Precious Shipping Public Company Limited

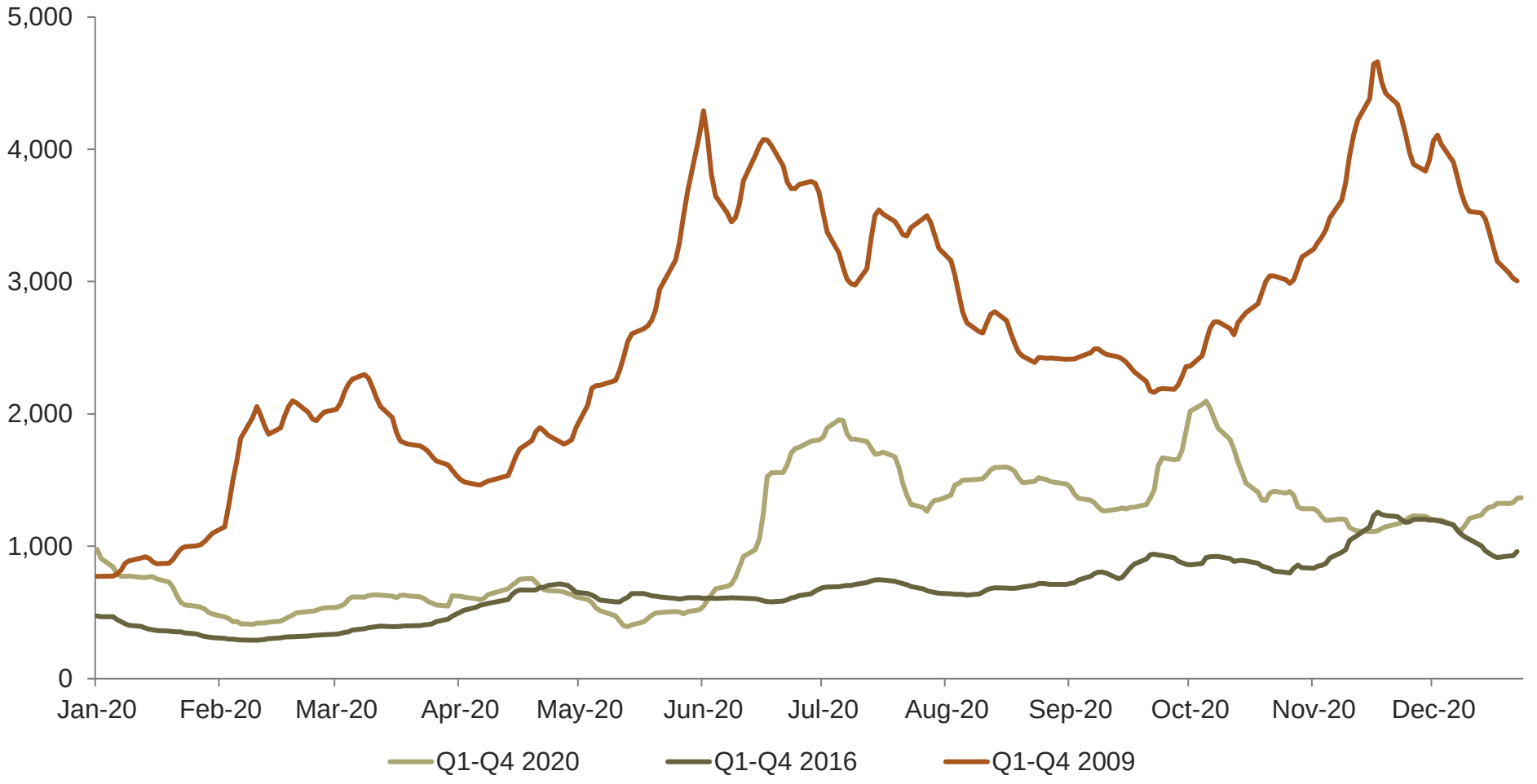
SET Opportunity Day

Date
24 February 2021

Evolution Of The Baltic Dry Index Since 2016

Source: Clarksons, 12 Feb 2021

Y-O-Y Analysis Of The Baltic Dry Index

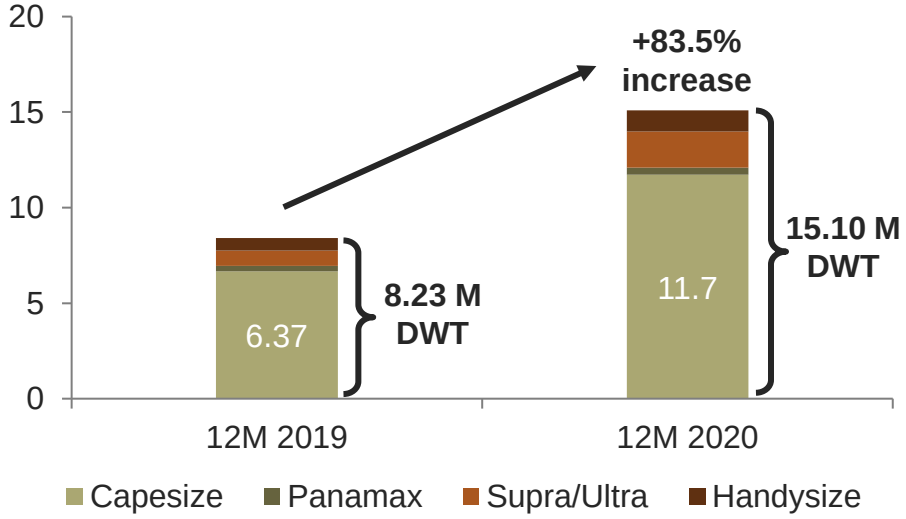


Source: Clarksons, 31 Dec 2020

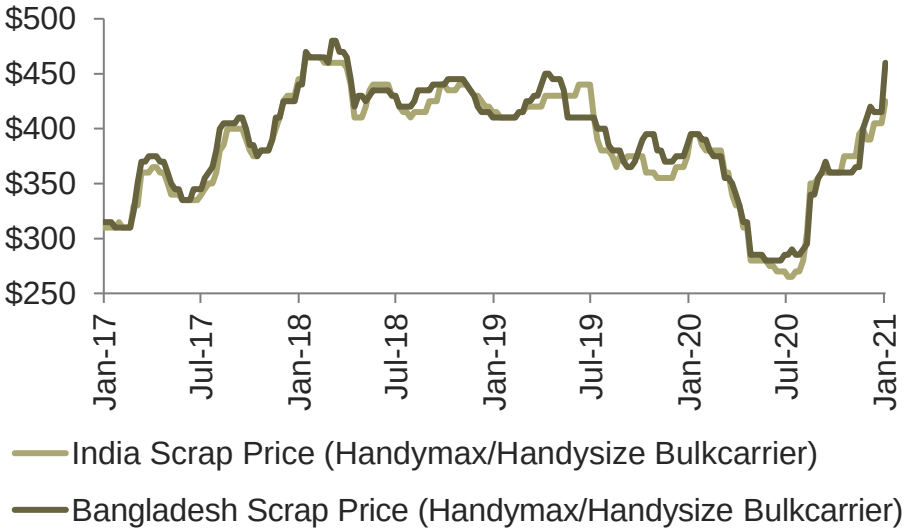
Drybulk Supply Side Improvements

- **Scrapping has picked up significantly** on a Y-O-Y basis during 2020.
- Most of the recycling in 2020 has occurred **in the Cape sector**.
- Lockdowns impacted recycling in the Indian subcontinent, and **scrap prices went up during Q3 2020**.
- **Despite lockdowns, recycling** in the Indian subcontinent **was robust during 2020.**
- **Recycling has taken off with a bang in 2021 with prices reaching USD 500 per LDT!**
- **PSL estimates the dry bulk fleet will grow by 16.7 MMT or 1.84% in 2021.**

Y-o-Y Scrapping: FY 2019 and FY 2020 - MDWT



Scrap Prices - USD/Ton



Source: Clarksons, 31 Dec 2020

Is China's Import Growth Sustainable?

Latest available Data points on China for 2020 as compared to 2019

- China's Iron Ore imports in 2020 **was 1.17 Bln T, an increase of 9.3%** over the 1.07 Bln T for the same period in 2019. (https://www.reuters.com/article/china-economy-trade-ironore/update-2-china-2020-iron-ore-imports-hit-record-on-robust-post-virus-demand-idUSL1N2JP06L)
- China's Coal imports in 2020 **was 304.1 MMT, an increase of 1.5%** over the 299.6 MMT for the same period in 2019. (https://www.reuters.com/article/china-economy-trade-coal/update-1-chinas-dec-coal-imports-triple-on-month-as-customs-restrictions-ease-idUSL1N2JP06F)
- China's Steel production in 2020 **was 1.06 Bln T, an increase of 5.9%** over the 1.0 Bln T for the same in 2019. (http://www.stats.gov.cn/english/PressRelease/202101/t20210119_1812509.html)
- Monthly average Steel inventory in 2020 **was 15.9 MMT, an increase of 33.6%** over the monthly average of 11.9 MMT in 2019. (http://www.96369.net/indices/117)
- Steel imports in 2020 **were 20.23 MMT, an increase of 64.4%** over the 12.3 MMT for the same in 2019. (https://www.argusmedia.com/en/news/2176855-chinas-december-steel-exports-up-by-102pc-on-month)
- Steel exports in 2020 **down 16.5% to 53.7 MMT** as compared to the 64.3 MMT exported in 2019. (https://www.argusmedia.com/en/news/2176855-chinas-december-steel-exports-up-by-102pc-on-month5)
- Steel consumption in 2020 **up by 8.21% to 1.02 Bln T** compared to 0.94 Bln T in 2019, likely due to the steel intensive stimulus of USD 667 billion.

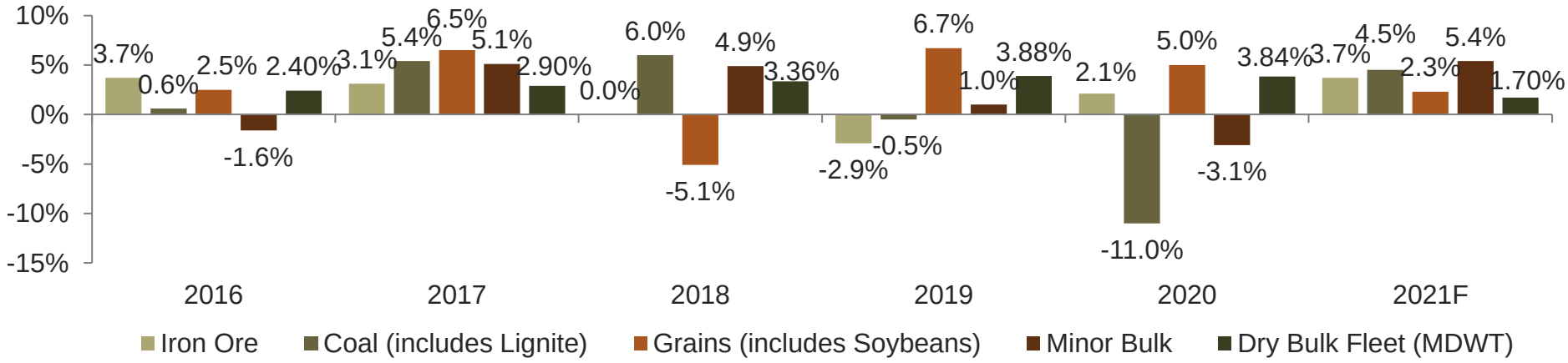
China - facts

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP Growth Rate	10.4%	9.2%	7.8%	7.7%	7.4%	6.9%	6.7%	6.9%	6.6%	6.1%	2.3%
Iron Ore Imports (m MT)	618	686	745	820	933	953	1,025	1,075	1,064	1,070	1170
Coal Imports (m MT)	164	182	289	322	292	204	256	271	281	300	304
Steel Production (m MT)	626	684	709	775	813	801	807	845	928	996	1053
Steel Exports (m MT)	43	49	56	62	95	112	109	76	70	63	54

Growth In Seaborne Drybulk Trade – Billion Tonne-Miles

Seaborne Drybulk Trade						
All Units In Billion Tonne-Miles	**2016**	**2017**	**2018**	**2019**	**2020**	**2021F**
Iron Ore	7,933	8,180	8,181	7,943	8,110	8,407
Coal (includes Lignite)	4,982	5,250	5,564	5,537	4,930	5,151
Grains (includes Soybeans)	3,209	3,418	3,245	3,462	3,636	3,721
Minor Bulk	11,057	11,615	12,190	12,308	11,932	12,577
Total	**27,181.0**	**28,463.9**	**29,179.3**	**29,250.4**	**28,608.5**	**29,855.4**
Total % Change In Trade	**2.1%**	**4.7%**	**2.5%**	**0.2%**	**-2.2%**	**4.4%**
Dry Bulk Fleet (MDWT)	**790.41**	**813.53**	**840.82**	**873.43**	**906.99**	**922.41**
% Change in Dry Bulk Fleet (MDWT)	**2.4%**	**2.9%**	**3.36%**	**3.88%**	**3.84%**	**1.7%**

