



Thoresen Thai Agencies Plc.

# 3QFY14

## Results Briefing

**SET Opportunity Day**

27 August 2014

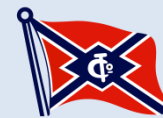
# Agenda



- 3QFY14 Performance
- Recent developments
- Q&A

# Recap of 3QFY14

Best Quarter Result YTD 2014 and in 5 Years Operational-wise



## Thoresen Shipping

## Mermaid Maritime

## UMS

## Baconco

Baht millions	Transport		Energy		Infrastructure			
	Thoresen Shipping		Mermaid Maritime		UMS		Baconco	
	3QFY13*	3QFY14	3QFY13*	3QFY14	3QFY13*	3QFY14	3QFY13*	3QFY14
Revenues	1,144	1,739	2,412	2,523	417	237	726	775
EBITDA	154	267	568	707	(225)	27	98	106
EBITDA margins	13%	15%	24%	28%	-54%	11%	14%	14%
Net profits	(27)	79	185	241	(237)	(6)	71	81
Net profit margins	-2%	5%	8%	10%	-57%	-2%	10%	10%
	<b>Outperform industry in revenue and cost.</b>		<b>Solid performance from high margin long term contracts.</b>		<b>Rebalance capital structure . Narrowing net loss.</b>		<b>Sale and profit expansion in low season.</b>	
<b>EBITDA &amp; Net profits</b>								
		3QFY13*	3QFY14	3QFY13*	3QFY14	3QFY13*	3QFY14	3QFY13*

\* Restated

# Thoresen Shipping

## Business Overview



# Thoresen Shipping

... is an international dry bulk shipping company with well-established and deep roots in the global maritime community

## DRY BULK SHIPPING

### OWNED (3QFY14)

NO. OF VESSELS

**24\*** vessels

**16** Supramax

**8** Handymax

AVG. SIZE

**50,401** DWT

SIMPLE  
AVG. AGE

**10.7** Years

### CHARTERED-IN (3QFY14)

**18.6** vessels

### OFFICES

Singapore

Copenhagen

Thailand

Cape Town

\* Includes 1 vessels delivered in July 2004

# Recap of 3QFY14



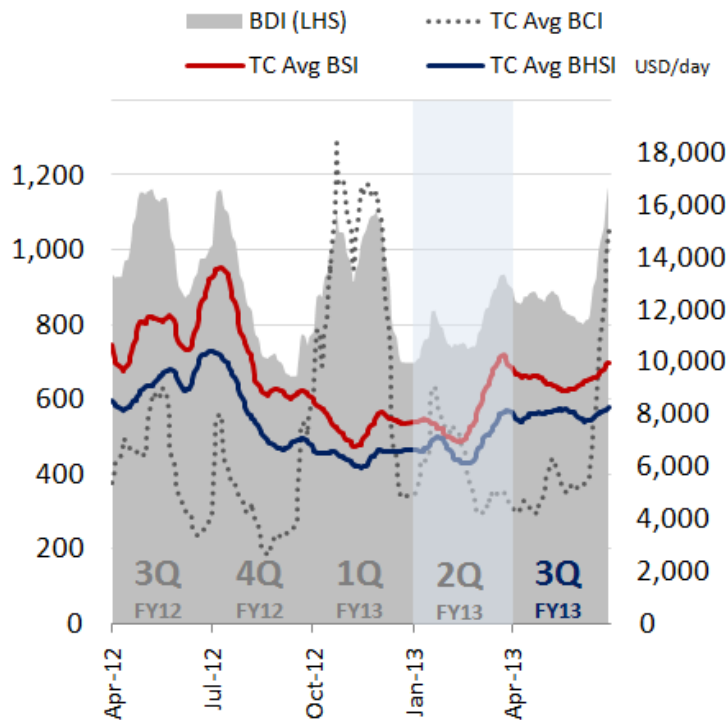
## Key Industry Fundamentals Remain Positive in Medium to Long-Run Despite Short-term Disruption

