

Thailand Shipping

คาดการณ์ค่าระวางเรือปรับลดลงในปี 2025

- อัตราค่าระวางเรือในปี 2025 แนวโน้มลดลงจากความไม่สมดุลของอุปสงค์-อุปทาน
- ในขณะที่เรือคอนเทนเนอร์มีแนวโน้มจะเผชิญภาวะ oversupply ในปี 2025 ซึ่งทำให้อัตราค่าระวางเรือคอนเทนเนอร์ปรับลงเร็ว เราคาดว่าค่าระวางเรือเทกองปรับลงเช่นกันแต่ไม่รุนแรงเท่า
- ปรับลดประมาณการกำไรกลุ่มเรือเทกองในปี 2025-26 สะท้อนการคาดการณ์ค่าระวางเรือที่ลดลง ปรับไปใช้ราคาเป้าหมายปี 2025 ลดคำแนะนำเป็นถือทั้ง PSL และ TTA.

อัตราค่าระวางเรือในปี 2025 มีแนวโน้มลดลง

บริษัทเดินเรือหลายแห่งทั่วโลกมีมุมมองค่อนข้างตรงกันว่าอัตราค่าระวางเรือในปี 2025 แนวโน้มลดลงจากความไม่สมดุลของอุปสงค์-อุปทาน อุปสงค์ในปี 2025 มีแนวโน้มชะลอหลังจากผู้นำเข้าต่างเร่งนำเข้าสินค้าไปแล้วตั้งแต่ปีนี้มีระดับสินค้าคงคลังที่สูง นอกจากนี้มีความเป็นไปได้ที่จะเกิดสงครามการค้าระหว่างสหรัฐ-จีนอีกครั้ง ซึ่งจะมีผลกระทบต่ออุปสงค์ ขณะที่เราคาดว่าวิกฤตทะเลแดงน่าจะเริ่มคลี่คลายในปีหน้า ซึ่งจะทำให้การเดินทางเรือทยอยกลับมาเป็นปกติ อุปทานที่หายไปในช่วงที่ผ่านมาจะทยอยกลับมา เช่นเดียวกับปัญหาระดับน้ำที่ต่ำในคลองปานามาเพราะภัยแล้งมาจนเป็นอุปสรรคต่อการเดินเรือในปีนี้ คาดว่าสถานการณ์จะคลี่คลายหลังภาวะเอลนีโญหายไป ส่งผลให้อุปทานเรือที่ขาดแคลนเพราะความแออัดตามท่าเรือต่างๆ กลับมาเป็นปกติ ทั้งนี้ Clarkson Research มีการคาดการณ์ว่าในปี 2025 อัตราการเพิ่มขึ้นของอุปทานจะมากกว่าอัตราการเพิ่มขึ้นของอุปสงค์

คาดการณ์ค่าระวางเรือเทกองชะลอใน 2H24 ถึงปี 2025 แต่ยังแข็งแกร่งกว่าเรือคอนเทนเนอร์

การทะลักเพิ่มขึ้นจำนวนมากของจำนวนเรือตู้คอนเทนเนอร์ในปี 2024 จะยังไม่เป็นปัญหาในปีนี้แต่จะเกิดภาวะ Oversupply ในปี 2025 สำหรับสถานการณ์ของเรือเทกองแตกต่างออกไป อุปทานของเรือเทกองที่จะเพิ่มขึ้นในปี 2025 คาดว่าจะทำให้อัตราค่าระวางของเรือเทกองปรับลดลงเช่นกัน แต่รุนแรงน้อยกว่าค่าระวางของเรือคอนเทนเนอร์ เนื่องจากมีหลายปัจจัยหนุน ไม่ว่าจะเป็น 1) การสั่งต่อเรือใหม่อยู่ในระดับต่ำมากที่ 9.1% ของปริมาณกองเรือทั่วโลก (ข้อมูล ณ วันที่ 1 ก.ค. 2024); 2) กฎระเบียบที่เกี่ยวกับสภาพภูมิอากาศจะทำให้สายเรือต้องเดินเรือช้าลง และ 3) อุปทานเรือเทกองที่จะเพิ่มขึ้น มีจำนวนน้อยกว่าการเพิ่มขึ้นของเรือคอนเทนเนอร์ เราคาดว่าดัชนีเรือเทกอง Supramax/Handysize ที่ปรับขึ้นใน 1H24 จะชะลอลงใน 2H24 จากปริมาณการขนส่งเมล็ดพืชและถ่านหินที่ชะลอ รวมถึงทิศทางการเติบโตของเศรษฐกิจจีนที่คาดว่าจะชะลอลงใน 2H24 และปัญหา Disruption ในทะเลแดงและคลองปานามา ที่คลี่คลาย

ปรับลดประมาณการกำไรในปี 2025-26 สะท้อนการคาดการณ์ค่าระวางเรือที่ลดลง

เราปรับประมาณการกำไรปกติของกลุ่มเรือเทกองลงจากมุมมองที่เป็นลบมากขึ้นต่อค่าระวางเรือเทกอง โดยปรับกำไรปกติในปี 2025-26 ลง 37% และ 38% ตามลำดับ หลักๆ มาจากการปรับลดค่าระวางเรือและปรับเพิ่มค่าใช้จ่ายทางด้านดอกเบี้ยหลังอัตราดอกเบี้ยในท้องถิ่นยังคงอยู่ในระดับสูง เราคาดว่ากำไรปกติปี 2024 ของกลุ่มเรือเทกองจะโตก้าวกระโดด 132% y-y จากค่าระวางที่แข็งแกร่งใน 1H24 และคาดว่ากำไรปกติลดลง 22% y-y ในปี 2025 และลดต่อเนื่องอีก 4% y-y ในปี 2026 เราปรับไปใช้ราคาเป้าหมายในปี 2025 เพื่อสะท้อนแนวโน้มการทำกำไรในอนาคต และปรับลด Target P/E ให้สอดคล้องกับกำไรที่คาดว่าจะลดลง รวมถึงปรับลดคำแนะนำเป็น ถือจากเดิมซื้อ ทั้ง PSL และ TTA

FSSIA recommendations

Company	BBG code	share price	Rating		Target Price			
			Current	Previous	Current	Previous	%change	Up/downside
Thoresen Thai Agencies	TTA TB	5.90	HOLD	BUY	6.40	10.00	-36.00%	+8.5%
Precious Shipping	PSL TB	8.20	HOLD	BUY	8.50	11.00	-22.73%	+3.7%

Note: Priced at close of business 21/08/2024. Share prices and TPs are in listing currency.



Jitra Amorntum

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

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 21 สิงหาคม 2024

Investment thesis

Many shipping companies around the globe are predicting that ocean freight rates will decline in 2025 on a weakening demand-supply balance. The demand could be soft in 2025, as importers have high inventory levels. Additionally, the possible return of the trade war between the US and China may add to the demand risk. The Red Sea and Suez Canal conflicts should be eased in 2025; thus, the normal routings should resume. The low water level in the Panama Canal should recover from drought. The reduction of port congestion could lead to an increase in supply.

We have revised down the two covered dry bulk operators' aggregate core profits on our more bearish view on sea freight rates in 2025-26 by 37% and 38%, respectively. This mainly comes from the slashed freight rate and increased interest expense assumptions. In 2024, the core profits of the dry bulk shipping sector should leap 132% y-y due to the strong market during 1H24. However, we project the sector's core profits to plummet by 22% y-y in 2025 and further slide by 4% y-y in 2026. We roll over our TPs for PSL and TTA to 2025 to better reflect the outlook of future profits. We also trim our 2025 P/E target to align with the lower profits, and downgrade our ratings to HOLD from Buy for both stocks.

Catalysts

Key potential catalysts for the dry bulk carrier sector are:

- 1) Freight rates are soaring again.
- 2) Global GDP growth improves amid slowing inflation. The Chinese economy resumes its robust growth.
- 3) The demand-supply balance improves.

Risks to our call

Downside risks to our call include:

- 1) The better-than-expected expansion of major economies like China and India, which materially drive the commodity demand.
- 2) The Red Sea crisis continues with no resolution in sight, resulting in the prolonged disruption of shipping routes.
- 3) Ship delivery delays. Global port congestion escalates, taking out fleet capacity.
- 4) A pandemic occurs.

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Company report

THORESEN THAI AGENCIES (TTA TB, HOLD, TP THB6.40)

PRECIOUS SHIPPING (PSL TB, HOLD, TP THB8.50)

Event Calendar

Date	Event
November 2024	3Q24 earnings results announcements
February 2025	4Q24/2024 earnings results announcements

Ocean freight rates forecast to fall in 2025

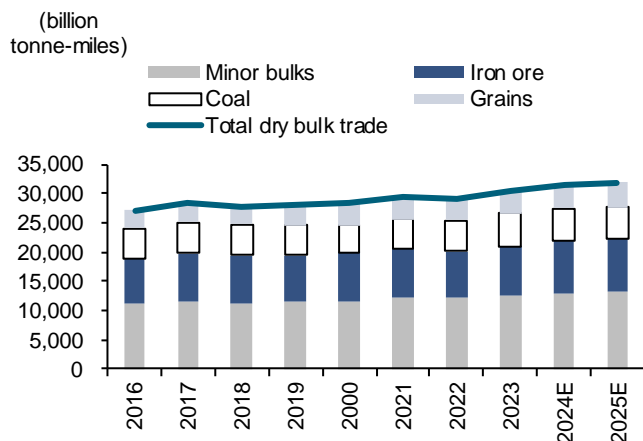
Many shipping companies around the globe are predicting that ocean freight rates will decline in 2025 on a weakening demand-supply balance. The demand could be soft in 2025, as importers have high inventory levels. Additionally, the possible return of the trade war between the US and China may add to the demand risk. The Red Sea and Suez Canal conflicts should be eased in 2025; thus, the normal routings should resume. The low water level in the Panama Canal should recover from drought. The reduction of port congestion could lead to an increase in supply. Clarkson Research projects the supply growth of bulk carriers to outpace the demand growth in 2025.

