

PRECIOUS SHIPPING

THAILAND / TRANSPORT & LOGISTIC

PSL TB

BUY
 UNCHANGED

Rates enter high season in 3Q

- Excluding non-recurring items, PSL's 2Q24 core profit rose to THB430m (+31.4% q-q, +66.9% y-y).
- The dry bulk freight rates should remain strong in 2H24, supported by the high season for global trade in 3Q and low net new supply.
- Projection and TP raised; maintain BUY.

2Q24 profit beat our estimate by 7% due to better cost control

PSL posted the highest net profit in six quarters at THB530m in 2Q24, including a gain from sales of two vessels amounting to THB96m and an FX gain of THB3m. Excluding those non-recurring items, PSL's core profit continued to rise to THB430m (+31.4% q-q, +66.9% y-y), better than our estimate by 7% mainly due to a higher-than-expected gross margin. Like other global carriers, PSL enjoyed the higher freight rates during the period, in what is usually an off-peak season in 2Q. Better-than-expected cost control resulted in the impressive gross margin of 42.4%, much higher than we estimated by 340bps.

Interest expenses rose quickly due to fleet renewal

PSL has been renewing its fleet. The company sold three ships with engines that were not environmentally friendly in 1H24. At the same time, the company bought two ships in 1H24 and signed contracts for four new builds to be delivered during 2026-27. PSL's interest expenses have risen faster than we estimated for several quarters due to the increased debts and SOFR rates. Although its long-term loans expanded by THB163m from the previous quarters, PSL's net D/E was as low as 0.3x.

Freight rates are entering peak season in 3Q

The BSI and BHSI indices in 3QTD averaged 1,359 points (flat q-q) and 749 points (+3% q-q), respectively, and far above those in 3Q23. The dry bulk freight rates should remain strong in 2H24, in our view, supported by the high season for global trade in 3Q, the low net new supply, the Red Sea crisis, and the EEXI/CII regulations which affect ship speed.

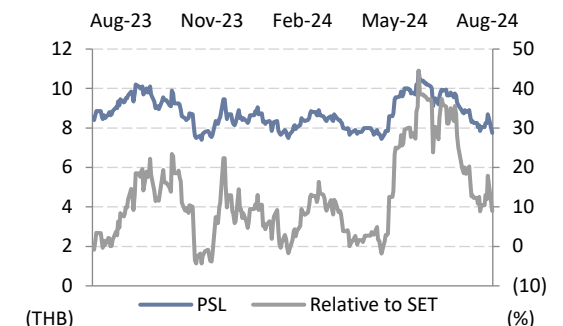
Projection and TP raised; maintain BUY

We revise our projection by adjusting our core profit forecasts up by 11%/11%/4% in 2024-26, respectively. Our new estimates are based on assumed daily shipping earnings of USD13,484 (+24% y-y), USD14,107 (+4% y-y), and USD14,538 (+4% y-y) in 2024-26. We also raise our interest expense assumptions by 17-38% during the same period. We now expect core profit growth of 132%/3%/-0.2% in 2024-26, respectively. We raise our TP on PSL from THB10.30 to THB11.00, based on a 2024E P/E of 10.2x (-0.3SD of its three-year historical average).

TARGET PRICE	THB11.00
CLOSE	THB7.75
UP/DOWNSIDE	+41.9%
PRIOR TP	THB10.30
CHANGE IN TP	+6.8%
TP vs CONSENSUS	+0.9%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	5,099	6,362	6,563	6,575
Net profit	709	1,679	1,577	1,574
EPS (THB)	0.45	1.08	1.01	1.01
vs Consensus (%)	-	16.6	10.5	11.2
EBITDA	2,553	3,654	3,734	3,751
Recurring net profit	661	1,532	1,577	1,574
Core EPS (THB)	0.42	0.98	1.01	1.01
Chg. In EPS est. (%)	-	36.7	12.3	3.5
EPS growth (%)	(86.4)	131.6	2.9	(0.2)
Core P/E (x)	18.3	7.9	7.7	7.7
Dividend yield (%)	3.2	6.9	6.5	6.5
EV/EBITDA (x)	6.7	4.6	4.7	4.8
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	30.9	25.5	31.0	32.0
ROE (%)	4.0	9.0	8.7	8.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.3)	(9.9)	(12.4)
Relative to country (%)	(12.8)	(3.1)	5.1
Mkt cap (USD m)	343		
3m avg. daily turnover (USD m)	3.7		
Free float (%)	48		
Major shareholder	Globex Corporation Limited (28%)		
12m high/low (THB)	11.20/7.20		
Issued shares (m)	1,559.29		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

PSL's 2Q24 core profit continued to rise to THB430m (+31.4% q-q, +66.9% y-y), better than our estimate by 7% mainly due to the higher-than-expected gross margin. The dry bulk freight rates should remain strong in 2H24, in our view, supported by the high season for global trade in 3Q, the low net new supply, the Red Sea crisis, and the EEXI/CII regulations which affect ship speed.

