



# Thoresen Thai Agencies PLC

## Annual General Meeting of Shareholders No. 1/2008

31 January 2008



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# Agenda for Consideration and Approval



1

To approve the minutes of the previous 1/2007 EGM held on 6 August 2007

2

To acknowledge and approve TTA's performance for the financial year ended 30 September 2007

3

To approve the audited balance sheet, the profit and loss statement, and the statement of retained earnings for the financial year ended 30 September 2007

4

To acknowledge the interim dividend payments

5

To approve the allocation of profit arising from 2007 financial results, allocation of legal reserve, dividend payments, and amendment to dividend payment policy

6

To approve the appointment of directors to replace those who are retiring by rotation

7

To approve the directors' remuneration policy and fix directors' remuneration

8

To appoint auditors for the financial year ending 30 September 2008

9

To consider and approve purchase of four new build vessels from PT PAL Indonesia (Persero)



1

## To approve Minutes of the Extraordinary General Meeting of Shareholders No. 1/2007



- Meeting held on 6 August 2007
- 471 shareholders present, constituting 41.54% of total issued shares
- Selected key agendas to consider and approve:
  - ✓ Issue of convertible bonds
  - ✓ Change in registered share capital
  - ✓ Allotment of new ordinary shares in relation to convertible bond issuance
  - ✓ Acknowledge Mermaid Maritime Pcl. listing on the Singapore Exchange
  - ✓ Issue of warrants to Mermaid Maritime Pcl. and subsidiaries under ESOP scheme

The Board recommends approval of Minutes of 1/2007 EGM  
Required approval: 51%



## Our proud moment: TTA awarded Thailand's Best-Managed Company



**ASIAMONEY**

Thailand's Best-Managed Company

**AWARDS**

“Thoresen Thai is an extremely well managed company which should be priced like any other regional shipping counter”

### Criteria

- *Prudence and intelligence of strategy*
- *Well-explained corporate strategies*
- *Operational efficiency*
- *Can boast transparency of accounts and perform well over time*
- *Ability to impress investors with more than a temporary hike in the share price*



2

3

To acknowledge and approve TTA's performance and financial statements for FY 2007



## FY2007 was a good year...

- Strong financial performance with high revenue growth
  - 36% increase in TC rates
  - 32% of fleet on period time charter
  - 13% of vessel days on contracts of affreightment
- Improvement in balance sheet due to strong cashflow and debt refinancing
- New initiatives implemented to position TTA for future growth
  - US\$ 77 million two ship building contract signed with Oshima Shipbuilding, Japan, and US\$ 124 million three ship building contract with Vinashin, Vietnam
  - US\$ 136 million acquisition of one new tender drilling rig
  - US\$ 396 million syndicated loan facility led by Nordea Bank and DVB
  - US\$ 170 million convertible bonds issued by TTA
  - US\$ 167 million IPO of Mermaid Maritime Pcl. on Singapore Exchange



2

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# To acknowledge and approve TTA's performance and financial statements for FY 2007 (Cont'd)

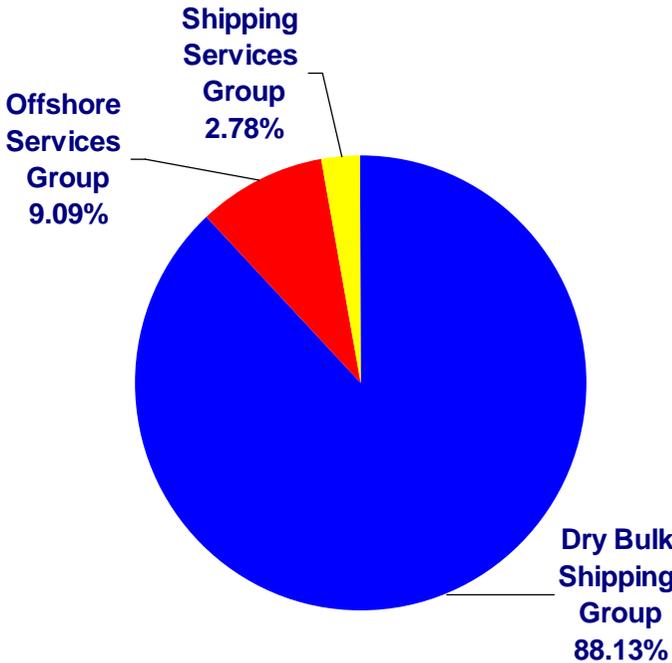


TTA achieved strong revenue growth due to higher dry bulk freight rates and day rates in offshore services

