Small Cap Research

BUY (Unchanged)

Change in Numbers

TP: Bt 24.00 (From: Bt 27.00)

Upside : 61.1%

12 September 2022

Precious Shipping Pcl (PSL TB)

More supply pressure

PATTADOL BUNNAK
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We see PSL's recent share price fall as a BUYing opportunity. While we expect China lockdowns to eventually end, IMO 2023 is coming soon to reduce ship supply further. With continued tight demand-supply fundamentals, we expect a freight rate recovery.

Thanachart Securities

BUYing opportunity

We see PSL's recent share-price drop following the dry-bulk freight rate fall as another BUYing opportunity. *First*, dry-bulk market fundamentals remain tight with a continued cycle of demand growth surpassing supply growth into 2024F (Exhibits 1-2). *Second*, the International Maritime Organization's IMO 2023 CO2 reduction regulation is expected to reduce ship supply by 3.5% p.a. in 2023-24. *Third*, we expect China lockdowns to eventually ease. For these reasons, we expect the dry bulk freight rate to recover after its recent fall, which we believe was due to the China lockdowns and global slowdown fears. *Lastly*, PSL looks inexpensive to us at 5x PE and 1.2x P/BV in 2023F (vs. the previous upcycle in 2007 when PE was 11x and P/BV was 2.5x).

Still a tight market

Despite some risk from a global economic slowdown, global dry-bulk demand growth of 2.7% vs. supply growth of 0.7% in 2023F, according to Clarksons, still implies a continued industry upcycle. Note that the forecast has yet to fully incorporate a potential supply reduction from IMO 2023. Despite much higher freight rates over the past two years, dry-bulk ship orders remain subdued as shipyard capacity is tight with larger orders from profitable ship categories, including container ships.

IMO 2023 to reduce supply further

The IMO recently said dry-bulk vessels need to cut speeds by an average of 1 knot (from 13 knots now) to reduce CO2 emissions starting from 2023. That is roughly a 7% speed and an effective supply reduction. As ship inspections are spread across the year rather than being at the start of the year for all ships, we expect 50% compliance in 2023F before full compliance in 2024F. That implies a 3.5% supply reduction in 2023F and another 3.5% in 2024F. PSL says it will comply with the speed reduction needs.

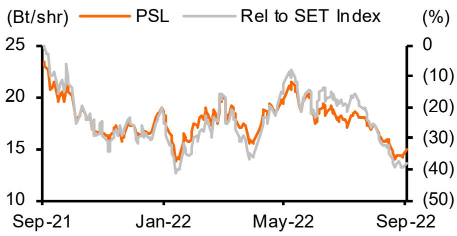
Earnings revisions

Due to the demand hiccup from China lockdowns, the risk to longer-term demand from a global slowdown and the risk of tighter supply from compliance with IMO 2023, we revise down our freight rate assumptions for PSL by 5/3/3% to USD20,464-20,873 over 2022-24F, and therefore cut our earnings by 10/7/7% in those years. We fine-tune down our 12-month TP to Bt24 (from Bt27), based on 2.0x 2023F P/BV. PSL's freight rate has fallen to USD16,000/ship/day currently vs. the peak of USD26,000 in May, despite 3Q normally being the stronger season. We believe the recent freight rate fall has mainly been a result of China lockdowns as China accounts for half of the world's dry bulk demand. We expect China lockdowns to ease so that freight rates will be able to enjoy the high season in 4Q.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	8,615	8,927	8,832	8,864
Net profit	4,475	4,494	4,544	4,526
Consensus NP	—	4,694	4,399	5,267
Diff frm cons (%)	—	*(4.3)*	*3.3*	*(14.1)*
Norm profit	4,348	4,494	4,544	4,526
Prev. Norm profit	—	5,000	4,899	4,891
Chg frm prev (%)	—	*(10.1)*	*(7.2)*	*(7.5)*
Norm EPS (Bt)	2.8	2.9	2.9	2.9
Norm EPS grw (%)	na	3.4	1.1	(0.4)
Norm PE (x)	5.3	5.2	5.1	5.1
EV/EBITDA (x)	4.9	4.4	4.1	3.6
P/BV (x)	1.6	1.4	1.2	1.1
Div yield (%)	10.1	10.1	10.2	9.7
ROE (%)	35.5	29.1	25.8	22.9
Net D/E (%)	40.0	24.1	10.8	(6.7)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Sep-22 (Bt)	14.90
Market Cap (US$ m)	639.0
Listed Shares (m shares)	1,559.3
Free Float (%)	47.55
Avg Daily Turnover (US$ m)	7.82
12M Price H/L (Bt)	23.40/13.80
Sector	Shipping
Major Shareholder	Globex Corporation 28.4%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ……………..…………..…… P8

