

ASL Marine

BUY

Share Price: **S\$0.215**
Target Price: **S\$0.30**
Upside: **+39.5%**

COMPANY DESCRIPTION

ASL Marine Holdings Ltd. is a vertically-integrated marine services group principally engaged in shipbuilding, shiprepair and conversion, shipchartering, dredge engineering and other marine related services, catering to customers from Asia Pacific, South Asia, Europe, Australia and the Middle East.

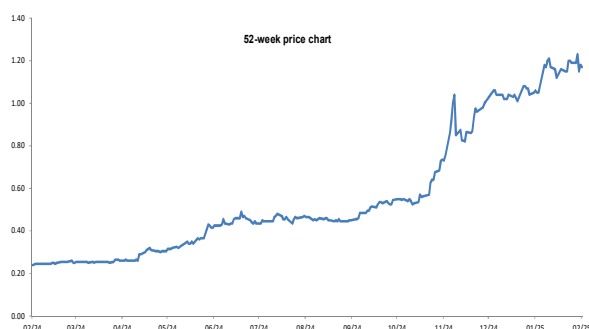
Listed on Singapore Stock Exchange since 2003, ASL Marine has over the years grown into one of the region's key players in the marine services sector.

Name	ASL MARINE HOLDINGS LTD
Bloomberg Code	ASL SP EQUITY
3M Avg Daily Trading Vol (K)	1,789.7
3M Avg Daily Trading Val (\$'000)	199.7
Major Shareholder / Holdings	Ang Family (62.8%)
Shares Outstanding (m)	1,029.1
Market Capitalisation (\$m)	221.3
52 week Share Price High/Low	\$0.24 / \$0.05

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	14.3	246.7	258.3

PRICE CHART



Source : Bloomberg

All Set to Launch

ASL Marine is led by a management team with a strong track record of integrity and financial discipline, having consistently met all debt obligations without resorting to loan haircuts. ASL Marine's reported profits are currently distorted by non-cash fair value amortisation losses, which are expected to taper off significantly from 1HFY26 onwards. In addition, with a sharper focus on its core tug and barge segment supporting the construction sector, and expanded repair capabilities, ASL Marine will likely post higher margins and more than double their profits in FY26.

ASL Marine's growth will be driven by three key factors. First, its fleet rejuvenation program places it in prime position to capitalise on the ongoing construction boom, particularly in coastal/infrastructure projects. Secondly, the ship repair segment stands to benefit from two structural drivers: an ageing global fleet now entering its 3rd to 5th special surveys, and a significant expansion in fleet size following the surge in newbuild orders post-Covid. Lastly, ASL's continued deleveraging efforts will help ASL achieve better margins and profitability, given its high operating leverage.

As such, we initiate coverage on ASL Marine with a **BUY** recommendation and a target price of \$0.30, pegged to a 9.5x FY27F PE. Our earnings growth forecasts of S\$28.1m and S\$32.4m in FY26F/FY27F are driven by 1) Strong tugs/barge construction and repair outlook 2) Improving repair capabilities and margins 3) Sale of idle and old vessels which will reduce debt, holding costs, interest expense and depreciation while strengthening balance sheet 4) Omission of FV losses since the full redemption of their bonds and 5) Competent and honest businessmen with strong alignment of interest holding a 62.8% controlling stake, who will prioritise long-term shareholder value. With vessels and yards that are recorded at cost in their books, we also believe the RNAV of ASL Marine to be closer to \$0.30 instead of the reported \$0.115 cents in FY25.

Underlying profitability now visible. ASL Marine's reported profitability for the past 5 years has been marred by the FV amortization of their bonds as a result of standard accounting practices. Back in 2019, ASL Marine faced a bond maturity that it was unable to fully redeem. Rather than resorting to bankruptcy or taking haircuts, the company opted for a responsible approach by extending the bond maturity by 5 years. This restructuring required ASL to recognise a FV gain at the time, which was subsequently amortised over the life of the bond and thus impacted earnings. With the full early redemption of the bonds, this non-cash amortisation will largely disappear, resulting in cleaner and stronger profitability in FY26.

