

# PRECIOUS SHIPPING

THAILAND / TRANSPORT & LOGISTIC

## PSL TB

# HOLD

UNCHANGED

TARGET PRICE	THB10.30
CLOSE	THB9.25
UP/DOWNSIDE	+11.4%
PRIOR TP	THB10.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-8.2%

## การฟื้นตัวอาจเลื่อนออกไป

- คาดกำไร 3Q23 ลดลง 40% q-q และ 88% y-y สวนทาง High season ใน 3Q
- ผลประกอบการฟื้นช้ากว่าคาดตามการฟื้นตัวของการค้าโลกและเศรษฐกิจจีนที่ยังเปราะบาง
- คงคำแนะนำถือ รอการฟื้นตัว คงราคาเป้าหมาย 10.30 บาท

### คาดการณ์กำไร 3Q23 ลด 40% q-q และ 88% y-y สวนทาง high season ใน 3Q

เราคาดว่า PSL จะมีกำไรปกติ 3Q23 ที่ 154.3 ล้านบาท ลดลง 40% q-q และ 88% y-y เนื่องจากดัชนี BSI (Baltic Supramax Index) และ BHSI (Baltic Exchange Handysize Index) 3Q23 ปรับลงอีก -8% q-q และ -15% q-q สวนทางฤดูกาลที่ 3Q เป็น high season จากความอ่อนแอของเศรษฐกิจโลกและเศรษฐกิจจีน ทำให้รายได้จากการเดินเรือน่าจะทำได้เฉลี่ยเพียง \$10,624 ต่อลำต่อวัน คิดเป็น 1.3 พันล้านบาท ลดลง 3% q-q และ 49% y-y ขณะที่ค่าใช้จ่ายในการเดินเรือน่าจะยังรักษาระดับได้ใกล้เคียงไตรมาสก่อนที่ \$5,110 ต่อลำต่อวัน เราคาดว่าจะมี EBITDA 617.1 ล้านบาท ลดลง 15% q-q และ 65% y-y

### ค่าระวางเรือที่ดีขึ้นในเดือน ต.ค. มักชะลอในช่วง พ.ย.-ธ.ค. เข้าใกล้หยุดยาว

ผลประกอบการที่ลดลงในช่วง High season สะท้อนเศรษฐกิจโลกที่ฟื้นช้ากว่าที่หลายฝ่ายคาด โดยเฉพาะเศรษฐกิจจีนที่เผชิญความท้าทายหลายด้าน ภาคอสังหาริมทรัพย์ที่ยังเป็นปัญหา การลงทุนในสินทรัพย์ถาวรชะลอต่อเนื่อง อย่างไรก็ตาม GDP 3Q23 ของจีนที่กลับมาขยายตัว 4.9% y-y พร้อมกับภาคส่งออกที่ทยอยติดลบน้อยลง ดัชนี PMI ภาคการผลิตกลับมาขึ้นเหนือระดับ 50 ในเดือน ก.ย. ช่วยหนุนให้ค่าระวางเรือปรับตัวดีขึ้นในช่วงต้น 4Q23 โดยดัชนี BSI และ BHSI ในช่วง 1-24 ต.ค. เฉลี่ยอยู่ที่ 1,262 จุด และ 682 จุด สูงกว่าค่าเฉลี่ยใน 3Q23 ราว 38% ค่าระวางเรือมักจะอ่อนตัวลงในเดือน พ.ย.-ธ.ค. ซึ่งเป็นช่วงเทศกาลวันหยุดยาว แต่เรายังคาดหวังการฟื้นตัวของเศรษฐกิจโลกและจีนในปี 2024 เช่นเดียวกับค่าระวางเรือที่คาดว่าจะปรับตัวดีขึ้นในปี 2024

