

PRECIOUS SHIPPING  
THAILAND / TRANSPORT & LOGISTIC

## PSL TB

HOLD

## ปีที่ยากลำบากรออยู่ข้างหน้า

- ดัชนี BSI เริ่มปี 2023 ด้วยการปรับตัวลดลง 41% ในปี 2023 YTD ซึ่งเป็นระดับต่ำสุดตั้งแต่เดือน มิ.ย. 20
- กำไรสุทธิปรับตัวลดลง 55% q-q และ 66% y-y ใน 4Q22 เราคาดว่ากำไรสุทธิจะลดลง 32% ในปี 2023 และปรับขึ้น 6.4% ในปี 2024
- เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 17 บาท

TARGET PRICE	THB17.00
CLOSE	THB16.40
UP/DOWNSIDE	+3.7%
TP vs CONSENSUS	-10.4%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	9,129	7,700	8,076	8,257
Net profit	4,851	3,277	3,488	3,543
EPS (THB)	3.11	2.10	2.24	2.27
vs Consensus (%)	-	(32.0)	5.9	(1.8)
EBITDA	6,553	5,042	5,312	5,331
Core net profit	4,850	3,277	3,488	3,543
Core EPS (THB)	3.11	2.10	2.24	2.27
EPS growth (%)	11.8	(32.4)	6.4	1.6

## หนึ่งในบริษัทเจ้าของเรือขนส่งสินค้าทั่วไปที่ใหญ่ที่สุดของโลก

PSL เป็นหนึ่งในบริษัทเจ้าของเรือขนส่งสินค้าทั่วไปที่ใหญ่ที่สุดในโลก บริษัทฯ ให้บริการเรือขนาด 10,000 ถึง 69,000 DWT ในตลาดเรือเดินสมุทรประเภทไม่ประจำทาง ณ. สิ้นปี 2022 PSL มีเรือเทกองสำหรับสินค้าทั่วไปประจำการ 38 ลำมีความสามารถในการบรรทุกสินค้ารวม 1,657,579 DWT กองเรือของบริษัทฯ ประกอบด้วยเรือ Handysize 17 ลำ เรือ Supramax 9 ลำ เรือ Ultramax 8 ลำและเรือบรรทุกปูนซีเมนต์ 4 ลำ กองเรือมีอายุเฉลี่ยรวมอยู่ที่ 10.7 ปี ณ. สิ้นปี 2022 ซึ่งต่ำกว่าอายุกองเรือเฉลี่ยของโลกที่ประมาณ 12 ปี

## ตลาดเรือสินค้าเทกองสินค้าทั่วไปมีแรงกดดันในปี 2023

ดัชนี BSI เริ่มปี 2023 ด้วยการปรับตัวลดลง 41% ในปี 2023 YTD ซึ่งเป็นระดับต่ำสุดตั้งแต่เดือน มิ.ย. 20 ในขณะที่โดยปกติการวางเรือจะอยู่ในระดับต่ำในตอนต้นปีโดยเฉพาะอย่างยิ่งในช่วงตรุษจีนเนื่องจากจีนเป็นผู้ผลิตสินค้าที่สำคัญที่สุดในโลกสำหรับความต้องการเรือเทกองสำหรับสินค้าทั่วไป จีนเพียงประเทศเดียวน่าจะไม่สามารถช่วยพยุงตลาดเรือเทกองได้ในปี 2023 เนื่องจากอุปทานและอุปสงค์โลกยังไม่สมดุล ปัญหาความแออัดที่ท่าเรือจากห่วงโซ่อุปทานที่ติดขัดได้บรรเทาลงอย่างมีนัยสำคัญ เรือชนิดต่าง ๆ ต้องจอดรออยู่ในท่าซึ่งทำให้ต้นทุนเรือขนส่งและเรือเช่าเหมาลำลดลงและทำให้การวางสินค้าเทกองลดลงด้วย

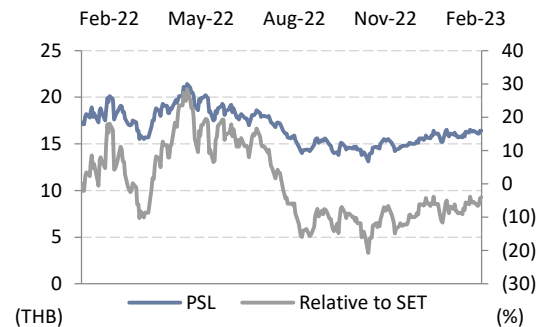
## คาดการณ์กำไรลดลง 32% ในปี 2023

ในช่วง 1H22 ตลาดเรือเทกองสำหรับสินค้าทั่วไปอยู่ในแนวโน้มขาขึ้น แต่กลับปรับตัวลดลงมาตั้งแต่ 3Q22 จากการเติบโตที่ตกต่ำของอุปสงค์การค้าโลก การขนส่งถ่านหินและสินแร่เหล็กที่อ่อนตัวต่อเนื่องใน 4Q22 ได้ทำให้อัตราค่าระวางปรับตัวลดลงเพิ่มเติม ใน 4Q22 PSL มีรายได้รวมลดลง 31% q-q และ 38% y-y ในขณะที่กำไรสุทธิอยู่ที่ 605 ลบ. (-55% q-q, -66% y-y) ซึ่งต่ำกว่าประมาณการของตลาด 29% เราคาดว่า TCE rate จะลดลง 33% มาอยู่ที่ USD13,339 ต่อวันในปี 2023 ก่อนปรับขึ้น 3.0% ในปี 2024 รายได้รวมน่าจะลดลง 16% เป็น 7.7 พัน ลบ. ในปี 2023 และโต 4.9% ในปี 2024 กำไรสุทธิน่าจะลดลง 32% ในปี 2023 ซึ่งยังสูงกว่าระดับก่อนโควิดอยู่มากและคาดการณ์ปรับขึ้น 6.4% ในปี 2024

## เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 17 บาท

เราได้ราคาเป้าหมายที่ 17 บาท อิง P/E 8.0x เท่ากับค่าเฉลี่ย 2 ปีย้อนหลัง อย่างไรก็ตาม ผลประกอบการของ PSL มีความผันผวนสูงและพึงจะพลิกเป็นกำไรได้เมื่อเร็ว ๆ นี้ในปี 2021 ดังนั้นค่า P/E ratio ในอดีตจึงไม่ยาวพอที่จะใช้อ้างอิงได้ ราคาเป้าหมายของเราคิดเป็น 1.4x ของค่า 2023E P/BV ซึ่งต่ำกว่าค่าเฉลี่ยของ 2 ปีที่มีกำไรในอดีตที่ 1.9x อยู่เล็กน้อย เราเริ่ม PSL ด้วยคำแนะนำถือ

Core P/E (x)	5.3	7.8	7.3	7.2
Dividend yield (%)	10.7	6.4	6.8	6.9
EV/EBITDA (x)	4.8	6.0	5.6	5.5
Price/book (x)	1.6	1.4	1.4	1.4
Net debt/Equity (%)	34.4	24.5	22.0	20.4
ROE (%)	31.5	18.9	19.2	19.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.6)	13.1	(5.7)
Relative to country (%)	0.4	11.2	(3.8)
Mkt cap (USD m)	758		
3m avg. daily turnover (USD m)	4.0		
Free float (%)	48		
Major shareholder	Globex Corporation Limited (28%)		
12m high/low (THB)	21.80/12.80		
Issued shares (m)	1,559.29		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 13 กุมภาพันธ์ 2023

## Investment thesis

PSL is one of the world's largest dry cargo ship-owning firms servicing the geared (10,000 to 69,000 deadweight tonnage (DWT)) sector of the tramp freight market. As of end-2022, its fleet comprises 17 Handysize vessels, 9 Supramax, 8 Ultramax, and 4 cement carriers. After registering an all-time high core profit in 2022, we believe PSL's profit will come off the high in 2023 due to a correction of the bulk carrier rates in the dry bulk shipping market. In our view, the main swing factor will be China. But China alone will likely not be able to offset the weak demand in the US and Europe and the surplus of dry bulk tonnage.

