

PressRelease

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AmBank Issues Eight New Call Warrants

AmBank (M) Berhad ("AmBank") is issuing eight new European style cash-settled call warrants ("CW") as global economies and stock markets continue to show signs of improvement going into 2011. The CWs will be listed on 18th February 2011 with tenure of approximately 12 months and issue size of up to 100 million each. These CWs launched under AmBank's warrant programme aim to provide leveraged yet affordable equity investment alternatives to Malaysian investors.

The eight new CWs will be issued on the ordinary shares of Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB"), Dialog Group Berhad ("DIALOG"), Sime Darby Berhad ("SIME"), Tradewinds Plantation Berhad ("TWSPLNT"), IJM Plantations Berhad ("IJMPLNT"), Malaysian Resources Corporation Berhad ("MRCB"), Lion Industries Corporation Berhad ("LIONIND") and TIME dotCom Berhad ("TIMECOM").

"Key themes currently are the continuing commodities uptrend and the Economic Transformation Programme (ETP). A thriving domestic consumer market coupled with strong government initiatives to boost the economy via the ETP point to another year of healthy growth for the Malaysian economy. Malaysia is also expected to benefit from rising global commodity prices as it is a net exporter of crude oil and major producer of palm oil in the global vegetable oils market. The FBM KLCI got off to a buoyant start for 2011 and the recent retracement in regional markets on external jitters may provide good entry opportunities for investors looking to get on board. Therefore, AmBank's warrant programme is launching its latest tranche of eight warrants in February to meet investors' demands for trading opportunities. In AmBank's latest tranche of warrants, there are two oil & gas counters, MHB and DIALOG, three plantation companies consisting of SIME, TWSPLNT and IJMPLNT, construction company MRCB, steel-maker LIONIND and telco and internet service provider TIMECOM," said Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Berhad.

For this issuance there is a focus on commodities, specifically crude oil and palm oil, both of which are key exports of Malaysia. Starting off with MHB, which is one of Malaysia's leading oil & gas fabricators and the only deep water fabricator in the country. It is majority owned by national oil company, Petronas, via MISC while foreign oil & gas engineering specialist Technip also holds an 8% stake in MHB. Dominique de Soras, formerly president of Technip's subsea division, was recently appointed managing director and CEO of MHB to inject fresh management expertise and improve the group's capabilities and efficiencies. Currently the group has an outstanding order book of RM5.9 billion and is bidding for up to RM9 billion of new jobs. Overall, with Petronas expected to ramp up its spending, potentially over RM20 billion over the next one to two years, MHB is expected to be a key beneficiary moving forward. AmBank's CW on MHB is priced at 15.0 sen with a gearing of 3.87 times.

Another oil & gas company that has drawn investors' interest recently is DIALOG. The company is actively involved in the massive Pengerang tank terminal project located at the southern tip of Johor. The Pengerang development was identified as one of the Entry Point Projects for the oil & gas sector under the Economic Transformation Programme. Just the first phase of the project is estimated to cost RM1.7 billion for a 1.4 million tonne capacity tank terminal. The total project will eventually provide a total capacity of 5 million cubic meters and cover 500 acres with total capital expenditure estimated at RM5 billion or more. Work is expected to commence in early 2011 once the environmental impact assessment is completed. AmBank's CW on DIALOG is priced at 15.0 sen with a gearing of 3.47 times.

Besides crude oil, Malaysia is the second largest palm oil producer in the world. With crude palm oil prices hovering near multi-year highs on the back of tight global vegetable oil supplies, SIME stands to benefit significantly from the commodity's rally as it is the largest listed planter in Malaysia. SIME can be considered the most liquid proxy to the plantation sector which contributes 66% of the company's FY11F EBIT. SIME also sells heavy equipment and distributes motor vehicles in foreign markets such as Australia and China. Currently, it is trading at CY11F PE of 16x which is below its three year average of 17x. AmBank's CW on SIME is priced at 15.0 sen with a gearing of 6.12 times.

