

**For immediate Release**

## **TTA Reports Second-Quarter Results with Improved Performance for Most Core Businesses**

- TTA reported positive EBITDA of Baht 77.2 million.
- Shipping Segment continued to deliver profit; its TCE rate outperformed the net market TC rate by 44 %.
- Agrochemical Segment continued to be profitable; gross margin improved to 24%.
- Offshore Service Segment, the order book remained strong at US\$ 176 million at the period-end.
- Low net interest bearing debt of equity at 0.10 times, reflecting robust capital structure.

**Bangkok, Thailand, 14 August 2020** – Despite the pandemic of COVID-19 and strong headwinds from reduced demand and lower oil prices, Thoresen Thai Agencies Public Company Limited (TTA) reported that most key businesses delivered improved performance because of unrivalled financial and operational strength, agile workforce and unique expertise in the industry.

In 2Q/2020, TTA reported gross profits increased 10%QoQ to Baht 487 million. EBITDA rose 127%QoQ to Baht 77.2 million. Revenue amounted to Baht 2,952.0 million. Shipping, Offshore Service, Agrochemical, and other segments contributed 38%, 17%, 22%, and 23% to the consolidated revenues, respectively.

Shipping's TCE rate started to rebound in June 2020 and averaged at US\$ 7,525 per day in 2Q/2020, outperforming the net market TC rate by 44%, while one drydocking vessel under Offshore Service returned from the shipyard and resumed its operation and to help bring up performance. Agrochemical segment achieved a better gross margin QoQ from 20% to 24%. Moreover, the Pizza Hut business has been profitable for the fourth consecutive quarter. In summary, a net loss to TTA improved by 48%QoQ to Baht 240.9 million in 2Q/2020.

**Mr. Chalermchai Mahagitsiri, President and Chief Executive Officer, said:** "The pandemic of COVID-19 created a global disruption to dry bulk cargo demand, Thoresen Shipping can maintain strong position in the industry. We are pleased to inform that Thoresen Shipping took third place of the world in relation to outperformed TCE according to the recent dry bulk benchmark study by Danish maritime advisors Lienggaard & Roschmann ( L&R). Looking forward for shipping segment in 2H2020, we could see



more positive market trends, driven by improving Brazilian iron ore supply, encouraging economic trends in China, and seasonal factors.

For Offshore Service, Mermaid Maritime continues to pursue opportunities to grow its business in areas of its expertise to achieve above market returns. The newly established business unit plans to bid for some potential decommissioning works in the Gulf of Thailand in the near future.

In addition, we are optimistic for Agrochemical and Food & Beverage segments. PMTA further focuses on key high-margin products and continues efforts toward the export market in order to help maintain the market position. While Pizza Hut and Taco Bell plan to open more outlets in Thailand”.

## **Key Strategic Business Segment Performance**

### **Shipping Segment:**

Thoresen Shipping Group’s freight revenues in 2Q/2020 were reported at Baht 1,117.5 million. BDI averaged at 592 points in 1Q/2020 and increased to an average of 783 points in 2Q/2020 because shipping activities rebounded in June 2020 as businesses in some countries, especially China, started to normalize. TCE rate was at US\$ 7,525 per day, outperforming the net Supramax TC rate of US\$ 5,210 per day by 44% in 2Q/2020. Gross profits increased 7%QoQ to Baht 207.5 million. EBITDA grew 1,455%QoQ to Baht 178.6 million.

Thoresen Shipping Group reported net profits to TTA of Baht 46.1 million in 2Q/2020, improving 137%QoQ. Owned fleet utilization rate has remained high at 100% in 2Q/2020. Low vessel operating expenses (OPEX) was maintained at US\$ 3,520 per day in 2Q/2020.

At the end of June 2020, Shipping segment owned 22 Supramax vessels with an average size of 55,436 DWT and an average age of 12.94 years. One second-hand vessel namely “Thor Chaichana” was delivered in April 2020.

### **Offshore Service Segment:**

In 2Q/2020, Mermaid Maritime Public Company Limited or Mermaid Maritime recorded revenues at Baht 512 million. A gross loss improved by 17%QoQ to Baht 92.9 million, primarily due to the improved margin of one key project, of which the quarantined vessel, which was sent for drydocking in 1Q/2020, resumed



its operation and picked up its normal rate. Accordingly, EBITDA; though negative, improved by 4%QoQ to Baht (194) million.

In drilling business under one of its associates, three high specification jack-up drilling rigs have performed strongly in the Middle East with 100% utilization in 2Q/2020. To date, all three contracts were extended for another 3 years with the same reputable client, and are scheduled to expire in June 2022, December 2022, and April 2023. Therefore, Offshore Service segment reported a net loss to TTA of Baht 171.4 million, improving 7%QoQ. The order book at the period-end remained strong at US\$ 176 million.

### **Agrochemical Segment:**

PM Thoresen Asia Holdings Public Company Limited or PMTA reported sales revenue in 2Q/2020 amounted to Baht 623.8 million. In 2Q/2020 domestic fertilizer sales volume up 38%QoQ to 33.30 Ktons while export fertilizer sales volume decreased 64%QoQ to 11.0 Kton after large shipments in 1Q/2020. Gross profits (spread) increased 5%QoQ and 5%YoY to Baht 147.4 million from a stronger gross (spread) margin from 16% in 2Q/2019 and 20% in 1Q/2020 to 24% in 2Q/2020. EBITDA increased by 18%QoQ and 11%YoY to Baht 40.4 million. Agrochemical segment continued to remain profitable; it registered net profits to TTA of Baht 6.1 million in 2Q/2020, improving 76%YoY.

Besides fertilizer, Agrochemical segment also provides factory area management services with a total area of 66,420 sqm. Approximate 15,000-sq.m. area was internally used for its storage while the remaining was fully utilized by external customers.

### **Other Segments:**

#### **• Food & Beverage:**

Pizza Hut is operated as a 70%-owned subsidiary of TTA. It has continued to be profitable for the fourth consecutive quarter. As of 30 June 2020, there were 154 outlets nationwide. All new outlets were opened in the high traffic location in major provinces.

Taco Bell, the leading American restaurant chain serving a variety of Mexican inspired food, is operated as a 70%-owned subsidiary of TTA. As of 30 June 2020, there were 6 outlets nationwide. All new outlets were opened in the Bangkok Metropolitan Area.



• **Investment: focuses on water, and logistics sectors.**

Asia Infrastructure Management (Thailand) Co., Ltd. ("AIM"), an 80.5%-owned subsidiary of TTA, is the water contractor/service company. AIM also owns a concession to sell tap water in Luang Prabang, Laos, through a 66.7%-owned subsidiary.

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Note: For additional financial information, please see financial statements.

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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, investment and food & beverage.

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