KEY FINANCIALS

Jun YE	FY23	FY24	FY25	FY26F	FY27F
Revenue (\$m)	336	349	350	373	398
Gross Profit (\$m)	29.4	45.7	60.7	66.0	73.6
EBITDA (\$m)	86.4	89.8	80.1	78.6	83.9
EBITDA Margin (%)	25.7	25.7	22.9	21.1	21.1
Net Income (\$m)	3.5	3.9	14.6	28.1	32.4
Net Margin (%)	1.1	1.1	4.2	7.5	8.2
EPS (S cts)	0.6	0.6	1.5	2.7	3.2
DE Ratio (x)	6.6	4.8	3.5	2.3	1.8
Dividend Per Share (S cts)	—	—	0.1	0.2	0.3
Dividend Yield (%)	—	—	0.5	0.9	1.4
PE (x)	38.4	37.1	14.6	7.9	6.8
PB (x)	2.9	2.3	1.9	1.6	1.3

Source : Lim & Tan Research

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Construction tilt; strengthening core business. ASL Marine has refocused on its core strength in tugs and barges, which is currently driven by the ongoing construction projects such as Tuas Megaport, Greater Southern Waterfront, etc. These vessels have faster construction periods (c.6 mths) and require relatively less capital, which reduces balance sheet risk while allowing the company to capture higher margins. Demand for tugs and barges is expected to remain strong in the region, supported by construction and infrastructure projects. ASL Marine has already secured an \$83m order book that will be recognized by 3QFY26, which provides earnings visibility and ensures at least flat shipbuilding revenue in FY26 even without new order wins (although that is unlikely, given their track record). With market conditions improving, we expect further contract inflows that should lift earnings momentum beyond current visibility.

Aggressive deleveraging strategy in place. Despite not having taken haircuts on its loans, ASL Marine has successfully reduced its DE ratio from 7.5x in FY22 to 3.5x today, reflecting meaningful progress in deleveraging (supported by steady EBITDA of c.S\$85 million past 3 years). ASL Marine has also secured a new term loan at lower interest rates, reflecting lender confidence in its prospects. High gearing has long been a key concern for investors, but the company's ongoing debt reduction plan directly addresses this overhang and should restore confidence. With S\$75.7m of assets earmarked for sale, ASL Marine could potentially repay c.50% of its S\$156m debt in FY26, significantly improving margins. The vessels targeted for sale are largely older and underutilised, contributing minimally to earnings. Their disposal not only frees up cash to accelerate debt repayment but also allows ASL Marine to rejuvenate its fleet, capture higher chartering rates, and expand its operations.

Cheap valuations backed by strong cash flow. ASL Marine's bonds were redeemed through club deals with local banks, allowing ASL Marine's obligations to be consolidated. The deals undertaken highlight the value of ASL Marine's assets, as the loan rendered was worth c.S\$130m. For a highly leveraged company like ASL Marine, banks would conservatively assume a 50% loan-to-value, implying that ASL Marine's assets are worth at least S\$260m (c.26 cts/share). Coupled with the other vessels not valued in the club deal, we estimate the RNAV of ASL Marine to be north of \$0.30.

Resumption of dividends; Positive outlook. Despite being leveraged, ASL Marine resumed dividends in FY25 for the first time in 10 years, signalling its sustained profitability, marking the end of its toughest period. After a decade of deleveraging without haircuts or shareholder dilution, the company is now positioned for growth and stronger returns. With the Ang family holding 65.4% of ASL Marine and having navigated the company's toughest period without taking haircuts, the worst is behind them. We expect the family to continue acting in the best interests of both shareholders and the business.

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About ASL Marine

Listed in 2003, ASL boasts long standing expertise across a broad range of marine-related activities and operates under 3 segments:

Ship Building- With 2 shipyards (SG and Batam) that spans a combined land area of more than 84 hectares that possess capabilities to support and service a wide variety of maritime construction projects and vessels. ASL Marine has capabilities to build small vessels such as tugs/barges all the way to PSVs and AHT/AHTS. ASL Marine has also established and proven track record in the construction of a diverse range of small to medium sized vessels.

Ship Repair, Conversion, Engineering Services - With the ability to handle complex jobs in ASL Marine's Batam yard, which possesses berthing space of 4,000 meters, three graving docks (a combined dry-docking capacity of over 300,000 tonnes deadweight), finger piers, multi-purpose workshops and a broad range of material handling and processing equipment. ASL Marine's SG yard has also been expanded to include a second floating dry dock to better service it's global clients (Singapore, Indonesia, Japan, Australia, Middle East, and Europe). Most of ASL Marine's customers are long-standing customers

Ship Chartering- ASL Marine charters vessels across a broad range of marine-related activities including land reclamation and dredging, port and bridge construction, bulk cargo transshipment, oil exploration and production across SG, ID and APAC region.

