

# Shipping sector – Dry bulk



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## Baltic Dry Index back on track

- Relief in US-China trade dispute, restocking demand after end of steel production curbs in China, and seasonally stronger shipments will boost BDI in 2Q18
- Expect BDI to rise 30% yoy to 1,500 in 2018F as demand growth will outpace supply growth; tighter fleet expansion would support BDI in the medium-term
- Maintain OVERWEIGHT rating for dry bulk sector in anticipation of BDI rising in 2018; OUTPERFORM rating for PSL (pure shipping play) and TTA (deep valuation discount)

**BDI has recovered 40% from 2Q18 low of 948.** This was led by a V-shaped recovery in Baltic Capesize index after a 40% drop since 2 March, when buyers suspended orders pending developments in US-China trade spat. US-China trade tension has eased as the two countries prepare to negotiate after the tariff threats. China's steel production should pick up in 2Q18 after relaxing steel production curbs in March. Coupled with China's commitment to improve air quality, these would strengthen demand for high-grade imported ore. Iron ore production (and cargoes) that had been affected by heavy rains in Brazil in 1Q18 will return to the market this quarter. China is expected to import more soybean from Brazil after the harvest season in April to September, to diversify risk of future trade tensions. These would support BDI in 2Q18.

**Dry bulk freight rates to rise in 2018 on improving fundamentals.** *Fitch Ratings* sees limited impact on near-term global growth outlook in anticipation of a negotiated solution to the trade tension. Nevertheless, in some circumstances, a trade war might be good for shipping as buyers source alternative supply from further sources, which would increase chargeable distance (tonne-miles). BDI increased 25% yoy in 1Q18 to 1,180 and we forecast average BDI will rise by 30% yoy to 1,500 in 2018F as demand growth (2-3% yoy) should outpace supply growth (1-2% yoy). The Ballast Water Management regulation effective September 2019 and clean oil convention to be enforced in 2020 will require investment at 20-30% of asset values. These will curb order books and force scrapping of more vessels in the future.

**OVERWEIGHT: PSL and TTA are turnaround plays.** Our OVERWEIGHT call is premised on the BDI rising further this year. We estimate PSL and TTA will book profits in 1Q18F as daily TC rates in the quarter were higher than total cost per vessel. Their share prices have fallen 5% and 7%, respectively, after Trump's steel tariff news, and the stocks now offer attractive upside to our TPs.



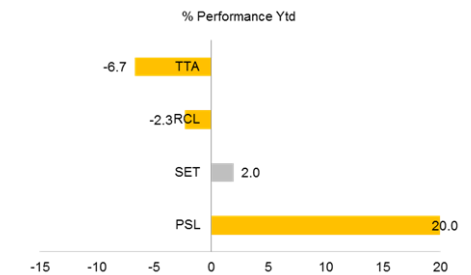
Sunthorn THONGTHIP  
662 - 659 7000 ext 5009  
sunthorn.thongthip@krungsrisecurities.com

### Sector – performance



Source: Bloomberg, Krungsri Securities

### Share Price Performance - YTD

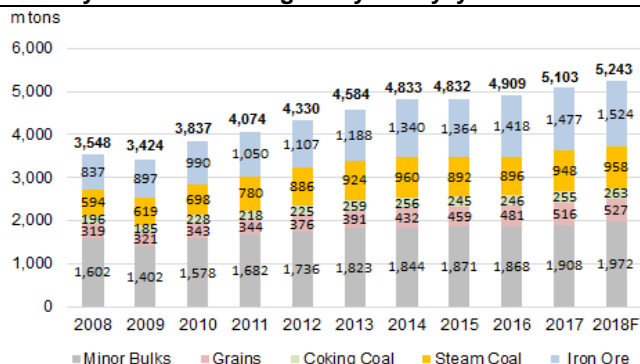


Source: Bloomberg, Krungsri Securities (Price as of 24 Apr 2018)

BB	M Cap	Price (Bt)	TP	U/D	Rec	EPS G%	ROE (%)	PE (x)	P/BV (x)	Div Yld (%)					
Ticker	(US\$)	24 -Apr	(Bt)	(%)		18F	19F	18F	19F	18F	19F				
PSL	590	12.6	17.0	35	OUTPERFORM	N/A	239.7	3.3	10.7	47.1	13.9	1.6	1.5	0.0	1.1
TTA	457	8.4	12.0	44	OUTPERFORM	29.4	97.0	3.0	5.7	20.0	10.1	0.8	0.7	2.5	4.9

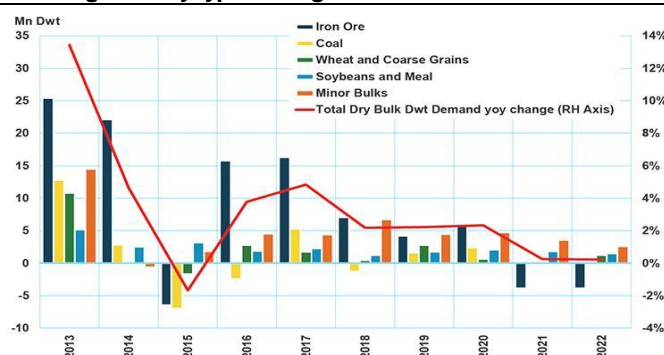
## Highlights

### Global dry bulk trade could grow by 2-3% yoy in 2018F



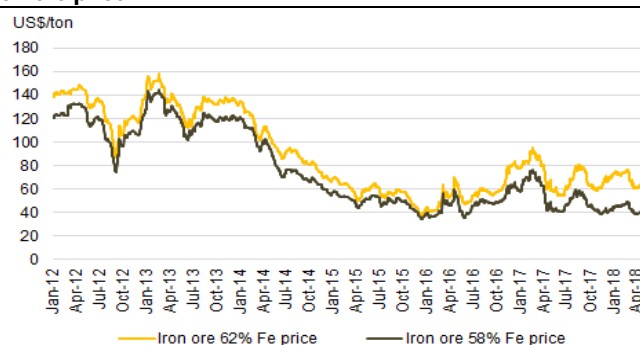
Source: Clarksons and company data

### Demand growth by type of cargo



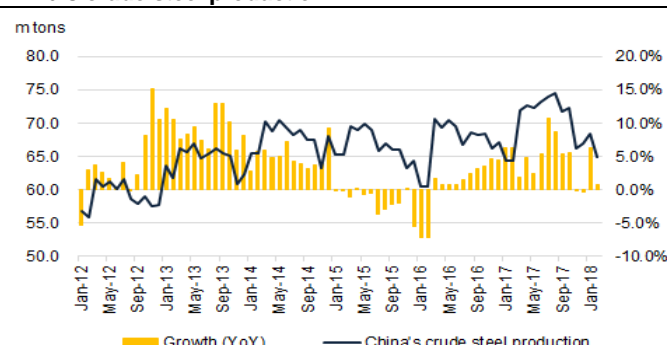
Source: Maritime Strategies International

