

THORESEN THAI AGENCIES

TTA TB

THAILAND / TRANSPORT & LOGISTIC

HOLD

UNCHANGED

คำระวางเรือทรุดจุดกำไรใน 3Q23

- ค่ากำไรปกติ 3Q23 -54% q-q, -85% y-y จากคำระวางเรือที่ทรุดลงตามภาวะเศรษฐกิจจีน แม้ธุรกิจบริการนอกชายฝั่งจะดีขึ้นแต่ชดเชยได้ไม่หมด
- 4Q23 เข้าสู่ Low season เราคาดว่าทุกกลุ่มธุรกิจจะดีขึ้นในปี 2024
- คงคำแนะนำถือ ราคาเป้าหมาย 7 บาท

TARGET PRICE	THB7.00
CLOSE	THB5.35
UP/DOWNSIDE	+30.8%
PRIOR TP	THB7.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-7.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	29,321	20,614	20,299	21,513
Net profit	4,459	1,561	2,060	2,356
EPS (THB)	2.45	0.86	1.13	1.29
vs Consensus (%)	-	10.3	10.8	-
EBITDA	5,475	4,311	4,884	5,252
Recurring net profit	3,269	1,561	2,060	2,356
Core EPS (THB)	1.79	0.86	1.13	1.29
Chg. In EPS est. (%)	-	0.0	-	-
EPS growth (%)	(6.4)	(52.2)	31.9	14.4
Core P/E (x)	3.0	6.2	4.7	4.1
Dividend yield (%)	4.1	1.9	2.5	2.9
EV/EBITDA (x)	2.6	3.4	2.4	2.1
Price/book (x)	0.4	0.4	0.4	0.3
Net debt/Equity (%)	4.3	5.1	(4.0)	(7.2)
ROE (%)	14.3	6.2	7.8	8.3

ค่ากำไร 3Q23 หดตัว 54% q-q และ 85% y-y จุดโดยธุรกิจเรือ

เราคาดว่ากำไรปกติ 3Q23 ที่ 221.7 ล้านบาท ลดลง 54% q-q และ 85% y-y จากธุรกิจขนส่งทางเรือที่อ่อนแอผิดจากฤดูกาลที่ 3Q เป็น High season เนื่องจากภาวะเศรษฐกิจโลกและเศรษฐกิจจีนที่ฟื้นตัวช้า ส่งผลให้ดัชนี BSI (Baltic Supramax Index) และ BHSI (Baltic Exchange Handysize Index) ในไตรมาสนี้ปรับลง -8% q-q และ -15% q-q ตามลำดับ กดดันให้รายได้จากการขนส่งทางเรือน่าจะทำได้ \$13,541 ต่อลำต่อวัน หรือ 1.9 พันล้านบาท ลดลง 8% q-q และ 44% y-y ความอ่อนแอของธุรกิจเรือชดเชยได้บางส่วนจากธุรกิจบริการนอกชายฝั่งสำคัญที่มีการส่งมอบงานราว \$64 ล้าน หรือ 2.1 พันล้านบาท (0% q-q, -10% y-y) และคาดว่าจะสามารถสร้างกำไรได้ 10 ล้านบาท พลิกจากขาดทุน 31.2 ล้านบาทใน 1H23

ธุรกิจเรือกำลังเข้าสู่ low season ใน 4Q แต่คาดกลับมาฟื้นตัวในปี 2024

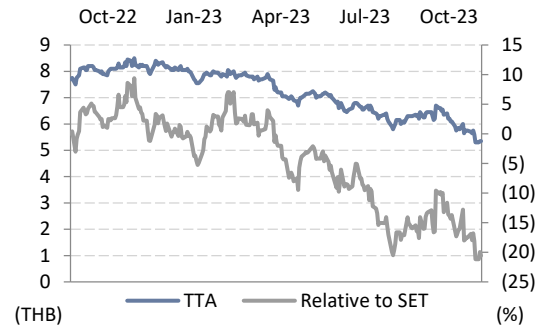
แม้ว่าคำระวางเรือเทกองจะปรับขึ้นได้ดีต่อเนื่องในเดือน ต.ค. (Baltic Exchange Handysize Index เฉลี่ย 24 วันแรก +38% จากค่าเฉลี่ยใน 3Q23) แต่ยังคงมีความเสี่ยงที่จะปรับลงในช่วง 2 เดือนสุดท้ายของปีเนื่องจากเข้าสู่เทศกาลวันหยุดยาว อย่างไรก็ตามเราเชื่อว่ากิจกรรมขนส่งทางเรือทั้งอุตสาหกรรมและของ TTA ผ่านจุดต่ำสุดไปแล้วใน 1H23 การฟื้นตัวของอุตสาหกรรมเรือเทกองขึ้นอยู่กับภาวะเศรษฐกิจของจีนซึ่งเป็นลูกค้าหลักของสินค้าประเภทเทกอง เราคาดว่าคำระวางเรือจะฟื้นตัวดีขึ้นในปี 2024 โดยคาดอัตราคำระวางเรือของ TTA เพิ่มขึ้น 15% y-y ในปี 2024

