Small Cap Research

BUY (Unchanged) | **TP: Bt 27.00** (From: Bt 23.00)

Change in Numbers | **Upside : 43.6%** | **17 June 2022**

Precious Shipping Pcl (PSL TB)

More capacity in a tight market

PATTADOL BUNNAK
662 – 483 8298
pattadol.bun@thanachartsec.co.th

PSL has bought two new ships, increasing its capacity by 6%. We raise our earnings estimates by 7-11% over 2022-24F with a rolled-over TP of Bt27/share. PSL continues to operate in a tight dry bulk shipping market and we reaffirm our BUY call.

Capacity increase

PSL recently purchased two Handysize ships with a combined 71,764DWT of capacity at a cost of USD25-26m per vessel, which is in line with the market price. The vessels are five to six years old and they add 6% of DWT capacity to PSL's existing fleet of 36 dry bulk ships. Given that the addition comes in the midst of a very tight market, we raise our earnings estimates by 7-11% p.a. over 2022-24F. Our 2.2x P/BV-based TP is also rolled over to a 2023F base year and it rises to Bt27 (from Bt23). We reaffirm our BUY call on PSL as we expect the tight market to continue to keep freight rates elevated (Exhibit 1 shows our key assumptions). China's reopening from lockdowns is also a near-term catalyst for the stock. But despite the lockdown and Ukraine war impact, PSL's freight rate so far in 2Q22 has remained at a very high level of USD24,000/ship/day, up 35% y-y and 9% q-q.

New ship orders remain weak

Despite the rising US interest rate and inflation posing downside risk to dry bulk demand, which the shipping research house Clarksons forecasts at 2.7/2.9% in 2022-23, we remain bullish on the industry given very weak supply growth which is projected at only 2.2/0.8% in those years. Despite the very high freight rates, new orders so far this year came to only 0.4% of the existing fleet. These orders will likely be delivered in 2024-25F or after due to shipyards being at full capacity from earlier orders of more profitable ships, eg, container, LNG and NPG carrier ships.

IMO 2023 could offer potential upside

The IMO is expected to enforce a new regulation to limit CO2 in 2023 though the details have yet to be finalized. However, there is a strong possibility that old ships may have to lower their speed to reduce CO2 emissions. Old ships over 20 years of age account for 8% of the global fleet and some could be scrapped. Some operators are already preparing by installing CO2-reduction parts before the IMO implements the regulation.

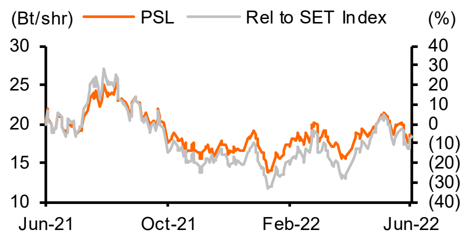
Product export ban a limited downside

On the negative side, global inflation and tight food supplies are causing some countries to curb exports of some products to put downward pressure on their high domestic prices. Related dry bulk products subject to that risk are wheat, steel and sugar. However, most of major exporters, except for India, are maintaining their exports. We estimate the products under restriction so far account for less than 0.5% of dry bulk demand. We actually expect the stronger season pattern in 3Q and China's pent-up demand to more than offset the above-mentioned negative and we expect the freight rate to rise further from PSL's current rate of USD23,000.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	8,615	9,389	9,130	9,164
Net profit	4,475	5,000	4,899	4,891
Consensus NP	—	4,555	4,149	4,929
Diff frm cons (%)	—	*9.8*	*18.1*	*(0.8)*
Norm profit	4,348	5,000	4,899	4,891
Prev. Norm profit	—	4,504	4,466	4,557
Chg frm prev (%)	—	*11.0*	*9.7*	*7.3*
Norm EPS (Bt)	2.8	3.2	3.1	3.1
Norm EPS grw (%)	na	15.0	(2.0)	(0.2)
Norm PE (x)	6.7	5.9	6.0	6.0
EV/EBITDA (x)	5.9	4.9	4.7	4.3
P/BV (x)	2.0	1.7	1.5	1.4
Div yield (%)	8.0	8.9	8.7	8.3
ROE (%)	35.5	32.0	27.1	24.0
Net D/E (%)	40.0	21.1	7.7	(9.8)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 17-Jun-22 (Bt)	18.80
Market Cap (US$ m)	832.2
Listed Shares (m shares)	1,559.3
Free Float (%)	47.55
Avg Daily Turnover (US$ m)	9.29
12M Price H/L (Bt)	25.25/13.80
Sector	Shipping
Major Shareholder	Globex Corporation 28.4%