% age increase over the previous year

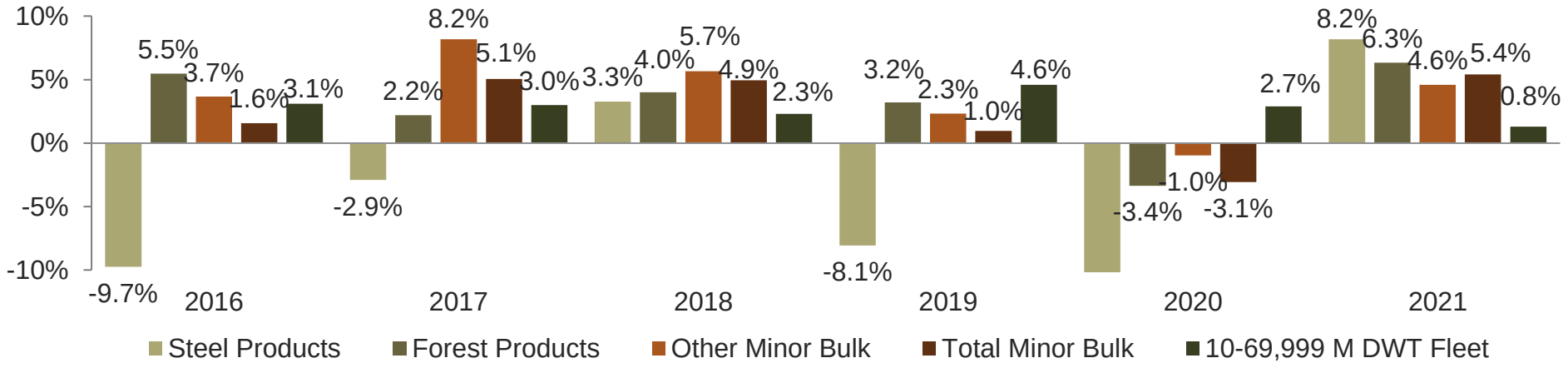


Source: Clarksons, 31 Dec 2020

Growth In Seaborne Minor Bulk Trade – Billion Tonne-Miles

Seaborne Minor Bulk Trade						
All Units In Billion Tonne-Miles	**2016**	**2017**	**2018**	**2019**	**2020**	**2021F**
Steel Products	1,812	1,759	1,817	1,670	1,461	1,580
Forest Products	2,439	2,492	2,592	2,675	2,586	2,750
Other Minor Bulk	6,807	7,364	7,781	7,963	7,885	8,247
Total Minor Bulk	**11,057**	**11,615**	**12,190**	**12,308**	**11,932**	**12,577**
% Change In Minor Bulk	**1.58%**	**5.05%**	**4.95%**	**0.97%**	**-3.06%**	**5.41%**
Ships 10-69,999 (MDWT)	**284.5**	**292.9**	**299.7**	**313.4**	**321.9**	**324.5**
% Change In 10-69,999 (MDWT)	**3.1%**	**3.0%**	**2.3%**	**4.6%**	**2.7%**	**0.8%**

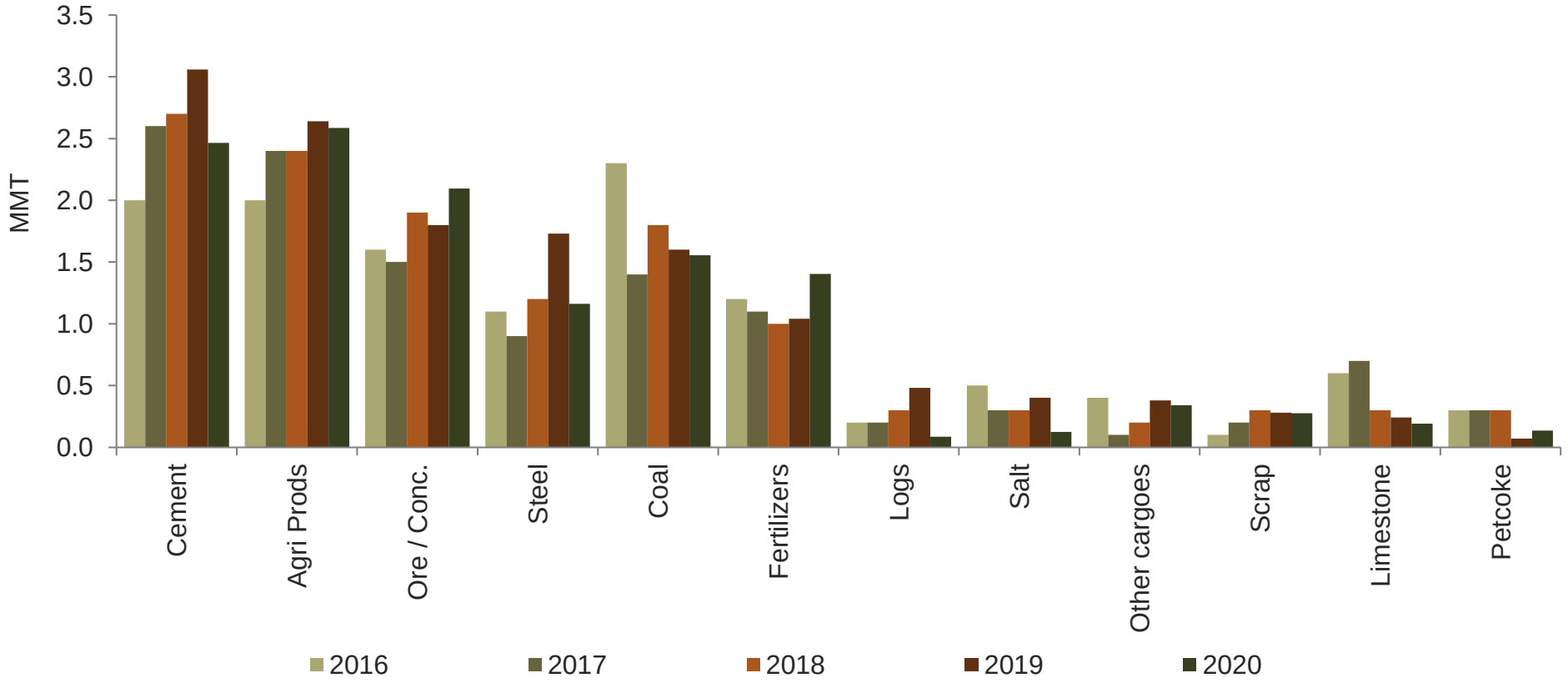
% age increase over the previous year



Source: Clarksons, as on 31 Dec 2020

PSL Cargo Exposure: 2016 – FY 2020

Bulk cargo in the aggregate amount of 12.3 MMT, 11.7 MMT, 12.7 MMT, 13.72 MMT, 12.4MMT was carried on PSL ships in 2016, 2017, 2018, 2019 and FY 2020 respectively.



Source: PSL

Drybulk Fleet As Of 31 December 2020

Fleet Overview

Ship Type	DWT Range (MT)	Ships	Av Age (yrs)	Total DWT (m MT)	Av DWT (MT)	% of DWT
Handysize	10,000 – 39,999	4,029	12.36	109.63	27,210	12.09%
Supra/Ultramax	40,000 – 69,999	3,777	10.29	212.23	56,189	23.40%
Panamax	70,000 – 89,999	2,451	10.23	194.50	79,357	21.44%
Capesize	90,000+	2,154	8.92	390.63	181,352	43.07%
Total / Average		**12,411**	**10.71**	**906.99**	**73,079**	**100.00%**

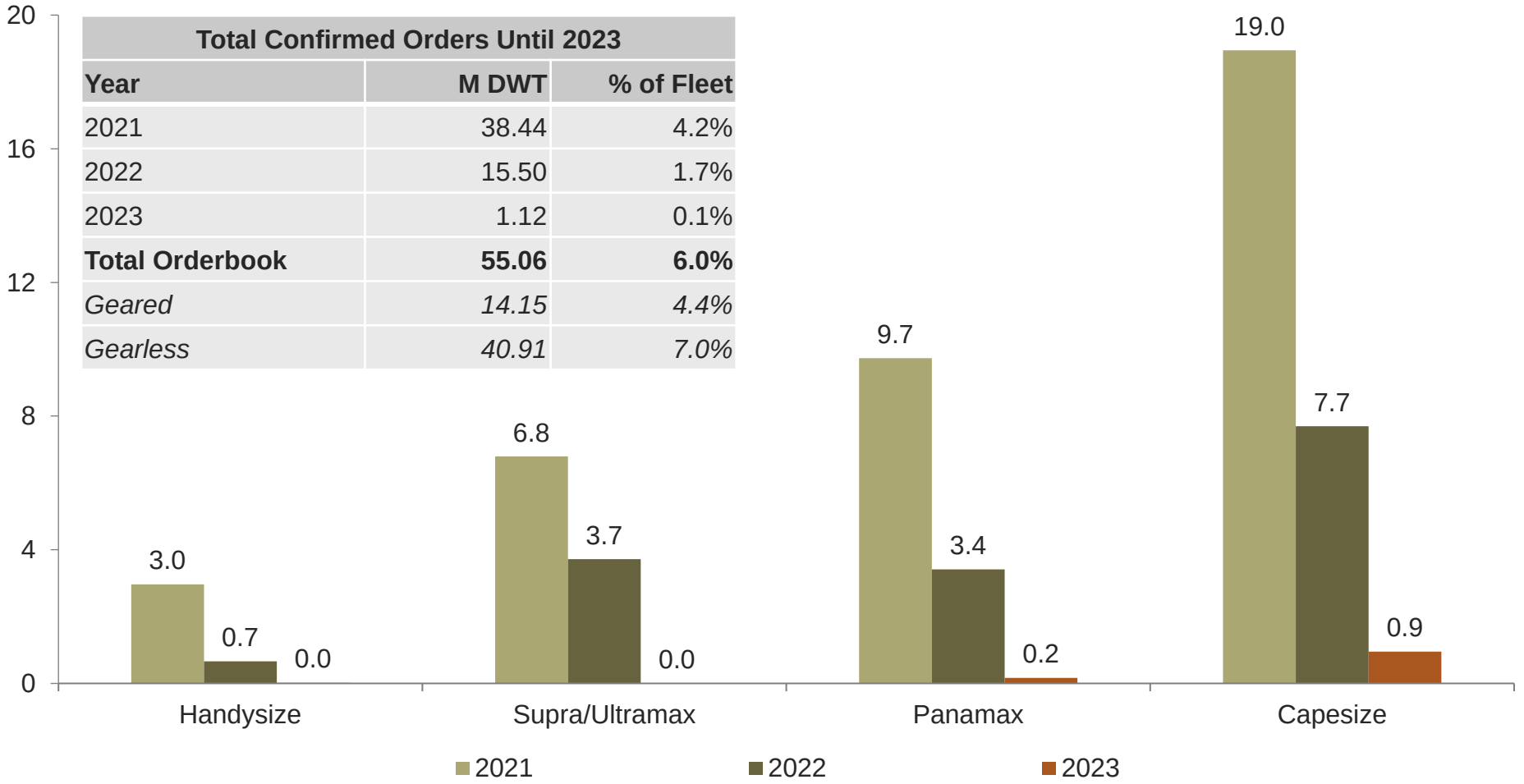
Changes in 2020

Ship Type	DWT Range (MT)	Ships No (%age)	DWT m MT (%age)
Handysize	10,000 – 39,999	+40 (+1.00%)	+1.29 (+1.19%)
Supra/Ultramax	40,000 – 69,999	+109 (+2.97%)	+7.14 (+3.48%)
Panamax	70,000 – 89,999	+135 (+5.83%)	+11.08 (+6.04%)
Capesize	90,000+	+69 (+3.31%)	+14.05 (+3.73%)
Total / Average		**+353 (+2.93%)**	**+33.56 (+3.84%)**

Source: Clarksons as on 31 Dec 2020

Confirmed Orders As Of 31 December 2020 (M DWT) – 31 Dec 2023

Total Confirmed Orders Until 2023		
Year	**M DWT**	**% of Fleet**
2021	38.44	4.2%
2022	15.50	1.7%
2023	1.12	0.1%
Total Orderbook	**55.06**	**6.0%**
Geared	*14.15*	*4.4%*
Gearless	*40.91*	*7.0%*

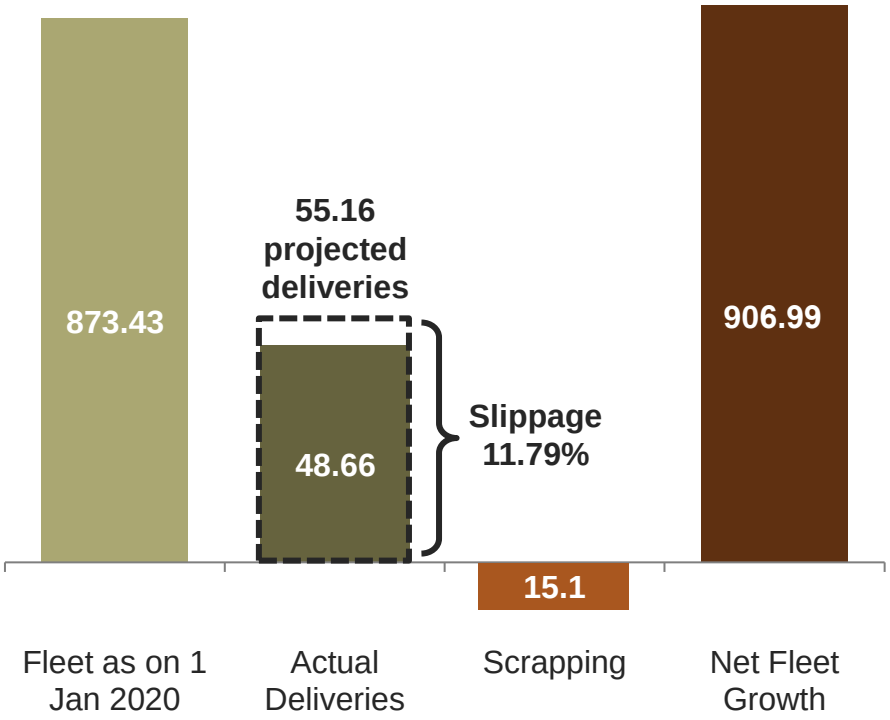


Source: Clarksons as on 31 Dec 2020

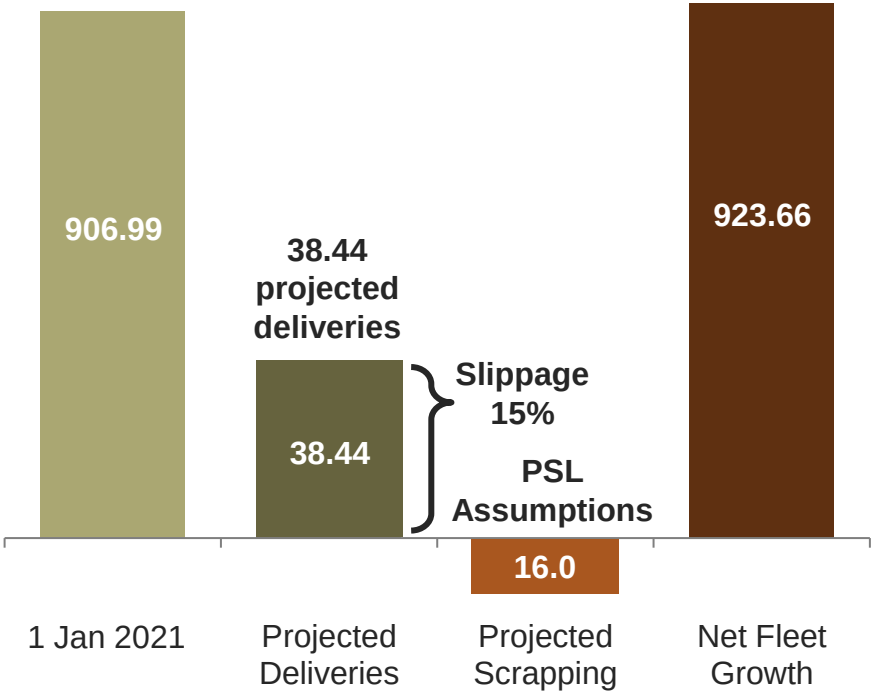
Drybulk Supply Side Improvements

Based on 2020 data (annualized), **PSL projects net fleet growth for 2021 at 1.84%.**