แนวโน้มทุกธุรกิจฟื้นในปี 2024

ธุรกิจบริการนอกชายฝั่งในปี 2023 เป็นปีพลิกฟื้นและจะดีต่อเนื่องในปี 2024 จาก Backlog สิ้น 3Q23 ที่อยู่ในระดับสูง \$273 ล้าน และยังมีโอกาสชนะงานประมูลใหม่ๆ ในอนาคต สำหรับธุรกิจปุ๋ยในเวียดนามเริ่มปรับตัวดีขึ้นใน 3Q23 ตามราคาปุ๋ยที่ปรับสูงขึ้นและจะดีขึ้นอีกในฤดูเพาะปลูกในเวียดนามใน 4Q23

แนะนำถือ ราคาเป้าหมาย 7 บาท

กำไรปกติที่เราคาดในงวด 9M23 คิดเป็นเพียง 44% ของประมาณการทั้งปี 2023 ในขณะที่ 4Q23 ยังมีความเสี่ยงจากธุรกิจเรือที่ซบเซาตามฤดูกาล แต่ราคาหุ้นที่ปรับลง 35% YTD จนต่ำกว่าในปี 2017-18 ซึ่งเป็นช่วงที่กำไรต่ำกว่าปัจจุบัน และราคาหุ้นต่ำกว่ามูลค่าตามบัญชีสิ้น 2Q23 ที่ 15.65 บาท/หุ้นอยู่มาก จึงแนะนำถือ ราคาเป้าหมาย 7 บาท ถึง 2023 P/E 8 เท่า



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(16.4)	(15.7)	(31.8)
Relative to country (%)	(10.9)	(8.4)	(22.4)
Mkt cap (USD m)	270		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	69		
Major shareholder	Mahagitsiri Family (24%)		
12m high/low (THB)	8.65/5.00		
Issued shares (m)	1,822.46		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

แม้ว่าอุตสาหกรรมการขนส่งทางทะเลในปี 2023 จะฟื้นตัวช้ากว่าที่คาด เป็นไปตามภาวะเศรษฐกิจและการของโลก โดยเฉพาะการฟื้นตัวของจีนที่ล่าช้า แต่เราเชื่อว่าธุรกิจขนส่งทางทะเลของ TTA ผ่านจุดต่ำสุดไปแล้วใน 1H23 การฟื้นตัวจะค่อยเป็นค่อยไปโดยขึ้นอยู่กับภาวะเศรษฐกิจจีนเป็นหลัก ขณะที่ราคาหุ้นปรับลดลงแทบตลอดทั้งปี 2023 และต่ำกว่าในอดีตในช่วงที่ผลประกอบการยังผันผวนกว่าปัจจุบัน และปัจจุบันมี Valuation ที่ถูกมาก เราจึงแนะนำถือ รอคอยฟื้นตัวในปี 2024 โดยยังคงราคาเป้าหมาย 7.00 บาท

