

## THORESEN THAI AGENCIES

## TTA TB

THAILAND / TRANSPORT &amp; LOGISTIC

FSSIA ESG rating



BUY

FROM HOLD

## ธุรกิจเรือและบริการนอกชายฝั่ง 4Q23

- ค่าใช้จ่ายไรปกติ 4Q23 ที่ 443 ล้านบาท (+8% q-q, +24% y-y) ดีกว่าที่เคยประเมิน
- เราปรับกำไรปี 2023 ขึ้น 5% แต่คงประมาณการปี 2024-25 เชื่อว่าจุดที่แย่ที่สุดผ่านไปแล้วใน 2023
- ปรับไปใช้ราคาเป้าหมายปี 2024 ที่ 8 บาท ปรับคำแนะนำเป็นซื้อ

TARGET PRICE	THB8.00
CLOSE	THB6.95
UP/DOWNSIDE	+15.1%
PRIOR TP	THB7.00
CHANGE IN TP	+14.3%
TP vs CONSENSUS	+9.2%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	29,321	24,233	20,299	21,513
Net profit	4,459	1,636	2,048	2,356
EPS (THB)	2.45	0.90	1.12	1.29
vs Consensus (%)	-	(1.1)	(1.8)	-
EBITDA	5,475	4,768	4,884	5,252
Recurring net profit	3,269	1,636	2,048	2,356
Core EPS (THB)	1.79	0.90	1.12	1.29
Chg. In EPS est. (%)	-	4.8	(0.6)	0.0
EPS growth (%)	(6.4)	(50.0)	25.2	15.1
Core P/E (x)	3.9	7.7	6.2	5.4
Dividend yield (%)	3.2	1.5	1.9	2.2
EV/EBITDA (x)	3.1	3.8	3.0	2.5
Price/book (x)	0.5	0.5	0.5	0.4
Net debt/Equity (%)	4.3	8.1	(5.1)	(8.2)
ROE (%)	14.3	6.5	7.7	8.3

## แนวโน้มกำไรปกติใน 4Q23 ดีกว่าที่เคยคาด

แนวโน้มผลประกอบการใน 4Q23 ของ TTA ดีกว่าที่เคยประเมินก่อนหน้านี้หลังจากอัตราค่าระวางเรือเพิ่มขึ้นในช่วงเดือน ต.ค. ถึงกลางเดือน พ.ย. 2023 ซึ่งเป็นผลมาจากการ re-stock สินค้าหลักและถ่านหินเพราะความคาดหวังว่าภาคพลังงานของจีนจะกลับมาฟื้นตัว ส่งผลให้ดัชนี BDI และ BSI เติบโตใน 4Q23 อยู่ที่ 2,035 จุดและ 1,296 จุด ลดลง 71% q-q และ 42% q-q ตามลำดับ เราจึงคาดว่าจะรายได้จากธุรกิจเดินเรือของ TTA จะเพิ่มขึ้น 40% q-q แต่ยังคงลดลง 26% y-y เป็น 2.2 พันล้านบาท ซึ่งถือว่าเป็นไตรมาสที่มีรายได้จากการเดินเรือสูงที่สุดของปี ส่วนอัตรากำไรขั้นต้นคาดว่าจะเพิ่มเล็กน้อยเป็น 32.0% จาก 31.8% ใน 3Q23 เนื่องจากค่าใช้จ่ายในการเดินเรือคาดว่าจะค่อนข้างใกล้เคียงกัน