### ใน 4Q23 ยังมีความท้าทายเพราะใกล้เทศกาลหยุดยาว

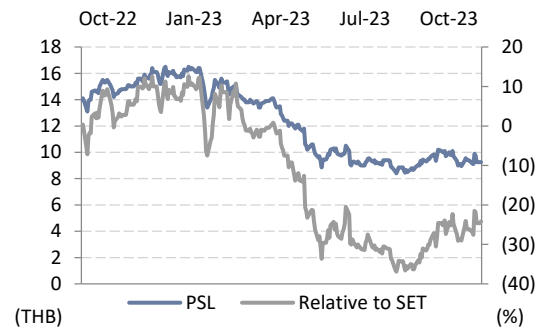
หากประมาณการ 3Q23 เป็นไปตามคาด PSL น่าจะมีกำไรปกติ 466.1 ล้านบาทใน 9M23 หดตัว 89.0% y-y บนสมมติฐานค่าระวางเรือ \$10,690 ต่อลำต่อวัน กำไรดังกล่าวคิดเป็นเพียง 36% ของประมาณการทั้งปี 2023 ที่อยู่บนสมมติฐานค่าระวางเรือเฉลี่ย \$12,129 ต่อลำต่อวัน (-39.0% y-y) ขณะที่ 4Q23 มีความท้าทายอย่างมาก

### คงคำแนะนำถือ รอการฟื้นตัว ราคาเป้าหมาย 10.30 บาท

แม้ว่าผลประกอบการของ PSL จะฟื้นช้ากว่าคาดโดยขึ้นอยู่กับฟื้นตัวของเศรษฐกิจจีนเป็นสำคัญ แต่เราเชื่อว่าผลประกอบการผ่านจุดต่ำสุดไปแล้ว ราคาหุ้นที่ปรับลงกว่า 40% YTD ลงมาต่ำกว่าปี 2018 ทั้งที่กำไรสูงกว่า เราจึงยังคงแนะนำถือ คงราคาเป้าหมาย 10.30 บาท ถึง 2023E P/E 12.6 เท่า

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	9,129	6,320	7,038	7,569
Net profit	4,851	1,278	1,915	2,388
EPS (THB)	3.11	0.82	1.23	1.53
vs Consensus (%)	-	38.0	8.8	10.9
EBITDA	6,553	3,016	3,674	4,132
Recurring net profit	4,850	1,278	1,915	2,388
Core EPS (THB)	3.11	0.82	1.23	1.53
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	11.8	(73.7)	49.9	24.7
Core P/E (x)	3.0	11.3	7.5	6.0
Dividend yield (%)	18.9	3.5	5.3	8.3
EV/EBITDA (x)	3.1	6.4	5.1	4.5
Price/book (x)	0.9	0.9	0.8	0.8
Net debt/Equity (%)	34.4	30.0	25.4	22.6
ROE (%)	31.5	7.7	11.2	13.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.6)	1.6	(35.8)
Relative to country (%)	4.4	11.7	(26.5)
Mkt cap (USD m)			398
3m avg. daily turnover (USD m)			3.3
Free float (%)			48
Major shareholder	Globex Corporation Limited (28%)		
12m high/low (THB)	16.80/8.25		
Issued shares (m)	1,559.29		

Sources: Bloomberg consensus; FSSIA estimates



**Jitra Amorntum**

Fundamental Investment Analyst on Securities; License no. 014530  
jitra.a@fssia.com, +66 2646 9966

## Investment thesis

คำระวางเรือที่ปรับลงอย่างรุนแรงและต่อเนื่องนับตั้งแต่ครั้งหลังของปี 2022 ที่สถานการณ์โควิด-19 ดีขึ้น กัดดันผลประกอบการของ PSL ในช่วง 4 ไตรมาสที่ผ่านมา แต่เราเชื่อว่าผลประกอบการได้ผ่านจุดต่ำสุดไปแล้ว ตัวเลขเศรษฐกิจจีนเริ่มมีสัญญาณฟื้นตัวในบางส่วนแม้จะยังเปราะบางก็ตาม การฟื้นตัวของผลประกอบการของ PSL ก็เช่นกัน อาจเลื่อนไปเป็นปีหน้า ราคาหุ้นที่ปรับลดลงตลอดทั้งปี กว่า 40% เชื่อว่าสะท้อนไปแล้ว จึงแนะนำถือรอการฟื้นตัว