Sources: Bloomberg, Company data, Thanachart estimates

Thanachart Securities

Reaffirming BUY

New ships to leverage on the tight market

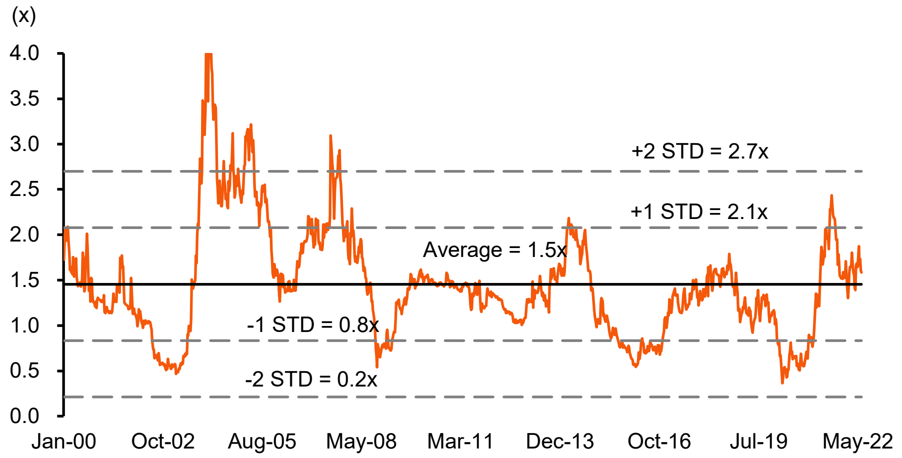
We reaffirm our BUY rating on shares of Precious Shipping Pcl (PSL) as we expect the tight market the keep freight rates high for longer. PSL has also purchased two Handysize ships with a combined 71,764DWT at a cost of USD25-26m per vessel, which is in line with the market price. The two new vessels add 6% of DWT to PSL's 36-ship existing fleet. This, together with the very tight market, leads us to boost our earnings estimates by 7-11% p.a. in 2022-24F. We also roll over our valuation base year to 2023F and lift our 12-month TP to Bt27/share (from Bt23). Our TP is based on 2.2x P/BV, or +1STD of the 1.5x 21-year average as we expect PSL's freight rate outlook to remain strong.

Ex 1: Changes In Our Key Assumptions

	2020	2021	2022F	2023F	2024F
Freight rate (US$/ship/day)					
New	8,332	20,338	21,070	21,112	21,112
Old			20,338	20,379	20,379
Change (%)			*3.6*	*3.6*	*3.6*
Vessels at year end (units)					
New	36	36	38	38	38
Old			36	36	36
Breakeven cost (Bt m)					
New	9,500	9,400	9,400	9,400	9,400
Old			9,400	9,400	9,400
Change (%)			—	—	—
Normalized profit (Bt m)					
New	(422)	4,348	5,000	4,899	4,891
Old			4,504	4,466	4,557
Change (%)			*11.0*	*9.7*	*7.3*

