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BY ADAM AZIZ

KUALA LUMPUR: Daya Materials Bhd is selling assets to pare down debts.

The company has entered into a conditional sale and purchase agreement with Siem OCV, an indirect wholly-owned subsidiary of Siem Industries Inc, to dispose of its offshore subsea construction vessel *Siem Daya 1 (SD1)* together with its wholly-owned subsidiary Daya Global 1 Pte Ltd for US\$100 million (RM442 million) as part of its debt restructuring exercise.

With the proposed disposal, Daya Materials expects its borrowings to be reduced by about RM406.9 million.

Under the agreement, Daya Materials will receive US\$82.74 million cash, which it will utilise to pay its borrowings.

Daya Materials said the disposal will also help reduce its interests and vessel-related operating expenses and depreciation, which amounted to RM35 million last year.

According to the same announcement, Daya Materials and its 50.1% indirect subsidiary Daya Vessels Ltd will restructure their debt owed to Siem Industries and Canyon Offshore Inc via a debt settlement agreement (DSA) with an indirect subsidiary of the creditor, Siem Offshore Rederi AS (Sora).

Daya Materials and Daya Vessels owe Canyon Offshore US\$7.03 million from a contract for the provision of *SD1* and *SD2* in June 2013, added with invoices worth US\$526,430.

Daya Global 1 then bought *SD1* from Sora in December 2015 via US\$90 million cash and four-year redeemable convertible secured bonds worth RM126 million issued by Daya Materials.

Under the DSA, the two companies' debt to Canyon Offshore will be terminated, while Sora will write off RM42.92 million from the bonds, and transfer RM18.94 million of the bonds to Canyon Offshore, leaving itself with RM64.13 million worth of Daya Materials' bonds.