Tight supply outlook

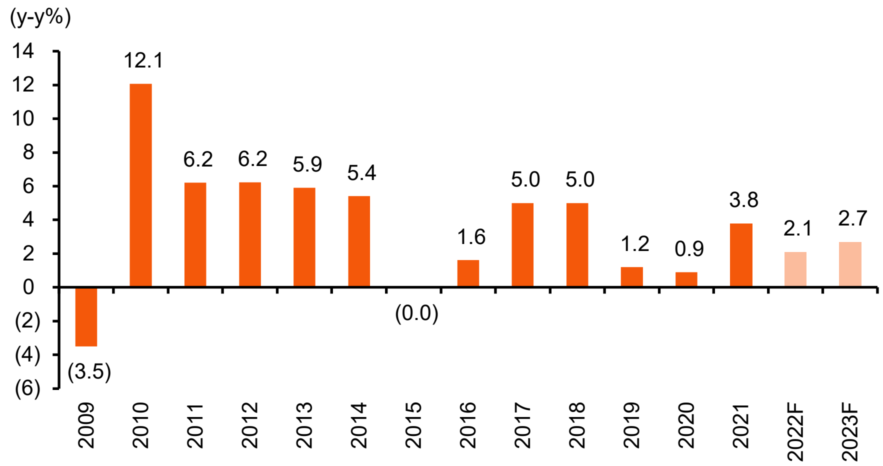
Reasons for the tight capacity

We expect tight supply to continue for the dry bulk industry. While orders for new ships are low because shipyard capacity is tight with larger orders from profitable ship categories (see Exhibit 3), the new IMO 2023 regulation is helping to reduce supply further.

Demand should surpass supply

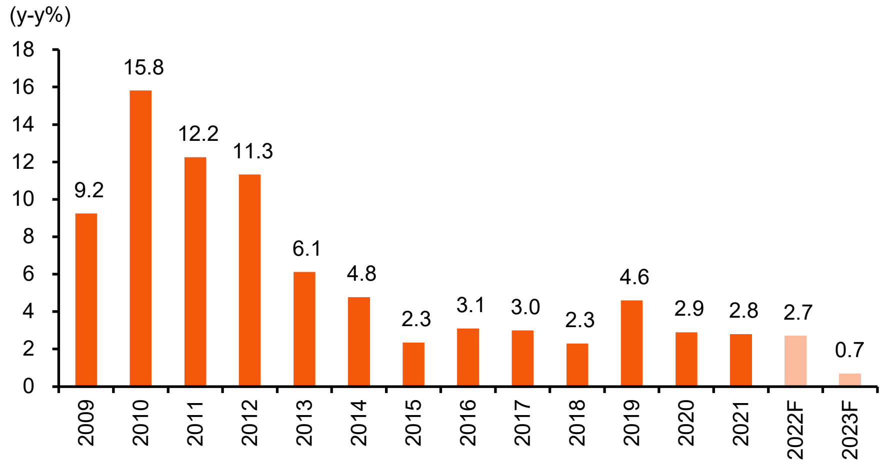
Although we see potential downside risks to global dry-bulk demand growth which is expected to grow by 2.7% in 2023F, according to Clarksons, it should still surpass supply growth of 0.7%.