Sources: Company data, Thanachart estimates

Ex 2: PSL's P/BV



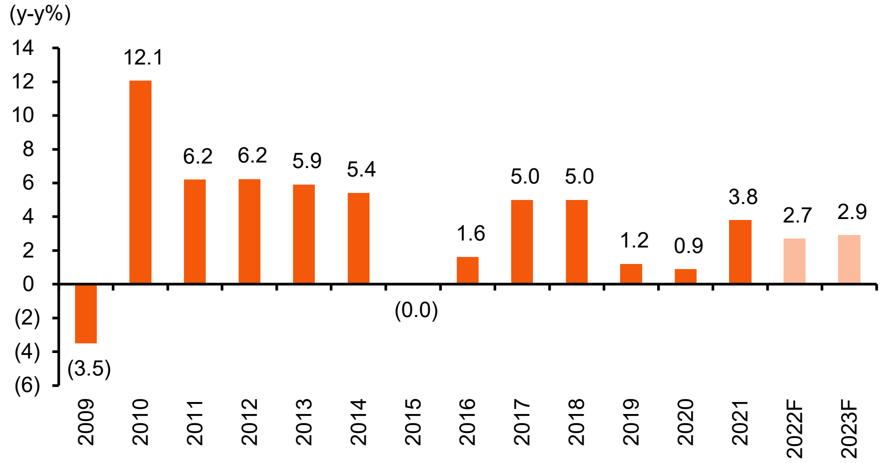
Sources: Bloomberg, Thanachart estimates

Strong industry continues

Very weak new supply offsets softening dry bulk demand

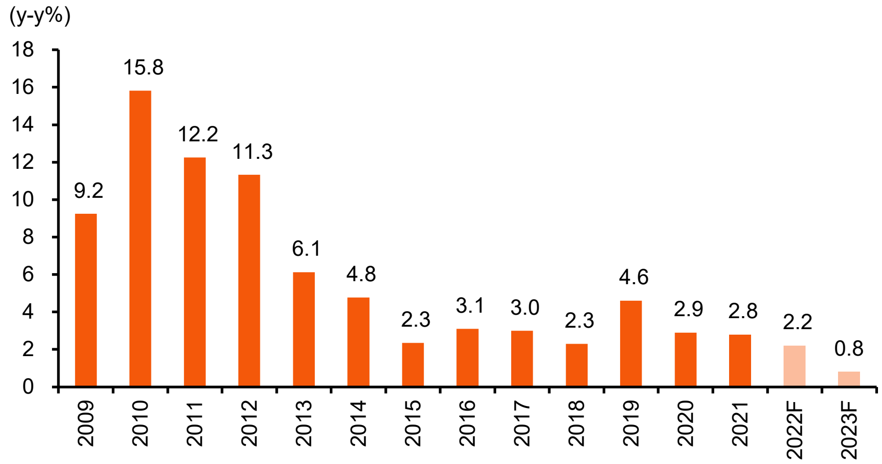
We remain bullish on the dry bulk industry even though rising US interest rates and inflation could pose downside risks to dry bulk demand, which is projected to grow by 2.7/2.9% in 2022-22F according to Clarksons, thanks to the very weak supply growth outlook that is expected to grow by only 2.2/0.8%.

Ex 3: Demand Growth Forecasts



Source: Clarksons

Ex 4: Supply Growth Forecasts



Source: Clarksons

Impact of latest export curbs likely to be small

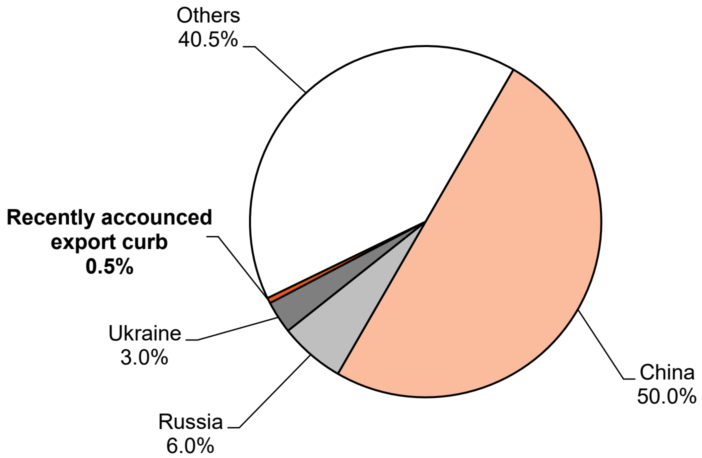
On the negative front for demand, some countries have curbed exports of their products because of the global inflationary trend and tight food supplies. Related dry bulk products exposed to these curbs are, for instance, wheat, steel and sugar. However, most major exporters, except for India, are maintaining their exports. We estimate the products under restriction so far to amount to less than 0.5% of dry bulk demand.