Exhibit 1: Dry bulk demand-supply

(m tonne-mile)	2018	2019	2000	2021	2022	2023	2024E	2025E
Minor bulks	11,213	11,448	11,469	12,115	12,058	12,439	13,043	13,362
Iron ore	8,204	7,983	8,406	8,536	8,146	8,607	8,996	8,975
Coking coal	5,226	5,167	4,663	4,856	5,124	5,501	5,437	5,361
Grain	3,163	3,395	3,776	3,817	3,751	3,828	4,077	4,135
Total dry bulk trade	27,806	27,993	28,314	29,324	29,079	30,375	31,553	31,833
% Change in trade	2.30	0.01	1.14	3.57	-0.83	4.46	3.88	0.89
Dry bulk fleet (m DWT)	840	880	913	946	973	1,003	1,034	1,061
% Change in fleet	3.40	4.75	3.80	3.60	2.85	3.06	3.06	2.63

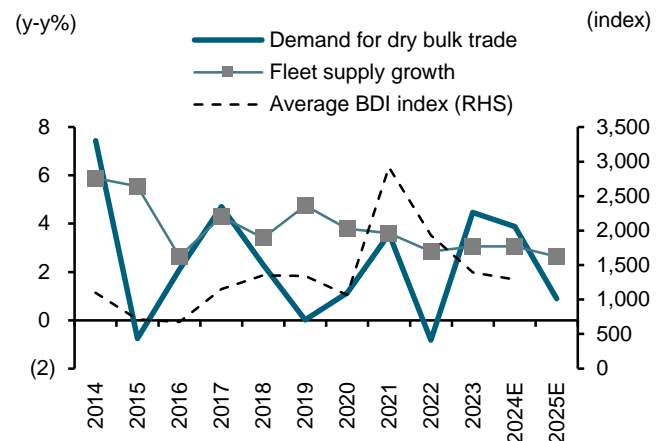
Sources: PSL, FSSIA's compilation

Exhibit 2: Dry bulk trade



Sources: PSL, TTA, FSSIA's compilation

Exhibit 3: Dry bulk demand-supply growth vs BDI index



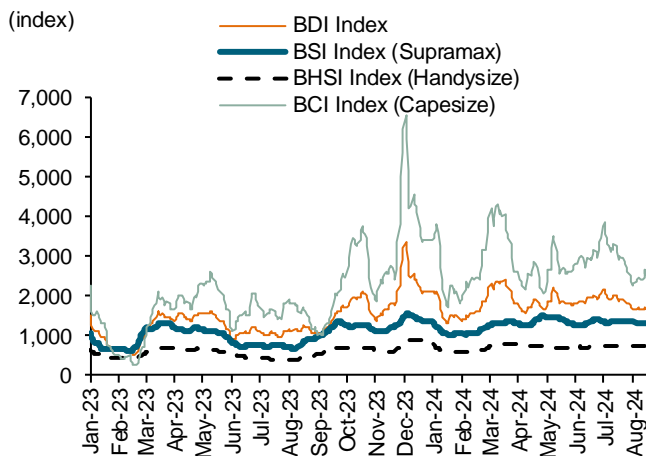
Sources: PSL, TTA, Bloomberg, FSSIA's compilation

Bulk cargo market to cool in 2H24 & 2025; remain stronger than container rates

The influx of container ships in 2024 will not cause an oversupply until 2025. The container ship fleet is forecast to rise by a record 9.5% in 2024 and 4.9% in 2025, while the demand for container ships should fall during 2H24 and weaken further in 2025 due to the resumption of normal routings and the reduction of port congestion.

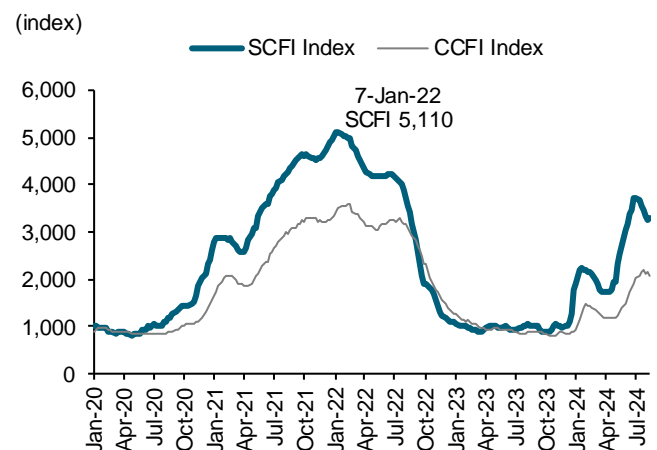
The dry bulk freight rates in 2025 should fall, but not as drastically as for container ships. Several factors supporting the dry bulk freight rates are 1) the order book remained very low at 9.1% of fleet capacity as of 1 July 2024; 2) the 20-year-old ships, which will soon be decommissioned, are at 9.07%, almost at the same level of the order book; 3) climate regulations (EEXI and CII) have led to lower sailing speeds, affecting the bulk supply growth; and 4) lower supply growth as compared with container ships.

Exhibit 4: Bulk freight rates



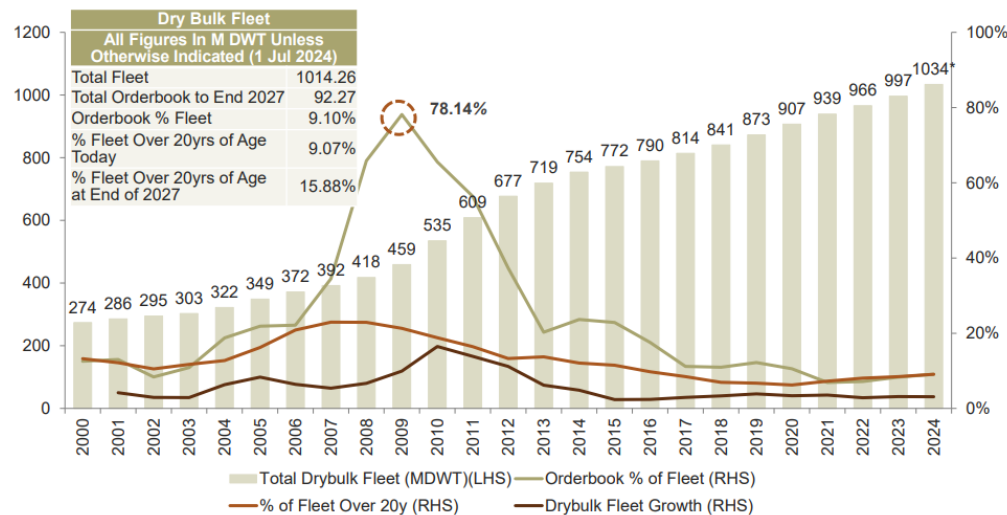
Source: Bloomberg

Exhibit 5: Shanghai Containerized Freight Index



Source: Bloomberg

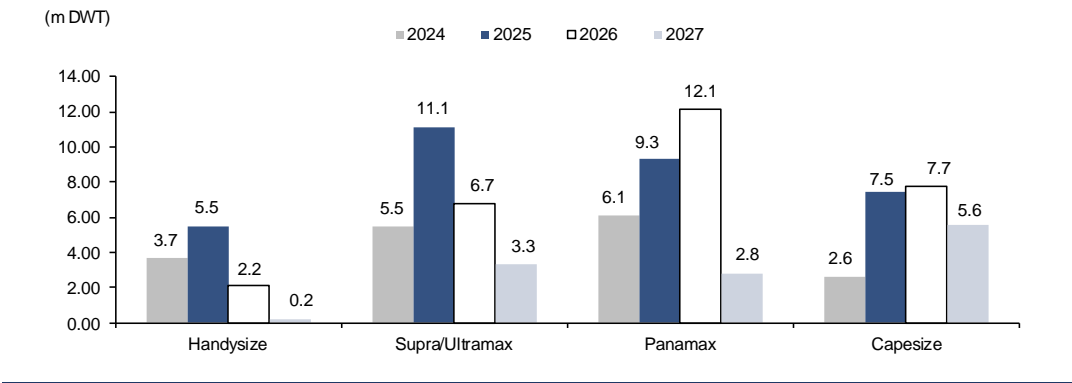
Exhibit 6: Order book for dry bulk fleet



Sources: PSL, FSSIA's compilation

Capesize ships, the largest dry cargo vessels, should be in the best position in 2025, as their supply is expected to increase more slowly amid the high demand for iron ore shipments. On the other hand, Supramax and Handysize vessels, the smaller-sized ships, which have enjoyed relatively low fleet growth in 2024, should be negatively impacted in 2025 as fleet growth accelerates amid the weak demand for coal and grain shipments.

Exhibit 7: Confirmed orders as of 1 July 2024 to 31 December 2027



The strong shipping market during 1H24 was because importers accelerated shipments to avoid the Trump-Biden tariffs in effect in August 2024. Some importers sped up their orders to avoid port congestion later this year. This resulted in a skyrocketing +143% y-y core profit in 1H24 for PSL and +234% y-y for TTA, in line with the other marine shipping stocks around the world.

