

THORESEN THAI AGENCIES
THAILAND / TRANSPORT & LOGISTIC

TTA TB

HOLD

FROM BUY

คาดการณ์พื้นที่ตัวที่อ่อนแอใน 2Q23

- TTA น่าจะพลิกมามีกำไรใน 2Q23 จากการกลับมาดำเนินงานของเรือ 2 ลำแต่กำไรน่าจะยังลดลง 81% y-y
- การพื้นที่ตัวที่ซ้กลงในจีนกดดันตลาดเรือเทกอง เราปรับลดประมาณการกำไรของเราลง 42%/24%/7% ในช่วงปี 2023-25
- ปรับลดราคาเป้าหมายเป็น 7 จาก 9 บาท ปรับลดคำแนะนำเป็นถือ

TARGET PRICE	THB7.00
CLOSE	THB6.35
UP/DOWNSIDE	+10.2%
PRIOR TP	THB9.00
CHANGE IN TP	-22.2%
TP vs CONSENSUS	-20.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	29,321	20,614	20,299	21,513
Net profit	4,459	1,561	2,060	2,356
EPS (THB)	2.45	0.86	1.13	1.29
vs Consensus (%)	-	(25.5)	46.8	(7.2)
EBITDA	5,475	4,311	4,884	5,252
Recurring net profit	3,269	1,561	2,060	2,356
Core EPS (THB)	1.79	0.86	1.13	1.29
Chg. In EPS est. (%)	-	(41.5)	(23.6)	(6.7)
EPS growth (%)	(6.4)	(52.2)	31.9	14.4
Core P/E (x)	3.5	7.4	5.6	4.9
Dividend yield (%)	3.5	1.6	2.1	2.4
EV/EBITDA (x)	2.9	3.8	2.8	2.4
Price/book (x)	0.5	0.5	0.4	0.4
Net debt/Equity (%)	4.3	5.1	(4.0)	(7.2)
ROE (%)	14.3	6.2	7.8	8.3

การพื้นที่ตัวใน 2Q23 ซ้ำกว่าที่เคยคาด

หลัง TTA รายงานผลขาดทุนจากการดำเนินงานจำนวน 7 ลบ. ใน 1Q23 เราคาดว่าบริษัท จะพลิกมารายงานกำไรใน 2Q23 ที่ 314 ลบ. ลดลง 81% จากปีก่อน เรือ IMR (Inspection, Maintenance, and Repair) ได้นำ 2 ลำได้กลับมาดำเนินงานตามปกติหลังการซ่อมบำรุงตามแผนใน 1Q23 เรือให้บริการนอกชายฝั่งดังกล่าวจะรายงานปริมาณงานในมือที่ USD63 ล้านใน 2Q23 เพราะฉะนั้นเราจึงคาดว่ารายได้จากบริการนอกชายฝั่งจะแตะ 2.1 พัน ลบ. (+41% q-q, +10% y-y) ซึ่งจะทำให้รายได้ดังกล่าวมีส่วนสูงสุดในไตรมาสนี้

ธุรกิจขนส่งทางเรือและปุ๋ยเป็นตัวจุดใน 2Q23

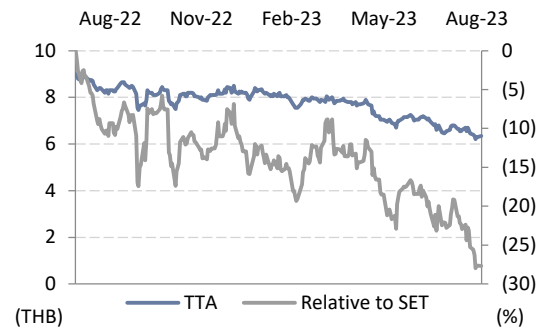
การพื้นที่ตัวที่ลดลงในจีนและความต้องการสินค้าโภคภัณฑ์ที่อ่อนแอเป็นตัวถ่วงตลาดเรือเทกอง เราคาดว่าค่าระวางสินค้าเทกองทั่วไปของ Thoresen จะลดลงอีก 6% q-q และ 58% y-y มากอยู่ที่ USD12,878 ต่อวันใน 2Q23 นับเป็นระดับต่ำสุดในรอบ 9 ไตรมาส แม้ว่า 2Q23 จะเป็นฤดูเพาะปลูก ธุรกิจเคมีเพื่อการเกษตร (8% ของรายได้รวม) น่าจะเจอความท้าทายอีกไตรมาสจากความต้องการในประเทศที่ตกต่ำซึ่งทำให้ราคาปุ๋ยและปริมาณขายลดลง