### Iron ore price



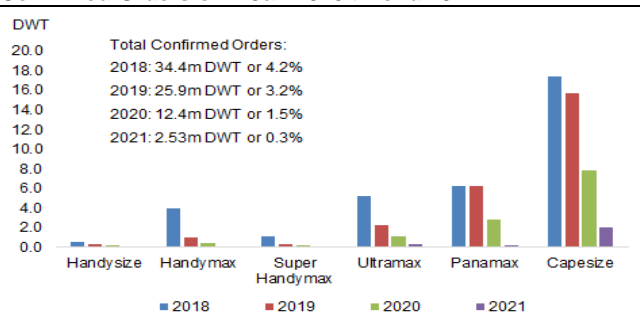
Source: Bloomberg

### China's crude steel production



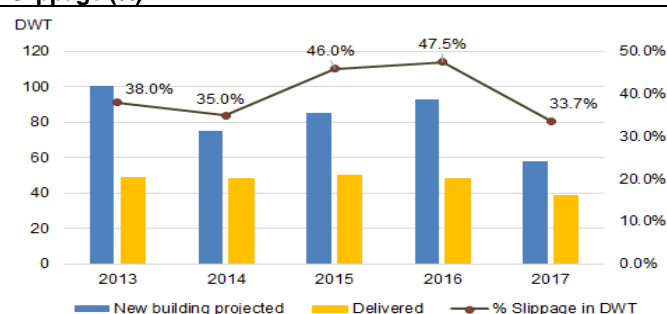
Source: Bloomberg

### Confirmed Orders on 1 Jan 2018 till end 2021



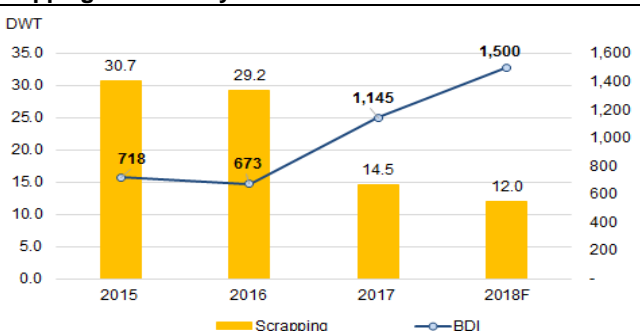
Source: Company data

### Slippage (%)



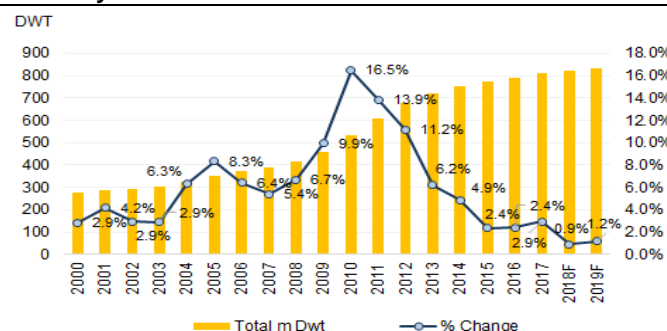
Source: Company data

### Scrapping Activities by DWT



Source: Company data

### Global dry bulk fleet



Source: Company data

**Regulatory changes –BWM and Scrubbers**

**Ballast Water Management Plant**



**Scrubber Plant**



Cost: about USD 1 Million

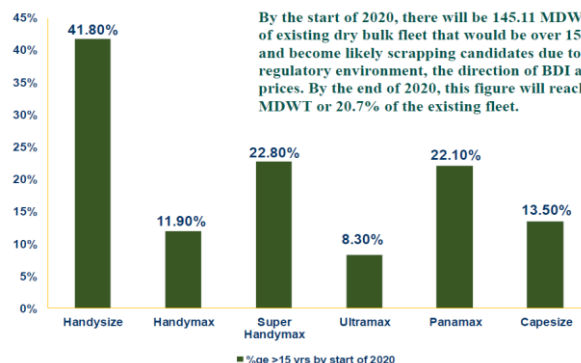
Downtime: about 10 days in drydock

Cost: about USD 3 - 6 Million

Downtime: about 4 months in drydock

Source: Company data

**Impact of burning clean oil after January 2020**

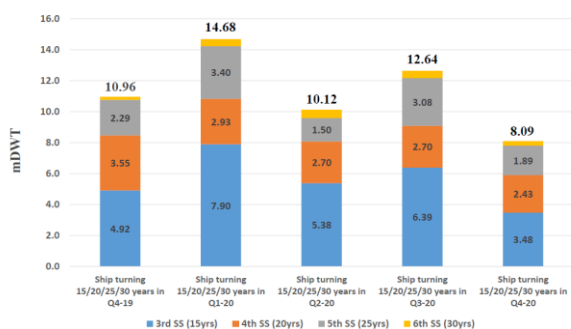


By the start of 2020, there will be 145.11 MDWT or 17.8% of existing dry bulk fleet that would be over 15 years of age and become likely scrapping candidates due to expensive regulatory environment, the direction of BDI and scrap prices. By the end of 2020, this figure will reach 168.27 MDWT or 20.7% of the existing fleet.

Source: Company data

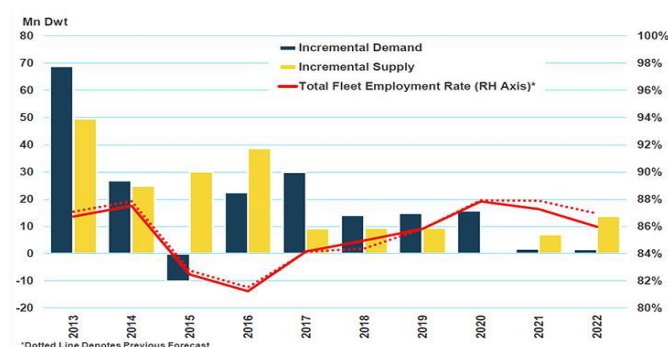
**3<sup>rd</sup> & subsequent Special Survey**

DWT of ships that will need to carry out their scheduled 3<sup>rd</sup> or subsequent Special Survey (SS) and will need to fit the BWTS onboard.



Source: Company data

**Fleet employment rate**



Source: Maritime Strategies International

**Baltic Dry Index**



Source: Bloomberg

**Baltic Capesize Index**



Source: Lloyd's, Quandl.com

**Baltic Panamax Index**



Source: Lloyd's, Quandl.com

**Baltic Supramax Index**



Source: Lloyd's, Quandl.com

April 25, 2018

OUTPERFORM

# Precious Shipping

(PSL TB)

Share Price: Bt12.60

Target Price: 17.00 (+34.9%)

## Don't be misled by lower BDI

- Estimate 1Q18F profit at Bt90m vs Bt59m loss last year, led by solid TC rate (+30% yoy) despite low season
- PSL will remain profitable in 2Q18F as Supramax TC rate (benchmark for PSL) remains high at US\$10,000-11,000 per vessel vs c.US\$9,500 total cost per ship
- **OUTPERFORM**; Bt17.00 TP is based on 2x FY18F P/BV, at +2SD of historical mean to reflect operations turnaround in FY18F

### Expect 1Q18F to deliver Bt90m profit vs Bt59m loss last year

Despite the low season and Chinese steel production curbs in 1Q18, PSL will remain profitable in the quarter at US\$10,500-11,000 per vessel TC rate (flat qoq, +25% yoy) vs c.US\$9,500 total cost per ship. This would be in line with the Baltic Supramax Index (BSI) which has outperformed the BDI by 20%, driven by strong grain and minor bulk imports. Operating cost should be flat qoq at US\$4,451/ship/day. Operating fleet was stable yoy at 36 vessels, but PSL may expand when it receives US\$64m from Sainty Shipyard (advance payments for 9 shipbuilding contracts) if it wins the arbitration proceedings in 2Q-3Q18.

### Expect stronger 2Q18F earnings on high season shipments

Average BSI rose 9% qoq to 1,025 in 2Q18 (QTD) and the momentum should remain positive the rest of 2Q18 led by seasonally stronger shipments of agriculture products and minor bulks. The US-China trade tension has eased and would improve trading sentiment. PSL would be profitable at 950-1,050 BSI, when its daily TC rate is US\$10,000-11,000 vs c.US\$9,500 total cost per ship. We forecast PSL's TC rate at US\$11,000 per vessel in FY18F vs US\$9,486 in FY17, above its total cost of US\$10,000 per vessel. PSL has locked in 17% of its fleet on long-term charters (until 2022) at c.US\$14,000 per vessel and would lock in more when market TC rate rises to US\$14,000-15,000.

### OUTPERFORM, TP Bt17; pure play in dry bulk shipping upturn

PSL's share price has fallen 5% since 2 March, after the US announced tariffs on steel and aluminium imports. This offers a buying opportunity premised on rising BDI and strong earnings turnaround in FY18-19F. The stock deserves to trade at a premium to peers given its younger fleet (6 years vs 9 years for the industry).

#### Financial Summary (Btm)

Year to Dec	2016	2017	2018F	2019F	2020F
Sales (Btm)	3,682	4,329	5,049	6,566	7,333
Growth (%)	(13.3)	17.6	16.6	30.0	11.7
EBITDA (Btm)	907	1,967	2,556	3,853	4,365
Growth (%)	14.5	116.9	29.9	50.8	13.3
Recurring profit (Btm)	(1,686)	(66)	417	1,415	1,786
Growth (%)	n.a.	n.a.	n.a.	239.7	26.1
Net profit (Btm)	(2,665)	(129)	417	1,415	1,786
FDEPS (Bt) (Core)	(1.08)	(0.04)	0.27	0.91	1.15
Growth (%)	n.a.	n.a.	n.a.	239.7	26.1
PE (x)	(7.6)	(247.1)	47.1	13.9	11.0
DPS (Bt)	0.00	0.00	0.13	0.45	0.57
Yield (%)	0.0%	0.0%	1.1%	3.6%	4.5%
BVPS (Bt)	8.7	7.9	8.0	8.5	9.1
P/BV (x)	0.94	1.33	1.57	1.48	1.39



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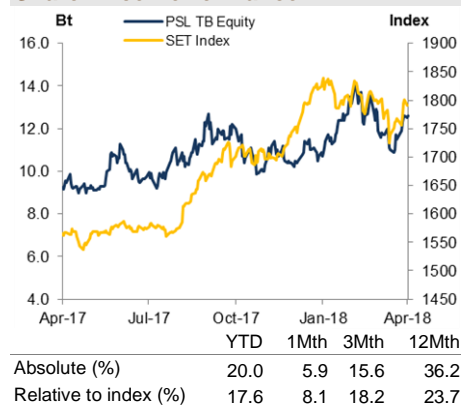
662 - 659 7000 ext 5009

sunthorn.thongthip@krungsrisecurities.com

#### Key Data

12-mth high/low (Bt)	14.9 / 8.8
Market capital (Btm US\$m)	19,646.9 / 622.8
3m avg. turnover (Btm/US\$m)	102.5 / 3.2
Free float (%)	36.2
Issued shares (m shares)	1,559
Major shareholders:	
-GLOBEX CORPORATION C	28.4
-HASHIM KHALID MOINUD	8.4
-GRAIN TRADE CO LTD	8.3

#### Share Price Performance



#### Krungsri Securities vs Market

Market Recommend	Positive	Neutral	Negative
	5	0	0
	Krungsri	Market	% +/-
Target Price (Bt)	17.0	14.9	13.9
'18 Net Profit (Btm)	417	352	18.6
'19 Net Profit (Btm)	1,415	973	45.5

#### Krungsri's earnings revision

	2018F	2019F
Earnings revision (%)	-	-

Source: Bloomberg, Krungsri Securities

**PSL- Financial assumptions**

	2016	2017	2018F	2019F	2020F
Fleet (ships)	36	36	36	36	36
Operating days	14,746	12,960	12,960	12,960	12,960
TCE Rate (US\$/day)	6,476	9,486	11,000	14,171	15,588
OPEX (US\$/day)	4,086	4,023	4,224	4,435	4,657
Dry-dock (US\$/day)	417	300	400	400	400
SG&A (US\$/day)	679	943	1,078	1,246	1,403
Financial cost (US\$/day)	1,883	1,949	2,010	2,052	2,078
Depreciation (US\$/day)	2,625	2,655	2,859	2,890	2,903
Tax rate (%)	0.0%	20.0%	20.0%	20.0%	20.0%
USDTHB	35.30	33.94	32.20	32.50	33.00

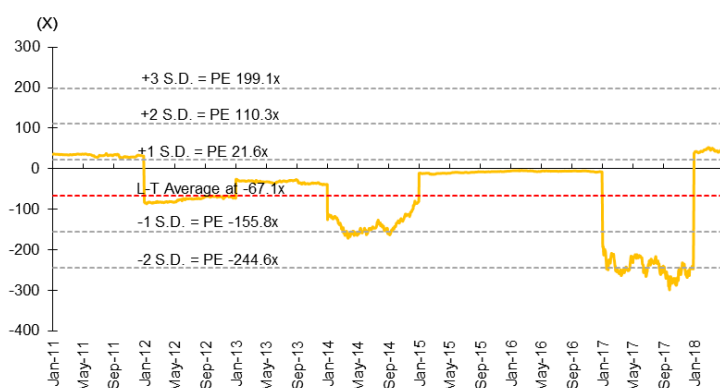
Source: Company data, Krungsri Securities