(THB million)

Business Group	FY 2006		FY 2007		YoY Growth (%)	
	Revenues	Net Profits	Revenues	Net Profits	Revenues	Net Profits
Dry Bulk Shipping	14,134	3,238	16,498	4,403	17%	36%
Offshore Services	3,366	601	4,263	574	27%	(4%)
Shipping Services	656	148	760	170	16%	15%
<b>TOTAL</b>	<b>18,156</b>	<b>3,987</b>	<b>21,521</b>	<b>5,147</b>	<b>19%</b>	<b>29%</b>

TTA Net Profit Contribution



Consistent growth across business lines



2

3

## To acknowledge and approve TTA's performance and financial statements for FY 2007 (Cont'd)



	2005	2006	2007
<b>Net Cash Flow from Operations/CAPEX</b>	<b>130.30%</b>	<b>169.36%</b>	<b>144.86%</b>
<b>Total Debt/Total Capital</b>	<b>0.49</b>	<b>0.43</b>	<b>0.36</b>
<b>Revenue Growth<sup>(*)</sup></b>	<b>42.22%</b>	<b>8.00%</b>	<b>26.26%</b>
<b>Asset Growth</b>	<b>23.48%</b>	<b>18.86%</b>	<b>21.62%</b>

*(\*) Excludes foreign exchange gains and losses*

TTA maintains a conservative balance between its sources and uses of cash and continues to decrease its leverage



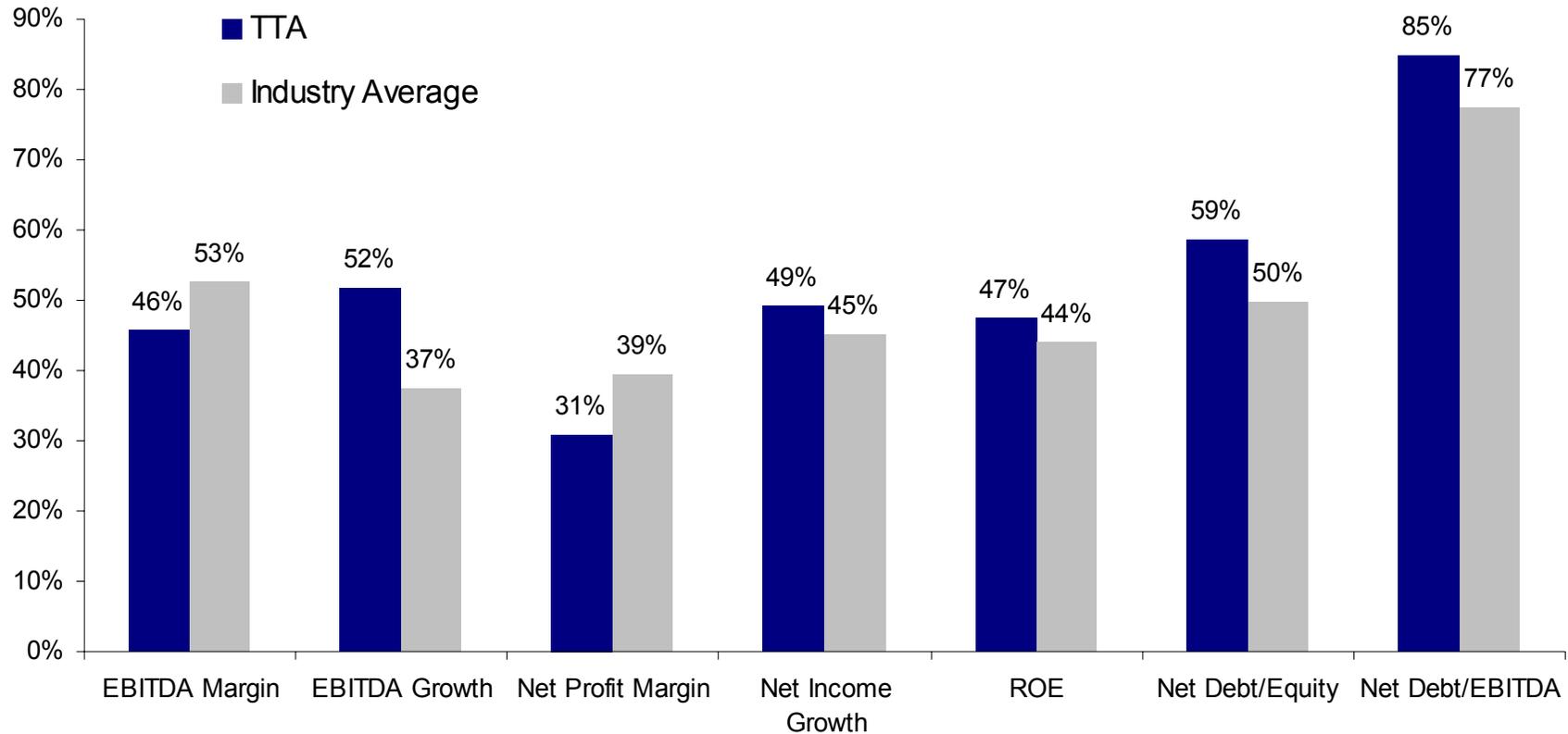
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## To acknowledge and approve TTA's performance and financial statements for FY 2007 (Cont'd)