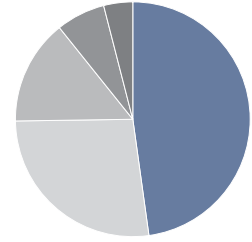
Company profile

TTA ประกอบธุรกิจ (1) การขนส่งทางเรือซึ่งสร้างรายได้หลักให้แก่บริษัท โดยเป็นเรือประเภทเทกองไม่ประจำเส้นทาง บริษัทเป็นเจ้าของเรือทั้งหมด 24 ลำ (Supramax 22 ลำและ Ultramax 2 ลำ) ขนาดระวางบรรทุกสินค้ารวม 1,341,912 เดทเวทตัน อายุเฉลี่ย 14.71 ปี (2) ธุรกิจบริการนอกชายฝั่งซึ่งเป็นบริการวิศวกรรมใต้ทะเล (เช่น งานด้านการสำรวจ ติดตั้งวางท่อใต้ทะเล ตรวจสอบ บำรุงรักษา เป็นต้น) (3) ธุรกิจเคมีภัณฑ์เพื่อการเกษตร ขายปุ๋ยและให้บริการคลังสินค้าในเวียดนาม (4) ธุรกิจอาหารและเครื่องดื่ม ปัจจุบันมี Pizza Hut และ Taco Bell และ (5) การลงทุนอื่น

www.thoresen.com

Principal activities (revenue, 2022)

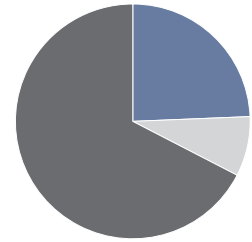
- Shipping revenue - 47.8 %
- Offshore service - 27.0 %
- Agrochemical - 14.5 %
- Food & Beverage - 6.8 %
- Investment & others - 4.0 %



Source: Thoresen Thai Agencies

Major shareholders

- Mahagitsiri Family - 24.4 %
- Credit Suisse AG, Singapore Branch - 8.2 %
- Others - 67.4 %



Source: Thoresen Thai Agencies

Catalysts

ปัจจัยหนุนการเติบโต 1) การลดลงของอุปทานเรือ 2) มาตรการกระตุ้นเศรษฐกิจของจีน 3) การขยายการลงทุนของกลุ่มพลังงานประเภทอุตสาหกรรมใต้ทะเล ซึ่งเป็นโอกาสของธุรกิจให้บริการนอกชายฝั่งของบริษัท

Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา 1) การปรับลงของอัตราค่าระวางเรือ 2) ความผันผวนของอัตราแลกเปลี่ยน 3) การชะลอตัวของเศรษฐกิจจีน และ 4) ความเสี่ยงด้านกฎระเบียบข้อบังคับ Upside risks ได้แก่ 1) มาตรการกระตุ้นเศรษฐกิจของจีน 2) การยุติของสงครามรัสเซีย-ยูเครน และสิ้นสุดการกีดกันทางการค้า และ 3) ราคาปุ๋ยในเวียดนามมีเสถียรภาพ

Event calendar

Date	Event
14 November 2023	3Q23 earnings announcement
16 November 2023	Post-result meeting
17 November 2023	Opportunity day

Key assumptions

	2023E	2024E	2025E
TCE rate (USD/day)	13,900	15,985	17,584
TCE rate growth	-43.9%	15.0%	10.0%
Gross margin by BU			
Shipping revenue	39%	35%	36%
Offshore revenue	8%	7%	8%
Agrochemical revenue	13%	12%	13%
Food & Beverage	38%	38%	38%

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in its TCE rate, we project TTA's 2023 net profit to change by 0.8%, all else being equal.
- For every 1% change in shipping gross margin, we project TTA's 2023 net profit to change by 3.8%, all else being equal.