2020 Net Fleet Growth – 33.56 MDWT, +3.84%



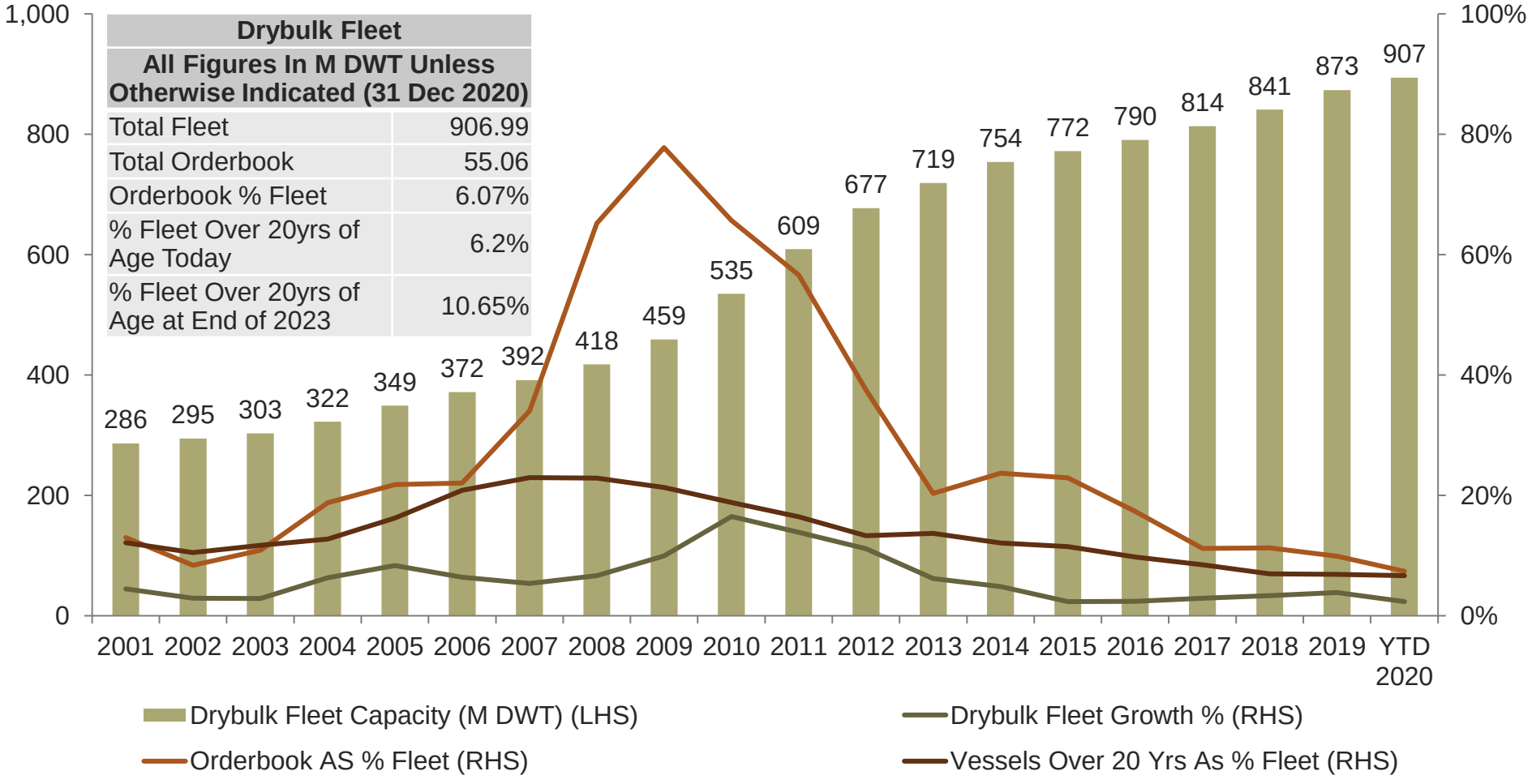
FY 2021 Net Fleet Growth – 22.44 MDWT, +1.84%



Source: Data from Clarksons as on 31 Dec 2020, Internal Estimates

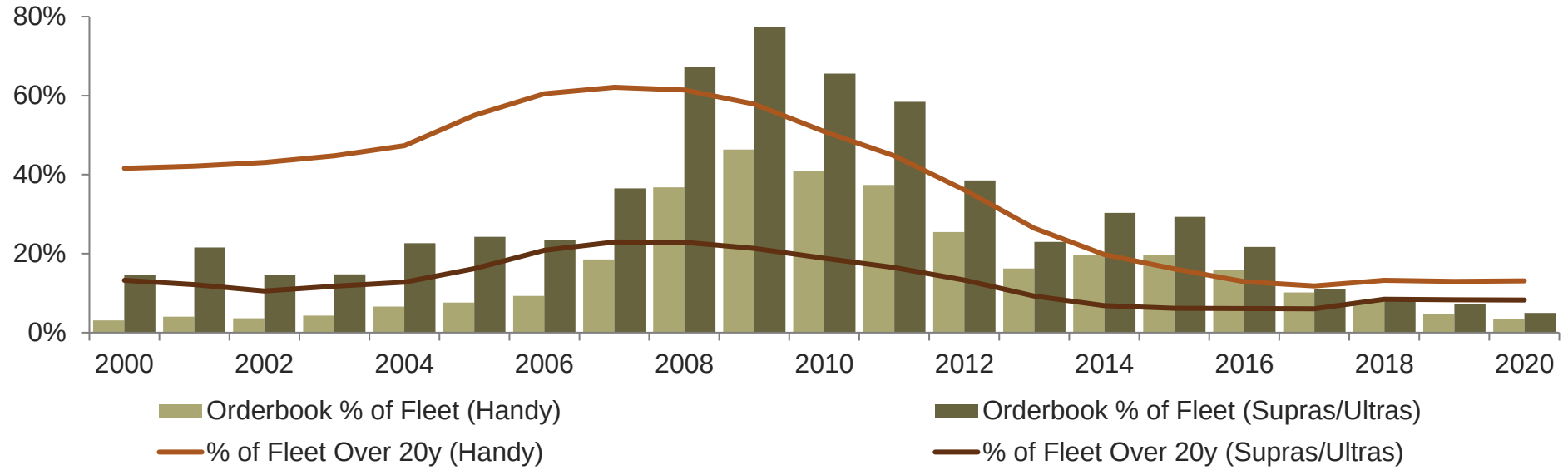
Putting Orderbook Figures In Context – The Overall Drybulk Fleet

Drybulk Fleet	
All Figures In M DWT Unless Otherwise Indicated (31 Dec 2020)	
Total Fleet	906.99
Total Orderbook	55.06
Orderbook % Fleet	6.07%
% Fleet Over 20yrs of Age Today	6.2%
% Fleet Over 20yrs of Age at End of 2023	10.65%



Source: Clarksons, as on 31 Dec 2020

Putting Orderbook Figures In Context – Geared Vessels Only



Handysize Fleet All Figures In M DWT Unless Otherwise Indicated (31 Dec 2020)	
Total Fleet	109.63
Total Orderbook	3.64
Orderbook % Fleet	3.32%
% Fleet Over 20yrs of Age Today	13.09%
% Fleet Over 20yrs of Age at End of 2023	17.01%

Supramax/Ultramax All Figures In M DWT Unless Otherwise Indicated (31 Dec 2020)	
Total Fleet	212.23
Total Orderbook	10.52
Orderbook % Fleet	4.96%
% Fleet Over 20yrs of Age Today	8.22%
% Fleet Over 20yrs of Age at End of 2023	13.58%

Source: Clarksons, as on 31 Dec 2020

Covid-19's Challenges & PSL'S Response

Challenges

- **Demand has been curtailed due to lockdowns** reducing revenues and profitability in FH 2020.
- **Q2 2020 was lost to recycling of ships** at the worst possible time due to lockdowns in the Indian subcontinent.
- **Crew repatriations were/are impossible** due to travel restrictions and lockdowns in different parts of the world.
- **Capital markets are frozen**.
- **Banks were no longer willing to lend** to ship-owners.
- **Bullet-portions of loans** that became due were **not being refinanced**.
- **Owners had to** take drastic action to **help themselves**.
- **Maersk is to make redundant 2,000 employees**, despite declaring USD 8.5 billion EBITDA, as one example.

Response

- We have **not let this pandemic go to waste**.
- We have **not laid off any staff** at office or at sea despite suffering losses.
- We have **not reduced compensation** for anyone.
- We have **diverted ships, at our sole cost, to complete crew changes** incurring the ire, instead of the support, of charterers.
- We **brought the Sainty arbitration to an amicable end**, received net cash of USD 40.5m on 29th July besides saving annual legal costs of about USD 3m.
- We have **given discounts to close clients** where ships on charter have been idled due to lockdowns.
- We **amended both our outstanding bonds** delaying final maturities by 18 months, paying 20% principal up front, increasing the coupon by 150 bps, and getting the option to redeem part or all the outstanding bonds at any time prior final maturities.
- Our client has **remitted one-year charter hire in advance**, a historic first in shipping!

Signs Of A Recovery – This time *it is* different!

Capes TCE (Year)	2009*	2016**	2020**	2021 (*as of 27 Jan*)**
Start	$8,997 (2 Jan)	$4,811 (4 Jan)	$11,976 (2 Jan)	$16,656 (4 Jan)
Low	$8,997 (2 Jan)	$1,985 (17 Mar)	$1,992 (14 May)	$16,656 (4 Jan)
High	$93,197 (3 Jun)	$19,515 (17 Nov)	$34,896 (6 Oct)	$26,489 (13 Jan)
End	$37,191 (24 Dec)	$10,078 (23 Dec)	$16,409 (23 Dec)	$17,790 (27 Jan)
Demand (Billion Tonne-miles)	-3.36%	+2.10%	-2.19% to +0.5%^	+4.36% (+6.7% DNB)
Chinese Stimulus	USD 578 bn	-	USD 667 bn	-
Orderbook / Fleet ratio	+80.49%	+17.99%	+6.07%	-
Net Supply Growth	+9.23%	+2.40%	+3.84%	+1.7% (+1.5% DNB)

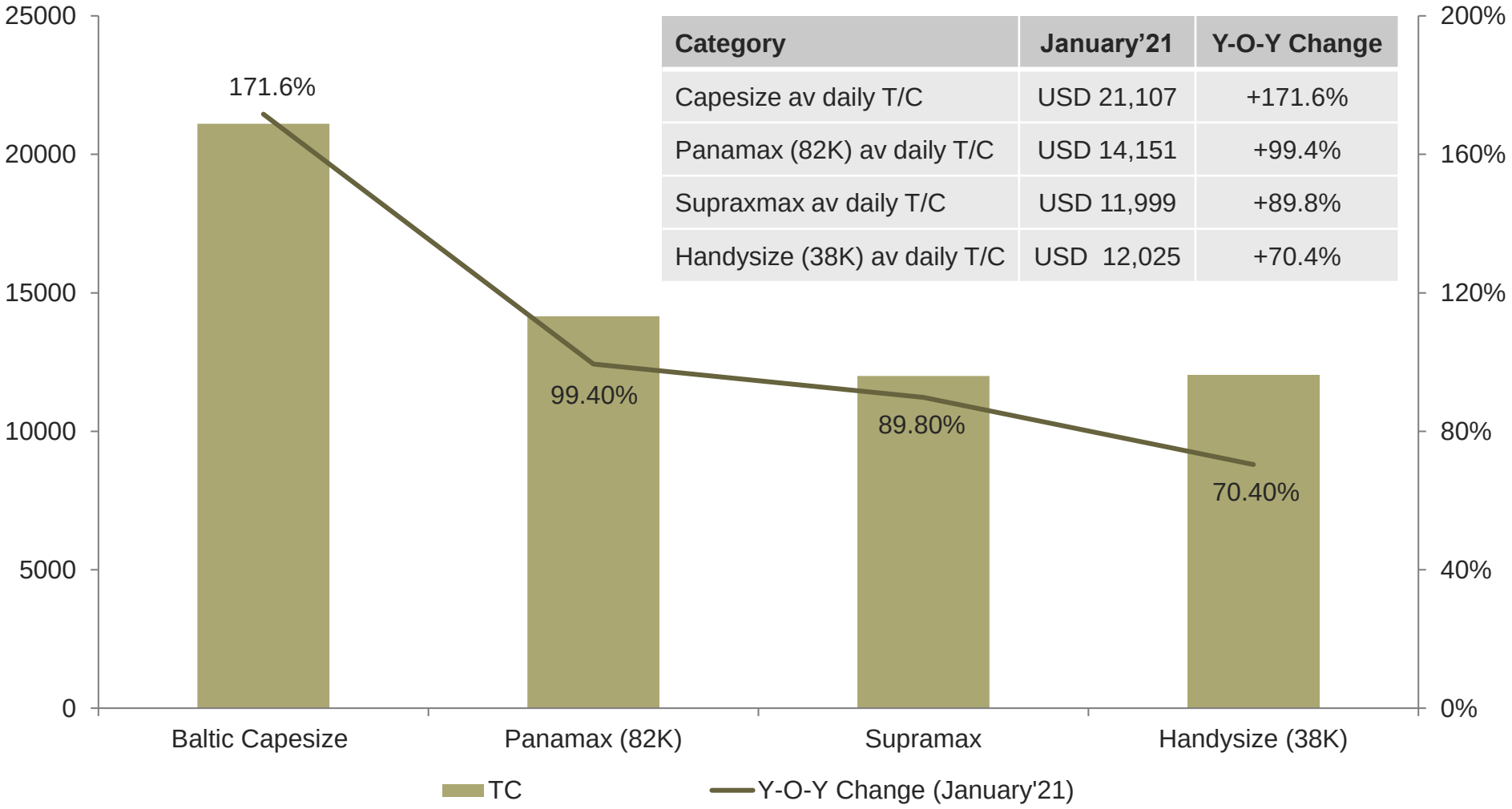
- **Recycling:** 2019 = 8.23 MDWT, 2020 = 15.10 MDWT **(+83.5%).**
- **Old Age Profile**: 20+ years of age end of 2020 = **56.23 MDWT / 6.20%** of existing fleet.

