

Daya Materials

DAYA MK / DAYA.KL

NOT RATED

▶ **Market Cap**
US\$150.7m
 RM490.5m

▶ **Avg Daily Turnover**
US\$2.31m
 RM7.36m

▶ **Free Float**
77.3%
 1,258 m shares

Current	RM0.39
Target	N/A
Prev. Target	N/A
Up/Downside	N/A

CIMB Analyst(s)



Norziana MOHD INON
 T (60) 3 2261 9075
 E norziana.inon@cimb.com

Company Visit Expert Opinion
 Channel Check Customer Views

Share price info

Share price perf. (%)	1M	3M	12M
Relative	5.2	21.5	105.4
Absolute	8.3	25.8	116.7

Major shareholders	% held
Dato' Mazlin Md Junid	11.5
Nathan Tham	6.0
Lim Soon Foo	5.2

Every stock has its Day(a)

Long under-researched and under-valued when it was operating downstream, Daya has been enjoying a wave of interest following its shift into the upstream subsea services in the North Sea. Watch this stock create more ripples as new vessels are added to the fleet.

We value oil & gas small caps at a CY15 P/E of 15.8x, which is at a 30% discount to the P/E of oil & gas big caps. Attaching a CY15 P/E of 15.8x to consensus FY15 net profit and assuming an enlarged share base post-private placement, we think that the stock could fetch RM0.56, resulting in a 44% upside to the current share price.

Downstream to upstream ▶

What a difference five years make. When we first met Daya's management in 2008, the company was primarily involved in the downstream businesses of technical services and specialised polymer. Today, the company is one of the world's fast-emerging subsea companies with vessels deployed in the North Sea, the first for a Malaysian company.

Record RM1.5bn orders ▶

FY13 has been an exciting year for Daya. Following the company's venture into subsea services this year, the order book now stands at a record RM1.5bn. Its three vessels - Siem

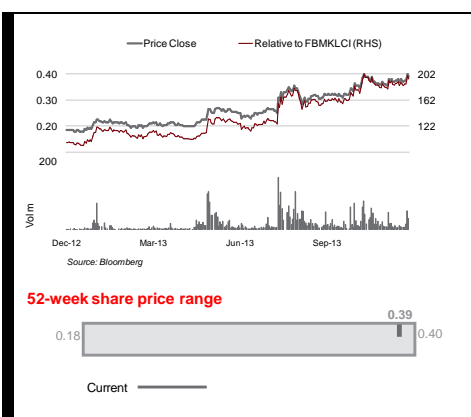
Daya 1, Siem Daya 2 and Bourbon Evolution 803 - are busy. We will be on the lookout for more vessels as Daya caters to the rising demand in the North Sea. The company has also made an investment in Reach Energy, which is set to become Malaysia's fourth special purpose acquisition company (SPAC).

3-year EPS CAGR of 29% ▶

Based on consensus estimates, Daya's net profit is set to scale new highs of RM29m (+44% yoy) in FY13, RM43m (+47% yoy) in FY14 and RM49m (+15% yoy) in FY15. Daya's streak of record net profits translates into a 3-year EPS CAGR of 29%, higher than the sector average of 22%.

Undemanding valuations ▶

Daya offers a seven-year earnings visibility, a healthy balance sheet and a record RM1.5bn order book that drives the company's 3-year EPS CAGR of 29%. Based on consensus estimates, Daya is trading at 13x FY14 and 11x FY15 P/Es. Our oil & gas portfolio is trading at P/E averages of 20x for CY14 and 17x for CY15.



FYE Dec	2008A	2009A	2010A	2011A	2012A
Revenue (RM m)	224.3	188.2	174.2	281.7	276.9
EBITDA (RM m)	19.9	24.0	29.2	30.9	35.7
EBITDA margins (%)	8.9	12.8	16.8	11.0	12.9
Pretax profit (RM m)	18.3	20.4	22.7	23.8	28.4
Net profit (RM m)	12.1	13.7	17.0	17.4	20.1
EPS (sen)	1.4	1.4	1.6	1.5	1.6
EPS growth (%)	+78%	+5%	+14%	-9%	+10%
P/E (x)	28.4	27.0	23.7	26.0	23.7
Gross DPS (sen)	0.3	0.3	0.2	0.3	0.3
Dividend yield (%)	0.8	0.8	0.6	0.6	0.6
P/NTA (x)	3.0	2.6	2.3	2.2	2.1
ROE (%)	10.7	9.5	9.6	8.3	8.7
Net gearing (%)	-	-	19.3	1.7	6.4
Net cash per share (RM)	0.02	0.01	-	-	-
EV/EBITDA (x)	5.5	10.9	9.9	9.3	7.6