Ex 1: Demand Growth Forecasts



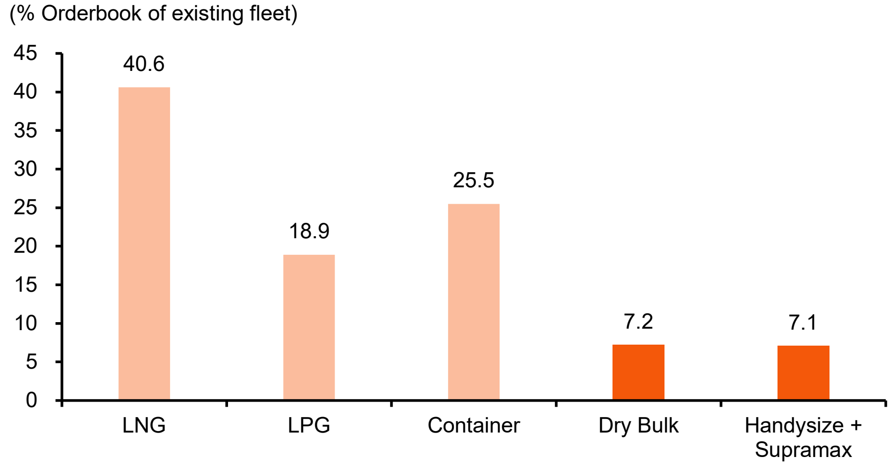
Source: Clarksons

Ex 2: Supply Growth Forecasts



Source: Clarksons

Ex 3: Ship Orders By Category



Source: Clarksons

The IMO 2023 impacts

The International Maritime Organization (IMO) has announced that all vessels must lower carbon emissions from 2023. Reducing sailing speeds is a common way of doing this. Each vessel category, i.e., vessel size, faces different speed reduction measures. For instance, newer ships with cleaner engines can cut speeds by less to comply. That said, the overall dry bulk vessels' speed is expected to be reduced by an annualized 1 knot (from the average operating speed of 13 knots), or by around 7%. This also implies 7% less ship supply availability.

All vessels will have an annual inspection in 2023. The inspections are spread across the year so around 50% of all vessels will likely comply next year with 100% complication in 2024F. Of the total 7% likely supply reduction, we expect 3.5% in 2023F with a further 3.5% reduction in 2024F.

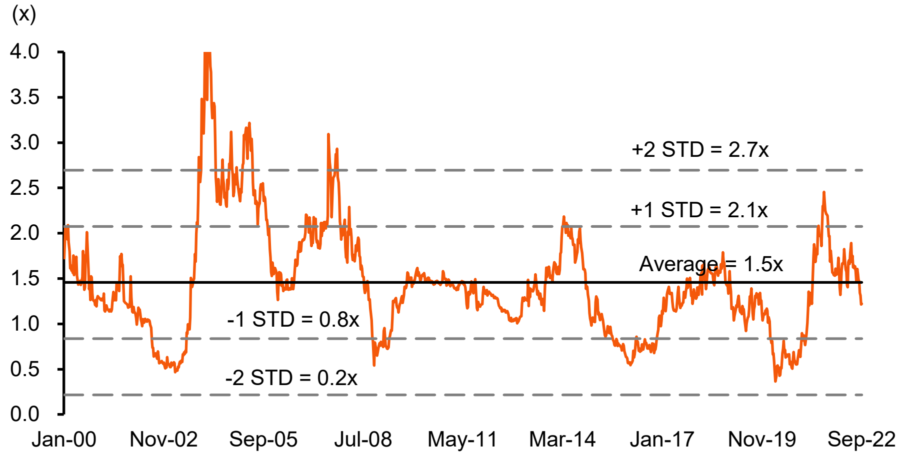
Note that Clarksons still projects supply growth of 0.7% in 2023F which we believe is because it has yet to fully factor in the impact from IMO 2023.