## ธุรกิจบริการนอกชายฝั่งยังคงเป็นพระเอก

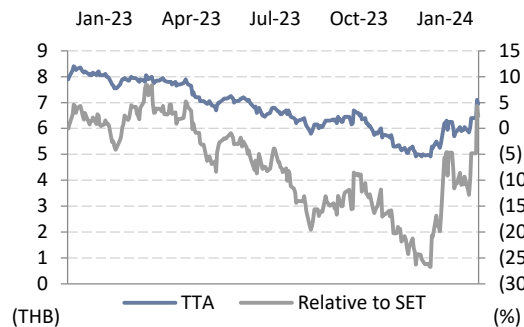
4Q23 ยังคงเป็นไตรมาสที่ดีของธุรกิจบริการนอกชายฝั่งเพราะมีรายได้ที่รอส่งมอบประมาณ USD77 ล้าน เราจึงคาดว่าจะรายได้ของธุรกิจนี้จะทำได้ 2.8 พันล้านบาท แม้จะลดลง 9% q-q แต่เพิ่มขึ้น 20% y-y และยังคงมีส่วนรายได้มากที่สุดของรายได้ทั้งหมดในไตรมาส 4Q23 ในส่วนของธุรกิจเคมีภัณฑ์เพื่อการเกษตรเข้าสู่ low season ใน 4Q พอดี อุปสงค์จึงค่อนข้างอ่อนแอ ขณะที่ราคาปุ๋ยในตลาดโลกก็ปรับลดลง ส่วนธุรกิจอาหารและเครื่องดื่มอยู่ใน high season แต่เราคาดว่าธุรกิจอาหารและเครื่องดื่มน่าจะยังมีผลขาดทุนเล็กน้อยเนื่องจากจำนวนสาขาที่ค่อนข้างน้อย ยังไม่เกิด economy of scale

## ปรับกำไรปกติปี 2023 ขึ้น 5% แต่คงประมาณการปี 2024-25E

เราคาดว่า TTA จะทำกำไรปกติได้ 443 ล้านบาทใน 4Q23 (+8% q-q, +24% y-y) และทำให้กำไรปกติทั้งปี 2023 เป็น 1.6 พันล้านบาท (-50% y-y) ดีกว่าที่เคยคาด 5% ซึ่งส่วนใหญ่มาจากรายได้จากธุรกิจเดินเรือใน 4Q23 ที่ดีกว่าที่เคยประเมินถึงแม้จะเป็น low season และธุรกิจบริการนอกชายฝั่งที่ยังคงมี Backlog สูง แต่เราคงประมาณการกำไรปกติปี 2024-25 ซึ่งอยู่บนสมมติฐานค่าระวางเรือ USD15,985 (+16% y-y) และ USD17,584 (+10% y-y) ตามลำดับ ซึ่งดีขึ้นจากปี 2023 ที่คาดว่าจะมีค่าระวางเรือ USD13,745 (-45% y-y)

## ปรับใช้ราคาเป้าหมายปี 2024 ที่ 8 บาท

เราปรับใช้ราคาเป้าหมายปี 2024 ที่ 8 บาทอิง P/E 7 เท่า เพิ่มคำแนะนำเป็นซื้อ จากถือราคาหุ้นปัจจุบันที่ปรับขึ้นอย่างรวดเร็วสะท้อนการเก็งกำไรในปัญหาความไม่สงบในทะเลแดงซึ่งเชื่อเป็นเหตุการณ์ชั่วคราว ขณะที่ธุรกิจกำลังเข้า low season ใน 1Q



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	28.7	20.9	(14.2)
Relative to country (%)	24.3	22.4	0.8
Mkt cap (USD m)			369
3m avg. daily turnover (USD m)			2.4
Free float (%)			69
Major shareholder		Mahagitsiri Family (24%)	
12m high/low (THB)			8.45/4.74
Issued shares (m)			1,822.46

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 4 มกราคม 2024

## Investment thesis

We expect TTA to post a 4Q23 core profit of THB443m (+8% q-q, +24% y-y), making the full-year core profit THB1.6b (-50% y-y), 5% larger than our previous estimate. The improvement would largely come from the better-than-expected shipping revenue in 4Q23 despite the low season of global trade. We maintain our projections in 2024-25 which are based on daily shipping freight rates of USD15,985 (+16% y-y) and USD17,584 (+10% y-y), respectively, as compared with the estimated USD13,745 (-45% y-y) in 2023.

We roll over our TP to THB8, based on a 2024E P/E of 7x, and revise up our rating to BUY from Hold. The current spike in TTA's share price reflects the Red Sea crisis, which we believe is a temporary catalyst, while 1Q is seasonally low.

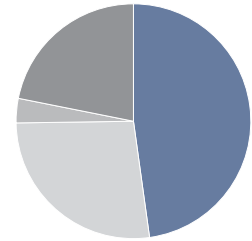
## Company profile

Thoresen Thai Agencies (TTA) is a strategic investment holding company with an investment policy of achieving growth through a balanced portfolio that is diversified both locally and internationally. Its current business portfolio includes shipping, offshore service, agrochemical, food & beverage, and investment group segments.

