



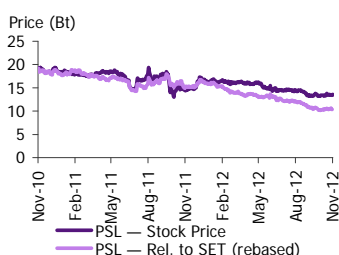
NEUTRAL

Stock Data

Last close (Nov 5) (Bt)	13.50
12-m target price (Bt)	15.50
Upside (Downside) to TP (%)	14.81
Mkt cap (Btbn)	14.03
Mkt cap (US\$mn)	456

Bloomberg code	PSL TB
Reuters code	PSL.BK
Risk rating	H
Mkt cap (%) SET	0.13
Sector % SET	2.93
Shares issued (mn)	1,040
Par value (Bt)	1
12-m high / low (Bt)	17.6 / 13.1
Avg. daily 6m (US\$mn)	0.30
Foreign limit / actual (%)	49 / 44
Free float (%)	39.2
Dividend policy (%)	≥ 25

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	0.7	-4.9	-6.9
Relative to SET	1.1	-12.1	-31.9

Source: SET, SCBS Investment Research

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Still in a period of consolidation

- **Bulk shipping to continue to cycle down through 2012 and into 2013**
- **Strategies: keep proportion of LT fixed-rate contracts low in 2012-13, double fleet capacity to gain on industry upturn from 2014 onwards**
- **Maintain NEUTRAL with a new end-13 PT of Bt15.5, based on 1.05x PBV**

Maintain NEUTRAL. Following yesterday's analyst meeting, we maintain NEUTRAL on the counter with a new end-13 PT of Bt15.5 (from Bt16.5) to reflect earnings revision, based on 1.05x PBV (-0.75 SD from its historical average PBV at 1.4x in 2006-11). On the negative side, the prolonged down cycle for the industry makes the continuation of its strategy to fix its fleet capacity into LT contracts difficult - once its old LT contracts expire it is unlikely to be able to secure new LT contracts at favorable rates. On the positive side, with its strong financial status (13D/E of 0.4x, cash on hand of US\$82mn, and undrawn credit facilities of US\$250mn), problems with liquidity are low even if it plans to double fleet capacities to gain on industry upturn from 2014 onwards.

Shipping down cycle to continue. Management expects bulk shipping freight rate to continue low through 2012-13, dragged down by a flood of new ship deliveries. Despite including the record-high ship scrapping at 35mn DWT/year and ship slippage at 30% of committed ship delivery, PSL still expects ship supply growth of 13.6% in 2012 and 3.0% in 2013 - slowing from +12.3% in 2011 but still high against +5% in 2000-08 - against demand growth of 6.0% in the period. From 2014 onwards, PSL expects to see strong improvement in freight rate from continued ship scrapping and fewer new ships.

PSL's strategies. With freight rate in both spot and forward markets depressed, PSL plans to maintain its fixed-rate LT contracts at 32% in 2012 and 14% in 2013. To get in on the LT recovery in freight rate, PSL aims to double its fleet from 34 ships now to 60-65 ships over the next few years. Apart from 11 new ships (32% of fleet) now on order (nine to be delivered in 2013 and two in 2014), PSL plans to buy 15-20 secondhand or new-build ships up for sale. Funding will be no problem, as it had cash on hand of ~US\$82mn at Sep 2012 and US\$250mn in un-drawn credit facilities, enough to acquire 20 second-hand ships based on the US\$16mn PSL paid recently for a 4-year-old. We have factored in the new ships based on the delivery schedule but have not included any secondhand ships, as the timing of the purchases remains unknown.

Earnings revision. We have cut 2012 forecast by 50% to Bt180mn but raised 2013 by 26% to Bt432mn. Behind this is: 1) a 2% cut in freight rate; 2) a 3% increase in operating costs; 3) potential extra gains from the sale of four ship contracts at Bt60mn in 4Q12, Bt400mn in 2013, and Bt70mn in 2014.

Forecasts and Valuation

Year to 31 Dec	Unit	2010	2011	2012F	2013F	2014F
Revenue	(Btmn)	2,949	3,089	2,988	3,912	4,640
EBITDA	(Btmn)	1,726	1,460	1,133	1,549	2,164
Core profit	(Btmn)	783	403	-183	23	605
Reported profit	(Btmn)	1,133	719	172	423	674
Core EPS	(Bt)	0.75	0.39	-0.18	0.02	0.58
DPS	(Bt)	0.85	0.55	0.15	0.24	0.39
P/E, core	(x)	12.39	19.54	81.70	33.23	20.83
EPS growth, core	(%)	-65.07	-48.57	n.a.	n.a.	2581.44
P/BV, core	(x)	0.96	0.91	0.92	0.91	0.89
ROE	(%)	7.75	4.68	1.13	2.74	4.28
Dividend yield	(%)	6.30	4.04	1.10	1.81	2.88
EV/EBITDA	(x)	8.53	11.43	14.86	12.97	7.68