As for PSL, it believes it should be able to reduce its speeds by less than the industry average as its ships are younger while it has prepared for a couple years to modify its ship engines to release less carbon emissions.

PSL looks attractive to us

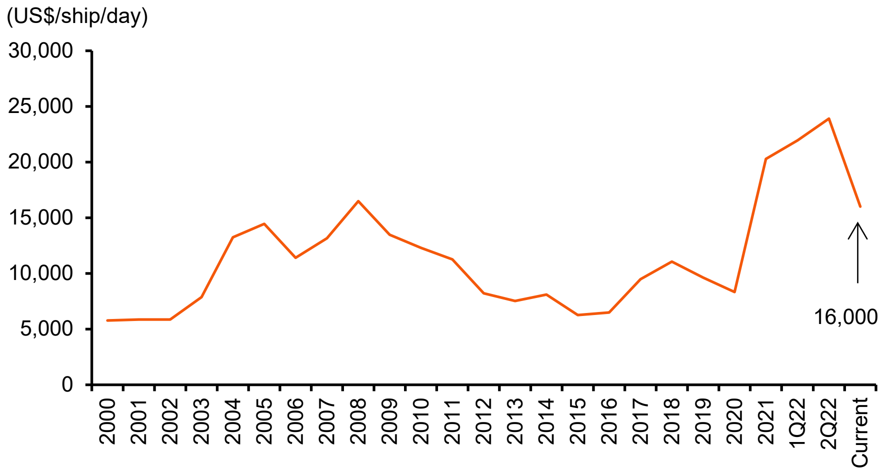
Valuation wise, PSL now looks attractive to us trading on 1.2x P/BV and 5.0x PE, based on our 2023F forecasts. The share price has fallen by 30% from its peak this year, which was mainly caused by the lockdowns in China, the largest dry-bulk country (over 50% of demand). PSL's freight rate has fallen to USD16,000/ship/day currently vs. the peak of US$26,000 in May, despite 3Q normally being the stronger season. We expect the China lockdowns to eventually end and the freight rate to turn around. Aside from the industry's structurally soft supply outlook mentioned earlier, we expect some help from the strong seasonal impact in 4Q.

Ex 4: PSL's P/BV



Sources: Bloomberg, Thanachart estimates

Ex 5: PSL's Freight Rate



Sources: Company data, Thanachart estimates

Ex 6: Handysize's 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	25,823	15,757	

Source: Bloomberg

Ex 7: Supramax's 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	28,873	17,641	

Source: Bloomberg

Ex 8: Assumption Revisions

	2020	2021	2022F	2023F	2024F
Freight rate (USD/ship/day)					
New	8,332	20,338	20,000	20,400	20,400
Old			21,070	21,112	21,112
Change (%)			*(5.1)*	*(3.4)*	*(3.4)*
Vessels at year end (units)					
New	36	36	38	38	38
Old			38	38	38
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	4,494	4,544	4,526
Old			5,000	4,899	4,891
Change (%)			*(10.1)*	*(7.2)*	*(7.5)*

Sources: Company data, Thanachart estimates

Note that although we derive PSL's TP using P/BV methodology, we also show our DCF calculation on the following page in Exhibit 9.

Ex 9: 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	6,214	6,055	5,744	5,423	5,218	4,845	4,455	4,090	3,852	3,625	3,522	—
Free cash flow	5,014	5,773	5,447	5,128	4,898	4,548	4,160	3,795	3,557	3,329	2,674	32,306
PV of free cash flow	5,000	4,789	4,080	3,488	3,025	2,550	2,118	1,755	1,494	1,269	896	10,828

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.3
WACC (%)	9.8
Terminal growth (%)	2.0
Enterprise value - add investments	41,292
Net debt (2022F)	3,977
Minority interest	0
Equity value	37,315
# of shares (m)	1,559
Value/share (Bt)	**24**