### Financial Metrics, Last 4 Years



TTA performs in line with the industry in terms of key financial metrics



2

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To acknowledge and approve TTA's performance and financial statements for FY 2007 (Cont'd)



- The Board recommends the Company's performance for FY2007 should be acknowledged and approved  
Required approval: 51%
- The Board recommends the Company's audited financial statements be approved  
Required approval: 51%



4

## To acknowledge interim dividend payments



- Board meeting held on 15 May 2007
- Resolved to pay interim dividends to shareholders, whose names appeared on share register book as of 30 May 2007, at THB 0.75 per share
- Interim dividends were paid on 14 June 2007

The Board recommends shareholders to acknowledge such interim dividend payments



5

## To approve allocation of annual dividend payments and amendment to dividend policy



### Objective

- To comply with new accounting policy requiring investment in subsidiaries to be changed from Equity method to Cost method
- SET requires listed companies review their dividend policies
- In line with market practice

#### Existing Policy

Minimum of 25% of net profit after tax

#### Proposed Policy

At least 25% of consolidated net profit after tax excluding unrealised foreign exchange gains or losses. The Board may review and revise the dividend policy from time to time to reflect the Company's future business plans, the needs for investment, and other factors, as the Board deems appropriate.

However, dividend distributions may not exceed the retained earnings reported in the financial statements of the Company only.

Amendment in policy driven by regulatory requirements



5

## To approve allocation of annual dividend payments and amendment to dividend policy (Cont'd)



- Despite new dividend policy, TTA has no intention to lower dividend payments
- Continued to maintain strong capital structure and source external funding to support capital investments and regular dividend payments:
  - US\$ 396 million syndicated loan facility led by Nordea Bank and DVB
  - US\$ 170 million convertible bonds issued by TTA
  - US\$ 167 million initial public offering of Mermaid Maritime on Singapore Exchange