[www.thoresen.com](http://www.thoresen.com)

## Principal activities (revenue, 2022)

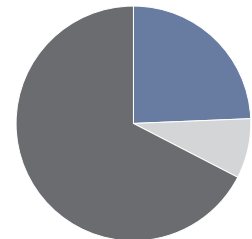
- Shipping revenue - 47.8 %
- Offshore service - 27.0 %
- Service & comission - 3.4 %
- Sales - 21.9 %



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

Key catalysts include 1) fewer ships being built which could reduce global fleet capacity; 2) China's stimulus package to boost the economy; and 3) higher CAPEX by the global energy sector which creates opportunities for TTA's offshore service segment.

## Risks to our call

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.

## Event calendar

Date	Event
February 2024	4Q23 earnings announcement

## Key assumptions

	2023E	2024E	2025E
TCE rate (USD/day)	13,745	15,985	17,584
TCE rate growth (%)	(44.5)	16.3	10.0
<b>Gross margin by BU (%)</b>			
Shipping revenue	43	24	36
Offshore revenue	14	13	8
Agrochemical revenue	14	9	13
Food & Beverage	39	37	38

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% change in its TCE rate, we project TTA's 2024 net profit to change by 0.8%, all else being equal.
- For every 1% change in shipping gross margin, we project TTA's 2024 net profit to change by 3.8%, all else being equal.