Exhibit 8: Quarterly shipping revenue per ship per day

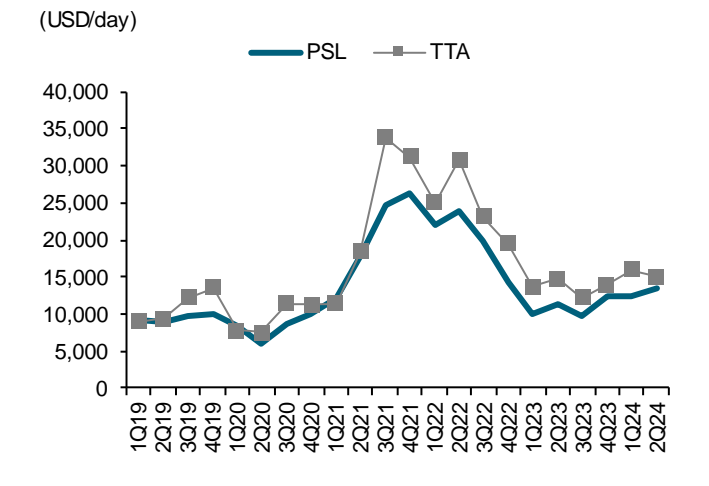
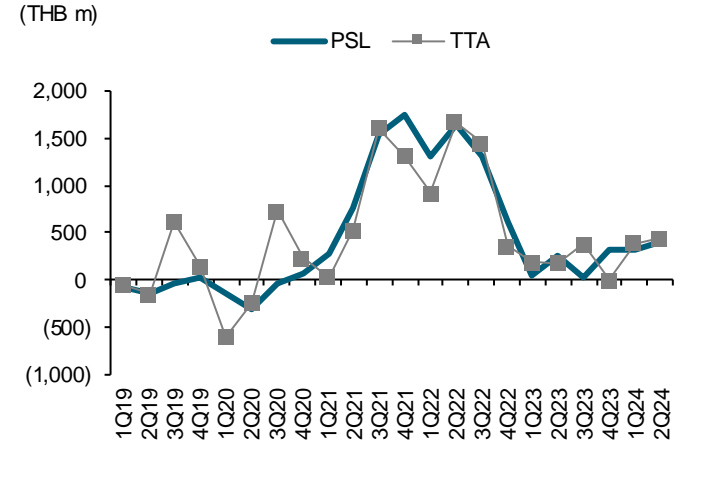


Exhibit 9: Quarterly core profits



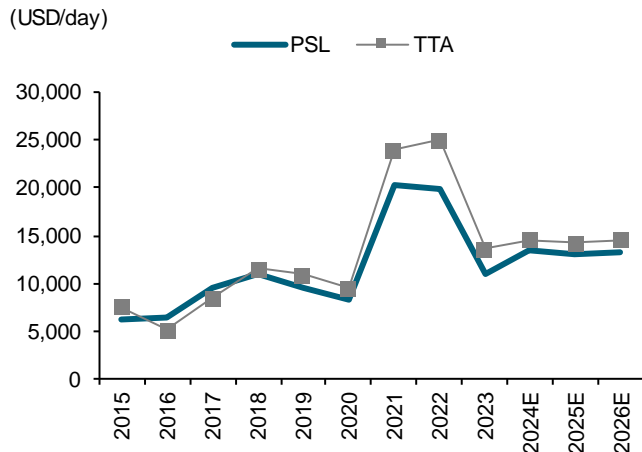
The Supramax Index, the reference index for PSL's and TTA's vessel sizes, averaged 1,346 points in 3QTD, edging down by 1.3% from the index average in 2Q24. The Handysize Index, the reference index for PSL's ship sizes, averaged 752 points in 3QTD, 3.7% above the 2Q24 index average. We expect the Supramax/Handysize indices to slightly decline in 2H24 vs in 1H24 due to weaker grain and coal shipments, the likely slower economic growth in China in 2H24, and the expected easing of global port congestion.

More supply to hit the sector's profits in 2025-26

We have revised down the two covered dry bulk operators' aggregate core profits on our more bearish view on sea freight rates in 2025-26 by 37% and 38%, respectively. This mainly comes from the slashed freight rate and increased interest expense assumptions. In 2024, the core profits of the dry bulk shipping sector should leap 132% y-y due to the strong market during 1H24. However, we project the sector's core profits to plummet by 22% y-y in 2025 and further slide 4% y-y in 2026.

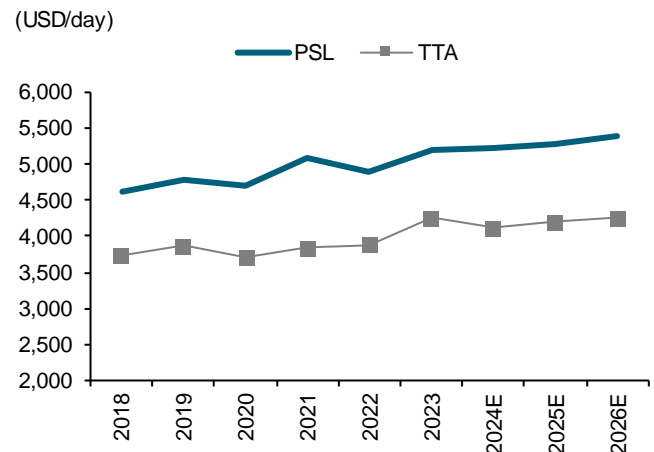
We roll over our TPs for PSL and TTA to 2025 to better reflect the outlook of future profits. We also trim our 2025 P/E target to align with the lower profits, and downgrade our ratings to HOLD from Buy for both stocks.

Exhibit 10: Revenue per ship per ship



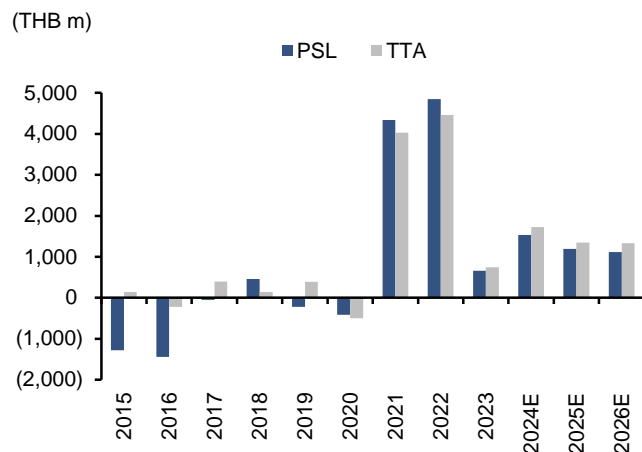
Sources: PSL, TTA, FSSIA estimates

Exhibit 11: OPEX per ship per day



Sources: PSL, TTA, FSSIA estimates

Exhibit 12: Core profits of PSL and TTA



Sources: PSL, TTA, FSSIA estimates

Exhibit 13: Share price performance

Return (%)	1D	1W	1M	3M	6M	12M
PSL	(0.6)	1.9	(1.8)	(19.0)	(3.6)	(4.7)
TTA	0.0	3.5	(7.9)	(25.0)	(12.7)	(3.3)
Relative to SET (%)	1D	1W	1M	3M	6M	12M
PSL	(1.0)	(0.9)	(2.7)	(15.3)	0.7	7.9
TTA	(0.4)	0.8	(8.7)	(21.3)	(8.4)	9.3

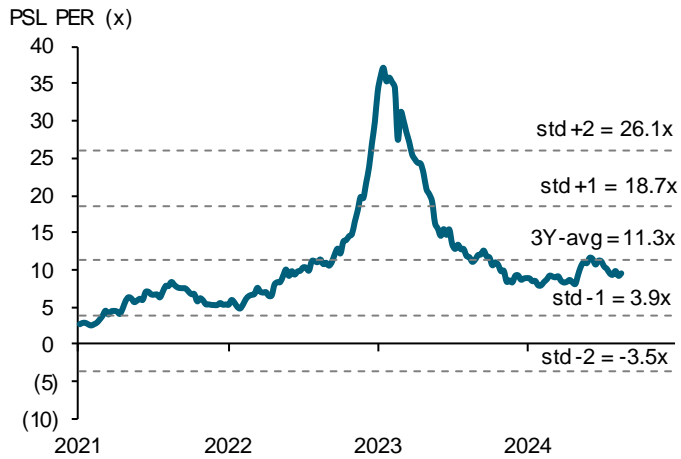
Source: Bloomberg

Exhibit 14: Core profit projection changes

	2024E			2025E			2026E		
	Current (THB m)	Previous (THB m)	Change (%)	Current (THB m)	Previous (THB m)	Change (%)	Current (THB m)	Previous (THB m)	Change (%)
PSL	1,532	1,532	0.0	1,195	1,577	(24.2)	1,118	1,574	(29.0)
TTA	1,725	2,142	(19.5)	1,350	2,432	(44.5)	1,330	2,357	(43.5)
Total	3,257	3,674	(11.3)	2,545	4,009	(36.5)	2,448	3,931	(37.7)

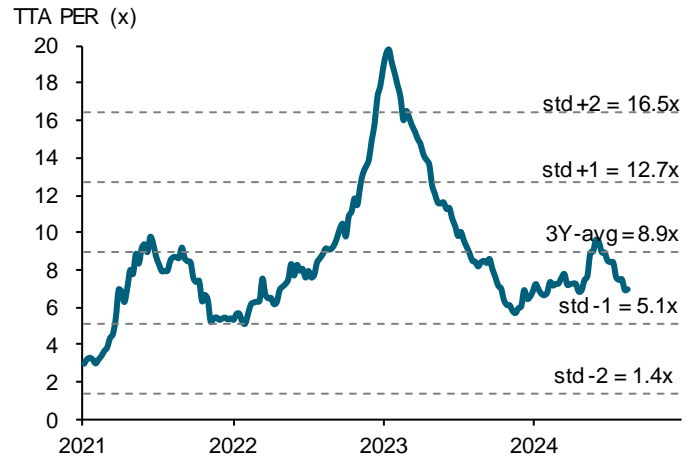
Sources: PSL, TTA, FSSIA estimates

Exhibit 15: PSL's one-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: TTA's one-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: Peers comparison as of 21 August 2024

