Thoresen Thai Agencies PLC

Corporate | Transportation Cyclical 10 September 2026

Issuer Credit Rating: BBB/Stable

Issue Ratings:

Senior Unsecured: BBB/Stable

Rating Action

TRIS Rating affirms the issuer credit rating on Thoresen Thai Agencies PLC (TTA) and the ratings on its outstanding senior unsecured debentures at "BBB", with a "Stable" rating outlook. At the same time, we assign a rating of "BBB" to TTA's proposed issue of up to THB1.7 billion senior unsecured debentures. TTA intends to use the proceeds from the new debentures to refinance its maturing debentures.

The ratings reflect TTA's established position and competitive cost structure in dry-bulk shipping, together with the expanded scale of its offshore service business. We expect dry-bulk freight rates to remain favorable throughout our three-year projection period, though gradually moderating, as geopolitical disruptions and the compliance burden on an aging global fleet continue to limit effective supply. Offshore services should remain a meaningful earnings contributor, although its growth trajectory will largely depend on the company's success in expanding its decommissioning and transportation and installation (T&I) businesses. The ratings are, however, constrained by the inherently volatile and cyclical nature of TTA's core businesses, as well as its aggressive financial policy, particularly its exposure to volatile digital assets without a defined limit.

Key Rating Considerations

Tight effective supply supports freight rates

We expect effective supply to remain relatively tight over the forecast period, providing support to freight rates. Conflict-related disruptions have rerouted trade flows and lengthened voyage distances, tying up vessel capacity for extended periods, while elevated fuel costs have led to lower optimal sailing speeds. These supply inefficiencies are expected to ease as geopolitical tensions subside. However, environmental compliance requirements and extended special survey periods for an aging global fleet should continue to absorb effective capacity, even as vessel deliveries accelerate.

We forecast TTA's average time charter equivalent (TCE) at USD16,800 per vessel per day in 2026, declining to USD14,500 in 2027 and USD12,500 in 2028. Revenue from the dry-bulk shipping business, including voyage charter related income, is projected at THB8.7 billion in 2026 and THB7-THB8 billion annually during 2027-2028. Operating cash costs are expected to remain competitive at around USD6,700-USD7,000 per ship per day. We project an EBITDA margin of about 30% in 2026, 27% in 2027, and 22% in 2028, in line with the expected moderation in freight rates.

IRM anchors offshore service earnings

TTA operates its offshore service business through its 68.4%-owned subsidiary, Mermaid Maritime PLC (MML). Subsea inspection, repair, and maintenance (IRM) operations, particularly in the Middle East, form MML's core earnings base, underpinned by a long track record and established customer relationships. These operations benefit from recurring maintenance demand and a long-dated orderbook that provides revenue visibility. However, future growth will largely depend on MML's ability to secure and execute new decommissioning and T&I projects, particularly in Southeast Asia.

As of June 2026, MML's orderbook totaled USD750 million, comprising subsea IRM services (76%), decommissioning and T&I (14%), and cable-laying (10%). More than half of the IRM backlog is expected to be recognized by 2027, with the balance extending through 2036, while most of the decommissioning and T&I backlog, along with cable-laying, is scheduled for recognition in 2026-2027.

Based on the current orderbook and potential contract awards, we forecast TTA's offshore service revenue of about USD320 million in 2026, increasing to USD370-USD380 million annually in 2027-2028. Our forecast assumes continued IRM contract awards and successful bids for new decommissioning and T&I projects in Southeast Asia. MML's experience in executing large-scale projects should support its competitiveness in future tenders, though its ability to improve cost estimation remains key to margin recovery. EBITDA margins are likely to remain below 6% in 2026, constrained by losses in the cable-laying business and lingering project execution challenges, before improving to around 8% in 2027-2028 as loss-making projects are completed.

Diversification efforts carry execution risk

TTA has pursued business diversification over the years. While certain non-core operations generate positive operating cash flows, others have absorbed capital without delivering positive returns. The company continues to explore new growth avenues, though we foresee limited scope for a material shift in the earnings mix over the forecast period. The core dry-bulk shipping and offshore service businesses have consistently contributed more than 80% of TTA's consolidated earnings.