*Note: * 2009 basis the Baltic 172K Capesize Index (4 Routes),*
*** 2016, 2020 & 2021 basis the Baltic 180K Capesize Index (5 Routes)*

Source: Clarksons

^Clarksons explanation for the varying estimates: It is worth making clear that the dry bulk trade forecasts on Shipping Intelligence Network (derived from the Dry Bulk Trade Outlook) are produced by Clarksons Research, an independent part of the Clarksons Group, while the analyst's report is produced by the dry cargo analysts within the broking department at Clarksons Platou. While we generally have a well aligned view of the markets, it is not uncommon – particularly in such a dramatic and volatile year as 2020 – for our forecasts to show some differences. It is worth pointing out that tracking every single tonne of dry bulk trade, and its exact trade route, is not possible, and so any tonne-mile trade estimate published by either Clarksons Research or the Clarksons Platou analysts represent estimates based on a selection of trade flows and assumptions, and the methodology used may not be the same. Both estimates do however show a clear tonne-mile 'bonus' compared to the estimated growth rate of dry bulk trade in tons last year. We are also currently working on the January edition of the DBTO – the first since full-year data became available for some trade flows, which may well lead to some upwards revisions to our trade position for full year 2020. It will likely also be a few months until complete full year 2020 data is available for all countries and commodities, so there may well be further small changes to estimates published from both ourselves and the dry cargo analysts.

Total Time Charter index Y-O-Y (January’ 21)



Category	January’21	Y-O-Y Change
Capesize av daily T/C	USD 21,107	+171.6%
Panamax (82K) av daily T/C	USD 14,151	+99.4%
Supraxmax av daily T/C	USD 11,999	+89.8%
Handysize (38K) av daily T/C	USD 12,025	+70.4%

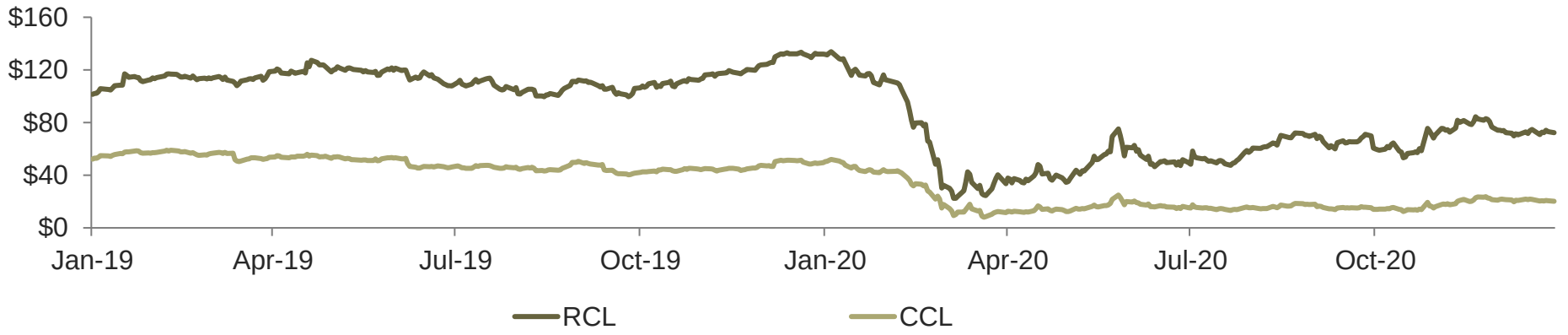
Key Takeaways

- The drybulk **market continues to recover** but in a volatile way.
- **China successfully reopened its economy in 2020**, but the virus had a **negative impact in Q2 and Q3 due to second/third wave of infections in ROW.**
- **Governments and Central Banks have pumped about USD 18 trillion to boost their economies.**
- **Rates have improved, in Q3/Q4 of 2020, especially in the Atlantic basin.**
- **Global capital markets remain frozen**.
- Healthcare professionals have **improved their understanding** of the virus, and **how to treat Covid-19** using existing medications**.**
- **Vaccine developments, with at least 3 having crossed the finish line in 2020, and quick roll outs, may be the first step towards resuming "normal economic activity".**
- **Our expectations have been vindicated thus far.**

COVID-19's Impact

Impact On Shipping – Cruise Lines & Car Carriers

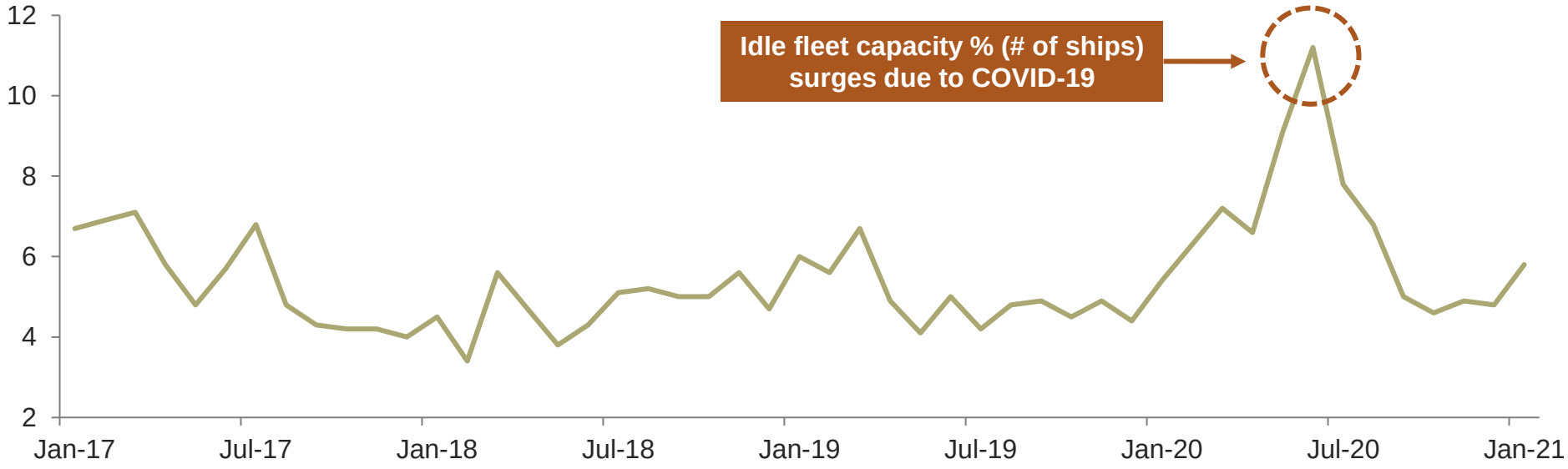
- **Monthly cash burn** rates among the largest two players remains at very high levels – **RCC: USD250m**, **CCL: USD1.0bn.**
- **Carnival** Cruise Lines **reported** the **largest quarterly loss** in shipping history of **USD4.4bn in Q1.**
- **Carnival racked up $8bn in losses during the first nine months of 2020**. (TradeWinds – 23 Dec 2020)
- **Carnival raised $19bn** since March 2020 **through debt and equity to stay afloat**. (TradeWinds – 10 Feb 21)
- **Up to end Q3 2020, there have been multiple bankruptcies in the cruise line space.**
- **Wallenius** Wilhelmsen (owner of **car carriers**) also **reported a USD285m loss in Q1** 2020.
- **Recovering auto volumes** helped **Wallenius** Wilhelmsen to a **$4m profit in Q3**. (Lloyd's List – 12 Nov 2020).
- **Wallenius** Wilhelmsen posted a **net profit of $47m in Q4** of 2020. (TradeWinds – 10 Feb 21)



Source: Yahoo Finance as in 20 Oct 2020, Various news sources

Impact On Shipping – Container Line

- Following **good supply side discipline, the Container sector could be set for a record year!**
- **FH 2020 profits surged 160% relative to the same period in 2019.**
- Sea-Intelligence **predicted a $23bn loss** for container shipping in April 2020. It is now **forecasting a $14bn profit**, marking the greatest turnaround in fortune in the 64-year history of containerization.
- Global container **trade was down 1.85% in 2020** compared to 2019.
- Maersk is to make **redundant 2,000 employees** despite declaring **an EBITDA of $ 8.3b for 2020**!



Source: Bloomberg, DNB Markets, Maritime Executive, Reuters, TradeWinds, Yahoo Finance, Clarksons as on 11 Jan 2021.

Impact On Shipping – Drybulk

- **Drybulk has shown a loss in FH with recovery in the SH 2020**.
- **China**'s emergence from the pandemic **has led to a recovery in vessel earnings in SH 2020.**
- A **stimulus of $667b (15.8% bigger than $578b after the GFC) in China has helped demand** recover in SH 2020.
- **A coordinated Fiscal and Monetary stimulus of $18t will keep demand strong in 2021/2022 and beyond.**

Source: Bloomberg, DNB Markets, Maritime Executive, Reuters, TradeWinds, Yahoo Finance, Clarksons as on 11 Jan 2021.

The Recovery – Amazing Policy Response By Governments

- Countries across the globe have engaged in a **combination of monetary and fiscal stimulus**.
- Policies are aimed at **protecting household consumption and ensuring businesses can continue to pay staff**.
- According to the Bureau of Labor Statistics, total nonfarm payroll employment rose by 245,000 in November, and the unemployment rate edged down to 6.7 percent. This indicates that the US economy is recovering from the initial coronavirus wave.
- **Central banks around the world have issued 167 rate cuts and have pumped $8.5 trillion in monetary support** into the global economy. (Fortune – 12 Aug 2020).
- Yoshihide Suga, Japan's PM, unveiled a stimulus package of $707b . (Bloomberg – 7 Dec 2020)
- The EU reached an agreement on a $2.2 trillion Covid-19 stimulus package. (Fortune – 11 Dec 2020)
- Japan is about to pass its third "extra" budget this year of $210 billion to help the Covid-battered economy. (Fortune – 16 Dec 2020)

Global Stimulus	
All Figures In USDbn	
Countries	**Stimulus Amount**
US	6,684
Eurozone / ECB	4,075
Germany	818
France	376
Italy	487
Spain	361
UK	471
Canada	174
Japan	2,886
China	667
India	282
South Korea	83
Australia	201
Brazil	280
New Zealand	30
South Africa	0
Total	**17,875**
2019 World GDP	**87,799**
Share of Stimulus	**20.35%**

Source: Reuters, World Bank, Various news articles

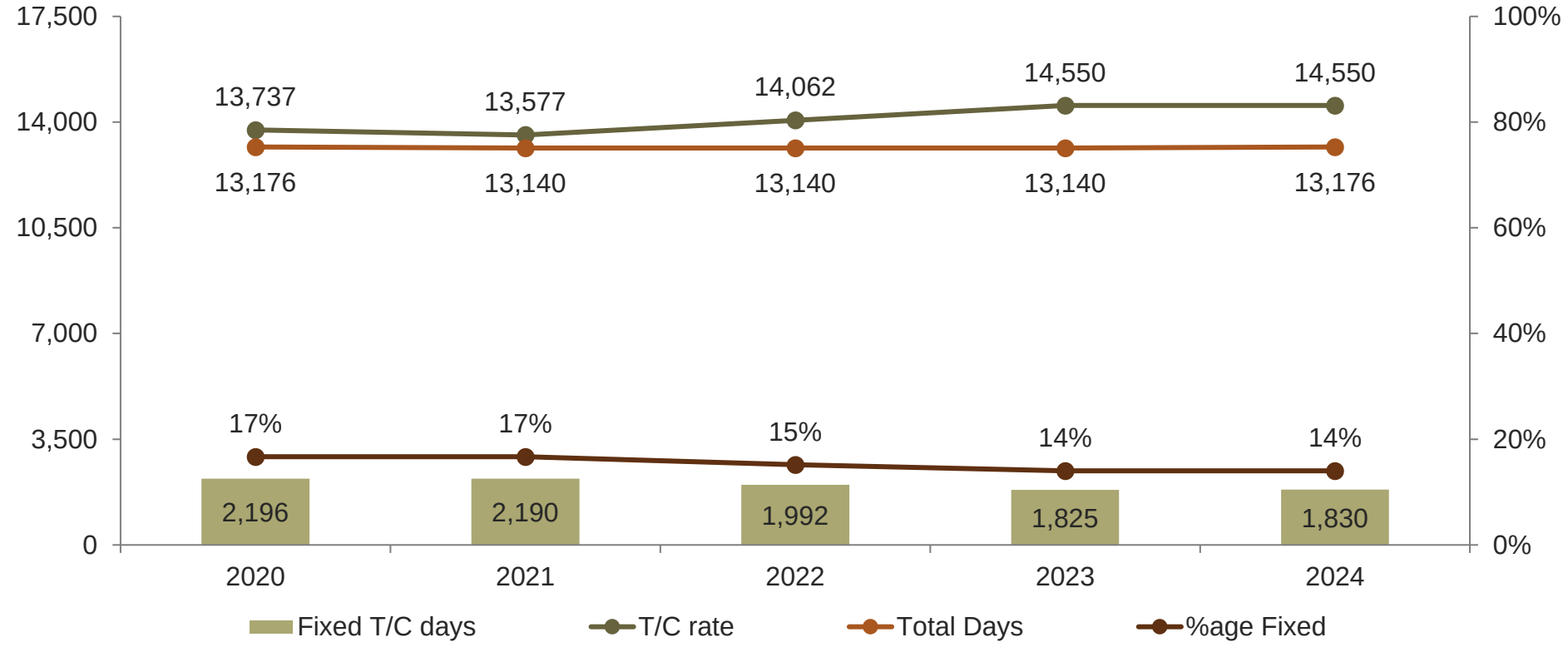
PSL's Strategy

PSL Fleet

As of	31st Dec 2016	31st Dec 2017	31st Dec 2018	31st Dec 2019	31st Dec 2020
Number of Vessels	36	36	36	36	36
Average Age (Simple Avg)	5.8 years	6.3 years	7.3 years	8.3 years	9.3 years
Insured Value (US$ million)	695.10	673.00	700.30	650.00	650.00
Book Value (US$ million)	715.55	717.19	689.37	664.89	634.77
Total DWT	1,541,244	1,585,805	1,585,805	1,585,805	1,585,805
Total LDT	343,372	350,989	350,989	350,989	350,989
Average DWT per Vessel	42,812	44,050	44,050	44,050	44,050

