

The Asset

TTA raises 3.964 billion baht from right issue

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Thoresen Thai Agencies Public Company (TTA) has raised 3.964 billion baht (US\$133.601 million) to fund its business expansion plans through a rights offering (RO). Its paid-up share capital will increase from 708.004 million baht to 991.206 million baht following the allocation of 283.201 million newly issued ordinary shares to existing shareholders.

The newly issued shares will begin trading shortly. Existing shareholders were given the opportunity to subscribe to two newly issued shares at a price of 14.00 baht per share for every five existing shares they owned and were allowed to subscribe for excess rights of up to 50% of their owned shares. The RO was oversubscribed by nearly 8%. Shareholders who participated in the RO will also receive warrants at a ratio of one warrant to two newly subscribed shares. Each warrant has a 30-month term and is exercisable into one newly issued share at a price of 17.00 baht.

Assuming full conversion of the warrants, an additional sum of 2.407 billion baht is expected to be raised over the next 30 months. The newly issued warrants will trade under the symbol TTA W-3 beginning on 21 March 2013. TTA executive vice chairman and shareholder Chalermchai Mahagitsiri stated, "We are extremely pleased that our shareholders have come out to support the plan put forward by management and the board. The rationale to solidify and grow the company's asset base is strong indeed, and now that the rights issue has been completed successfully, we will put our focus towards identifying and purchasing assets for our dry bulk shipping and offshore services businesses."

Dry bulk shipping vessels, both new and second-hand, are becoming advantageously priced, as the business remains at or near the bottom of its industry cycle. The purchase of assets today will allow TTA to invest counter-cyclically, in anticipation of an up-turn in the next 18 months. The purchase of new-build tender drilling rigs will also be explored, since Mermaid's two active tender drilling rigs are approaching the end of their useful lives.

"We have already begun to explore opportunities to purchase targeted assets in the new-build and second hand market," added M.L. Chandchutha Chandratat, TTA's president & CEO. "Our banking partners have shown interest and expressed positive feedback regarding our fleet renewal plans as well as our business model. With their continued support, we expect to be able to execute well-priced purchases on advantageous terms that will help build long term, sustainable value through a lower-cost asset base than many of our competitors."