**1Q18F Earnings preview**

	1Q17	4Q17	1Q18F	q-o-q	y-o-y
Sales	1,045	1,163	1,113	-4.3%	6.4%
Cost of sales	822	757	724	-4.4%	-11.9%
<b>Gross profit</b>	<b>224</b>	<b>406</b>	<b>389</b>	-4.2%	73.9%
SG&A	88	96	96	0.0%	9.3%
<b>Operating profit</b>	<b>136</b>	<b>310</b>	<b>293</b>	-5.5%	115.6%
Other income	3	10	10	-0.4%	192.9%
Equity income	3	5	3	-44.3%	5.3%
Extra item	12	(10)	-		
<b>EBIT</b>	<b>154</b>	<b>315</b>	<b>306</b>	-3.0%	98.3%
Interest expense	213	206	210	2.0%	-1.6%
<b>EBT</b>	<b>(59)</b>	<b>109</b>	<b>96</b>	-12.5%	n.a.
Income tax	-	(0)	6	n.a.	n.a.
Minority interests	0	-	-	n.a.	n.a.
<b>Net profit</b>	<b>(59)</b>	<b>109</b>	<b>90</b>	-17.9%	n.a.
<b>EPS (THB)</b>	<b>(0.04)</b>	<b>0.07</b>	<b>0.06</b>	-17.9%	n.a.
Extra item	12	(10)	-	n.a.	n.a.
Tax reversal	2	(2)	-	n.a.	n.a.
<b>Recurring profit (Btm)</b>	<b>(69)</b>	<b>118</b>	<b>90</b>	-23.5%	n.a.
<b>Normalized EPS (Bt)</b>	<b>(0.04)</b>	<b>0.08</b>	<b>0.06</b>	-23.5%	n.a.
<b>Ratio analysis</b>					
Gross margin (%)	21.4	34.9	34.9		
SGA/Total revenue (%)	8.4	8.3	8.6		
Operating profit margin (%)	13.0	26.6	26.3		
Net profit margin (%)	(5.7)	9.4	8.1		
Core profit margin (%)	(6.6)	10.1	8.1		

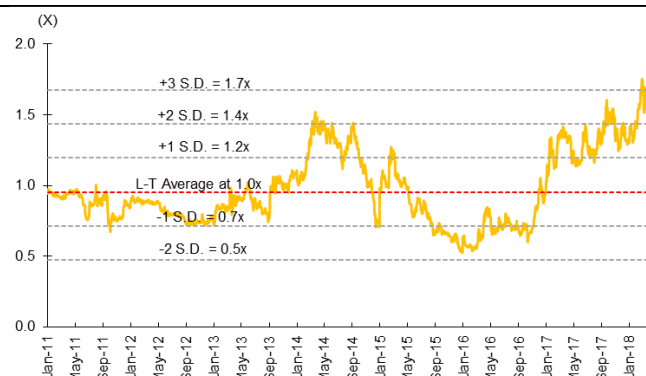
Source: Company data and Krungsri estimates

**P/E Band**



Source: Bloomberg, Krungsri Securities

**P/BV Band**



Source: Bloomberg, Krungsri Securities

**Peer Comparison**

BB Ticker Name	Market Cap US\$	PE (x)		P/BV (x)		EPS G%		Div Yield (%)	ROE (%)	Share Price Performance			
		18F	19F	18F	19F	18F	19F	18F	18F	1M	3M	6M	YTD
PSL TB PRECIOUS SHIPPING PCL	625	47.1	13.9	1.6	1.5	n.a.	0.27	1.1	3.3	5.9	15.6	5.0	20.0
TTA TB THORESEN THAI AGENCIES PCL	484	20.0	10.1	0.8	0.7	29.4	97.0	2.5	3.0	(0.6)	(5.6)	(17.3)	(6.7)
2343 HK PACIFIC BASIN SHIPPING LTD	1,172	N/A	7.8	0.6	0.6	1,900.0	N/A	3.0	7.7	(0.5)	16.3	13.1	22.5
GE SP GREAT EASTERN HOLDINGS LTD	11,147	18.0	17.2	N/A	N/A	(29.1)	4.6	1.9	N/A	2.9	2.9	19.2	12.9
MBC MK MALAYSIAN BULK CARRIERS B	170	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.5	(19.9)	(24.4)	(18.4)
028670 K PAN OCEAN CO LTD	2,672	16.6	13.0	1.1	1.0	21.1	27.4	0.0	6.8	5.9	(4.9)	(3.4)	2.1
005880 KOREA LINE CORP	659	7.9	7.1	0.9	0.8	(28.7)	10.8	N/A	12.2	9.4	(2.0)	(15.2)	27.1
2605 TT SINCERE NAVIGATION	334	21.8	16.1	0.6	N/A	(11.4)	35.5	3.4	2.8	(2.0)	(14.7)	(22.5)	(17.7)
2606 TT U-MING MARINE TRANSPORT C	1,008	N/A	N/A	N/A	N/A	(11.9)	N/A	N/A	N/A	1.0	(7.1)	(2.6)	(3.3)
DSX US DIANA SHIPPING INC	397	N/A	N/A	0.7	0.6	(96.1)	(251.4)	0.0	(2.8)	5.7	(7.1)	(9.8)	(9.6)
EGLE US EAGLE BULK SHIPPING INC	390	N/A	N/A	0.8	0.7	(116.2)	556.9	N/A	5.9	0.8	5.3	15.1	19.2
GNK US GENCO SHIPPING & TRADING LT	578	N/A	9.2	0.6	0.6	(138.6)	175.3	N/A	2.6	14.1	19.9	33.6	25.7
GOGL US GOLDEN OCEAN GROUP LTD	1,210	N/A	9.2	0.8	0.7	(2,625.0)	81.2	3.4	4.7	5.9	(8.3)	0.1	2.9
<b>Average (simple)</b>		<b>21.9</b>	<b>12.2</b>	<b>0.9</b>	<b>0.9</b>	<b>267.1</b>	<b>29.3</b>	<b>2.0</b>	<b>5.9</b>				

Source: Bloomberg, Krungsri Securities

**PSL: Quarterly Earnings**

<b>Unit: (Btm)</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>
Sales	1,027	1,045	1,080	1,040	1,163
Cost of sales	883	822	811	770	757
<b>Gross profit</b>	<b>144</b>	<b>224</b>	<b>269</b>	<b>271</b>	<b>406</b>
SG&A	91	88	92	133	96
<b>Operating profit</b>	<b>53</b>	<b>136</b>	<b>177</b>	<b>138</b>	<b>310</b>
Other income	12	3	7	7	10
Equity income	6	3	(1)	3	5
Extra item	20	12	28	(108)	(10)
<b>EBIT</b>	<b>90</b>	<b>154</b>	<b>210</b>	<b>40</b>	<b>315</b>
Interest expense	207	213	215	214	206
<b>EBT</b>	<b>(116)</b>	<b>(59)</b>	<b>(5)</b>	<b>(174)</b>	<b>109</b>
Income tax	0	-	-	-	(0)
Minority interests	2	0	(0)	-	-
<b>Net profit</b>	<b>(118)</b>	<b>(59)</b>	<b>(5)</b>	<b>(174)</b>	<b>109</b>
<b>EPS (THB)</b>	<b>(0.08)</b>	<b>(0.04)</b>	<b>(0.00)</b>	<b>(0.11)</b>	<b>0.07</b>
Extra item	20	12	28	(108)	(10)
Tax reversal	4	2	6	(22)	(2)
<b>Recurring profit (Btm)</b>	<b>(135)</b>	<b>(69)</b>	<b>(27)</b>	<b>(87)</b>	<b>118</b>
<b>Normalized EPS (Bt)</b>	<b>(0.09)</b>	<b>(0.04)</b>	<b>(0.02)</b>	<b>(0.06)</b>	<b>0.08</b>

Source: Company data, Bloomberg, Krungsri Securities

<b>INCOME STATEMENT (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Sales	3,682	4,329	5,049	6,566	7,333
Cost of sales (COGS)	(5,219)	(4,330)	(4,460)	(4,653)	(4,884)
Depreciation & amortisation	1,366	1,170	1,193	1,217	1,241
<b>Gross profit</b>	<b>(170)</b>	<b>1,169</b>	<b>1,783</b>	<b>3,130</b>	<b>3,691</b>
S&A expenses	(354)	(409)	(450)	(525)	(600)
<b>EBIT</b>	<b>(524)</b>	<b>760</b>	<b>1,333</b>	<b>2,605</b>	<b>3,091</b>
Interest expense	(980)	(848)	(839)	(864)	(889)
Other income	61	27	25	26	28
<b>Pre-tax profit</b>	<b>(1,443)</b>	<b>(61)</b>	<b>519</b>	<b>1,767</b>	<b>2,230</b>
Income tax on company & subsidiaries	(0)	0	(105)	(354)	(447)
<b>Profit after tax</b>	<b>(1,443)</b>	<b>(61)</b>	<b>414</b>	<b>1,413</b>	<b>1,783</b>
Minority interests	(2)	(0)	(2)	(2)	(2)
Share of associate net income	3	10	5	5	5
Preferred dividends	0	0	0	0	0
<b>Recurring attributable net profit</b>	<b>(1,441)</b>	<b>(51)</b>	<b>417</b>	<b>1,415</b>	<b>1,786</b>
Extraordinary items	(1,224)	(79)	0	0	0
<b>Reported net profit</b>	<b>(2,665)</b>	<b>(129)</b>	<b>417</b>	<b>1,415</b>	<b>1,786</b>
Shares in issue (Y/E, m)	1,559	1,559	1,559	1,559	1,559
Shares in issue (weighted avg, m)	1,559	1,559	1,559	1,559	1,559
EPS (before extraordinary items, Bt)	(1.08)	(0.04)	0.27	0.91	1.15
DPS (Bt)	0.00	0.00	0.13	0.45	0.57
DPS/EPS (%)	0	0	50	50	50
<b>CASH FLOW (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Cash flows from operations before WC	(1,299)	1,038	1,610	2,633	3,027
Net change in working capital	(62)	76	(21)	(59)	(10)
<b>Cash flow from Operations</b>	<b>(1,361)</b>	<b>1,114</b>	<b>1,589</b>	<b>2,574</b>	<b>3,017</b>
Capex	(1,202)	903	(506)	(1,006)	(1,006)
Other	2,013	595	(414)	(871)	(441)
<b>Cash flow from Investment</b>	<b>811</b>	<b>1,499</b>	<b>(920)</b>	<b>(1,877)</b>	<b>(1,447)</b>
Net borrowings	2,961	(2,270)	(102)	(200)	(200)
Equity capital raised	0	0	0	0	0
Others	(189)	(1,166)	(0)	(0)	(0)
Dividends paid	0	0	(208)	(708)	(893)
<b>Cashflow from financing</b>	<b>2,772</b>	<b>(3,435)</b>	<b>(311)</b>	<b>(908)</b>	<b>(1,093)</b>
<b>Net change in cash</b>	<b>2,223</b>	<b>(823)</b>	<b>358</b>	<b>(211)</b>	<b>477</b>