Among the non-core operations, agrochemical business remains the largest contributor. We forecast agrochemical revenue of THB3.3-THB3.6 billion annually in 2026-2028. Elevated raw material costs tied to the ongoing Middle East conflict are expected to weigh on fertilizer sales volume, compressing EBITDA margin to about 5% in 2026. However, we expect margin to recover to 7%-8% in 2027-2028 as input costs normalize and market conditions improve.

In the food & beverage (F&B) segment, TTA operates the "Pizza Hut" and "Taco Bell" quick-service restaurant brands, with 212 Pizza Hut outlets and 45 Taco Bell outlets as of June 2026. We project a net addition of 5-10 outlets combined annually during 2026-2028. However, weak consumer spending and intense competition will likely continue to suppress profitability. We forecast the revenue of THB2.2-THB2.4 billion per annum, with EBITDA margins hovering around 10% over the forecast period.

Other new businesses include property development as well as electric trucks and electric motorcycles. For property development, a joint venture in which TTA holds an interest of around 60% will develop "The 125 Sathorn", a high-rise condominium project in Bangkok's central business district. The project is now expected to be delayed by 2-3 years due to a legal issue related to the interpretation of certain regulatory guidelines, currently under review by the Supreme Administrative Court. Meanwhile, the EV-related businesses remain at an early stage and are unlikely to contribute meaningfully to earnings over the forecast period.

Digital asset exposure adds uncertainty to the financial profile

TTA manages its digital asset investments under a liquidity-based framework rather than defined exposure limits. Management maintains a minimum cash availability threshold of THB4 billion before committing to new investments, which provides a degree of downside protection but does not directly cap the scale of holdings. This constrains the ratings, as it creates uncertainty regarding the company's future financial position. Our primary concern centers not on the current holdings; instead, it focuses on the potential for further speculative purchases and the ultimate scale of the company's exposure.

The company continues to execute periodic digital asset transactions, including both acquisitions and liquidations, weakening the predictability of net cash levels used to calculate adjusted debt and key credit metrics. As of 30 June 2026, digital asset holdings stood at approximately THB5.8 billion on the company's consolidated balance sheet.

Moderate leverage

TTA's substantial cash holdings continue to provide an important buffer against the cyclical nature of its core businesses and support its financial profile. As of June 2026, the company held THB8.4 billion in cash and cash equivalents against total debt of THB11.3 billion. We expect its leverage, as measured by the adjusted debt to EBITDA ratio, to remain moderate at around 1.4-1.5 times over the forecast period.

Our base-case forecast projects TTA's revenue of approximately THB25.4 billion in 2026 and THB26-THB27 billion annually during 2027-2028. We expect the EBITDA margin to remain at 13%-14% in 2026-2027 before moderating to around 11% in 2028, reflecting softer earnings from the dry-bulk shipping business as freight rates normalize. This translates into EBITDA of THB3.3-THB3.4 billion in 2026-2027 and approximately THB2.8 billion in 2028.

We forecast TTA's capital expenditures and investments of THB2.0-THB2.5 billion per annum during 2026-2027 and around THB1.5 billion in 2028. The spending will be directed mainly toward dry-bulk fleet renewal and equipment upgrades for offshore services. This includes the planned acquisition of two second-hand dry-bulk vessels in 2026 and one additional vessel in 2027.

The main financial covenants on TTA's debentures require the company's net interest-bearing debt to equity ratio to remain below 2 times. As of June 2026, the ratio was 0.07 times. We believe that the company should have no problems remaining in compliance with the financial covenants over the forecast period.

Strong liquidity

TTA's liquidity is assessed as strong and should be sufficient to cover its funding needs over the next 12 months. Sources of funds included cash and cash equivalents of around THB8.4 billion at the end of June 2026, projected funds from operations (FFO) of THB3.8 billion, and new debenture issuances of THB1.7 billion. The primary uses of funds are financial obligations of around THB3.7 billion, capital spending of around THB2 billion, and a dividend payment of THB451 million.

Debt structure

As of June 2026, TTA's total interest-bearing debt was THB10.9 billion. Priority debt was THB1.7 billion, translating to a priority debt ratio of 16%.

Base-case Assumptions

TRIS Rating's base-case assumptions for TTA's operations in 2026-2028 are as follows:

- Average TCE rate per ship per day of USD16,800 in 2026, USD14,500 in 2027, and USD12,500 in 2028.
- Offshore service revenue of USD320 million in 2026, increasing to USD370-USD380 million per annum during 2027-2028.
- Total revenue of THB25.4 billion in 2026 and THB26-THB27 billion per annum during 2027-2028.
- EBITDA margin of 13%-14% in 2026-2027 and 11% in 2028.
- Estimated capital expenditures and investment of THB2.0-THB2.5 billion annually in 2026-2027 and around THB1.5 billion in 2028.