**No intention to lower dividend payments**

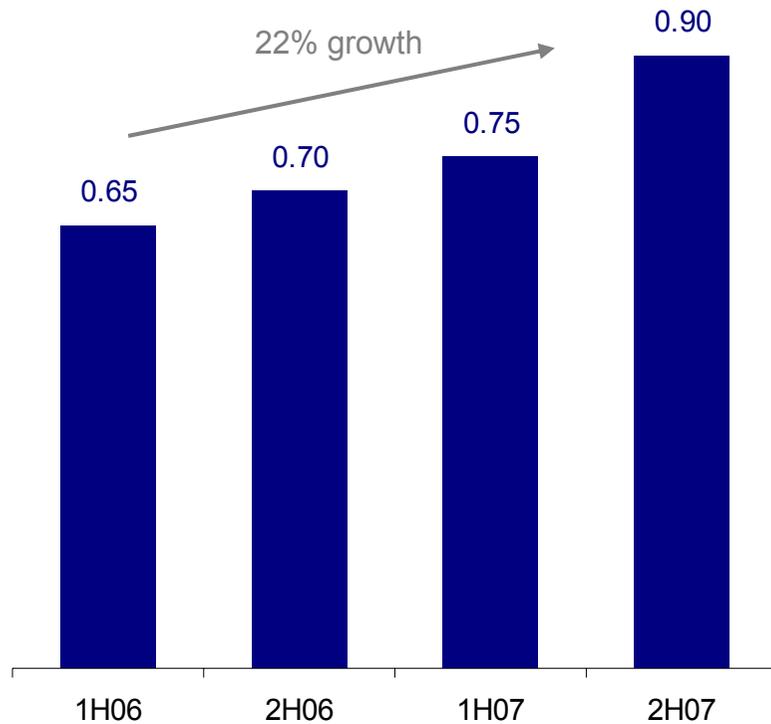


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# To approve allocation of annual dividend payments and amendment to dividend policy (Cont'd)



Dividend Payment Per Share (THB)



Source: company data

Dividend Payment Calculation

(THB)	2006	2007
Net profits	3,502,443,330	4,968,515,223
Less foreign exchange gains	-742,092,519	-723,363,372
Real net profits	2,760,350,811	4,245,151,851
Number of shares	643,684,422	643,684,422
Dividend payout ratio	31.48%	25.01%
Dividend payment per share (entire year)	1.35	1.65

Source: company data

Dividend per share continued to increase



5

## To approve allocation of annual dividend payments and amendment to dividend policy (Cont'd)



The Board recommends shareholders to approve annual dividend payments and the proposed amendments to the existing dividend policy

Required approval: 51%



6

## To approve appointment of directors to replace those who are retiring by rotation



**Nomination Committee considers TTA's business strategies including business diversification and regional expansion**

**Assess composition of existing directors and performances**

**Identify key experiences needed for the Board**

**Select candidates for first round screening**

**Shortlist candidates after first round screening**

**Present shortlisted candidates to the Board for final decision**

Rigorous and professional process to create a strong Board of Directors and search for new candidates



6

To approve appointment of directors to replace those who are retiring by rotation (Cont'd)



## Details of recommendations

### Existing directors



1.



2.



3.

1. M.R. Chandram S. Chandratat
2. M.L. Chandchutha Chandratat
3. Mr. Sak Euarchukiati

### New directors



**Joey Horn**

#### Education

- MBA, Yale University, USA
- BA, Williams College, USA

#### Selected credentials

- Independent Director:
- Norse Energy Corp. ASA, Oslo, Norway
- Petrojarl. ASA, Oslo, Norway

Extensive experience in equity investments and the offshore oil and gas industry



6

To approve appointment of directors to replace those who are retiring by rotation (Cont'd)



The Board recommends that the shareholders approve the four nominees as directors to replace the four retiring directors



7

## To approve the directors' remuneration policy and fix directors' remuneration



### Objective

- To align with Director Compensation Best Practices of the Thai Institute of Directors Association
- To attract high quality directors locally and regionally
- Corresponds with increasing roles and responsibilities of directors and expanding footprint of TTA's operations

Strong board composition to drive TTA's continued growth



7

## To approve the directors' remuneration policy and fix directors' remuneration (Cont'd)



### Dry bulk shipping

- The Board insisted management to come up with a medium-term fleet renewal plan and associated financing to complete the plan
- Timely decision given current market conditions will not support the completion of transactions financing
- US\$ 396 million syndicated loan closed in Nov. 2007
- US\$ 170 million convertible bond successfully completed in Sep. 2007

### Offshore services

- Identified tender rig business as a niche area for growth
- IPO in Oct. 2007 raised US\$ 167 million to fund future growth
- TTA invested THB 2,060 million (US\$ 66 million)<sup>(1)</sup> over the years; current 55.3% stake is worth S\$ 413 million (US\$ 290 million)<sup>(2)</sup>

### Group

- Revenues and net profit increased by c.101% and c.15%, respectively, between 2004-2007

**TTA's Board has been instrumental in growing the shipping and offshore businesses**

(1) Based on USD/THB = 31.41

(2) Based on market capitalisation of S\$746.9 million as at 25 January 2008; USD/SGD rate = 1.42

