

For Immediate Release

## **TTA Announces 3Q/2018 Strong Performance Driven by Bulker sector but Challenges Remain**

- TTA reported positive EBITDA of Baht 545.0 million for 3Q/2018.
- Continued uptrend in freight market and Offshore Service's improved vessel utilization resulted in better consolidated net profits of Baht 148.3 million,
- Shipping Segment achieved an average TCE rate in 3Q/2018 at US\$ 11,529 per day, which outperformed net market TC rate.
- Healthy capital structure reflected by low net interest bearing debt to equity at 0.13 times at the end of 3Q/2018.

**Bangkok, Thailand, 9 November 2018** – Thoresen Thai Agencies Public Company Limited (TTA) announced an improved performance in 3Q/2018 (1 July – 31 October 2018) with consolidated EBITDA at Baht 545.0 million, increasing by 42% YoY and 36% QoQ. The consolidated net profit was reported at Baht 148.3 million, increasing 202% YoY and 57% QoQ.

In 3Q/2018, consolidated revenues were recorded at Baht 3,544.4 million, increasing 14% YoY and 5% QoQ; Shipping, Offshore Service, Agrochemical, and Investment segments contributed 37%, 27%, 20% and 16% to the consolidated revenues, respectively. Meanwhile, Gross profits amounted to Baht 944.2 million, increasing 25% YoY and 25% QoQ.

TTA maintained a strong balance sheet with cash under management of Baht 5,142.9 million and strong capital structure with low net-interest-bearing-debt to equity at 0.13 times as of 30 September 2018.

**Mr. Chalermchai Mahagitsiri, TTA President and Chief Executive Officer, said** "The year 2018 has seen the improved balance of fundamentals in bulker sector. In 3Q/2018 Shipping Segment reported net profits to TTA of Baht 242.2 million which is a 226% growth YoY. Another positive news is the increase in Baltic Dry index (BDI) which rose to an average of 1,607 points in 3Q/2018 from 953 points at the beginning of 2017, due to limited growth in dry bulk fleet. Our Shipping Segment's average TCE rate of US\$ 11,529 per day also outperformed net Supramax average TC rate (net Mkt TC Avg BSI) of US\$ 10,982. In spite of some remaining risks, shipping analysts expect bulker supply and demand to be fairly balanced toward the year 2019.

The Offshore Service Segment recorded revenues of Baht 970.0 million in 3Q/18 which is a 41% increase QoQ. The increase was due to higher vessel utilization rate and no vessel off-hired for dry docking like in the last quarter. Brent crude oil price rose from an average of US\$ 55/bbl in 2017 to an average of US\$ 76/bbl in 3Q/2018; however, the market outlook is still volatile. Nevertheless, Mermaid Maritime has an outstanding order book of US\$ 129 million and continues to see an ever increasing tendering activity especially in the Middle East.

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This year, farmers in Vietnam have suffered from low agricultural price over major crops and fruits, so they have been concerned to save costs rather than to improve yield, and preferred to use more single fertilizer. Nevertheless, PMTA was able to maintain total fertilizer sales volume YoY to 44.5 Ktons in 3Q/2018, 68% of which were domestic fertilizer sales volume. Furthermore, the first nine months of 2018 also saw the total fertilizer sales volume increased by 5% YoY to 144.8 Ktons. Meanwhile, the factory area for leasing business was able to operate efficiently.

For new investment, PHC, the sole franchisee of Pizza Hut business in Thailand, had 126 outlets nationwide, as at 30 September, 2018. Moreover, Siam Taco Company Limited (“STC”) plans to open the first Taco Bell outlet in December 2018. For Water Management business, TTA acquired 80.5% stake in AIM to create synergy with existing Water Business.

Looking forward to the end of 2018, TTA aims to maintain a positive momentum and further improvement in organic revenue growth.”

## Key Strategic Business Segment Performance

**Shipping Segment:** Thoresen Shipping Group’s revenues in 3Q/2018 were reported at Baht 1,319.7 million, which increased 47% YoY. Accordingly, EBITDA was Baht 399.8 million, improving 87% YoY. Net profits was reported at Baht 242.2 million, 226% YoY growth.