Source: Company, Thanachart estimates

Valuation Comparison

Ex 10: 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 (%)
Evergreen Marine	2603 TT	Taiwan	41.9	(61.5)	1.3	3.5	0.7	0.6	0.4	1.3	na	11.3
Yang Ming Marine	2609 TT	Taiwan	14.7	(60.4)	1.3	3.2	0.7	0.7	na	na	na	10.6
Wan Hai Lines	2615 TT	Taiwan	5.4	(68.9)	2.0	6.4	0.9	1.0	0.7	1.8	19.8	3.4
COSCO Shipping Energy	1138 HK	Hong Kong	na	123.7	21.2	9.5	1.1	1.0	18.4	12.0	1.8	4.2
COSCO Shipping	1919 HK	Hong Kong	(47.2)	(39.7)	2.5	4.1	0.5	0.5	1.2	1.8	13.7	8.1
Pacific Basin Shipping	2343 HK	Hong Kong	(1.5)	(10.5)	1.9	2.1	0.8	0.7	1.6	1.9	4.2	3.6
Kawasaki Kisen Kaisha	9107 JP	Japan	14.7	(63.8)	1.0	2.8	0.5	0.4	10.8	8.9	7.9	5.8
Mitsui OSK Lines	9104 JP	Japan	12.0	(64.8)	1.5	4.4	0.6	0.6	14.2	12.8	15.5	6.6
Nippon Yusen KK	9101 JP	Japan	1.0	(64.8)	1.7	4.6	0.7	0.6	6.5	7.8	15.2	7.0
Korea Line	005880 KS	S. Korea	(31.7)	(8.3)	3.4	3.7	0.4	0.4	6.7	6.5	na	na
Thoresen Thai Agencies	TTA TB	Thailand	(18.6)	(25.9)	5.0	6.7	0.6	0.6	3.4	4.4	2.4	2.3
Prima Marine Pcl*	PRM TB	Thailand	12.4	11.1	13.4	12.1	1.7	1.6	7.9	7.7	3.3	3.7
Precious Shipping*	PSL TB	Thailand	3.4	1.1	5.2	5.1	1.4	1.2	4.4	4.1	10.1	10.2
Average			**0.5**	**(25.6)**	**4.7**	**5.2**	**0.8**	**0.8**	**6.4**	**5.9**	**9.4**	**6.4**

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

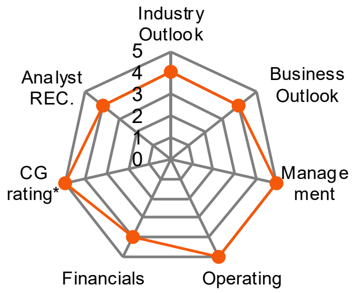
Based on 12-Sep-22 closing prices

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)	21.27	24.00	13%
Net profit 22F (Bt m)	4,694	4,494	9%
Net profit 23F (Bt m)	4,399	4,544	3%
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

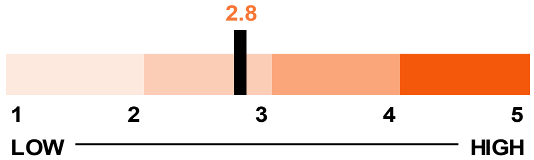
- Weaker-than-expected demand for dry-bulk shipping as a result of the global economic slowdown is the key downside risk to our call.