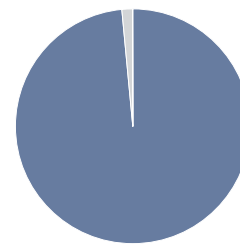
## Company profile

PSL ก่อตั้งในปี 1989 เป็นหนึ่งในบริษัทเดินเรือที่ใหญ่ที่สุดในโลกที่ดำเนินธุรกิจเป็นเจ้าของเรือประเภทมีอุปกรณ์ขนถ่ายสินค้า ขนส่งสินค้าแห้งเทกองแบบไม่ประจำเส้นทาง ปัจจุบันบริษัทเป็นเจ้าของเรือเทกอง 38 ลำ ขนาดระวางรวมทั้งสิ้น 1,657,579 เดทเวทตัน ประกอบด้วยเรือขนาด Ultramax 8 ลำ เรือ Supramax 9 ลำและเรือ Handysize 21 ลำ (รวมเรือขนส่งซีเมนต์ 4 ลำ)

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

## Principal activities (revenue, 2022)

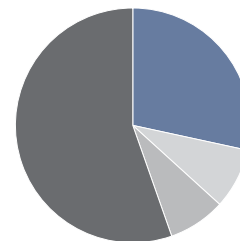
- Time charter - 98.5 %
- Voyage charter - 1.4 %
- Service revenue - 0.0 %



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

ปัจจัยหนุนการเติบโตได้แก่ 1) อุปทานที่ลดลง 2) มาตรการกระตุ้นเศรษฐกิจของจีน 3) การขยายการลงทุนของภาคเอกชนซึ่งเปิดโอกาสในการขนส่งสินค้าทางทะเลมากขึ้น

## Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา 1) อัตราค่าระวางเรือทรุดต่ำลง 2) ความผันผวนของอัตราแลกเปลี่ยน 3) เศรษฐกิจจีนฟื้นช้า และ 4) ความเสี่ยงด้านกฎระเบียบข้อบังคับของการขนส่งทางทะเล

## Event calendar

Date	Event
3 November 2023	3Q23 earnings announcement
6 November 2023	Post-result meeting

## Key assumptions

	2023E	2024E	2025E
TCE rate (USD/day)	12,129	14,006	15,291
TCE rate growth (%)	(39.1)	15.5	9.2
OPEX (USD/day)	5,260	5,376	5,505
Gross margin (%)	0.0	41.3	45.1
SG&A to sales (%)	0.0	6.0	6.0

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.