We don't expect a meaningful impact on the industry. We recap here that the demand pressure was seen earlier on the back of the Russia-Ukraine conflict causing export/import hiccups for both countries from March 2022 and China's lockdowns during May. Russia and Ukraine account for 9% of dry bulk demand and China for 50%. That said, the freight rate for PSL's ship categories remains elevated, implying decent demand for the overall industry, industry rerouting and weak new ship supply.

China's reopening and strong seasonal pattern offer strong help

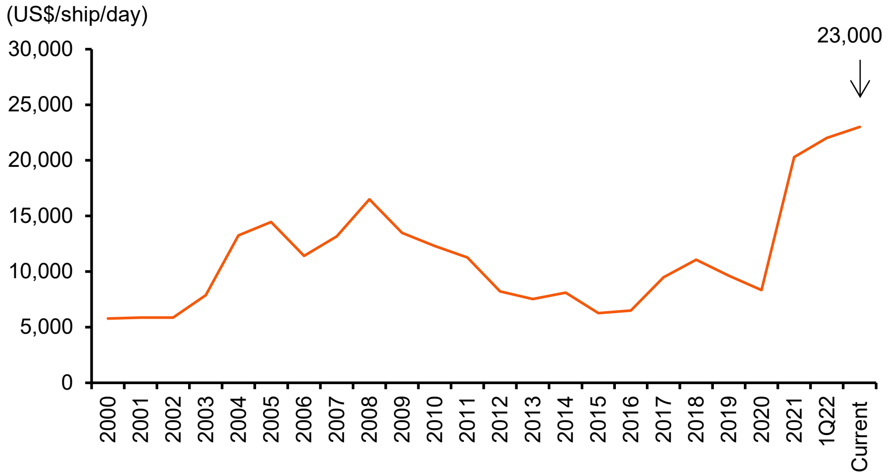
As for the positive side, aside from China returning to near full reopening, the China government has decided to boost the economy by, for example, cutting interest rates. This, together with the stronger global dry bulk demand pattern in 3Q, leads us to expect a continued strong freight rate outlook.

Ex 5: Dry Bulk Demand Market Share By Above-Mentioned Markets



Sources: Company data, Thanachart compilation

Ex 6: PSL's Freight Rate



Sources: Company data, Thanachart estimates

Ex 7: Handysize Seasonal Pattern

	1Q	2Q	3Q	4Q
2013	6,876	7,987	7,877	10,138
2014	9,955	7,456	6,212	7,111
2015	5,321	5,120	6,327	4,652
2016	3,408	4,794	5,786	6,988
2017	6,597	7,311	7,371	9,369
2018	8,480	8,784	8,265	9,264
2019	5,996	6,082	8,458	8,097
2020	4,516	3,212	7,187	9,226
2021	14,362	20,455	30,169	28,372
2022	22,357	26,188		

Source: Bloomberg

Note: 1) 2014-15 was a China slowdown year
2) 2020 saw the first wave of COVID infections