**Thoresen Shipping**

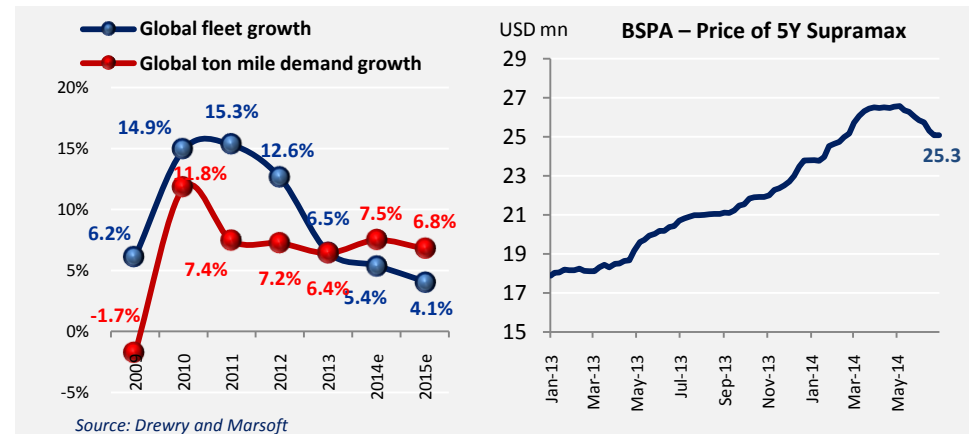
Mermaid Maritime

UMS

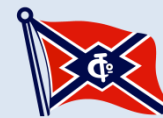
Baconco



- Weakened dry bulk shipping market due to temporary disruptions led by Indonesia nickels ban and delays in South American grain export season.
- Supramax TC rates averaged at USD 8,982 per day in 3QFY14, down from USD 11,631 per day in 2QFY14.
- Fundamentals remain healthy thanks to the expected strong demand growth with minimal global fleet growth.



# Recap of 3QFY14



## Deliver Solid Net Profit Despite Drop in Market Freight Rates

**Thoresen  
Shipping**

Mermaid  
Maritime

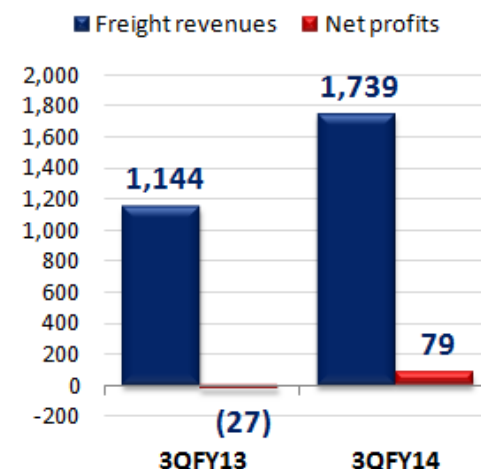
UMS

Baconco

### Thoresen Shipping's income statement\*

Baht millions	restated		
	3QFY13	3QFY14	%yoy
<b>Total revenues</b>	<b>1,144</b>	<b>1,739</b>	<b>52%</b>
Total costs	(955)	(1,421)	49%
<b>Gross profits</b>	<b>189</b>	<b>318</b>	<b>68%</b>
Gross margins (%)	17%	18%	2%
Other incomes	35	38	11%
SG&A	(70)	(89)	28%
<b>EBITDA</b>	<b>154</b>	<b>267</b>	<b>74%</b>
EBITDA margins (%)	13%	15%	13%
<b>Net profits</b>	<b>(27)</b>	<b>79</b>	<b>396%</b>
Net profit margins (%)	-2%	5%	7%

\*as consolidated on TTA's P&L



- **Thoresen Shipping's net profits surged 396% yoy to Baht 79 million**
- Achieved TCE grew to USD 9,933 per day in 3QFY14, up from USD 9,038 per day in 3QFY13 and 10% higher than Supramax TCE rate.
- 38.8 Full-Time Equivalent (FTE) vessels (20.2 owned vessels + 18.6 chartered-in vessels) in 3QFY14 vs. 27.7 FTE vessels (15.9 owned vessels + 11.8 chartered in vessels) in 3QFY13
- As Thoresen Shipping continued to operate with advantageous cost structure, EBITDA grew 74% yoy to Baht 267 million

# Recap of 3QFY14



Operated with Full Cost Leadership & Outperform Market on Revenue

**Thoresen  
Shipping**

Mermaid  
Maritime

UMS

Baconco

- EBITDA breakeven per-day down 3% to USD 6,103 per day from USD 6,294 per day in 3QFY13
  - Owner's expenses of USD 3,998 per day up 2% yoy but still significantly lower than the industry average of USD 5,121 per day (Moore Stephens 2013)
  - Dry docking expenses of USD 612 per day down 22% yoy due to our fleet reconfiguration strategy and diligent on-board maintenance

