

Uni-Asia Holdings Limited

Acquires New Vessels to Raise Charter Income

Uni-Asia Holdings Limited (Uni-Asia) announced today that it is acquiring 3X 37,000 dwt handysize bulk carriers to be delivered during 3Q 2014, 3Q 2015 and 4Q 2015-1Q 2016 respectively. As such, these acquisitions will add on to Uni-Asia's charter income progressively from 2014 onwards.

These three vessels will cost US\$73m in total or an average of US\$24.3m per vessel. This is 26.3% lower than the cost of the 37,000 dwt Jade bulk ship that Uni-Asia will take delivery of in 2Q 2013. The company has announced that these three vessels will be bought using internal funds or external debt financing or both.

Uni-Asia made US\$12.3m revenue from ship owning & chartering (four ships) in 2012, up from US\$6.6m in 2011. Including one more vessel that will be delivered in 2Q 2013, the four upcoming vessels will grow total tonnage of vessels owned by Uni-Asia by 129% when they are all delivered. Charter income growth also stands to benefit from expected higher charter rates on the back of more positive business sentiment compared to two/three years ago. Charter negotiations for the three vessels are for charters from 2H 2014 onwards.

We are optimistic that these vessels will add upside bias to our FY14 and FY15 forecasts. These acquisitions, at lower cost and potentially higher rates, have the effect of raising forward economic profits. We maintain our forecasts and valuation now as Uni-Asia will be announcing its 1Q results within the next two weeks, which will be an opportune time to review our forecasts. We are upbeat about Uni-Asia's 1Q results, expecting the company to maintain its 2012 momentum. The company declared a dividend of 0.5 S cents for FY12, which will be paid on 17 May 2012.

On a separate note, Uni-Asia changed its name from "Uni-Asia Finance Corporation" to "Uni-Asia Holdings Limited". This name change does not reflect a change of business strategy and operations, but serves to clearly distinguish and better reflect the company's expansion beyond investment/management into an integrated services provider, especially in shipping and property, over the years.

Increase Exposure

- Intrinsic Value S\$0.275
- Prev Close S\$0.215

Main Activities

Uni-Asia Holdings Limited is a structured finance arrangement and alternative assets direct investment firm. The Company's main activities are the finance arrangement of transportation related assets and the provision of ship charter arrangements and the direct investing in alternative assets such as ships, distressed assets, and real estate

Financial Highlights

(Y/E Dec) US\$ m	FY11	FY12	FY13F
Total Income	57.9	78.3	89.8
Operating Income	3.4	6.3	10.3
PATMI	1.3	3.4	6.9
EPS (US cts)	0.35	0.73	1.46

Source: Company, SIAS Research

Key ratios (FY13F)

PER	9.2
P/BV	0.56
Return on Common Equity	4.9%
Net Debt/Common Equity	22.0%
Current Ratio	2.43

Source: SIAS Research

Indexed Price Chart

Green (FSSTI)

White (UNIAF SP)



Source: Bloomberg

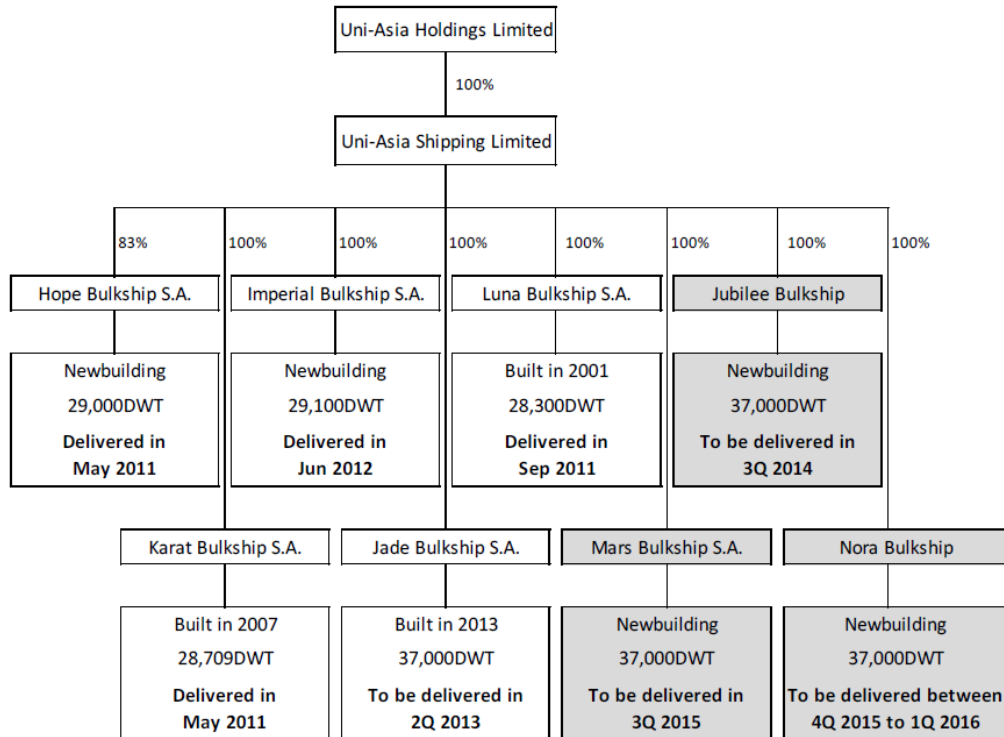
52wks High-Low	S\$0.265 /S\$0.156
Number of Shares	469.79m
Market Capitalization	S\$101.0m