Company	BBG	Share price	---- EPS growth ----		----- PE -----		----- PBV -----		---- EV/ EBITDA ----	
		Current	24E	25E	24E	25E	24E	25E	24E	25E
		(LCY)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Thailand										
Thoresen Thai Agencies*	TTA TB	5.90	132	(22)	6.2	8.0	0.4	0.4	3.7	3.8
Precious Shipping*	PSL TB	8.20	132	(22)	8.3	10.7	0.7	0.7	4.8	5.3
Thailand average			131.8	(21.9)	7.3	9.3	0.6	0.5	4.2	4.6
Regional										
Cosco shipping Holding	601919 CH	12.52	61	(51)	5.2	10.5	0.9	0.9	2.2	3.9
Evergreen marine	2603 TT	187.50	321	(66)	3.8	11.0	0.8	0.7	2.3	4.3
Mitsui OSK Lines	9104 JP	5,033.00	(74)	28	7.7	6.4	0.9	0.7	15.8	12.5
Kawasaki Kisen Kaisha	9107 JP	2,110.00	(83)	105	12.9	6.6	1.0	0.9	11.0	10.2
Orient Oversea International	316 HK	108.70	30	(8)	5.1	5.6	0.7	0.7	1.6	2.5
Wan Hai Lines	2615 TT	80.40	(716)	(83)	6.7	38.6	0.9	n/a	4.9	207.7
Nanjing Tanker	601975 CH	3.02	44	3	6.6	6.4	1.3	1.1	3.9	3.9
Regional average			(59.4)	(10.3)	6.9	12.2	0.9	0.8	5.9	35.0
Global										
Hapag-Lloyd	HLAG GR	147.90	(39)	(76)	15.3	64.0	1.4	1.5	7.1	10.0
Maersk	MAERSKB DC	10,705.00	6	(96)	7.3	170.3	0.5	0.5	3.5	5.5
Star Bulk Carriers	SBLK US	21.63	135	1	6.0	6.0	1.0	1.0	5.7	5.4
Navios Maritime Partners	NMM US	54.91	12	12	3.8	3.3	0.5	0.5	4.1	3.8
D/S Norden	DNORD DC	276.40	(66)	55	8.8	5.7	1.0	0.9	3.7	3.0
Genco Shipping & Trading	GNK US	17.19	184	(2)	9.1	9.4	0.8	0.8	4.9	5.2
Diana Shipping	DSX US	2.48	(28)	260	9.9	2.8	0.6	0.6	6.3	4.0
Globus Maritime	GLBS US	1.54	4	(196)	5.7	n/a	0.2	0.2	0.5	0.8
Global average			26.0	(5.3)	8.2	37.4	0.7	0.7	4.5	4.7
Overall average			3.3	(9.3)	7.6	22.8	0.8	0.7	5.1	17.2

Sources: Bloomberg; *FSSIA estimates

THORESEN THAI AGENCIES

THAILAND / TRANSPORT & LOGISTIC

TTA TB

HOLD

FROM BUY

TARGET PRICE	THB6.40
CLOSE	THB5.90
UP/DOWNSIDE	+8.5%
PRIOR TP	THB10.00
CHANGE IN TP	-36.0%
TP vs CONSENSUS	-36.0%

Stormy seas on the horizon

- We believe that the shipping rate rally in 2Q24 is over.
- We have cut our core profit forecasts for 2024-26 by 20%/45%/44%, respectively.
- Cut our TP to THB6.40; downgrade to HOLD.

Expect the freight rates to cool in 2H24 & 2025

The Supramax Index, the reference index for TTA's vessel sizes, averaged 1,346 points in 3QTD, edging down by 1.3% from the index average in 2Q24. We believe that the shipping rate rally in 2Q24 is over as we are approaching 2025, where the fleet supply growth should outpace the demand growth. The normal peak shipping season in 3Q this year may be different, as importers have escalated shipments to avoid new tariffs on Chinese imports and port congestion later this year. We also assume the Red Sea shipping disruption will ease in 2025, adding to fleet capacity next year.

Cut profit forecasts to reflect the declining freight rates

We cut our core profit forecasts for 2024-26 by 20%/45%/44%, respectively, largely due to 1) an expected decrease in dry bulk freight rates; 2) a reduction in the gross margin of TTA's offshore business; and 3) higher interest expenses due to the rising market interest rates. We currently assume TTA's TCE rates to increase by 7% to USD14,555 per day in 2024, mostly in 1H24, before decreasing 2% to USD14,264 per day in 2025 and rising 2% in 2026. The company has managed its costs better than expected, leading us to lower our OPEX estimates. As a result, the projected gross margin of its shipping business improves despite the decrease in shipping revenue.

Offshore unit to be the 2nd highest revenue contributor in 2025-26

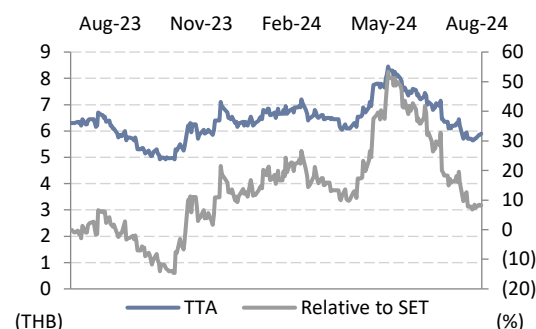
We increase our offshore unit revenue estimates, but reduce the unit's gross margin. The offshore unit had the highest order book at USD976m at end-2Q24; USD310m of which will be delivered in 2H24, with USD411m delivered in 2025 and the rest in 2026. However, we cut the unit's estimated gross margin to 8% from the previous 10-12% in 2024-26 to reflect what the company achieved during 1H24.

Cut our TP to THB6.40; downgrade to HOLD

Based on our new assumptions, we expect TTA's core profit to leap 132% y-y in 2024, fall 22% y-y in 2025, and be flat in 2026. We roll over our TP to 2025 to better reflect its future profit potential. Our TP is now at THB6.40, based on a 2025E P/E of 8.6x, close to its three-year historical average. We downgrade our rating to HOLD.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	23,975	33,355	28,300	26,680
Net profit	1,217	1,725	1,350	1,330
EPS (THB)	0.67	0.95	0.74	0.73
vs Consensus (%)	-	(26.6)	(50.5)	(46.3)
EBITDA	3,584	5,121	4,511	4,675
Recurring net profit	744	1,725	1,350	1,330
Core EPS (THB)	0.41	0.95	0.74	0.73
Chg. In EPS est. (%)	0.0	(23.3)	(46.9)	(46.3)
EPS growth (%)	(77.3)	132.0	(21.7)	(1.5)
Core P/E (x)	14.5	6.2	8.0	8.1
Dividend yield (%)	1.4	1.9	1.5	1.5
EV/EBITDA (x)	4.7	3.7	3.8	3.8
Price/book (x)	0.4	0.4	0.4	0.4
Net debt/Equity (%)	9.7	15.3	9.9	10.1
ROE (%)	3.0	6.6	4.8	4.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.1)	(24.4)	(6.3)
Relative to country (%)	(8.5)	(22.5)	6.8
Mkt cap (USD m)	313		
3m avg. daily turnover (USD m)	2.0		
Free float (%)	69		
Major shareholder	Mahagitsiri Family (24%)		
12m high/low (THB)	8.50/4.74		
Issued shares (m)	1,822.46		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

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

Investment thesis

We cut our core profit forecasts for 2024-26 by 20%/45%/44%, respectively, largely due to 1) an expected decrease in dry bulk freight rates; 2) a reduction in the gross margin of TTA's offshore business; and 3) higher interest expenses due to the rising market interest rates.

Based on our new assumptions, we expect TTA's core profit to leap 132% y-y in 2024, fall 22% y-y in 2025, and be flat in 2026. We roll over our TP to 2025 to better reflect its future profit potential. Our TP is now at THB6.40, based on a 2025E P/E of 8.6x, close to its three-year historical average. We downgrade our rating to HOLD.

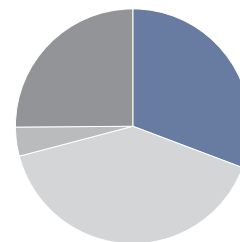
Company profile

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. As of December 2023, Thoresen Shipping owned 22 Supramax and 2 Ultramax vessels, making a total of 24 vessels.

www.thoresen.com

Principal activities (revenue, 2023)

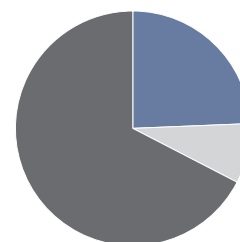
- Shipping revenue - 30.7 %
- Offshore service - 40.2 %
- Service & commission - 4.0 %
- Sales - 25.1 %



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 Jan-23. Upside risks to our P/E-based TP include 1) higher freight rates (TCE); 2) better-than-expected economic growth in China; and 3) a prolonged Red Sea crisis and shipping disruptions.

Event calendar

Date	Event
November 2024	3Q24 earnings announcement

Key assumptions

	2023A	2024E	2025E	2026E
TTA's TCE rate (USD/day)	13,612	14,555	14,264	14,549
TCE rate growth (%)	(45.6)	6.9	(2.0)	2.0
Vessel OPEX (USD/day)	4,258	4,114	4,196	4,259
Gross margin by BU	(%)	(%)	(%)	(%)
Shipping business	33.6	35.4	30.1	30.0
Offshore business	19.0	7.8	8.0	8.0
Agrochemical business	12.5	14.9	15.0	15.0
Food & Beverage	38.8	40.5	41.0	41.3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in its TCE rate, we project TTA's 2025 net profit to change by 0.8%, all else being equal.
- For every 1% change in shipping gross margin, we project TTA's 2025 net profit to change by 3.8%, all else being equal.