Average Daily Operating Results (USD/Day)		restated		
USD/Day	3Q FY13	3QFY14		%yoy
USD/THB Rate (Daily Average)	29.89	32.45		9%
<b>Time charter equivalent (TCE Rate)*</b>	<b>\$9,038</b>	<b>\$9,933</b>		10%
TCE Rate of Owned Fleet	\$8,547	\$9,323		9%
TCE Rate of Chartered-In	\$491	\$610		24%
Vessel operating expenses (Owner's expenses)	\$3,902	\$3,998		2%
Dry-docking expenses	\$785	\$612		-22%
General and administrative expenses	\$1,608	\$1,493		-7%
<b>Cash costs</b>	<b>\$6,294</b>	<b>\$6,103</b>		-3%
Finance costs, net	-\$217	-\$93		57%
Depreciation	\$3,593	\$2,362		-34%
<b>Total costs</b>	<b>\$9,670</b>	<b>\$8,372</b>		-13%

\*The per day basis is calculated based on available service days.

\*\*Restated in compliance with IFRS

- Net profit breakeven per-day down 13% yoy to USD 8,372 per day in 3QFY14



# Mermaid Maritime

## Business Overview



# MERMAID

.. is a regional provider of subsea engineering and drilling services for the offshore oil and gas industry



**15\*** subsea vessels



**5+12**  
Saturation and air diving systems



**16**  
remotely operated vehicles



**4**  
tender drilling rigs\*\*

**3**  
jack-up drilling rigs



*Ownership through 33.76% stake in AOD*

## SUBSEA ENGINEERING

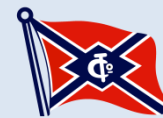
## OFFSHORE DRILLING

\* Includes 1 subsea vessel under construction and 8 subsea vessels on charter-in and our partner

\*\* Includes 2 tender rigs under construction



# Recap of 3QFY14



Back to Normal Season, Achieve Best Quarter Result Ever

Thoresen  
Shipping

**Mermaid  
Maritime**

UMS

Baconco

- Mermaid delivered best 3Q ever with net profits of Baht 241 million, rose 30% yoy.
- Strong operational track records and increasing geographic coverage bring in more long-term high-margin contracts.
- Revenues grew 5% yoy, while EBITDA increased 24% yoy to Baht 707 million from high margin long term contracts achieved.

## Mermaid's income statement\*

Baht millions	3QFY13	3QFY14	%yoy
<b>Total revenues</b>	<b>2,412</b>	<b>2,523</b>	<b>5%</b>
Total costs	(1,626)	(1,792)	10%
<b>Gross profits</b>	<b>786</b>	<b>731</b>	<b>-7%</b>
Gross margins (%)	33%	29%	-11%
Equity incomes	30	240	701%
Other incomes	5	5	11%
SG&A	(253)	(270)	7%
<b>EBITDA</b>	<b>568</b>	<b>707</b>	<b>24%</b>
EBITDA margins (%)	24%	28%	19%
<b>Net profits</b>	<b>185</b>	<b>241</b>	<b>30%</b>
Net profit margins (%)	8%	10%	25%

\*as consolidated on TTA's P&L

- Equity income increased from Baht 30 million in 3QFY13 to Baht 240 million in 3QFY14 as all three Jack-up rigs, AOD I, AOD II and AOD III, commenced their three-year contracts with Saudi Aramco in May, July, and Oct 2013 respectively.

