

THORESEN THAI AGENCIES PLC

No. 122/2022

25 November 2022

CORPORATES

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 08/09/22

Company Rating History:

Date	Rating	Outlook/Alert
08/09/22	BBB+	Stable
23/08/21	BBB	Stable
14/10/20	BBB	Negative
29/12/16	BBB	Stable
02/12/14	BBB+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Thoresen Thai Agencies PLC (TTA) and the ratings on its outstanding senior unsecured debentures at “BBB+” with a “stable” outlook. At the same time, we assign a rating of “BBB+” to TTA’s proposed issue of up to THB5 billion in senior unsecured debentures. The proceeds from the new debentures will be used to refinance debt coming due, to procure new dry-bulk vessels and to fund potential new investments.

The ratings reflect TTA’s solid financial profile as supported by strong cash flow from operations. We expect the favorable supply and demand conditions in the dry-bulk shipping industry to continue driving TTA’s dry-bulk shipping performance in the near term. Meanwhile, its offshore service business performance, after consecutive years of operating losses, is improving with a strong orderbook and growing scale of operations. The ratings continue to consider the high business risk inherent in the volatile and cyclical nature of dry-bulk shipping and offshore services businesses, from which it derives its core earnings.

For the first nine months of 2022, TTA continued to deliver strong financial results, thanks to robust dry-bulk shipping operations and improving offshore business performance. TTA reported THB22.2 billion in revenue and THB5.5 billion in earnings before interest, taxes, depreciation, and amortization (EBITDA). At the end of September 2022, TTA had a reported debt of THB10.5 billion and cash and cash equivalent on hand of THB11.3 billion.

RATING OUTLOOK

The “stable” outlook reflects our expectation that TTA will maintain its balance sheet strength to cushion against fluctuations in operating performance given the highly volatile and cyclical nature of its two core businesses. We also expect TTA to maintain the ratio of adjusted debt to EBITDA below 1.5 times on a sustained basis.

RATING SENSITIVITIES

The ratings or outlook could be revised downward if TTA’s financial profile is significantly weaker than expected either from persistent deterioration in operating results or aggressive investments. A rating upgrade is unlikely in the near term. The ratings could be upgraded if TTA successfully diversifies its businesses and earnings sources resulting in an enlarged and less volatile earnings base while maintaining its balance sheet strength.

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022
- Issue Rating Criteria, 15 June 2021

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

Thoresen Thai Agencies PLC (TTA)

Company Rating:	BBB+
Issue Ratings:	
TTA233A: THB716.2 million senior unsecured debentures due 2023	BBB+
TTA239A: THB1,500 million senior unsecured debentures due 2023	BBB+
TTA252A: THB800 million senior unsecured debentures due 2025	BBB+
TTA265A: THB1,200 million senior unsecured debentures due 2026	BBB+
Up to THB5,000 million senior unsecured debentures due within 5 years	BBB+
Rating Outlook:	Stable

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