ปรับลดประมาณการกำไรจากความต้องการที่ต่ำกว่าคาด

กำไรปกติของ TTA ที่คาดว่าจะลดลง 65% y-y ในปี 2023 (มากกว่าที่เราเคยคาดไว้เดิม) ก่อนพื้นที่ตัว 32% y-y และ 14% y-y ในปี 2024-25 ธุรกิจบริการนอกชายฝั่งน่าจะเป็นปัจจัยหนุนสำคัญในปี 2023 ในขณะที่ธุรกิจขนส่งทางเรือและเคมีเพื่อการเกษตรน่าจะเป็นตัวถ่วง เราปรับลดราคาเป้าหมายของเราลงเหลือ 7 จาก 9 บาทแต่ปรับ 2023 target P/E เป็น 8x จาก 6x เนื่องจากเราเชื่อว่าจุดต่ำสุดได้ผ่านไปแล้ว ราคาเป้าหมายใหม่ของเราให้ Upside 10% จากราคาหุ้นในปัจจุบันเนื่องจากขาดปัจจัยบวกระยะสั้น เราลดคำแนะนำเป็นถือจากซื้อ

ปรับลดราคาเป้าหมาย ลดคำแนะนำเป็นถือ

ปัจจุบันเราคาดว่ากำไรปกติจะลดลง 65% y-y ในปี 2023 (มากกว่าที่เราเคยคาดไว้เดิม) ก่อนพื้นที่ตัว 32% y-y และ 14% y-y ในปี 2024-25 ธุรกิจบริการนอกชายฝั่งน่าจะเป็นปัจจัยหนุนสำคัญในปี 2023 ในขณะที่ธุรกิจขนส่งทางเรือและเคมีเพื่อการเกษตรน่าจะเป็นตัวถ่วง เราปรับลดราคาเป้าหมายของเราลงเหลือ 7 จาก 9 บาทแต่ปรับ 2023 target P/E เป็น 8x จาก 6x เนื่องจากเราเชื่อว่าจุดต่ำสุดได้ผ่านไปแล้ว ราคาเป้าหมายใหม่ของเราให้ Upside 10% จากราคาหุ้นในปัจจุบันเนื่องจากขาดปัจจัยบวกระยะสั้น เราลดคำแนะนำเป็นถือจากซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.1)	(11.8)	(27.8)
Relative to country (%)	(6.4)	(13.3)	(26.1)
Mkt cap (USD m)			338
3m avg. daily turnover (USD m)			0.5
Free float (%)			69
Major shareholder		Mahagitsiri Family (24%)	
12m high/low (THB)			9.10/6.20
Issued shares (m)			1,822.46

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 2 สิงหาคม 2023

Investment thesis

After posting an operating loss in 1Q23, we expect TTA's operation to turn profitable in 2Q23 mainly due to the resumption of two offshore vessels after maintenance in 1Q23. The shipping unit, its main business, still faces pressure from the weaker-than-expected demand for commodities and the delayed recovery of China's economy.

Although we believe TTA's earnings have bottomed, we also think its recovery is highly likely postponed. We revise down our projections and cut our 2023 TP to THB7 from THB9. While the higher target P/E reflects that the worst has passed, the share price upside is not large enough and there is no short-term catalyst. Therefore, we revise down our rating to HOLD from Buy.

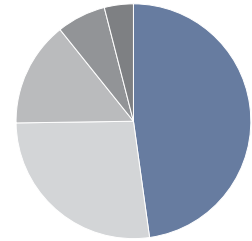
Company profile

Thoresen Thai Agencies (TTA) is a strategic investment holding company with an investment policy of achieving growth through a balanced portfolio that is diversified both locally and internationally. Its current business portfolio includes shipping, offshore service, agrochemical, food & beverage, and investment group segments.

www.thoresen.com

Principal activities (revenue, 2022)

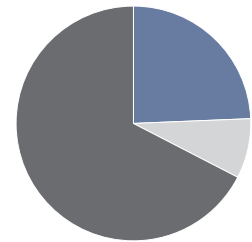
- Shipping revenue - 47.8 %
- Offshore service - 27.0 %
- Agrochemical - 14.5 %
- Food & Beverage - 6.8 %
- Investment & others - 4.0 %



Source: Thoresen Thai Agencies

Major shareholders

- Mahagitsiri Family - 24.4 %
- Credit Suisse AG, Singapore Branch - 8.2 %
- Others - 67.4 %



Source: Thoresen Thai Agencies

Catalysts

Key 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 creates opportunities for TTA's offshore service segment.

