DATE	:	**15 AUGUST 2017**
PUBLICATION	:	**THE STAR**
SECTION	:	**BUSINESS**
HEADLINE	:	**SERBA DINAMIK HOLDINGS BHD**
CATEGORY	:	**COMPANY**
MEASUREMENT	:	**49.8CM²**
TONE	:	**NEUTRAL**
REMARKS	:	**NIL**

SERBA DINAMIK HOLDINGS BHD
By RHB Research
Buy (maintained)
Target price: RM3.00

RHB Research is positive on Serba Dinamik Holdings Bhd's financial results for the first half of financial year 2017 (1H17) which made up 58% of its earlier projection.

The research house had expected Serba Dinamik's performance in the second quarter to be affected by a slower momentum.

The energy services group registered core earnings of RM161mil in 1H17. As for the second quarter, a 6% higher top line was recorded on a quarter-on-quarter (q-o-q) basis, at RM650mil.

Segment-wise, revenue for operations and maintenance (O&M) was slightly lower at 3% q-o-q due to the fasting month during that quarter. However, the revenue of its engineering, procurement, construction and commissioning (EPCC) business rose by 95% q-o-q, driven by contribution from its Kuala Terengganu Utara water supply scheme and UAE EPCC project.

"The company's O&M is likely to provide an earnings base while we believe the alpha would be generated by its EPCC segment. We believe the strong showing in the second quarter would quell some fears over Serba Dinamik's Middle East exposure.

"However, we expect revenue from the Middle East to soften in the third quarter as it coincides with the summer months before picking up in the upcoming quarter again, hence we are keeping our earnings estimates unchanged," said RHB Research in a note.

Malaysia remains the biggest revenue contributor to Serba Dinamik followed by Qatar.

The energy services group's current orderbook stands at RM4.7bil, with O&M's orderbook contribution estimated at RM4bil and the balance from EPCC.

"We estimate that 90% of its O&M orderbook is made up of maintenance, repair and overhaul of rotating equipment while the remainder comprises inspection, repair and maintenance works. Its EPCC comprises the Kota Marudu mini hydropower plant, Kuala Terengganu water treatment projects as well as various fabrication projects," it said. RHB Research maintained its "buy" call on Serba Dinamik, with a higher target price of RM3.00.