Analyst:

Liu Jinshu, Deputy Lead Analyst

jinshu@siasresearch.com

Tel: 6227 2107

Figure 1: Vessels Owned By Uni-Asia


Source: Company Announcement

Figure 2: Economic Profit Model

US\$m	FY2013F	FY2014F	FY2015F
Revenue	89.8	94.5	99.5
EBIT	10.3	13.8	17.2
Tax on EBIT	-1.3	-1.8	-2.2
NOPLAT	9.0	12.0	14.9
Invested Capital	235.7	244.0	229.6
% of Debt	0.4	0.4	0.3
% of Equity	0.6	0.6	0.7
WACC	0.1	0.1	0.1
Capital Charge	-17.8	-18.6	-19.2
Economic Profit	-8.9	-6.6	-4.3
Present Value	-8.2	-5.7	-3.3
Terminal Value			-20.2
PV of Terminal Value	-15.9	Risk Free Rate	1.5%
Explicit Value	-17.3	Beta	1.0
Book Value	138.3	Equity Risk Premium	9.5%
Value of Equity	105.1	Cost of Equity	11.0%
Number of Shares (m)	469.8	Cost of Debt	2.0%
Value per Share (US\$)	0.224	USD/SGD	1.240
Value per Share (S\$)	0.275		

Source: SIAS Research

Figure 3: Financial Forecasts and Estimates

US\$m	FY2010	FY2011	FY2012	FY2013F	FY2014F	FY2015F
Revenue	48.2	57.9	78.3	89.8	94.5	99.5
Operating Profit	5.0	3.4	6.3	10.3	13.8	17.2
PBT	2.7	1.6	3.7	8.3	12.3	15.7
PATMI	2.4	1.3	3.4	6.9	10.2	13.0
Total Current Assets	60.6	81.2	81.8	83.4	62.2	68.7
Total Non-Current Assets	107.5	168.6	165.2	171.9	178.8	177.9
Total Current Liabilities	57.1	51.1	38.3	34.3	19.3	19.3
Total Non-Current Liabilities	4.0	65.3	70.1	75.2	65.1	65.1
Total Equity	107.0	133.4	138.6	145.8	156.5	162.2
Cash from Operating Activities	0.3	1.9	4.4	3.5	6.8	9.6
Cash from Investing Activities	(36.6)	(48.3)	(12.6)	2.3	(3.0)	5.0
Cash from Financing Activities	6.8	71.0	1.2	1.0	(25.1)	(8.0)
Net Change in Cash	(29.5)	24.6	(7.1)	6.9	(21.3)	6.6
Return on Common Equity	2.3%	1.1%	2.5%	4.9%	6.8%	8.2%
Return on Assets	1.5%	0.6%	1.4%	2.7%	4.1%	5.3%
Net Debt / Common Equity	-0.4%	22.4%	27.3%	22.0%	18.1%	13.5%
Current Ratio	1.06	1.59	2.13	2.43	3.21	3.55
EPS (US cents)	0.77	0.35	0.73	1.46	2.17	2.76
BV / Share (US cents)	34.2	28.4	29.5	31.0	33.3	34.5
PER	26.2	48.3	18.4	9.2	6.2	4.9
P/BV	0.51	0.61	0.59	0.56	0.52	0.50

Source: SIAS Research

Rating Definition:

Increase Exposure – The current price of the stock is significantly lower than the underlying fundamental value. Readers can consider increasing their exposure in their portfolio to a higher level.

Invest – The current price of the stock is sufficiently lower than the underlying fundamental value of the firm. Readers can consider adding this stock to their portfolio.

Fairly Valued – The current price of the stock is reflective of the underlying fundamental value of the firm. Readers may not need to take actions at current price.

Take Profit – The current price of the stock is sufficiently higher than the underlying fundamental value of the firm. Readers can consider rebalancing their portfolio to take advantage of the profits.

Reduce Exposure – The current price of the stock is significantly higher than the underlying fundamental value of the firm. Readers can consider reducing their holdings in their portfolio.

IMPORTANT DISCLOSURE

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