Current and Rolling 4 Year Forward Book (31 Dec 2020)

Contract value	USD 30.2 m	USD 29.7 m	USD 28.0 m	USD 26.6 m	USD 26.6 m



Only vessels fixed on T/C for a period of more than one year are considered for this analysis.

Market Segmentation Q4 2020

Index	Index Ship DWT	Index Speed/Con (1)	PSL Avg Ship DWT	PSL Avg Speed/Con (1)	PSL Ship Number	Q4 2020 Average Index	Market Av. TC Rate (2)	PSL Av. TC Rate	Performance vs Benchmark
BHSI (Handysize)	38,000	Laden: 12K/18T Ballast: 12K/17T	30,496*	Laden: 12K/20T Ballast: 12K/20T	15 Handysize & 4 Cement Ships	619	USD 11,142	USD 10,033	-9.95%
BSI (Supramax)	58,000	Laden: 12K/24T Ballast: 13K/23T	59,198* (Supramax & Ultramax)	Laden: 12K/26T Ballast: 13K/24T	9 Supramax & 8 Ultramax	977	USD 10,749	USD 10,009	-6.88%

Notes:

1. *Basis eco-speed.*
2. ** Our Handy ships are rated at a discount to the index ship of 25% due to size and fuel consumption, Supras/Ultras combined at a 10% discount due to similar reasons.*

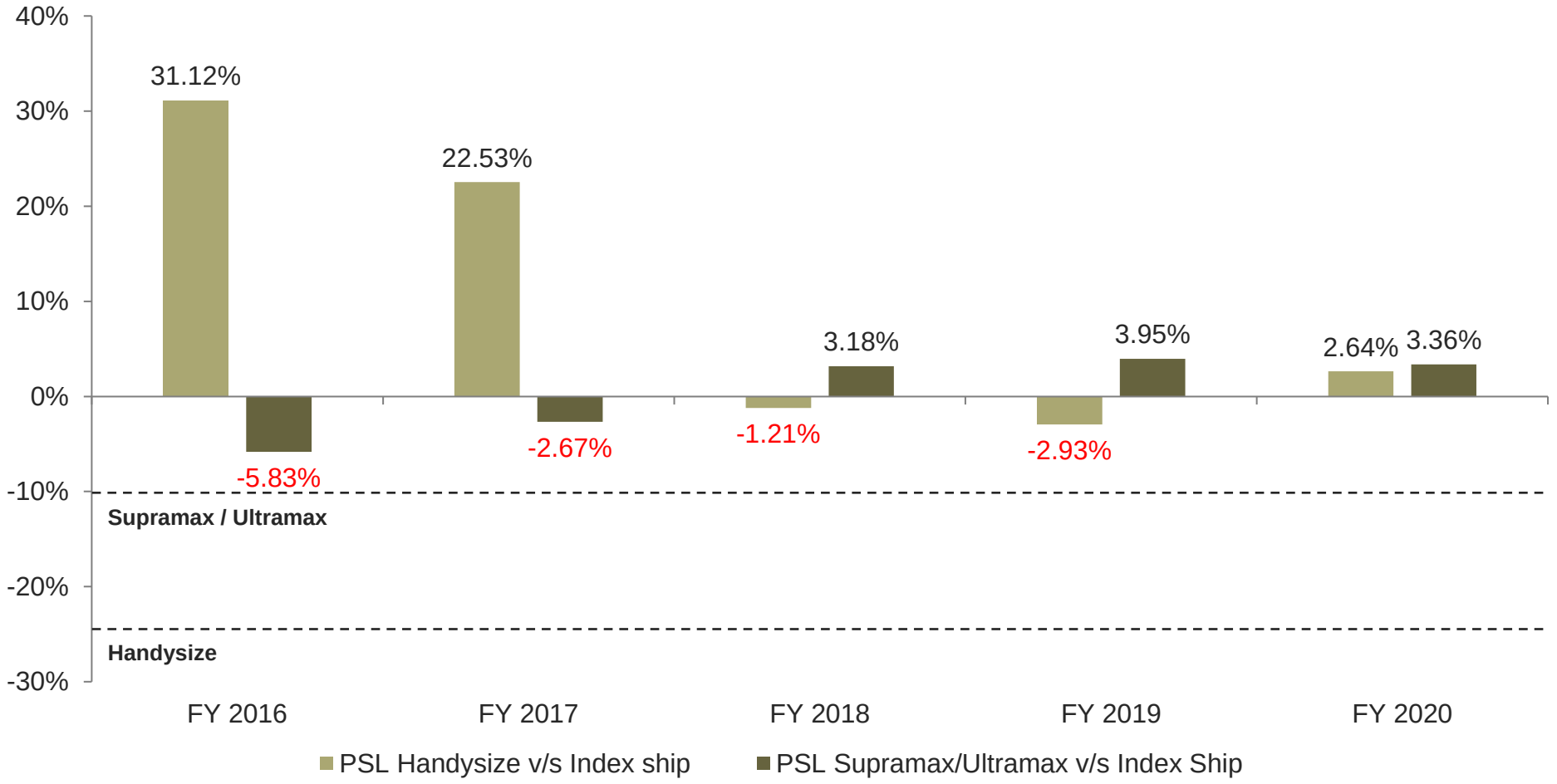
Market Segmentation FY 2020

Index	Index Ship DWT	Index Speed/Con (1)	PSL Avg Ship DWT	PSL Avg Speed/Con (1)	PSL Ship Number	FY 2020 Average Index	Market Av. TC Rate (2)	PSL Av. TC Rate	Performance vs Benchmark
BHSI (Handysize)	38,000	Laden: 12K/18T Ballast: 12K/17T	30,496*	Laden: 12K/20T Ballast: 12K/20T	15 Handysize & 4 Cement Ships	445	USD 8,003	USD 8,214	+2.64%
BSI (Supramax)	58,000	Laden: 12K/24T Ballast: 13K/23T	59,198* (Supramax & Ultramax)	Laden: 12K/26T Ballast: 13K/24T	9 Supramax & 8 Ultramax	744	USD 8,189	USD 8,464	+3.36%

Notes:

1. *Basis eco-speed.*
2. ** Our Handy ships are rated at a discount to the index ship of 25% due to size and fuel consumption, Supras/Ultras combined at a 10% discount due to similar reasons.*

Historical Performance Relative To Indices



Source: Clarksons, 31 Dec 2020, internal estimates

Financials

2020 Highlights - Another Historic First for PSL

- PSL managed to get prepayment of 1-year worth of charter hire on 5 ships on long-term period charter on 1st October 2020.
- The prepayment of gross hire equates to USD 26.55 million.
- PSL was able to accomplish this due to an extremely close relationship with the client.
- This is a historic first within the shipping industry and has never been done before!
- PSL prepaid one year of outstanding principal on these ships to their respective mortgagee banks amounting to USD 4.85 million.
- A large portion (USD 19.71 million) was used to partly redeem our bond PSL206A (see next slide).
- The remaining proceeds will be used for general corporate purposes.

2020 Highlights - Amendment of two bonds

On **19th May 2020 and 30th July 2020**, PSL managed to successfully amend both of our outstanding bonds, June bond (PSL206A) and January bond (PSL211A), on the following terms:

1. Both bonds would have **maturity dates extended by 18 months**.
2. Both bonds would have **an increase in coupon of 150bps** during the extended maturity.
3. PSL206A was partly redeemed by Baht 392 million on 9th June 2020, Baht 627.2 million on 22nd October 2020, and Bath 282.24 million on 5th January 2021. A further Baht 329.28 million will be redeemed on 12th March 2021. The outstanding after this redemption payment will be Baht 329.28 million with final maturity on 9th December 2021.
4. PSL211A was partly redeemed by Baht 359 million on 22nd October 2020, Baht 359 million on 16th November 2020. The outstanding is Baht 2,872 million with final maturity on 22nd July 2022.
5. PSL has the **right to buy back part or all the outstanding bond** during the extended maturity period for the June bond and from the 30th July 2020 till the end of the extended maturity period for the January bond.

These amendments have allowed us to **extend our cash runway**, a step which makes us more resilient and **better equipped to weather the impact of Covid-19**.

2020 Highlights - Arbitration with Sainty

The arbitration with Sainty has **come to an amicable end**. The result of this amicable settlement is as follows:

1. **PSL have received net cash payment of USD 40.5 million on 29th July 2020.**
2. Against the above sum, **USD 67.9 million was shown as an 'advance to ship builders**' on the asset side of our balance sheet.
3. That 'advance to ship builders' will be removed and **replaced by USD 40.5 million in the cash portion of our balance sheet**.
4. We took a **non-cash loss of USD 27.4 million in our Q2'2020 P&L account**.
5. This non-cash loss would **reduce our Equity** by USD 27.4 million.
6. We did the above **to get much needed cash**, into PSL, as soon as possible.
7. **Savings of additional legal costs of about USD 3 million per annum and management time.**

Operating Expenses

- These are the fixed costs required to run a ship and are evenly spread over 365 days.
- Our operating costs per ship per day for 2019 and 2020 were USD 4,778 and 4,705 respectively.

Breakdown of costs:

Particulars	2019		2020	
	USD	%	USD	%
Crew costs	2,326	48.68%	2,302	48.93%
Manning Expenses	177	3.71%	158	3.36%
Victualing	156	3.27%	159	3.38%
Lube oils	187	3.91%	167	3.55%
Insurance	329	6.89%	324	6.88%
Repairs/Maintenance	127	2.66%	133	2.83%
Stores/Spares	402	8.41%	390	8.29%
Dry-dock/Special Surveys	597	12.49%	610	12.96%
Management Expenses	371	7.76%	354	7.52%
Misc. expenses	106	2.22%	108	2.30%
Total	**4,778**	**100.00%**	**4,705**	**100.00%**

OPEX Target For 2021: USD 4,750 per day per ship

Operating Expenses - Quarter by quarter

- Manning expenses for Q4 is elevated due to higher crew change expenses.
- Repairs/maintenance and Stores/spares for Q4 higher due to an engine breakdown on one ship

Particulars	Q1	Q2	Q3	Q4	2020
Crew costs	2,313	2,304	2,301	2,292	2,302
Manning Expenses	94	67	118	354	158
Victualing	159	159	161	156	159
Lube oils	175	156	165	171	167
Insurance	332	391	276	299	324
Repairs/Maintenance	105	116	125	185	133
Stores/Spares	345	314	408	491	390
Dry-dock/Special Surveys	611	593	609	626	610
Management Expenses	361	348	352	354	354
Misc. expenses	107	83	102	139	108
Total	**4,602**	**4,531**	**4,617**	**5,067**	**4,705**

Operating Expenses Comparison

- OPEX Comparison with Industry compiled by BDO LLP
- OPEX excluding dry dock and special survey cost
- Industry OPEX for 2020 will be published in October 2021

For Years	2015		2016		2017		2018		2019		2020
Particulars US$ (per day)	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**PSL**
Crew Cost	2,698	2,769	2,673	2,728	2,678	2,646	2,646	2,660	2,611	2,659	2,619
Stores	614	400	586	370	563	375	532	379	509	376	343
Repairs & Maintenance	758	259	738	328	715	326	711	360	688	340	347
Insurance	466	378	444	302	420	298	384	295	357	329	324
Administration	820	342	797	358	776	391	747	448	727	477	462
Total Operating Costs	**5,356**	**4,148**	**5,238**	**4,086**	**5,152**	**4,036**	**5,020**	**4,142**	**4,892**	**4,181**	**4,095**

Note: OPEX industry is calculated by simple average OPEX of handysize and handymax.