Risks to our call

Downside risks to our P/E-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 January 2023. Upside risks include 1) China's stimulus to revive the economy; 2) the end of the Russia-Ukraine war, or the end of sanctions; and 3) improved fertiliser supply conditions.

Event calendar

Date	Event
10 August 2023	2Q23 results announcement
15 August 2023	2Q23 Analyst meeting
16 August 2023	Opportunity day

Key assumptions

	2023E	2024E	2025E
TCE rate (USD/day)	13,900	15,985	17,584
TCE rate growth (%)	(43.9)	15.0	10.0
Gross margin by BU (%)			
Shipping revenue	39	35	36
Offshore revenue	8	7	8
Agrochemical revenue	13	12	13
Food & Beverage	38	38	38

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in its TCE rate, we project TTA's 2023 net profit to change by 0.8%, all else being equal.
- For every 1% change in shipping gross margin, we project TTA's 2023 net profit to change by 3.8%, all else being equal.

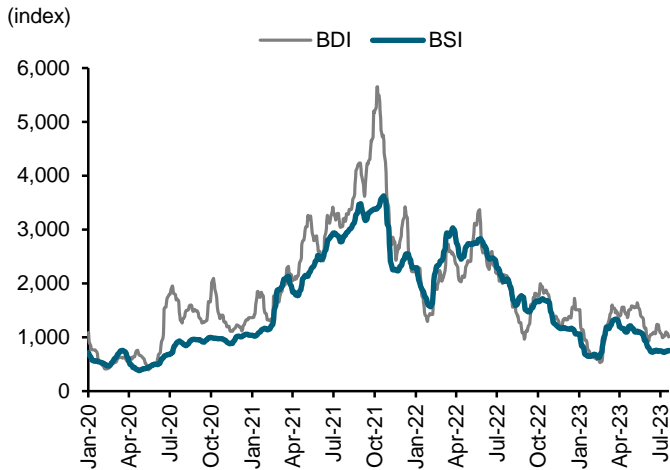
Source: FSSIA estimates

Exhibit 1: 2Q23 earnings preview

Year to Dec 31	2Q22	3Q22	4Q22	1Q23	2Q23E	-----Change-----		1H22	1H23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	8,092	8,073	7,122	4,766	5,345	12	(34)	14,126	10,111	(28)
Cost of sales	(5,763)	(6,072)	(5,466)	(4,036)	(4,240)	5	(26)	(10,348)	(8,276)	(20)
Gross profit	2,329	2,000	1,655	730	1,105	51	(53)	3,778	1,835	(51)
Operating costs	(1,330)	(797)	(1,322)	(580)	(671)	16	(50)	(1,957)	(1,251)	(36)
Operating profit	3,658	2,798	2,977	1,310	1,776	36	(51)	1,985	807	(59)
Operating EBITDA	1,521	2,223	474	787	1,029	31	(32)	2,763	1,816	(34)
Other income	126	484	(380)	129	95	(26)	(25)	164	224	36
Interest expense	109	144	152	180	180	(0)	65	(214)	(360)	68
Profit before tax	1,016	1,543	(199)	98	349	257	(66)	1,771	447	(75)
Net profit	1,035	1,449	(194)	215	314	46	(70)	2,015	529	(74)
Core profit	1,672	1,449	358	(7)	314	nm	(81)	2,653	307	(88)
Reported EPS (THB)	0.57	0.79	(0.11)	0.12	0.17	44	(70)	1.11	0.29	(74)
Core EPS (THB)	0.92	0.79	0.20	(0.00)	0.17	nm	(81)	1.46	0.17	(88)
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	28.8	24.8	23.2	15.3	20.7	5.4	(8.1)	26.7	18.1	(8.6)
Operating margin	13.9	20.9	(0.7)	5.8	9.9	4.1	(4.0)	14.1	8.0	(6.1)
EBITDA margin	18.8	27.5	6.7	16.5	19.3	2.7	0.5	19.6	18.0	(1.6)
Core profit margin	20.7	17.9	5.0	(0.2)	5.9	6.0	(14.8)	18.8	3.0	(15.7)
SG&A / Sales	16.4	9.9	18.6	12.2	12.6	0.4	(3.9)	(13.9)	(12.4)	1.5
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Shipping	4,377	3,481	2,995	2,077	2,036	(2)	(53)	7,541	4,113	(45)
Offshore business	1,889	2,396	2,285	1,479	2,079	41	10	3,224	3,558	10
Agrochemical	1,013	1,420	1,088	412	432	5	(57)	1,738	844	(51)
Food and beverage	522	460	482	503	508	1	(3)	1,038	1,011	(3)
Investment	292	316	272	295	290	(2)	(1)	584	585	0
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Shipping	43.8	42.3	39.0	30.5	30.5	(0.0)	(13.3)	44.3	30.5	(13.8)
Offshore business	15.3	19.9	20.7	11.6	8.5	(3.1)	(6.8)	6.6	10.4	3.8
Agrochemical	13.7	14.0	14.5	7.4	8.2	0.8	(5.5)	13.0	7.4	(5.7)
Food and beverage	38.2	37.6	38.6	37.0	37.0	0.0	(1.2)	38.9	37.0	(1.9)
Investment	23.8	22.2	21.8	24.5	23.0	(1.5)	(0.8)	25.8	23.7	(2.0)
Core profit to TTA	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Shipping	1,763	1,214	920	421	454	8	(74)	3,060	875	(71)
Offshore business	46	62	53	(96)	48	nm	nm	(108)	(48)	nm
Agrochemical	11	28	13	(27)	(19)	nm	nm	12	(46)	nm
Food and beverage	(16)	(24)	(35)	(26)	6	nm	nm	(27)	(20)	nm
Investment	(131)	169	(593)	(280)	(175)	nm	nm	(285)	(455)	nm