Exhibit 1: ASL's Chartering Fleet as of FY24

Type of vessels	No. of vessels	Average age (years)
Tugs	55	12
Flat Top Barges	88	11
Split Hopper Barges	23	10
Workboats	10	12
Grab Dredgers	8	12
Landing Crafts	2	17
PSV	2	8
AHT/AHTS	6	12
Overall	194	10

Source: ASL Marine FY24 AR

We understand from the latest announcements that ASL Marine now has 181 vessels as at 30 June 2025, with the majority of their vessels being deployed across Singapore, Indonesia and the Asia Pacific region

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Ship Repair Segment

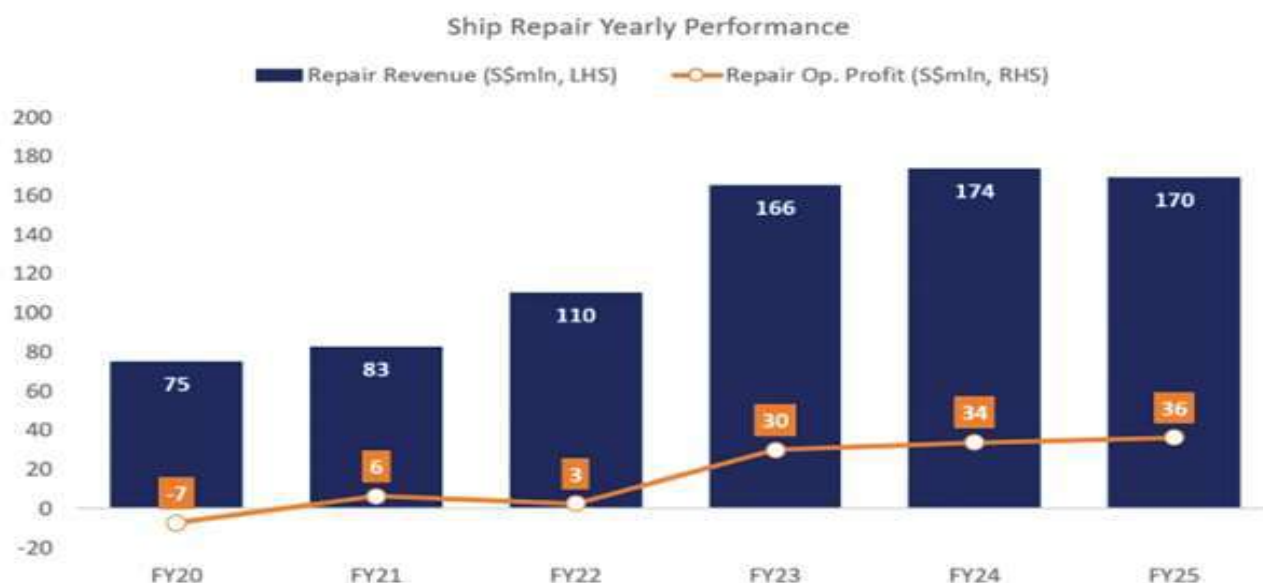
This is ASL Marine's recurring earnings pillar, which continues to deliver consistent profits. With underinvestment in vessels over the past decade, maintaining/upgrading the existing, aging fleet becomes critical, supporting growth in the coming years.

The oil and gas sector has been in a strong upcycle since the end of COVID-19, as operators rushed to seize the opportunity from recovering oil prices. To meet resurgent demand, owners had to reactivate vessels that had been hot- or warm-stacked, which first required extensive repairs and maintenance before they could be redeployed. At the same time, the industry had suffered from years of underinvestment in new builds since the 2014 oil rout, with COVID-19 further halting construction. As a result, most of the existing fleet was already at least decade old and in urgent need of heavy servicing, creating a powerful tailwind for repair yards.

Newbuild supply also faced structural bottlenecks. Even if shipowners were willing to commission vessels, yards were at full capacity, while labour shortages and the need to retrain workers hampered efficiency. Delivery lead times stretched for years, and financing remained a challenge as banks stayed cautious on the O&G sector after the prolonged downturn. With new construction not a viable or timely option, many owners have turned to life-extension programs for their existing vessels. These programs, which require mandatory surveys and extensive retrofitting, are essential for keeping old vessels in compliance with safety and environmental rules.