Financial Profile

	2020	2019	2018	2017	2016	2015
Cash & Cash Equivalents	$36.6m	$39.2m	$56.8m	$56.7m	$74.7m	$12.6m
Total Assets	$712.3m	$831.1m	$857.9m	$882.3m	$901.9m	$899.4m
Gross Debt	$318.3m	$391.7m	$432.8m	$469.4m	$482.1m	$410.4m
Net Debt	$281.7m	$352.5m	$376.0m	$412.6m	$407.4m	$397.8m
Equity	$337.4m	$383.3m	$391.2m	$377.5m	$381.2m	$456.8m
Gross Debt/Equity	0.94	1.02	1.11	1.24	1.26	0.90
Net Debt/Equity	0.83	0.92	0.96	1.09	1.07	0.87
No. of Vessels	36	36	36	36	36	45
EBITDA	$36.3m	$44.5m	$68.2m	$53.2m	$17.9m	$14.0m
Debt/EBITDA*	8.4	8.3	6.1	8.5	20.3	16.9
Daily Earnings	$8,332	$9,622	$11,063	$9,486	$6,476	$6,266
Daily Opex	$4,705	$4,778	$4,621	$4,355	$4,503	$4,652
Net Profit (Loss)	($40.8)m	($7.2)m	$14.1m	($3.8)m	($75.6)m	($69.4)m
Total Revenues	$119.9m	$135.3m	$153.6m	$130.2m	$107.5m	$123.6m

** Calculated per Debt Facility Agreements*

Financial Highlights - Income Statement

Particulars	2020	2019	Q4-2020*	Q3-2020	Q4-2019*
Total Revenues - USD Million	119.85	135.30	34.30	30.55	38.28
Gross Profit - USD Million	54.98	69.93	18.04	15.55	20.88
Net Profit (loss) - USD Million	(40.80)	(7.25)	0.90	(0.71)	0.87
Gain (loss) on derivatives - USD Million	0.37	-	(0.18)	-	-
Loss on settlement agreement with Sainty - USD Million	(27.40)	-	-	-	-
Exchange gain (loss) - USD Million	(0.50)	(0.19)	(0.99)	0.40	(0.07)
Net Profit (loss) excluding non-recurring items and exchange gain (loss) - USD Million	(13.24)	(7.07)	2.10	(1.10)	0.94
EBITDA - USD Million (Average per Ship)	36.25 (1.01)	44.49 (1.24)	13.79 (0.38)	11.12 (0.31)	13.30 (0.37)
Average TC Income per Ship per day (USD)	8,332	9,622	10,022	8,786	10,628
Average Ship Running Cost per Ship per day (USD)	4,705	4,778	5,067	4,617	4,788
Operating days (Average Number of Ships)	13,176 (36.00)	13,140 (36.00)	3,312 (36.00)	3,312 (36.00)	3,312 (36.00)
Earnings (loss) per share excluding non-recurring items and exchange gain (loss) (Baht)	(0.27)	(0.14)	0.04	(0.02)	0.02
Earnings (loss) per share (Baht)	(0.83)	(0.15)	0.02	(0.01)	0.02
Gross Profit Margin (%)	46.17	52.17	52.46	51.65	54.85
Net Profit Margin (%)	(34.04)	(5.36)	2.63	(2.31)	2.26

** Derived figures*

Financial Highlights - Financial Position

Particulars	31-Dec-2020	31-Dec-2019
Liquidity (Cash & Cash Equivalents + Undrawn Commitments) - USD Million	36.64	67.17
Cash & Cash Equivalents - USD Million	36.64	39.17
Total Current Assets - USD Million	64.52	55.73
Advances to Sainty - USD Million	-	64.12
Ships Net - USD Million	634.77	664.89
Fixed Assets Net - USD Million	636.70	666.50
Total Assets - USD Million	712.35	831.09
Total Current Liabilities - USD Million *	30.09	20.81
Total Long-Term Loans - USD Million	207.42	237.09
Debentures - USD Million ^	126.22	182.82
Total Liabilities - USD Million	374.96	447.76
Total Shareholders' Equity - USD Million	337.39	383.33
Book Value per share (USD)	0.22	0.25
Book Value per share (Baht)	6.50	7.41
Return on Equity ^^ (%)	-3.67%	-1.82%
Return on Total Assets ^^ (%)	-1.71%	-0.84%
Total Liabilities / Equity Ratio	1.11	1.17
Number of Ships	36	36

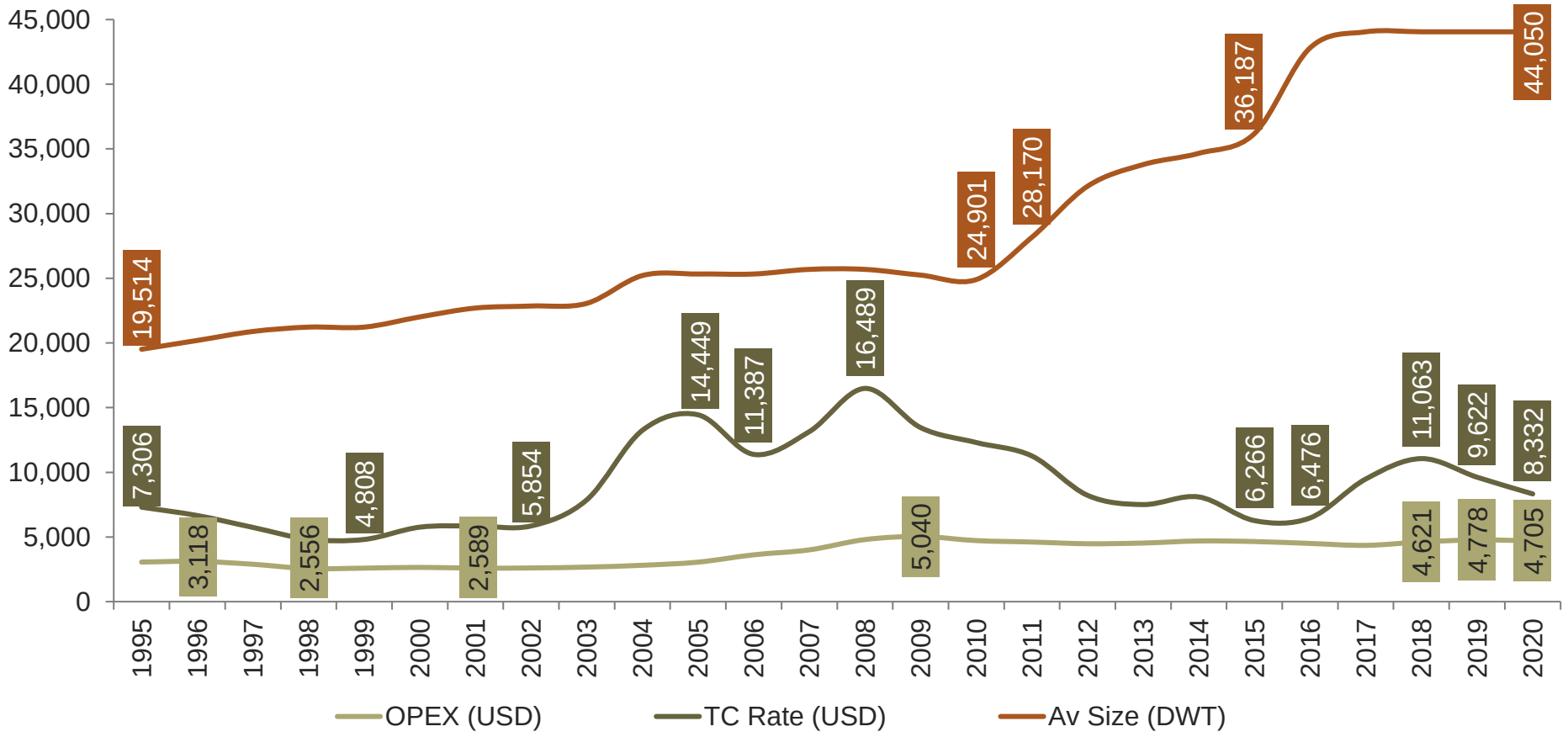
* *Excluding current portion of long-term loans and debentures*

^ *Net Debentures is USD 110.92 million after taking into account currency hedging instruments*

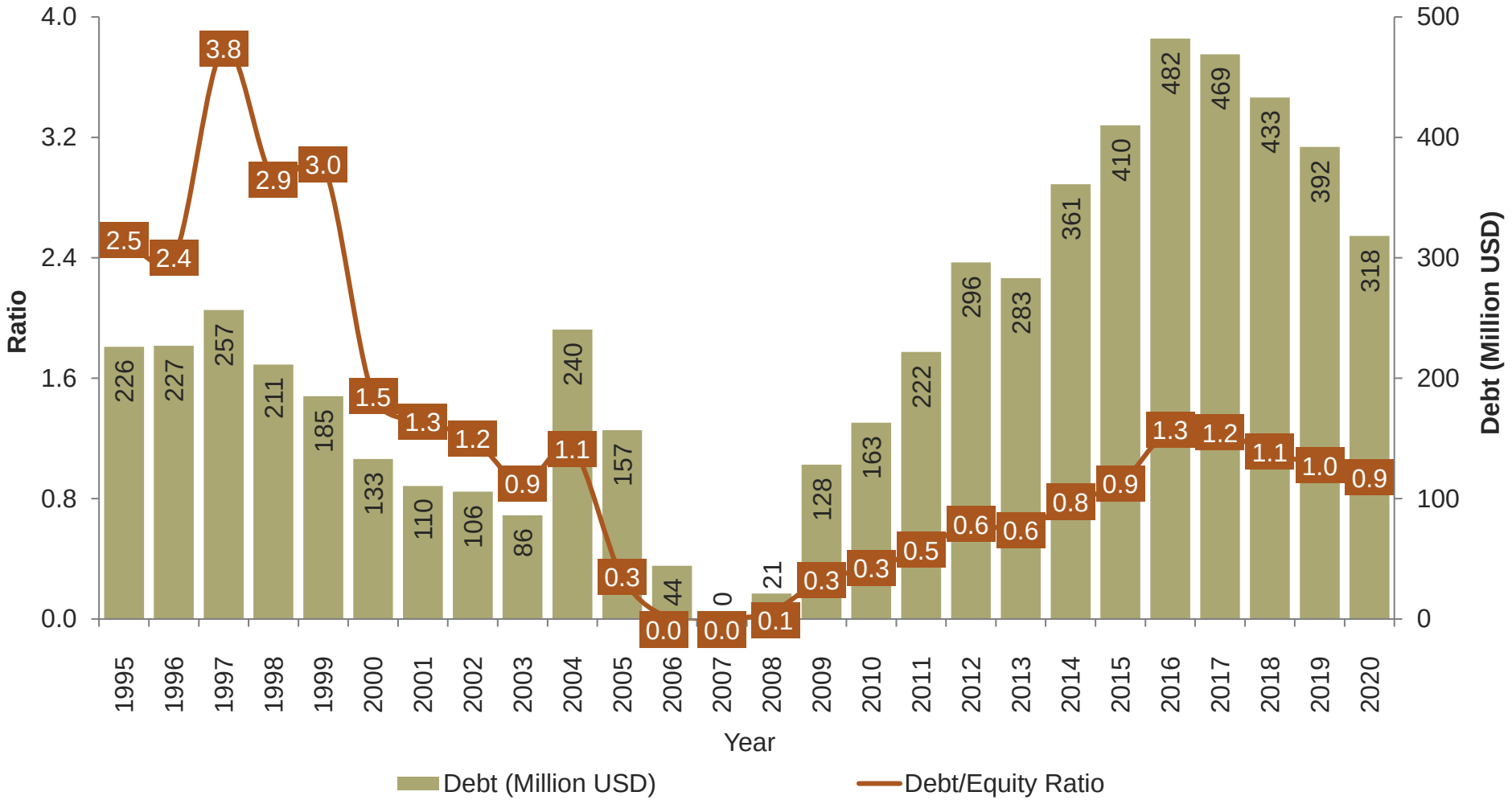
^^ *Excluding exchange gain (loss) and non-recurring items*

Average OPEX / TC Rates (1995 - 2020)

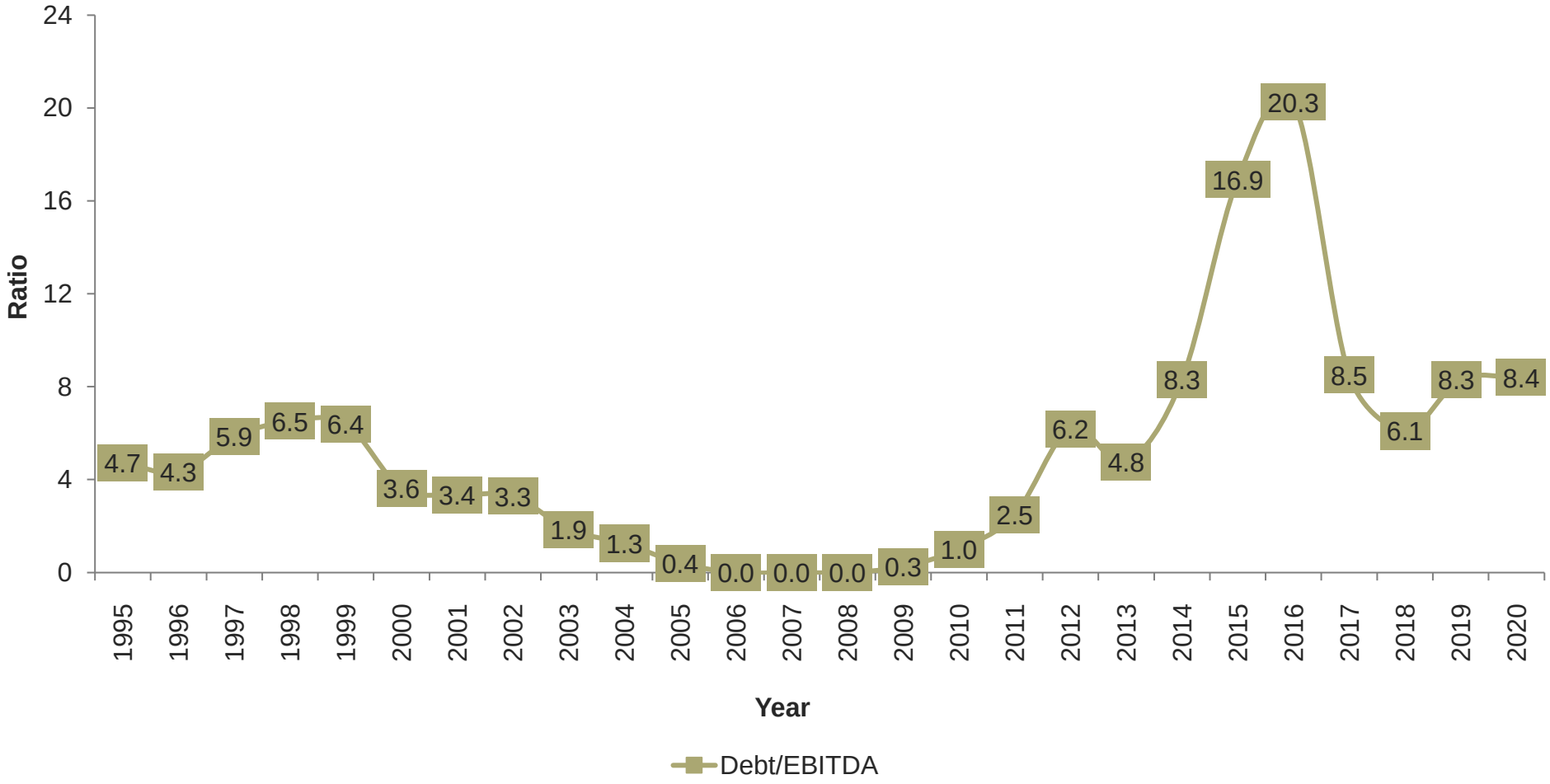
Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Avg Age	16.0	16.2	14.2	14.6	15.6	15.6	15.7	15.8	16.6	17.4	19.0	20.0	19.6	20.6	17.1	15.4	14.2	11.4	11.4	10.5	9.8	5.8	6.3	7.3	8.3	9.3