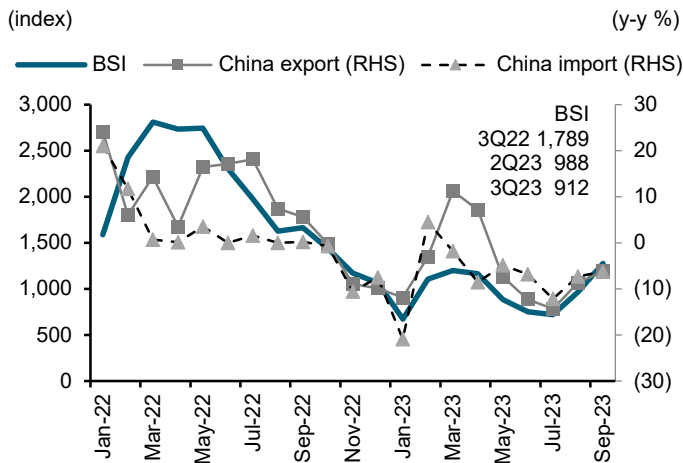
Source: FSSIA estimates

**Exhibit 1: 3Q23 earnings preview**

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	-----Change-----		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Service revenue	2,500	1,731	1,146	1,322	1,278	(3.4)	(48.9)	7,394	3,744	(49.4)
Cost of services	(630)	(520)	(549)	(519)	(573)	10.3	(9.0)	(1,552)	(1,639)	5.6
Gross profit	1,870	1,211	596	803	705	(12.2)	(62.3)	5,843	2,105	(64.0)
Operating costs	(118)	(151)	(112)	(91)	(100)	9.4	(15.7)	(366)	(302)	(17.4)
Operating profit	1,397	719	156	365	261	(28.4)	(81.3)	4,510	782	(82.7)
Operating EBITDA	1,754	1,072	492	722	617	(14.5)	(64.8)	5,483	1,831	(66.6)
Interest expense	(107)	(109)	(104)	(110)	(109)	(0.6)	2.3	(366)	(302)	(17.4)
Profit before tax	1,291	610	53	255	152	(40.3)	(88.2)	4,227	460	(89.1)
Associates	10	10	2	2	2	1.6	(78.4)	255	257	0.8
Reported net profit	1,348	605	79	286	154	(46.0)	(88.6)	4,302	519	(87.9)
Core profit	1,301	605	54	258	154	(40.1)	(88.1)	4,245	466	(89.0)
Reported EPS (THB)	0.86	0.39	0.05	0.18	0.10	(46.0)	(88.5)	2.76	0.33	(87.9)
Core EPS (THB)	0.83	0.39	0.03	0.17	0.10	(40.1)	(88.1)	2.72	0.30	(89.0)
<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	60.5	49.6	22.8	33.7	27.8	(6.0)	(32.8)	79.0	56.2	(22.8)
Operating margin	55.9	41.6	13.7	27.6	20.4	(7.2)	(35.5)	61.0	20.9	(40.1)
EBITDA margin	70.2	61.9	43.0	54.6	48.3	(6.3)	(21.9)	74.1	48.9	(25.2)
Core profit margin	52.1	35.0	4.7	19.5	12.1	(7.4)	(40.0)	57.4	12.5	(45.0)
SG&A / Sales	3.4	6.7	7.3	5.6	7.8	2.2	4.4	4.9	8.1	3.1
<b>Operating statistics</b>						<b>(q-q %)</b>	<b>(y-y %)</b>			<b>(y-y %)</b>
No. of vessels	38	38	38	38	38	0.0	0.0	38.0	38.0	0.0
BSI Index (Supramax) - average	1,793	1,327	925	978	912	(6.8)	(49.2)	2,236	938	(58.0)
BHSI Index (Handysize) - average	1,039	822	539	579	492	(15.0)	(52.6)	1,303	537	(58.8)
PSL's TC rate (USD/ship/day)	19,840	14,343	10,022	11,424	10,624	(7.0)	(46.5)	21,912	10,690	(51.2)
PSL's OPEX (USD/ship/day)	5,159	4,815	5,231	5,113	5,110	(0.1)	(0.9)	4,919	5,151	4.7