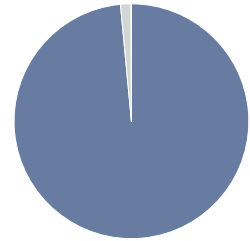
## Company profile

Precious Shipping (PSL) is a pure dry cargo ship-owner operating in the Handysize, Supramax and Ultramax sectors of the tramp freight market. PSL was founded in 1989, commenced commercial operations in March 1991, and listed on the Stock Exchange of Thailand in September 1993. As of end-2022, PSL has 38 fleet vessels worth USD799m in book value, with an aggregate capacity of 1,657,579 DWT.

[www.preciousshipping.com](http://www.preciousshipping.com)

## Principal activities (revenue, 2022)

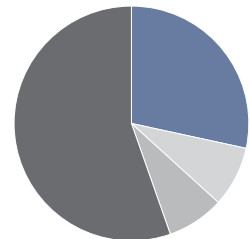
- Time charter - 98.5 %
- Voyage charter - 1.4 %
- Service revenue - 0.0 %



Source: Precious Shipping

## Major shareholders

- Globex Corporation Limited - 28.4 %
- Graintrade Limited - 8.3 %
- Bank Julius Baer & Co. Ltd., Singapore - 7.9 %
- Others - 55.4 %



Source: Precious Shipping

## Catalysts

Key potential catalysts include 1) fewer ships being built, which could reduce global fleet capacity; 2) China's stimulus package to boost the economy; and 3) higher CAPEX by the global energy sector which would create opportunities for TTA's offshore service segment.

## Risks to our call

Downside risks to our PE-based TP include 1) a fall in freight rates (time charter equivalent (TCE)); 2) exchange rate volatility; 3) China's slow economic growth; and 4) regulatory risks, including new EEXI and CII requirements, effective 1 Jan-23. An upside risk would be a sooner-than-expected global economic recovery.

## Event calendar

Date	Event
Apr 2023	Annual General Meeting
May 2023	1Q23 results announcement

## Key assumptions

	2022	2023E	2024E	2025E
TCE rate (USD/day)	19,924	13,339	13,739	14,179
TCE rate growth (%)	(2.0)	(33.1)	3.0	3.2
OPEX (USD/day)	4,975	5,129	5,187	5,239
Gross margin (%)	62.7	54.0	55.2	54.7
SG&A to sales (%)	4.1	5.1	4.9	4.9

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% change in its TCE rate, we project PSL's 2023 net profit to change by 1.4%, all else being equal.
- For every 1% change in gross margin, we project PSL's 2023 net profit to change by 2.5%, all else being equal.

Source: FSSIA estimates



## PSL at a glance

PSL was founded in 1989 to operate dry bulk ships on a tramp shipping basis, meaning the vessels do not have a predetermined port schedule. As of end-2022, PSL operates 38 dry bulk vessels, amounting to 1,657,579 DWT. Its fleet comprises 17 Handysize vessels, 9 Supramax, 8 Ultramax, and 4 cement carriers. PSL is one of the world’s largest dry cargo ship-owning firms servicing the geared (10,000 to 69,000 DWT) sector of the tramp freight market. The geared sector consists of two sub-sectors which are 1) The Handysize sector – ships with 10,000-39,000 DWT; and 2) the Supramax/Ultramax sector – ships with 40,000-69,000 DWT. PSL’s strategy has been to expand its fleet by acquiring larger, younger, more modern, and fuel-efficient ships. The average age of PSL’s total fleet was 10.7 years at end-2022, younger than the world’s average fleet age of about 12 years.

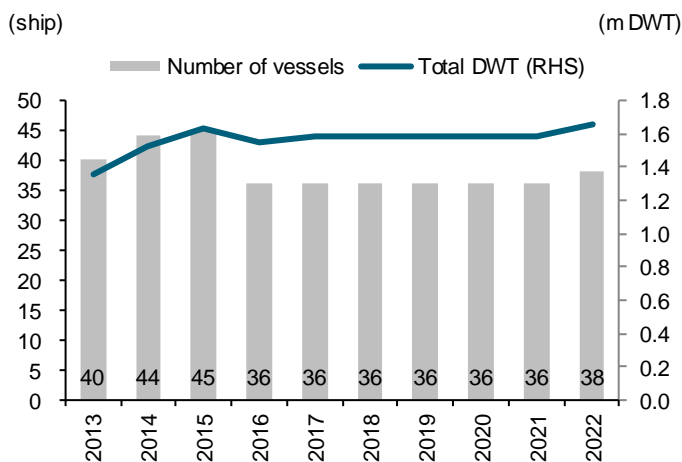
Principal cargoes provided by PSL are cement, agricultural products, fertilisers, steel, ores and concentrates, coal, and logs. PSL can provide services across many regions, such as North America, Europe, Latin and South America, Africa, India, the Middle East, South East and Far East Asia. While larger ships cannot operate in ports with limited infrastructure, PSL’s ships can because the company’s ships have self-loading and unloading equipment. Therefore, PSL’s geared ships are preferred over the larger, gearless ships, and they enjoy relatively higher charter rates as compared to other operators.

PSL’s ships can sail across the world depending on its clients. The company’s ships have been employed under time charter and voyage charter contracts:

- Time charter – the charterer pays charter hire to PSL to operate the ships for an agreed time period. The charterer bears all vessel costs, including the bunker fuel cost. Under this type of charter, PSL retains legal possession of the ship.
- Voyage charter – the charterer pays freight to PSL to transport a cargo to designated ports. In this case, PSL bears all the voyage costs, including the cost of bunker fuels.

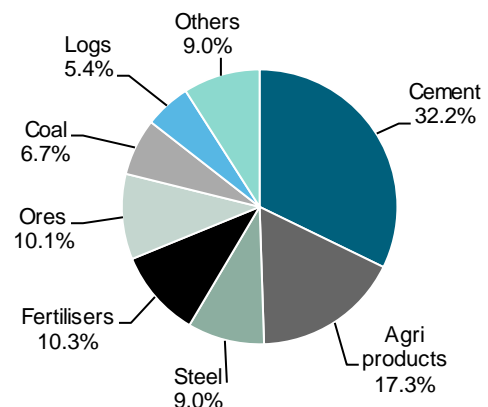
During the past five years, about 85%-90% of total operating revenue came from time charter services, and the balance was made up by voyage charters.

