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Fairplay

TTA cuts three –quarters of losses (positive)

TTA said today it cut three-quarters of its losses for its first quarter, year on year.

Thoresen Thai Agencies said losses for the period ended on 31 December were 138M baht (\$4.6M), from losses of 560M baht in the same quarter a year earlier.

The Thailand-listed company attributed the much better numbers to “relatively strong consolidated revenue growth of 23% y/y”, mainly resulting from increased vessel utilisation in the bulker business and increased day rates obtained by offshore subsidiary Mermaid Maritime.

Led by CEO Chandchutha Chandratat, TTA said substantial chartering-in activity resulted to 47% growth in freight revenues.

However, a 50% y/y drop in freight rates caused TTA’s average time charter equivalent to fall to \$7,540 per day.

Meanwhile, the strong performance of its three non-shipping arms “more than offset the continuing weakness in drybulk shipping”, resulting in a consolidated EBITDA increase of 22% y/y to 317M baht.

The other three main business units – Mermaid Maritime, Unique Mining Services and Baconco – all delivered stronger performance y/y. Mermaid reported revenue growth of 41% and a 69% jump in EBITDA.

“The offshore oil and gas services business remains in a cyclical upturn, enabling Mermaid’s subsea vessels to be employed in higher-valued contracts, resulting in higher average day rates,” the parent group said.

Unique delivered EBITDA and EBIT growth of 105% and 6,282%, respectively, while Baconco delivered EBITDA and EBIT growth of 78% and 86%, respectively.

TTA meantime predicted that bulk shipping will remain at or near the bottom of the industry cycle in 2013.

Although “strong efforts” are being made to maximise revenues, the company warned that prolonged weakness in freight rates prevents Thoreson Shipping from contributing any net profits for the group.

Meanwhile, Mermaid is expected to be the main earnings driver for TTA this year and in the medium term, as the offshore sector enjoys a cyclical upturn.

Chandratat said: “While we expect a weak second quarter, performance is expected to pick during the second half of the year.

“At the same time, 2013 promises to be an important year for TTA, in which we make key opportunistic investments in both drybulk shipping and offshore oil and gas services in order to ensure TTA’s future profitability for years to come.”