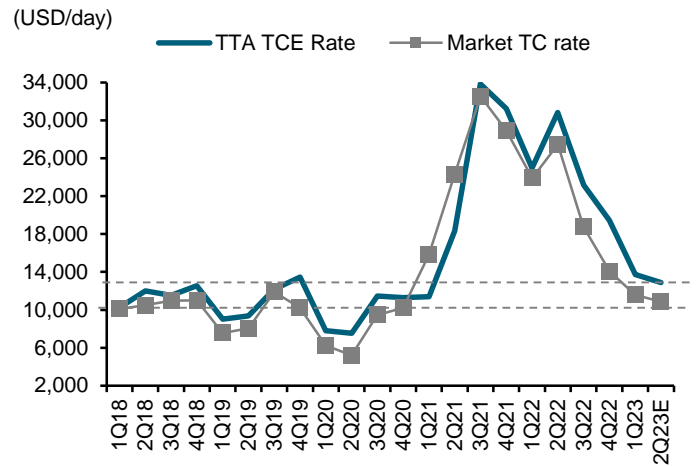
Sources: TTA, FSSIA estimates

Exhibit 2: BDI and BSI indices



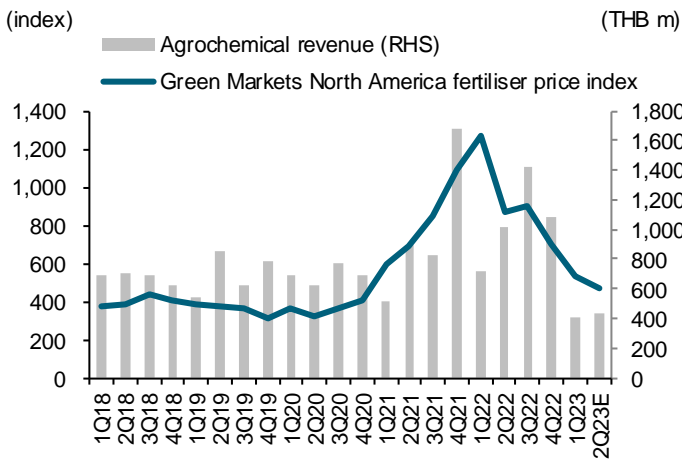
Sources: Bloomberg

Exhibit 3: Market dry bulk freight rate and Thoresen's rate



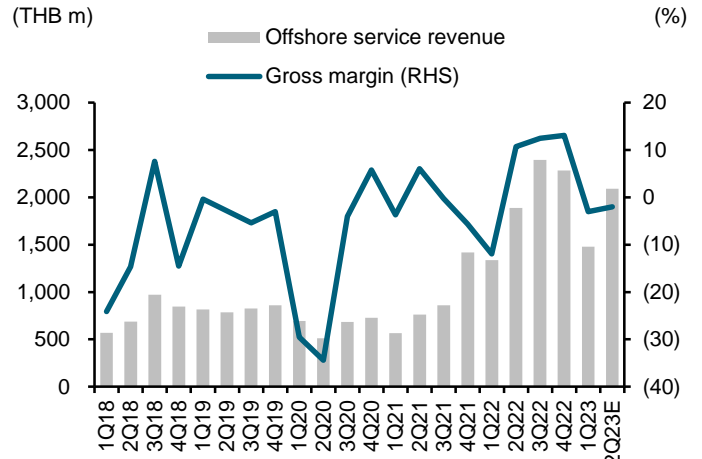
Sources: TTA, Bloomberg, FSSIA estimates

Exhibit 4: Fertiliser price index and agrochemical sales



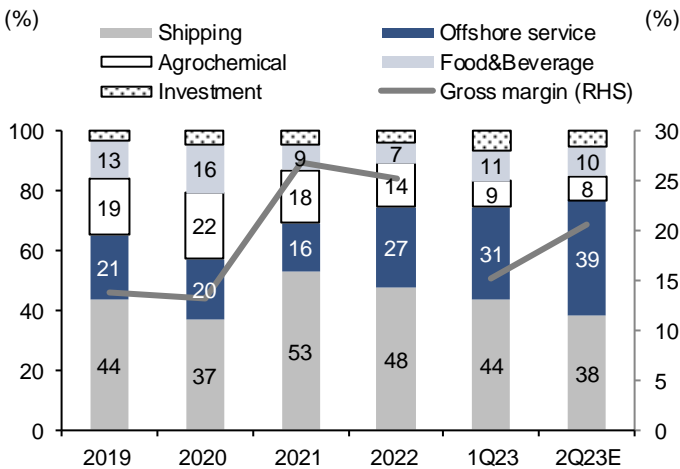
Sources: TTA, Bloomberg, FSSIA estimates

Exhibit 5: Offshore service segment revenue and GPM



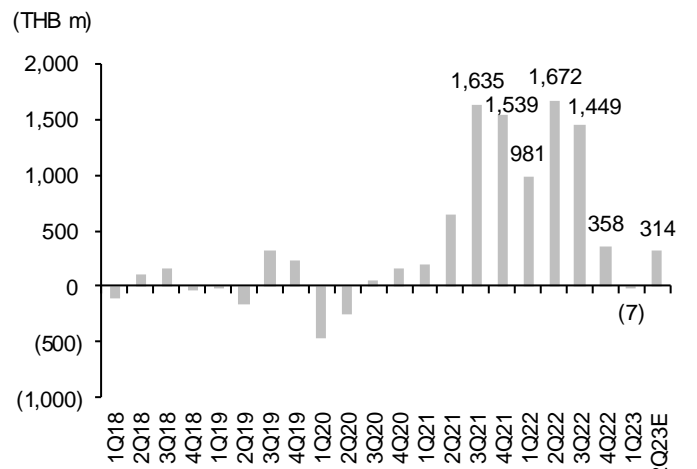
Sources: TTA, FSSIA estimates

Exhibit 6: Revenue breakdown



Sources: TTA, FSSIA estimates

Exhibit 7: Core profit



Sources: TTA, FSSIA estimates

Earnings projection and TP cuts

We slash our core profit forecasts by 42%/24%/7% for 2023-25 to reflect China's sluggish economic recovery and the weaker-than-expected global demand for commodities. Our new projections are based on daily shipping freight rates of USD13,900 (-44% y-y), USD15,985 (+15% y-y), and USD17,584 (+10% y-y) in 2023-25, down from our previous forecasts by 12%/16%/10%, respectively.

For the offshore service business, we assume the company will recognise 70% of the current backlog of USD320m in 2023. The balance would be fully recognised in 2024 plus a new backlog for which we assume a value of USD60m. We also expect the offshore unit to earn USD100m in revenue a year from 2025 onwards, close to its historical trends.