# Recap of 3QFY14



## Significant Improvement Both Subsea and Drilling Divisions

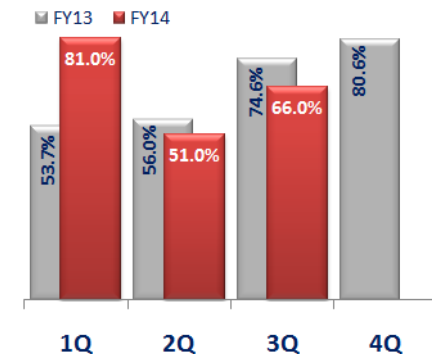
Thoresen  
Shipping

**Mermaid  
Maritime**

UMS

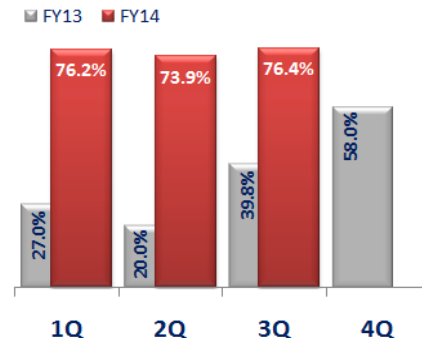
Baconco

### Subsea vessel utilisation\*



\*Utilisation rate per calendar days

### Drilling rig utilisation\*



\*Utilisation rate per calendar days

- Subsea business witnessed revenues growth backed by 10% yoy higher day rates, despite lower utilization compared to 3QFY13 resulting from one of subsea vessels was standby throughout 3QFY14

- Drilling business (including all 3 jack-up rigs from AOD) witnessed substantial increase in both day rates and utilization during 3QFY14
  - MTR-1 was standby in 3QFY14
  - MTR-2 achieved 91% utilisation, now works as work-over unit at a reduced rate but it is expected to resume its normal drilling soon
  - AOD I, II, III achieved 100% utilisation in 3QFY14



# UMS

*.. is a coal logistics, importing coal from Indonesia for distribution to several domestic industries, especially, manufacturers in Bangkok, and nearby provinces*



**2** COAL SCREENING FACILITIES

- ▶ SUAN SOM, SAMUTSAKORN
- ▶ NAKORN LUANG, AYUTTHAYA

**16,690** SQ.M.  
TOTAL PLANT SIZE

# Recap of 3QFY14

## Significant Improvement in Financial Status

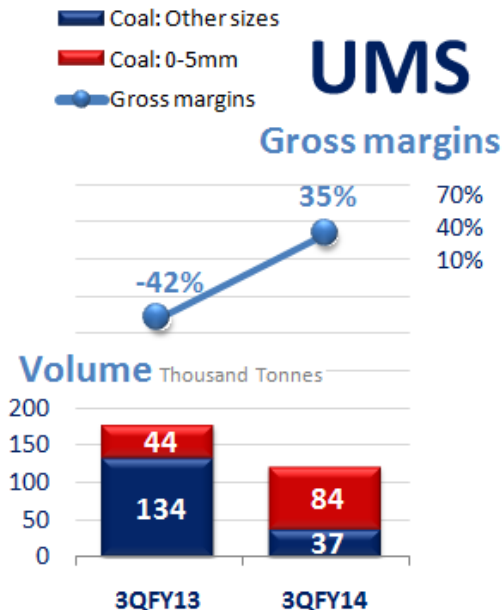


Thoresen  
Shipping

Mermaid  
Maritime

**UMS**

Baconco



- Net loss narrowed down to Baht 6 million with financial status improved due to the plan to sell down coal fine inventory.
- Net interest bearing debt to financial institutions reduced to Baht 626 million from Baht 746 million in 2QFY14.

### UMS' income statement\*

Baht millions	restated				%yoy	%qoq
	3QFY13	1QFY14	2QFY14	3QFY14		
<b>Total revenues</b>	<b>417</b>	<b>439</b>	<b>248</b>	<b>237</b>	<b>-43%</b>	<b>-5%</b>
Total costs	(592)	(364)	(174)	(154)	-74%	-12%
<b>Gross profits</b>	<b>(175)</b>	<b>75</b>	<b>74</b>	<b>83</b>	<b>148%</b>	<b>13%</b>
Gross margins (%)	-42%	17%	30%	35%	184%	18%
Other incomes	1	7	0	1	34%	320%
SG&A	(51)	(82)	(70)	(57)	-12%	18%
<b>EBITDA</b>	<b>(225)</b>	<b>0</b>	<b>4</b>	<b>27</b>	<b>112%</b>	<b>542%</b>
EBITDA margins (%)	-54%	0%	2%	12%	121%	573%
<b>Net profits</b>	<b>(237)</b>	<b>(35)</b>	<b>(35)</b>	<b>(6)</b>	<b>98%</b>	<b>84%</b>
Net profit margins (%)	-57%	-8%	-14%	-2%	96%	83%