Exhibit 1: PSL’s fleet



Source: PSL

Exhibit 2: Cargoes carried in 2021



Source: PSL

## 4Q22/2022 results summary

2022 was a correction year for freight rates, especially for the smaller vessel category, Handysize, after the exceptionally high levels in 2021. In 1H22, the dry bulk shipping market saw an uptrend, but has suffered a slump since 3Q22 due to the sluggish global trade demand growth in response to high inflation rates and reduced port congestion. The ongoing weak iron ore and coal shipments during the last quarter of 2022 made the freight rates retreat further. The BSI (Supramax) in 4Q22 averaged 1,327 points, a decrease of 26% q-q and 52% y-y. The average BHSI (Handysize) stood at 822 points, a slip of 21% q-q and 53% y-y. PSL's earnings (TCE) per ship per day in 4Q22 were USD14,343 (-28% q-q, -46% y-y). Therefore, its total revenue in 4Q22 declined by 31% q-q and 38% y-y to THB1.7b. Although its vessels running expense (OPEX) sank to USD4,815 (-6.7% q-q, -8.1% y-y) it could not offset the fall in revenue. PSL's gross margin plunged to 49.6% in 4Q22 from 60.5% in the previous quarter and 71.2% in 4Q21. 4Q22 EBITDA was THB1.1b (-39% q-q, -50% y-y) and net profit was THB605m (-55% q-q, -66% y-y), lower than the Bloomberg consensus by 29%.

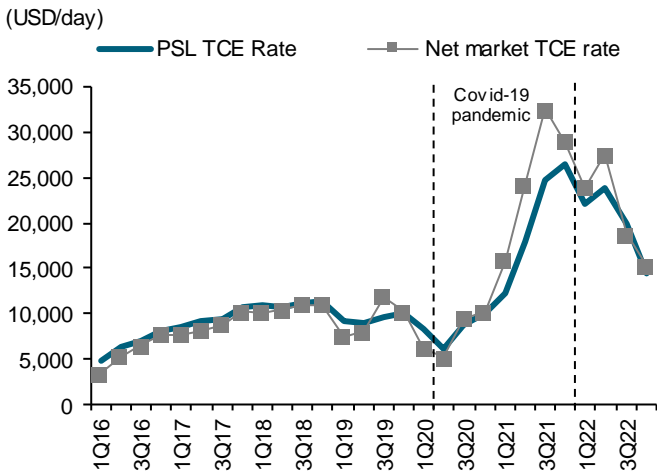
For 2022, PSL achieved a TCE rate of USD19,924, lower than that of 2021 by 2.0%. However, the baht depreciation made its total revenue grow by 6.0% y-y to THB9.1b. Its gross margin increased to 62.7% in 2022 from 61.6% in 2021, mainly due to lower dry-docking and special survey expenses. Its 2022 net profit was THB4.85b (+8.4% y-y), a 14-year high, but lower than our expectation by 4%.

### Exhibit 3: 4Q22/2022 results summary

Year to Dec 31	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,812	2,281	2,616	2,500	1,731	(30.7)	(38.4)	8,615	9,129	6.0
Cost of sales	811	767	775	986	873	(11.5)	7.6	3,305	3,401	2.9
Gross profit	2,001	1,514	1,842	1,513	859	(43.3)	(57.1)	5,311	5,728	7.9
Operating costs	170	131	116	118	151	27.7	(11.4)	581	517	(11.1)
Operating profit	1,831	1,383	1,725	1,395	708	(49.3)	(61.3)	4,730	5,212	10.2
Operating EBITDA	2,144	1,683	2,046	1,754	1,072	(38.9)	(50.0)	5,948	6,555	10.2
Other income	2	2	2	2	11	431.1	537.5	3	17	397.8
Interest expense	78	82	95	107	109	2.4	39.9	415	392	(5.5)
Profit before tax	1,755	1,304	1,632	1,291	610	(52.8)	(65.2)	4,318	4,837	12.0
Tax	2	0	0	0	15	100.0	812.5	2	15	812.5
Associates	8	2	7	10	10	2.9	27.4	23	29	27.8
Minority interests	0	0	0	0	0	0.0	406.5	0	0	0.0
Reported net profit	1,769	1,294	1,660	1,348	605	(55.1)	(65.8)	4,475	4,851	8.4
Core profit	1,761	1,305	1,639	1,301	605	(53.5)	(65.7)	4,339	4,850	11.8
Reported EPS (THB)	1.14	0.83	1.06	0.86	0.39	(54.9)	(65.9)	2.87	3.11	8.4
Core EPS (THB)	1.13	0.84	1.05	0.83	0.39	(53.5)	(65.7)	2.78	3.11	11.8
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	71.2	66.4	70.4	60.5	49.6	(11.0)	(21.6)	61.6	62.7	1.1
Operating margin	65.2	60.8	66.0	55.9	41.6	(14.4)	(23.6)	55.0	57.3	2.3
EBITDA margin	76.3	73.8	78.2	70.2	61.9	(8.3)	(14.3)	69.1	71.8	2.8
Recurring net margin	62.6	57.3	62.7	52.1	35.0	(17.1)	(27.7)	50.4	53.2	2.8
SG&A / Sales	4.3	4.2	2.9	3.4	6.7	3.3	2.4	4.7	4.1	(0.7)
<b>Operating statistics</b>						<b>(q-q %)</b>	<b>(y-y %)</b>			<b>(y-y %)</b>
No. of vessels (ships)	36	36	37	38	38	0.0	5.6	36	38	5.6
BSI Index (Supramax) – average	2,771	2,287	2,627	1,793	1,327	(26.0)	(52.1)	2,424	2,006	(17.3)
BHSI Index (Handysize) – average	1,743	1,338	1,531	1,039	822	(20.9)	(52.9)	1,424	1,181	(17.0)
PSL's TCE rate (USD/ship/day)	26,429	21,995	23,901	19,840	14,343	(27.7)	(45.7)	20,338	19,924	(2.0)