Two other plantation companies that are expected to benefit from rising palm oil prices are TWSPLNT and IJMLNT. TWSPLNT is one of the largest planters in Malaysia with a total landbank of over 140,000 hectares out of which 85,000 hectares are planted with oil palm. Over the next two years, TWSPLNT plans to plant another 7,000-9,000 hectares of oil palm to increase their planted landbank. Recent 3QFY10 net profit came in at RM50.3 million, an increase of 80.7% q-o-q and 106% y-o-y on the back of higher fresh fruit bunch (FFB) production and firmer prices. TWSPLNT also has rubber plantations and is in the process of acquiring Mardec as part of its long-term plan to expand its rubber activities downstream. As for IJMLNT, it has a total landbank of approximately 93,000 hectares in Malaysia and Indonesia with 69% of that located in Sumatra and Kalimantan. IJMLNT had started planting oil palm in Indonesia since 2009 and by FY14 it is estimated to harvest about 120,000-135,000 tonnes of FFB from its Indonesian oil palm estates. IJMP provides pure exposure to crude palm oil prices and upside potential from its nascent Indonesian plantations. AmBank's CWs on TWSPLNT and IJMLNT are priced at 15.0 sen with gearing of 3.38 times and 3.96 times respectively.

Recent press reports have mentioned construction company MRCB as a partner in a joint-venture with Ekovest that could potentially receive a portion of the Klang River beautification project. The Klang River rehabilitation project is one of the identified Entry Point Projects under the Economic Transformation Programme. The entire project is estimated to be worth RM15 billion with the MRCB-Ekovest JV's portion of the job reportedly to be valued around RM8 billion. Another significant feature of the project is the potential for land development along the river with some 80 acres possibly involved for re-development. The roll-out of other projects under the 10th Malaysia Plan and Economic Transformation Programme is expected to benefit MRCB. AmBank's CW on MRCB is priced at 15.0 sen with a gearing of 3.67 times.

As for steel-maker LIONIND, it is also expected to benefit from the coming roll-out of various projects under the ETP and 10th Malaysia Plan. Being one of the largest steel-makers in the country, LIONIND is poised to ride the wave of rising steel demand as major projects such as the Klang Valley MRT system takes off. Overall, rising steel prices and improving steel consumption will bolster LIONIND's financial performance moving forward. Besides that, Lion Forest Industries, a 73% unit of LIONIND, proposed disposal of its Malaysian tyre business for RM462 million is due to be completed in early 2011. The proceeds from the disposal may be used for investments in upstream facilities such as a reported iron ore palletisation facility on the East Coast of Peninsular Malaysia. AmBank's CW on LIONIND is priced at 15.0 sen with a gearing of 3.33 times.

Telecommunications and internet services company TIMECOM has also been in the news recently as DiGi signed a RM139 million contract with the company for a wavelength purchase, maintenance and support deal. Besides DiGi, TIMECOM also recently announced that its wholly owned subsidiary, TT dotCom, had entered into a collaboration with ASTRO for the provision of IPTV and Broadband services across Klang Valley and Penang. Currently, TIMECOM appears to have turned the corner since its restructuring efforts began in 2008. Moving forward, TIMECOM looks to be exploring new growth areas in global bandwidth and node fiberisation as it leverages on its extensive fiber optics network. AmBank's CW on TIMECOM is priced at 15.0 sen with a gearing of 4.87 times.

This offer is aimed at sophisticated traders who are bullish on DIALOG, MHB, SIME, TWSPLNT, IJMLNT, MRCB, TIMECOM and LIONIND. The new CWs have gearings ranging between 3.33 and 6.12 and are targeted at investors who want leveraged exposure to the underlying.

About AmBank Group

The AmBank Group is one of Malaysia's premier financial services groups with leadership positions in the retail banking, commercial banking, investment banking and insurance sectors. With an established history and a track record of customer focus and innovation, the AmBank Group continues to serve its customers with a wide range of innovative products and services.

AmBank Group provides banking and financial services which include loans, advances and financing, deposit services, credit cards, remittance services, foreign exchange and (through our wholly-owned subsidiary, AmIslamic Bank) Islamic banking services.

Adding greater value to the one-stop financial hub is its partnership with Australia & New Zealand Banking Group (ANZ), one of Australia's leading banks. AmBank Group is now poised

to take advantage of ANZ's wide network and regional presence as well as its international banking expertise.

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