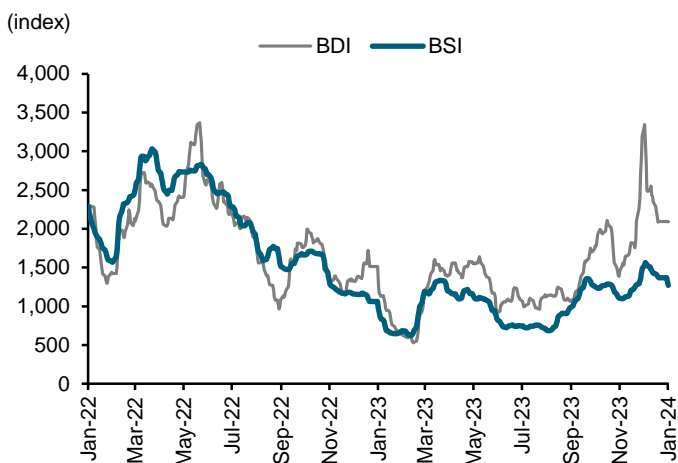
Source: FSSIA estimates

## Exhibit 1: 4Q23 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	7,122	4,766	6,001	6,568	6,899	5.0	(3.1)	29,321	24,233	(17.4)
Cost of sales	(5,466)	(4,036)	(4,929)	(5,381)	(5,607)	4.2	2.6	(21,887)	(19,952)	(8.8)
Gross profit	1,655	730	1,072	1,187	1,292	8.9	(22.0)	7,433	4,281	(42.4)
Operating costs	(1,322)	(580)	(649)	(764)	(771)	0.9	(41.6)	(4,076)	(2,765)	(32.2)
Operating profit	(46)	278	863	674	721	6.9	nm	3,626	2,536	(30.1)
Operating EBITDA	474	787	1,402	1,233	1,280	3.8	170.2	5,475	4,768	(12.9)
Other income	(380)	129	440	251	200	(20.5)	(152.6)	268	1,020	280.9
Interest expense	152	180	188	178	179	0.9	17.6	511	726	42.1
Profit before tax	(199)	98	675	496	541	9.1	nm	3,115	1,810	(41.9)
Net profit	<b>(194)</b>	<b>215</b>	<b>630</b>	<b>375</b>	<b>443</b>	<b>18.2</b>	<b>nm</b>	<b>4,459</b>	<b>1,636</b>	<b>(63.3)</b>
Core profit	<b>358</b>	<b>(7)</b>	<b>477</b>	<b>412</b>	<b>443</b>	<b>7.5</b>	<b>23.9</b>	<b>3,269</b>	<b>1,636</b>	<b>(49.9)</b>
Reported EPS (THB)	(0.11)	0.12	0.35	0.21	0.24	15.7	nm	2.45	0.90	(63.3)
Core EPS (THB)	0.20	(0.00)	0.26	0.23	0.24	7.5	23.9	1.75	0.90	(49.9)
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	23.2	15.3	17.9	18.1	18.7	0.7	(4.5)	25.4	17.7	(7.7)
Operating margin	(0.7)	5.8	14.4	10.3	10.4	0.2	11.1	12.4	10.5	(1.9)
EBITDA margin	6.7	16.5	23.4	18.8	18.5	(0.2)	11.9	18.7	19.7	1.0
Recurring net margin	5.0	(0.2)	7.9	6.3	6.4	0.1	1.4	15.2	6.8	(8.5)
SG&A / Sales	18.6	12.2	10.8	11.6	0.0	(11.6)	(18.6)	13.9	11.4	(2.5)
<b>Revenue breakdown</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Shipping	2,995	2,077	2,111	1,590	2,230	40.2	(25.5)	14,017	7,989	(43.0)
Offshore business	2,285	1,479	2,139	2,996	2,729	(8.9)	19.5	7,906	9,343	18.2
Agrochemical	1,088	412	954	1,200	1,150	(4.2)	5.7	4,246	3,275	(22.9)
Food and beverage	482	503	498	517	525	1.6	9.0	1,980	1,967	(0.6)
Investment	272	295	300	264	264	0.0	(2.9)	1,172	900	(23.2)
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Shipping	39.0	30.5	31.0	31.8	32.0	0.2	(7.0)	42.7	24.2	(18.5)
Offshore business	20.7	11.6	22.0	21.5	22.0	0.5	1.3	14.7	13.1	(1.6)
Agrochemical	14.5	7.4	8.7	12.6	11.8	(0.8)	(2.7)	13.7	9.3	(4.4)
Food and beverage	38.6	37.0	35.1	40.9	35.0	(5.9)	(3.6)	38.5	37.0	(1.5)
Investment	21.8	24.5	22.8	23.3	23.0	(0.3)	1.2	23.9	20.1	(3.8)