We revise up our core profit forecasts by 11%/11%/4% in 2024-26, respectively, mainly by increasing our shipping revenue and interest charge assumptions. We now expect core profit growth of 132%/3%/-0.2% in 2024-26, respectively.

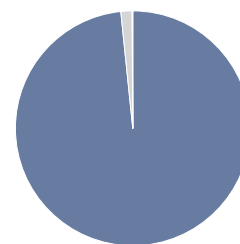
Company profile

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 had 36 fleet vessels with an aggregate capacity of 1,620,808 DWT.

www.preciousshipping.com

Principal activities (revenue, 2023)

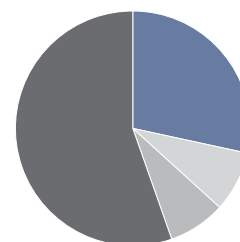
- Time charter - 98.4 %
- Voyage charter - 1.5 %
- Service revenue - 0.1 %



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; and 2) China's stimulus to boost the economy.

Risks to our call

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.

Event calendar

Date	Event
7 August 2024	Opportunity day
November 2024	3Q24 earnings announcement

Key assumptions

	2024E	2025E	2026E
TCE rate (USD/day)	13,484	14,017	14,538
TCE rate growth (%)	23.6	4.0	3.7
OPEX (USD/day)	5,220	5,235	5,303
Gross margin (%)	40.3	40.2	40.1
SG&A to sales (%)	6.6	6.6	6.7

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in its TCE rate, we project PSL's 2024 net profit to change by 3.5%, all else being equal.
- For every 1% change in gross margin, we project PSL's 2024 net profit to change by 4.0%, all else being equal.

Source: FSSIA estimates

2Q24 core profit beat our estimate by 7%

PSL posted the highest net profit in six quarters at THB530m in 2Q24, including a gain from sales of two vessels amounting to THB96m and an FX gain of THB3m. Excluding those non-recurring items, PSL's core profit rose to THB430m (+31.4% q-q, +66.9% y-y), better than our estimate by 7% mainly due to the higher-than-expected gross margin.

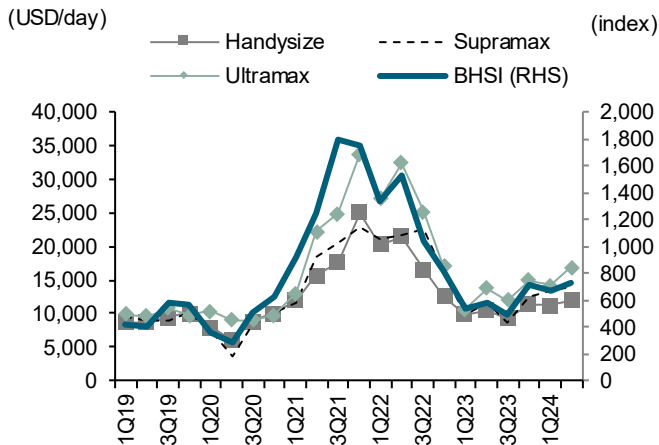
- Like other global carriers, PSL enjoyed the higher freight rates during the period, in what is usually an off-peak season in 2Q. The BSI (Supramax) and BHSI (Handysize) indices averaged 1,364 and 725 points in 2Q24, respectively – the highest in six quarters since 1Q23.
- PSL's earnings per vessel per day were USD13,483 in 2Q24, +8.4% q-q and +18.0% y-y, largely in line with our expectation.
- The daily OPEX came in at USD5,226, down close to the company's target of USD5,200 for the year after staying at over USD5,300 for the last two quarters. Better-than-expected cost control resulted in the impressive gross margin of 42.4%, much higher than we estimated by 340bps.
- However, PSL's interest expenses have risen faster than we estimated for several quarters due to the increased debts and SOFR rates. Although its long-term loans expanded by THB163m from the previous quarters, PSL's net D/E was as low as 0.3x.
- PSL has been renewing its fleet. The company sold three ships with engines that were not environmentally friendly in 1H24. At the same time, the company bought two ships in 1H24 and signed contracts for four new builds to be delivered during 2026-27.
- At the end of 2Q24, PSL had a total of 37 dry bulk vessels, comprising 17 Handysize vessels, 8 Supramax vessels, 8 Ultramax vessels, and 4 cement carriers, with an average age of 12 years old.