<b>BALANCE SHEET (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Cash & equivalents	2,676	1,854	2,211	2,000	2,477
A/C receivable	140	193	223	289	323
Inventory	0	0	0	0	0
Others	285	204	231	286	315
<b>Total Current Assets</b>	<b>3,101</b>	<b>2,251</b>	<b>2,665</b>	<b>2,575</b>	<b>3,115</b>
Property and equipment	25,672	23,475	22,781	22,564	22,323
Investments & associates	461	621	627	634	640
Other assets	0	0	0	0	0
Goodwill	3,082	2,487	2,901	3,772	4,213
<b>Total Assets</b>	<b>32,316</b>	<b>28,833</b>	<b>28,974</b>	<b>29,544</b>	<b>30,290</b>
Short-term debt	887	802	800	700	600
A/C payable	308	474	490	515	547
Other current liabilities	33	57	59	62	66
<b>Total Current Liabilities</b>	<b>1,228</b>	<b>1,334</b>	<b>1,349</b>	<b>1,278</b>	<b>1,213</b>
Long-term debt	17,173	14,988	14,888	14,788	14,688
Other liabilities	283	176	193	227	245
<b>Total Liabilities</b>	<b>18,683</b>	<b>16,498</b>	<b>16,430</b>	<b>16,293</b>	<b>16,146</b>
Share capital	1,559	1,559	1,559	1,559	1,559
Share premium	2,140	2,140	2,140	2,140	2,140
Revaluation/Warrants/Treasury	0	0	0	0	0
Translation adjustment	476	(689)	(689)	(689)	(689)
Retained earnings	9,457	9,325	9,534	10,242	11,134
<b>Total ordinary equity</b>	<b>13,633</b>	<b>12,335</b>	<b>12,544</b>	<b>13,252</b>	<b>14,144</b>
Preferred equity	0	0	0	0	0
Minorities	0	0	0	0	0
<b>Total equity &amp; minorities</b>	<b>13,633</b>	<b>12,335</b>	<b>12,544</b>	<b>13,252</b>	<b>14,144</b>
BV per ordinary share (Y/E, Bt)	8.74	7.91	8.04	8.50	9.07
Adjusted book value ps (Y/E, Bt)	8.74	7.91	8.04	8.50	9.07
<b>RATIOS (%)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
<b>Growth</b>					
Turnover	(13.3)	17.6	16.6	30.0	11.7
EBITDA	14.5	116.9	29.9	50.8	13.3
EBIT	(35.6)	n.a.	70.8	93.5	18.5
Net profit	9.9	n.a.	n.a.	239.7	26.1
EPS pre extraordinary items	11.8	n.a.	n.a.	239.7	26.1
EPS (diluted)	11.8	n.a.	n.a.	239.7	26.1
DPS	n.a.	n.a.	n.a.	239.7	26.1
<b>Accounting ratios</b>					
Gross profit margin	(4.6)	27.0	35.3	47.7	50.3
Operating profit margin	n.a.	(1.5)	8.3	21.6	24.3
EBITDA margin	n.a.	45.4	50.6	58.7	59.5
EBIT margin	n.a.	18.4	27.0	40.1	42.6
Net profit margin	n.a.	(3.0)	8.3	21.6	24.3
ROA	n.a.	(0.4)	1.4	4.8	5.9
ROE	n.a.	(1.0)	3.3	10.7	12.6
<b>Stability</b>					
D/E (x)	1.4	1.3	1.3	1.2	1.1
Net D/E (x)	1.1	1.1	1.1	1.0	0.9
Interest Coverage Ratio	(0.5)	0.9	1.6	3.1	3.5
Current ratio (x)	2.5	1.7	2.0	2.0	2.6
Quick ratio (x)	2.5	1.7	2.0	2.0	2.6
<b>Valuation (x)</b>					
PER	(4.8)	n.a.	47.1	13.9	11.0
Normalized PER	(7.6)	n.a.	47.1	13.9	11.0
P/BV	0.9	1.3	1.6	1.5	1.4
EV/EBTDA	30.9	15.1	12.7	8.4	7.3
Dividend yield (%)	0.0	0.0	1.1	3.6	4.5

April 25, 2018

OUTPERFORM

# Thoresen Thai Agencies

(TTA TB)

Share Price: Bt8.35

Target Price: 12.00 (+43.7%)

## Smooth sailing ahead

- Expect 1Q18F profit to drop 63% qoq due to low season for offshore services and fertilizer sales and losses from Pizza Hut, but be flat yoy supported by solid shipping earnings
- Cut FY18F/19F profit by 4%/2% on stronger THB against USD; earnings to accelerate in 2Q18F led by high season for all units
- OUTPERFORM, lower TP to Bt12 (from Bt13/sh) based on 1.1x FY18F P/BV or +1.5SD of historical mean; TTA is a laggard play and deserves to re-rate driven by turnaround in FY18F

### Expect 1Q18F profit to come in at Bt88m (-63% qoq, flat yoy)

Earnings should tumble 63% qoq due to low season for offshore services and fertilizer sales. Vessel utilization rate for offshore services should drop to 40-45% vs 62% in 4Q17 and 53% in 1Q17, due to dry-docking, while most of the backlog (US\$174m) would be recognized in 2Q-3Q18. Offshore services could contribute Bt50m losses to TTA in 1Q18F vs profit of Bt40m in 4Q17 and Bt15m in 1Q17. PMTA should contribute weak earnings in 1Q18F (Bt2m, -95% qoq) due to slow demand for fertilizer during harvest season. Pizza Hut is expected to book c.Bt10m loss vs Bt22m profit in 2H17 as higher SSSG (+10% yoy) and branch expansion (+20 to 128 by end 2018) might be offset by higher marketing expenses. However, 1Q18F earnings should be flat yoy due to strong shipping earnings (+290% yoy to Bt180m) led by higher TC rate of US\$10,000m/vessel/day (flat qoq, +43% yoy).

### Cut FY18F/19F profit by 4%/2% on stronger baht

TTA would be affected by the strong THB against USD as over 80% of its revenue is quoted in USD while THB is its functional currency. We have revised down FY18F/19F forex assumptions to Bt32.20/Bt32.50 to the USD from Bt33.50/Bt33.00. This reduced profit of 4%/2%. Earnings momentum will accelerate from 2Q18F led by high season for shipping, offshore services, and fertilizer business. We expect strong earnings turnaround in FY18F (+29% yoy) driven by higher freight rates (+24% yoy to US\$10,325/vessel/day), while contribution from other businesses would be flat yoy. Near-term catalysts would be recovering BDI and bidding for new offshore service projects in 2Q18F.

### OUTPERFORM, TP Bt12; TTA is a turnaround play

TTA's share price has fallen 7% ytd and underperformed regional peers by 13% ytd. The stock is currently trading at 0.8x FY18F P/BV, its 5-year historical average multiple, but deserves to re-rate to 1.1x P/BV or +1.5SD of its historical multiple, the level when TTA booked Bt920m profit (in FY14). We like TTA premised on the turnaround of its dry-bulk shipping operation. Armed with a net cash position, TTA is ready to expand its dry-bulk fleet to capture new opportunities.

