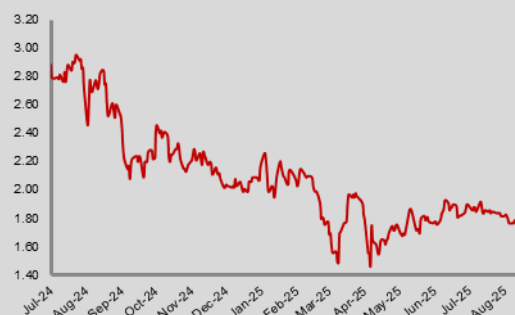
**Investment case.** We are cautious due to: (i) weak upstream activity outlook amid a soft macro backdrop, (ii) declining vessel utilisation in the marine division, and (iii) a slower maintenance cycle expected for the TMS division after two strong years. Maintain **UNDERPERFORM**.

**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.

## UNDERPERFORM ↔

Price : RM1.78  
Target Price : RM1.44 ↓

### Share Price Performance



KLCI	1,592.87
YTD KLCI chg	-3.0%
YTD stock price chg	-14.8%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DEHB MK Equity
Market Cap (RM m)	2,060.0
Shares outstanding	1,157.8
52-week range (H)	2.76
52-week range (L)	1.43
3-mth avg. daily vol.	2,698,495
Free Float	59%
Beta	1.1

### 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	1111.4	1106.1
EBIT	497.9	204.6	274.6
PBT	503.1	219.2	289.2
<b>Net Profit (NP)</b>	<b>311.1</b>	<b>140.3</b>	<b>185.1</b>
<b>Core Net Profit</b>	<b>273.6</b>	<b>140.3</b>	<b>185.1</b>
Consensus (NP)		205.0	231.0
Earnings Revision (%)		-26.7	-8.0
Core EPS (sen)	23.6	12.1	15.9
CNP Growth (%)	25.0	-48.8	31.8
DPS (sen)	5.7	8.5	8.0
BV/Share (RM)	1.62	1.65	1.73
Core PER (x)	7.2	14.1	10.7
P/BV (x)	1.1	1.0	1.0
Gearing (x)	-0.1	-0.2	-0.3
Dividend Yield (%)	3.3	5.0	4.7

22 August 2025

Results Highlights								
	2Q	1Q	Q-o-Q	2Q	Y-o-Y			Y-o-Y
	FY25	FY25		FY25		1H25	1H24	
<b>FYE Dec (RM m)</b>								
Revenue	267.3	153.8	73.8%	455.8	-41.3%	421.2	703.0	-40.1%
<b>Gross profit</b>	<b>115.8</b>	<b>39.6</b>	<b>192.3%</b>	<b>223.5</b>	<b>-48.2%</b>	<b>155.4</b>	<b>308.6</b>	<b>-49.6%</b>
Other income	20.0	3.4	485.5%	2.8	604.6%	23.4	3.2	636.9%
Admin expenses	-23.4	-28.1	-16.7%	-32.1	-27.0%	-51.5	-62.0	-16.9%
Other expenses	-0.0	-0.0	-87.5%	-0.1	-96.2%	-0.0	-11.2	-99.6%
Finance costs	-1.1	-1.4	-24.7%	-2.7	-60.1%	-2.5	-5.7	-56.7%
Finance income	5.1	4.9	3.0%	3.4	46.9%	10.0	6.9	44.2%
<b>Profit/(loss) before tax</b>	<b>116.4</b>	<b>18.4</b>	<b>533.2%</b>	<b>194.9</b>	<b>67.5%</b>	<b>134.8</b>	<b>239.8</b>	<b>-43.8%</b>
Taxation	-27.1	-12.8	111.6%	-50.8	-46.7%	-39.9	-65.6	-39.1%
Non-controlling interest	12.6	-6.7	-288.4%	12.7	-0.3%	5.9	14.9	-60.2%
<b>Net profit</b>	<b>76.6</b>	<b>12.3</b>	<b>524.4%</b>	<b>131.4</b>	<b>71.5%</b>	<b>88.9</b>	<b>159.3</b>	<b>-44.2%</b>
<b>EI</b>	<b>-19.6</b>	<b>-3.3</b>		<b>0.0</b>		<b>-22.9</b>	<b>-4.2</b>	
<b>Core net profit</b>	<b>57.0</b>	<b>9.0</b>	<b>535.6%</b>	<b>131.4</b>	<b>130.4%</b>	<b>66.0</b>	<b>155.1</b>	<b>-57.4%</b>
Gross margin	43%	26%		49%		37%	44%	
PBT margin	44%	12%		43%		32%	34%	
Net margin	29%	8%		29%		21%	23%	
Core net margin	21%	6%		29%		16%	22%	
Effective tax rate	-23%	-70%		-26%		-30%	-27%	

