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# RHB Research starts coverage on Serba Dinamik, target RM2.78

Surin Murugiah / [theedgemarkets.com](http://theedgemarkets.com)

(</author/Surin Murugiah>) (</source/theedgemarkets.com>) May 08, 2017 11:02 am MYT

## A

KUALA LUMPUR (May 8): RHB Research Institute Sdn Bhd has initiated coverage on Serba Dinamik Holdings Bhd with a 'buy' call at RM1.87 and SOP-based target price of RM2.78 (49% upside).

The company provides engineering services, mainly to the oil and gas (O&G), and power industries, and banks on its expertise in rotating equipment.

It also has capabilities in static structures, and provides engineering, procurement, construction and commissioning (EPCC) services as well. Also, its several assets would provide it with a base for recurring earnings.

In a note today, the research house said Serba Dinamik would be able to capitalise on Sarawak's infrastructure growth through its presence in Miri, Bintulu, as well as Labuan, Federal Territory.

It said as more O&G, power generation and infrastructure investments pour into Sarawak, it could leverage on its operations and maintenance (O&M) and EPCC expertise to complement the state's economic growth.

"We expect earnings to grow by 10% and 9.8% year-on-year in FY17 and FY18 respectively. In our view, the growth would be driven by O&M and EPCC contracts, supported by recurring earnings coming from its assets.

"Management guided that approximately 80% of its O&M contracts are renewals from existing customers," it said.

At 10.32am, Serba Dinamik rose 1.60% or 3 sen to RM1.90 with 541,000 shares traded.

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