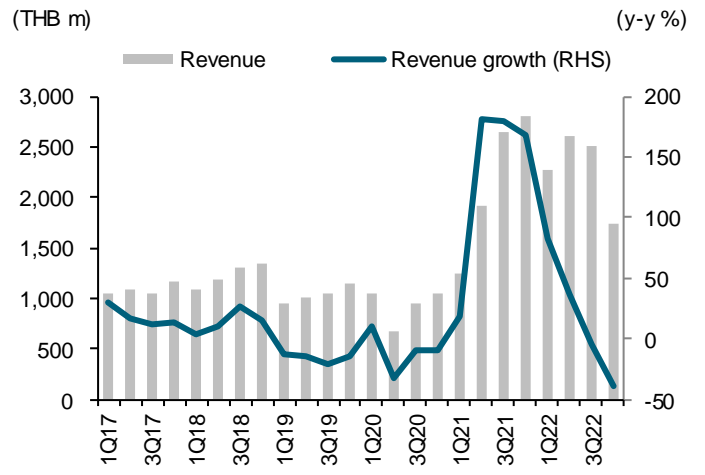
Source: PSL

**Exhibit 4: Market TCE rate vs PSL's TCE rate**



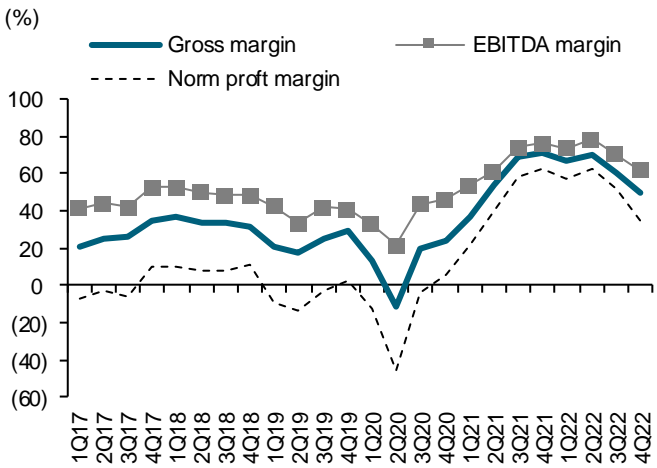
Source: PSL

**Exhibit 5: Revenue and growth, quarterly**



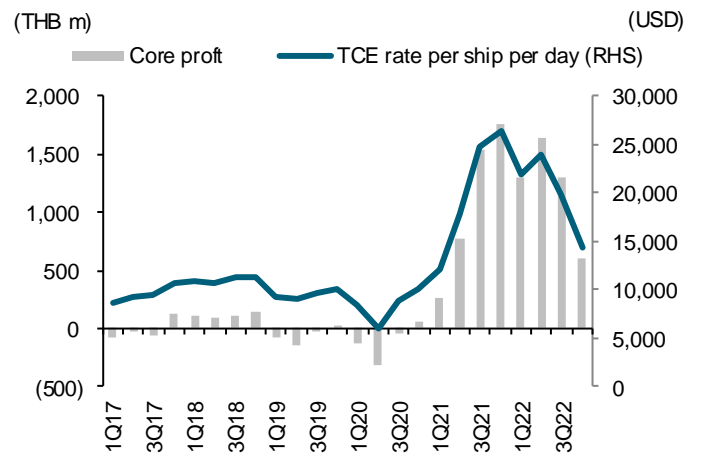
Source: PSL

**Exhibit 6: Margins, quarterly**



Source: PSL

**Exhibit 7: Core profit vs PSL's TCE rate**



Source: PSL

## Dry bulk market under pressure in 2023

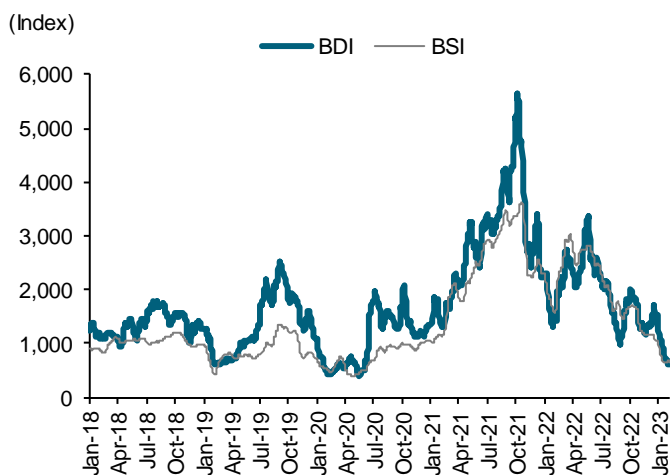
The dry bulk market may continue to face headwinds despite China’s reopening. China’s factory activity shrank more slowly in January with the Caixin/S&P Global PMI reading nudging up to 49.2 from 49.0 in December – still below the 50 mark which separates expansion from contraction for the sixth straight month. China’s official PMI survey rose to 50.1 from 47.0 in the previous month, slightly inching above the 50-point threshold. Manufacturing activities across Asian economies in January mostly contracted, underscoring the fragility of the economic recovery.

World Trade Organization (WTO) economists predicted that world trade would remain subdued in 2023 as several shocks weigh on the global economy. They forecast a 1.0% rise in the global merchandise trade volume in 2023, down from the estimate of 3.4% growth in 2022.

The Baltic Dry Index (BDI) slid 913 points to 602 on 10 Feb-23 (-60% 2023 YTD), its lowest level since Jun-20. The BSI, which tracks iron ore, grain and coal cargo, dipped to 628 points, -41% 2023 YTD, the lowest in 17 months even after the Lunar New Year.

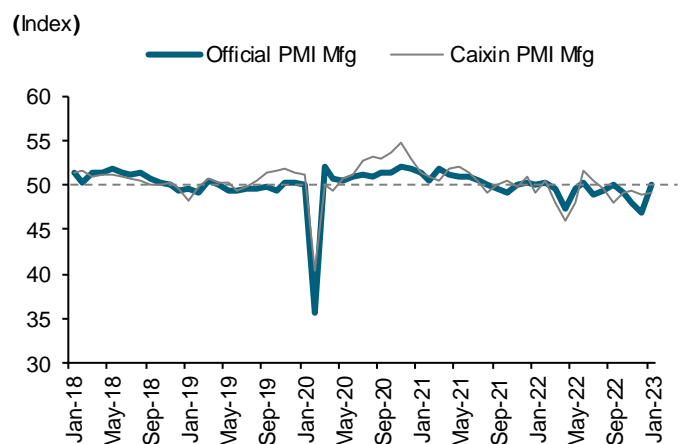
In 2023, iron ore trade is likely to be stagnant and steel demand should remain subdued due to China’s property crisis. We also anticipate minor bulk trade to soften due to weak steel demand in China. Dry bulk trade should slightly pick up by 0.8% in 2024, based on our estimates. In addition to slower trade demand, port congestion has eased significantly, resulting in more free capacity and falling freight rates. This indicates that the BDI may decline further by 15%-20% from the current level. However, the dry bulk freight market should recover in 2024, helped by new regulations to reduce carbon emissions, as older, less-efficient ships are scrapped. Reductions in global shipping capacity should support freight rates, in our view.

**Exhibit 8: BDI and BSI**



Source: Bloomberg

**Exhibit 9: China’s manufacturing PMI**



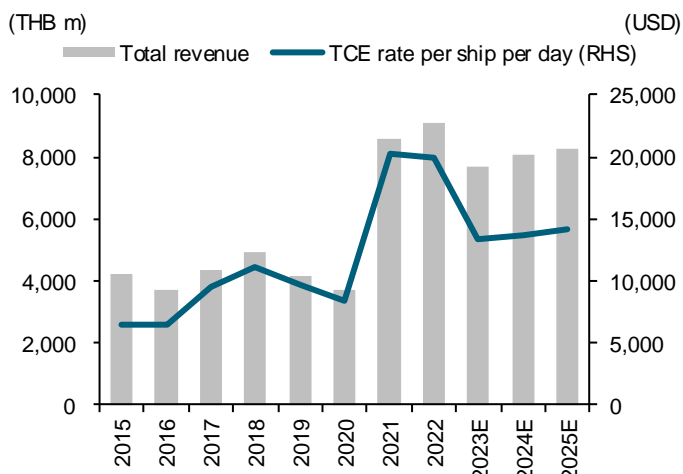
Source: Bloomberg

## A tough year ahead

China, the world’s largest driver of dry bulk demand, will likely not be able to rescue the bulk market in 2023, as the global supply and demand remain imbalanced. Port congestion caused by supply chain disruption has eased significantly. Vessels have idled in ports, thus, the cost of freight and charter has dropped, resulting in falling bulk cargo rates.

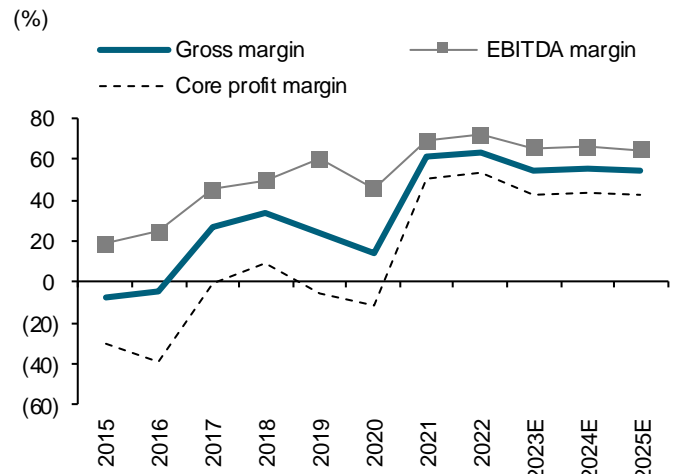
We forecast PSL’s TCE rate to fall by 33.1% to USD13,339 per day in 2023 before rising 3.0% in 2024. Its total revenue should decline by 16% to THB7.7b in 2023 and grow by 4.9% to THB8.1b in 2024. We expect the gross margin to fall from 62.7% in 2022 to 54.0% in 2023, but improve to 55.2% in 2024. The company’s net profit is, therefore, expected to significantly slip by 32.4% to THB3.3b in 2023 – still far above the pre-Covid level – and rise by 6.4% in 2024.