Against this backdrop, ship repair has emerged as one of the biggest winners of the O&G recovery. With demand anchored by an ageing fleet, constrained newbuild supply, and owners' urgency to capitalise on high charter rates, repair yards are enjoying a sustained boom. This bodes well for ASL Marine as it can continue to capitalize on sustained demand for ship repairs by leveraging its strong repair capabilities to secure a steady stream of projects. Already, we are witnessing the recovery in ASL Marine's financials shown below

Exhibit 2: ASL Marine's Ship Repair showing huge growth post-Covid-19

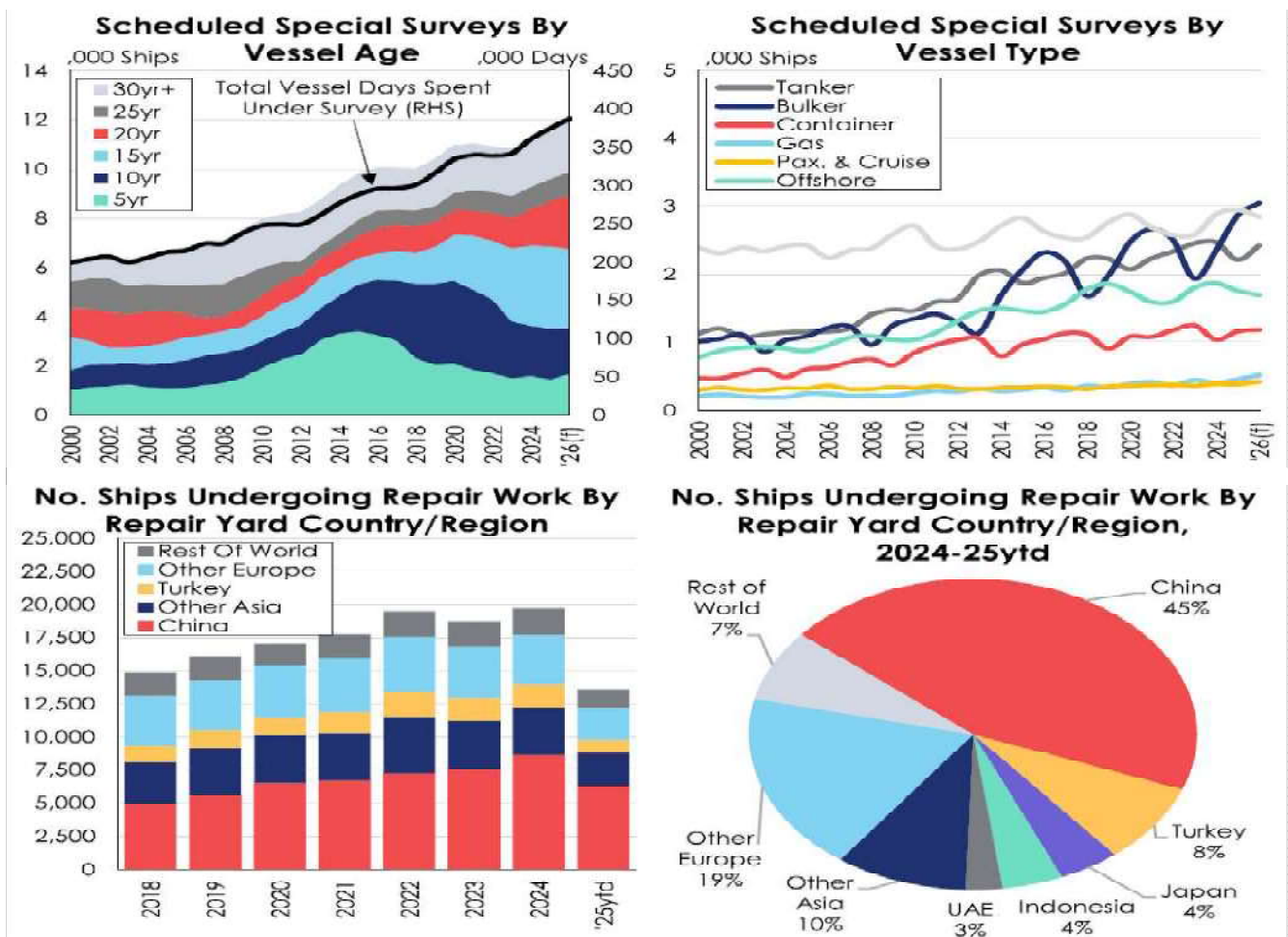


Source: LTS Research, ASL Marine

According to an analysis by Clarksons, ship repair yards perform a vital role in the maintenance of the world fleet, with 5 year special surveys accounting for a significant proportion of demand and with other repair and retrofit work often timed to coincide with dry docking.

This year, repair activity is outperforming general fleet growth with an ageing fleet and the 15 year anniversary of peak shipbuilding output generating more demand (e.g. 15yr survey duration is +20% vs 10yr survey).

Exhibit 3: Ship Repair set to boom due to growing fleet



Source: Clarksons

ASL is well positioned to benefit from rising ship repair demand, driven by the larger global fleet following the post-Covid newbuild surge. In addition, the segment will gain further support from retrofit requirements as vessel owners work toward meeting decarbonization targets.