\*as consolidated on TTA's P&L

\*\* Restated



# Baconco

## Business Overview



# Baconco

..is a manufacturer and seller of fertilizer in Vietnam and provides logistics services from its warehouse facilities



FERTILISER COMBINED  
PRODUCTION CAPACITY

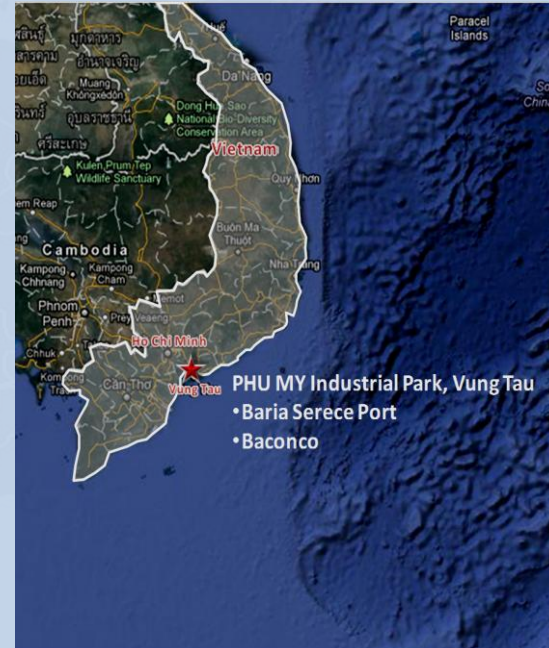
# 450,000

TONNES PER ANNUM

AVERAGE  
WAREHOUSING CAPACITY

# 37,000

SQ.M.



# 17

MILES FROM  
THE OPEN SEA

# Recap of 3QFY14



## Another Record High Quarter Result, Although in Low Season

Thoresen  
Shipping

Mermaid  
Maritime

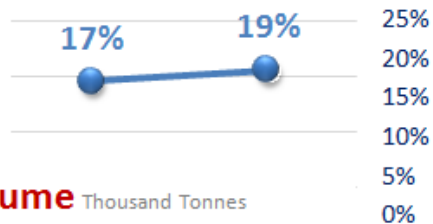
UMS

**Baconco**

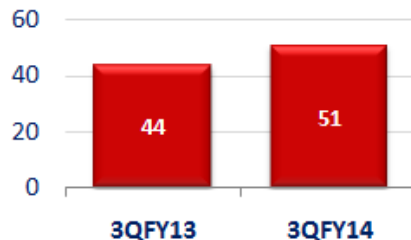
■ Sales volume  
● Gross margins

## Baconco

### Gross margins



**Volume** Thousand Tonnes



- **Baconco achieved another record-high performance, with net profit surged 14% yoy to Baht 81 million.**
- Fertiliser business continued to deliver high margin backed by higher sales volumes together with additional 100,000 tonnes of production unit in 3QFY14. Export sales grew significantly to be accounted for 30% of total sales, up from 15% in 3QFY13.
- Warehousing business generated higher revenue driven by incremental rental fees.

### Baconco's income statement\*

Baht millions	restated		
	3QFY13	3QFY14	%yoy
<b>Total revenues</b>	<b>726</b>	<b>775</b>	<b>7%</b>
Total costs	(601)	(630)	5%
<b>Gross profits</b>	<b>125</b>	<b>145</b>	<b>16%</b>
Gross margins (%)	17%	19%	9%
Other incomes	8	9	7%
SG&A	(35)	(48)	38%
<b>EBITDA</b>	<b>98</b>	<b>106</b>	<b>8%</b>
EBITDA margins (%)	14%	14%	1%
<b>Net profits</b>	<b>71</b>	<b>81</b>	<b>14%</b>
Net profit margins (%)	10%	10%	7%

\*as consolidated on TTA's P&L





Thoresen Thai Agencies Plc.