#### Financial Summary (Btm)

Year to Dec	2016	2017	2018F	2019F	2020F
Sales (Btm)	13,662	13,392	15,339	17,363	19,400
Growth (%)	(36.2)	(2.0)	14.5	13.2	11.7
EBITDA (Btm)	1,861	2,567	2,749	3,673	4,639
Growth (%)	(115.6)	37.9	7.1	33.6	26.3
Recurring profit (Btm)	(182.8)	588	761	1,500	2,280
Growth (%)	(172.4)	(421.8)	29.4	97.0	52.0
Net profit (Btm)	(418)	588	761	1,500	2,280
FDEPS (Bt) (Core)	(0.10)	0.32	0.42	0.82	1.25
Growth (%)	(172.4)	(421.8)	29.4	97.0	52.0
PE (x)	n.a.	27.7	20.0	10.1	6.7
DPS (Bt)	0.05	0.08	0.21	0.41	0.63
Yield (%)	0.5	0.8	2.5	4.9	7.5
BVPS (Bt)	11.5	10.8	11.0	11.5	12.1
P/BV (x)	0.84	0.83	0.76	0.73	0.69



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Sunthorn THONGTHIP

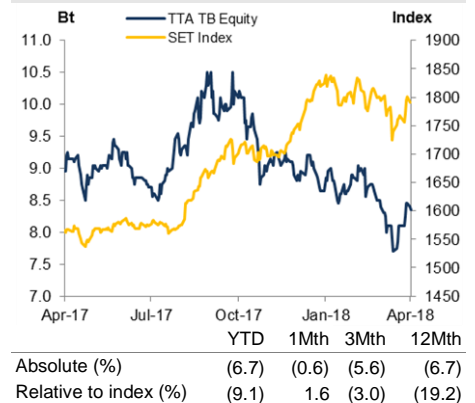
662 - 659 7000 ext 5009

sunthorn.thongthip@krungsrisecurities.com

#### Key Data

12-mth high/low (Bt)	10.7 / 7.7
Market capital (Btm/US\$m)	15,217.6 / 483.8
3m avg. turnover (Btm/US\$m)	31.2 / 1
Free float (%)	73.3
Issued shares (m shares)	1,822
Major shareholders:	
-MAHAGITSIRI CHALERMC	13.8
-CREDIT SUISSE GROUP	8.2
-MAHAGITSIRI AUSANA	3.9

#### Share Price Performance



#### Krungsri Securities vs Market

	Positive	Neutral	Negative
Market Recommend	4	0	0
	<b>Krungsri</b>	<b>Market</b>	<b>% +/-</b>
Target Price (Bt)	12.0	12.6	(4.5)
'18 Net Profit (Btm)	761	695	9.5
'19 Net Profit (Btm)	1,500	1,030	45.6

#### Krungsri's earnings revision

	2018F	2019F
Earnings revision (%)	-	-

Source: Bloomberg, Krungsri Securities

**1Q18F Earnings preview**

	1Q17	4Q17	1Q18F	q-o-q	y-o-y
Sales	3,103	3,547	3,293	-7.2%	6.1%
Cost of sales	2,721	2,736	2,705	-1.1%	-0.6%
<b>Gross profit</b>	<b>382</b>	<b>811</b>	<b>588</b>	-27.5%	53.8%
SG&A	427	569	549	-3.5%	28.8%
<b>Operating profit</b>	<b>(44)</b>	<b>242</b>	<b>38</b>	n.a.	-186.4%
Other income	199	65	70	7.1%	-64.9%
Other expense	-	-	-	n.a.	n.a.
Equity income	70	130	70	-46.0%	0.4%
<b>EBIT</b>	<b>225</b>	<b>436</b>	<b>178</b>	-59.1%	-20.6%
Interest expense	120	98	94	-3.8%	-21.4%
<b>EBT</b>	<b>105</b>	<b>339</b>	<b>84</b>	-75.1%	-19.7%
Income tax	8	62	17	-72.7%	108.8%
Minority interests	10	40	(20)	-150.3%	n.a.
<b>Net profit</b>	<b>87</b>	<b>237</b>	<b>88</b>	-63.1%	0.4%
<b>EPS (THB)</b>	<b>0.05</b>	<b>0.13</b>	<b>0.05</b>	-63.1%	0.4%

**Ratio analysis**

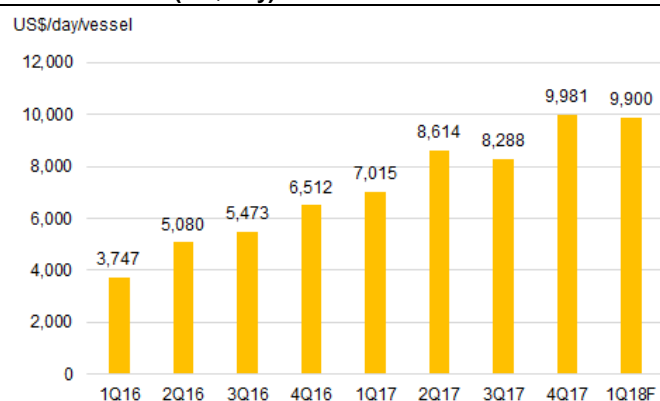
Gross margin (%)	12.3	22.9	17.9
SGA/Total revenue (%)	13.8	16.0	16.7
Operating profit margin (%)	(1.4)	6.8	1.2
Core profit margin (%)	2.8	6.7	2.7

Source: Company data and Krungsri estimates

Net profit contribution to TTA	1Q17	2Q17	3Q17	4Q17	1Q18F
<b>Total net profit (Bt m)</b>	<b>87</b>	<b>215</b>	<b>49</b>	<b>237</b>	<b>88</b>
Thoresen Shipping	46	95	74	193	180
Mermaid Maritime	15	72	-40	37	-50
PMTA	2	51	39	40	2
UMS	-15	-13	-32	-25	-24
Others	40	10	7	-7	-20

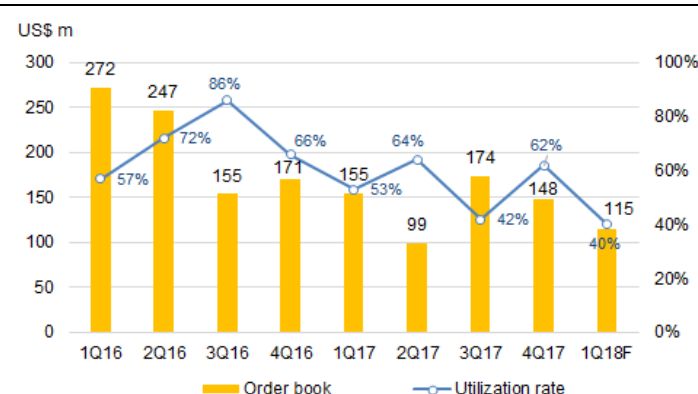
Source: Company data and Krungsri estimates

**TTA: TCE Rate (US\$/day)**



Source: Company data

**Offshore services' order book and utilization rate**



Source: Company data

**TTA- Current assumptions**

	2016	2017	2018F	2019F	2020F
<b>Revenue</b>	<b>13,662</b>	<b>13,752</b>	<b>15,339</b>	<b>17,363</b>	<b>19,400</b>
Shipping	3,177	4,007	4,422	5,661	6,849
Offshore service	6,533	5,300	5,565	5,843	6,135
Service income	338	345	352	359	366
Sales	3,614	4,100	5,000	5,500	6,050
<b>Gross margin</b>	<b>13.2%</b>	<b>20.4%</b>	<b>20.7%</b>	<b>24.4%</b>	<b>27.5%</b>
Shipping	-3.7%	18.1%	25.7%	36.2%	43.7%
Offshore service	17.8%	22.0%	17.0%	17.0%	17.0%
Service income	29.6%	29.6%	29.6%	29.6%	29.6%
Sales	18.4%	19.8%	19.8%	19.8%	19.8%
<b>Shipping assumption</b>					
Own fleet (ships)	21	21	22	23	23
Service days	7,755	7,296	7,780	8,138	8,227
TCE Rate (US\$/day)	5,156	8,468	10,325	13,700	17,075
Total Cost (US\$/day)	7,034	7,089	7,330	7,556	7,691
SG&A/sales	15.3%	15.5%	15.7%	14.6%	13.7%
Interest expense	4.3%	4.9%	5.0%	5.5%	6.0%
Tax rate	23.5%	20.0%	20.0%	20.0%	20.0%
USDTHB	35.30	33.94	32.20	32.50	33.00

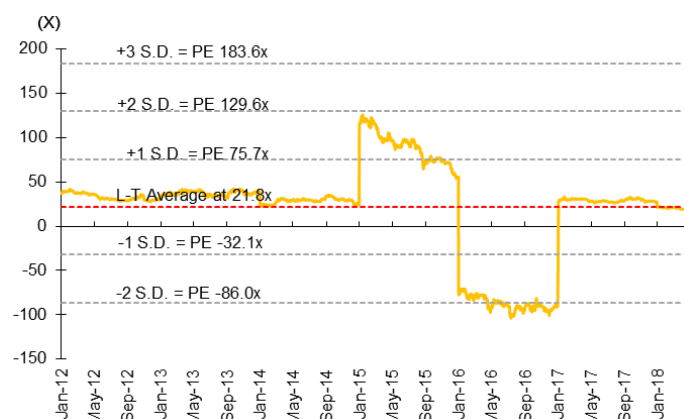
Source: Company data, Krungsri Securities

**TTA- Previous assumptions**

	2016	2017	2018F	2019F	2020F
<b>Revenue</b>	<b>13,662</b>	<b>13,752</b>	<b>15,591</b>	<b>17,534</b>	<b>19,427</b>
Shipping	3,177	4,007	4,675	5,833	6,876
Offshore service	6,533	5,300	5,565	5,843	6,135
Service income	338	345	352	359	366
Sales	3,614	4,100	5,000	5,500	6,050
<b>Gross margin</b>	<b>13.2%</b>	<b>20.4%</b>	<b>20.0%</b>	<b>23.8%</b>	<b>26.9%</b>
Shipping	-3.7%	18.1%	25.7%	36.1%	43.7%
Offshore service	17.8%	22.0%	15.0%	15.0%	15.0%
Service income	29.6%	29.6%	32.0%	32.0%	32.0%
Sales	18.4%	19.8%	19.5%	19.5%	19.5%
<b>Shipping assumption</b>					
Own fleet (ships)	21	21	22	23	23
Service days	7,755	7,296	7,780	8,138	8,227
TCE Rate (US\$/day)	5,156	8,468	10,325	13,700	17,075
Total Cost (US\$/day)	7,034	7,089	7,330	7,556	7,691
SG&A/sales	15.3%	15.5%	15.7%	14.6%	13.7%
Interest expense	4.3%	4.9%	5.0%	5.5%	6.0%
Tax rate	23.5%	20.0%	20.0%	20.0%	20.0%
USDTHB	35.30	33.94	33.50	33.00	33.00