According to Clarksons, In Jan-Aug 2025, there were >13,300 recorded instances of vessels (2,000+ dwt/GT) undergoing work at a specific ship repair yard location, + 7% on the 2024 run rate (full year: >18,700), continuing a trend of steady growth in repair demand over recent years (2019-24 CAGR: +3%). Rising demand for repair work comes on the back of an expanding fleet (2019-24 CAGR: +2%), with a current upswing in special surveys also supporting activity.

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Shipbuilding Segment

ASL Marine has a proven track record in vessel construction, having delivered a wide range of vessels (even building 3 PSVs at 1 point) during the last O&G upcycle which ended in 2014.

The sector downturn and COVID-19 caused widespread order cancellations, putting ASL Marine under debt pressure. While peers like Ezra and Swiber went bankrupt, ASL navigated through the crisis and remained operational. With the current O&G recovery, ASL has refocused on its core strength in tugs and barges, which make up the majority of Southeast Asia's workboat fleet and benefit from steady replacement and logistics demand.

These vessels are relatively quick and inexpensive to build, allowing ASL to avoid high-risk complex builds, conserve resources, and maintain a stronger balance sheet going forward. Tugs and barges serve as a form of marine transport for sand, clay and also to be used for dredging works. As tugs/barges are not built to travel long distances and that value is small comparatively to the full range of commercial vessels, we believe ASL Marine builds tugs and barges to serve customers around the region. This is crucial as ASL Marine can also benefit from the construction boom and has already shown signs of recovery. In Singapore alone, there are a few major projects that would require the use of tugs/barges

1. Tuas Mega Port. The construction of the Tuas Mega Port primarily requires prefabricated concrete caissons, used for the seawalls and foundations, and fill materials such as clay, dredged seabed material, excavated earth, and potentially incineration bottom ash for land reclamation. This port is a long-term project consisting of 4 phases which will see completion in 2040s. Tuas Mega Port will be the world's largest fully automated port and will progressively free up prime waterfront land from Shenton Way to Pasir Panjang for the future Greater Southern Waterfront

2. Greater Southern Waterfront - This is Singapore's long-term plan to transform its southern coastline, from Pasir Panjang to Marina East, into a vibrant hub for living, working, and playing. As land reclamation is crucial in land-scarce Singapore, this will see a new need for tugs and barges to support the need for sand/clay and dredging services that are needed to complete this project

Exhibit 4: Artist impression of the Tuas Mega Port scheduled to be completed in 2040s



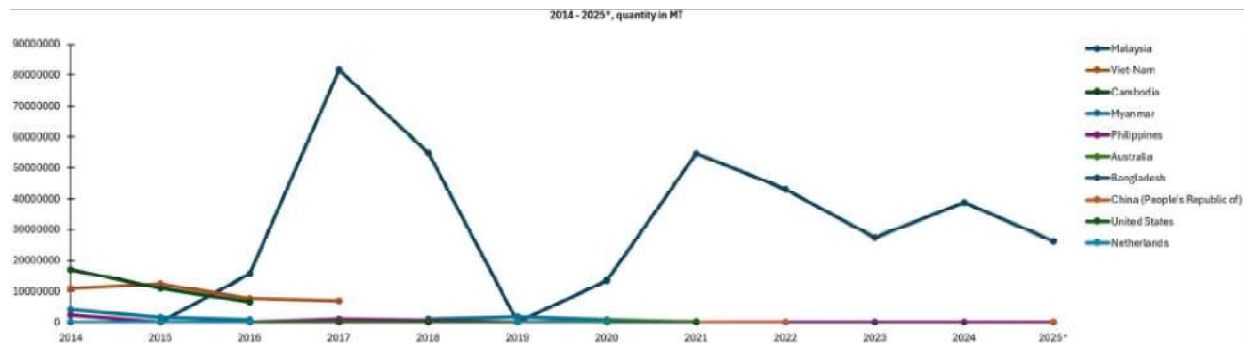
Source: Next Generation Port (NGP) in Tuas (Ministry of Transport, Singapore)

According to SG101.gov.sg, Singapore has expanded its land area by a fifth over the decades, from 581.5 km² in 1960 to 725.7 km² in 2019, with a target of 766 km² by 2030. Land reclamation has relied heavily on sand and while early projects sourced sand locally, Singapore has imported sand from overseas once local supplies ran out. The 2019 UN Environment Programme's Sand Sustainability Report notes that Singapore has been the world's largest sand importer for the past 20 years, bringing in an estimated 517 million tonnes. This highlights the steady demand for tugs and barges to transport sand, especially with new construction projects underway. BMI also highlights strong demand for Indonesian sand from China and Southeast Asia. With rising sand demand, the regional tugs and barges market, where ASL Marine has strong expertise, is expected to remain robust over the medium term.