Debt & Debt / Equity Ratio (upto 2020)

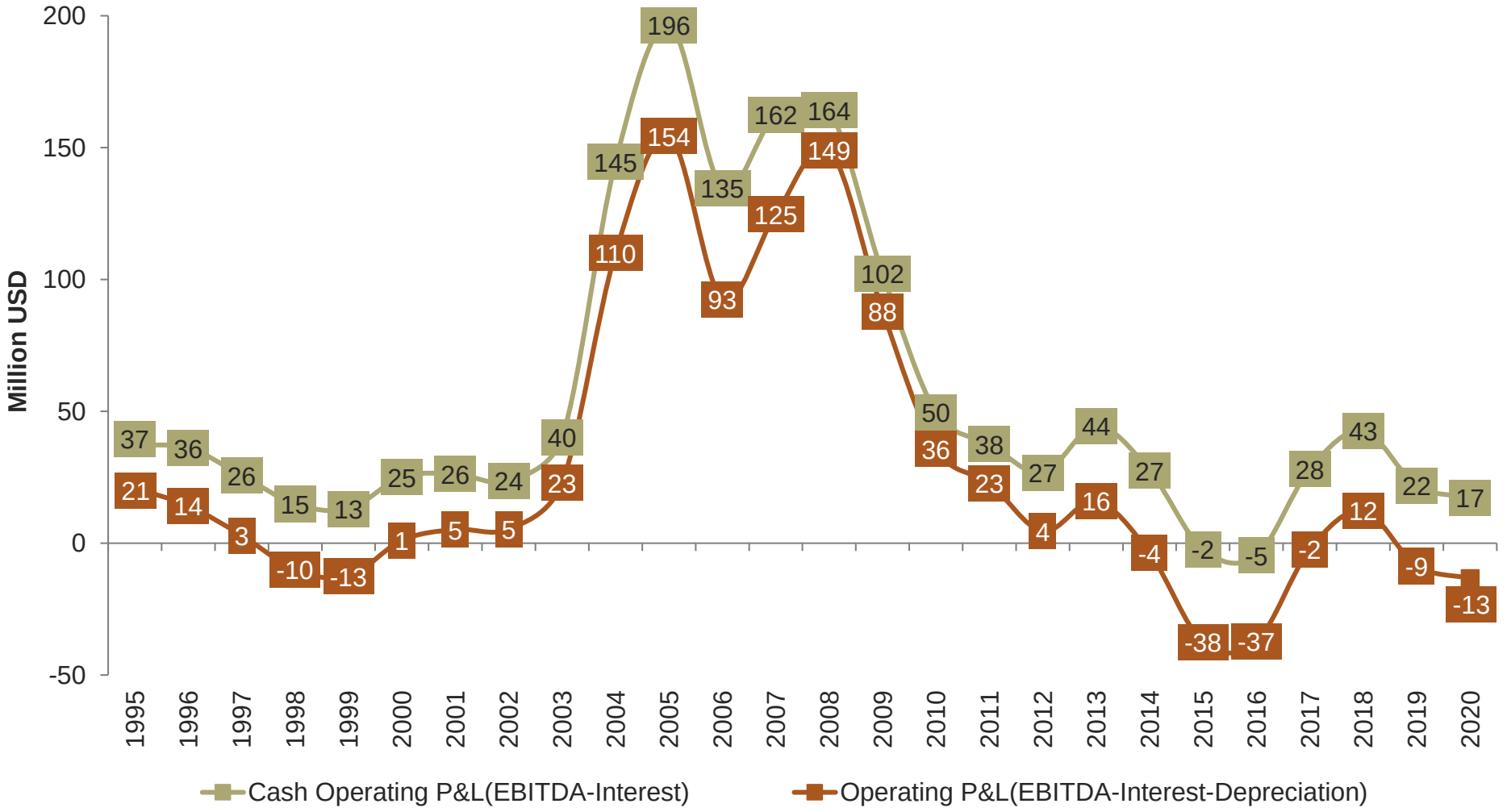


Debt / EBITDA (upto 2020)

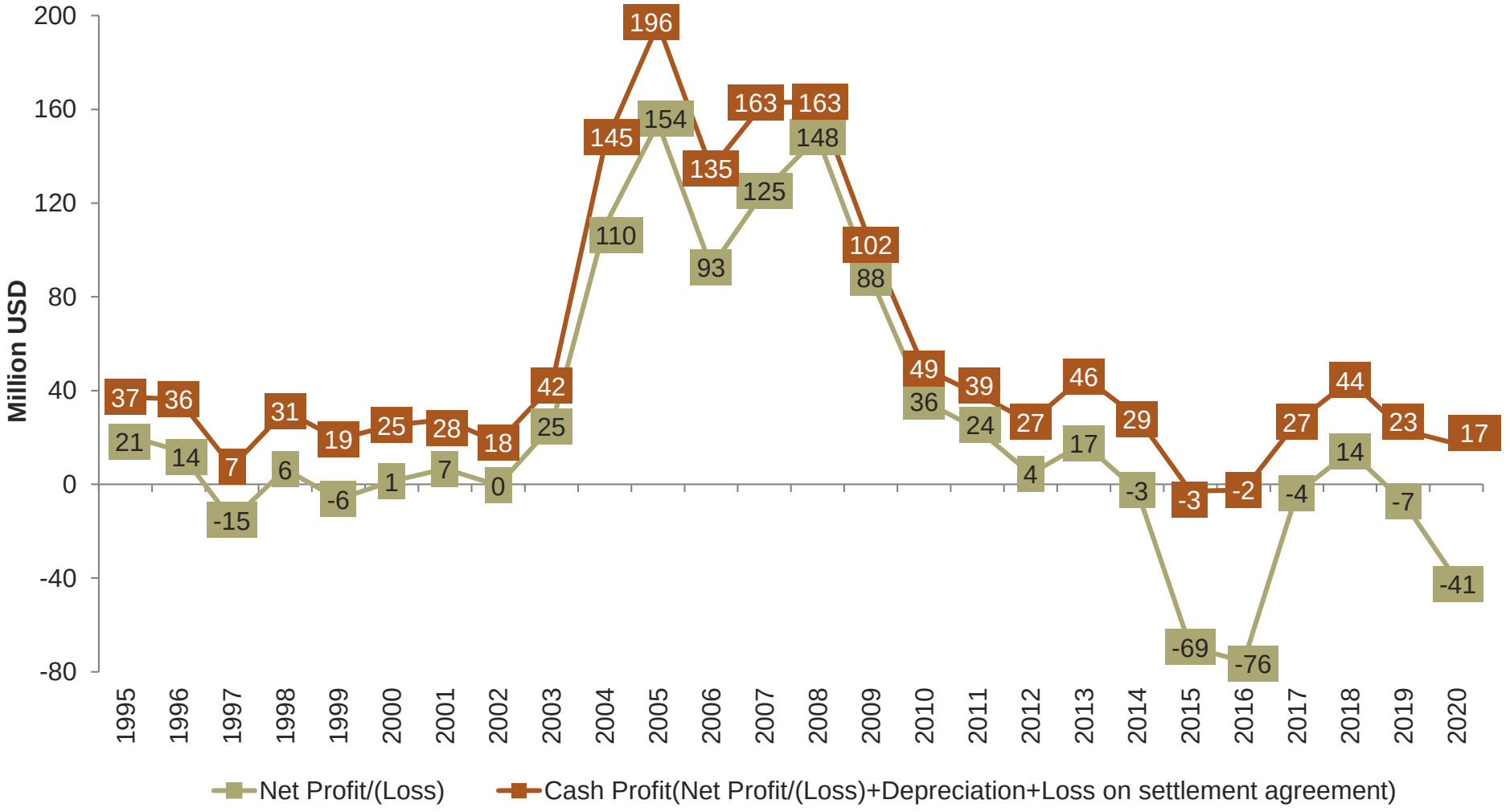


Debt / EBITDA calculated per Debt Facility Agreements

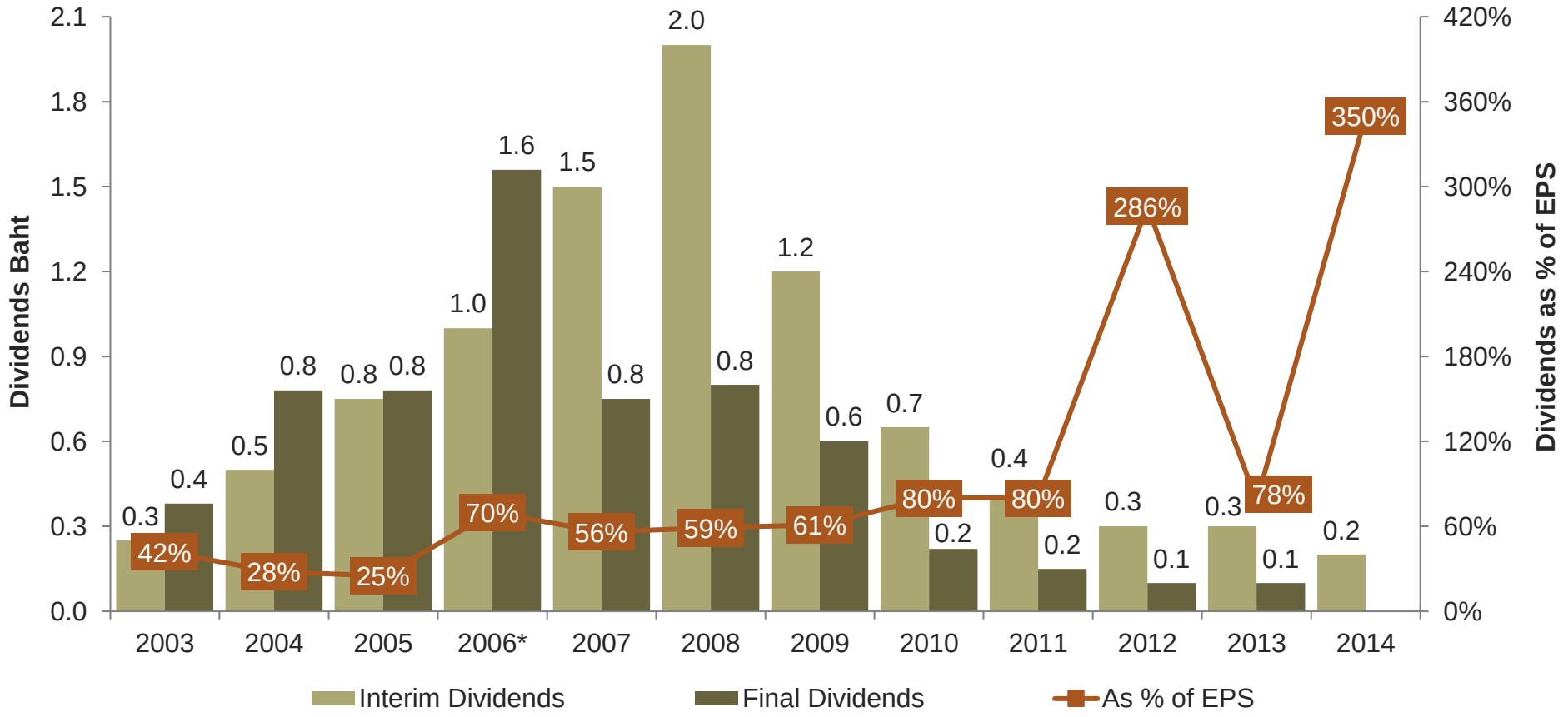
Cash Operating Profit / Operating Profit