Source: Thanachart

ESG & Sustainability Report

PSL owns and operates a dry bulk fleet of 38 Supramax and Handysize vessels at an average of 43,621 DWT per vessel with an average age per ship of 10.5 years. We assign an ESG score to PSL of 2.8, which we consider moderate as a reflection of the nature of its business where significant amounts of greenhouse gas (GHG) is emitted. However, PSL has clear targets and plans to focus on ESG issues.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
PSL	-	-	-	BB	66.20	-	27.75	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ The dry-bulk shipping industry by nature involves the release of greenhouse gas (GHG) into the air and sludge into water. That is why the industry regulator or International Maritime Organization (IMO) has been active in coming up with policies to control and reduce environmental threats. ▪ PSL complies with all the regulations. It has managed to reduce GHG emissions by more than the industry average. For instance, it has cut carbon emissions by around 2-3% p.a. for many years as opposed to the rising trend of industry emissions. PSL's investments in emission reduction include using fuel oil emulsion and modifying its ships' bulbous bows. ▪ PSL plans to match the industry's 40% carbon emissions cut target by 2030.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ PSL has a policy to discontinue relationships with partners that violate labor right, e.g., those that use child workers. ▪ KCE has been active in providing aid, such as food and drinking water to those in need, e.g., flooding and COVID victims. ▪ The company provides health and accident insurance for employees and health insurance for their families.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ PSL has a 12-member board of directors (BOD) which we consider an appropriate size for the size and scope of its business. Of the 12 members, five are independent directors. There are five female board members. Two members have a stake in PSL. ▪ The products PSL carries are called minor bulk commodities, which are highly diversified, and include steel, various grains, and coal. PSL is therefore not subject to the risk of focusing only on certain industries. ▪ PSL has been active in improving its efficiency, making it a dry bulk operator with one of the lowest operating costs in the industry.

Source: Thanachart

EBITDA was positive in the past despite net losses

We expect very strong profits from 2022-23F

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	3,730	8,615	8,927	8,832	8,864
Cost of sales	3,226	3,305	3,308	3,303	3,490
Gross profit	**504**	**5,311**	**5,619**	**5,528**	**5,374**
% gross margin	13.5%	61.6%	62.9%	62.6%	60.6%
Selling & administration expenses	345	572	648	628	630
Operating profit	**159**	**4,739**	**4,971**	**4,900**	**4,744**
% operating margin	4.3%	55.0%	55.7%	55.5%	53.5%
Depreciation & amortization	1,213	1,215	1,283	1,314	1,312
EBITDA	**1,372**	**5,954**	**6,254**	**6,214**	**6,055**
% EBITDA margin	36.8%	69.1%	70.1%	70.4%	68.3%
Non-operating income	9	3	5	5	6
Non-operating expenses	0	0	0	0	0
Interest expense	(597)	(415)	(490)	(370)	(232)
Pre-tax profit	**(429)**	**4,327**	**4,486**	**4,535**	**4,518**
Income tax	4	2	2	2	2
After-tax profit	**(433)**	**4,325**	**4,484**	**4,534**	**4,516**
% net margin	-11.6%	50.2%	50.2%	51.3%	50.9%
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**	**4,494**	**4,544**	**4,526**
Normalized profit	**(422)**	**4,348**	**4,494**	**4,544**	**4,526**
EPS (Bt)	(0.8)	2.9	2.9	2.9	2.9
Normalized EPS (Bt)	(0.3)	2.8	2.9	2.9	2.9

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	1,938	2,810	4,382	4,372	4,876
Cash & cash equivalent	1,100	2,468	3,500	3,500	4,000
Account receivables	169	175	182	180	180
Inventories	0	0	0	0	0
Others	669	166	700	693	695
Investments & loans	91	106	106	106	106
Net fixed assets	19,125	20,285	20,802	20,688	19,677
Other assets	244	330	342	338	340
Total assets	**21,397**	**23,531**	**25,632**	**25,505**	**24,998**
LIABILITIES:					
Current liabilities:	3,339	1,917	2,466	1,789	1,479
Account payables	277	354	355	354	374
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	2,436	1,409	1,282	945	447
Others current liabilities	627	154	830	489	657
Total LT debt	**7,586**	**6,809**	**6,195**	**4,569**	**2,162**
Others LT liabilities	171	264	274	271	272
Total liabilities	**11,263**	**9,165**	**9,117**	**6,808**	**4,094**
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**	**13,234**	**15,416**	**17,623**
Shareholders' equity	10,134	14,365	16,515	18,697	20,904
Liabilities & equity	**21,397**	**23,531**	**25,632**	**25,505**	**24,998**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(429)	4,327	4,486	4,535	4,518
Tax paid	(4)	(2)	(2)	(2)	(2)
Depreciation & amortization	1,213	1,215	1,283	1,314	1,312
Chg In working capital	(237)	71	(6)	1	19
Chg In other CA & CL / minorities	102	36	46	(323)	176
Cash flow from operations	**645**	**5,647**	**5,806**	**5,526**	**6,023**
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)	110	(1)	0
Cash flow from investments	**2,059**	**(2,426)**	**(1,690)**	**(1,201)**	**(300)**
Debt financing	(2,655)	(1,609)	(741)	(1,963)	(2,904)
Capital increase	0	0	(0)	0	0
Dividends paid	0	(1,559)	(2,344)	(2,362)	(2,319)
Warrants & other surplus	(130)	1,315	0	0	0
Cash flow from financing	**(2,785)**	**(1,853)**	**(3,085)**	**(4,325)**	**(5,223)**
Free cash flow	**405**	**3,272**	**4,006**	**4,326**	**5,723**