From the below exhibit, we can see that sand import has been recovering since the end of Covid-19 as the need for major land construction in projects are in full steam ahead. We note that 2025 figures below are until July 2025, and that 2025 should end with a much higher sand import as compared to 2024.

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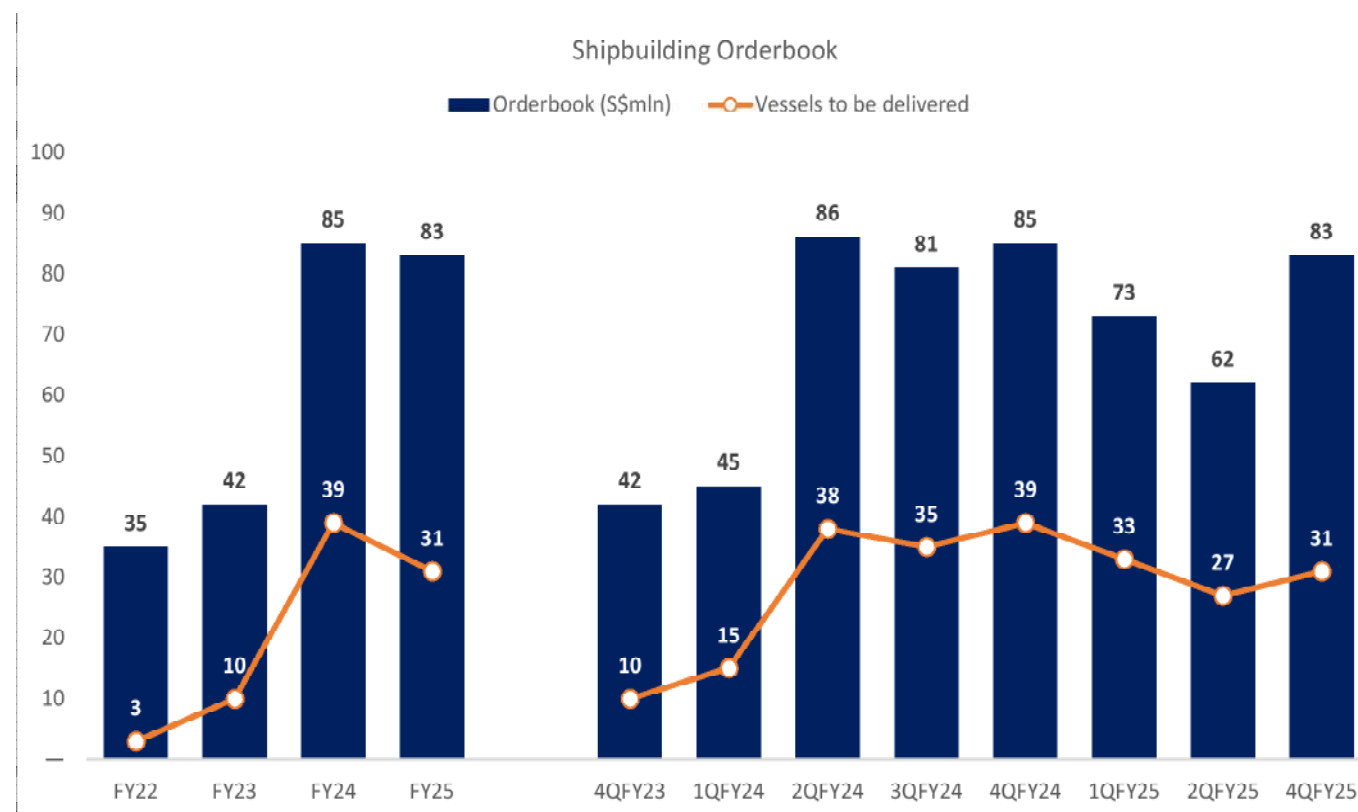
Exhibit 5: SG's historical sand import



Source: Global Trade Tracker

ASL Marine's orderbook has been building steadily ever since Covid-19, and with a more disciplined focus on its niche, we expect FY25 to show tangible operational and financial improvement.