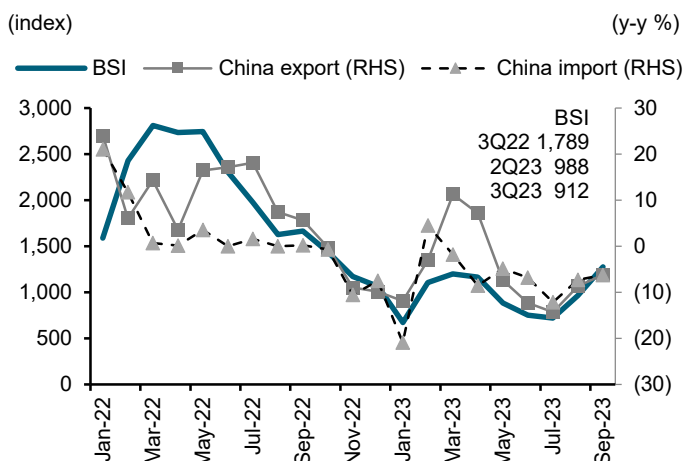
Source: FSSIA estimates

Exhibit 1: 3Q23 earnings preview

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	8,073	7,122	4,766	6,001	5,836	(2.8)	(27.7)	22,199	16,602	(25.2)
Cost of sales	(6,072)	(5,466)	(4,036)	(4,929)	(4,837)	(1.9)	(20.4)	(16,421)	(13,801)	(16.0)
Gross profit	2,000	1,655	730	1,072	999	(6.8)	(50.1)	5,778	2,801	(51.5)
Operating costs	(797)	(1,322)	(580)	(649)	(657)	1.2	(17.6)	(2,754)	(1,887)	(31.5)
Operating profit	2,798	2,977	1,310	1,721	1,656	(3.8)	(40.8)	3,672	1,600	(56.4)
Operating EBITDA	2,223	474	787	1,402	997	(28.9)	(55.2)	4,986	3,185	(36.1)
Interest expense	144	152	180	188	193	2.5	34.3	(358)	(562)	56.8
Net profit	1,449	(194)	215	630	222	(64.8)	(84.7)	3,463	1,066	(69.2)
Core profit	1,449	358	(7)	477	222	(53.5)	(84.7)	4,102	691	(83.2)
Reported EPS (THB)	0.79	(0.11)	0.12	0.35	0.12	(65.2)	(84.6)	1.90	0.59	(68.8)
Core EPS (THB)	0.79	0.20	(0.00)	0.26	0.12	(53.5)	(84.7)	2.25	0.38	(83.2)
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	24.8	23.2	15.3	17.9	17.1	(0.7)	(7.7)	26.0	16.9	(9.2)
EBITDA margin	27.5	6.7	16.5	23.4	17.1	(6.3)	(10.5)	22.5	19.2	(3.3)
Core profit margin	17.9	5.0	(0.2)	7.9	3.8	(4.1)	(14.1)	18.5	4.2	(14.3)
SG&A / Sales	9.9	18.6	12.2	10.8	11.3	0.4	1.4	12.4	11.4	(1.0)
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Shipping	3,481	2,995	2,077	2,111	1,942	(8.0)	(44.2)	11,022	6,131	(44.4)
Offshore business	2,396	2,285	1,479	2,139	2,145	0.3	(10.5)	5,621	5,763	2.5
Agrochemical	1,420	1,088	412	954	973	2.0	(31.5)	3,158	2,339	(25.9)
Food and beverage	460	482	503	498	515	3.5	12.0	1,498	1,515	1.2
Investment	316	272	295	300	260	(13.2)	(17.7)	900	854	(5.1)
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Shipping	42.3	39.0	30.5	31.0	29.9	(1.1)	(12.4)	43.7	30.5	(13.2)
Offshore business	19.9	20.7	11.6	22.0	21.9	(0.1)	2.1	12.2	19.3	7.1
Agrochemical	14.0	14.5	7.4	8.7	9.8	1.1	(4.2)	13.5	8.9	(4.6)
Food and beverage	37.6	38.6	37.0	35.1	35.9	0.8	(1.7)	38.5	36.0	(2.5)
Investment	22.2	21.8	24.5	22.8	22.3	(0.5)	0.1	24.5	23.2	(1.3)
Core profit to TTA	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Shipping	1,214	920	421	438	363	(17.2)	(70.1)	4,274	1,222	(71)
Offshore business	62	53	(96)	65	62	(4.2)	0.7	(46)	31	nm
Agrochemical	28	13	(27)	2	10	390.0	(64.9)	40	(15)	nm
Food and beverage	(24)	(35)	(26)	(38)	(42)	nm	nm	(51)	(106)	nm
Investment	169	(593)	(280)	10	(171)	nm	nm	(116)	(441)	nm