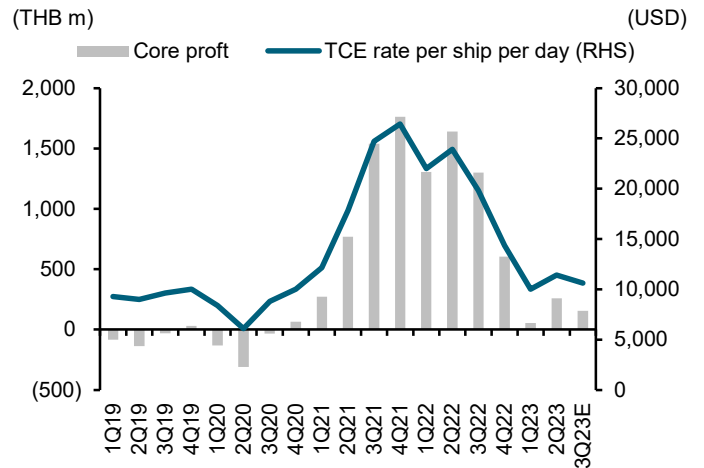
Sources: PSL, FSSIA estimates

**Exhibit 2: BSI index and China's export-import**



Sources: Bloomberg

**Exhibit 3: PSL's freight rates and core profit**



Sources: PSL, Bloomberg, FSSIA estimates

## Financial Statements

### Precious Shipping

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	8,615	9,129	6,320	7,038	7,569
Cost of goods sold	(3,305)	(3,401)	(4,119)	(4,129)	(4,152)
<b>Gross profit</b>	<b>5,311</b>	<b>5,728</b>	<b>2,201</b>	<b>2,909</b>	<b>3,417</b>
Other operating income	3	17	12	13	14
Operating costs	(581)	(517)	(545)	(577)	(608)
<b>Operating EBITDA</b>	<b>5,947</b>	<b>6,553</b>	<b>3,016</b>	<b>3,674</b>	<b>4,132</b>
Depreciation	(1,214)	(1,324)	(1,347)	(1,328)	(1,308)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,734</b>	<b>5,229</b>	<b>1,669</b>	<b>2,346</b>	<b>2,824</b>
Net financing costs	(415)	(392)	(401)	(382)	(373)
Associates	23	29	10	11	11
Recurring non-operating income	23	29	10	11	11
Non-recurring items	136	0	0	0	0
<b>Profit before tax</b>	<b>4,477</b>	<b>4,866</b>	<b>1,278</b>	<b>1,974</b>	<b>2,462</b>
Tax	(2)	(15)	0	(59)	(74)
<b>Profit after tax</b>	<b>4,475</b>	<b>4,851</b>	<b>1,278</b>	<b>1,915</b>	<b>2,388</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>1,278</b>	<b>1,915</b>	<b>2,388</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>1,278</b>	<b>1,915</b>	<b>2,388</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.78	3.11	0.82	1.23	1.53
Reported EPS	2.87	3.11	0.82	1.23	1.53
DPS	1.50	1.75	0.33	0.49	0.77
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	(30.8)	11.4	7.5
Operating EBITDA (%)	327.8	10.2	(54.0)	21.8	12.5
Operating EBIT (%)	2,570.6	10.5	(68.1)	40.6	20.4
Recurring EPS (%)	nm	11.8	(73.7)	49.9	24.7
Reported EPS (%)	nm	8.4	(73.7)	49.9	24.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	61.6	62.7	34.8	41.3	45.1
Gross margin exc. depreciation (%)	75.7	77.3	56.1	60.2	62.4
Operating EBITDA margin (%)	69.0	71.8	47.7	52.2	54.6
Operating EBIT margin (%)	54.9	57.3	26.4	33.3	37.3
Net margin (%)	50.4	53.1	20.2	27.2	31.6
Effective tax rate (%)	0.0	0.3	0.0	3.0	3.0
Dividend payout on recurring profit (%)	53.9	56.3	40.0	40.0	50.0
Interest cover (X)	11.5	13.4	4.2	6.2	7.6
Inventory days	4.9	5.6	5.6	5.6	5.6
Debtor days	7.3	9.1	16.6	17.1	17.3
Creditor days	55.1	82.5	84.4	91.8	83.1
Operating ROIC (%)	19.3	19.9	6.2	8.8	10.5
ROIC (%)	19.0	19.5	6.0	8.5	10.1
ROE (%)	35.4	31.5	7.7	11.2	13.4
ROA (%)	20.8	21.6	6.6	9.0	10.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Time charter	7,723	8,992	6,196	6,803	7,291
Voyage charter	889	132	120	231	274
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	1,278	1,915	2,388
Depreciation	1,214	1,324	1,347	1,328	1,308
Associates & minorities	-	-	-	-	-
Other non-cash items	(2,160)	402	672	(357)	(468)
Change in working capital	(420)	28	49	(206)	(130)
<b>Cash flow from operations</b>	<b>2,973</b>	<b>6,604</b>	<b>3,346</b>	<b>2,680</b>	<b>3,098</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(474)	(2,447)	(1,020)	(1,300)	(1,500)
Net acquisitions & disposals	516	0	0	0	0
Other investments (net)	415	30	(52)	(43)	(32)
<b>Cash flow from investing</b>	<b>456</b>	<b>(2,416)</b>	<b>(1,072)</b>	<b>(1,343)</b>	<b>(1,532)</b>
Dividends paid	(1,169)	(3,508)	(511)	(766)	(1,194)
Equity finance	0	0	0	0	0
Debt finance	(1,309)	(1,818)	(260)	(362)	0
Other financing cash flows	0	(380)	(1,166)	0	0
<b>Cash flow from financing</b>	<b>(2,478)</b>	<b>(5,705)</b>	<b>(1,937)</b>	<b>(1,129)</b>	<b>(1,194)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	417	104	74	0	0
<b>Net other adjustments</b>	<b>417</b>	<b>104</b>	<b>74</b>	<b>0</b>	<b>(386)</b>
<b>Movement in cash</b>	<b>1,368</b>	<b>(1,413)</b>	<b>411</b>	<b>209</b>	<b>(14)</b>
Free cash flow to firm (FCFF)	3,844.58	4,580.64	2,675.30	1,719.40	1,939.43
Free cash flow to equity (FCFE)	2,537.14	2,095.00	922.31	974.61	1,180.30

