



## **TTA proposes capital increase for worthwhile investment opportunities and future returns**

**Bangkok, Thailand, 31 October 2012** -- Thoresen Thai Agencies Public Company Limited ("TTA") today announced plans for a capital increase to raise THB 9,910 million through a Rights Offering ("RO") at a ratio of one existing share to one newly issued share at a price of THB 14. TTA proposes to issue 708,004,413 new shares through this RO, a number equal to that of its total outstanding shares. The funds will be deployed to support opportunistic investments as part of Thoresen Shipping's fleet expansion as well as potential opportunities in the offshore oil and gas services sector. The structure has been designed to provide every shareholder the opportunity to participate in TTA's future success.

All shareholders will be entitled to exercise their rights by subscribing to one newly issued share for each existing share they hold during the subscription period, which has been set from 15 January 2013 to 21 January 2013. Any remaining shares resulting from unexercised rights after the subscription period will be allocated to a private placement in one or several tranches. This capital increase structure is subject to shareholder approval at TTA's Extraordinary General Meeting of Shareholders ("EGM"), which will be held on 14 December 2012.

Major shareholder and TTA Director Chalermchai Mahagitsiri stated, "After a careful review, significant opportunities to invest for growth and future returns have become apparent. Working closely together, TTA's management, and Board have crafted a strategy whereby all shareholders will have the opportunity to come together and ultimately share in future rewards. In an environment of depressed asset values in the dry bulk shipping industry, as well as strong prospects for the offshore oil & gas services sector, the time is right to raise capital in order to create long term, sustainable momentum and value for TTA. As a major shareholder, I support this plan and look forward to exercising my rights options."

"Over the last 18 months, the Company has weathered a difficult operating environment in its three business groups, dry bulk shipping in particular, which as an industry, saw the lowest freight rates in over 20 years in 2012," commented M.L. Chandchutha Chandratat, TTA's President & CEO. "We have worked hard to rationalise the operations of our core subsidiaries and re-emerge a leaner, more efficient, and more profitable entity. Part of this process included an evaluation of our investment needs and what we identified was a clear rationale to invest in additional dry bulk vessels for Thoresen Shipping over the next 12-18 months. Furthermore, offshore oil and gas services demand continues to increase as oil prices have stabilised above US\$ 100 per barrel, which could lead to further investments in this sector. This is not the first time we have taken proactive steps in anticipation of industry cycles, a previous example being the selling off of aging and uncompetitive dry bulk vessels before the worst of the shipping down cycle took place."

Depending on market conditions, opportunities and timing, TTA plans to fund the purchase of up to 15 Supramax class vessels, either brand new or second hand (not

older than eight years). In 2008, a five year old Supramax vessel traded above US\$ 70 million, while the average price over the last 10 years has stood at around US\$ 30 million. Today, there are already opportunities to pick up high-quality, modern, efficient second-hand vessels below US\$ 20 million, as evidenced by Thoresen Shipping's most recent purchase of the Thor Insuvi for US\$ 19.2 million. As freight rates remain low during the next 12 months, asset prices are expected to decrease even further and bottom out in 2013 before a gradual pick-up in 2014.

Thoresen Shipping, which currently operates a fleet of 16 owned vessels, charters in additional tonnage to meet growing customer demand. The business, which already has one of the most streamlined operating cost structures in the industry, expects the purchase of additional tonnage to reap significant added benefits.

Positive developments are also taking place at Mermaid Maritime Public Company Limited ("Mermaid"). A Mermaid joint venture recently signed a US\$ 530 million five-year inspection, repair, and maintenance services contract, of which Mermaid's share will be 60%-70%. Meanwhile, Asia Offshore Drilling ("AOD"), in which Mermaid holds a 33.75% stake, recently won its inaugural contract for the first of its three high specification jack-up drilling rigs, valued at US\$ 236.5 million over three years. "These recently signed contracts confirm strong upward momentum in this business," Mr. Mahagitsiri said.

"On the back of cost cutting and revenue maximisation efforts, Thoresen Shipping has been able to achieve industry cost leadership during a period of record low freight rates. The ability for us to invest counter-cyclically will carve out further advantages, giving us a lower cost base than our competitors for many years to come," concluded M.L. Chandchutha Chandratat. "Meanwhile, in the oil and gas services sector, we want to ensure we retain the flexibility to support any needs that Mermaid may identify to grow in what is increasingly becoming a very attractive market for both subsea services and drilling. I hope that our shareholders share the view that raising capital today to invest at an opportune time in the market cycle will result in good returns for everyone and support this transaction."

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#### **About TTA**

Thoresen Thai Agencies Public Company Limited ("TTA") is a strategic investment holding company listed on the Stock Exchange of Thailand (TTA:TB). Its investment strategy is to grow through a balanced and diversified business portfolio of transport, energy, and infrastructure assets, both domestically and internationally. TTA's evolution from a dry bulk shipping operator began in 2005 with an investment in subsea engineering firm Mermaid Maritime Public Company Limited, which has since been listed on the Singapore Stock Exchange (MMT:SP). Since then, TTA has acquired interests in fertiliser and logistics (Baconco Co., Ltd.) coal-related businesses (SKI Energy Resources Inc, Merton Group (Cyprus) Limited and Unique Mining Services Public Company Limited), petroleum tankers (Petrolift, Inc) and a port in Southern Vietnam (Baria Joint Stock Company of Service for Import Export of Agro Forestry Products and Fertilizers).

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