Exhibit 1: PSL – 2Q24 results summary

Year to Dec 31	2Q23	3Q23	4Q23	1Q24	2Q24	-----Change-----		1H23	1H24	Change	2024E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	(y-y %)	2024E
Service revenue	1,322	1,151	1,480	1,479	1,612	9.0	21.9	2,466	3,089	25.2	6,362	24.8	48.5
Cost of services	(875)	(897)	(905)	(935)	(929)	(0.7)	6.1	(1,759)	(1,863)	5.9	(3,796)	5.6	49.1
Gross profit	447	254	575	544	683	25.6	52.9	707	1,225	73.3	2,566	70.6	47.7
Operating costs	(91)	(113)	(109)	(112)	(141)	25.7	54.5	(203)	(252)	24.7	(530)	24.6	47.6
Operating profit	365	154	450	450	572	27.2	56.9	521	1,022	96.2	2,114	88.0	48.4
Operating EBITDA	722	521	789	825	961	16.5	33.1	1,214	1,785	47.1	3,654	43.0	48.9
Interest expense	(110)	(131)	(136)	(120)	(146)	21.9	33.3	(213)	(266)	24.8	(555)	15.5	48.0
Profit before tax	255	22	314	330	426	29.1	67.1	308	756	145.7	1,558	142.1	48.6
Extra gain from FX and asset sold	28	69	(74)	82	99	20.8	252.9	53	182	244.7	0	nm	nm
Reported net profit	286	98	246	409	530	29.3	85.2	365	939	157.6	1,679	136.7	56.0
Core profit	258	30	320	327	430	31.4	66.9	312	757	142.8	1,532	131.6	49.4
Reported EPS (THB)	0.18	0.06	0.16	0.26	0.34	29.3	85.2	0.23	0.60	157.6	1.08	136.1	56.0
Core EPS (THB)	0.17	0.02	0.21	0.21	0.27	31.4	66.9	0.20	0.47	142.8	0.98	131.0	48.3
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)	(ppt)	
Gross margin	33.7	22.0	36.8	36.7	42.4	5.7	8.7	28.7	39.7	11.0	40.3	10.8	
Operating margin	27.6	13.4	30.4	30.5	35.5	5.1	7.9	21.1	33.1	12.0	33.2	11.1	
EBITDA margin	54.6	45.3	53.3	55.8	59.6	3.8	5.0	49.2	57.8	8.6	57.4	7.3	
Core profit margin	19.5	2.6	21.6	22.1	26.7	4.6	7.2	12.6	24.5	11.9	24.0	11.1	
SG&A / Sales	5.6	7.8	5.9	6.0	6.8	0.8	1.2	8.2	8.2	(0.0)	6.6	0.0	
Operating statistics						(q-q %)	(y-y %)			(y-y %)		(y-y %)	
No. of vessels	38	38	38	37	36	(2.7)	(5.3)	38.0	36.0	(5.3)	38	0.0	
Ultramax	8	8	8	8	8	0.0	0.0	8.0	8.0	0.0			
Supramax	9	9	9	8	8	0.0	(11.1)	9.0	8.0	(11.1)			
Handysize	21	21	21	21	20	(4.8)	(4.8)	21.0	20.0	(4.8)			
BSI Index (Supramax) - average	988	912	1,293	1,178	1,364	15.8	38.1	957	1,264	32.0	1,300	27.2	
BHSI Index (Handysize) - average	579	492	714	666	725	8.9	25.2	562	698	24.3	724	25.0	
PSL's TC rate (USD/ship/day)	11,424	9,741	12,429	12,433	13,483	8.4	18.0	10,723	12,952	20.8	13,484	23.6	
PSL's OPEX (USD/ship/day)	5,113	5,141	5,332	5,379	5,226	(2.8)	2.2	5,172	5,303	2.5	5,220	0.3	