#### Per share (THB)

FCFF per share	2.47	2.94	1.72	1.10	1.24
FCFE per share	1.63	1.34	0.59	0.63	0.76
Recurring cash flow per share	2.18	4.22	2.11	1.85	2.07

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	29,643	32,817	33,473	34,275	35,150
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>21,627</b>	<b>21,599</b>	<b>21,841</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	101	101	101
Cash & equivalents	2,468	1,056	1,467	1,675	1,662
A/C receivable	175	279	294	366	352
Inventories	22	42	43	44	44
Other current assets	144	181	253	281	303
<b>Current assets</b>	<b>2,810</b>	<b>1,557</b>	<b>2,056</b>	<b>2,367</b>	<b>2,361</b>
Other assets	324	602	654	697	729
<b>Total assets</b>	<b>23,531</b>	<b>24,304</b>	<b>24,453</b>	<b>24,779</b>	<b>25,047</b>
Common equity	14,365	16,463	16,684	17,433	18,127
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>14,365</b>	<b>16,463</b>	<b>16,684</b>	<b>17,433</b>	<b>18,127</b>
Long term debt	6,824	5,556	5,251	5,003	4,775
Other long-term liabilities	425	417	442	387	416
<b>Long-term liabilities</b>	<b>7,249</b>	<b>5,974</b>	<b>5,693</b>	<b>5,390</b>	<b>5,191</b>
A/C payable	441	639	773	773	653
Short term debt	1,414	1,167	1,213	1,098	990
Other current liabilities	61	61	91	84	86
<b>Current liabilities</b>	<b>1,917</b>	<b>1,867</b>	<b>2,076</b>	<b>1,955</b>	<b>1,728</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,531</b>	<b>24,304</b>	<b>24,453</b>	<b>24,779</b>	<b>25,047</b>
Net working capital	(161)	(198)	(274)	(167)	(39)
Invested capital	20,560	22,548	22,123	22,245	22,646

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

#### Per share (THB)

Book value per share	9.21	10.56	10.70	11.18	11.63
Tangible book value per share	9.20	10.55	10.69	11.17	11.62

#### Financial strength

Net debt/equity (%)	40.2	34.4	30.0	25.4	22.6
Net debt/total assets (%)	24.5	23.3	20.4	17.9	16.4
Current ratio (x)	1.5	0.8	1.0	1.2	1.4
CF interest cover (x)	8.3	12.6	5.8	6.9	8.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>3.3</b>	<b>3.0</b>	<b>11.3</b>	<b>7.5</b>	<b>6.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>3.7</b>	<b>3.3</b>	<b>12.6</b>	<b>8.4</b>	<b>6.7</b>
Reported P/E (x)	3.2	3.0	11.3	7.5	6.0
Dividend yield (%)	16.2	18.9	3.5	5.3	8.3
Price/book (x)	1.0	0.9	0.9	0.8	0.8
Price/tangible book (x)	1.0	0.9	0.9	0.8	0.8
EV/EBITDA (x) **	3.4	3.1	6.4	5.1	4.5
EV/EBITDA @ target price (x) **	3.7	3.3	7.0	5.6	4.9
EV/invested capital (x)	1.0	0.9	0.9	0.8	0.8