Ex 8: Supramax Seasonal Pattern

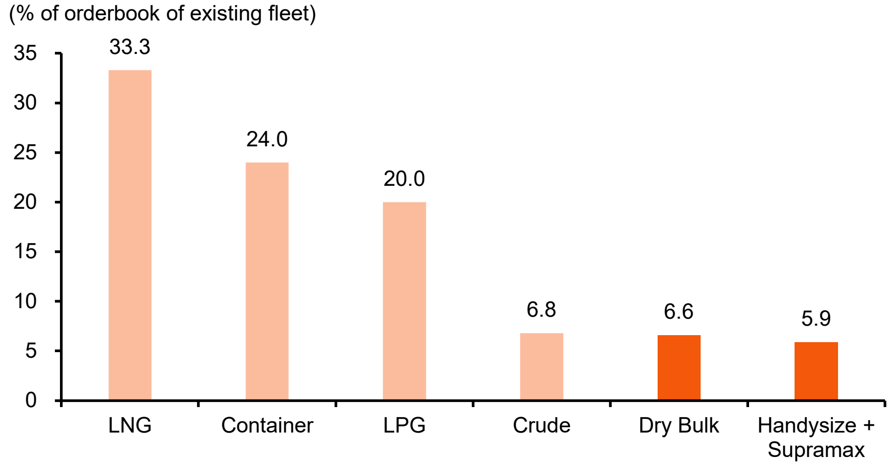
	1Q	2Q	3Q	4Q
2016	3,698	5,857	7,101	8,096
2017	8,041	8,852	9,558	10,998
2018	10,722	11,502	11,881	11,800
2019	7,899	8,483	12,577	10,582
2020	6,530	5,439	9,945	10,778
2021	16,363	25,407	34,278	29,432
2022	24,853	29,077		

Source: Bloomberg

Shipyards' limited capacity has resulted in weak new orders

The industry's supply growth is expected to grow by only 2.2% this year, before falling to a historically low level of 0.8% in 2023F. The weak growth is because of soft orders along with the industry's prolonged weak cycle in prior years. That said, despite the very strong freight rate currently, new ship orders this year still account for only 0.4% of total ships. This is because shipyards are at full capacity from earlier orders of more profitable ships such as LNG and NPG carriers and container ships. New ships orders this year will likely only be delivered from 2024-25F or beyond.

Ex 9: Ship Orders By Category



Source: Clarksons

IMO 2023 could offer potential upside

We see IMO 2023 as another headwind for dry bulk ship supply. The regulation will force operators to reduce CO2 emissions by January 2023, although the current CO2 emission level has not been finalized and nor has the amount operators will need to reduce emissions by. However, it is likely that all operators will need to lower ship speeds to reduce emissions. Such a speed reduction would imply lower ship availability. Note that ships with an age over 20 years release more CO2 due to their old, less efficient engines. Some of them are likely to be forced to be scrapped. Twenty-year old ships account for 8% of total dry bulk supply. According to PSL, 80% of the global fleet needs to reduce speed by around 20%. As for PSL, it believes it releases less CO2 than the market average but it still needs to lower speeds to meet the IMO's requirement. While its ships' average age is younger than the industry's, PSL has also installed CO2-reduction equipment over the years and it is planning to use newer-technology CO2 limiters. Some of equipment includes:

The Newis Duct: A fin system which provides a pre-swirl to the ship's wake to reduce losses in the propeller stream.

Pre-Shrouded Vanes: The device reduces the rotational energy loss of the propeller slipstream by generating pre-swirl flow for energy savings.

PSL's carbon emissions fell to 7.42 gram/tonne-mile in 2021 from 12.9 in 2014. Note that many operators are in the process of reducing their ships' CO2 emissions.

Note that although we derive PSL's TP using P/BV methodology, we also show our DCF calculation below in Exhibit 10.

Ex 10: Our 12-month DCF-based Valuation, Using A Base Year Of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA	6,542	6,385	6,064	5,732	5,510	5,121	4,717	4,475	4,223	4,171	4,058	—
Free cash flow	5,345	6,102	5,768	5,437	5,190	4,825	4,422	4,177	3,927	3,872	3,211	38,789
PV of free cash flow	5,330	5,062	4,320	3,698	3,206	2,705	2,252	1,932	1,649	1,476	1,076	13,001

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.3
WACC (%)	9.8
Terminal growth (%)	2.0
Enterprise value - add investments	45,707
Net debt (2022F)	3,564
Minority interest	—
Equity value	42,143
# of shares (m)	1,559
Value/share (Bt)	**27**

