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Daya Materials to buy two DP2 vessels

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PETALING JAYA: Daya Materials Bhd has entered into two memorandum of agreement with Siem Offshore Rederi AS (SORA) to acquire two dynamic positioning class 2 (DP2) offshore subsea construction vessels for RM888.2 million cash.

In a filing with Bursa Malaysia, the company said it plans to acquire DP2 offshore subsea construction vessel known as '*Siem Daya 1*' (SD1) for US\$140 million (about RM444.1 million) and another DP2 offshore subsea construction vessel known as '*Siem Daya 2*' (SD2) for US\$140 million.

It said this includes an additional US\$2.3 million for a 50 metric tonnes active heave compensation 3,000 metres crane.

Daya Materials intend to fund the total cash consideration of US\$285.5 million comprising SD1, SD2 and an additional total cash consideration of US\$3.2 million, for the SD1 stores and spares and SD2 stores and spares through a combination of proceeds from the proposed fund raising exercise and bank borrowings.

In view of this, the company plans to undertake placement of up to 25% of the issued and paid-up capital of the company, renounceable rights issue of new ordinary share of 10 sen each in Daya Materials together with free detachable warrants to raise gross proceeds of up to RM230 million before the exercise of warrants.

This includes issuance of seven-year redeemable convertible secured bonds of up to RM120 million nominal value and increase in the authorised share capital of Daya Materials from RM200 million comprising 2 billion Daya Materials shares to RM500 million comprising five billion Daya Materials shares.

The proposed acquisitions will enable the group to own and operate the Vessels instead of chartering the Vessels from SORA.

It will further enhance the operating cost structure of the Vessels, which is expected to contribute positively to the future profitability of the group.

It is also in line with the group's business strategy to own operating assets to expand its range of subsea services and enhance its subsea capabilities in offshore oil and gas operations.

The proposed fund raising exercise is undertaken to raise funds to partly finance the

acquisition of the vessels, which is expected to contribute positively to the future performance of the group.

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