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

Sources: Precious Shipping; FSSIA estimates

# PRECIOUS SHIPPING PCL (PSL TB)

**FSSIA ESG rating**

**55.45 /100**
**Exhibit 4: FSSIA ESG score implication**

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

**Exhibit 5: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
SJWD	42.41	--	Y	Y	5.00	5.00	--	--	56.00	--	--	42.01	--	3.44	41.46
TTA	65.35	--	Y	Y	5.00	5.00	Certified	Medium	56.56	AA	--	50.79	25.00	3.31	56.20
BEM	51.57	--	Y	Y	5.00	5.00	--	Medium	52.48	B	--	42.30	16.00	3.27	--
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36

Sources: [SETTRADE.com](https://www.settrade.com); \* FSSIA estimate; FSSIA's compilation
**Exhibit 6: ESG disclosure**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>11 / 4 / 4</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 98%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	8
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	--
Fuel used - crude oil/diesel	Yes	Age of the youngest / oldest director	34 / 69
Waste reduction policy	Yes	Number of executives / female	3 / 0
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee / ID</b>	<b>3 / 2</b>
Quality assurance and recall policy	--	Number of compensation committee meetings	3
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 3</b>
Gender pay gap breakout	--	Number of nomination committee meetings	3
Pct women in workforce	56	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	8.5
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	94.84
Health and safety policy	Yes	Auditor fee (THB m)	11.11
Lost time incident rate - employees	--	(EY Office Limited)	
Training policy	Yes	Total employee (no.)	<b>133</b>
Fair remuneration policy	Yes	Employee compensation (THB m)	315.37
Number of employees - CSR	Yes	<b>Sustainability governance</b>	
Total hours spent by firm - employee training	44286	Verification type	--
Social supply chain management	Yes	Board duration (years)	--

Sources: PSL; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																												
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																											
<b>AA</b>	7.143-8.570																													
<b>A</b>	5.714-7.142																													
<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																											
<b>BB</b>	2.857-4.285																													
<b>B</b>	1.429-2.856																													
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																											
<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																													
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

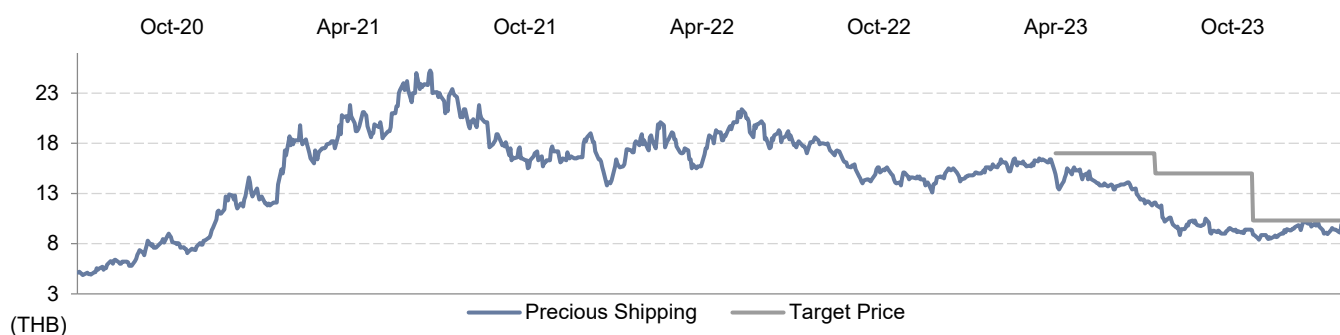
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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

#### Precious Shipping (PSL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Feb-2023	HOLD	17.00	10-May-2023	BUY	15.00	02-Aug-2023	HOLD	10.30

Jitra Amornthum started covering this stock from 13-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Precious Shipping	PSL TB	THB 9.25	HOLD	Downside risks to our P/E-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. Upside risks include 1) China's stimulus to revive the economy; and 2) the end of the Russia-Ukraine war or the end of sanctions.

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.

All share prices are as at market close on 24-Oct-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.