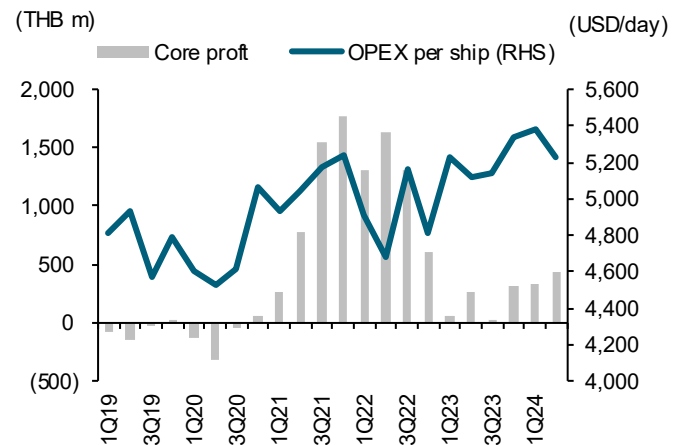
Sources: PSL, FSSIA estimates

Exhibit 2: PSL's revenue per vessel type vs BHSI index



Sources: PSL, Bloomberg, FSSIA's compilation

Exhibit 3: OPEX per ship per day and core profit



Sources: PSL, FSSIA's compilation

Projections and TP raised

The BSI and BHSI indices in 3QTD averaged 1,359 points (flat q-q) and 749 points (+3% q-q), respectively, and far above those in 3Q23. The dry bulk freight rates should remain strong in 2H24, in our view, supported by the high season for global trade in 3Q, the low net new supply, the Red Sea crisis, and the EEXI/CII regulations which affect ship speed.

In 1H24, PSL's earnings per vessel per day were USD12,952, already 98% of our previous full-year forecast. In addition, its financial cost and the amount of the long-term loan supporting its fleet renewal are higher than we had estimated before. Therefore, we revise our projection by adjusting our core profit forecasts up by 11%/11%/4% in 2024-26, respectively.

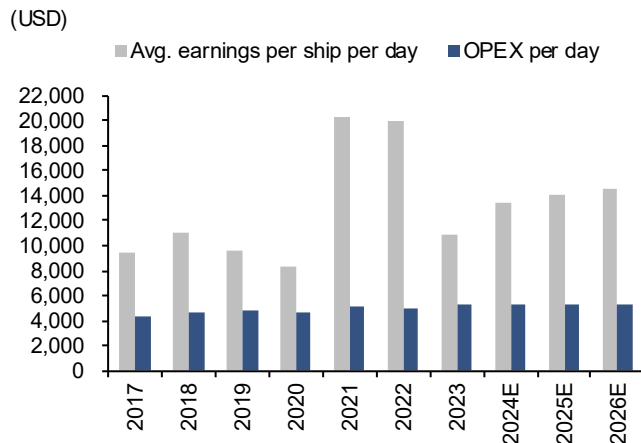
Our new estimates are based on assumed daily shipping earnings of USD13,484 (+24% y-y), USD14,107 (+4% y-y), and USD14,538 (+4% y-y) in 2024-26. We also raise our interest expense assumptions by 17-38% during the same period. We now expect core profit growth of 132%/3%/-0.2% in 2024-26, respectively. We raise our TP on PSL from THB10.30 to THB11.00, based on a 2024E P/E of 10.2x (-0.3SD of its three-year historical average).

Exhibit 4: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	6,362	6,563	6,575	6,138	6,107	6,362	3.6	7.5	3.4
TCE rate (USD/day)	13,484	14,017	14,538	13,168	13,949	14,726	2.4	0.5	(1.3)
OPEX (USD/day)	5,220	5,235	5,303	5,240	5,348	5,599	(0.4)	(2.1)	(5.3)
Cost of goods sold	(2,256)	(2,360)	(2,349)	(2,398)	(2,355)	(2,477)	(5.9)	0.2	(5.2)
Gross profit	4,106	4,203	4,226	3,740	3,752	3,885	9.8	12.0	8.8
SG&A	(530)	(542)	(549)	(487)	(457)	(481)	8.9	18.7	14.0
EBITDA	3,654	3,734	3,751	3,301	3,343	3,453	10.7	11.7	8.6
Interest expense	555	567	560	475	412	422	17.0	37.6	32.7
Core profit	1,532	1,577	1,574	1,384	1,420	1,515	10.7	11.0	3.9
Net profit	1,679	1,577	1,574	1,384	1,420	1,515	21.3	11.0	3.9
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	40.3	40.2	40.1	37.3	37.6	37.7	3.0	2.6	2.3
EBITDA margin	57.5	56.9	57.1	53.8	54.0	53.5	3.6	3.0	3.6
Core profit margin	24.1	24.0	24.0	22.6	23.3	23.8	1.5	0.8	0.1