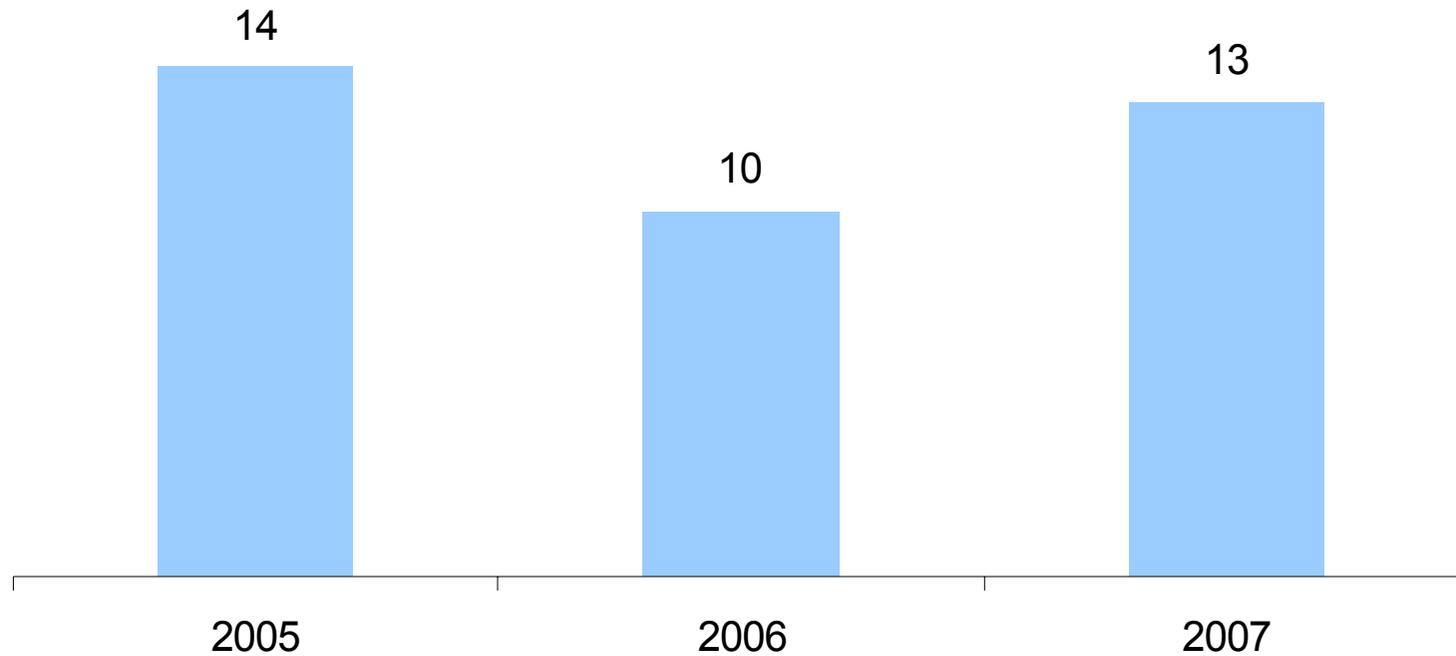


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## To approve the directors' remuneration policy and fix directors' remuneration (Cont'd)



Number of Board Meetings Per Year



Highly committed board of directors responsible for all key investments and financing decisions