**Exhibit 10: Revenue and TCE rate**



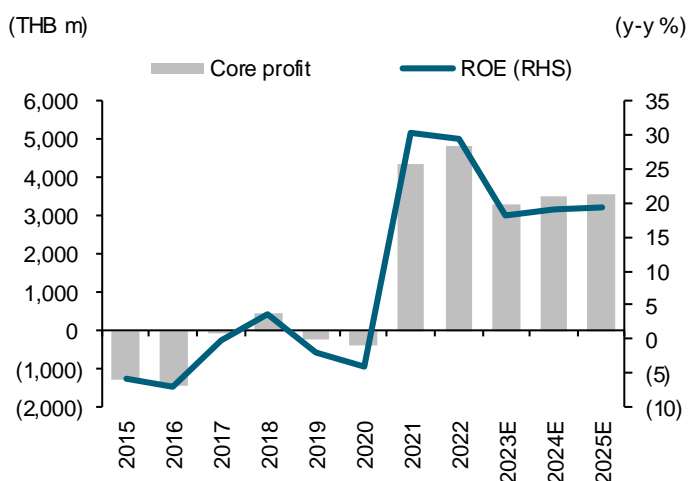
Sources: PSL, FSSIA estimates

**Exhibit 11: Margins, annually**



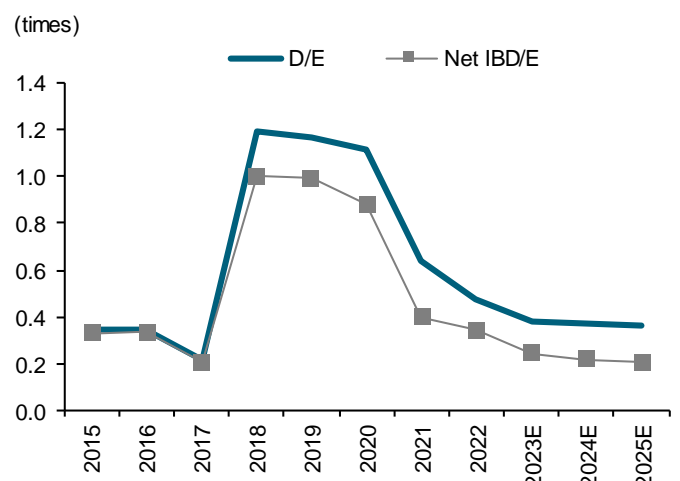
Sources: PSL, FSSIA estimates

**Exhibit 12: Core profit and ROE**



Sources: PSL, FSSIA estimates

**Exhibit 13: D/E and IBD/E**



Sources: PSL, FSSIA estimates



## Valuation

We derive our TP of THB17 for PSL based on 8.0x 2023E P/E, equal to its two-year average. Given that PSL's bottom line was highly volatile and recently turned profitable in 2021, the historical P/E ratio is not long enough for reference. Our TP implies 1.4x 2023E P/BV, slightly below its two-profitable-year historical average of 1.9x. We initiate coverage on PSL with a HOLD rating.

### Exhibit 14: Dry bulk operators – peers comparison as of 10 Feb-23

Company	BBG	Share price	Market Cap	---- EPS growth ----		----- PE -----			----- PBV -----		--- EV/ EBITDA ---	
				22E	23E	22E	23E	24E	22E	23E	22E	23E
		(LCY)	(USD m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
<b>Thailand</b>												
Thoresen Thai Agencies PCL	TTA TB	7.95	429	22	(38)	3.4	5.5	5.5	0.5	0.5	2.9	2.7
Precious Shipping PCL	PSL TB	16.4	758	12	(32)	5.3	7.8	7.3	1.6	1.4	4.8	6.0
<b>Thailand average</b>			<b>1,187</b>	<b>16.7</b>	<b>(35.1)</b>	<b>4.3</b>	<b>6.6</b>	<b>6.4</b>	<b>1.0</b>	<b>1.0</b>	<b>3.9</b>	<b>4.3</b>
<b>Regional</b>												
Eagle Bulk Shipping INC	EGLB US	58.19	796	47	(64)	3.3	9.2	8.0	1.0	0.9	2.8	5.2
D/S Norden	DNORD DC	411.60	2,182	260	(53)	2.9	6.2	8.1	1.6	1.5	1.8	2.7
Diana Shipping INC	DSX US	4.07	402	112	(48)	3.3	6.2	5.2	0.8	0.7	4.2	4.6
Globus Maritime Limited	GLBS US	1.17	24	29	(58)	0.9	2.2	1.1	0.1	0.1	0.7	1.0
Genco Shipping & Trading Ltd	GNK US	18.31	775	(13)	(29)	4.9	6.9	5.8	1.3	1.2	3.9	4.8
Navios Maritime Partners LP	NMM US	27.49	847	(27)	22	1.8	1.4	1.6	0.3	0.3	3.8	3.0
Star Bulk Carriers Corp.	SBLK US	22.91	2,353	(14)	(37)	3.9	6.2	4.8	1.1	1.1	4.2	5.8
<b>Regional average</b>			<b>7,378</b>	<b>56.4</b>	<b>(38.0)</b>	<b>3.0</b>	<b>5.5</b>	<b>5.0</b>	<b>0.9</b>	<b>0.8</b>	<b>3.1</b>	<b>3.9</b>
<b>Overall average</b>			<b>8,565</b>	<b>47.6</b>	<b>(37.3)</b>	<b>3.3</b>	<b>5.7</b>	<b>5.3</b>	<b>0.9</b>	<b>0.9</b>	<b>3.2</b>	<b>4.0</b>

Sources: Bloomberg; FSSIA estimates

## Corporate Governance – PSL

### Board structure

Independent Directors (ID)	5 of 12 board members, 2 females
Percentage of IDs on the board	42%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 2/3 in remuneration committee
ID terms	Nine years consecutively. Extension of an ID will be justified by the Board, in consideration of various factors including independency and renewal needs shareholders' approval.

Additional information: PSL does not specify ID term but follow the SEC's guideline of not exceeding nine years from the first day of service with extension subject to the board's review of the ID independency. The Board considered that ruling of term would be unrealistic because suitable and qualified candidate are rare. However, for an ID retired by the SEC's nine-year guidance, the Board will review by taking into account of various factors including the ID independency before proposing for the shareholders' approval at the shareholders' meeting.

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB7.25m vs net profit of THB4,475m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: None

### ESG and sustainability management

Precious Shipping PCL (PSL) is a pure dry cargo ship-owner operating in the Handysize, Supramax and Ultramax sectors of the tramp freight market, established in 1989 and commenced commercial operations in 1991, and listed on the Stock Exchange of Thailand in 1993. At end of 3Q22, PSL had 38 vessels with a total DWT of 1,657,579 and 10.7 average age. PSL's revenue is mostly generated from time charter (79.7%, 76.6%, and 87.6% in 2019-2021, respectively), while the rest is from voyage charter. For time charter, the charterer pays PSL to operate the vessel for an agreed period by bearing all voyage costs, including the cost of bunker fuels. For voyage charter, the charterer pays freight to PSL to transport a particular cargo between two or more designated ports (usually in USD/tonne); PSL bears all the voyage costs, including the cost of bunker fuels.