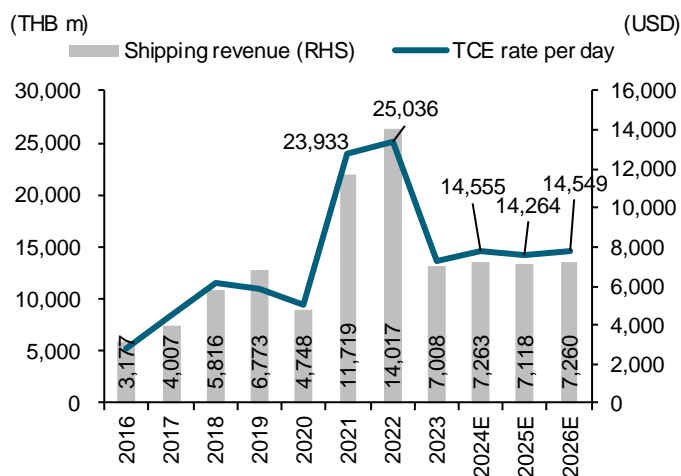
Source: FSSIA estimates

Exhibit 18: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
TCE rate (USD/ship/day)	14,555	14,264	14,549	15,985	17,584	18,463	(8.9)	(18.9)	(21.2)
Shipping	7,263	7,118	7,260	7,837	10,028	10,749	(7.3)	(29.0)	(32.5)
Offshore services	18,781	13,563	11,525	16,751	8,234	7,260	12.1	64.7	58.7
Agrochemical	3,839	3,916	3,994	2,863	4,433	1,902	34.1	(11.7)	110.0
Food & Beverage	2,302	2,486	2,635	1,457	2,924	4,000	57.9	(15.0)	(34.1)
Other investments	1,170	1,216	1,265	885	2,075	1,265	32.2	(41.4)	0.0
Total revenue	33,355	28,300	26,680	29,793	27,694	26,606	12.0	2.2	0.3
Cost of goods sold	(28,022)	(23,713)	(22,169)	(22,870)	(20,758)	(19,662)	22.5	14.2	12.8
Gross profit	5,333	4,586	4,511	5,640	5,550	5,490	(5.4)	(17.4)	(17.8)
SG&A	(3,102)	(2,915)	(2,935)	(3,307)	(3,131)	(3,094)	(6.2)	(6.9)	(5.1)
Interest expense	758	754	697	733	620	603	3.4	21.6	15.5
EBITDA	5,121	4,511	4,675	5,564	6,130	7,316	(8.0)	(26.4)	(36.1)
Core profit	1,725	1,350	1,330	2,142	2,432	2,357	(19.5)	(44.5)	(43.5)
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	16.0	16.2	16.9	19.8	21.1	21.8	(3.8)	(4.9)	(4.9)
SG&A to sales	9.3	10.3	11.00	11.6	11.9	12.3	(2.3)	(1.6)	(1.3)
EBITDA margin	15.4	15.9	17.5	19.5	23.3	29.1	(4.2)	(7.4)	(11.6)
Core profit margin	5.2	4.8	5.0	7.6	9.2	9.6	(2.4)	(4.4)	(4.6)

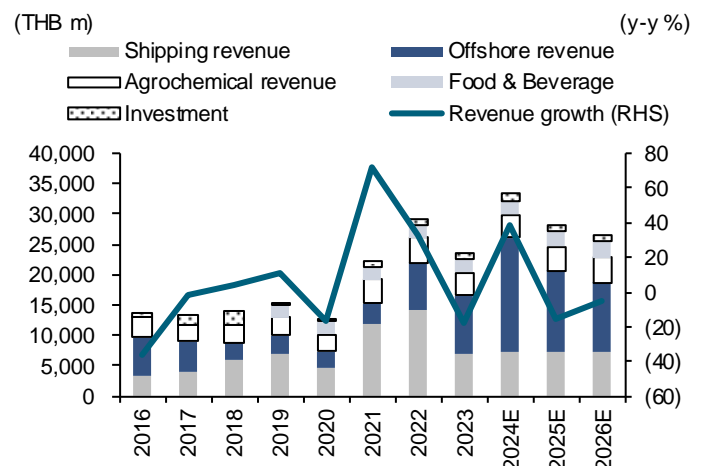
Sources: TTA, FSSIA estimates

Exhibit 19: Shipping revenue and TCE rate per day

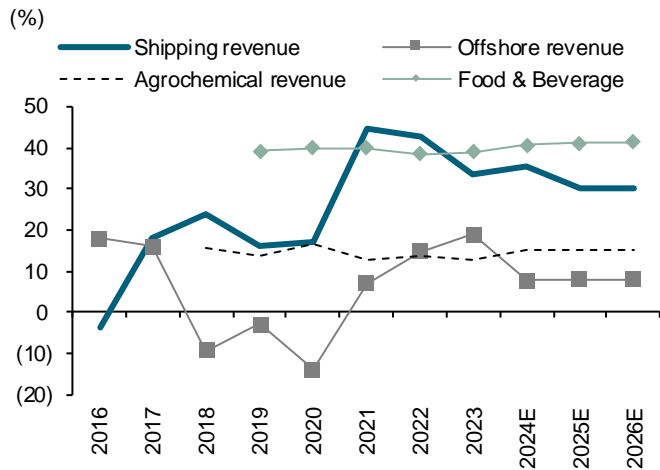


Sources: TTA, FSSIA estimates

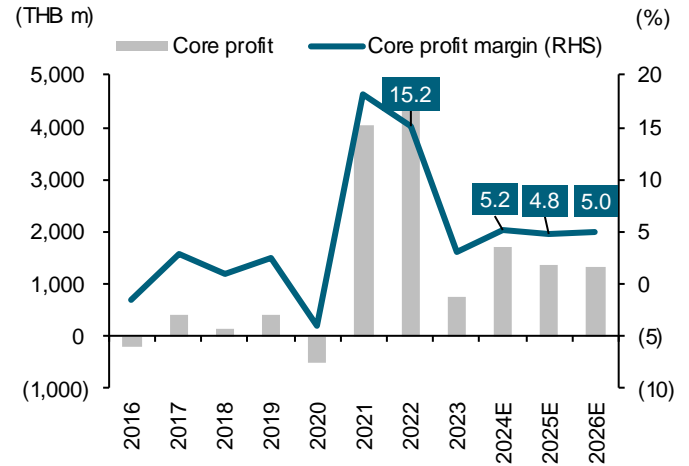
Exhibit 20: Revenue structure



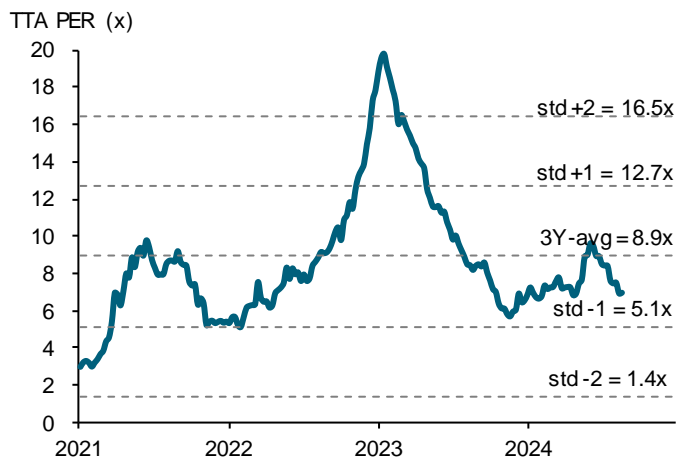
Sources: TTA, FSSIA estimates

Exhibit 21: Margins by business unit

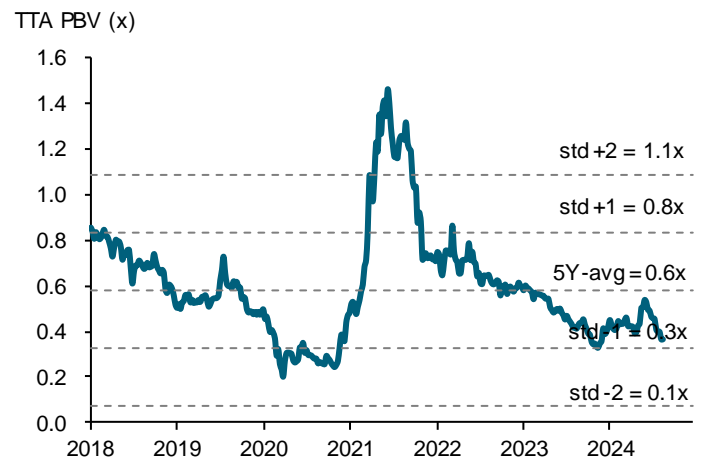
Sources: TTA, FSSIA estimates

Exhibit 22: Core profit and margin

Sources: TTA, FSSIA estimates

Exhibit 23: One-year rolling forward P/E

Sources: Bloomberg, FSSIA estimates

Exhibit 24: One-year rolling forward P/BV

Sources: Bloomberg, FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	29,320	23,975	33,355	28,300	26,680
Cost of goods sold	(21,887)	(19,663)	(28,022)	(23,713)	(22,169)
Gross profit	7,433	4,313	5,333	4,586	4,511
Other operating income	268	296	394	382	387
Operating costs	(4,076)	(3,211)	(3,102)	(2,915)	(2,935)
Operating EBITDA	5,475	3,584	5,121	4,511	4,675
Depreciation	(1,850)	(2,187)	(2,496)	(2,458)	(2,711)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,625	1,397	2,624	2,054	1,963
Net financing costs	(511)	(700)	(758)	(754)	(697)
Associates	168	179	89	94	101
Recurring non-operating income	168	179	89	94	101
Non-recurring items	1,190	473	0	0	0
Profit before tax	4,473	1,349	1,955	1,393	1,368
Tax	(22)	(19)	(280)	(104)	(101)
Profit after tax	4,451	1,330	1,676	1,289	1,266
Minority interests	8	(113)	50	61	64
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,459	1,217	1,725	1,350	1,330
Non-recurring items & goodwill (net)	(1,190)	(473)	0	0	0
Recurring net profit	3,269	744	1,725	1,350	1,330
Per share (THB)					
Recurring EPS *	1.79	0.41	0.95	0.74	0.73
Reported EPS	2.45	0.67	0.95	0.74	0.73
DPS	0.22	0.08	0.11	0.09	0.09
Diluted shares (used to calculate per share data)	1,822	1,822	1,822	1,822	1,822
Growth					
Revenue (%)	32.5	(18.2)	39.1	(15.2)	(5.7)
Operating EBITDA (%)	3.1	(34.5)	42.9	(11.9)	3.6
Operating EBIT (%)	(4.1)	(61.5)	87.8	(21.7)	(4.4)
Recurring EPS (%)	(6.4)	(77.3)	132.0	(21.7)	(1.5)
Reported EPS (%)	21.7	(72.7)	41.8	(21.7)	(1.5)
Operating performance					
Gross margin inc. depreciation (%)	25.4	18.0	16.0	16.2	16.9
Gross margin exc. depreciation (%)	31.7	27.1	23.5	24.9	27.1
Operating EBITDA margin (%)	18.7	14.9	15.4	15.9	17.5
Operating EBIT margin (%)	12.4	5.8	7.9	7.3	7.4
Net margin (%)	11.1	3.1	5.2	4.8	5.0
Effective tax rate (%)	0.5	1.4	14.3	7.5	7.4
Dividend payout on recurring profit (%)	12.3	19.6	12.0	12.0	12.0
Interest cover (X)	7.4	2.3	3.6	2.8	3.0
Inventory days	29.5	32.7	21.6	28.0	29.2
Debtor days	53.7	76.3	76.4	98.0	92.7
Creditor days	34.3	46.2	38.6	48.7	47.2
Operating ROIC (%)	18.7	6.9	10.1	7.8	7.1
ROIC (%)	13.4	5.1	6.8	5.5	5.2
ROE (%)	14.3	3.0	6.6	4.8	4.6
ROA (%)	9.4	3.7	5.0	4.0	3.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Shipping revenue	14,017	7,370	7,263	7,118	7,260
Offshore service	7,906	9,629	18,781	13,563	11,525
Service & commission	986	957	1,024	1,067	1,105
Sales	6,412	6,020	6,287	6,552	6,789