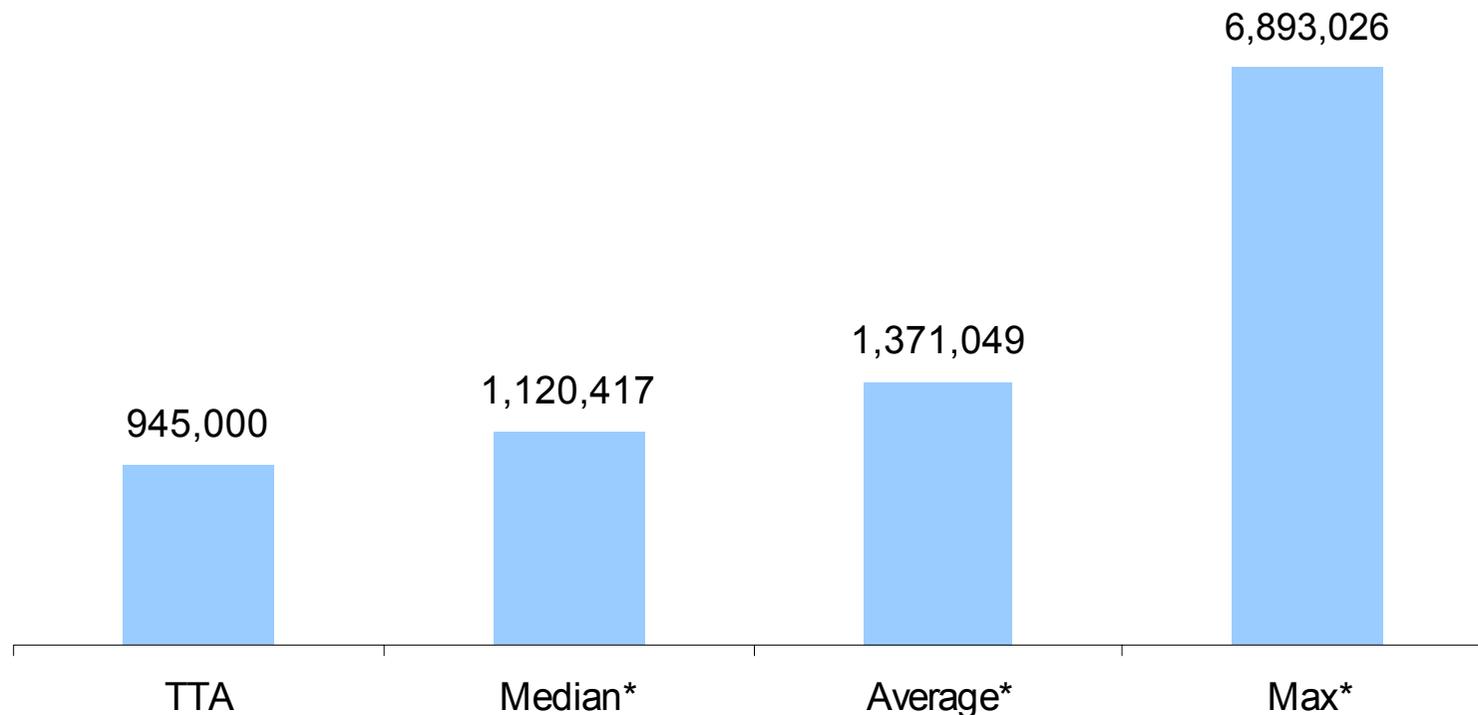


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## To approve the directors' remuneration policy and fix directors' remuneration (Cont'd)



### Average annual directors' compensation per person (THB)



### Existing compensation significantly below market practice

Note: - Directors' compensation includes compensation for chairman, independent directors and executive directors  
- TTA directors' compensation in 2007

\*Max, median, and average compensations for listed companies with revenues of over THB 10 billion

Source: Survey report by SET regarding the remuneration of directors and senior management for listed companies in 2006



7

## To approve the directors' remuneration policy and fix directors' remuneration (Cont'd)



### Performance-linked compensation scheme

Forecast Net Income* (THB)	Portion > THB 2 billion (THB)	Additional Remuneration (THB)	Non-executive directors	Additional Remuneration per person	Dividends to Shareholders at 25% Ratio	Total director Remuneration as % of Div Payout
1,500,000,000	-	-	8	-	375,000,000	-
2,000,000,000	-	-	8	-	500,000,000	-
2,500,000,000	500,000,000	1,750,000	8	218,750	625,000,000	0.3%
3,000,000,000	1,000,000,000	3,500,000	8	437,500	750,000,000	0.5%
3,500,000,000	1,500,000,000	5,250,000	8	656,250	875,000,000	0.6%
4,000,000,000	2,000,000,000	7,000,000	8	875,000	1,000,000,000	0.7%
4,500,000,000	2,500,000,000	8,750,000	8	1,093,750	1,125,000,000	0.8%

Represents a small amount of additional returns to shareholders

Note: \* Forecast net income excluding gain and loss on foreign exchange

Source: Company data



7

To approve the directors' remuneration policy and fix directors' remuneration (Cont'd)



The Board of Directors is of an opinion that the shareholders are recommended to consider and approve the director remuneration package

Required approval: 66.67%



8

## To appoint auditors for the financial year ending 30 September 2008



- The Audit Committee has nominated PricewaterhouseCoopers ABAS Limited as the auditor for the financial year ending 30 September 2008
- Auditor's fees expected to decrease by Baht 221,000, or a 6.93% decline from the previous year

The Board of Directors recommends that the shareholders approve the appointment of PricewaterhouseCoopers ABAS Limited as auditor and the audit fees for FY 2008