Source: Company, Thanachart estimates

Valuation Comparison

Ex 11: Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div yield 22F (%)	Div yield 23F (%)
U-Ming Marine Transport	2606 TT	Taiwan	16.4	22.7	7.7	6.3	1.4	na	7.4	6.4	7.7	9.7
Evergreen Marine	2603 TT	Taiwan	37.2	(43.4)	1.9	3.4	1.1	1.1	1.3	2.3	20.7	10.9
Yang Ming Marine	2609 TT	Taiwan	20.9	(32.3)	2.0	3.0	1.1	1.0	0.6	0.8	21.4	9.8
Wan Hai Lines	2615 TT	Taiwan	28.4	(23.7)	2.4	3.2	1.2	na	1.1	1.4	na	na
COSCO Shipping Energy	1138 HK	Hong Kong	na	129.5	14.2	6.2	0.6	0.6	12.2	8.7	2.6	6.7
COSCO Shipping	1919 HK	Hong Kong	16.5	(52.4)	1.6	3.4	0.8	0.6	1.0	2.0	10.2	4.3
Pacific Basin Shipping	2343 HK	Hong Kong	(6.3)	(9.3)	2.6	2.8	1.0	0.9	2.3	2.3	21.8	19.5
Kawasaki Kisen Kaisha	9107 JP	Japan	(0.7)	(58.3)	1.3	3.0	0.6	0.5	13.3	9.7	6.6	6.1
Mitsui OSK Lines	9104 JP	Japan	(6.9)	(54.9)	1.7	3.7	0.6	0.6	13.6	11.1	15.0	7.4
Nippon Yusen KK	9101 JP	Japan	(15.3)	(32.0)	1.8	2.7	0.7	0.6	6.6	7.0	13.6	6.9
Korea Line	005880 KS	S. Korea	(14.2)	8.1	3.5	3.3	0.6	0.5	7.0	6.5	na	na
Thoresen Thai Agencies	TTA TB	Thailand	(34.8)	(15.7)	6.9	8.2	0.7	0.6	4.8	5.3	2.1	2.2
Prima Marine Pcl*	PRM TB	Thailand	113.2	12.4	6.2	5.5	1.4	1.2	5.1	4.6	7.3	8.2
Precious Shipping*	PSL TB	Thailand	15.0	(2.0)	5.9	6.0	1.7	1.5	4.9	4.7	8.9	8.7
Average			**12.8**	**(10.8)**	**4.3**	**4.3**	**1.0**	**0.8**	**5.8**	**5.2**	**11.5**	**8.4**

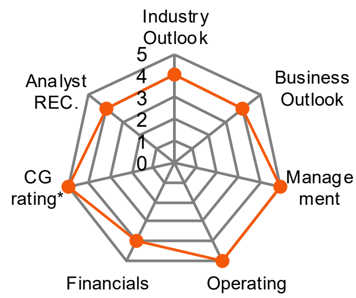
Source: Bloomberg
Note: * Thanachart estimates, using Thanachart normalized EPS
Based on 17-Jun-22 closing prices

COMPANY DESCRIPTION

Precious Shipping Public Company Limited (PSL) is a ship owner that provides regional marine shipping services. The company operates in the tramp freight market sector where its vessels are deployed on a time charter as well as a voyage charter basis. PSL has a network of shipping agents worldwide.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; * CG rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Very focused and experienced management.
- Strong balance sheet.
- Commands higher freight rates vs. peers due to better ships and service quality.
- Lower operating expenses compared with peers.

W — Weakness

- Exposed to a highly cyclical industry.
- Highly volatile earnings.
- Very fragmented industry, which accelerates pricing pressure during any downturn.

O — Opportunity

- Fragmented industry provides opportunities for vessel acquisitions at decent prices.
- Targets new segments such as cement carriers.
- Expanding capacity to larger vessels.

T — Threat

- Barriers to entry are non-existent.
- Commodity shift from dry-bulk shipping to container shipping.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	21.99	27.00	23%
Net profit 22F (Bt m)	4,555	5,000	10%
Net profit 23F (Bt m)	4,149	4,899	18%
Consensus REC	**BUY: 7**	**HOLD: 2**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates for 2022-23F and TP are significantly higher than the Bloomberg consensus numbers, which we attribute to us expecting far stronger freight rates.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Weaker demand for dry-bulk shipping as a result of the global economic slowdown is the key downside risk to our call.