PSL operates on a tramp-shipping basis, where the vessels do not have a predetermined schedule of the ports. Principal cargoes handled by PSL are cement, agricultural products, steel, fertilisers, ores and concentrates, coal, and logs. Geographically, PSL operates business in five regions: i) North America, ii) Europe, iii) Latin and South America - Africa, iv) Indian sub-continent – Middle East, and v) South East & Far East Asia.

Materiality issues	Activities and practices
Operating risk	<p>PSL's world-wide tramp trade ocean-going vessels are exposed to most harmful situations from nature, humans and machinery such as marine disasters, environmental mishaps, cargo damage and business interruptions due to mechanical failure, human error, political action, labor strikes, terrorism, cyber-attacks, piracy, adverse weather conditions, etc. All could be unexpected and costly in consequence.</p> <p>Rationally, the company adopts standards for an international ship operator in buying the international marine insurance with an adequate sum insured. <a href="#">At end of 3Q22</a>, PSL's fleet was worth USD637.6m on book value and USD799.2m on sum insured value.</p> <p>The operations of the Company depend on extensive and changing environment protection laws and other maritime regulations. Non-compliance of international regulations risks detention of vessels, leading to loss of time, which would lead to loss of revenues or claims from charterers. However, the Company is vigilant on these issues and maintains internationally prescribed safety and technical standards apart from relevant insurance covers.</p>
Regulatory risk	<p>IMO 2020, EEXI, and CCI</p> <p><b>IMO 2020</b> Beginning from 1 Jan 2020, the International Maritime Organization required shipping line operators to use ship fuel with a sulphur content of not more than 0.5 m/m (VLSFO), from traditional 3.5 m/m (HSFO) to ensure safe, secure, environmentally sound, and energy efficient on clean oceans. PSL simply followed the IMO's requirement by using VLSFO of no more than 0.5 m/m for the engines and boilers.</p> <p><b>EEXI</b> Energy Efficiency Existing Ship Index or EEXI is a design efficiency index and requires a one-time technical adjustment for non-compliant existing vessels. It describes the CO2 emissions per cargo ton-mile, by determining the standardised CO2 emissions related to installed engine power, transport capacity and ship speed. EEXI entered into force on 1<sup>st</sup> January 2023. Total number of ships in the worlds fleet remains unclear, but could be between 70% and 90% of all dry bulk ships.</p> <p><b>Impact on PSL's fleet</b></p> <ul style="list-style-type: none"> <li>• PSL's 23 vessels are outside the EEXI requirements; and only 16 need to reduce speed to comply with the Engine Power Limitation and the speed reduction would vary between 1.0 to 2.5 knots on each ship compared to speed used in 2021.</li> <li>• Estimated costs for the PSL fleet could be below USD1m, million i.e. USD 6,000/ship ships that meet EEXI requirements and USD 37,500/ship for those do not.</li> <li>• Implications for the effective supply of ships is for every 1K speed reduction will lower effective supply by 5.5%</li> </ul>

Additional information: None

### Audit Practices

Auditor	EY Office Limited
Length of service	More than five years
Reporting incidents	None
Fee track record	In 2021, <u>THB10.16m</u> comprising Audit fee to EY THB4.48m Non-audit fee to EY THB1.06m Audit fee to others THB3.66m Non-audit fee to others THB0.96m
Policy on change of audit firm	To review every five years

### Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

## ESG and sustainability management (cont.)

**CII** Carbon Intensity Indicator (CII) is an operational efficiency index, which aims to ensure continuous improvement in a vessel's emissions. The CII framework regulates the carbon emissions per unit of 'transport work' or the operating mileage each year. CII is expressed in grams of CO<sub>2</sub> per deadweight-nautical mile. The vessel is given an annual rating ranging from A to E, with ratings becoming increasingly stringent towards 2030. The CII requirements was effective since 1st January 2023. The CII will annually reduce a vessels carbon intensity. CII is a phased approach, with an annual successive carbon intensity reduction rate of 2% compared to the 2019 reference line from 2023 through to 2026. Total number of world fleet to be affected remains unclear, however, c30,000 ships of 5,000 gross tonnage (about 20,000 DWT) and above are subject to the requirements and will have to determine their required annual operational CII.

### Impact on PSL's fleet

- The CII is based directly on fuel consumption, which is influenced by how a specific vessel is operated in combination with its technical efficiency and type of fuel. PSL will control the CII by optimising operations and ensuring the vessels be in a good condition.

Oil price fluctuation	Impact is minimal as fuel cost is cost pass-through. For a voyage charter, freight rates are quoted and charged after incorporating the increased/ decreased fuel cost which is booked at the time of securing the business. For a time charter, customer will bear fuel cost.
Covid-19 pandemic	Operational cost was increased as travel restriction impacted routine crew change and vessel inspection.
Exchange rate risk	PSL uses US dollar as the functional currency, therefore, exposed to the risk of realising a foreign exchange loss in respect of its liabilities in currencies other than US dollars. In a bid to mitigate risk from non-USD denominated debt, the company uses a cross currency swap or option contracts whereby the principal and/or interest of the debt are converted into USD. Hedging may not be effective and may incur financial losses due to unfavourable exchange rate movements. At end of 2021 the Company has one loan facility which is denominated in Thai Baht and has converted the exposure into US Dollars through a USD/THB Swap.
Market risk	The shipping industry has been highly cyclical and seasonal, and volatile in profitability, vessel values and freight rates, resulting from changes in the supply of and demand for shipping capacity. Charter hire rates can be extremely volatile leading to large potential variations in financial results and profitability. In the past, PSL marketed in the spot market and therefore there had been fluctuations and cyclicity. However, since most of ships are in the geared sector (Handy, Supramax and Ultramax), the company is immune, to some extent, to volatility, deemed to have some downside protection against the cyclical nature.
Capacity replacement and expansion risk	When ships reach a certain age, they will be sold or recycled. Maintaining fleet size is costly and must be well-planned. To mitigate this risk, the company actively manages its liquidity position and monitors its compliance with all its financial covenants and ensures that it takes all steps necessary to remain in compliance with all its obligations by raising funds as and when required at the best possible terms.
ESG awareness	PSL presented the company's <a href="#">2021 Sustainability Report</a> in accordance with the Global Reporting Initiative (GRI) Standards, Carbon Disclosure Project (CDP) Reporting Framework, Task Force on Climate-Related Financial Disclosures ('TCFD') and the United Nations' Sustainable Development Goals (SDGs). The report covers the company's performance on material issues that matter most to stakeholders in the year 2021 and communicates material analysis on economic, environmental, social, sustainability governance and ethical issues that are relevant to stakeholders and may potentially impact the company.
Awards and recognitions for good corporate governance	<ul style="list-style-type: none"> <li>• Classified as a company with "Excellent" corporate governance for twelve consecutive years from 2010 to 2021, by Thailand's National CG Committee.</li> <li>• Received a score of 100 percent in respect of the conduct at the Annual General Meetings for 8 years; 2012, 2013, 2014, 2015, 2018, 2019, 2020 and 2021, by Thai Investors Association.</li> <li>• Signed a Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption (CAC) in 2018 and officially certified as a member of the CAC in August 2019.</li> </ul>