Sources: Thoresen Thai Agencies; FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	3,269	744	1,725	1,350	1,330
Depreciation	1,850	2,187	2,496	2,458	2,711
Associates & minorities	(8)	113	(50)	(61)	(64)
Other non-cash items	3,093	3	2,812	(468)	(230)
Change in working capital	(744)	(480)	(2,990)	1,410	438
Cash flow from operations	7,460	2,567	3,993	4,689	4,185
Capex - maintenance	-	-	-	-	-
Capex - new investment	(3,413)	(3,027)	(4,158)	(3,500)	(4,500)
Net acquisitions & disposals	(581)	183	(100)	0	0
Other investments (net)	793	(315)	(1,508)	459	(118)
Cash flow from investing	(3,201)	(3,160)	(5,765)	(3,041)	(4,618)
Dividends paid	(417)	(410)	(207)	(162)	(160)
Equity finance	0	0	0	0	0
Debt finance	(2,589)	(314)	3,287	(792)	(851)
Other financing cash flows	(475)	(650)	1	2	3
Cash flow from financing	(3,481)	(1,375)	3,081	(952)	(1,007)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	605	0	0	0
Net other adjustments	(621)	605	0	0	0
Movement in cash	157	(1,363)	1,309	697	(1,440)
Free cash flow to firm (FCFF)	4,769.80	107.44	(1,014.10)	2,402.49	263.72
Free cash flow to equity (FCFE)	573.61	(952.05)	1,515.77	858.55	(1,280.73)
Per share (THB)					
FCFF per share	2.62	0.06	(0.56)	1.32	0.14
FCFE per share	0.31	(0.52)	0.83	0.47	(0.70)
Recurring cash flow per share	4.50	1.67	3.83	1.80	2.06
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	40,518	43,174	47,332	50,832	55,332
Less: Accumulated depreciation	(25,167)	(27,354)	(29,850)	(32,308)	(35,019)
Tangible fixed assets (net)	15,351	15,820	17,481	18,524	20,312
Intangible fixed assets (net)	4,309	5,566	6,500	5,567	5,210
Long-term financial assets	1,630	1,177	1,277	1,277	1,277
Invest. in associates & subsidiaries	2,888	2,627	2,627	2,627	2,627
Cash & equivalents	8,430	7,068	8,377	9,073	7,633
A/C receivable	4,288	5,733	8,225	6,978	6,579
Inventories	1,805	1,327	1,698	1,564	1,548
Other current assets	1,870	1,931	2,559	2,458	2,426
Current assets	16,393	16,059	20,858	20,074	18,185
Other assets	1,022	1,724	1,710	1,697	1,684
Total assets	41,593	42,973	50,454	49,765	49,296
Common equity	24,534	25,007	27,572	28,612	29,635
Minorities etc.	3,192	3,282	3,348	3,415	3,483
Total shareholders' equity	27,726	28,290	30,920	32,027	33,118
Long term debt	5,090	7,439	10,005	9,088	8,521
Other long-term liabilities	324	355	500	424	400
Long-term liabilities	5,413	7,794	10,506	9,513	8,921
A/C payable	2,311	2,409	3,378	2,859	2,672
Short term debt	4,523	2,365	3,117	3,157	2,465
Other current liabilities	1,618	2,114	2,534	2,209	2,126
Current liabilities	8,453	6,889	9,028	8,225	7,263
Total liabilities and shareholders' equity	41,593	42,973	50,454	49,765	49,302
Net working capital	4,033	4,467	6,570	5,933	5,754
Invested capital	29,233	31,381	36,166	35,624	36,865
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	13.46	13.72	15.13	15.70	16.26
Tangible book value per share	11.10	10.67	11.56	12.65	13.40
Financial strength					
Net debt/equity (%)	4.3	9.7	15.3	9.9	10.1
Net debt/total assets (%)	2.8	6.4	9.4	6.4	6.8
Current ratio (x)	1.9	2.3	2.3	2.4	2.5
CF interest cover (x)	8.8	4.0	8.5	6.8	5.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	3.3	14.5	6.2	8.0	8.1
Recurring P/E @ target price (x) *	3.6	15.7	6.8	8.6	8.8
Reported P/E (x)	2.4	8.8	6.2	8.0	8.1
Dividend yield (%)	3.7	1.4	1.9	1.5	1.5
Price/book (x)	0.4	0.4	0.4	0.4	0.4
Price/tangible book (x)	0.5	0.6	0.5	0.5	0.4
EV/EBITDA (x) **	2.8	4.7	3.7	3.8	3.8
EV/EBITDA @ target price (x) **	2.9	4.9	3.9	4.0	4.0
EV/invested capital (x)	0.5	0.5	0.5	0.5	0.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thoresen Thai Agencies; FSSIA estimates

Thoresen Thai Agencies (TTA TB)

FSSIA ESG rating



65.35 /100

Exhibit 25: 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	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 26: 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](https://www.settrade.com); FSSIA's compilation

Exhibit 27: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	4.82	3.31
BESG environmental pillar score	—	—	4.86	2.13
BESG social pillar score	—	—	7.33	6.02
BESG governance pillar score	—	—	3.34	3.29
ESG disclosure score	40.92	46.13	53.95	56.20
Environmental disclosure score	16.79	26.31	34.25	37.24
Social disclosure score	24.73	30.86	46.40	50.18
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	—	—	24	35
GHG scope 2 location-based	—	—	1	0
GHG Scope 3	—	—	0	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	1	1
Renewable energy use	—	—	—	—
Electricity used	—	1	1	1
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

PRECIOUS SHIPPING

THAILAND / TRANSPORT & LOGISTIC

PSL TB

HOLD

FROM BUY

TARGET PRICE	THB8.50
CLOSE	THB8.20
UP/DOWNSIDE	+3.7%
PRIOR TP	THB11.00
CHANGE IN TP	-22.7%
TP vs CONSENSUS	-22.7%

Impacted by falling freight rates

- Cut forecasts to reflect the declining freight rates, as we assume the resumption of normal ship routing in 2025.
- Earnings to leap this year before falling in 2025.
- Cut our TP to THB8.50; downgrade to HOLD.

Expect sea freight rates to fall in 2H24 & 2025

The Supramax Index, the reference index for PSL's vessel sizes, averaged 1,346 points in 3QTD, edging down by 1.3% from the index average in 2Q24. The Handysize Index averaged 752 points in 3QTD, 3.7% above the 2Q24 index average. We expect the Supramax/Handysize indices to slightly decline in 2H24 vs in 1H24 due to weaker grain and coal shipments, the likely slower economic growth in China in 2H24, and the expected easing of global port congestion. We also assume that ship routing will resume its normal scheduling, adding to fleet capacity in 2025.

Cut forecasts to reflect the declining freight rates

While we maintain our 2024 projection, we cut our core profit forecasts for 2025-26 by 24% and 29%, respectively, mainly due to 1) an expected drop in dry bulk freight rates; 2) higher OPEX assumptions; and 3) higher interest expense estimates due to the rising market interest rates. We currently assume PSL's TCE rates to increase by 24% to USD13,484 per day in 2024, before falling 4% to USD13,004 per day in 2025 due to slower demand for smaller ships, then rising by 2% in 2026.

Earnings to leap this year before falling in 2025

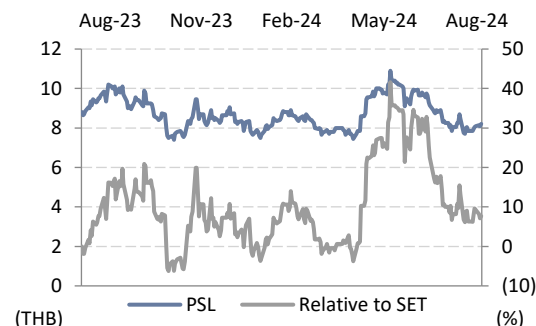
PSL's interest expenses have risen faster than we estimated for several quarters due to increased debts, as the company has been renewing its fleet along with the rising SOFR rate. Therefore, we raise our interest expense assumptions. Based on our new assumptions, we expect PSL's core profit to leap 132% y-y in 2024, fall 22% y-y in 2025, and further drop by 6% in 2026.

Cut our TP to THB8.50; downgrade to HOLD

We roll over our TP to 2025 to better reflect PSL's future profit potential. Our TP is now at THB8.50, based on a 2025E P/E of 11.3x, its three-year historical average. We downgrade our rating to HOLD.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	5,099	6,362	6,137	6,048
Net profit	709	1,679	1,195	1,118
EPS (THB)	0.45	1.08	0.77	0.72
vs Consensus (%)	-	15.5	(17.2)	(22.4)
EBITDA	2,553	3,654	3,325	3,245
Recurring net profit	661	1,532	1,195	1,118
Core EPS (THB)	0.42	0.98	0.77	0.72
Chg. In EPS est. (%)	-	-	(24.2)	(29.0)
EPS growth (%)	(86.4)	131.6	(22.0)	(6.4)
Core P/E (x)	19.3	8.3	10.7	11.4
Dividend yield (%)	3.0	6.6	4.7	4.4
EV/EBITDA (x)	7.0	4.8	5.3	5.5
Price/book (x)	0.8	0.7	0.7	0.7
Net debt/Equity (%)	30.9	26.7	27.3	28.4
ROE (%)	4.0	9.0	6.7	6.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.6)	(17.6)	(5.7)
Relative to country (%)	(2.1)	(15.6)	7.5
Mkt cap (USD m)	372		
3m avg. daily turnover (USD m)	3.0		
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

**Jitra Amornthum**

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

Investment thesis

While we maintain our 2024 projection, we cut our core profit forecasts for 2025-26 by 24% and 29%, respectively, mainly due to 1) an expected drop in dry bulk freight rates; 2) higher OPEX assumptions; and 3) higher interest expense estimates due to the rising market interest rates.

