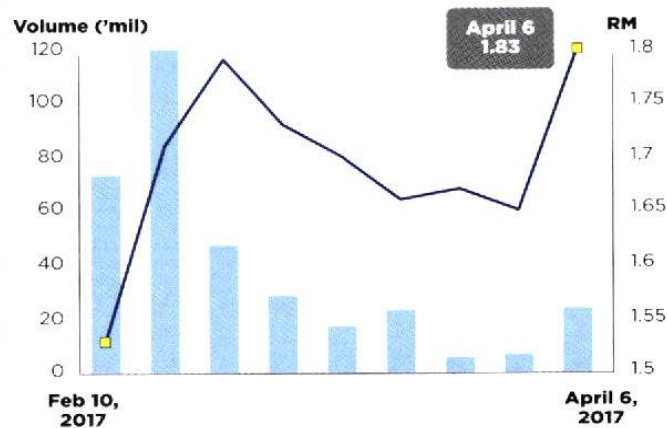


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CATEGORY : COMPANY
MEASUREMENT : CM²
STONE : NEUTRAL
REMARKS : NIL



Serba Dinamik Holdings Bhd

Current Price: **RM1.83 (as of April 6)**

Target Price: **RM2.40 BUY**

Affin Hwang Capital Research

LISTED in February, Serba Dinamik Holdings provides maintenance, repair and overhaul (MRO) services for rotating equipment in gas and steam turbines, engines, motors, pumps, compressors and industrial fans. Serba is unique versus its peers as it derives 52% of revenue from the Middle East. We expect a robust FY14-17 earnings per share (EPS) compound annual growth rate (CAGR) of 66%, backed by increased operation and maintenance (O&M) activities, expanding engineering, procurement, construction and commissioning revenue and gross margin of 17.7%.

Assuming our forecast is met, we do see strong dividend upside with a potential yield of 3.3%. There is still potential for future growth apart from the O&M business as Serba is actively expanding its asset ownership to build recurring income streams. Led by a strong management team with solid experience and technical knowledge, we like Serba as we expect the O&M segment to see strong growth driven by higher maintenance work orders from existing clients and new contract wins. Initiate buy with a target price of RM2.40.