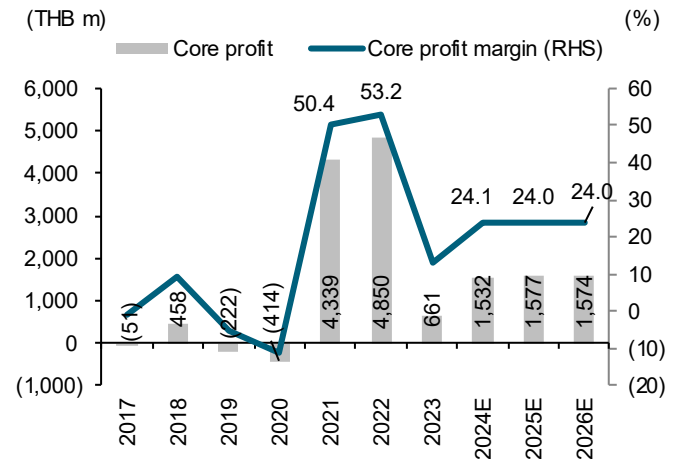
Sources: PSL, FSSIA estimates

Exhibit 5: Average shipping revenue and OPEX per day



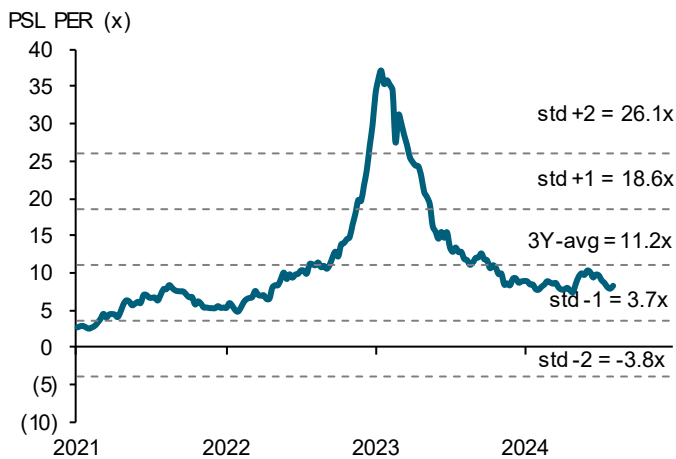
Sources: PSL, FSSIA estimates

Exhibit 6: Core profit and core profit margin



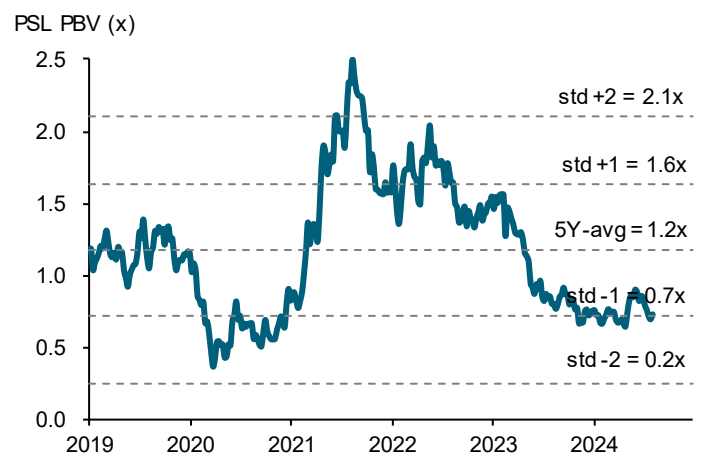
Sources: PSL, FSSIA estimates

Exhibit 7: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: One-year rolling forward P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 9: Peers comparison as of 5 August 2024