SOURCE: CIMB, COMPANY REPORTS

“ *We are working hard on continuously bidding for additional contracts for Siem Daya 1 and having two contracts secured so far, it is providing us with a promising outlook...we are progressively building the group's profile in the oil & gas industry not only in Malaysia, but globally.*

– Dato' Mazlin Junid,

Executive vice chairman, president and group CEO

1. BACKGROUND

1.1 Introduction ▶

We first met Daya's management in 2008 when the company was primarily involved in the downstream businesses of technical services and specialised polymer. In the same year, we featured the company at our Oil & Gas Day, which was its first broker event. The company's market capitalisation was then RM182m.

Today, Daya's market cap stands at RM491m. The company still operates in the technical services and specialised polymer segments, but it has shifted its focus to the upstream business of subsea services effective this year. Its five-year charter for a subsea construction vessel with options to purchase with Oslo-listed Siem Offshore earlier this year was an early sign that something exciting was brewing at the company. Since then, the vessel - renamed Siem Daya 1 - has been contracted to work for Technip and Allseas on two separate short-term jobs in the North Sea. This marks the participation of the first Malaysian company in the North Sea, which is known for its harsh working conditions.

1.2 Shareholding structure ▶

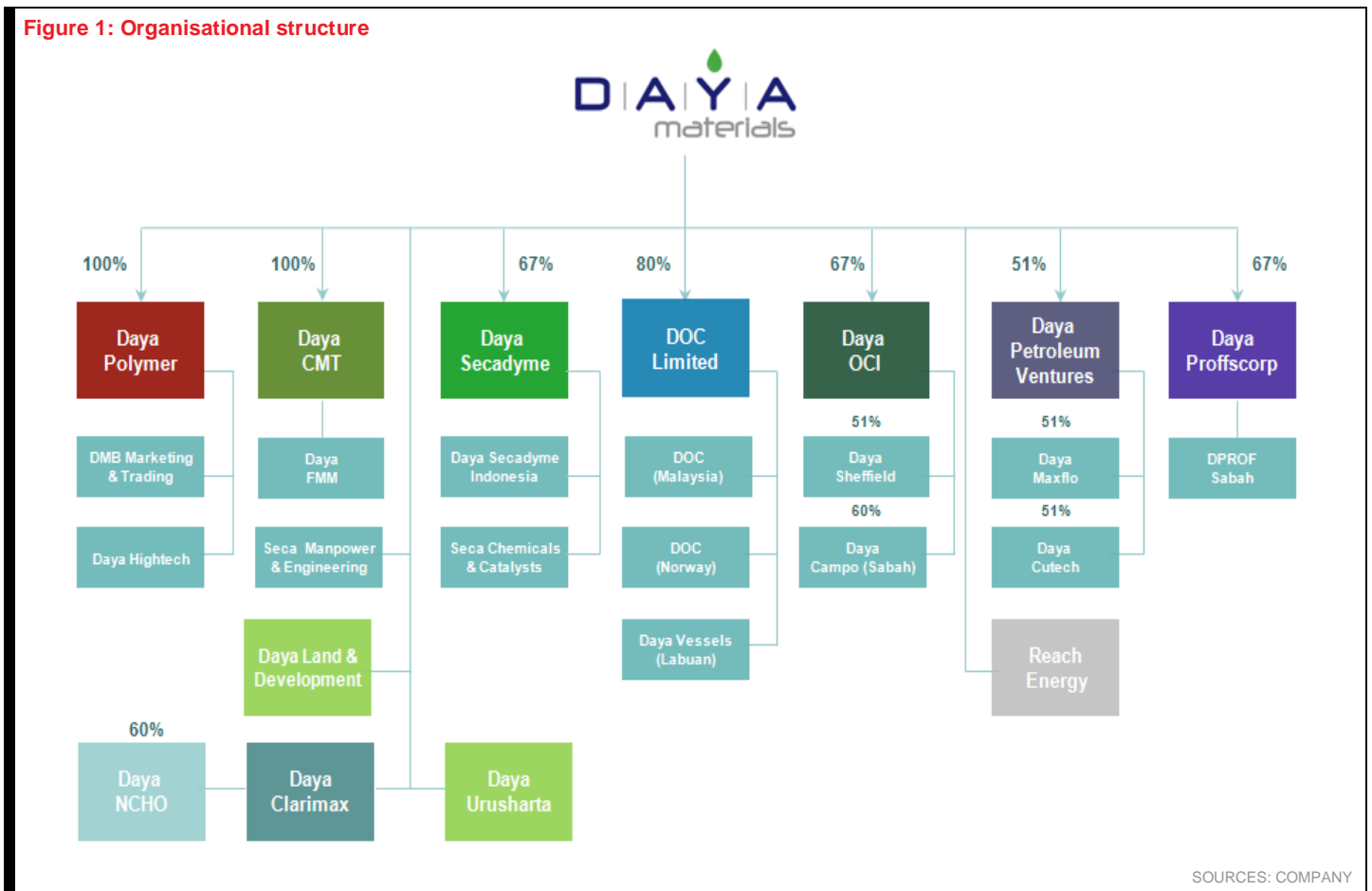
Daya's single largest shareholder with an 11.5% stake is Dato' Mazlin Junid, who joined the company in 2007. He is the company's executive vice chairman, president and group CEO. Other substantial shareholders are managing director, Mr. Nathan Tham (6%), and independent non-executive director, Mr. Lim Soon Foo (5.2%). There is currently very little institutional and foreign shareholding.

