

THORESEN THAI AGENCIES PLC

No. 103/2024
13 December 2024

CORPORATES

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

Last Review Date: 25/09/24

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 assigns a rating of “BBB+” to Thoresen Thai Agencies PLC (TTA)’s proposed issue of up to THB800 million senior unsecured debentures. At the same time, we affirm the company rating on TTA and the ratings on its existing senior unsecured debentures at “BBB+”, with a “stable” rating outlook. TTA intends to use the proceeds from the new debentures to refinance its maturing debts.

The ratings reflect TTA’s strong balance sheet and the inherently high business risk associated with the volatile and cyclical nature of its core dry-bulk shipping and offshore services businesses. The ratings also consider TTA’s rising leverage as the company actively pursues investment opportunities. In our view, ventures into new businesses are likely to elevate the company’s overall risk exposure, while the success of these endeavors remains to be seen.

For the first nine months of 2024, TTA’s performance aligned with our expectations. TTA reported revenue of THB24.9 billion and EBITDA of THB3.6 billion. The dry-bulk shipping sector continued to perform well as trade demand in tonne-miles continued to surpass industry fleet growth. The offshore services segment maintained strong earning visibility, backed by an order book of USD814 million as of September 2024. While profit margins in transportation and installation (T&I) and decommissioning remained narrow, we anticipate gradual improvement with enhanced operational efficiency.

At the end of September 2024, TTA’s adjusted debt was THB4.5 billion and the adjusted debt to EBITDA ratio was 1 times (annualized from the trailing 12 months). TTA recently announced a capital increase of up to THB6 billion through a rights offering, primarily to fund some of its investment plans. This move could help maintain its leverage headroom, depending on the amount of new capital raised.

RATING OUTLOOK

The “stable” outlook is based on our expectation that TTA’s dry-bulk shipping and offshore service business will continue delivering sound operating results. We also expect the company to be prudent in its investment decisions and keep its adjusted net debt to EBITDA ratio below 1.5 times.

RATING SENSITIVITIES

A rating upgrade is unlikely in the near term. However, 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.

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:	
TTA252A: THB800 million senior unsecured debentures due 2025	BBB+
TTA262A: THB1,076.3 million senior unsecured debentures due 2026	BBB+
TTA265A: THB1,200 million senior unsecured debentures due 2026	BBB+
TTA260A: THB1,698.1 million senior unsecured debentures due 2026	BBB+
TTA278A: THB2,423.7 million senior unsecured debentures due 2027	BBB+
TTA281A: THB2,074.4 million senior unsecured debentures due 2028	BBB+
Up to THB800 million senior unsecured debentures due within 2 years 3 months	BBB+
Rating Outlook:	Stable

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