TTA's fertiliser business in Vietnam faces headwinds in 2023 due to the revival of supply from China, supply disruptions due to sanctions, and intensified competition in the domestic market. We cut the 2023E revenue from its agrochemical unit by 42% resulting in a 59% plunge y-y before returning to moderate growth from 2024 onwards.

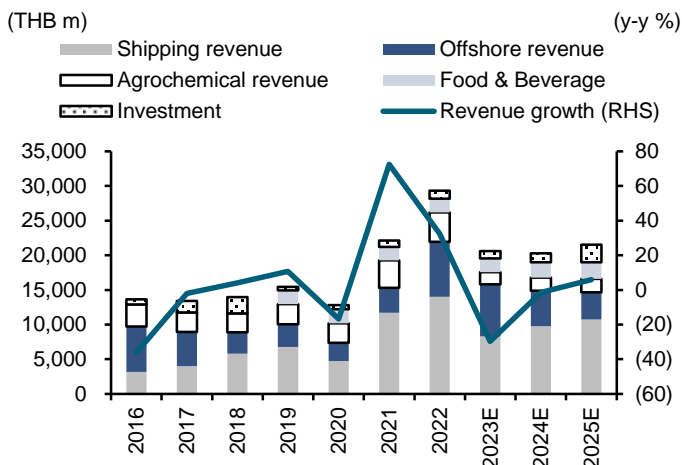
We now expect a 65% y-y drop in core profit in 2023, deeper than our earlier estimates, before recovering by 32% y-y and 14% y-y in 2024-25. Offshore services should be the key driver for 2023, while the shipping and agrochemical businesses would be the drags. We cut TTA's TP to THB7 from THB9 but revise our 2023 target P/E to 8x from 6x as the bottom has passed, in our view. Our TP offers only a 10% upside from the current share price as there is no short-term catalyst. Therefore, we lower our rating to HOLD from Buy.

Exhibit 8: Changes in key assumptions

Unit		Current			Previous			Change (%)		
		2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
TCE rate	(USD/day)	13,900	15,985	17,584	15,843	19,007	19,500	(12.3)	(15.9)	(9.8)
Shipping	(THB m)	8,265	9,694	10,664	10,173	10,214	10,374	(18.8)	(5.1)	2.8
Offshore services	(THB m)	7,504	5,117	3,280	5,100	3,040	2,800	47.1	68.3	17.1
Agrochemical	(THB m)	1,741	1,898	1,936	2,984	3,267	3,258	(41.7)	(41.9)	(40.6)
Food & Beverage	(THB m)	1,133	1,383	3,250	1,376	1,589	2,580	(17.6)	(13.0)	26.0
Total revenue	(THB m)	20,614	20,299	21,513	22,550	20,763	20,686	(8.6)	(2.2)	4.0
Gross margin	(%)	21.4	24.6	25.0	34.6	36.8	37.3	(13.2)	(12.2)	(12.3)
SG&A to sales	(%)	12.6	13.5	13.2	14.0	14.3	14.0	(1.4)	(0.8)	(0.8)
EBITDA margin	(%)	20.9	24.1	24.4	22.0	23.9	26.2	(1.1)	0.2	(1.7)
Core profit	(THB m)	1,561	2,060	2,356	2,670	2,696	2,525	(41.5)	(23.6)	(6.7)