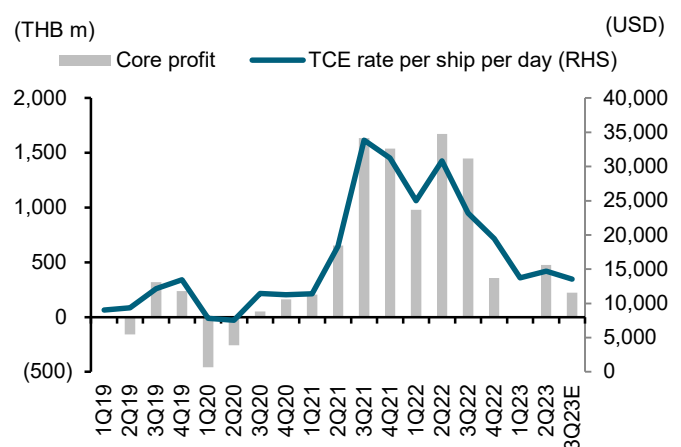
Sources: TTA, FSSIA estimates

Exhibit 2: BSI index and China's export-import



Source: Bloomberg

Exhibit 3: TTA's freight rate and core profit



Sources: TTA, FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	22,128	29,321	20,614	20,299	21,513
Cost of goods sold	(16,169)	(21,887)	(16,207)	(15,309)	(16,143)
Gross profit	5,960	7,433	4,407	4,990	5,369
Other operating income	186	268	268	264	258
Operating costs	(2,365)	(4,076)	(2,597)	(2,740)	(2,840)
Operating EBITDA	5,313	5,475	4,311	4,884	5,252
Depreciation	(1,532)	(1,850)	(2,232)	(2,370)	(2,465)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,781	3,626	2,078	2,514	2,788
Net financing costs	(416)	(511)	(712)	(656)	(622)
Associates	80	168	84	92	97
Recurring non-operating income	80	168	84	92	97
Non-recurring items	171	1,190	0	0	0
Profit before tax	3,617	4,473	1,450	1,950	2,263
Tax	(126)	(22)	(16)	(8)	(17)
Profit after tax	3,490	4,451	1,434	1,942	2,245
Minority interests	173	8	127	118	111
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,663	4,459	1,561	2,060	2,356
Non-recurring items & goodwill (net)	(171)	(1,190)	0	0	0
Recurring net profit	3,492	3,269	1,561	2,060	2,356
Per share (THB)					
Recurring EPS *	1.92	1.79	0.86	1.13	1.29
Reported EPS	2.01	2.45	0.86	1.13	1.29
DPS	0.22	0.22	0.10	0.14	0.16
Diluted shares (used to calculate per share data)	1,822	1,822	1,822	1,822	1,822
Growth					
Revenue (%)	72.5	32.5	(29.7)	(1.5)	6.0
Operating EBITDA (%)	681.0	3.1	(21.3)	13.3	7.5
Operating EBIT (%)	nm	(4.1)	(42.7)	21.0	10.9
Recurring EPS (%)	nm	(6.4)	(52.2)	31.9	14.4
Reported EPS (%)	nm	21.7	(65.0)	31.9	14.4
Operating performance					
Gross margin inc. depreciation (%)	26.9	25.4	21.4	24.6	25.0
Gross margin exc. depreciation (%)	33.9	31.7	32.2	36.3	36.4
Operating EBITDA margin (%)	24.0	18.7	20.9	24.1	24.4
Operating EBIT margin (%)	17.1	12.4	10.1	12.4	13.0
Net margin (%)	15.8	11.1	7.6	10.1	11.0
Effective tax rate (%)	3.5	0.5	1.1	0.4	0.8
Dividend payout on recurring profit (%)	11.5	12.3	12.0	12.0	12.0
Interest cover (X)	9.3	7.4	3.0	4.0	4.6
Inventory days	29.9	29.5	49.2	56.3	70.7
Debtor days	53.6	53.7	77.0	80.1	85.7
Creditor days	33.0	34.3	47.7	42.0	38.5
Operating ROIC (%)	16.9	15.1	8.2	9.7	10.7
ROIC (%)	12.0	10.8	5.8	6.9	7.6
ROE (%)	18.7	14.3	6.2	7.8	8.3
ROA (%)	10.4	9.1	4.7	5.6	6.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Shipping revenue	11,719	14,017	8,265	9,694	10,664
Offshore service	3,605	7,906	7,504	5,117	3,280
Agrochemical	3,933	4,246	1,741	1,898	1,936
Food & Beverage	1,935	1,980	0	0	0