Rating Outlook

The "Stable" outlook reflects our expectation that TTA's core dry-bulk shipping and offshore service businesses will continue to generate satisfactory operating performance over the forecast period. We also expect the company to gradually refine its digital asset management strategy and demonstrate a consistent adherence to its evolving framework over time.

Rating Sensitivities

The ratings could be upgraded if the company successfully formalizes and implements a comprehensive capital allocation framework that effectively caps risk exposure to digital assets, alongside operating performance and financial policies that maintain an adjusted net debt to EBITDA ratio below 1.25 times on a sustainable basis. Conversely, the ratings or outlook could be revised downward if prolonged weakness in TTA's operating performance or overly aggressive capital deployment causes its adjusted net debt to EBITDA ratio to exceed 2.0 times for an extended period.

Company Overview

TTA is an investment holding company, established in 1983 and listed on the Stock Exchange of Thailand (SET) in 1995. The Mahagitsiri family is a major shareholder of the company with a 37% stake as of July 2026. The company classifies its businesses into five areas: dry-bulk shipping, offshore services, agrochemicals (production & distribution of fertilizers in Vietnam), F&B, and other investments.

TTA's standing in the dry-bulk shipping market is backed by its established operations and competitive fleet capacity. As of June 2026, TTA owned 23 vessels with an average size of 56,228 deadweight tons (DWT), while the average age was around 16 years. The company's offshore service segment owns six subsea vessels. For the first six months of 2026, TTA's total revenues were THB11.7 billion. Dry-bulk shipping contributed 34%, offshore services 39%, agrochemical business 14%, F&B 9%, and other investments 4%.

Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

		--------- Year Ended 31 December ---------			
	Jan-Jun 2026	**2025**	**2024**	**2023**	**2022**
Total operating revenues	11,733	30,031	32,294	24,106	29,383
Earnings before interest and taxes (EBIT)	623	1,206	2,153	1,897	5,099
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,288	2,831	4,108	3,643	6,631
Funds from operations (FFO)	965	1,968	3,200	2,853	6,019
Adjusted interest expense	323	686	743	703	513
Capital expenditures	405	2,399	2,187	2,362	1,320
Total assets	51,219	49,195	50,030	42,973	41,593
Adjusted debt	3,729	3,736	4,743	2,296	793
Adjusted equity	33,015	31,555	31,923	28,290	27,726
Adjusted Ratios					
EBITDA margin (%)	11.0	9.4	12.7	15.1	22.6
Pretax return on permanent capital (%)**	4.0	2.7	5.2	5.0	14.0
EBITDA interest coverage (times)	4.0	4.1	5.5	5.2	12.9
Debt to EBITDA (times) **	1.2	1.3	1.2	0.6	0.1
FFO to debt (%)**	62.8	52.7	67.5	124.3	758.6
Debt to capitalization (%)	10.1	10.6	12.9	7.5	2.8

* *Consolidated financial statements*

** *Trailing 12 months*

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Issue Rating Criteria, 26 December 2024

Thoresen Thai Agencies PLC (TTA)

Issuer Credit Rating:	**BBB**
Issue Ratings:	
TTA26OA: THB1,698.1 million senior unsecured debentures due 2026	BBB
TTA274A: THB800 million senior unsecured debentures due 2027	BBB
TTA278A: THB2,423.7 million senior unsecured debentures due 2027	BBB
TTA281A: THB2,074.4 million senior unsecured debentures due 2028	BBB
TTA287A: THB1,000 million senior unsecured debentures due 2028	BBB
TTA295A: THB1,200 million senior unsecured debentures due 2029	BBB
Up to THB1,700 million senior unsecured debentures due within 3 years 6 months	BBB
Rating Outlook:	**Stable**

Rating History

Last Review Date: 27 March 2026

Date	Rating	Outlook/Alert
26-Sep-25	BBB	Stable
08-Sep-22	BBB+	Stable
23-Aug-21	BBB	Stable
14-Oct-20	BBB	Negative
29-Dec-16	BBB	Stable
02-Dec-14	BBB+	Stable

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