Required approval: 51%



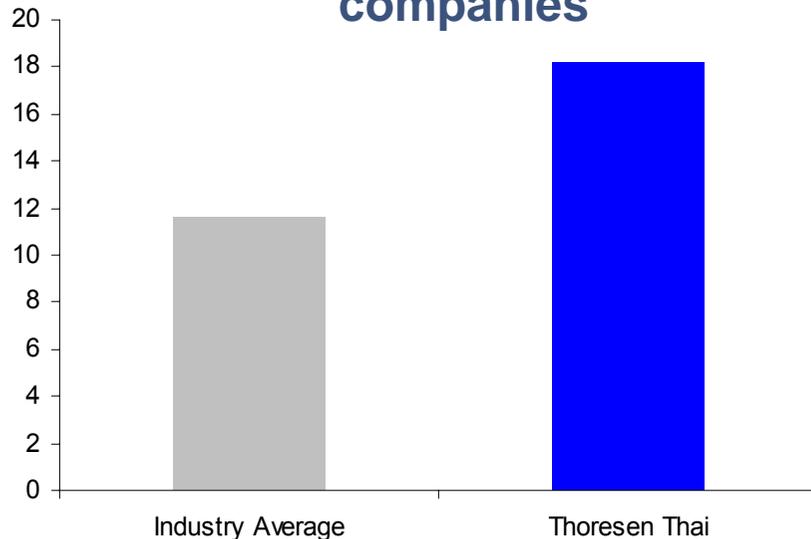
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# To consider and approve purchase of four new build vessels from PT PAL Indonesia

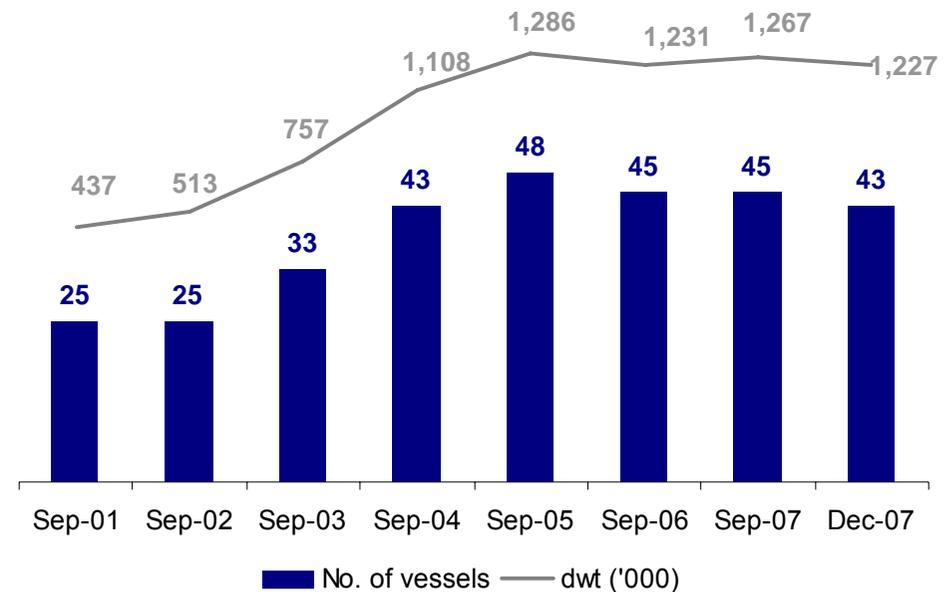


- Most recent vessel purchases emphasise younger and larger vessels
  - Since 2004, US\$ 272 million invested to acquire 15 ships / 536,204 DWT
  - Ship costs US\$ 18 million on average, with 35,474 DWT and was 11.3 years old
  - Acquisition of 5 new-build vessels with total investment of US\$ 201 million