We roll over our TP to 2025 to better reflect its future profit potential. Our TP is now at THB8.50, based on a 2025E P/E of 11.3x, its three-year historical average. We downgrade our rating to HOLD.

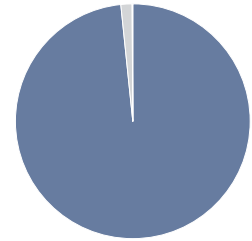
Company profile

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

www.preciousshipping.com

Principal activities (revenue, 2023)

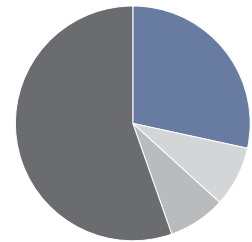
- Time charter - 98.4 %
- Voyage charter - 1.5 %
- Service revenue - 0.1 %



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. Upside risks to our P/E-based TP include 1) higher freight rates (TCE); 2) better-than-expected economic growth in China; and 3) a prolonged Red Sea crisis and shipping disruptions.

Event calendar

Date	Event
November 2024	3Q24 earnings announcement

Key assumptions

	2023A	2024E	2025E	2026E
TCE rate (USD/day)	10,907	13,484	13,004	13,282
TCE rate growth (%)	(45.3)	23.6	(3.6)	2.1
OPEX (USD/day)	5,205	5,220	5,295	5,380
Gross margin (%)	29.5	40.3	35.7	34.3
SG&A to sales (%)	6.6	6.6	6.7	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.

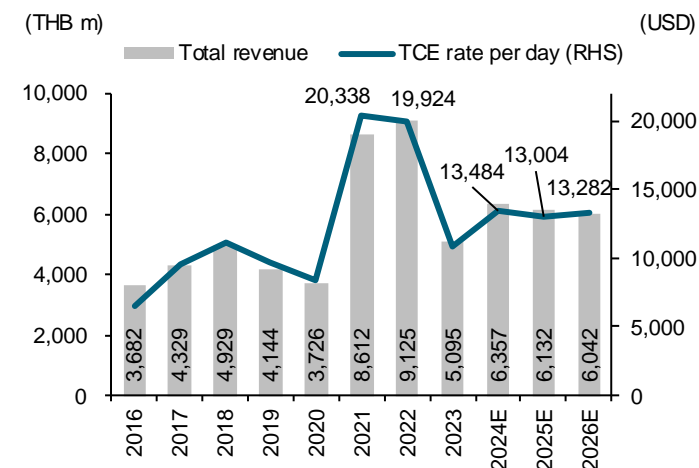
Source: FSSIA estimates

Exhibit 28: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	6,362	6,137	6,048	6,362	6,563	6,575	0.0	(6.5)	(8.0)
TCE rate (USD/day)	13,484	13,004	13,282	13,484	14,017	14,538	0.0	(7.2)	(8.6)
OPEX (USD/day)	5,220	5,295	5,380	5,220	5,235	5,303	0.0	1.1	1.4
Cost of goods sold	(2,256)	(2,385)	(2,381)	(2,256)	(2,360)	(2,349)	0.0	1.1	1.4
Gross profit	4,106	3,753	3,666	4,106	4,203	4,226	0.0	(10.7)	(13.2)
SG&A	(530)	(515)	(508)	(530)	(542)	(549)	0.0	(5.0)	(7.5)
EBITDA	3,654	3,325	3,245	3,654	3,734	3,751	0.0	(11.0)	(13.5)
Interest expense	555	551	523	555	567	560	0.0	(2.8)	(6.5)
Core profit	1,532	1,195	1,118	1,532	1,577	1,574	0.0	(24.2)	(29.0)
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	40.3	35.7	34.3	40.3	40.2	40.1	0.0	(4.6)	(5.8)
SG&A to sales	6.6	6.7	6.7	6.6	6.6	6.7	0.0	0.1	0.0
EBITDA margin	57.5	54.2	53.7	57.5	56.9	57.1	0.0	(2.7)	(3.4)
Core profit margin	24.1	19.5	18.5	24.1	24.0	24.0	0.0	(4.6)	(5.5)

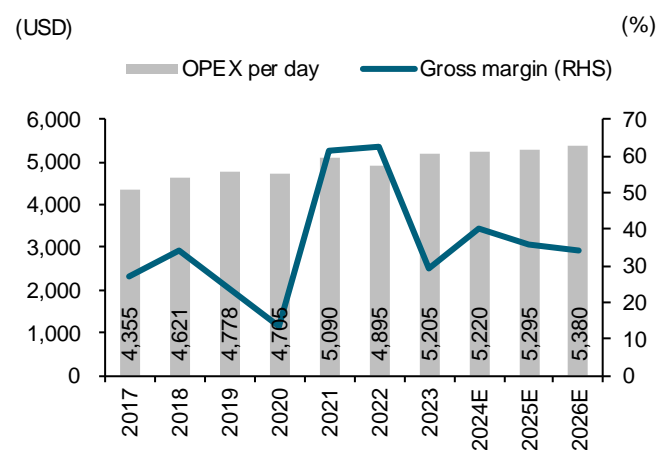
Sources: PSL, FSSIA estimates

Exhibit 29: Revenue and TCE rate



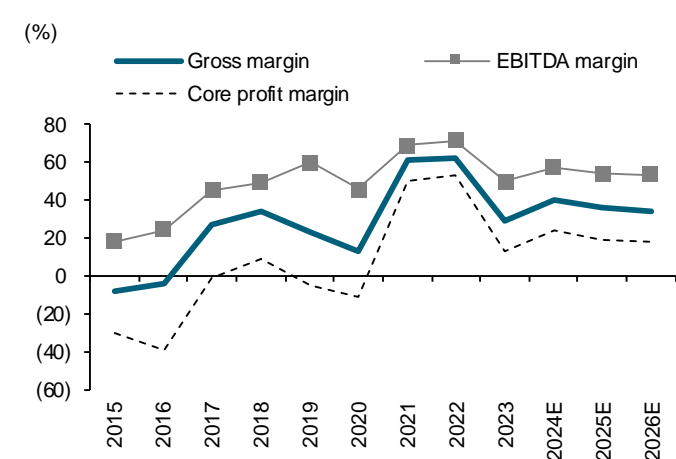
Sources: PSL, FSSIA estimates

Exhibit 30: OPEX and gross margin



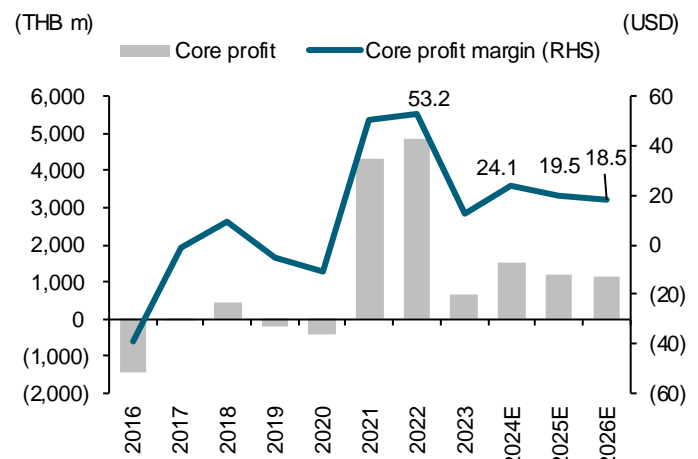
Sources: PSL, FSSIA estimates

Exhibit 31: Margins



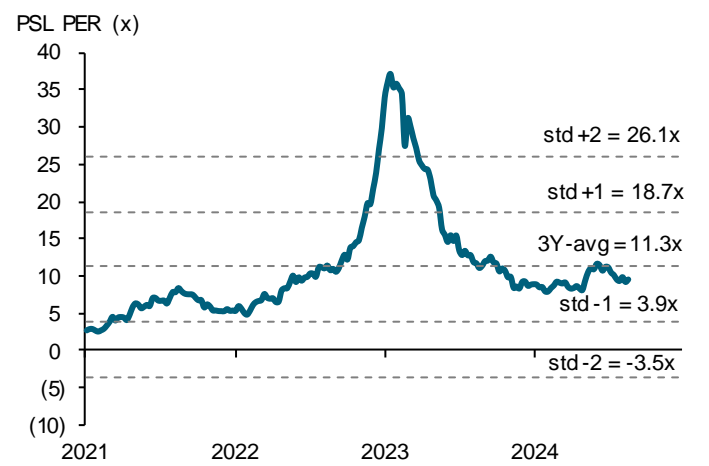
Sources: PSL, FSSIA estimates

Exhibit 32: Core profit and core profit margin



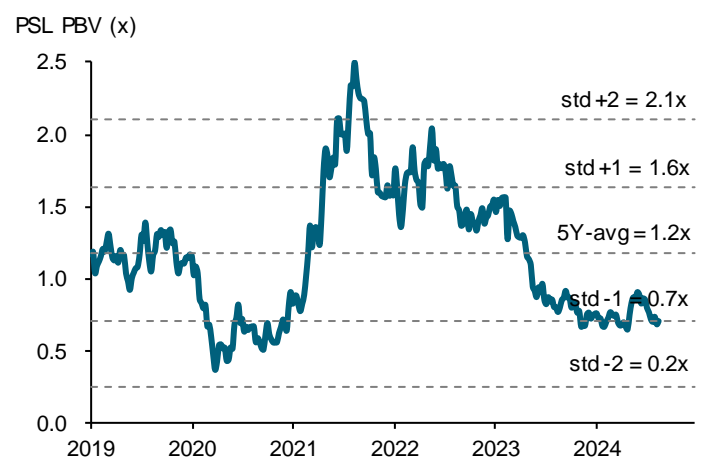
Sources: PSL, FSSIA estimates

Exhibit 33: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 34: One-year rolling forward P/BV band



