



Specialist Energy Group

Feb 8th 2011

FinnCap hikes Specialist Energy price target after it unveils bumper January order flows

FinnCap this morning raised its valuation for Specialist Energy Group (LON:SEGR) by 45 percent after the group revealed its Hayward Tyler subsidiary landed a bumper £5.9 million-worth of new orders in January.

The City broker, which is also the company's nominated adviser, hiked its price target to 94 pence a share from 65 pence.

At 11.15 am, the stock was trading at 82 pence, up 4 pence or 5 percent. In the last six months Specialist Energy has more than doubled in value.

We remain very positive on the group's growth prospects as well as its shares, said FinnCap analyst David Buxton.

The contract announcement gives greater confidence to our forecasts and indicates that order book momentum is improving.

Specialist Energy's Hayward Tyler makes boiler circulating pumps (BCPs), and is one of Britain's oldest engineering firms.

It is also a very rare commodity - an export success story. It has more than 60 percent of the installed market for BCPs, which are fitted in power stations all over the world and are used to drive water around boiler plants.

Following up a strong December, in which it brought in signed deals worth £5 million, Hayward Tyler has done even better in January.

It has won a number of contracts in India, China, Europe and the United States.

We are pleased to report that the strong momentum in our core markets in Asia, Europe and the US highlighted towards the end of 2010 is continuing into 2011, chief executive Ewan Lloyd-Baker said.

In particular, we see China and India continuing to offer significant growth opportunities for the group.

It won a contract with Larsen and Toubro, a large Indian construction group, to deliver three supercritical BCP units for the Koradi project in Nagpur where L&T is building a 1,980 megawatt thermal power plant.

Hayward Tyler has won a new order from the Dongfang Boiler Group, one of the largest boiler suppliers in China.

It will sell the firm two more supercritical BCPs, which will be used at the Hanchuan power plant in Hubei province.

It also won two major oil and gas projects with a Norwegian offshore equipment maker, Bjorge Eureka.

The £1.5 million deal is for five Sea Water Lift Pump and Fire Water Pump motor units for use in the Gudrun and Ekofisk North Sea projects.

In the US it secured a contract to overhaul a BCP at the Conesville power station in Ohio - Hayward Tyler has installed

Price: 86.5p

Market Cap: £30.71M

1 Year Share Price Graph



Share Information

Code: SEGR

Listing: AIM

Sector: Engineering

Website: segrouplc.com

Company Synopsis:

Specialist Energy Group plc (SEG plc) is a niche engineering and manufacturing group. Through its main operating subsidiary Hayward Tyler Group Limited, the worldwide market leaders in boiler circulating pumps, its focus is on the energy sector.

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equipment in almost 70 percent of North Americas nuclear power plants.

FinnCap expects sales to be flat at £40.7 million in 2011, rising to £42.9 million in 2012, giving EBITDA of £4.6 million and £5.4 million respectively.

We maintain our existing forecasts, said FinnCaps Buxton in a note to clients.

With a strong start to the year, we are confident 2011 numbers will be achieved. Indeed, the group is also seeing momentum starting to build for the 2012 order book.

It also confirms that the money raised in the placing in December is now being put to good use as the increased work flow feeds through to increased working capital.

The group is delivering on the planned strategy and targets.

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