



Hayward Tyler

Tue

Hayward Tyler playing the long game

Shares in Hayward Tyler (LON:HAYT) took a biffing Tuesday Morning after the specialist engineer's results, and if you are wondering why, join the club.

The numbers were the best the 200-year-old company has produced since listing in 2010, despite management having to run the show while at the same time project managing a massive investment in the pumps and motors specialist's Luton facility.

Nevertheless, shares fell from 85p overnight to 78.2p at one point this morning, prompting analysts at the company's investor presentation to ask why.

If the analysts don't know, it is hardly likely that the company's management can read the minds of investors.

The other thing the analysts wanted to know was when the company would be in a position to give guidance on expectations for 2017; or, in other words, when is this investment in the Centre of Excellence at Luton going to start to pay off?

To which the answer is: it is already starting to pay off, as can be verified by FMC Technologies, the global market leader in sub-sea systems, choosing Hayward Tyler earlier this year to manufacture permanent magnet motors for use in FMC's 3.2 megawatt sub-sea pump systems.

"Each of these units is worth one-million-plus, which is around three to four times the normal cost of our units, so you can do the maths," Ewan Lloyd-Baker said in an interview with Proactive Investors.

The Hayward Tyler boss was confident other deals would follow the FMC hook-up and that, over the medium term, 20-30% of Hayward Tyler's revenues would come from the oil & gas sector.

If he's right, that should put paid to any concerns about revenues from the oil & gas sector drying up. It is all a matter of being patient, which is apparently a lot easier to do when one is the boss of a 200-year-old company, though house broker finnCap has also got the message.

"Against the difficult oil sector backdrop, the recent alliance with FMC offers the potential for a scale increase in production," the broker said in a research note on Tuesday.

"We're becoming more competitive on the power side," Lloyd-Baker asserted, and that increased competitiveness opens up lots of possibilities, especially in India and China.

Price: 82.50p

Market Cap: 3

1 Year Share Price Graph



Share Information

Code: HAYT

Listing: AIM

52 week	High	Low
	93.5p	70.25p

Sector: Engineering

Website: www.haywardtyler.com

Company Synopsis:

Hayward Tyler is one of the world's leading suppliers of electric motors and pumps. Whether the motors are dry or wet-wound, Hayward Tyler has a market leading reputation for providing mission critical products and services where the application is for:

High pressure

High temperature

Difficult to handle fluids.

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Now that the general election is out of the way in India and the economy is picking up, the company might start making more of a noise on the sub-continent, "where we've been a bit quiet lately", Lloyd-Baker acknowledged.

By the afternoon, the shares had rallied to 82p, suggesting that the company's message was getting through.

House broker finnCap is forecasting earnings per share of 8.0p for the current financial year, putting the shares on a projected earnings multiple of 10.25, which finnCap says is a discount to its peers.

By finnCap's calculations, the shares should be on a multiple of 14.1, which would imply a price of 113p.

"The improving market outlook coupled with significant internal enhancements potentially provides significant scope for earnings growth in the current year and upside to the current valuation," reckons finnCap analyst, David Buxton.

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