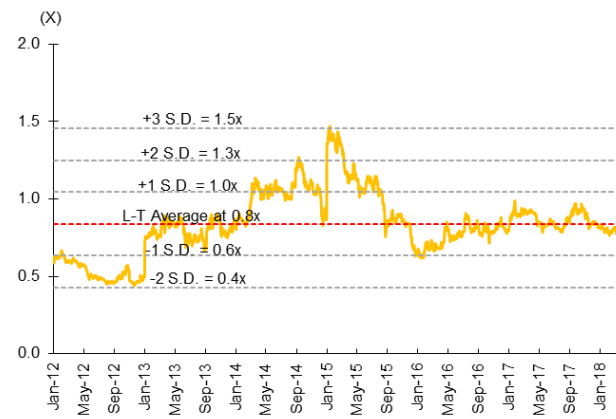
Source: Company data, Krungsri Securities

**P/E Band**



Source: Bloomberg, Krungsri Securities

**P/BV Band**



Source: Bloomberg, Krungsri Securities

**Peer Comparison**

BB Ticker Name	Market Cap US\$	PE (x)		P/BV (x)		EPS G%		Div Yield (%)	ROE (%)	Share Price Performance			
		18F	19F	18F	19F	18F	19F	18F	18F	1M	3M	6M	YTD
TTA TB THORESEN THAI AGENCIES PCL	484	20.0	10.1	0.8	0.7	29.4	97.0	2.5	3.0	(0.6)	(5.6)	(17.3)	(6.7)
PSL TB PRECIOUS SHIPPING PCL	625	47.1	13.9	1.6	1.5	n.a.	239.7	1.1	3.3	5.9	15.6	5.0	20.0
2343 HK PACIFIC BASIN SHIPPING LTD	1,172	N/A	7.8	0.6	0.6	1,900.0	N/A	3.0	7.7	(0.5)	16.3	13.1	22.5
GE SP GREAT EASTERN HOLDINGS LTD	11,147	18.0	17.2	N/A	N/A	(29.1)	4.6	1.9	N/A	2.9	2.9	19.2	12.9
MBC MK MALAYSIAN BULK CARRIERS B	170	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.5	(19.9)	(24.4)	(18.4)
028670 K PAN OCEAN CO LTD	2,672	16.6	13.0	1.1	1.0	21.1	27.4	0.0	6.8	5.9	(4.9)	(3.4)	2.1
005880 KOREA LINE CORP	659	7.9	7.1	0.9	0.8	(28.7)	10.8	N/A	12.2	9.4	(2.0)	(15.2)	27.1
2605 TT SINCERE NAVIGATION	334	21.8	16.1	0.6	N/A	(11.4)	35.5	3.4	2.8	(2.0)	(14.7)	(22.5)	(17.7)
2606 TT U-MING MARINE TRANSPORT C	1,008	N/A	N/A	N/A	N/A	(11.9)	N/A	N/A	N/A	1.0	(7.1)	(2.6)	(3.3)
DSX US DIANA SHIPPING INC	397	N/A	N/A	0.7	0.6	(96.1)	(251.4)	0.0	(2.8)	5.7	(7.1)	(9.8)	(9.6)
EGLE US EAGLE BULK SHIPPING INC	390	N/A	N/A	0.8	0.7	(116.2)	556.9	N/A	5.9	0.8	5.3	15.1	19.2
GNK US GENCO SHIPPING & TRADING LT	578	N/A	9.2	0.6	0.6	(138.6)	175.3	N/A	2.6	14.1	19.9	33.6	25.7
GOGL US GOLDEN OCEAN GROUP LTD	1,210	N/A	9.2	0.8	0.7	(2,625.0)	81.2	3.4	4.7	5.9	(8.3)	0.1	2.9
<b>Average (simple)</b>		<b>21.9</b>	<b>12.2</b>	<b>0.9</b>	<b>0.9</b>	<b>267.1</b>	<b>69.2</b>	<b>2.0</b>	<b>5.9</b>				

Source: Bloomberg, Krungsri Securities

**TTA: Quarterly Earnings**

<b>Unit: (Btm)</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>
Sales	3,598	3,103	3,597	3,145	3,547
Cost of sales	3,027	2,721	2,862	2,630	2,736
<b>Gross profit</b>	<b>571</b>	<b>382</b>	<b>735</b>	<b>515</b>	<b>811</b>
SG&A	537	427	508	573	569
<b>Operating profit</b>	<b>34</b>	<b>(44)</b>	<b>227</b>	<b>(57)</b>	<b>242</b>
Other income	114	199	152	71	65
Other expense	308	-	-	-	-
Equity income	103	70	71	68	130
<b>EBIT</b>	<b>(58)</b>	<b>225</b>	<b>450</b>	<b>82</b>	<b>436</b>
Interest expense	112	120	127	59	98
<b>EBT</b>	<b>(170)</b>	<b>105</b>	<b>323</b>	<b>23</b>	<b>339</b>
Income tax	(45)	8	31	(3)	62
Minority interests	39	10	78	(24)	40
<b>Net profit</b>	<b>(164)</b>	<b>87</b>	<b>215</b>	<b>49</b>	<b>237</b>
<b>EPS (THB)</b>	<b>(0.09)</b>	<b>0.05</b>	<b>0.12</b>	<b>0.03</b>	<b>0.13</b>

Source: Company data, Bloomberg, Krungsri Securities

<b>INCOME STATEMENT (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Sales	13,662	13,392	15,339	17,363	19,400
Cost of sales (COGS)	(13,310)	(12,322)	(13,458)	(14,398)	(15,309)
Depreciation & amortization	1,458	1,374	1,292	1,268	1,245
Gross profit	1,809	2,444	3,173	4,232	5,336
S&A expenses	(2,084)	(2,077)	(2,415)	(2,536)	(2,663)
<b>Operating profit</b>	<b>(274)</b>	<b>367</b>	<b>758</b>	<b>1,696</b>	<b>2,674</b>
Other operating income	0	0	0	0	0
<b>EBIT</b>	<b>(274)</b>	<b>367</b>	<b>758</b>	<b>1,696</b>	<b>2,674</b>
Interest expense	(530)	(403)	(376)	(369)	(355)
Interest income	0	0	0	0	0
Other income	433	487	350	350	350
Goodwill amortization	0	0	0	0	0
<b>Pre-tax profit</b>	<b>(371)</b>	<b>452</b>	<b>732</b>	<b>1,677</b>	<b>2,669</b>
Income tax on company & subsidiaries	30	(98)	(216)	(407)	(608)
<b>Profit after tax</b>	<b>(341)</b>	<b>354</b>	<b>516</b>	<b>1,270</b>	<b>2,061</b>
Minority interests	(321)	(104)	(103)	(129)	(150)
Share of associate net income	552	338	349	359	370
Preferred dividends	0	0	0	0	0
<b>Recurring attributable net profit</b>	<b>(110)</b>	<b>588</b>	<b>761</b>	<b>1,500</b>	<b>2,280</b>
Extraordinary items	(308)	0	0	0	0
<b>Reported net profit</b>	<b>(418)</b>	<b>588</b>	<b>761</b>	<b>1,500</b>	<b>2,280</b>
Shares in issue (Y/E, m)	1,822	1,822	1,822	1,822	1,822
Shares in issue (weighted avg, m)	1,822	1,822	1,822	1,822	1,822
EPS (before extraordinary items, Bt)	(0.10)	0.32	0.42	0.82	1.25
DPS (Bt)	0.05	0.08	0.21	0.41	0.63
DPS/EPS (%)	(22)	23	50	50	50
<b>CASH FLOW (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Cash flows from operations before WC	1,043	2,013	2,053	2,768	3,526
Net change in working capital	1,055	379	(885)	(519)	(534)
<b>Cash flow from Operations</b>	<b>2,098</b>	<b>2,392</b>	<b>1,169</b>	<b>2,249</b>	<b>2,992</b>
Capex	1,284	1,888	(794)	(1,000)	(1,000)
Other	65	(796)	599	(65)	(66)
<b>Cash flow from Investment</b>	<b>1,349</b>	<b>1,092</b>	<b>(195)</b>	<b>(1,066)</b>	<b>(1,066)</b>
Net borrowings	(2,353)	(4,027)	(647)	(800)	(800)
Equity capital raised	0	0	0	0	0
Others	13	(1,943)	0	0	0
Dividends paid	(91)	(137)	(381)	(750)	(1,140)
<b>Cashflow from financing</b>	<b>(2,432)</b>	<b>(6,106)</b>	<b>(1,028)</b>	<b>(1,550)</b>	<b>(1,940)</b>
<b>Net change in cash</b>	<b>1,015</b>	<b>(2,622)</b>	<b>(54)</b>	<b>(367)</b>	<b>(15)</b>