Sources: Thoresen Thai Agencies; FSSIA estimates

Financial Statements

Thoresen Thai Agencies

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	3,492	3,269	1,561	2,060	2,356
Depreciation	1,532	1,850	2,232	2,370	2,465
Associates & minorities	(173)	(8)	(127)	(118)	(111)
Other non-cash items	555	3,093	2,265	575	750
Change in working capital	(480)	(682)	(536)	(297)	(2,524)
Cash flow from operations	4,926	7,522	5,395	4,590	2,936
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,825)	(1,320)	(2,859)	(1,300)	(1,000)
Net acquisitions & disposals	33	5	(370)	0	0
Other investments (net)	169	(1,947)	(2,269)	(334)	(529)
Cash flow from investing	(1,623)	(3,263)	(5,498)	(1,634)	(1,529)
Dividends paid	(59)	(401)	(187)	(247)	(283)
Equity finance	0	0	0	0	0
Debt finance	601	(2,593)	2,521	(2,047)	(1,196)
Other financing cash flows	(388)	(487)	0	1	2
Cash flow from financing	154	(3,481)	2,334	(2,293)	(1,477)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	339	0	0	0	0
Net other adjustments	339	(621)	0	0	0
Movement in cash	3,796	157	2,231	663	(70)
Free cash flow to firm (FCFF)	3,719.19	4,769.80	608.55	3,613.22	2,029.99
Free cash flow to equity (FCFE)	3,855.15	557.67	2,418.24	910.55	212.90
Per share (THB)					
FCFF per share	2.04	2.62	0.33	1.98	1.11
FCFE per share	2.12	0.31	1.33	0.50	0.12
Recurring cash flow per share	2.97	4.50	3.25	2.68	3.00
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	38,612	40,518	43,377	44,677	45,677
Less: Accumulated depreciation	(23,317)	(25,167)	(27,399)	(29,770)	(32,234)
Tangible fixed assets (net)	15,295	15,351	15,978	14,907	13,443
Intangible fixed assets (net)	1,036	4,309	3,623	3,471	3,513
Long-term financial assets	3,209	1,630	2,000	2,000	2,000
Invest. in associates & subsidiaries	3,376	2,888	2,888	2,888	2,888
Cash & equivalents	8,274	8,430	10,661	11,325	11,255
A/C receivable	4,340	4,288	4,405	4,505	5,599
Inventories	1,431	1,805	1,959	2,031	3,267
Other current assets	1,508	1,870	1,910	1,904	2,144
Current assets	15,553	16,393	18,936	19,764	22,265
Other assets	478	1,022	1,016	1,011	1,007
Total assets	38,947	41,593	44,440	44,041	45,115
Common equity	21,266	24,534	25,579	27,341	29,365
Minorities etc.	3,135	3,192	3,256	3,321	3,387
Total shareholders' equity	24,400	27,726	28,834	30,662	32,752
Long term debt	7,634	5,090	8,187	6,956	5,495
Other long-term liabilities	294	324	309	304	323
Long-term liabilities	7,928	5,413	8,496	7,260	5,818
A/C payable	1,889	2,311	1,732	1,594	1,636
Short term debt	3,071	4,523	3,957	3,141	3,405
Other current liabilities	1,658	1,618	1,421	1,384	1,504
Current liabilities	6,619	8,453	7,110	6,119	6,545
Total liabilities and shareholders' equity	38,947	41,593	44,440	44,041	45,115
Net working capital	3,731	4,033	5,122	5,462	7,870
Invested capital	27,126	29,233	30,626	29,739	30,720
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	11.67	13.46	14.04	15.00	16.11
Tangible book value per share	11.10	11.10	12.05	13.10	14.18
Financial strength					
Net debt/equity (%)	10.0	4.3	5.1	(4.0)	(7.2)
Net debt/total assets (%)	6.2	2.8	3.3	(2.8)	(5.2)
Current ratio (x)	2.3	1.9	2.7	3.2	3.4
CF interest cover (x)	14.7	4.7	8.4	4.4	3.0
Valuation					
Recurring P/E (x) *	2.8	3.0	6.2	4.7	4.1
Recurring P/E @ target price (x) *	3.7	3.9	8.2	6.2	5.4
Reported P/E (x)	2.7	2.2	6.2	4.7	4.1
Dividend yield (%)	4.1	4.1	1.9	2.5	2.9
Price/book (x)	0.5	0.4	0.4	0.4	0.3
Price/tangible book (x)	0.5	0.5	0.4	0.4	0.4
EV/EBITDA (x) **	2.9	2.6	3.4	2.4	2.1
EV/EBITDA @ target price (x) **	3.4	3.1	4.1	3.0	2.6
EV/invested capital (x)	0.6	0.5	0.5	0.4	0.4
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thoresen Thai Agencies; FSSIA estimates