1.3 Three major businesses ▶

Oil & gas

Daya's oil & gas portfolio encompasses both upstream and downstream activities. Its core upstream subsea business is carried out by Daya Offshore Construction (DOC) (Figure 1), which provides specialised subsea construction, installation, engineering, inspection, repair and maintenance services. Other upstream businesses, such as subsurface, well services and design engineering, are housed under Daya Petroleum Ventures and Daya Maxflo. In the downstream segment, Daya Secadyme, Daya OCI and Daya Proffscorp provide chemicals, lifting services and other specialised engineering services to refineries and petrochemical plants.

Figure 1: Organisational structure

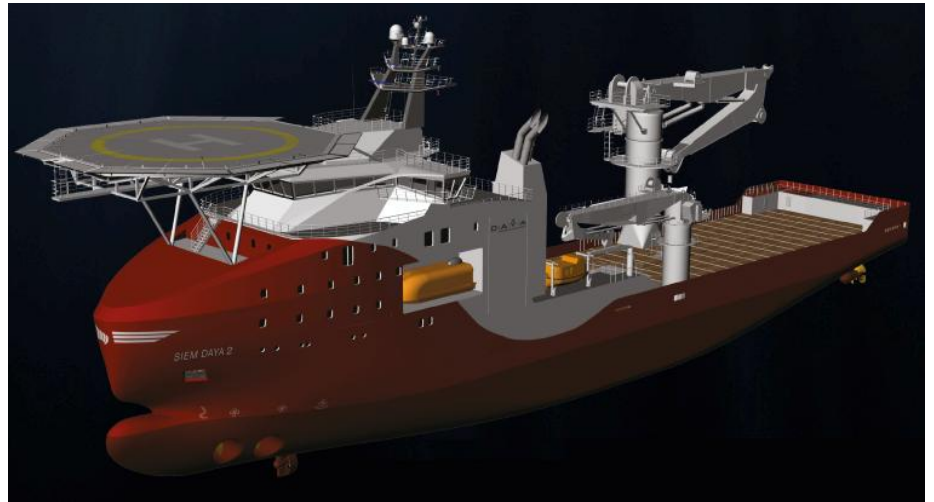


The oil & gas business is supported by three main assets, namely the subsea construction vessels Siem Daya 1 (Figure 2), Siem Daya 2 (Figure 3), and a multi-purpose supply vessel, Bourbon Evolution 803 (Figure 4). Siem Daya 1 was delivered in Sep 2013 and had completed a job in Scotland. Its sister vessel, Siem Daya 2, will be rolled out this month and has been earmarked to work for Technip in the North Sea and North Atlantic. Both vessels are currently being prepared to start work in Jan 2014. Meanwhile, Bourbon had completed the RM130m Tapis enhanced oil recovery (EOR) and Telok gas development project for TL Offshore, a wholly-owned unit of SapuraKencana.