Exhibit 6: Shipbuilding Orderbook rising YoY



Source: LTS Research

*ASL Marine ceased quarterly reporting in 1HFY25 due to their removal from the SGX Watch-List

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A few pointers to note from their orderbook history

1. Orderbook is lumpy due to ASL focusing on their core expertise of tugs and barges, which have relatively shorter construction periods of 6-9 months

2. ASL currently has S\$86mln orderbook for 34 vessels (S\$3mln extra comes from orderbook secured after FY25 ended). S\$83mln is expected to be recognized by 3QFY26 and we note that FY25 revenue only came in at S\$84.9mln. Hence, ASL Marine's shipbuilding segment would minimally be flat for FY26 if ASL secures no more orders. However, as ASL Marine just crossed FY25, we believe ASL Marine can ride on its orderbook winning momentum and secure further contract wins in today's rising market.

3. We further note that despite a flattish orderbook, the quantity of vessels to be delivered is smaller, suggesting higher valued and thus higher margin vessels. This should boost segmental profit for ASL Marine in FY26.

Ship Chartering Segment

Ship Chartering is the worst performing of the 3 segments historically as a result of low charter rates locked in for long periods during times of uncertainty in the past. Vessels are mostly old (avg fleet age of 10 as of FY25), idle and taking up yard space without generating income.

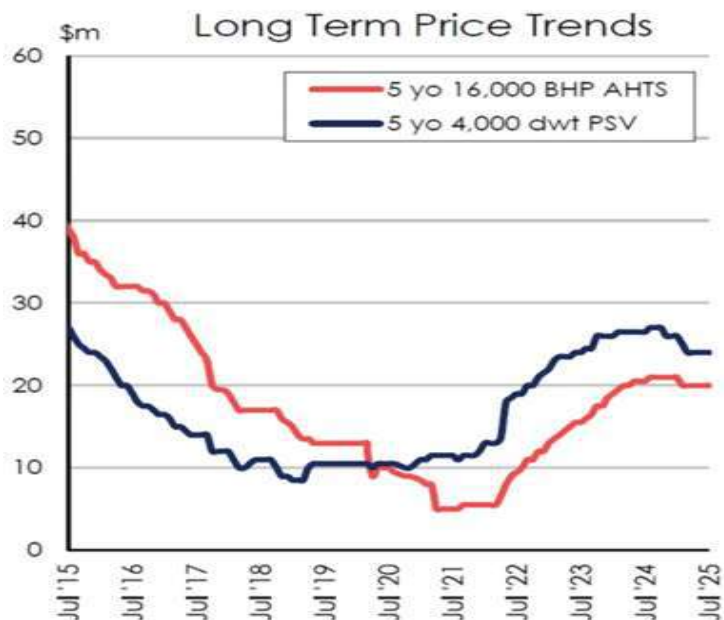
While we do not expect results to improve exponentially in FY25, ASL has exciting restructuring plans in place to improve Ship Chartering's profitability, such as divesting idle and old vessels and incrementally rejuvenating their fleet to fetch better rates. This will not only reduce the drag on Ship Chartering income as a result of lesser depreciation and holding costs, proceeds from the monetization can be channelled towards improving the group's balance sheet and funds can also be redirected to rejuvenate the fleet.

With chartering rates remaining elevated, we expect this segment to improve as existing contracts expire and new charters are renewed at higher rates.

ASL Marine currently owns 2 PSVs that are on longer term charters at low rates which were secured in 2014. We understand that these 2 PSVs come with an embedded option for the hirer to purchase the PSVs (1 in FY26 and 1 in FY27). As we believe the current price of PSVs are likely higher than the strike price given that the second hand market has risen exponentially since 2014, we believe that these vessels would be sold in due time

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Exhibit 7: 2nd hand price trends



Source: Clarksons

Balance Sheet - Clear strategy to repay debt

In FY24, ASL Marine has started to earmark assets for sale, with S\$58.6m worth of assets to be sold in FY25, of which S\$49.4m was reported to be sold. In FY25, ASL Marine then earmarked S\$75.7m worth of assets to be sold, implying that an additional S\$66.6m worth of assets has been added into the pool of assets to be sold

What stuck out to us was that

1. Before the asset sales, debt repayment had been progressing at a slow pace despite ASL Marine's strong cash flow generation, simply because leverage levels were too high. Even without monetising assets, the company was already on a deleveraging path, as seen in its gradually declining debt levels, albeit the process would have taken significantly longer to reduce its loan burden meaningfully.

2. Since ASL Marine began selling assets in FY24, debt levels have come down at a much faster pace, bringing three key benefits.

A. First, the DE ratio can improve rapidly in the coming years, alleviating investor concerns over leverage.

B. Second, lower depreciation and interest expense meaningfully lift net profits, which is particularly impactful given the company's low earnings base.

C. Third, the disposal proceeds have had minimal impact on core EBITDA and operating cash flow as most of the assets sold were old, idle and non-revenue generating, while also removing ongoing holding costs.