Thoresen Thai Agencies (TTA TB)

FSSIA ESG rating



65.35 /100

Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 5: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
SJWD	42.41	--	Y	Y	5.00	5.00	--	--	56.00	--	--	42.01	--	3.44	41.46
TTA	65.35	--	Y	Y	5.00	5.00	Certified	Medium	56.56	AA	--	50.79	25.00	3.31	56.20
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
NYT	43.79	--	--	Y	5.00	5.00	--	--	53.86	--	--	57.61	--	6.57	45.96
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	4.82	3.15
BESG environmental pillar score	—	—	4.86	2.13
BESG social pillar score	—	—	7.33	6.02
BESG governance pillar score	—	—	3.34	3.29
ESG disclosure score	40.92	46.13	53.95	56.20
Environmental disclosure score	16.79	26.31	34.25	37.24
Social disclosure score	24.73	30.86	46.40	50.18
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	—	—	24	35
GHG scope 2 location-based	—	—	1	0
GHG Scope 3	—	—	0	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	1	1
Renewable energy use	—	—	—	—
Electricity used	—	1	1	1
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	0	0
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	224
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No
Equal opportunity policy	No	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	35	64	64	67
Pct disabled in workforce	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0
Total recordable incident rate - employees	—	—	0	0
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	104	81	76	85
Employee turnover pct	54	30	24	5
Total hours spent by firm - employee training	501	296	310	629
Social supply chain management	Yes	Yes	Yes	Yes
Governance				
Board size	11	11	10	11
No. of independent directors (ID)	5	5	5	5
No. of women on board	1	1	1	1
No. of non-executive directors on board	6	7	8	8
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	10	8	8
Board meeting attendance pct	94	90	94	97
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	39	40	41	42
Age of the oldest director	79	80	81	82
No. of executives / company managers	7	7	7	7
No. of female executives	0	1	1	1
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	7	7	6	7
Audit meeting attendance %	100	95	100	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	2	2	3	2
Compensation meeting attendance %	83	67	67	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	2	3	2
Nomination meeting attendance %	83	67	67	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

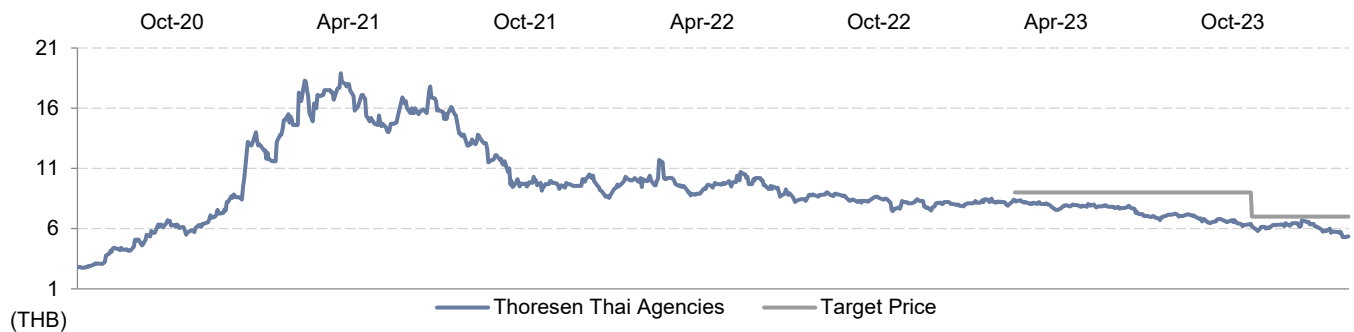
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History of change in investment rating and/or target price

Thoresen Thai Agencies (TTA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Jan-2023	HOLD	9.00	10-May-2023	BUY	9.00	02-Aug-2023	HOLD	7.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thoresen Thai Agencies	TTA TB	THB 5.35	HOLD	Downside risks to our P/E-based TP include 1) a fall in freight rates (TCE); 2) exchange rate volatility; 3) slow economic growth in China; and 4) regulatory risks, including new EEXI and CII requirements, effective 1 Jan-23. Upside risks include 1) China's stimulus to revive the economy; 2) end of the Russia-Ukraine war or the end of sanctions; and 3) fertiliser supply conditions improve.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 25-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.