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	6,137	6,048
Cost of goods sold	(3,401)	(3,595)	(3,796)	(3,948)	(3,973)
Gross profit	5,728	1,504	2,566	2,189	2,075
Other operating income	17	46	78	87	86
Operating costs	(517)	(425)	(530)	(515)	(508)
Operating EBITDA	6,553	2,553	3,654	3,325	3,245
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	1,761	1,653
Net financing costs	(392)	(481)	(555)	(551)	(523)
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	1,231	1,152
Tax	(15)	(4)	(47)	(36)	(34)
Profit after tax	4,851	709	1,679	1,195	1,118
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,851	709	1,679	1,195	1,118
Non-recurring items & goodwill (net)	0	(48)	(147)	0	0
Recurring net profit	4,850	661	1,532	1,195	1,118
Per share (THB)					
Recurring EPS *	3.11	0.42	0.98	0.77	0.72
Reported EPS	3.11	0.45	1.08	0.77	0.72
DPS	1.75	0.25	0.54	0.38	0.36
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	(3.5)	(1.5)
Operating EBITDA (%)	10.2	(61.0)	43.1	(9.0)	(2.4)
Operating EBIT (%)	10.5	(78.5)	88.0	(16.7)	(6.1)
Recurring EPS (%)	11.8	(86.4)	131.6	(22.0)	(6.4)
Reported EPS (%)	8.4	(85.4)	136.7	(28.8)	(6.4)
Operating performance					
Gross margin inc. depreciation (%)	62.7	29.5	40.3	35.7	34.3
Gross margin exc. depreciation (%)	77.3	57.5	64.5	61.1	60.6
Operating EBITDA margin (%)	71.8	50.1	57.4	54.2	53.7
Operating EBIT margin (%)	57.3	22.1	33.2	28.7	27.3
Net margin (%)	53.1	13.0	24.1	19.5	18.5
Effective tax rate (%)	0.3	0.5	2.7	2.9	2.9
Dividend payout on recurring profit (%)	56.3	58.9	54.8	50.0	50.0
Interest cover (X)	13.4	2.4	3.8	3.2	3.2
Inventory days	5.6	6.1	4.9	4.8	4.9
Debtor days	9.1	20.6	18.0	18.3	16.6
Creditor days	82.5	83.2	74.0	78.1	77.4
Operating ROIC (%)	19.9	4.2	7.8	6.3	5.8
ROIC (%)	19.5	4.2	7.7	6.2	5.8
ROE (%)	31.5	4.0	9.0	6.7	6.2
ROA (%)	21.6	4.3	7.8	6.2	5.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Time charter	8,992	5,016	5,665	5,463	5,580
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	1,195	1,118
Depreciation	1,324	1,429	1,540	1,563	1,591
Associates & minorities	-	-	-	-	-
Other non-cash items	402	413	949	(573)	(640)
Change in working capital	28	(336)	38	70	69
Cash flow from operations	6,604	2,167	4,059	2,255	2,138
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,447)	(562)	(2,998)	(1,800)	(1,800)
Net acquisitions & disposals	0	1	0	0	0
Other investments (net)	30	21	21	14	48
Cash flow from investing	(2,416)	(541)	(2,976)	(1,786)	(1,752)
Dividends paid	(3,508)	(624)	(840)	(597)	(559)
Equity finance	0	0	0	0	0
Debt finance	(1,818)	710	147	(243)	(325)
Other financing cash flows	(380)	(455)	0	0	1
Cash flow from financing	(5,705)	(368)	(692)	(840)	(883)
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	390	(372)	(497)
Free cash flow to firm (FCFF)	4,580.64	2,106.72	1,637.41	1,019.86	909.25
Free cash flow to equity (FCFE)	2,095.00	1,882.57	1,229.44	225.78	62.15

Per share (THB)

FCFF per share	2.94	1.35	1.05	0.65	0.58
FCFE per share	1.34	1.21	0.79	0.14	0.04
Recurring cash flow per share	4.22	1.61	2.58	1.40	1.33

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	32,817	32,689	34,979	35,850	36,724
Less: Accumulated depreciation	(10,769)	(11,854)	(12,683)	(13,318)	(13,983)
Tangible fixed assets (net)	22,048	20,836	22,296	22,532	22,741
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	2,705	2,333	1,836
A/C receivable	279	295	331	286	265
Inventories	42	30	31	31	32
Other current assets	181	250	318	307	302
Current assets	1,557	2,890	3,384	2,957	2,435
Other assets	602	529	507	494	446
Total assets	24,304	24,346	26,278	26,074	25,713
Common equity	16,463	16,246	17,911	17,949	17,918
Minorities etc.	0	0	0	0	0
Total shareholders' equity	16,463	16,246	17,911	17,949	17,918
Long term debt	5,556	5,548	6,298	6,137	5,866
Other long-term liabilities	417	276	254	245	242
Long-term liabilities	5,974	5,824	6,553	6,382	6,108
A/C payable	639	447	561	567	566
Short term debt	1,167	1,788	1,186	1,104	1,050
Other current liabilities	61	41	68	72	72
Current liabilities	1,867	2,276	1,814	1,743	1,688
Total liabilities and shareholders' equity	24,304	24,346	26,278	26,074	25,713
Net working capital	(198)	87	51	(15)	(39)
Invested capital	22,548	21,542	22,945	23,102	23,239

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

Per share (THB)

Book value per share	10.56	10.42	11.49	11.51	11.49
Tangible book value per share	10.55	10.41	11.48	11.50	11.49

Financial strength

Net debt/equity (%)	34.4	30.9	26.7	27.3	28.4
Net debt/total assets (%)	23.3	20.6	18.2	18.8	19.8
Current ratio (x)	0.8	1.3	1.9	1.7	1.4
CF interest cover (x)	12.6	6.1	8.6	4.7	4.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	2.6	19.3	8.3	10.7	11.4
Recurring P/E @ target price (x) *	2.7	20.0	8.7	11.1	11.9
Reported P/E (x)	2.6	18.0	7.6	10.7	11.4
Dividend yield (%)	21.3	3.0	6.6	4.7	4.4
Price/book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.7
EV/EBITDA (x) **	2.8	7.0	4.8	5.3	5.5
EV/EBITDA @ target price (x) **	2.9	7.2	4.9	5.5	5.7
EV/invested capital (x)	0.8	0.8	0.8	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

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+										
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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

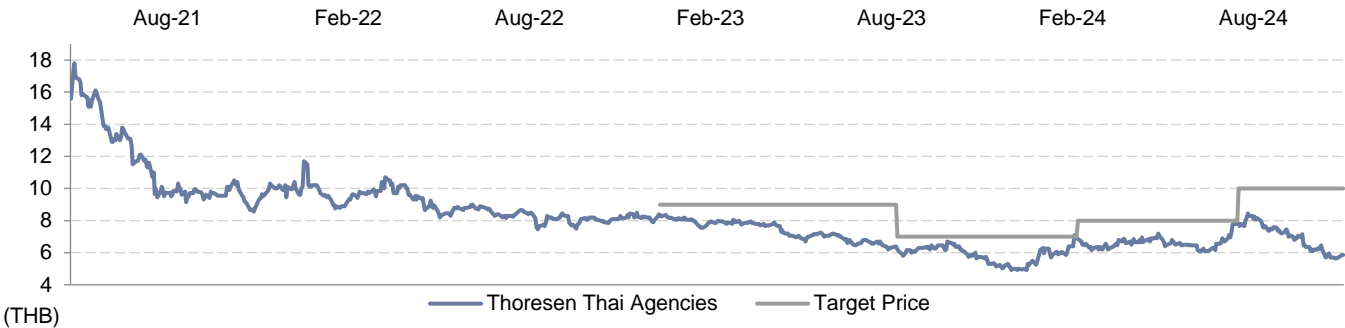
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History of change in investment rating and/or target price

Thoresen Thai Agencies (TTA TB)



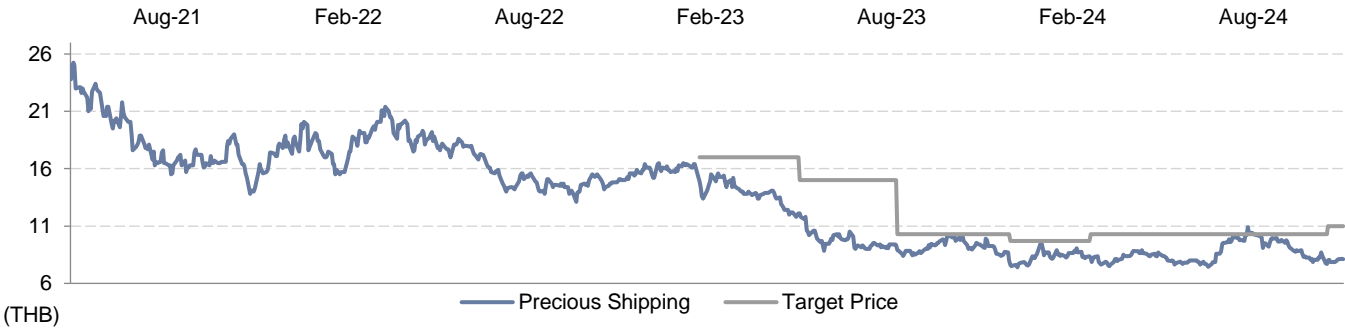
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Jan-2023	HOLD	9.00	02-Aug-2023	HOLD	7.00	21-May-2024	BUY	10.00
10-May-2023	BUY	9.00	04-Jan-2024	BUY	8.00			

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

Price and TP are in local currency

Source: FSSIA estimates

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	06-Aug-2024	BUY	11.00

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
Thoresen Thai Agencies	TTA TB	THB 5.90	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 Jan-23. Upside risks to our P/E-based TP include 1) higher freight rates (TCE); 2) better-than-expected economic growth in China; and 3) a prolonged Red Sea crisis and shipping disruptions.
Precious Shipping	PSL TB	THB 8.20	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 to our P/E-based TP include 1) higher freight rates (TCE); 2) better-than-expected economic growth in China; and 3) a prolonged Red Sea crisis and shipping disruptions.

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 21-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.