<b>BALANCE SHEET (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Cash & equivalents	6,955	4,332	4,279	3,912	3,897
A/C receivable	3,073	2,700	3,403	3,851	4,303
Inventory	589	815	661	748	836
Others	5,508	3,068	4,102	4,368	4,635
<b>Total Current Assets</b>	<b>16,124</b>	<b>10,915</b>	<b>12,445</b>	<b>12,879</b>	<b>13,671</b>
Property and equipment	16,801	15,561	15,270	15,002	14,756
Investments & associates	7,849	7,459	7,252	7,252	7,252
Other assets	74	68	68	68	69
Goodwill	772	1,582	951	988	1,029
<b>Total Assets</b>	<b>41,620</b>	<b>35,585</b>	<b>35,986</b>	<b>36,190</b>	<b>36,777</b>
Short-term debt	5,184	4,109	3,763	3,263	2,763
A/C payable	942	930	966	1,043	1,117
Other current liabilities	1,774	1,202	1,821	1,966	2,105
<b>Total Current Liabilities</b>	<b>7,900</b>	<b>6,242</b>	<b>6,550</b>	<b>6,271</b>	<b>5,985</b>
Long-term debt	7,003	4,051	3,751	3,451	3,151
Other liabilities	223	238	250	283	316
<b>Total Liabilities</b>	<b>15,125</b>	<b>10,531</b>	<b>10,551</b>	<b>10,005</b>	<b>9,452</b>
Share capital	1,822	1,822	1,822	1,822	1,822
Share premium	16,060	16,060	16,060	16,060	16,060
Revaluation/Warrants/Treasury	0	0	0	0	0
Translation adjustment	2,861	1,227	1,227	1,227	1,227
Retained earnings	126	629	1,009	1,760	2,900
<b>Total ordinary equity</b>	<b>20,870</b>	<b>19,738</b>	<b>20,119</b>	<b>20,869</b>	<b>22,009</b>
Preferred equity	0	0	0	0	0
Minorities	5,625	5,316	5,316	5,316	5,316
<b>Total equity &amp; minorities</b>	<b>26,495</b>	<b>25,054</b>	<b>25,435</b>	<b>26,185</b>	<b>27,325</b>
BV per ordinary share (Y/E, Bt)	11.45	10.83	11.04	11.45	12.08
Adjusted book value ps (Y/E, Bt)	11.45	10.83	11.04	11.45	12.08
<b>RATIOS (%)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
<b>Growth</b>					
Turnover	(36.2)	(2.0)	14.5	13.2	11.7
EBITDA	n.a.	37.9	7.1	33.6	26.3
EBIT	n.a.	195.7	22.1	65.1	41.1
Net profit	n.a.	n.a.	29.4	97.0	52.0
EPS pre extraordinary items	n.a.	n.a.	29.4	97.0	52.0
EPS (diluted)	n.a.	n.a.	29.4	97.0	52.0
DPS	n.a.	n.a.	178.6	97.0	52.0
<b>Accounting ratios</b>					
Gross profit margin	13.2	18.2	20.7	24.4	27.5
Operating profit margin	(1.3)	4.4	5.0	8.6	11.8
EBITDA margin	13.6	19.2	17.9	21.2	23.9
EBIT margin	3.0	8.9	9.5	13.9	17.5
Net profit margin	(3.1)	4.4	5.0	8.6	11.8
ROA	(1.0)	1.7	2.1	4.1	6.2
ROE	(1.6)	2.3	3.0	5.7	8.3
<b>Stability</b>					
D/E (x)	0.6	0.4	0.4	0.4	0.3
Net D/E (x)	0.1	0.1	0.0	0.0	(0.0)
Interest Coverage Ratio	0.8	3.0	3.9	6.5	9.6
Current ratio (x)	2.0	1.7	1.9	2.1	2.3
Quick ratio (x)	2.0	1.6	1.8	1.9	2.1
<b>Valuation (x)</b>					
PER	n.a.	27.7	20.0	10.1	6.7
Normalized PER	n.a.	27.7	20.0	10.1	6.7
P/BV	0.8	0.8	0.8	0.7	0.7
EV/EBTDA	13.3	9.1	7.9	5.8	4.4
Dividend yield (%)	0.5	0.8	2.5	4.9	7.5



## CG Rating 2016 Companies with CG Rating



AMATA	AOT	BAFS	BAY	BCP	BIGC	BTS	BWG	CK	CPF	CPN	CSL	DELTA	DEMCO
DRT	DTAC	DTC	EASTW	EGCO	GFPT	GPSC	GRAMMY	HANA	HMPRO	INTUCH	IRPC	IVL	KBANK
KCE	KKP	KTB	KTC	LHBANK	LPN	MBK	MCOT	MINT	MONO	NKI	NYT	OTO	PHOL
PPS	PS	PSL	PTT	PTTEP	PTTGC	QH	QTC	RATCH	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SE-ED	SIM	SITHAI	SNC	SPALI	SSSC	STEC	SVI	TCAP	THCOM	TISCO	TKT
TMB	TNDT	TOP	TSC	TTCL	TU	UV	VGI	WACOAL	WAVE				



2S	AAV	ACAP	ADVANC	AGE	AH	AHC	AKP	ALUCON	AMANAHA	ANAN	AP	APCO	APCS
ARIP	ASIA	ASIMAR	ASK	ASP	AUCT	AYUD	BANPU	BBL	BDMS	BEM	BFIT	BLA	BOL
BROOK	CEN	CENTEL	CFRESH	CGH	CHG	CHO	CHOW	CI	CIMBT	CKP	CM	CNS	CNT
COL	CPI	DCC	EA	ECF	EE	ERW	FORTH	FPI	GCAP	GLOBAL	GBX	GC	GL
GLOW	GUNKUL	HOTPOT	HYDRO	ICC	ICHI	IFEC	INET	IRC	JSP	K	KSL	KTIS	L&E
LANNA	LH	LHK	LIT	LOXLEY	LRH	LST	M	MACO	MALEE	MBKET	MC	MEGA	MFC
MOONG	MSC	MTI	MTLS	NCH	NOBLE	NSI	NTV	OCC	OGC	OISHI	ORI	PACE	PAP
PCSGH	PDI	PE	PG	PJW	PLANB	PM	PPP	PR	PRANDA	PREM	PRG	PRINC	PT
PTG	PYLON	Q-CON	RICHY	ROBINS	RS	RWI	S	SAMCO	SABINA	SALEE	S&J	SCG	SEAFO
SIAM	SINGER	SIS	SMK	SMPC	SMT	SNP	SPI	SPPT	SPRC	SR	SSF	SST	STA
SUSCO	SUTHA	SWC	SYMC	SYNEX	SYTNEC	TAE	TAKUNI	TASCO	TBSC	TCC	TF	TFI	TGCI



AEC	AEONTS	AF	AIRA	AIT	AJ	AKR	AMARIN	AMATAV	ARROW	APURE	AQUA	AMC	AS
BA	BEAUTY	BEC	BH	BIG	BJC	BJCHI	BKD	BR	BROCK	BRR	BTNC	CBG	CGD
CHARAN	CITY	CMR	COLOR	COM7	CPL	CSC	CSP	CSR	CSS	CTW	DCON	DIMET	DNA
EARTH	EASON	ECL	EFORL	EPCO	EPG	ESSO	FE	FER	FOCUS	FSMART	FSS	FVC	GEL
GIFT	GLAND	GOLD	GSTEL	GYT	HPT	HTC	HTECH	IFS	IHL	ILINK	INSURE	IRPC	IT
ITD	J	JMART	JMT	JUBILE	JWD	KASET	KBS	KCAR	KGI	KKC	KOOL	KWC	KYE
LALIN	LPH	MAJOR	MAKRO	MATCH	MATI	M-CHAI	MDX	MFEC	MJD	MK	MODERN	MPG	NC
NCL	NDR	NEP	NOK	NUSA	PATO	PCA	PDG	PF	PICO	PIMO	PL	PLAT	PLE
PMTA	PPM	PRIN	PSTC	QLT	RCI	RCL	RICH	RML	RPC	SANKO	SAPPE	SAWAD	SCI
SCN	SCP	SEAOIL	SENA	SIRI	SKR	SLP	SMG	SMIT	SORKON	SPA	SPC	SPCG	SPVI
SSC	STANLY	STPI	SUC	TACC	TCCC	TCMC	TEAM	TFD	TFG	TIC	TIW	TKN	TLUXE
TMD	TNP	TOPP	TPA	TPAC	TPCH	TPIPL	TPOLY	TRITN	TRT	TTI	TVI	TWP	U
UBIS	UMI	UPOIC	UT	UWC	VIBHA	VPO	VTE	WICE	WIIK	WIN	XO		

## Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, Krungsri Securities Public Company Limited does not confirm, verify, or certify the accuracy and completeness of such survey result.

# Anti-corruption Progress Indicator 2016

## Companies that have declared their intention to join CAC

A	AI	AIE	AIR	AJ	ALUCON	AMATAV	AOT	APCO	AQUA	ARROW	ASIA	ASK	AU
BCH	BJC	BJCHI	BLAND	BR	BROCK	BRR	CEN	CGH	CHEWA	CHG	CHOTI	CHOW	CIG
COL	COM7	CPALL	CPF	CPR	CSC	EKH	EPCO	FC	FER	FPI	FSMART	GEL	GFPT
GGC	GIFT	GJS	GLOBAL	GOLD	GPSC	GREEN	GSTEL	GUNKUL	HARN	IFS	ILINK	INET	IRC
J	JMART	JMT	JUBILE	JUTHA	KASET	KBS	KCAR	KTECH	KWC	KYE	L&E	LEE	LIT
LVT	MAKRO	MATCH	MATI	MBAX	MC	MFEC	MIDA	MILL	ML	MTLS	NBC	NCL	NEP
NINE	NMG	NNCL	NTV	NUSA	NWR	OGC	PACE	PAF	PAP	PATO	PCSGH	PIMO	PK
PL	PLANB	POST	PRINC	PRO	PSTC	PYLON	QTC	ROH	ROJNA	RWI	SANKO	SAUCE	SC
SCCC	SCN	SEAOIL	SE-ED	SENA	SIRI	SMART	SPACK	SPPT	SPRC	SR	SRICHA	SST	STA
SUPER	SUSCO	SWC	SYMC	TAKUNI	TBSP	TFI	THE	TICON	TIP	TKN	TLUXE	TMILL	TMT
TNP	TPA	TRUE	TSE	TTI	TU	TVD	TVO	TVT	TWPC	U	UPA	UREKA	UWC
VGI	VIBHA	VIH	VNT	WAVE	WHA	WICE	WIIK						

## Companies certified by CAC

ADVANC	AKP	AMANAH	AP	ASP	AYUD	BAFS	BANPU	BAY	BBL	BCP	BKI	BLA	BROOK
BTS	BWG	CENTEL	CFRESH	CIMBT	CM	CNS	CPI	CPN	CSL	DCC	DEMCO	DIMET	DRT
DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GCAP	GLOW	HANA	HMPRO	HTC
ICC	IFEC	INTUCH	IRPC	IVL	K	KBANK	KCE	KGI	KKP	KSL	KTB	KTC	LANNA
LHBANK	LHK	LPN	MBK	MBKET	MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NKI	NSI
OCC	OCEAN	PB	PDI	PE	PG	PHOL	PLAT	PM	PPP	PPS	PRANDA	PREB	PRG
PSH	PSL	PT	PTG	PTT	PTTEP	PTTGC	Q-CON	QH	QLT	RATCH	RML	ROBINS	S & J
SABINA	SAT	SCB	SCC	SCG	SGP	SINGER	SIS	SITHAI	SMIT	SMPC	SNC	SNP	SORKON
SPC	SPI	SSF	SSI	SSSC	SVI	SYNTEC	TAE	TCAP	TCMC	TFG	TGCI	THANI	THCOM
THRE	THREL	TIPCO	TISCO	TKT	TMB	TMD	TNITY	TNL	TOG	TOP	TPCORP	TRU	TSC
TSTH	TTCL	TVI	UOBKH	WACOAL									