Financial Review  
**Consolidated Results**

# Financial Review: Consolidated Results



## Higher Revenues and Effective Cost Management

Income statement	restated		%yoy
	3QFY13	3QFY14	
Baht millions			
<b>Revenues</b>	<b>4,773</b>	<b>5,328</b>	<b>1</b> 12%
<b>Costs</b>	<b>(3,807)</b>	<b>(4,020)</b>	6%
<b>Gross profits</b>	<b>966</b>	<b>1,308</b>	<b>2</b> 35%
Equity income	60	269	<b>3</b> 351%
Other income	27	44	64%
SG&A	(529)	(589)	11%
<b>EBITDA</b>	<b>524</b>	<b>1,032</b>	97%
Depreciation & Amortisation	(389)	(387)	1%
Finance costs	(137)	(120)	-12%
<b>EBT</b>	<b>(2)</b>	<b>525</b>	<b>26407%</b>
Income taxes	(57)	(84)	48%
Non-recurring items	5	2	-61%
Forex translation	40	(10)	-124%
<b>Net profits</b>	<b>(14)</b>	<b>433</b>	<b>3184%</b>
<b>Net profits (losses) attributable to</b>			
- Non-controlling interest	(107)	(179)	-66%
<b>- Owner of the Company</b>	<b>(121)</b>	<b>255</b>	<b>310%</b>
No. of shares (million)	991	1,293	
Basic EPS (Baht)	(0.12)	0.20	

- 1** Consolidated revenues up 12% yoy mainly due to:
  - Thoresen Shipping's higher freight revenues from a recovery in dry bulk shipping and higher vessel days
  - Mermaid's higher day rates from subsea division and higher utilization rate from drilling division
  - Baconco's higher sales volume from fertiliser business both domestic and export sales
- 2** Gross profits increased 35% yoy from effective cost management from all three core businesses
- 3** Equity income increased to Baht 269 million, mainly from profit sharing from Mermaid as AOD contributed Baht 240 million of income

# Financial Review: Consolidated Results



## Solid Performance Improvement

Income statement		restated		
Baht millions	3QFY13	3QFY14		%yoy
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No. of shares (million)	991	1,293		
Basic EPS (Baht)	(0.12)	0.20		

- 4 EBITDA grew 97% yoy to Baht 1,032 million from gross profit expansion and strong increased in equity income
- 5 Net profits increased by 310% yoy, a significant improvement from net losses of Baht 121 million in 3QFY13

# Financial Review: Consolidated Results



## Financial Position Remains Intact, Ready to Capture Market Opportunities

Baht million	30-Sep-13	31-Dec-13	31-Mar-14	30-Jun-14
Cash & cash equivalents	7,458	8,893	8,602	6,742
Short-term investments	503	524	520	1,341
Trade account receivables	3,966	3,648	3,631	3,895
<b>Total current assets</b>	<b>15,355</b>	<b>16,011</b>	<b>15,607</b>	<b>14,844</b>
PP&E	20,935	21,546	24,473	26,809
Investments	5,039	5,365	5,670	7,030
Goodwill, net	969	983	979	979
<b>Total assets</b>	<b>43,232</b>	<b>44,903</b>	<b>47,913</b>	<b>49,161</b>
Short-term debt	3,464	3,349	3,096	2,743
Long-term debt	10,634	10,907	10,553	11,462
<b>Total liabilities (TL)</b>	<b>17,791</b>	<b>17,821</b>	<b>17,017</b>	<b>17,811</b>
Retained earnings	11,392	11,642	11,825	12,079
<b>Total equities (TE)</b>	<b>25,442</b>	<b>27,083</b>	<b>30,896</b>	<b>31,350</b>
BV/share	25.67	27.25	29.34	24.25
TL/TE	0.70	0.66	0.55	0.57
D/E	0.55	0.53	0.44	0.45
Net D/E	0.24	0.18	0.15	0.20

- Strong Financial Status
- Leverage remains at acceptable levels despite the heavy impairment charges



Thoresen Thai Agencies Plc.

# Recent Development



### Thoresen Shipping

- Since 7 July 2014, Thoresen Shipping's owned fleet comprises a total of 24 vessels with an average size of 50,636 DWT and an average age of 10.7 years.
- Thoresen Shipping has started to explore alternative revenue streams through sales of vessels if assets prices meet very attractive levels.

### Mermaid Maritime

- Construction vessels continues to make progress and deliveries remain schedules for 2016.

Tender Rig



Diving Support Vessel



NEW ORDERS

**2** RIGS

VALUE PER RIG

USD **149** MN

NEW ORDERS

**1** VESSEL

VALUE PER VESSEL

USD **138** MN

- Mermaid has started marketing to potential customers and has received positive interests.

### PMTA Listing

- In the filing process with SEC
- Expect to receive an approval in 2HFY14





Q&A



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