Additional information: [2021 One Report](#)

## Financial Statements

### Precious Shipping

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	8,615	9,129	7,700	8,076	8,257
Cost of goods sold	(2,091)	(2,076)	(2,131)	(2,224)	(2,374)
<b>Gross profit</b>	<b>6,525</b>	<b>7,052</b>	<b>5,569</b>	<b>5,852</b>	<b>5,883</b>
Other operating income	3	17	15	15	16
Operating costs	(581)	(517)	(542)	(555)	(568)
<b>Operating EBITDA</b>	<b>5,947</b>	<b>6,553</b>	<b>5,042</b>	<b>5,312</b>	<b>5,331</b>
Depreciation	(1,214)	(1,324)	(1,414)	(1,393)	(1,365)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,734</b>	<b>5,229</b>	<b>3,627</b>	<b>3,919</b>	<b>3,965</b>
Net financing costs	(415)	(392)	(381)	(356)	(347)
Associates	23	29	31	32	33
Recurring non-operating income	23	29	31	32	33
Non-recurring items	136	0	0	0	0
<b>Profit before tax</b>	<b>4,477</b>	<b>4,866</b>	<b>3,277</b>	<b>3,595</b>	<b>3,651</b>
Tax	(2)	(15)	0	(107)	(109)
<b>Profit after tax</b>	<b>4,475</b>	<b>4,851</b>	<b>3,277</b>	<b>3,488</b>	<b>3,543</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,475</b>	<b>4,851</b>	<b>3,277</b>	<b>3,488</b>	<b>3,543</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(136)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,339</b>	<b>4,850</b>	<b>3,277</b>	<b>3,488</b>	<b>3,543</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.78	3.11	2.10	2.24	2.27
Reported EPS	2.87	3.11	2.10	2.24	2.27
DPS	1.50	1.75	1.05	1.12	1.14
Diluted shares (used to calculate per share data)	1,559	1,559	1,559	1,559	1,559
<b>Growth</b>					
Revenue (%)	131.0	6.0	(15.7)	4.9	2.2
Operating EBITDA (%)	327.8	10.2	(23.1)	5.4	0.3
Operating EBIT (%)	2,570.6	10.5	(30.6)	8.0	1.2
Recurring EPS (%)	nm	11.8	(32.4)	6.4	1.6
Reported EPS (%)	nm	8.4	(32.4)	6.4	1.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	61.6	62.7	54.0	55.2	54.7
Gross margin of key business (%)	61.6	62.7	54.0	55.2	54.7
Operating EBITDA margin (%)	69.0	71.8	65.5	65.8	64.6
Operating EBIT margin (%)	54.9	57.3	47.1	48.5	48.0
Net margin (%)	50.4	53.1	42.6	43.2	42.9
Effective tax rate (%)	0.0	0.3	0.0	3.0	3.0
Dividend payout on recurring profit (%)	53.9	56.3	50.0	50.0	50.0
Interest cover (X)	11.5	13.4	9.6	11.1	11.5
Inventory days	4.9	5.6	7.2	7.1	6.8
Debtor days	7.3	9.1	13.1	12.7	12.9
Creditor days	55.1	82.5	91.4	72.1	60.3
Operating ROIC (%)	19.3	19.9	13.2	14.3	14.7
ROIC (%)	19.0	19.5	12.9	13.9	14.2
ROE (%)	35.4	31.5	18.9	19.2	19.4
ROA (%)	20.8	21.6	14.5	15.0	15.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Time charter	7,723	8,992	7,149	7,517	7,699
Voyage charter	889	132	548	555	553
Service revenue	4	4	4	4	4