Company	BBG	Share price Current (LCY)	--- EPS growth ---		----- PE -----		----- PBV -----		--- EV/ EBITDA ---	
			24E	25E	24E	25E	24E	25E	24E	25E
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Thailand										
Thoresen Thai Agencies	TTA TB	5.70	202	13	4.6	4.1	0.4	0.4	3.1	2.9
Precious Shipping	PSL TB	7.75	132	3	7.9	7.7	0.7	0.7	4.6	4.7
Thailand average			167.0	8.0	6.3	5.9	0.5	0.5	3.8	3.8
Regional										
D/S Norden	DNORD DC	271.40	(68)	81	8.8	4.9	1.0	0.9	3.0	2.4
Diana Shipping	DSX US	2.36	(22)	243	8.7	2.6	0.6	0.5	6.1	3.9
Globus Maritime	GLBS US	1.61	93	(196)	5.9	n/a	0.2	0.2	0.6	0.9
Genco Shipping & Trading	GNK US	17.54	355	6	8.2	7.8	0.8	0.8	5.2	5.1
Navios Maritime Partners	NMM US	43.06	11	10	3.0	2.7	0.4	0.4	3.6	3.4
Star Bulk Carriers	SBLK US	20.70	173	11	5.0	4.5	1.0	1.0	4.7	4.1
Regional average			90.1	25.7	6.6	4.5	0.7	0.6	3.9	3.3

Sources: Bloomberg, FSSIA estimates

Financial Statements

Precious Shipping

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	9,129	5,099	6,362	6,563	6,575
Cost of goods sold	(3,401)	(3,595)	(3,796)	(3,923)	(3,940)
Gross profit	5,728	1,504	2,566	2,640	2,635
Other operating income	17	46	78	73	74
Operating costs	(517)	(425)	(530)	(542)	(549)
Operating EBITDA	6,553	2,553	3,654	3,734	3,751
Depreciation	(1,324)	(1,429)	(1,540)	(1,563)	(1,591)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,229	1,124	2,114	2,171	2,160
Net financing costs	(392)	(481)	(555)	(567)	(560)
Associates	29	21	20	21	22
Recurring non-operating income	29	21	20	21	22
Non-recurring items	0	48	147	0	0
Profit before tax	4,866	713	1,726	1,625	1,622
Tax	(15)	(4)	(47)	(48)	(48)
Profit after tax	4,851	709	1,679	1,577	1,574
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,851	709	1,679	1,577	1,574
Non-recurring items & goodwill (net)	0	(48)	(147)	0	0
Recurring net profit	4,850	661	1,532	1,577	1,574
Per share (THB)					
Recurring EPS *	3.11	0.42	0.98	1.01	1.01
Reported EPS	3.11	0.45	1.08	1.01	1.01
DPS	1.75	0.25	0.54	0.51	0.50
Diluted shares (used to calculate per share data)	1,559	1,559	1,559	1,559	1,559
Growth					
Revenue (%)	6.0	(44.1)	24.8	3.2	0.2
Operating EBITDA (%)	10.2	(61.0)	43.1	2.2	0.5
Operating EBIT (%)	10.5	(78.5)	88.0	2.7	(0.5)
Recurring EPS (%)	11.8	(86.4)	131.6	2.9	(0.2)
Reported EPS (%)	8.4	(85.4)	136.7	(6.1)	(0.2)
Operating performance					
Gross margin inc. depreciation (%)	62.7	29.5	40.3	40.2	40.1
Gross margin exc. depreciation (%)	77.3	57.5	64.5	64.0	64.3
Operating EBITDA margin (%)	71.8	50.1	57.4	56.9	57.1
Operating EBIT margin (%)	57.3	22.1	33.2	33.1	32.8
Net margin (%)	53.1	13.0	24.1	24.0	23.9
Effective tax rate (%)	0.3	0.5	2.7	3.0	3.0
Dividend payout on recurring profit (%)	56.3	58.9	54.8	50.0	50.0
Interest cover (X)	13.4	2.4	3.8	3.9	3.9
Inventory days	5.6	6.1	4.9	4.8	4.9
Debtor days	9.1	20.6	18.0	17.7	17.5
Creditor days	82.5	83.2	79.0	81.7	75.5
Operating ROIC (%)	19.9	4.2	7.8	7.6	7.3
ROIC (%)	19.5	4.2	7.7	7.5	7.2
ROE (%)	31.5	4.0	9.0	8.7	8.6
ROA (%)	21.6	4.3	7.8	7.6	7.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Time charter	8,992	5,016	5,665	5,888	6,107
Voyage charter	132	79	692	669	463
Service revenue	4	5	5	5	5