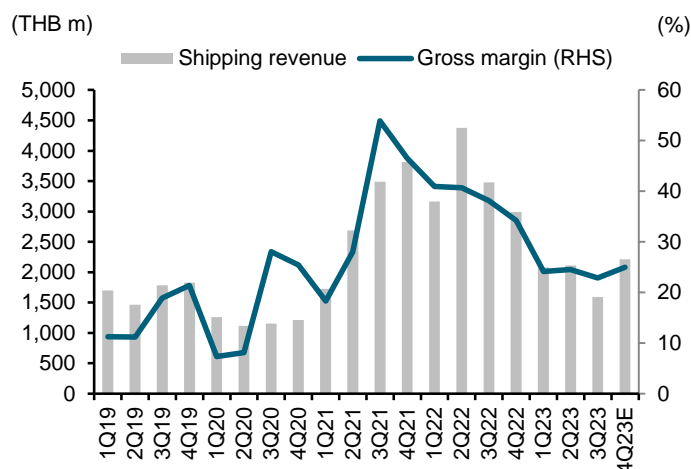
Sources: TTA, FSSIA's estimates

## Exhibit 2: BDI and BSI indices



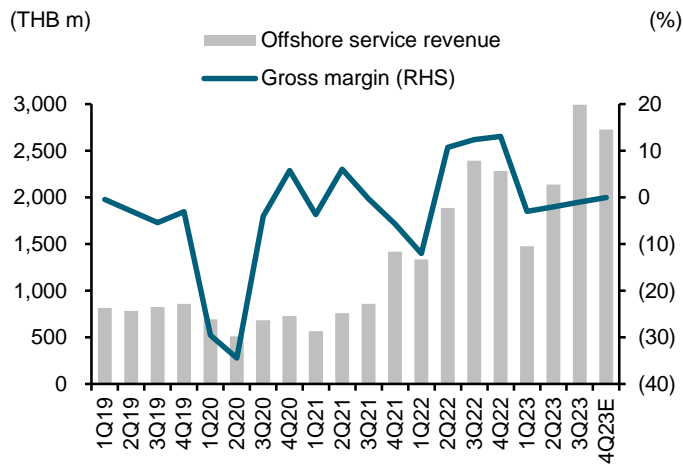
Sources: Bloomberg, FSSIA's compilation

## Exhibit 3: TTA's shipping revenue and gross margin



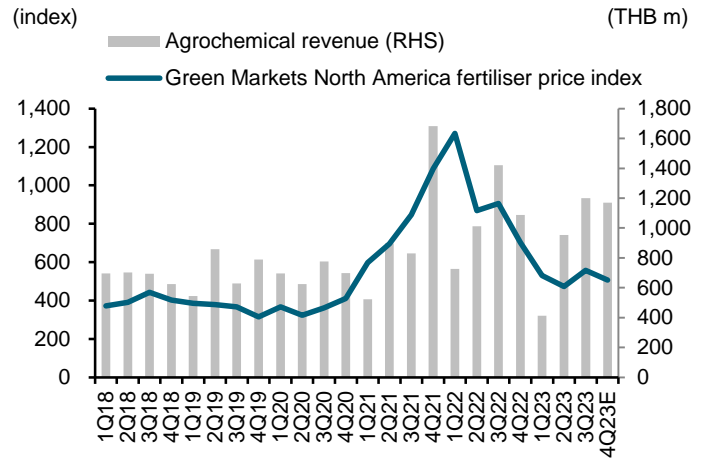
Sources: TTA, FSSIA estimates

**Exhibit 4: Offshore service revenue and gross margin**



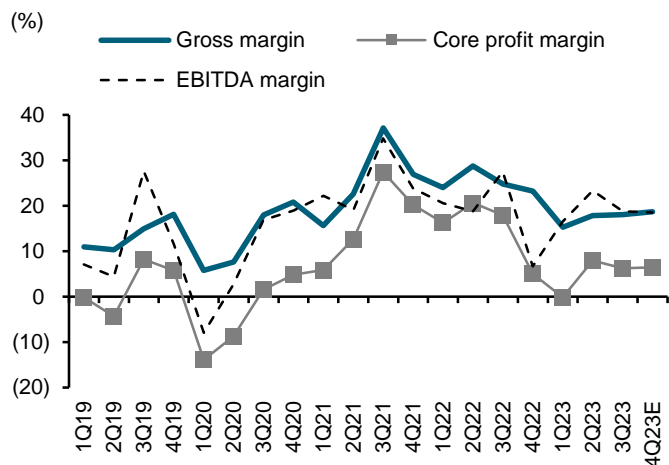
Sources: TTA, FSSIA estimates

**Exhibit 5: Fertilizer price index and TTA's agrochemical revenue**



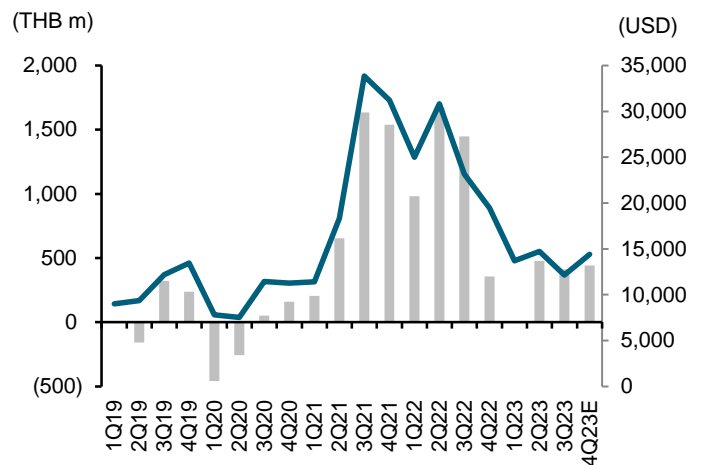
Sources: TTA, Bloomberg, FSSIA estimates