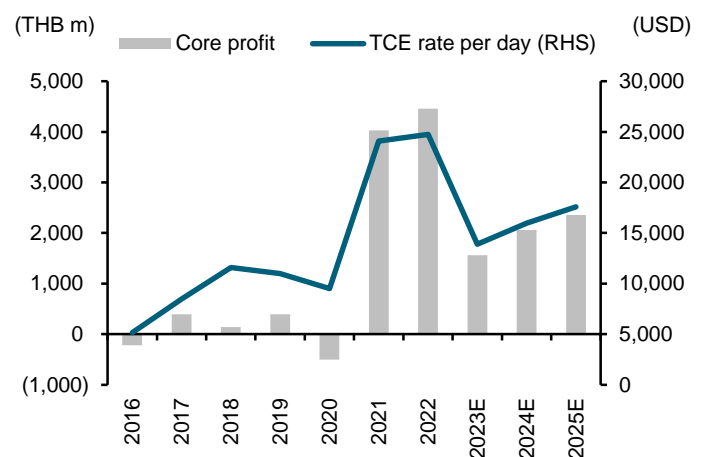
Sources: TTA, FSSIA estimates

Exhibit 9: Revenue growth



Sources: TTA, FSSIA estimates

Exhibit 10: TTA's freight rate and core profit



Sources: TTA, FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	22,128	29,321	20,614	20,299	21,513
Cost of goods sold	(16,169)	(21,887)	(16,207)	(15,309)	(16,143)
Gross profit	5,960	7,433	4,407	4,990	5,369
Other operating income	186	268	268	264	258
Operating costs	(2,365)	(4,076)	(2,597)	(2,740)	(2,840)
Operating EBITDA	5,313	5,475	4,311	4,884	5,252
Depreciation	(1,532)	(1,850)	(2,232)	(2,370)	(2,465)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,781	3,626	2,078	2,514	2,788
Net financing costs	(416)	(511)	(712)	(656)	(622)
Associates	80	168	84	92	97
Recurring non-operating income	80	168	84	92	97
Non-recurring items	171	1,190	0	0	0
Profit before tax	3,617	4,473	1,450	1,950	2,263
Tax	(126)	(22)	(16)	(8)	(17)
Profit after tax	3,490	4,451	1,434	1,942	2,245
Minority interests	173	8	127	118	111
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,663	4,459	1,561	2,060	2,356
Non-recurring items & goodwill (net)	(171)	(1,190)	0	0	0
Recurring net profit	3,492	3,269	1,561	2,060	2,356
Per share (THB)					
Recurring EPS *	1.92	1.79	0.86	1.13	1.29
Reported EPS	2.01	2.45	0.86	1.13	1.29
DPS	0.22	0.22	0.10	0.14	0.16
Diluted shares (used to calculate per share data)	1,822	1,822	1,822	1,822	1,822
Growth					
Revenue (%)	72.5	32.5	(29.7)	(1.5)	6.0
Operating EBITDA (%)	681.0	3.1	(21.3)	13.3	7.5
Operating EBIT (%)	nm	(4.1)	(42.7)	21.0	10.9
Recurring EPS (%)	nm	(6.4)	(52.2)	31.9	14.4
Reported EPS (%)	nm	21.7	(65.0)	31.9	14.4
Operating performance					
Gross margin inc. depreciation (%)	26.9	25.4	21.4	24.6	25.0
Gross margin exc. depreciation (%)	33.9	31.7	32.2	36.3	36.4
Operating EBITDA margin (%)	24.0	18.7	20.9	24.1	24.4
Operating EBIT margin (%)	17.1	12.4	10.1	12.4	13.0
Net margin (%)	15.8	11.1	7.6	10.1	11.0
Effective tax rate (%)	3.5	0.5	1.1	0.4	0.8
Dividend payout on recurring profit (%)	11.5	12.3	12.0	12.0	12.0
Interest cover (X)	9.3	7.4	3.0	4.0	4.6
Inventory days	29.9	29.5	49.2	56.3	70.7
Debtor days	53.6	53.7	77.0	80.1	85.7
Creditor days	33.0	34.3	47.7	42.0	38.5
Operating ROIC (%)	16.9	15.1	8.2	9.7	10.7
ROIC (%)	12.0	10.8	5.8	6.9	7.6
ROE (%)	18.7	14.3	6.2	7.8	8.3
ROA (%)	10.4	9.1	4.7	5.6	6.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Shipping revenue	11,719	14,017	8,265	9,694	10,664
Offshore service	3,605	7,906	7,504	5,117	3,280
Agrochemical	3,933	4,246	1,741	1,898	1,936
Food & Beverage	1,935	1,980	1,971	2,207	2,384

