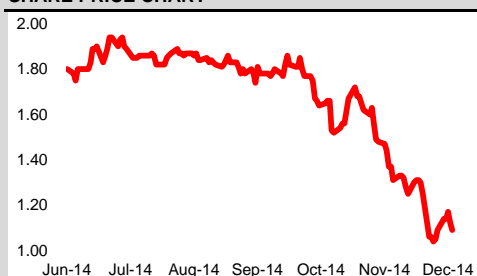


PERDANA PETROLEUM BERHAD
Outperform
DESCRIPTION

An offshore support service provider. Owns a fleet of vessels including AHTS vessels, work barges and work boats. Perdana is in a leading market position within the mid-sized 10,000 brake horsepower (bhp) class AHTS vessels.

12-Month Target Price RM2.07
Current Price RM1.12
Expected Return 84.8%

Market Main
Sector Oil & Gas
Bursa Code 7108
Bloomberg Ticker PETR MK
Shariah-compliant No

SHARE PRICE CHART


52 Week Range (RM) 1.03-2.01
3-Month Average Vol ('000) 2,467.6

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-20.9	-37.1	-36.7
Relative Returns	-16.9	-34.6	-34.7

KEY STOCK DATA

Market Capitalisation (RM m) 805.0
No. of Shares (m) 738.6

MAJOR SHAREHOLDERS

	%
Dayang Enterprise Holdings Berhad	26.0
Lembaga Tabung Haji	8.4
Dato' Henry Kho	5.3

Research Team

T 603 2268 3000
 F 603 2268 3014
 E research@publicinvestbank.com.my

Earnings Visible

Perdana will continue to deliver high utilisation coupled with higher contribution from its new vessel Perdana Emerald. We continue to reiterate our **Outperform** call on Perdana, buoyed by its growth plans materializing on track. Our TP of RM2.07 derived from our DCF approach translates to a fwd-PE of 14.7x PE on FY15F EPS of 14.1sen. At current price levels however, the Groups is severely undervalued in trading at 7.9x PE for FY15F. The Group has begun to reward its shareholders gradually, starting with a 2.0sen per share for 3QFY14. We expect this trend to continue considering its earnings visibility up to 2018 reaffirming our positive view on the Group.

- **Perdana Emerald (SK312) updates.** Perdana's new vessel has been delivered early-November and is currently undergoing some minor updates whilst waiting for the outcome of several bids. SK312 is equipped with a 300-tonne crane. Bids which the vessel has been earmarked for is expected to commence by February or March 2015.
- **2015 prospects.** We continue to expect positive growth next year from existing long-term contracts coupled with a new contract anticipated for Perdana Emerald. Albeit there being no new vessel deliveries until 2016, the 5 vessel deliveries in the past 1.5years would continue to contribute positively to the Group. 2015 will be a year for the Group to consolidate its position to prepare for 2016's plans. We concede that Perdana's exposure to oil price fluctuations is minimal due to its vessels serving brownfield and maintenance assets. Thus regardless of oil price levels, these existing fields should continue to operate.
- **Shariah-compliant status** has not been met by the Group in the recent review, which could bring some overhang issues come to the fore. We do see this as a liquidity window for investors to accumulate however, for those who have non-shariah mandates.

KEY FORECAST TABLE

FYE Dec (RMm)	2012A	2013A	2014F	2015F	2016F	CAGR
Revenue	259.5	274.6	398.2	402.4	475.7	16.4%
Operating Profit	11.2	84.0	104.7	116.8	127.7	83.6%
Pre-tax Profit	-2.3	65.4	93.7	105.5	117.0	n/m
Core Net Profit	-3.7	61.7	92.4	104.2	115.5	n/m
EPS (Sen)	-0.5	8.4	12.5	14.1	15.7	n/m
P/E (x)	n/m	13.3	9.0	7.9	7.1	
DPS (Sen)	0.0	0.0	2.0	0.0	0.0	
Div Yield (%)	0.0	0.0	1.8	0.0	0.0	

Source: Company, PublicInvest Research estimates
 *n/m (not meaningful) due to negative starting figures