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File photo shows Serba Dinamik board of directors posing for a photo during its prospectus launch recently. — Bernama photo

## Serba Dinamik's to be driven by O&M services, EPCC segments overseas

**KUCHING:** Serba Dinamik Holdings Bhd's (Serba Dinamik) growth is projected to be driven by continuous expansion of the group's operation and maintenance (O&M) services and engineering, procurement, construction and commissioning (EPCC) segments in the overseas market, especially the Middle East.

Newly-listed Serba Dinamik is an international energy services company providing engineering solutions to oil and gas (O&G) and power generation industries with operational facilities in Malaysia, Indonesia, UAE, Bahrain and the UK.

The company provides O&M services mainly on maintenance, repair and overhaul (MRO) of rotating equipment, which includes gas and steam turbines, engines, motors, pumps, compressors and industrial fans; inspection, repair and maintenance (IRM) of static equipment and structures, including boilers and unfired pressure vessels, piping systems and structures, as well as maintenance of process control and instrumentation.

Despite the challenging environment within the O&G upstream segment, the research arm of Kenanga Investment Bank Bhd (Kenanga Research) said Serba Dinamik managed to achieve commendable growth via several geographical expansions.

"Such growth is largely attributable to Serba Dinamik's strategy of offering services at competitive pricing in order to win market share from foreign players.

"On Serba Dinamik venturing into asset ownership business model, the group is currently the owner of a compressed natural gas (CNG) plant in Muaro Jambi, Indonesia, which commenced operations in November last year," it said in a note yesterday.

The research arm noted that in July last year, Serba Dinamik entered a 10-year agreement to lease a 0.8 megawatt (MW) gas power plant and the group's auxiliary equipment to an Indonesian engineering company starting from the first quarter of 2017 (1Q17).

Moving forward, it will continue to develop more small gas

power plants in Indonesia which the research arm expected will generate circa one to three per cent of the top-line in financial year 2017-2018 (FY17-18).

Kenanga Research projected earnings growth of 23 to 11 per cent for FY17-18E led by consistent top-line growth of 17 and 19 per cent underpinned by both O&M services and EPCC segments.

"We believe a significant portion of the revenue is recurring in nature as the maintenance contract stands a good chance for renewal upon expiry should Serba Dinamik provides quality services to clients.

"Meanwhile, income generated from newly owned assets will be the icing on the cake," the research arm said.

It added that a dividend pay-out policy of up to 30 per cent potentially translates to FY17-18E dividend per share (DPS) of five to 5.5 sen, giving a 3.3 to 3.7 per cent yield based on the initial public offering (IPO) price of RM1.50.

All in, Kenanga Research derived a fair value of RM1.73 per share.