### Average fleet age of dry bulk shipping companies



### Dry Bulk Fleet Development



Source: company annual reports and websites; company data

## Disciplined fleet expansion and renewal critical to TTA's future growth



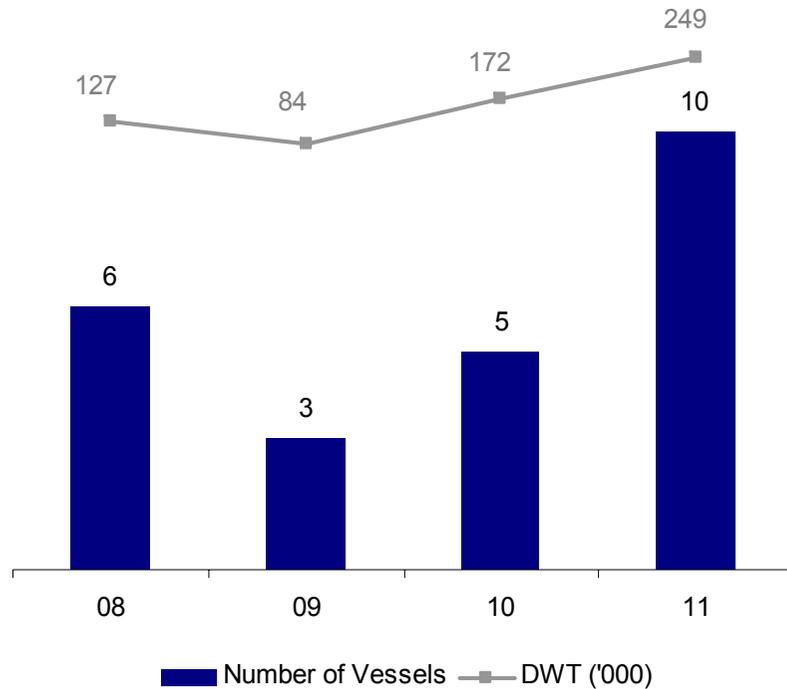
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# To consider and approve purchase of four new build vessels from PT PAL Indonesia (Cont'd)

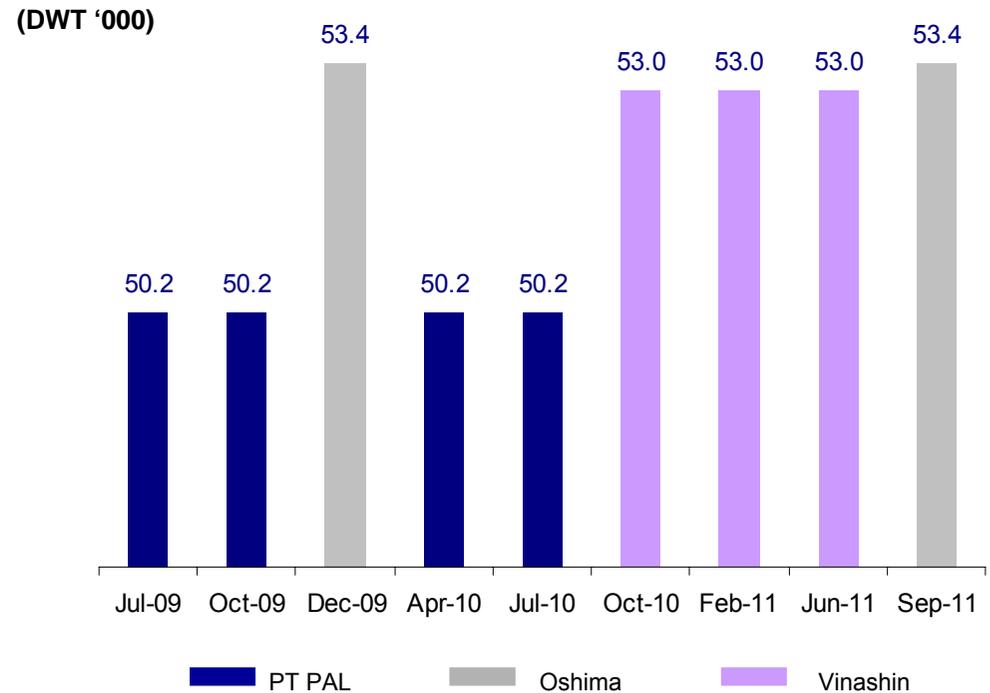


- PT PAL has capacity to deliver vessels by 2009-2010, which is timely for TTA
- Positive opinion by Independent Financial Advisor, Far East Securities

**Vessels Reaching 25 Years**



**Current Contracted Newbuild Vessels**



Nine newbuild vessels to be delivered over next four years as part of fleet renewal plan

Source: company data



9

To consider and approve purchase of four new build vessels from PT PAL Indonesia (Cont'd)



The Board of Directors recommends shareholders to consider and approve the purchase of four new build vessels

Required approval: 75%