Source: SCBS Investment Research

Financial statement

Profit and Loss Statement (Bt mn)

FY December 31	2010	2011	2012F	2013F	2014F
Total revenue	2,949	3,089	2,988	3,912	4,640
Cost of goods sold	(1,556)	(1,985)	(2,422)	(3,031)	(3,121)
Gross profit	1,382	1,098	561	876	1,514
SG&A	(335)	(285)	(301)	(320)	(343)
Other income	26	29	26	26	26
Interest expense	(299)	(441)	(449)	(544)	(576)
Pre-tax profit	775	401	(164)	38	621
Corporate tax	0	(4)	0	0	0
Equity a/c profits	19	8	(9)	(5)	(5)
Minority interests	(10)	(2)	(11)	(11)	(11)
Core profit	783	403	(183)	23	605
Extra-ordinary items	356	321	361	400	69
Net Profit	1,133	719	172	423	674
EBITDA	1,726	1,460	1,133	1,549	2,164
Core EPS (Bt)	0.75	0.39	(0.18)	0.02	0.58
Net EPS (Bt)	1.09	0.69	0.17	0.41	0.65
DPS (Bt)	0.85	0.55	0.15	0.24	0.39

Profit and Loss Statement (Bt mn)

FY December 31	3Q11	4Q11	1Q12	2Q12	3Q12
Total revenue	736	801	789	992	820
Cost of goods sold	(502)	(579)	(660)	(795)	(689)
Gross profit	234	223	129	197	131
SG&A	(68)	(71)	(82)	(65)	(73)
Other income	7	10	7	5	6
Interest expense	(110)	(154)	(87)	(117)	(145)
Pre-tax profit	62	7	(33)	21	(81)
Corporate tax	(0)	(0)	(1)	(2)	(1)
Equity a/c profits	4	5	(4)	(7)	2
Minority interests	(0)	(1)	(1)	0	(0)
Core profit	67	10	(39)	13	(81)
Extra-ordinary items	131	0	0	0	305
Net Profit	200	9	(41)	15	219
EBITDA	325	323	239	363	295
Core EPS (Bt)	0.06	0.01	(0.04)	0.01	(0.08)
Net EPS (Bt)	0.19	0.01	(0.04)	0.01	0.21

Balance Sheet (Btmn)

FY December 31	2010	2011	2012F	2013F	2014F
Total current assets	4,348	6,022	4,851	3,340	6,137
Total fixed assets	15,614	16,872	18,381	21,918	18,818
Total assets	19,962	22,894	23,232	25,258	24,954
Total loans	4,914	7,026	7,516	9,219	8,513
Total current liabilities	440	1,047	2,810	2,904	2,975
Total long-term liabilities	4,910	6,490	5,162	6,910	6,239
Total liabilities	5,350	7,537	7,971	9,814	9,214
Paid-up capital	1,040	1,040	1,040	1,040	1,040
Total equity	14,612	15,356	15,260	15,444	15,740
BVPS (Bt)	14.05	14.77	14.67	14.85	15.13

Balance Sheet (Btmn)

FY December 31	3Q11	4Q11	1Q12	2Q12	3Q12
Total current assets	4,704	6,022	4,840	3,958	3,369
Total fixed assets	15,392	16,872	18,580	19,538	19,184
Total assets	20,096	22,894	23,420	23,496	22,553
Total loans	4,436	7,026	8,049	7,861	7,391
Total current liabilities	1,046	1,047	1,127	790	515
Total long-term liabilities	3,791	6,490	7,538	7,614	7,300
Total liabilities	4,836	7,537	8,666	8,405	7,816
Paid-up capital	1,040	1,040	1,040	1,040	1,040
Total equity	15,260	15,356	14,754	15,091	14,737
BVPS (Bt)	14.68	14.77	14.19	14.52	14.18

Cash Flow Statement (Bt mn)

FY December 31	2010	2011	2012F	2013F	2014F
Core Profit	783	403	(183)	23	605
Depreciation and amortization	678	647	873	993	993
Operating cash flow	1,578	(83)	2,503	1,514	1,742
Investing cash flow	(195)	(1,905)	(2,382)	(4,530)	2,108
Financing cash flow	(3,035)	2,139	228	1,466	(1,084)
Net cash flow	4,223	4,375	4,724	3,174	5,940