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3. We note that ASL Bonds have been redeemed early, as a result of a club deal by the 3 local banks amounting to c.S\$130mln. Given the local bank's penchant for safety especially in the O&G sector, we believe a S\$130 loan would represent a 50% Loan-To-Value based on ASL Marine's assets which will also most likely be conservative, meaning that the assets that were valued by the bank would at least be worth c.S\$260mln, representing 26 cts/share.

Exhibit 8: Selected line items showcasing ASL Marine's ability and intention to repay debts

Selected Balance Sheet/Cash flow Items/Stats	FY22	FY23	FY24	FY25
Assets classified as held for sale (S\$m)	—	—	58.6	75.7
Proceeds from disposal of assets classified as held for sale (S\$m)	—	—	—	49.4
Added assets marked for disposal (S\$m)	N.A	N.A	N.A	66.6
Cash (S\$m)	22.1	12.9	17.2	22.8
Interest Bearing Debt (LT+ST) (S\$m)	300.1	248.6	210.3	156.4
Interest Expense Ex. Amortization Loss (S\$m)	(23.9)	(14.9)	(12.3)	(11.3)
Depreciation Expense (S\$m)	(47.1)	(50.4)	(50.5)	(39.9)
Core Net Profit (S\$m)	—	17.6	18.2	24.7
Shareholder Equity (S\$m)	68.6	73.5	93.7	111.6
Liabilities (S\$m)	516.2	486.9	450.6	387.1
DE Ratio (x)	7.5	6.6	4.8	3.5
Net cash flows generated from operating activities (S\$m)	55.4	83.4	40.4	45.8
EBITDA (S\$m)	39.1	86.4	89.8	80.1

Source: LTS Research

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Valuations

ASL Marine's high debt and bond amortisation have muted its profits, leaving the stock as one of the cheapest O&G plays on SGX. With most of the amortisation behind it in FY25, operating conditions improving and a clearly defined monetization plan, we believe profits will start to show through, giving investors a good entry point ahead of the recovery.

Exhibit 9: ASL Marine's valuations lag its peers and has consideration upside potential

Name	Market Cap (S\$mn)	Stock Perf YTD%	PE (x)	Forward PE(x)	EPS Growth (1yr)	EV/ EBITDA (x)	P/B(x)	ROE(%)	Div Yield
ASL MARINE HOLDINGS LTD	216	233.3%	39.6	7.9	185%	3.6	1.9	25%	0.9%
MARCO POLO MARINE LTD	327	61.1%	15.4	10.9	38%	8.5	1.7	12%	1.1%
SEATRIUM LTD	7,484	6.8%	28.3	21.3	78%	10.5	1.1	4%	0.7%
YANGZIJANG FINANCIAL HOLDIN	3,933	172.3%	11.8	15.9	-18%	10.0	1.0	9%	3.1%
BENG KUANG MARINE LTD	73	55.6%	11.9	14.0	-57%	2.7	3.0	28%	1.7%
YANGZIJANG SHIPBUILDING	12,909	9.7%	9.2	8.5	26%	5.7	2.6	31%	3.7%
RH PETROGAS LTD	144	8.2%	8.4	12.1	--	2.1	1.8	24%	--
PENGUIN INTERNATIONAL LTD	291	48.3%	7.3	--	--	4.1	1.3	18%	3.7%
NAM CHEONG LIMITED	287	73.5%	3.8	--	--	3.7	--	--	--
ATLANTIC NAVIGATION HOLDINGS	50	62.7%	--	--	--	--	--	--	--
CH OFFSHORE LTD	36	-37.1%	17.5	--	--	2.3	0.5	2%	--
KIM HENG LTD	65	7.0%	31.7	--	--	7.6	1.3	3%	--
REX INTERNATIONAL HOLDING	223	41.3%	--	--	--	2.6	5.1	-86%	--
MERMAID MARITIME PCL	234	-5.3%	--	--	--	8.0	0.8	-3%	--
Median		41%	11.8	13.0	26%	4.9	1.3	9%	2.4%
Average		39%	14.5	13.8	13%	5.7	1.8	4%	2.3%

Source: LTS Research

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Risks

O&G Prices plunging. This is the biggest risk ASL Marine has as a fall in O&G price will naturally lead to lower charter rates (which impacts chartering earnings), lower repair earnings (as owners might not see an urgent to maintain vessel condition) and shipbuilding (albeit lesser as ASL Marine is now more focused on tugs/barge to support construction and land reclamation projects). ASL Marine's monetization efforts will also slow and vessel prices might also suffer a decline. However, we believe the O&G has yet to run its course, which should be good for at least till the next few years.

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