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	5.3	5.2	5.1	5.1
Normalized PE - at target price (x)	na	8.6	8.3	8.2	8.3
PE (x)	na	5.2	5.2	5.1	5.1
PE - at target price (x)	na	8.4	8.3	8.2	8.3
EV/EBITDA (x)	23.4	4.9	4.4	4.1	3.6
EV/EBITDA - at target price (x)	33.8	7.3	6.6	6.3	6.0
P/BV (x)	2.3	1.6	1.4	1.2	1.1
P/BV - at target price (x)	3.7	2.6	2.3	2.0	1.8
P/CFO (x)	36.0	4.1	4.0	4.2	3.9
Price/sales (x)	6.2	2.7	2.6	2.6	2.6
Dividend yield (%)	0.0	10.1	10.1	10.2	9.7
FCF Yield (%)	1.7	14.1	17.2	18.6	24.6
(Bt)					
Normalized EPS	(0.3)	2.8	2.9	2.9	2.9
EPS	(0.8)	2.9	2.9	2.9	2.9
DPS	0.0	1.5	1.5	1.5	1.5
BV/share	6.5	9.2	10.6	12.0	13.4
CFO/share	0.4	3.6	3.7	3.5	3.9
FCF/share	0.3	2.1	2.6	2.8	3.7

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(10.2)	131.0	3.6	(1.1)	0.4
Net profit (%)	na	na	0.4	1.1	(0.4)
EPS (%)	na	na	0.4	1.1	(0.4)
Normalized profit (%)	na	na	3.4	1.1	(0.4)
Normalized EPS (%)	na	na	3.4	1.1	(0.4)
Dividend payout ratio (%)	0.0	52.3	52.3	52.3	50.0
Operating performance					
Gross margin (%)	13.5	61.6	62.9	62.6	60.6
Operating margin (%)	4.3	55.0	55.7	55.5	53.5
EBITDA margin (%)	36.8	69.1	70.1	70.4	68.3
Net margin (%)	(11.6)	50.2	50.2	51.3	50.9
D/E (incl. minor) (x)	1.0	0.6	0.5	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	10.1	13.2	20.5
Interest coverage - EBITDA (x)	2.3	14.3	12.8	16.8	26.2
ROA - using norm profit (%)	na	19.4	18.3	17.8	17.9
ROE - using norm profit (%)	na	35.5	29.1	25.8	22.9
DuPont					
ROE - using after tax profit (%)	na	35.3	29.0	25.8	22.8
- asset turnover (x)	0.2	0.4	0.4	0.3	0.4
- operating margin (%)	na	55.0	55.7	55.5	53.6
- leverage (x)	2.1	1.8	1.6	1.5	1.3
- interest burden (%)	(254.6)	91.2	90.1	92.5	95.1
- 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	24.7	23.9	22.9
NOPAT (Bt m)	159	4,737	4,969	4,898	4,742

Sources: Company data, Thanachart estimates

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As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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