Figure 2: Siem Daya 1



Figure 3: Siem Daya 2



SOURCES: COMPANY

Figure 4: Bourbon Evolution 803



SOURCES: COMPANY

Daya is chartering Siem Daya 1 and Siem Daya 2 from Siem Offshore for five years with options to purchase. Based in Norway, Siem owns and operates modern support vessels for the global oil & gas service industry. Siem currently has a fleet of 44 vessels, which include subsea construction vessels, large anchor handling tug supply vessels and platform supply vessels.

In FY12, the oil & gas business contributed 36% to the group's revenue and 64% to its pretax profit (Figure 5).

Figure 5: Breakdown by business, FY2011-12 (%)

		Revenue	EBITDA	Pretax profit	Net profit
2011	Oil & gas	38	65	63	62
	Technical services	55	35	37	38
	Polymer	7	1	-1	0
	Total	100	100	100	100
2012	Oil & gas	36	66	64	64
	Technical services	57	28	31	31
	Polymer	7	6	5	5
	Total	100	100	100	100

SOURCES: COMPANY

Technical services

The technical services business is run by Daya CMT (DCMT) (Figure 1), a Class A contractor with a strong presence in the northern part of Peninsular Malaysia. DCMT offers a wide range of services, including design, engineering, construction and project management, as well as the maintenance and management of commercial and industrial buildings. It also undertakes industrial and commercial projects on a turnkey and build-own-lease basis. In FY12, this business contributed 57% to the group's revenue and 31% to its pretax profit (Figure 5).

Specialised polymer

The specialised polymer business is the main activity of Daya Polymer (DPSB) (Figure 1). Since its inception in 1994, DPSB has pioneered the development of selective compounds and developed proprietary technologies and processes in this field. The compounds are used for the insulation and jacketing of power and communication cables, among other uses. In FY12, this business contributed 7% to the group's revenue and 5% to its pretax profits (Figure 5).

2. OUTLOOK

2.1 RM1.5bn order book ▶

FY13 has been an exciting year for Daya. Following the company's venture into subsea services this year, the order book now stands at a record RM1.5bn, which includes these contracts secured from Technip and Allseas:

- On 16 Aug, Daya clinched a charter contract from Technip for the provision of a subsea construction vessel and a range of offshore services on a long-term charter basis in the North Sea and North Atlantic. However, Daya has yet to identify a vessel to work on the charter, which will run for a period of 100 to 175 days p.a. for seven years, commencing in 2014. The estimated value of the seven-year charter ranges from RM250m to RM440m, depending on the actual utilisation of the vessel.
- On 3 Sep, Daya scored again with Technip, which appointed Daya as the contractor for the provision of a subsea construction vessel - Siem Daya 2 - together with a range of offshore services, also on a long-term charter basis in the North Sea and North Atlantic. The charter will run for a period of 100 to 175 days p.a. for three years, beginning in 2014 with options to extend until 2020. The estimated value of the three-year charter ranges from RM100m to RM176m depending on the actual utilisation of Siem Daya 2.
- On 14 Oct, Daya won a charter contract from Allseas for the supply of a subsea construction vessel - Siem Daya 1 - and a range of offshore services in the North Sea. Worth RM10m, the charter was for a period of 20 to 30 days, starting in Oct 2013, and is already completed. The vessel was then moved to work in Scotland.

Please refer to Figure 6 for the complete list of existing contracts.