**Exhibit 6: Margins**



Sources: TTA, FSSIA estimates

**Exhibit 7: Bulk rate and TTA's core profit**



Sources: TTA, FSSIA estimates

**Exhibit 8: Key changes in assumptions**

	Unit	Current			Previous			Change (%)		
		2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
TCE rate	(USD/day)	13,745	15,985	17,584	13,600	15,985	17,584	1.1	0.0	0.0
Shipping	(THB m)	7,989	9,694	10,664	7,880	9,694	10,664	1.4	0.0	0.0
Offshore services	(THB m)	9,343	5,117	3,280	7,504	5,117	3,280	24.5	0.0	0.0
Agrochemical	(THB m)	1,741	1,898	1,936	1,741	1,898	1,936	(0.0)	0.0	0.0
Food & Beverage	(THB m)	3,196	3,590	5,633	3,196	3,590	5,633	0.0	0.0	0.0
Total revenue	(THB m)	24,233	20,299	21,513	22,550	20,299	21,513	7.5	0.0	0.0
Gross margin	(%)	17.7	24.6	25.0	18.0	24.6	25.0	(0.3)	0.0	0.0
SG&A to sales	(%)	11.4	13.5	13.2	12.0	13.5	13.2	(0.6)	0.0	0.0
EBITDA margin	(%)	19.7	24.1	24.4	20.0	24.1	24.4	(0.3)	0.0	0.0
Core profit	(THB m)	1,636	2,048	2,356	1,561	2,048	2,356	4.8	0.0	0.0

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	24,233	20,299	21,513
Cost of goods sold	(16,169)	(21,887)	(19,952)	(15,309)	(16,143)
<b>Gross profit</b>	<b>5,960</b>	<b>7,433</b>	<b>4,281</b>	<b>4,990</b>	<b>5,369</b>
Other operating income	186	268	1,020	264	258
Operating costs	(2,365)	(4,076)	(2,765)	(2,740)	(2,840)
<b>Operating EBITDA</b>	<b>5,313</b>	<b>5,475</b>	<b>4,768</b>	<b>4,884</b>	<b>5,252</b>
Depreciation	(1,532)	(1,850)	(2,232)	(2,370)	(2,465)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,781</b>	<b>3,626</b>	<b>2,536</b>	<b>2,514</b>	<b>2,788</b>
Net financing costs	(416)	(511)	(726)	(669)	(622)
Associates	80	168	97	92	97
Recurring non-operating income	80	168	97	92	97
Non-recurring items	171	1,190	0	0	0
<b>Profit before tax</b>	<b>3,617</b>	<b>4,473</b>	<b>1,908</b>	<b>1,937</b>	<b>2,263</b>
Tax	(126)	(22)	(110)	(8)	(17)
<b>Profit after tax</b>	<b>3,490</b>	<b>4,451</b>	<b>1,798</b>	<b>1,929</b>	<b>2,245</b>
Minority interests	173	8	(162)	118	111
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>3,663</b>	<b>4,459</b>	<b>1,636</b>	<b>2,048</b>	<b>2,356</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(171)</b>	<b>(1,190)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>3,492</b>	<b>3,269</b>	<b>1,636</b>	<b>2,048</b>	<b>2,356</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.92	1.79	0.90	1.12	1.29
Reported EPS	2.01	2.45	0.90	1.12	1.29
DPS	0.22	0.22	0.11	0.13	0.16
Diluted shares (used to calculate per share data)	1,822	1,822	1,822	1,822	1,822
<b>Growth</b>					
Revenue (%)	72.5	32.5	(17.4)	(16.2)	6.0
Operating EBITDA (%)	681.0	3.1	(12.9)	2.4	7.5
Operating EBIT (%)	nm	(4.1)	(30.1)	(0.9)	10.9
Recurring EPS (%)	nm	(6.4)	(50.0)	25.2	15.1
Reported EPS (%)	nm	21.7	(63.3)	25.2	15.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	26.9	25.4	17.7	24.6	25.0
Gross margin exc. depreciation (%)	33.9	31.7	26.9	36.3	36.4
Operating EBITDA margin (%)	24.0	18.7	19.7	24.1	24.4
Operating EBIT margin (%)	17.1	12.4	10.5	12.4	13.0
Net margin (%)	15.8	11.1	6.8	10.1	11.0
Effective tax rate (%)	3.5	0.5	5.8	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	3.6	3.9	4.6
Inventory days	29.9	29.5	41.7	60.3	70.7
Debtor days	53.6	53.7	71.3	87.1	85.7
Creditor days	33.0	34.3	41.3	47.1	38.5
Operating ROIC (%)	16.9	15.1	9.9	9.6	10.7
ROIC (%)	12.0	10.8	6.9	6.8	7.6
ROE (%)	18.7	14.3	6.5	7.7	8.3
ROA (%)	10.4	9.1	5.5	5.5	6.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Shipping revenue	11,719	14,017	7,989	9,694	10,664
Offshore service	3,605	7,906	9,343	5,117	3,280
Service & commission	835	986	945	1,898	1,936
Sales	5,969	6,412	5,956	3,590	5,633