Source: Thanachart

EBITDA was positive in the past despite net losses

We expect very strong profits over 2022-23F

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	3,730	8,615	9,389	9,130	9,164
Cost of sales	3,226	3,305	3,308	3,303	3,490
Gross profit	**504**	**5,311**	**6,081**	**5,827**	**5,674**
% gross margin	13.5%	61.6%	64.8%	63.8%	61.9%
Selling & administration expenses	345	572	617	598	600
Operating profit	**159**	**4,739**	**5,464**	**5,229**	**5,073**
% operating margin	4.3%	55.0%	58.2%	57.3%	55.4%
Depreciation & amortization	1,213	1,215	1,283	1,314	1,312
EBITDA	**1,372**	**5,954**	**6,747**	**6,542**	**6,385**
% EBITDA margin	36.8%	69.1%	71.9%	71.7%	69.7%
Non-operating income	9	3	5	5	6
Non-operating expenses	0	0	0	0	0
Interest expense	(597)	(415)	(477)	(343)	(196)
Pre-tax profit	**(429)**	**4,327**	**4,992**	**4,891**	**4,883**
Income tax	4	2	2	2	2
After-tax profit	**(433)**	**4,325**	**4,990**	**4,889**	**4,881**
% net margin	-11.6%	50.2%	53.1%	53.5%	53.3%
Shares in affiliates' Earnings	11	23	10	10	10
Minority interests	0	(0)	(0)	(0)	(0)
Extraordinary items	(872)	127	0	0	0
NET PROFIT	**(1,295)**	**4,475**	**5,000**	**4,899**	**4,891**
Normalized profit	**(422)**	**4,348**	**5,000**	**4,899**	**4,891**
EPS (Bt)	(0.8)	2.9	3.2	3.1	3.1
Normalized EPS (Bt)	(0.3)	2.8	3.2	3.1	3.1

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	1,938	2,810	4,391	4,367	4,870
Cash & cash equivalent	1,100	2,468	3,500	3,500	4,000
Account receivables	169	175	191	186	186
Inventories	0	0	0	0	0
Others	669	166	700	681	683
Investments & loans	91	106	106	106	106
Net fixed assets	19,125	20,285	20,802	20,688	19,677
Other assets	244	330	360	350	351
Total assets	**21,397**	**23,531**	**25,659**	**25,511**	**25,003**
LIABILITIES:					
Current liabilities:	3,339	1,917	2,438	1,714	1,378
Account payables	277	354	355	354	374
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	2,436	1,409	1,211	854	325
Others current liabilities	627	154	873	506	680
Total LT debt	**7,586**	**6,809**	**5,853**	**4,130**	**1,569**
Others LT liabilities	171	264	288	280	281
Total liabilities	**11,263**	**9,165**	**8,770**	**6,310**	**3,415**
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	1,559	1,559	1,559	1,559	1,559
Share premium	1,968	1,968	1,968	1,968	1,968
Warrants	0	0	0	0	0
Surplus	(1,561)	(246)	(246)	(246)	(246)
Retained earnings	**8,168**	**11,084**	**13,608**	**15,920**	**18,307**
Shareholders' equity	10,134	14,365	16,889	19,200	21,588
Liabilities & equity	**21,397**	**23,531**	**25,659**	**25,511**	**25,003**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(429)	4,327	4,992	4,891	4,883
Tax paid	(4)	(2)	(2)	(2)	(2)
Depreciation & amortization	1,213	1,215	1,283	1,314	1,312
Chg In w orking capital	(237)	71	(15)	5	19
Chg In other CA & CL / minorities	102	36	89	(338)	181
Cash flow from operations	**645**	**5,647**	**6,346**	**5,870**	**6,393**
Capex	(240)	(2,375)	(1,800)	(1,200)	(300)
ST loans & investments	0	0	0	0	0
LT loans & investments	(5)	(15)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	2,305	(35)	116	(3)	0
Cash flow from investments	**2,059**	**(2,426)**	**(1,684)**	**(1,203)**	**(300)**
Debt financing	(2,655)	(1,609)	(1,154)	(2,079)	(3,091)
Capital increase	0	0	(0)	0	0
Dividends paid	0	(1,559)	(2,476)	(2,587)	(2,503)
Warrants & other surplus	(130)	1,315	0	0	0
Cash flow from financing	**(2,785)**	**(1,853)**	**(3,630)**	**(4,666)**	**(5,594)**
Free cash flow	**405**	**3,272**	**4,546**	**4,670**	**6,093**