Sources: Precious Shipping; FSSIA estimates

Financial Statements

Precious Shipping

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,850	661	1,532	1,577	1,574
Depreciation	1,324	1,429	1,540	1,563	1,591
Associates & minorities	-	-	-	-	-
Other non-cash items	402	413	949	(548)	(591)
Change in working capital	28	(336)	259	(62)	(35)
Cash flow from operations	6,604	2,167	4,279	2,530	2,539
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,447)	(562)	(2,998)	(2,800)	(2,000)
Net acquisitions & disposals	0	1	0	0	0
Other investments (net)	30	21	21	(12)	(1)
Cash flow from investing	(2,416)	(541)	(2,976)	(2,812)	(2,001)
Dividends paid	(3,508)	(624)	(840)	(788)	(787)
Equity finance	0	0	0	0	0
Debt finance	(1,818)	710	147	183	(392)
Other financing cash flows	(380)	(455)	0	0	1
Cash flow from financing	(5,705)	(368)	(692)	(606)	(1,178)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	104	1	0	0	0
Net other adjustments	104	1	0	0	0
Movement in cash	(1,413)	1,259	610	(888)	(640)
Free cash flow to firm (FCFF)	4,580.64	2,106.72	1,857.98	285.47	1,097.89
Free cash flow to equity (FCFE)	2,095.00	1,882.57	1,450.01	(99.15)	147.38

Per share (THB)

FCFF per share	2.94	1.35	1.19	0.18	0.70
FCFE per share	1.34	1.21	0.93	(0.06)	0.09
Recurring cash flow per share	4.22	1.61	2.58	1.66	1.65

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	32,817	32,689	34,979	36,850	37,924
Less: Accumulated depreciation	(10,769)	(11,854)	(12,683)	(13,318)	(13,983)
Tangible fixed assets (net)	22,048	20,836	22,296	23,532	23,941
Intangible fixed assets (net)	16	9	9	9	9
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	81	82	82	82	82
Cash & equivalents	1,056	2,315	2,925	2,038	1,398
A/C receivable	279	295	331	305	324
Inventories	42	30	31	31	32
Other current assets	181	250	254	262	263
Current assets	1,557	2,890	3,541	2,637	2,017
Other assets	602	529	507	519	520
Total assets	24,304	24,346	26,435	26,780	26,569
Common equity	16,463	16,246	17,911	18,140	18,337
Minorities etc.	0	0	0	0	0
Total shareholders' equity	16,463	16,246	17,911	18,140	18,337
Long term debt	5,556	5,548	6,298	6,563	6,246
Other long-term liabilities	417	276	350	361	328
Long-term liabilities	5,974	5,824	6,648	6,923	6,575
A/C payable	639	447	623	542	552
Short term debt	1,167	1,788	1,186	1,104	1,028
Other current liabilities	61	41	68	71	77
Current liabilities	1,867	2,276	1,876	1,717	1,657
Total liabilities and shareholders' equity	24,304	24,346	26,435	26,780	26,569
Net working capital	(198)	87	(74)	(13)	(10)
Invested capital	22,548	21,542	22,819	24,129	24,542

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

Per share (THB)

Book value per share	10.56	10.42	11.49	11.63	11.76
Tangible book value per share	10.55	10.41	11.48	11.63	11.75

Financial strength

Net debt/equity (%)	34.4	30.9	25.5	31.0	32.0
Net debt/total assets (%)	23.3	20.6	17.2	21.0	22.1
Current ratio (x)	0.8	1.3	1.9	1.5	1.2
CF interest cover (x)	12.6	6.1	9.0	5.8	4.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	2.5	18.3	7.9	7.7	7.7
Recurring P/E @ target price (x) *	3.5	25.9	11.2	10.9	10.9
Reported P/E (x)	2.5	17.0	7.2	7.7	7.7
Dividend yield (%)	22.6	3.2	6.9	6.5	6.5
Price/book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x) **	2.7	6.7	4.6	4.7	4.8
EV/EBITDA @ target price (x) **	3.5	8.7	5.9	6.1	6.1
EV/invested capital (x)	0.8	0.8	0.7	0.7	0.7

* 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

★ ★ ★

Exhibit 10: FSSIA ESG score implication

55.45 /100

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	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.
★★	>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 11: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	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
NYT	43.79	--	--	Y	5.00	5.00	--	--	53.86	--	--	57.61	--	6.57	45.96
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36
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

Sources: SETTRADE.com; * FSSIA estimate; FSSIA's compilation

Exhibit 12: ESG disclosure from company's one report

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

Source: 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 THSI inclusion , 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. SETTHSI Index 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.																				
CG Score 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%).																				
AGM level 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&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.																				
Thai CAC 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.																				
Morningstar Sustainabilitys	The Sustainabilitys' 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 & 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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+																		
ESG Book	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.																				
MSCI	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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																					
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	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.																					
Bloomberg	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.																				