Figure 6: Order book

Oil & gas	Contract period	Estimated value (RMm)	Billed to date (RMm)	Outstanding (RMm)
1 North Sea III	2013	10	-	10
2 North Sea II	2014-2016	138	-	138
3 North Sea I	2014-2020	345	8	338
4 Tapis EOR	2013	130	122	8
5 DIPA	2009-2016	170	75	95
6 DMDS/Odorant	2013-2018	50	9	41
7 Corrosion inhibitors	2013-2015	15	2	13
8 Catalysts	2013-2018	75	5	71
9 HVAC	2013-2018	35	4	31
10 Others	2013-2014	8	1	7
Subtotal		975	225	750
Technical services				
1 Boustead	2013-2019	119	11	107
2 B Braun B10	2012-2013	125	97	28
3 B Braun B11	2012-2014	108	27	81
4 B Braun B589	2013-2015	303	12	291
5 YT	2012-2015	270	29	241
6 MAL	2012-2013	65	59	6
7 VAT	2012-2014	11	11	0
8 Gemisis	2012-2015	29	28	2
9 Others	2012-2016	78	59	18
Subtotal		1,108	334	774
Total		2,083	559	1,524

SOURCES: CIMB, COMPANY REPORTS

2.2 Aiming for a bigger presence in Europe... ▶

In 9M13, 97% of Daya's revenue came from Malaysia. The home ground remains an attractive market, supported by Petronas's five-year, RM300bn capex programme, but contributions from the North Sea are set to climb starting from 1Q14 as contributions from Siem Daya 1 and Siem Daya 2 kick in. We expect Europe to make up 8% of the group's revenue by end-FY13, and soar to 40% by end-FY14 due to the first full-year contributions from Siem Daya 1 and Siem Daya 2.

Foreign contributions to Daya's revenue could further increase should Reach Energy (Figure 1) - in which Daya has made an investment - acquire oil & gas assets overseas. Headed by Daya's director, Mr. Shahul Hamid Mohd Ismail, Reach is set to become Malaysia's fourth SPAC after Hibiscus Petroleum, CLIQ Energy and Sona Petroleum. In Aug 2013, Daya paid RM8m for a stake in Reach through a subscription of 533,334 redeemable convertible preference shares at RM4.50 each, and the acquisition of 12.44m shares at 45 sen each. A shell company, Reach has yet to obtain the Securities Commission's approval for a listing.

2.3 ...while eyeing local opportunities ▶

In Malaysia, Daya had completed the RM130m Tapis EOR and Telok gas development project, which involved installation works by Bourbon. The bulk of earnings from this project was recognised in 2Q-3Q13.

Daya is keen to participate in Petronas's risk service contracts. On 28 Jun 2012, the company submitted a joint bid with Australia's Hydra Energy for a risk service contract (RSC), but a contract was neither awarded to the consortium nor to any other bidder. Although the partnership with Hydra has since been automatically terminated, Daya is still interested in tapping into RSC opportunities.

2.4 Expanding its fleet ▶

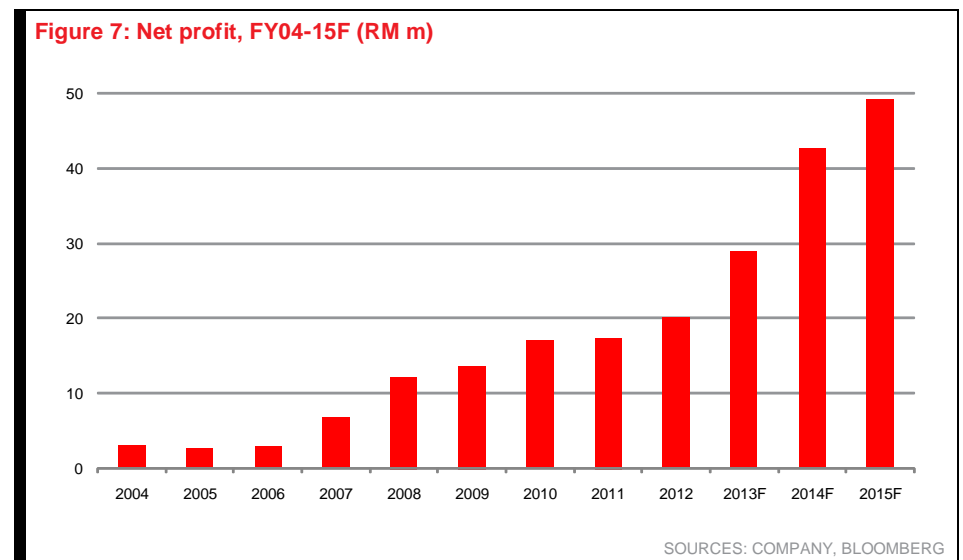
Pumped with the multiple contracts in the North Sea, Daya is set to look for more subsea construction vessels. We believe that Daya's charter partnership with Siem will not stop at Siem Daya 1 and Siem Daya 2. We note that no vessel has been assigned to execute the seven-year charter awarded by Technip on 16 Aug, raising the possibility of Daya chartering another vessel from Siem.