Net Profit / Cash Profit



Dividends



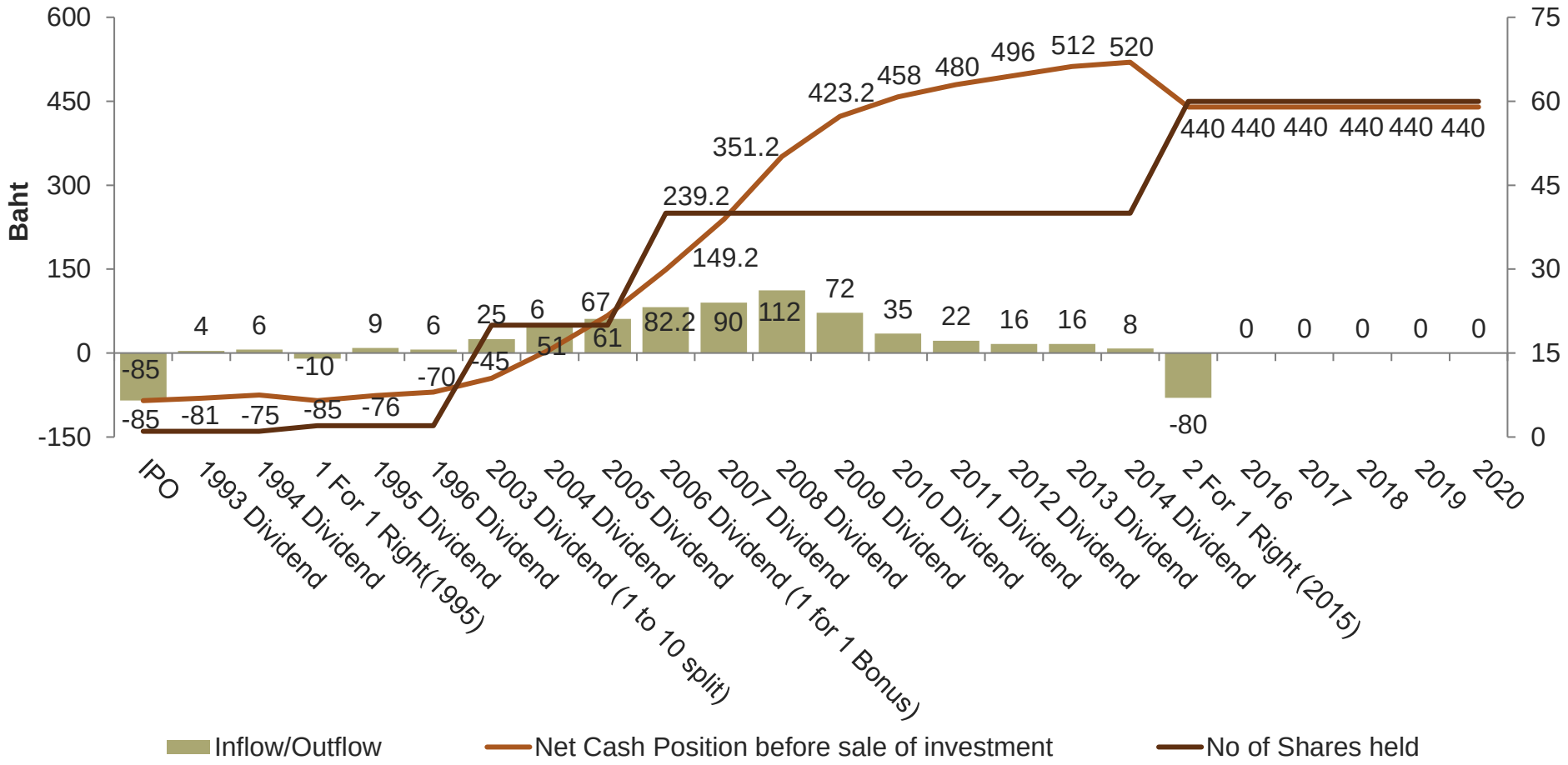
Dividend Policy

Not less than 25% of net profit

** 2006 Final Dividend includes 1:1 bonus share at par*
All dividends shown adjusted for 1:1 bonus shares at par
No Final Dividends for 2014 and No Dividends for 2015 - 2020

Shareholder's returns

Total Return to Shareholders: 1993 to 2020



1 IPO share value after 27 years @ 7.60 Baht / share (as of 30th December 2020) adjusted for rights, splits and bonus = 456 Baht
Total net cash position = 896.00 Baht, Returns = 10.54 times

Thank You !

Precious Shipping Public Company Limited

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Precious Shipping Public Company Limited

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Questions & Answers

1. **When BSI and BHI increase or decrease by 1%, how does it affect PSL's freight rate?**

   Answer: They are not correlated directly, so it is very difficult for us to give you that type of a number.

2. **Is depreciation in 2021 likely to increase or decrease?**

   Answer: It is going to be similar to that in 2020.

3. **In 2020, were PSL's freight rates higher or lower than those of BHSI / BSI?**

   Answer: If you look at the slide presentation regarding the Historical Performance Relative to Indices, you will see that more or less, we should be at the index level. Some years we are slightly below the indices, while other years we are well above the indices.

4. **What would be the Company's freight rates in 2021?**

   Answer: The Company does not give any forward-looking statements.

5. **Is there any possibility of supply shortage like in the container sector?**

   Answer: In the container sector, because the top 10 players have 90% of capacity, they can afford to make such types of changes. On the other hand, in the dry bulk sector, the ownership structure is so fragmented that it is not possible that this sector will ever do this. Having said that, currently in the dry bulk sector, supply seems to be less than demand, and therefore, rates are going up quite sharply.

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6. **What is the Company's target in reducing D/E ratio in 2021?**

Answer: Our current D/E ratio is about 0.8. Our target is to reduce it further.

7. **Does the Company have plan to issue any warrants to the shareholders to maintain D/E ratio?**

Answer: No, we do not have any such plan.

8. **Could you provide the current utilization rate of the ships?**

Answer: We do not disclose such information.

9. **Does the Company plan to increase the number of ships in the next 1-2 years?**

Answer: No, not at the moment.

10. **What is the Company's freight rate outlook for this year?**

Answer: The Company does not give any forward-looking statements.

11. **Why have the BHSI and BSI dramatically increased recently?**

Answer: They are basically catching up. The rates actually went up two or three weeks before, but the indices did not reflect the same.

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12. Will the Company benefit from the dramatical increase of BHSI and BSI in the first quarter of 2021?

Answer: Please look at our results on a quarter-by-quarter basis. Our results may not necessarily be in line with the indices. For example, in Q4/2020, our average earnings were below both the indices but if you look at the whole year, our average earnings were above the indices. As such, you should not look at a particular quarter only, since we cannot really predict on a quarter-by-quarter basis, because it would also depend on whether the ships will go to dry dock etc.

13. If most countries extend their strict quarantine for a few more years, what would be the impact to the Company's operations?

Answer: If you look at the impact last year, we beat the index numbers. Even though the index numbers were low, we managed to outperform the indices. It should be noted that last year, there was only one country that really came out with a stimulus package, which was China, in the second half of the year. As the result, the second half was stronger. If you look at the fiscal and monetary stimulus proposed by various countries, it is totaling USD 18 trillion. As such, we expect that the market will remain very strong. Moreover, according to Clarksons, demand is much higher than supply.

14. There was a time where voyage chartering ratio was on par with time chartering. Would we be able to see that in the near future?

Answer: Not really, because this is determined by the clients and we have no real control on this. Right now, the Company expects that the clients would prefer time charter.

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15. **What are your thoughts on scrubbers? Would PSL consider using scrubbers if the spread is high?**

Answer: We would never use scrubbers. Basically, scrubbers take pollution from the air and put it into the water. We believe in being green and not polluting anything (neither the air nor the water).

16. **Does the Company plan to increase or decrease the number of ships on hand this year or next year?**

Answer: We have no such plans.

17. **Since the fact that freight rate is at the highest in decade, will this decrease the scrapping rate?**

Answer: We do not think so, because legislation is going to increase the pressure on older ships to scrap.

18. **Is there a particular reason why there is a shrinkage in Handysize and Supramax global fleet across the globe? Are shippers swapping to bigger ships? Do you think the current freight rates will cause order book to increase and how fast in your experience?**

Answer: Shrinkage in Handysize and Supramax global fleet is because owners really have no more money left in their pockets. Please note that we have had 9 years of recession, and therefore, owners donot have the financial capability to buy anything. Secondly, new legislation in relation to emissions of greenhouse gas from ships are on the anvil and until a new fuel is finalized and you can get commercially viable ships with that fuel, no one is really going to be ordering new ships. Having said that, in the past when the markets went up, people ordered more ships. So far, we are not seeing that at all because second-hand ships nowadays are much cheaper than brand new ships.

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19. Will an increase in fuel price affect ship scrapping?

Answer: High fuel prices do not have much impact on scrapping, but they may affect the client's ability to absorb such costs.

20. Will the Company be able to make profit this year? If yes, what are the supporting factors?

Answer: The Company cannot give any forward-looking statements. However, we suggest that you look at what happened last year where we outperformed the indices.

21. Are there a lot of bankruptcies of dry bulk operators due to COVID-19?

Answer: So far, we have not heard of many bankruptcies because if you hear about bankruptcies, it will usually be only from players who are publicly listed companies. However, the majority of dry bulk ship owners are private, so if they are going bankrupt, it would be difficult for us to know about that.

22. How long do you think this upcycle will continue?

Answer: We cannot predict the future but at least, it looks like right now, that this year and next year should definitely be very good. After that, it depends on how many more new ships are ordered and how many ships are being scrapped. If the ordering and scrapping is in line with each other, there is no problem at all. We think the market will continue to remain strong.

23. At previous peak in 2008, what was PSL's TC rate?

Answer: It was between USD 13,000/- and USD 16,000/- per day per ship in the previous peak cycle.

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24. With freight rates at a decade high, what are our plans to lock the rates for our ships in 2021? What is the period that customers are willing to lock in our ships in the current situation?

Answer: We will try and lock it toward the end of this year or early next year. Currently, customers are asking us between 3 – 5 month charters.

25. Do you expect the current demand to be front-loaded demand from reopening, which will peter out rather than the norm going forward? Would you say freight rates at the moment are artificially high driven from pent up demand?

Answer: No, demand is not going to be front loaded this year. Demand is never like that. Normally, the first quarter of the year is very weak. However, this is the strongest first quarter that we have seen in the last 10 years. We do not think that this year is following a normal pattern.

26. The advance payment for those 5 ships, what are their rates?

Answer: The charter hire that we got in advance on the 4 cement ships and 1 Supramax so far was for one year and that was roughly USD 26 million.

27. Which ship we had an engine breakdown and how long did it take to fix?

Answer: We have not recently had any engine breakdowns or anything that needed to be fixed.

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SET Opportunity Day Year End 2020 held on 24th February 2021

28. At the current charter rates, would PSL be happy to have everything fixed at these levels?

Answer: If we could get today's current levels for the next 3 – 5 years or 7 years, we would happily lock-in all our ships.

29. Do bondholders or lenders allow PSL to pay dividend in 2021 (if available)?

Answer: Dividend payment is a policy of the shareholders. If the shareholders decide at the annual general meeting that there should be a dividend then that will take place. Management will recommend it if we are profitable and we are not in breach of any covenants.

30. Are there any factors which will impact the BDI?

Answer: Just demand for, and supply of ships. If there is more demand and less supply, we will have a higher BDI. If there is less demand and more supply, we will have a lower BDI.

31. How will the Company handle the upcoming Debentures which are due?

Answer: We are currently working on separate refinancings and that refinancing should be more than sufficient to repay the outstanding Debentures.

32. What is your target of net debt/EBITDA ratio at the end 2021?

Answer: We do not really have a target for net debt to EBIDA ratio. We cannot really comment on that.

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33. What is your target CAPEX?

Answer: We have no CAPEX plans.

34. What is the lead time for shipbuilding now from ordering to delivery?

Answer: About two years.

35. What prevents us from having our fixed TC days for 2021 at a higher level than 17%? Does Management anticipate an even higher rate as per seasonality post Chinese New Year?

Answer: The Company cannot give any forward-looking statements. However, Chinese New Year this year has had zero impact on the market. As such, for us to expect a bigger bounce after Chinese New Year would be unrealistic, because there was no drop this year.

36. Are you tempted to take on more debt and build up the fleet further? Or are you considering loaning idle ships from other owners as an option? Or will the fleet stay at 36 ships this year while debt is paid down and possibly a dividend for 2022?

Answer: The fleet is going to stay at 36 ships. We will pay down our debt as soon as we can.

37. What do you expect to be the similarities/differences between the rise in rates for container ships (which we do not operate) compared to dry bulk ships?

Answer: We cannot compare as they are completely different. They are both white like chalk and cheese but they are completely different so you cannot compare the two.

Precious Shipping Public Company Limited

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38. Can you give us the long-term view of the Company's interest expenses? Are most of the bonds can be redeemed early?

Answer: Interest expenses are down year-on-year because of a lower LIBOR and also because we have reduced our debt. We expect it to go down further as we pay down more debt this year. We also expect to further redeem our bonds this year.

39. What is your shipping outlook on 2023 regarding IMO regulations?

Answer: IMO has a new law which is going to come out and which will be enforced from January 2023. The law is the energy efficiency of existing ships (EEXI) law. It will force ships to operate at a very low grams of CO_2 per ton-mile of cargo carried. For 2020, our grams of CO_2 per ton-mile of cargo carried was at 9.94 grams only. This is quite amazing. For us, in the next 3 – 5 years, we do not have any problems with the new EEXI law which will come in to force in 2023. On the other hand, if you have old ships, you will not be able to comply with the law. Then you will be either forced to go at a very slow speed, which your clients may not want because then the cargo will never reach, or otherwise it will be a problem.

40. If we lock rates at current levels, do you see the risk of customers renegotiating the rates?

Answer: Please remember the past rates in 2007/2008 were even higher, but we never had any renegotiations. As such, we do not expect that will happen now. However, we are going to be very careful with our counterparties.

41. What are our plans for drydocking in 2021?

Answer: We do not give such details, so we are afraid that we cannot answer that.

Precious Shipping Public Company Limited

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42. Are there any plans to diversify outside shipping like TTA?

Answer: No, we do not have any such plans.

43. Would you consider M&A both in terms of buying out smaller players or offering large stake to strategic shareholders?

Answer: No, we do not have any such plans.

44. What is the implication of the lowest orderbook (around 6%) last year?

Answer: It implies that there will be very few ships delivering in the near future, and therefore, it should help to keep the market strong.

45. Will we have a chance to get more new cement ship contract?

Answer: We are trying hard for that, but it is very difficult. We need a cement company which is port based, so they can load their cargo on a ship without any intermediate handling. That becomes very difficult, and therefore, it is virtually impossible to get that done. Having said that, we might get some more contracts as the year goes by from our existing client in India.