Sources: Thoresen Thai Agencies; FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	3,492	3,269	1,561	2,060	2,356
Depreciation	1,532	1,850	2,232	2,370	2,465
Associates & minorities	(173)	(8)	(127)	(118)	(111)
Other non-cash items	555	3,093	2,265	575	750
Change in working capital	(480)	(682)	(536)	(297)	(2,524)
Cash flow from operations	4,926	7,522	5,395	4,590	2,936
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,825)	(1,320)	(2,859)	(1,300)	(1,000)
Net acquisitions & disposals	33	5	(370)	0	0
Other investments (net)	169	(1,947)	(2,269)	(334)	(529)
Cash flow from investing	(1,623)	(3,263)	(5,498)	(1,634)	(1,529)
Dividends paid	(59)	(401)	(187)	(247)	(283)
Equity finance	0	0	0	0	0
Debt finance	601	(2,593)	2,521	(2,047)	(1,196)
Other financing cash flows	(388)	(487)	0	1	2
Cash flow from financing	154	(3,481)	2,334	(2,293)	(1,477)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	339	0	0	0	0
Net other adjustments	339	(621)	0	0	0
Movement in cash	3,796	157	2,231	663	(70)
Free cash flow to firm (FCFF)	3,719.19	4,769.80	608.55	3,613.22	2,029.09
Free cash flow to equity (FCFE)	3,855.15	557.67	2,418.24	910.55	212.90

Per share (THB)

FCFF per share	2.04	2.62	0.33	1.98	1.11
FCFE per share	2.12	0.31	1.33	0.50	0.12
Recurring cash flow per share	2.97	4.50	3.25	2.68	3.00

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	38,612	40,518	43,377	44,677	45,677
Less: Accumulated depreciation	(23,317)	(25,167)	(27,399)	(29,770)	(32,234)
Tangible fixed assets (net)	15,295	15,351	15,978	14,907	13,443
Intangible fixed assets (net)	1,036	4,309	3,623	3,471	3,513
Long-term financial assets	3,209	1,630	2,000	2,000	2,000
Invest. in associates & subsidiaries	3,376	2,888	2,888	2,888	2,888
Cash & equivalents	8,274	8,430	10,661	11,325	11,255
A/C receivable	4,340	4,288	4,405	4,505	5,599
Inventories	1,431	1,805	1,959	2,031	3,267
Other current assets	1,508	1,870	1,910	1,904	2,144
Current assets	15,553	16,393	18,936	19,764	22,265
Other assets	478	1,022	1,016	1,011	1,007
Total assets	38,947	41,593	44,440	44,041	45,115
Common equity	21,266	24,534	25,579	27,341	29,365
Minorities etc.	3,135	3,192	3,256	3,321	3,387
Total shareholders' equity	24,400	27,726	28,834	30,662	32,752
Long term debt	7,634	5,090	8,187	6,956	5,495
Other long-term liabilities	294	324	309	304	323
Long-term liabilities	7,928	5,413	8,496	7,260	5,818
A/C payable	1,889	2,311	1,732	1,594	1,636
Short term debt	3,071	4,523	3,957	3,141	3,405
Other current liabilities	1,658	1,618	1,421	1,384	1,504
Current liabilities	6,619	8,453	7,110	6,119	6,545
Total liabilities and shareholders' equity	38,947	41,593	44,440	44,041	45,115
Net working capital	3,731	4,033	5,122	5,462	7,870
Invested capital	27,126	29,233	30,626	29,739	30,720

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	11.67	13.46	14.04	15.00	16.11
Tangible book value per share	11.10	11.10	12.05	13.10	14.18

Financial strength

Net debt/equity (%)	10.0	4.3	5.1	(4.0)	(7.2)
Net debt/total assets (%)	6.2	2.8	3.3	(2.8)	(5.2)
Current ratio (x)	2.3	1.9	2.7	3.2	3.4
CF interest cover (x)	14.7	4.7	8.4	4.4	3.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	3.3	3.5	7.4	5.6	4.9
Recurring P/E @ target price (x) *	3.7	3.9	8.2	6.2	5.4
Reported P/E (x)	3.2	2.6	7.4	5.6	4.9
Dividend yield (%)	3.5	3.5	1.6	2.1	2.4
Price/book (x)	0.5	0.5	0.5	0.4	0.4
Price/tangible book (x)	0.6	0.6	0.5	0.5	0.4
EV/EBITDA (x) **	3.2	2.9	3.8	2.8	2.4
EV/EBITDA @ target price (x) **	3.4	3.1	4.1	3.0	2.6
EV/invested capital (x)	0.6	0.5	0.5	0.5	0.4

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Thoresen Thai Agencies; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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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	10-May-2023	BUY	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
Thoresen Thai Agencies	TTA TB	THB 6.35	HOLD	Downside risks to our P/E-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 January 2023. Upside risks include 1) China's stimulus to revive the economy; 2) the end of the Russia-Ukraine war, or an end to sanctions; and 3) improved fertiliser supply conditions.

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 31-Jul-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.