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	1,636	2,048	2,356
Depreciation	1,532	1,850	2,232	2,370	2,465
Associates & minorities	(173)	(8)	162	(118)	(111)
Other non-cash items	555	3,093	2,265	575	750
Change in working capital	(480)	(682)	(1,320)	488	(2,524)
<b>Cash flow from operations</b>	<b>4,926</b>	<b>7,522</b>	<b>4,974</b>	<b>5,363</b>	<b>2,936</b>
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)	(2,704)	101	(529)
<b>Cash flow from investing</b>	<b>(1,623)</b>	<b>(3,263)</b>	<b>(5,933)</b>	<b>(1,199)</b>	<b>(1,529)</b>
Dividends paid	(59)	(401)	(196)	(246)	(283)
Equity finance	0	0	0	0	0
Debt finance	601	(2,593)	2,901	(2,427)	(1,196)
Other financing cash flows	(388)	(487)	0	1	2
<b>Cash flow from financing</b>	<b>154</b>	<b>(3,481)</b>	<b>2,705</b>	<b>(2,672)</b>	<b>(1,477)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	339	0	0	0	0
<b>Net other adjustments</b>	<b>339</b>	<b>(621)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>3,796</b>	<b>157</b>	<b>1,747</b>	<b>1,491</b>	<b>(70)</b>
Free cash flow to firm (FCFF)	3,719.19	4,769.80	(232.72)	4,831.96	2,029.09
Free cash flow to equity (FCFE)	3,855.15	557.67	1,942.89	1,736.96	212.90
<b>Per share (THB)</b>					
FCFF per share	2.04	2.62	(0.13)	2.65	1.11
FCFE per share	2.12	0.31	1.07	0.95	0.12
Recurring cash flow per share	2.97	4.50	3.45	2.67	3.00
<b>Balance Sheet (THB m) Year Ending Dec</b>					
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)
<b>Tangible fixed assets (net)</b>	<b>15,295</b>	<b>15,351</b>	<b>15,978</b>	<b>14,907</b>	<b>13,443</b>
<b>Intangible fixed assets (net)</b>	<b>1,036</b>	<b>4,309</b>	<b>4,057</b>	<b>3,471</b>	<b>3,513</b>
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	10,177	11,668	11,598
A/C receivable	4,340	4,288	5,179	4,505	5,599
Inventories	1,431	1,805	2,246	2,031	3,267
Other current assets	1,508	1,870	1,983	1,904	2,144
<b>Current assets</b>	<b>15,553</b>	<b>16,393</b>	<b>19,584</b>	<b>20,108</b>	<b>22,608</b>
Other assets	478	1,022	1,016	1,011	1,007
<b>Total assets</b>	<b>38,947</b>	<b>41,593</b>	<b>45,523</b>	<b>44,385</b>	<b>45,459</b>
Common equity	21,266	24,534	25,644	27,396	29,420
Minorities etc.	3,135	3,192	3,256	3,321	3,387
<b>Total shareholders' equity</b>	<b>24,400</b>	<b>27,726</b>	<b>28,900</b>	<b>30,717</b>	<b>32,807</b>
Long term debt	7,634	5,090	8,476	6,956	5,495
Other long-term liabilities	294	324	363	304	323
<b>Long-term liabilities</b>	<b>7,928</b>	<b>5,413</b>	<b>8,840</b>	<b>7,260</b>	<b>5,818</b>
A/C payable	1,889	2,311	2,132	1,594	1,636
Short term debt	3,071	4,523	4,048	3,141	3,405
Other current liabilities	1,658	1,618	1,749	1,384	1,504
<b>Current liabilities</b>	<b>6,619</b>	<b>8,453</b>	<b>7,929</b>	<b>6,119</b>	<b>6,545</b>
<b>Total liabilities and shareholders' equity</b>	<b>38,947</b>	<b>41,593</b>	<b>45,669</b>	<b>44,096</b>	<b>45,170</b>
Net working capital	3,731	4,033	5,526	5,462	7,870
Invested capital	27,126	29,233	31,465	29,739	30,720
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	11.67	13.46	14.07	15.03	16.14
Tangible book value per share	11.10	11.10	11.85	13.13	14.21
<b>Financial strength</b>					
Net debt/equity (%)	10.0	4.3	8.1	(5.1)	(8.2)
Net debt/total assets (%)	6.2	2.8	5.2	(3.5)	(5.9)
Current ratio (x)	2.3	1.9	2.5	3.3	3.5
CF interest cover (x)	14.7	4.7	7.6	5.5	3.0
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>3.6</b>	<b>3.9</b>	<b>7.7</b>	<b>6.2</b>	<b>5.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>4.2</b>	<b>4.5</b>	<b>8.9</b>	<b>7.1</b>	<b>6.2</b>
Reported P/E (x)	3.5	2.8	7.7	6.2	5.4
Dividend yield (%)	3.2	3.2	1.5	1.9	2.2
Price/book (x)	0.6	0.5	0.5	0.5	0.4
Price/tangible book (x)	0.6	0.6	0.6	0.5	0.5
EV/EBITDA (x) **	3.4	3.1	3.8	3.0	2.5
EV/EBITDA @ target price (x) **	3.8	3.5	4.2	3.3	2.9
EV/invested capital (x)	0.7	0.6	0.6	0.5	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 9: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Glob al	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
NYT	43.79	--	--	Y	5.00	5.00	--	--	53.86	--	--	57.61	--	6.57	45.96
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36
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