Sources: Precious Shipping; FSSIA estimates

## Financial Statements

### Precious Shipping

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	4,339	4,850	3,277	3,488	3,543
Depreciation	1,214	1,324	1,414	1,393	1,365
Associates & minorities	-	-	-	-	-
Other non-cash items	(2,160)	402	(1,013)	(1,513)	(1,513)
Change in working capital	(420)	28	(346)	(90)	(6)
<b>Cash flow from operations</b>	<b>2,973</b>	<b>6,604</b>	<b>3,333</b>	<b>3,279</b>	<b>3,390</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(474)	(2,447)	(1,500)	(1,000)	(400)
Net acquisitions & disposals	516	0	0	0	0
Other investments (net)	415	30	(162)	(20)	(35)
<b>Cash flow from investing</b>	<b>456</b>	<b>(2,416)</b>	<b>(1,662)</b>	<b>(1,020)</b>	<b>(435)</b>
Dividends paid	(1,169)	(3,508)	(1,639)	(1,744)	(1,771)
Equity finance	0	0	0	0	0
Debt finance	(1,309)	(1,818)	(719)	(128)	(165)
Other financing cash flows	0	(380)	0	1	2
<b>Cash flow from financing</b>	<b>(2,478)</b>	<b>(5,705)</b>	<b>(2,358)</b>	<b>(1,871)</b>	<b>(1,934)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	417	104	1,197	0	0
<b>Net other adjustments</b>	<b>417</b>	<b>104</b>	<b>1,197</b>	<b>(99)</b>	<b>(889)</b>
<b>Movement in cash</b>	<b>1,368</b>	<b>(1,413)</b>	<b>510</b>	<b>288</b>	<b>131</b>
Free cash flow to firm (FCFF)	3,844.58	4,580.64	2,052.07	2,614.00	3,301.31
Free cash flow to equity (FCFE)	2,537.14	2,095.00	2,148.64	2,032.31	1,902.44
<b>Per share (THB)</b>					
FCFF per share	2.47	2.94	1.32	1.68	2.12
FCFE per share	1.63	1.34	1.38	1.30	1.22
Recurring cash flow per share	2.18	4.22	2.36	2.16	2.18
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	29,643	32,817	33,973	34,409	34,678
Less: Accumulated depreciation	(9,358)	(10,769)	(11,846)	(12,675)	(13,309)
<b>Tangible fixed assets (net)</b>	<b>20,285</b>	<b>22,048</b>	<b>22,127</b>	<b>21,734</b>	<b>21,369</b>
<b>Intangible fixed assets (net)</b>	<b>21</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>15</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	91	81	81	81	81
Cash & equivalents	2,468	1,056	1,566	1,854	1,985
A/C receivable	175	279	274	287	294
Inventories	22	42	43	44	44
Other current assets	144	181	231	242	248
<b>Current assets</b>	<b>2,810</b>	<b>1,557</b>	<b>2,113</b>	<b>2,427</b>	<b>2,571</b>
Other assets	324	602	764	785	820
<b>Total assets</b>	<b>23,531</b>	<b>24,304</b>	<b>25,101</b>	<b>25,041</b>	<b>24,855</b>
Common equity	14,365	16,463	18,144	18,288	18,260
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>14,365</b>	<b>16,463</b>	<b>18,144</b>	<b>18,288</b>	<b>18,260</b>
Long term debt	6,824	5,556	5,012	4,933	4,796
Other long-term liabilities	425	417	346	363	371
<b>Long-term liabilities</b>	<b>7,249</b>	<b>5,974</b>	<b>5,358</b>	<b>5,296</b>	<b>5,167</b>
A/C payable	441	639	541	450	448
Short term debt	1,414	1,167	993	944	916
Other current liabilities	61	61	64	64	65
<b>Current liabilities</b>	<b>1,917</b>	<b>1,867</b>	<b>1,599</b>	<b>1,457</b>	<b>1,428</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,531</b>	<b>24,304</b>	<b>25,101</b>	<b>25,041</b>	<b>24,855</b>
Net working capital	(161)	(198)	(58)	60	73
Invested capital	20,560	22,548	22,929	22,674	22,358
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	9.21	10.56	11.64	11.73	11.71
Tangible book value per share	9.20	10.55	11.63	11.72	11.70
<b>Financial strength</b>					
Net debt/equity (%)	40.2	34.4	24.5	22.0	20.4
Net debt/total assets (%)	24.5	23.3	17.7	16.1	15.0
Current ratio (x)	1.5	0.8	1.3	1.7	1.8
CF interest cover (x)	8.3	12.6	10.6	9.5	7.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>5.9</b>	<b>5.3</b>	<b>7.8</b>	<b>7.3</b>	<b>7.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>6.1</b>	<b>5.5</b>	<b>8.1</b>	<b>7.6</b>	<b>7.5</b>
Reported P/E (x)	5.7	5.3	7.8	7.3	7.2
Dividend yield (%)	9.1	10.7	6.4	6.8	6.9
Price/book (x)	1.8	1.6	1.4	1.4	1.4
Price/tangible book (x)	1.8	1.6	1.4	1.4	1.4
EV/EBITDA (x) **	5.3	4.8	6.0	5.6	5.5
EV/EBITDA @ target price (x) **	5.4	4.9	6.1	5.7	5.7
EV/invested capital (x)	1.5	1.4	1.3	1.3	1.3
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Precious Shipping; FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTT	SCN	STA	TKN	TWPC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDM5	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	TOA	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENDEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	TTB	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIJK
AIT	BIG	CSC	GTB	KCAR	MITSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCPG	CPI	GCAP	JR	MCOT	PHOL	RABBIT	SNC	THANI	TTCL
7UP	BE8	CPL	GEL	K	META	PK	RATCH	SNP	THCOM	TU
ADVANC	BEC	CPN	GFPT	KASET	MFC	PL	RML	SORKON	THIP	TVDH
AF	BEYOND	CRC	GGC	KBANK	MFEC	PLANB	RWI	SPACK	THRE	TVI
AI	BGC	CSC	GJS	KBS	MILL	PLANET	S&J	SPALI	THREL	TVO
AIE	BGRIM	DCC	GPI	KCAR	MINT	PLAT	SAAM	SPC	TIDLOR	TWPC
AIRA	BKI	DELTA	GPSC	KCE	MONO	PM	SABINA	SPI	TIPCO	UBE
AJ	BLA	DEMCO	GSTEEL	KGEN	MOONG	PPP	SAPPE	SPRC	TISCO	UBIS
AKP	BPP	DIMET	GULF	KGI	MSC	PPPM	SAT	SRICHA	TKS	UEC
AMA	BROOK	DRT	GUNKUL	KKP	MST	PPS	SC	SSF	TKT	UKEM
AMANAHA	BRR	DTAC	HANA	KSL	MTC	PR9	SCB	SSP	TMILL	UOBKH
AMATA	BSBM	DUSIT	HARN	KTB	MTI	PREB	SCC	SSSC	TMT	UPF
AMATAV	BTS	EA	HEMP	KTC	NEP	PRG	SCCC	SST	TNITY	UV
AP	BWG	EASTW	HENG	KWI	NINE	PRINC	SCG	STA	TNL	VGI
APCS	CEN	EGCO	HMPRO	L&E	NKI	PRM	SCGP	STGT	TNP	VIH
AS	CENTEL	EP	HTC	LANNA	NOBLE	PROS	SCM	STOWER	TNR	WACOAL
ASIAN	CFRESH	EPG	ICC	LH	NOK	PSH	SCN	SUSCO	TOG	WHA
ASK	CGH	ERW	ICHI	LHFG	NSI	PSL	SEAOIL	SVI	TOP	WHAUP
ASP	CHEWA	ESTAR	IFS	LHK	NWR	PSTC	SE-ED	SYMC	TOPP	WICE
AWC	CHOTI	ETE	III	LPN	OCC	PT	SELIC	SYNTEC	TPA	WIIK
AYUD	CHOW	FE	ILINK	LRH	OGC	PTG	SENA	TAE	TPCS	XO
B	CIG	FNS	INET	M	ORI	PTT	SGP	TAKUNI	TPP	YUASA
BAFS	CIMBT	FPI	INSURE	MAJOR	PAP	PTTEP	SINGER	TASCO	TRU	ZEN
BAM	CM	FPT	INTUCH	MAKRO	PATO	PTTGC	SIRI	TCAP	TRUE	ZIGA
BANPU	CMC	FSMART	IRC	MALEE	PB	PYLON	SITHAI	TCMC	TSC	
BAY	COM7	FSS	IRPC	MATCH	PCSGH	Q-CON	SKR	TFG	TSTE	
BBL	COTTO	FTE	ITEL	MBAX	PDG	QH	SMIT	TFI	TSTH	
BCH	CPALL	GBX	IVL	MBK	PDJ	QLT	SMK	TFMAMA	TTA	
BCP	CPF	GC	JKN	MC	PG	QTC	SMPC	TGH	TTB	
DECLARED										
AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

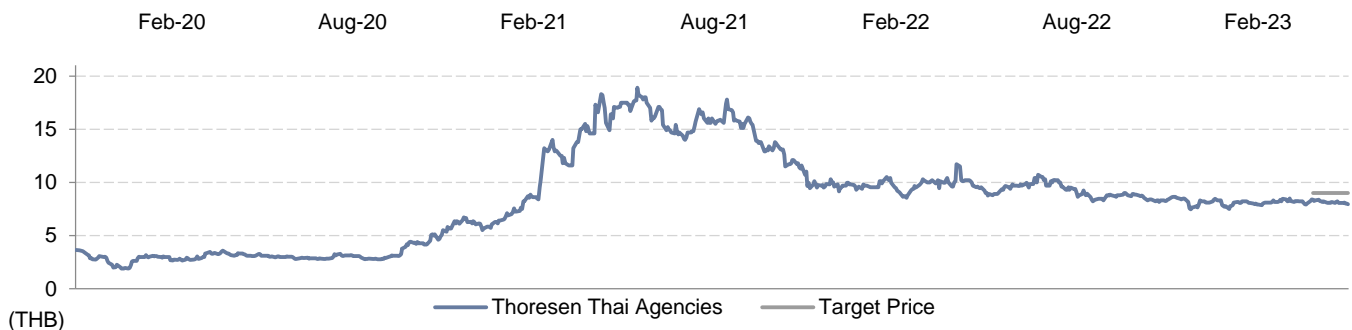
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### History of change in investment rating and/or target price

#### Thoresen Thai Agencies (TTA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Jan-2023	HOLD	9.00	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 10-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Precious Shipping	PSL TB	THB 16.40	HOLD	Downside risks to our PE-based TP include 1) a fall in freight rates (TCE); 2) exchange rate volatility; 3) China's slow economic growth; and 4) regulatory risks, including new EEXI and CII requirements, effective 1 Jan-23. An upside risk would be a sooner-than-expected global economic recovery.
Thoresen Thai Agencies	TTA TB	THB 7.95	HOLD	Downside risks to our PE-based TP include 1) a fall in freight rates (TCE); 2) exchange rate volatility; 3) slow economic growth in China; and 4) regulatory risks, including new EEXI and CII requirements, effective 1 Jan-23. Upside risks are sooner than expected of global economic recovery

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 10-Feb-2023 unless otherwise stated.



## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.