Source: Company

22 August 2025

Segmental								
	2Q	1Q	Q-o-Q	2Q	Y-o-Y			Y-o-Y
	FY25	FY25		FY25		1H25	1H24	
<b>FYE Dec (RM m)</b>								
<b>Revenue</b>								
TMS	130.2	105.6	23.3%	274.6	-52.6%	235.7	413.6	-43.0%
Marine	137.2	48.3	184.2%	153.4	-10.6%	185.5	257.3	-27.9%
Equipment rental	0.0	0.0		0.0		0.0	0.0	
elimination	0.0	0.0		27.9	-100.0%	0.0	32.1	-100.0%
Total	267.3	153.8		455.8		421.2	703.0	
<b>EBIT</b>								
TMS	42.3	36.1	17.2%	118.5	180.0%	78.4	158.3	-50.5%
Marine	67.5	-23.3	-390.1%	73.4	-8.0%	44.3	75.6	-41.4%
Equipment rental	0.4	0.4	11.3%	1.4	-70.9%	0.7	2.1	-65.2%
elimination	2.2	1.8	21.8%	-18.6	-966.1%	3.9	-17.0	-123.0%
Total	112.4	14.9		174.6		127.3	219.0	
<b>EBIT margin (%)</b>								
TMS	33%	34%		43%		33%	38%	
Marine	49%	-48%		48%		24%	29%	
Equipment rental	-	-		-		-	-	
elimination	-	-		-67%		-	-53%	

Source: Company

22 August 2025

## 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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
BUMI ARMADA BHD	MP	0.40	0.520	31.6%	2,726.8	Y	12/2025	6.1	6.5	-45.7%	6.4%	7.6	7.1	0.6	7.6%	0.0	0.0%
DAYANG ENTERPRISE HLDGS BHD	UP	1.79	1.44	-19.6%	2,095.6	Y	12/2025	12.1	15.9	-48.8%	31.8%	14.1	10.7	1.0	9.8%	4.0	2.2%
DIALOG GROUP BHD	OP	1.83	2.24	22.4%	8,576.9	Y	06/2025	10.4	11.4	93.5%	9.8%	18.0	16.4	1.4	8.0%	4.0	2.6%
KEYFIELD INTERNATIONAL	MP	1.50	1.57	4.7%	1,403.3	Y	12/2025	14.1	17.5	-49.6%	-32.1%	13.9	11.2	1.7	25.4%	9.0	5.2%
MISC BHD	OP	7.74	8.17	5.6%	34,147.7	Y	12/2025	54.1	46.7	11.1%	-13.8%	14.1	16.4	0.9	6.4%	36.0	4.7%
PETRONAS CHEMICALS GROUP	OP	4.76	5.30	11.3%	24,800.0	Y	12/2025	4.0	21.1	-73.0%	434.0%	105.2	19.7	0.6	3.3%	8.0	2.6%
PETRONAS DAGANGAN BHD	MP	23.52	21.20	-9.9%	21,756.6	Y	12/2025	110.4	113.0	-0.8%	2.3%	19.8	19.4	3.5	18.0%	88.0	4.0%
VELESTO ENERGY BHD	UP	0.185	0.160	-13.5%	1,519.9	Y	12/2025	1.7	1.8	-32.4%	5.3%	10.8	10.3	0.6	5.3%	1.0	5.4%
WASCO BHD	MP	0.94	0.970	3.2%	739.5	Y	12/2025	1.6	1.8	-36.8%	8.3%	57.9	53.5	6.0	10.9%	2.0	2.1%
<b>SECTOR AGGREGATE</b>					<b>105,265.6</b>					<b>-4.2%</b>	<b>8.1%</b>	<b>15.1</b>	<b>13.9</b>	<b>1.6</b>	<b>9.9%</b>		<b>2.6%</b>

Source: Kenanga Research

**Stock ESG Ratings:**

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

☆ 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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