The local participation in the provision of subsea construction vessels is limited, with SapuraKencana as Daya's only competitor. Notable foreign players in addition to Siem are Emas, Vard, Reef Subsea and Marin Teknikk.

3. FINANCIALS

3.1 Anticipated record net profits in FY13-15 ▶

Based on consensus estimates, Daya's net profit is set to scale new highs of RM29m (+44% yoy) in FY13, RM43m (+47% yoy) in FY14 and RM49m (+15% yoy) in FY15, fuelled by a record order book of RM1.5bn and an expanding fleet. The company's anticipated record performance in FY13 will mark its eighth consecutive record year (Figure 7).



3.2 3-year EPS CAGR of 29% ▶

Daya's streak of record annual net profits translates into a 3-year EPS CAGR of 29% after imputing an ongoing 10% private placement exercise (see the section below). The company's anticipated record net profits are in line with the sector's broad earnings pattern. With the exceptions of Alam, Perdana, MMHE and Wah Seong, other companies in our oil & gas portfolio, namely Bumi Armada, Dialog, Perisai, Petronas Dagangan, SapuraKencana and UMW Oil & Gas, are expected to turn in record net profits in CY13-15, contributing to the sector's 3-year EPS CAGR of 22%.

3.3 Private placement reduces gearing ▶

As at 30 Sep 2013, Daya had net gearing of 0.23x. On 21 Oct 2013, the company proposed a 10% private placement of new shares. Yesterday, it fixed the placement price at RM0.345. 64% of the RM43m net proceeds will be used to pare down borrowings, while the remaining will be used for working capital. Post-placement, its net gearing will be reduced to 0.13x.

4. VALUATION

4.1 FY14 is set to be more exciting ►

Delivered in Sep 2013, Siem Daya 1 is a game changer for Daya, instantly transforming the company from a local downstream player to an upstream player in the North Sea, no less. FY14 is set to be a more exciting year with the first full-year contributions from Siem Daya 1 and Siem Daya 2, and the potential arrivals of more vessels as Daya expands its partnership with Siem.

4.2 Undemanding 11x-13x FY14-15 P/Es ►

Daya offers a seven-year earnings visibility, a healthy balance sheet and a record RM1.5bn order book that drives the company's 3-year EPS CAGR of 29%. Based on consensus estimates, Daya is trading at 13x FY14 and 11x FY15 P/Es, making the stock among the cheapest in the sector. Our oil & gas portfolio is trading at P/E averages of 20x for CY14 and 17x for CY15 (Figure 8).

4.3 44% upside to fair value of RM0.56 ►

We value oil & gas small caps at a CY15 P/E of 15.8x, which is at a 30% discount to the P/E of oil & gas big caps. Attaching a CY15 P/E of 15.8x to consensus FY15 net profit and assuming an enlarged share base post-private placement, we think that the stock could fetch RM0.56, resulting in a 44% upside to the current share price.