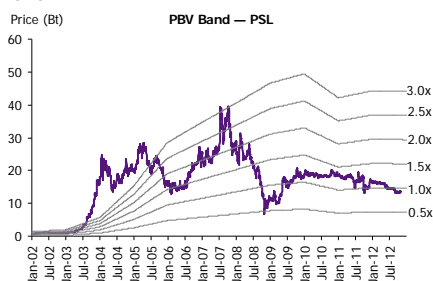
Main Assumptions

	2010	2011	2012F	2013F	2014F
No. of dry bulk vessel days (days)	7,801	8,018	11,183	15,355	16,456
Avg. TC rate (US\$/day/ship)	12,274	11,265	7,645	7,461	8,368
Operating cost (US\$/day/ship)	4,725	4,613	4,455	4,341	4,231
Avg. exchange rate (US\$/Bt)	31.6	30.0	31.0	30.5	30.5

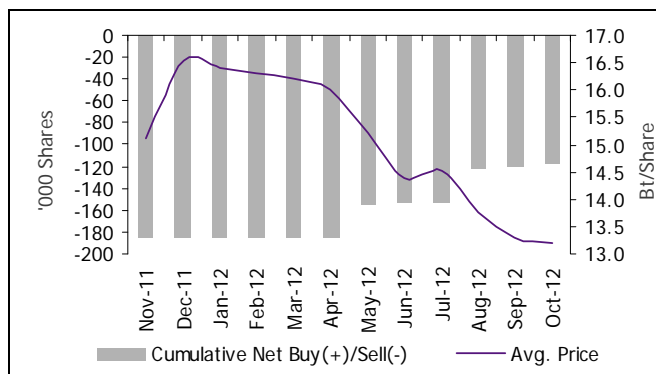
Key Financial Ratios

	2010	2011	2012F	2013F	2014F
Gross margin(%)	47.0	35.6	18.8	22.4	32.7
Operating margin(%)	35.7	26.4	8.7	14.2	25.3
EBITDA margin(%)	58.7	47.3	38.0	39.6	46.7
EBIT margin(%)	59.1	45.7	29.7	31.3	40.6
Net profit margin(%)	38.5	23.3	5.8	10.8	14.5
ROE (%)	7.8	4.7	1.1	2.7	4.3
ROA (%)	5.7	3.1	0.7	1.7	2.7
Net D/E (x)	0.3	0.5	0.5	0.6	0.5
Interest coverage (x)	5.8	3.3	2.5	2.8	3.8
Payout Ratio (%)	78.0	79.0	90.0	60.0	60.0

PBV Band Chart

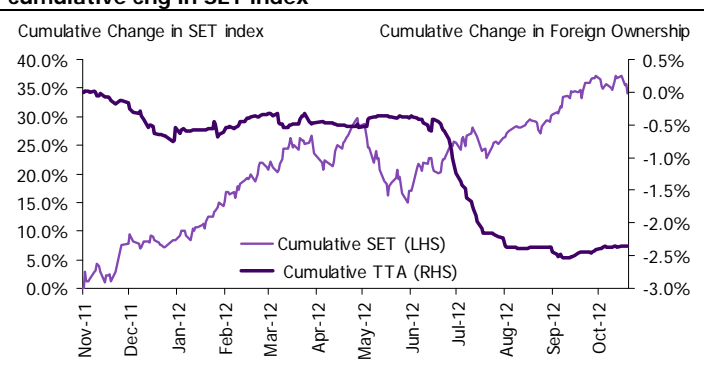


12-Month Cumulative directors trade



Source: SEC

12 Month cumulative chg in foreign ownership versus cumulative chg in SET index



Source: SET, SCBS Investment Research

Rating 2011 Companies with CG Rating under SCBS's Coverage

ADIANC, AOT, BANPU, BAY, BBL, BCP, BMCL, CSL, EGCO, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOI, PS, PSL, PIT, PTTEP, QH, RATCH, ROBINS, SAT, SCB, SCC, TISCO, TMB, TOP
AMATA, AP, ASP, BEC, BECL, BH, BIGC, BLA, BLS, CK, CPALL, CPF, DELTA, DIT, DTAC, GFPT, GLOW, HANA, HMPRO, INTUCH, KCE, KESTI, LH, IVL, MAJOR, MAKRO, OISH, PHATRA, SECC, SMT, SPALL, SIRI, STANLY, STEC, SWI, TCAP, THAI, THCOM, TRUE, TTA, TTW
AEON'S, AH, CCET, DCC, ESSO, GUNKIL, ITD, BCH, KTE, RCL, ROJNA, TICON, TPPL
N/A
AAV, BGH, BLS, CPNRF, LHANK, POPF, QHPF, SAMART, SAMTEL, SSL, TRUND, TLOGIS, WHAPF
PTTGC is the merged entity of PTICH and PTTAR

Corporate Governance Report disclaimer

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