The average TCE rate in 3Q/2018 was at US\$ 11,529 per day, improved 39% YoY, and outperformed net Supramax average TC rate (net Mkt TC Avg BSI) of US\$ 10,982 per day. The highest TCE rate was at US\$ 19,469 per day. Owned fleet utilization rate remained high at 100%, and operating cash costs remained flat YoY at US\$ 5,341 per day.

At quarter end, Shipping Segment owned 21 vessels with an average size of 55,285 DWT and an average age of 11.46 years. No vessel was acquired or sold in 3Q/2018. Nonetheless, the average number of total operated vessels in 3Q/2018 was 30.0, comprising 20.8 owned vessels and 9.2 chartered-in vessels in 3Q/2018. The increase was mainly due to higher demand.

**Offshore Service Segment:** In 3Q/2018, Offshore Service Segment recorded revenues of Baht 970.0 million, increasing 41% QoQ. Meanwhile, the vessel utilization rate had picked up to 74%, compared to 34% in 3Q/2017.

With higher revenues and improved gross margin QoQ, EBITDA in 3Q/2018 turned positive to Baht 81.1 million, compared to negative EBITDA of Baht 76.2 million in the last quarter. SG&A remained flat QoQ and YoY at Baht 181.2 million.

For drilling business, three high specification jack-up drilling rigs, operated under one of its associates, have performed strongly with a 100% utilization in 3Q/18, and all three rigs remained contracted in the Middle East until 2019.

In 3Q/2018, Offshore Service Segment reported a net loss of Baht 61.4 million and an attributable net loss to TTA of Baht 36.0 million, decreasing 9% YoY and 75% QoQ. Order book as at 30 September 2018 was US\$ 129 million with work projected to be performed from 4Q/2018 to the end of 2019.

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**Agrochemical Segment:** In 3Q/2018, PM Thoresen Asia Holdings Public Company Limited (PMTA)'s sales revenues amounted to Baht 693.9 million, maintained from last quarter. The total fertilizer sales volume was maintained YoY to 44.5 Ktons in 3Q/2018. Domestic fertilizer sales volume, which accounted for 68% of total fertilizer sales volume, decreased 5% YoY in 3Q/18 due to sluggish demand and competition in Vietnam. However, the total fertilizer sales in 9M/2018 increased 5% YoY to 144.8 Ktons with 15% growth on export market, which has mainly recovered from Philippines.

Besides fertilizer, the factory area for leasing business continued to operate efficiently. In 3Q/2018, part of the space has been used to store raw materials of fertilizer products, and the remaining space has been fully rented. Total income from factory area leasing business and other income amounted to Baht 17.6 million, which increased by 12% YoY.

Overall, Agrochemical Segment's net profits before gains/ (losses) from foreign exchange of Baht 4.5 million were registered in 3Q/18.

**Investment Segment:** TTA's Investment Segment focuses on Food & Beverage (F&B), Water, and Logistics.

- **F&B:** 1) PH Capial ("PHC") is the sole franchisee of Pizza Hut business in Thailand. As at 30 September, 2018, there were 126 outlets nationwide, which increased by 5 outlets from last quarter and by 18 outlets from the beginning of this year. All new outlets were opened in the high traffic location in major provinces. 2) Siam Taco Company Limited ("STC") was exclusively granted the right to enter into the Franchise Agreement for Taco Bell, the leading Mexican fast food chain owned by YUM Brand Inc. and tentatively plans to open the first outlet in December 2018.

- **Water:** TTA acquired 80.5% equity share in AIM, the water contractor/service company, to create synergy with existing Water Business.

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## About TTA

Thoresen Thai Agencies Public Company Limited, or TTA, is a strategic investment holding company that is listed on the Stock Exchange of Thailand, with an investment policy to achieve growth through a balanced portfolio that is diversified both locally and internationally. Included in its current business portfolio are Shipping, Offshore Service, Agrochemical, and Investment Segments. For more information, visit [www.thoresen.com](http://www.thoresen.com).

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