

# TTA loses \$74.6M, but its Singapore unit profits



TTA's Thor Neptune

THORESEN Thai Agencies said today it lost 2.35Bn baht (\$74.6M) for the three months ending 30 June.

However, its Singapore-based shipping arm, Thoresen Shipping Singapore, posted pre-tax profits of 41M baht during the company's third quarter, reversing negative EBIT of 17M baht in the same period last year.

During 3Q, the Thai group booked a significant non-cash impairment of 2.319Bn baht, involving TTA's investment in Unique Mining Services; that unit continues to face difficult operating conditions stemming from a Samut Sakorn government order to close one of its two plants because of environmental hazards.

Thoresen Shipping said its results derived from higher freight rates and repositioning of ships to exploit profitable North Atlantic routes; it also chartered in additional tonnage, resulting in a full-time fleet equivalent of 21 vessels in the period, from 16 in the previous quarter.

With effective cost control initiatives in place, Thoresen Shipping was able to bring its vessel operating expenses down by 37% y/y and 10% quarter-on-quarter.

Improved inventory management of spares, implementation of pool purchasing and reduction in lube oil consumption were among the primary initiatives, while dry-docking savings were also realised as a result of Thoresen Shipping's modern fleet and on-board maintenance initiatives.

"The fact that Thoresen Shipping delivered a marginal profit in a quarter which saw the second lowest Baltic Dry Index average in nearly six years is testament to the efforts of the team in finding ways to maximise revenues while keeping a close check on operating and maintenance costs," said David Ames, executive VP for transport.

"While we continue to run the business in a climate of economic uncertainty, Thoresen Shipping has proven it can operate rationally and profitably, and is no doubt set to capitalise on a market upturn over the next 12-24 months."

He pledged to "focus on our fleet renewal plan, which looks to boost Thoresen Shipping's owned fleet from 16 today, to up to 24-30 vessels by 2015".

TTA's energy business contributed 73M baht in profits, up from 22M baht a year ago. Its offshore and marine unit Mermaid Maritime saw revenue climb 21% y/y to 1.75Bn baht, as utilisation of its vessels soared.

TTA president ML Chandchutha Chandratat predicted tough times ahead for drybulk shipping, but expressed optimistic about his operation: "With a formidable team and winning strategy now well in place at Thoresen Shipping, we have a strong, competitive business built for sustainable long-term growth."

TTA's stock was flat at 15.40 baht.