## N/A

2S	AAV	ABICO	ACAP	ACC	ADAM	AEC	AEONTS	AF	AFC	AGE	AH	AHC	AIT
AJA	AKR	ALLA	ALT	AMA	AMARIN	AMATA	AMC	ANAN	APCS	APEX	APURE	AQ	ARIP
AS	ASAP	ASEFA	ASIAN	ASIMAR	ASN	ATP30	AUCT	BA	BAT-3K	BCPG	BDMS	BEAUTY	BEC
BEM	BFIT	BGRIM	BGT	BH	BIG	BIZ	BKD	BLISS	BM	BOL	BPP	BSBM	BSM
BTC	BTNC	BTW	BUI	CBG	CCET	CCP	CGD	CHARAN	CHO	CHUO	CI	CITY	CK
CKP	CMO	CMR	CNT	COLOR	COMAN	CPH	CPL	CRANE	CRD	CSP	CSR	CSS	CTW
CWT	D	DCON	DCORP	DELTA	DIGI	DNA	DTCI	EA	EARTH	EASON	ECF	EE	EFORL
EIC	EMC	EPG	ERW	ESSO	ESTAR	ETE	EVER	F&D	FANCY	FMT	FN	FOCUS	FORTH
FTE	FVC	GC	GENCO	GL	GLAND	GRAMMY	GRAND	GTB	GYT	HFT	HOTPOT	HPT	HTECH
HYDRO	ICHI	ICN	IEC	IHL	III	INGRS	INOX	INSURE	IRCP	IT	ITD	ITEL	JAS
JCT	JSP	JTS	JWD	KAMART	KC	KCM	KDH	KIAT	KKC	KOOL	KTIS	KWG	LALIN
LDC	LH	LOXLEY	LPH	LRH	LST	LTX	M	MACO	MAJOR	MALEE	MANRIN	MAX	M-CHAI
MCS	MDX	MEGA	METCO	MGT	MJD	MK	MM	MODERN	MPG	MPIC	NC	NCH	NDR
NETBAY	NEW	NEWS	NFC	NOBLE	NOK	NPK	NPP	NVD	NYT	OHTL	OISHI	ORI	OTO
PAE	PDG	PERM	PF	PICO	PJW	PLANET	PRECHA	PMTA	POLAR	POMPUI	PPM	PRAKIT	PLE
PRIN	PRM	PTL	RAM	RCI	RCL	RICH	RICHY	RJH	ROCK	RP	RPC	RPH	RS
S	S11	SAFARI	SALEE	SAM	SAMART	SAMCO	SAMTEL	SAPPE	SAWAD	SAWANG	SCI	SCP	SDC
SE	SEAFCO	SELIC	SF	SFP	SGF	SHANG	SIAM	SIMAT	SKN	SKR	SKY	SLP	SMK
SMM	SMT	SOLAR	SPA	SPALI	SPCG	SPG	SPORT	SPVI	SQ	SSC	SSP	STANLY	STAR
STEC	STHAI	STPI	SUC	SUTHA	SVH	SVOA	SYNEX	T	TACC	TAPAC	TASCO	TC	TCB
TCC	TCCC	TCJ	TCOAT	TEAM	TFD	TFMAMA	TGPRO	TH	THAI	THANA	THIP	THL	TIC
TIW	TK	TKS	TM	TMC	TMI	TMW	TNDT	TNH	TNPC	TNR	TOA	TOPP	TPAC
TPBI	TPCH	TPIPL	TPIPP	TPOLY	TPP	TR	TRC	TRITN	TRT	TRUBB	TSF	TSI	TSR
TSTE	TTA	TTL	TTTM	TTW	TUCC	TWP	TWZ	TYCN	UAC	UBIS	UEC	UKEM	UMI
UMS	UNIQ	UP	UPF	UPOIC	UT	UTP	UV	UVAN	VARO	VI	VNG	VPO	VTE
WG	WHAUP	WIN	WINNER	WORK	WORLD	WP	WPH	WR	XO	YCI	YNP	YUASA	ZIGA
ZMICO													

## Disclaimer

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, Krungsri Securities Public Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment result."

## Reference

Disclosure: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of July 31, 2017) are categorised into:

- Companies that have declared their intention to join CAC
- Companies certified by CAC.



A member of MUFG  
a global financial group

# Krungsri Securities Public Company Limited

## Headquarters

898 Ploenchit Tower, 3rd Floor, Ploenchit Road, Lumpini  
Pathumwan, Bangkok 10330  
Tel: 0-2659-7000 Fax: 0-2658-5699  
Internet Trading: 0-2659-7777

## Branches

### Emporium

662 Emporium Tower, Fl. 10, Sukhumvit 24 Road  
Klongton, Klongtoey, Bangkok 10110  
Tel: 0-2695-4500 Fax: 0-2695-4599

### Central Bangna

589/151 Central City Tower 1 Office, Fl. 27  
Bangna-Trad Road, Bangna, Bangkok 10260  
Tel: 0-2763-2000 Fax: 0-2399-1448

### Rama II

111/917-919 Rama II Road, Smaedum,  
Bangkhuntien, Bangkok 10150  
Tel: 0-2013-7145 Fax: 0-2895-9557

### Vibhavadi-rangsit

Bank of Ayudhya Public Company Limited  
123 Sun Towers (B) Building, Vibhavadirangsit Road,  
Jompol, Jatujak, Bangkok 10900  
Tel: 0-2273-8388 Fax: 0-2273-8399

### Chonburi

64/17 Sukhumvit Road, Tambol Bang Plasoi,  
Amphur Muang, Chonburi 20000  
Tel: 0-3312-6580 Fax: 0-3312-6588

### Hat Yai Branch

90-92-94 Nipat U Tit Nueng Road, Tambol Hat Yai,  
Amphur Hat Yai, Songkhla 90110  
Tel: 0-7422-1229 Fax: 0-7422-1411

### Nakhon Pathom

67/1 Ratchadamnoen Road, Tambol Phra Pathom Jaedee,  
Amphur Muang, Nakhon Pathom 73000  
Tel: 0-3427-5500-7 Fax: 0-3421-8989

### Suphanburi

249/171-172 Moo 5 Tambol Ta Rahad,  
Amphur Muang, Suphanburi, 72000  
Tel: 0-3596-7981 Fax: 0-3552-2449

### Nakhon Ratchasima

168 Chomphon Road, Tambol Nai Muang,  
Amphur Muang Nakhon Ratchasima,  
Nakhon Ratchasima 30000  
Tel: 0-4425-1211-4 Fax: 0-4425-1215

### Khon Kaen

114 Sri Chan Road, Tambol Nai Muang,  
Amphur Muang, Khon Kaen 40000  
Tel: 0-4322-6120 Fax: 0-4322-6180

### Chiang Mai

70 Chang Phuak Road, Tambol Sri Phum  
Amphur Muang, Chiang Mai 50200  
Tel: 0-5321-9234-6 Fax: 0-5321-9247

### Chiang Rai

231-232 Thamalai Road, Tambol Wiang,  
Amphur Muang, Chiang Rai 57000  
Tel: 0-5371-6489 Fax: 0-5371-6490

### Phitsanulok

275/1 Phichaisongkram Road, Tambol Nai Muang,  
Amphur Muang, Phitsanulok 65000  
Tel: 0-5530-3360 Fax: 0-5530-2580

Analyst Team	Sector Coverage	Central line: 662-659-7000	E-mail
Naphat Chantaraserkul, Head of Research	Energy, Petrochemical, Strategy	ext. 5000	naphat.chantaraserkul@krungsrisecurities.com
Kittisorn Pruitipat, CFA, FRM	Property, ICT, Contractor	ext. 5019	kittisorn.pruitipat@krungsrisecurities.com
Jesada Techahusdin, CFA	Banking, Consumer Finance, Insurance	ext. 5004	jesada.techahusdin@krungsrisecurities.com
Sunthorn Thongthip	Food, Transportation, Strategy	ext. 5009	sunthorn.thongthip@krungsrisecurities.com
Worrapong Tuntiwutthipong	Electronic, Automotive, Commerce	ext. 5016	worrapong.tuntiwutthipong@krungsrisecurities.com
Karun Intrachai	Renewable Energy, Food	ext. 5010	karun.intrachai@krungsrisecurities.com
Teerapol Udomvej	Healthcare, Tourism	ext. 5012	teerapol.udomvej@krungsrisecurities.com
Kitti Pitakteerabandit	Transportation, Media	ext. 5008	kitti.pitakteerabandit@krungsrisecurities.com
Artit Jansawang	Mid - Small cap, MAI	ext. 5005	artit.jansawang@krungsrisecurities.com
Kaushal Ladha, CFA, Assistant Analyst	Strategy		
Nalinee Praman, Assistant Analyst	Mid - Small cap, MAI		
Chaiyot Jiwagkul	Technical	ext. 5006	chaiyot.jiwagkul@krungsrisecurities.com

Fax 662-658-5643

## Definition of Ratings

- OUTPERFORM** - Stocks with an expected capital gain above 10% in the next 12 months for small-caps, above 5% for big-caps
- NEUTRAL** - Stocks with an expected capital gain between -10% and +10% in the next 12 months for small-caps, -5% to +5% for big-caps
- UNDERPERFORM** - Stocks with an expected capital gain below 10% in the next 12 months for small-caps, below 5% for big-caps