Figure 8: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	Recurring ROE (%)		Dividend Yield (%)	
						CY2013	CY2014		CY2013	CY2014	CY2013	CY2014
Bumi Armada	BAB MK	ADD	4.00	5.23	3,601	22.2	17.3	18.9%	21.7%	21.5%	0.8%	0.8%
Dialog Group	DLG MK	ADD	3.24	3.40	2,416	32.8	24.8	24.1%	22.7%	25.4%	1.0%	1.1%
Malaysia Marine & Heavy Eng	MMHE MK	HOLD	3.68	4.05	1,808	29.8	21.3	10.3%	8.4%	11.4%	2.7%	2.7%
Perdana Petroleum	PETR MK	ADD	1.41	2.00	315	18.4	12.6	52.1%	10.5%	13.3%	0.0%	0.0%
Perisai Petroleum	PPT MK	ADD	1.50	2.51	499	18.2	13.1	12.7%	17.3%	19.5%	0.0%	0.0%
Petronas Dagangan	PETD MK	ADD	30.22	34.45	9,220	34.8	22.4	20.4%	11.3%	15.5%	3.5%	3.5%
SapuraKencana Petroleum	SAKP MK	ADD	4.70	6.73	8,649	29.6	18.0	42.6%	13.2%	23.2%	0.0%	0.0%
UMW Oil & Gas	UMWOG MK	ADD	4.05	4.63	2,689	39.7	26.3	61.2%	19.0%	28.1%	0.2%	0.5%
Wah Seong Corp	WSC MK	ADD	1.68	2.72	397	30.7	9.6	34.5%	6.7%	21.9%	4.0%	4.2%
Malaysia average						31.5	19.8	22.2%	12.4%	18.8%	1.8%	1.8%
ASL Marine	ASL SP	ADD	0.63	0.90	211	7.2	6.9	7.9%	9.5%	8.9%	3.2%	3.2%
Cosco Corporation	COS SP	REDUCE	0.74	0.47	1,316	44.8	40.0	-22.9%	2.9%	3.2%	1.0%	1.1%
CSE Global	CSE SP	HOLD	1.02	1.06	418	11.2	14.1	-5.9%	21.4%	16.7%	31.9%	2.9%
Ezion Holdings	EZI SP	ADD	2.28	2.75	2,094	14.8	7.9	60.8%	19.5%	26.6%	0.1%	0.1%
Ezra Holdings	EZRA SP	REDUCE	1.41	1.00	1,093	111.4	19.6	49.5%	0.9%	4.9%	1.0%	1.0%
Jaya Holdings	JAYA SP	ADD	0.68	0.90	417	10.8	11.7	5.0%	7.2%	6.5%	5.9%	5.9%
Mermaid Maritime	MMT SP	ADD	0.47	0.51	528	23.3	12.2	90.7%	4.7%	7.8%	1.7%	0.0%
SembCorp Marine	SMM SP	ADD	4.28	5.16	7,101	16.2	13.4	9.6%	21.7%	23.7%	3.7%	4.5%
Swiber Holdings	SWIB SP	REDUCE	0.64	0.68	310	8.4	9.9	-6.9%	8.3%	6.5%	0.0%	0.0%
Yangzijiang Shipbuilding	YZJSGD SP	HOLD	1.18	1.30	3,577	6.3	7.3	-3.6%	20.1%	15.5%	3.9%	3.4%
Singapore average						12.1	10.5	14.4%	15.6%	16.0%	3.8%	3.1%
PTT	PTT TB	HOLD	289.0	330.0	25,580	7.1	6.4	2.7%	18.6%	17.7%	3.1%	3.1%
PTT Exploration & Production	PTTEP TB	ADD	164.5	183.0	20,237	10.2	9.4	2.1%	18.8%	17.7%	3.5%	3.8%
Thai Oil	TOP TB	ADD	57.75	71.00	3,651	8.6	10.2	4.9%	15.4%	11.9%	5.2%	4.4%
Thailand average						8.2	7.6	2.7%	18.4%	17.2%	3.4%	3.5%
Wintermar Offshore Marine	WINS IJ	ADD	650.0	800.0	196	7.7	5.9	25.9%	14.9%	16.6%	0.0%	0.0%
Indonesia average						7.7	5.9	25.9%	14.9%	16.6%	0.0%	0.0%
Average (all)						10.9	9.6	8.6%	16.9%	16.9%	3.0%	2.9%

SOURCES: CIMB, COMPANY REPORTS

DISCLAIMER

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. CIMB prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("CIMBGH") and its affiliates, subsidiaries and related companies.

Country	CIMB Entity	Regulated by
Australia	CIMB Securities (Australia) Limited	Australian Securities & Investments Commission
Hong Kong	CIMB Securities Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CIMB Securities Indonesia	Financial Services Authority of Indonesia
India	CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia
Singapore	CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Taiwan	CIMB Securities Limited, Taiwan Branch	Financial Supervisory Commission
Thailand	CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

(i) As of December 18, 2013 CIMB has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) Bumi Armada, Cosco Corporation, Dialog Group, Ezion Holdings, Malaysia Marine & Heavy Eng, Perisai Petroleum, Petronas Dagangan, SapuraKencana Petroleum, Sembcorp Marine, Vard Holdings Ltd, Wah Seong Corp