VALUATION

We see P/BV as a better valuation method than PE and PSL doesn't look expensive to us

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	6.7	5.9	6.0	6.0
Normalized PE - at target price (x)	na	9.7	8.4	8.6	8.6
PE (x)	na	6.6	5.9	6.0	6.0
PE - at target price (x)	na	9.4	8.4	8.6	8.6
EV/EBITDA (x)	27.9	5.9	4.9	4.7	4.3
EV/EBITDA - at target price (x)	37.2	8.0	6.8	6.7	6.3
P/BV (x)	2.9	2.0	1.7	1.5	1.4
P/BV - at target price (x)	4.2	2.9	2.5	2.2	2.0
P/CFO (x)	45.4	5.2	4.6	5.0	4.6
Price/sales (x)	7.9	3.4	3.1	3.2	3.2
Dividend yield (%)	0.0	8.0	8.9	8.7	8.3
FCF Yield (%)	1.4	11.2	15.5	15.9	20.8
(Bt)					
Normalized EPS	(0.3)	2.8	3.2	3.1	3.1
EPS	(0.8)	2.9	3.2	3.1	3.1
DPS	0.0	1.5	1.7	1.6	1.6
BV/share	6.5	9.2	10.8	12.3	13.8
CFO/share	0.4	3.6	4.1	3.8	4.1
FCF/share	0.3	2.1	2.9	3.0	3.9

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(10.2)	131.0	9.0	(2.8)	0.4
Net profit (%)	na	na	11.7	(2.0)	(0.2)
EPS (%)	na	na	11.7	(2.0)	(0.2)
Normalized profit (%)	na	na	15.0	(2.0)	(0.2)
Normalized EPS (%)	na	na	15.0	(2.0)	(0.2)
Dividend payout ratio (%)	0.0	52.3	52.3	52.3	50.0
Operating performance					
Gross margin (%)	13.5	61.6	64.8	63.8	61.9
Operating margin (%)	4.3	55.0	58.2	57.3	55.4
EBITDA margin (%)	36.8	69.1	71.9	71.7	69.7
Net margin (%)	(11.6)	50.2	53.1	53.5	53.3
D/E (incl. minor) (x)	1.0	0.6	0.4	0.3	0.1
Net D/E (incl. minor) (x)	0.9	0.4	0.2	0.1	(0.1)
Interest coverage - EBIT (x)	0.3	11.4	11.4	15.2	25.9
Interest coverage - EBITDA (x)	2.3	14.3	14.1	19.1	32.6
ROA - using norm profit (%)	na	19.4	20.3	19.1	19.4
ROE - using norm profit (%)	na	35.5	32.0	27.1	24.0
DuPont					
ROE - using after tax profit (%)	na	35.3	31.9	27.1	23.9
- asset turnover (x)	0.2	0.4	0.4	0.4	0.4
- operating margin (%)	na	55.0	58.3	57.3	55.4
- leverage (x)	2.1	1.8	1.6	1.4	1.2
- interest burden (%)	(254.6)	91.2	91.3	93.4	96.1
- tax burden (%)	na	100.0	100.0	100.0	100.0
WACC (%)	9.8	9.8	9.8	9.8	9.8
ROIC (%)	0.7	24.9	27.2	25.6	24.5
NOPAT (Bt m)	159	4,737	5,462	5,226	5,071

Sources: Company data, Thanachart estimates

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

Sarachada Sornsong
Bank, Finance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

Chak Reungsinpinya
Strategy, Insurance, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert
Energy, Petrochemical
Tel: 662-779-9110
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th