[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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

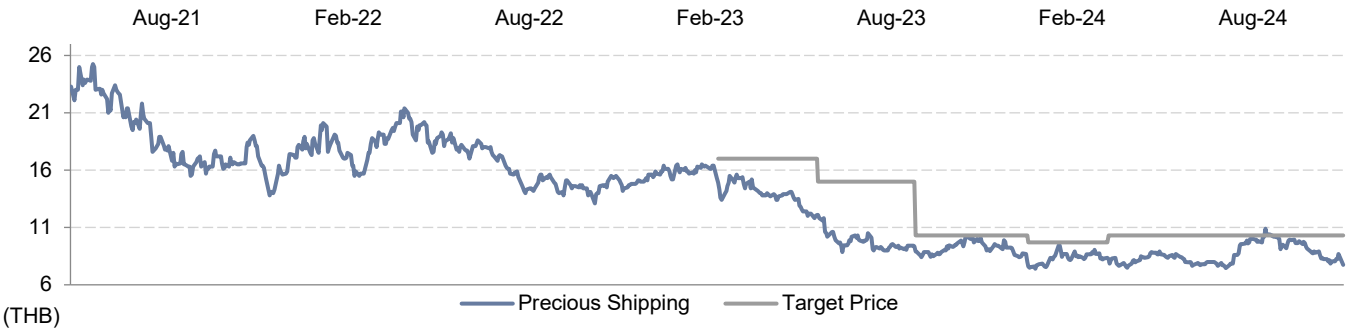
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Precious Shipping (PSL TB)



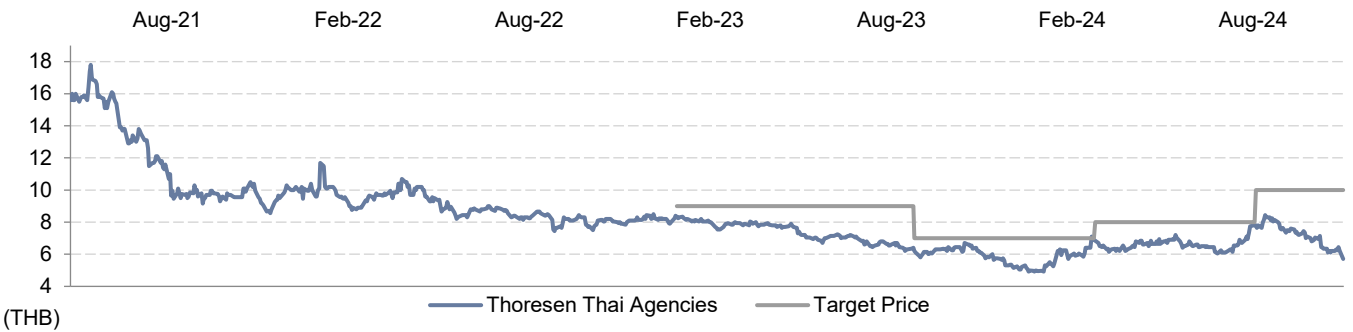
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Feb-2023	HOLD	17.00	02-Aug-2023	HOLD	10.30	15-Jan-2024	BUY	10.30
10-May-2023	BUY	15.00	07-Nov-2023	HOLD	9.70			

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

Price and TP are in local currency

Source: FSSIA estimates

Thoresen Thai Agencies (TTA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Jan-2023	HOLD	9.00	02-Aug-2023	HOLD	7.00	21-May-2024	BUY	10.00
10-May-2023	BUY	9.00	04-Jan-2024	BUY	8.00			

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 7.75	BUY	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.
Thoresen Thai Agencies	TTA TB	THB 5.70	BUY	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 Jan-23.

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 05-Aug-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.