(ii) As of December 19, 2013, the analyst(s) who prepared this report, has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof. Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Australia) Limited ("CSAL") (ABN 84 002 768 701, AFS Licence number 240 530). CSAL is a Market Participant of ASX Ltd, a Clearing Participant of ASX Clear Pty Ltd, a Settlement Participant of ASX Settlement Pty Ltd, and, a participant of Chi X Australia Pty Ltd. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. This research has been prepared without taking into account the objectives, financial situation or needs of the individual recipient.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial

instrument.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CHK. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities covered in this report, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

India: This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with SEBI as a stock-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and in accordance with the provisions of Regulation 4 (g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with SEBI as an Investment Adviser.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates.

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBI. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBI. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesia residents except in compliance with applicable Indonesian capital market laws and regulations.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMB. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

New Zealand: In New Zealand, this report is for distribution only to persons whose principal business is the investment of money or who, in the course of, and for the purposes of their business, habitually invest money pursuant to Section 3(2)(a)(ii) of the Securities Act 1978.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). Recipients of this report are to contact CIMBR in Singapore in respect of any matters arising from, or in connection with, this report. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBR has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only. If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBR.

As of December 18, 2013, CIMBR does not have a proprietary position in the recommended securities in this report.

South Korea: This report is issued and distributed in South Korea by CIMB Securities Limited, Korea Branch ("CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea.

The views and opinions in this research report are our own as of the date hereof and are subject to change, and this report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial investment instruments and it is not intended as a solicitation for the purchase of any financial investment instrument.

This publication is strictly confidential and is for private circulation only, and no part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB Korea.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer or a placement within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited (CIMBS). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBS has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBS. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBS.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range:	90 – 100	80 – 89	70 – 79	Below 70 or	No Survey Result
Description:		Excellent	Very Good	Good	N/A

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and Europe: In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorised and regulated by the Financial Services Authority and its registered office is at 27 Knightsbridge, London, SW1X 7YB. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are persons that are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (c) are persons falling within Article 49 (2) (a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom; or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Only where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent "investment research" under the applicable rules of the Financial Services Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of investment research and will not be subject to any prohibition on dealing ahead of the dissemination of investment research.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S.-registered broker-dealer and a related company of CIMB Research Pte Ltd, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, CIMB Securities (Australia) Limited, CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

As at the time of publishing this report CIMB is phasing in an absolute recommendation structure for stocks (Framework #1). Please refer to all frameworks for a definition of any recommendations stated in this report.

CIMB Recommendation Framework #1

Stock Ratings	Definition
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock.

Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

CIMB Stock Recommendation Framework #2 *

Outperform	The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
Neutral	The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
Underperform	The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
Trading Buy	The stock's total return is expected to exceed a relevant benchmark's total return by 3% or more over the next 3 months.
Trading Sell	The stock's total return is expected to be below a relevant benchmark's total return by 3% or more over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

CIMB Research Pte Ltd (Co. Reg. No. 198701620M)

CIMB Stock Recommendation Framework #3 **

Outperform	Expected positive total returns of 10% or more over the next 12 months.
Neutral	Expected total returns of between -10% and +10% over the next 12 months.
Underperform	Expected negative total returns of 10% or more over the next 12 months.
Trading Buy	Expected positive total returns of 10% or more over the next 3 months.
Trading Sell	Expected negative total returns of 10% or more over the next 3 months.

** This framework only applies to stocks listed on the Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2012.

AAV – not available, **ADVANC** - Excellent, **AEONTS** – Good, **AMATA** - Very Good, **ANAN** – not available, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BI** - Excellent, **BCH** – not available, **BCP** - Excellent, **BEC** - Very Good, **BGH** - not available, **BJC** – Very Good, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Excellent, **CCET** - Good, **CENTEL** – Very Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **EGCO** – Excellent, **ERW** – Excellent, **GLOBAL** - Good, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** – Very Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Good, **MAKRO** – Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - Excellent, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** – Excellent, **SAMART** – Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** - Good, **SPALI** - Very Good, **SRICHA** – not available, **SSI** – not available, **STA** - Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Excellent, **THCOM** – Very Good, **TICON** – Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TTW** – Very Good, **TUF** - Very Good, **VGI** – not available, **WORK** – Good.