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

### Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	<b>4.82</b>	<b>3.31</b>
BESG environmental pillar score	—	—	4.86	2.13
BESG social pillar score	—	—	7.33	6.02
BESG governance pillar score	—	—	3.34	3.29
<b>ESG disclosure score</b>	<b>40.92</b>	<b>46.13</b>	<b>53.95</b>	<b>56.20</b>
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
<b>Environmental</b>				
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 12: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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
<b>Social</b>				
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
<b>Governance</b>				
<b>Board size</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
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
<b>No. of executives / company managers</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
No. of female executives	0	1	1	1
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	7	7	6	7
Audit meeting attendance %	100	95	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	3	2
Nomination meeting attendance %	83	67	67	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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&amp;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.																				
<b>Thai CAC</b> 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.																				
<a href="#">Morningstar Sustainability</a>	The Sustainability's 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 &amp; 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"> <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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<b>B</b>	1.429-2.856																					
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.</i> )																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

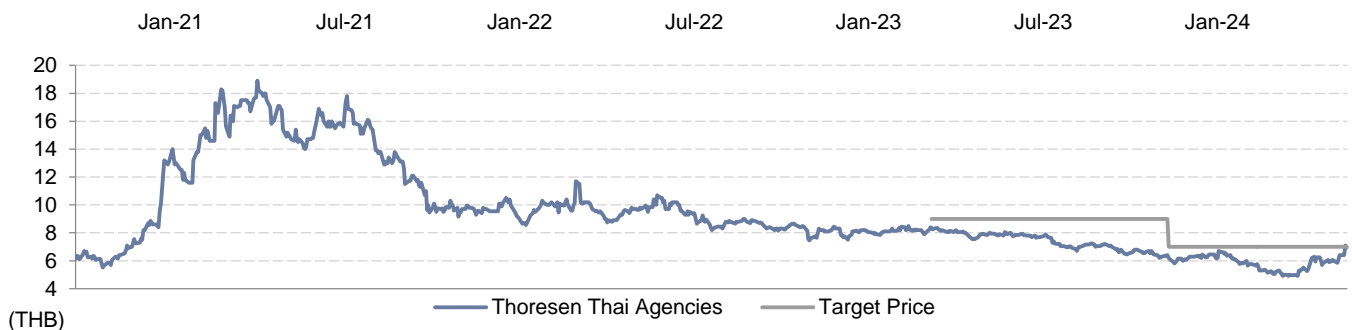
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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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 6.95	BUY	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.

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 03-Jan-2024 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.