



The Annual General Meeting of Shareholders No. 1/2017 PRECIOUS SHIPPING PUBLIC COMPANY LIMITED ("PSL")



At the Bussarakam Ballroom,
The Avani Atrium Hotel
4th April 2017

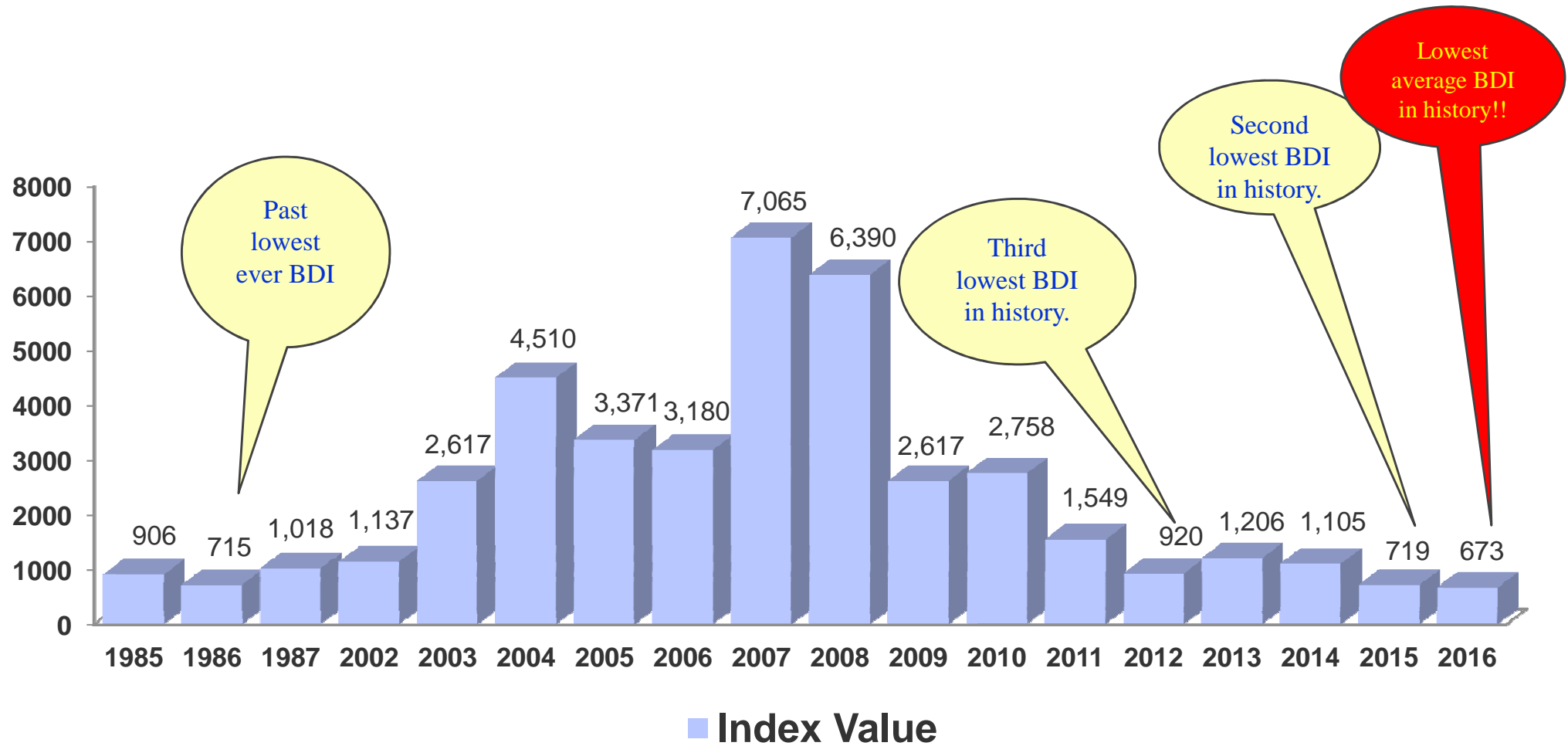
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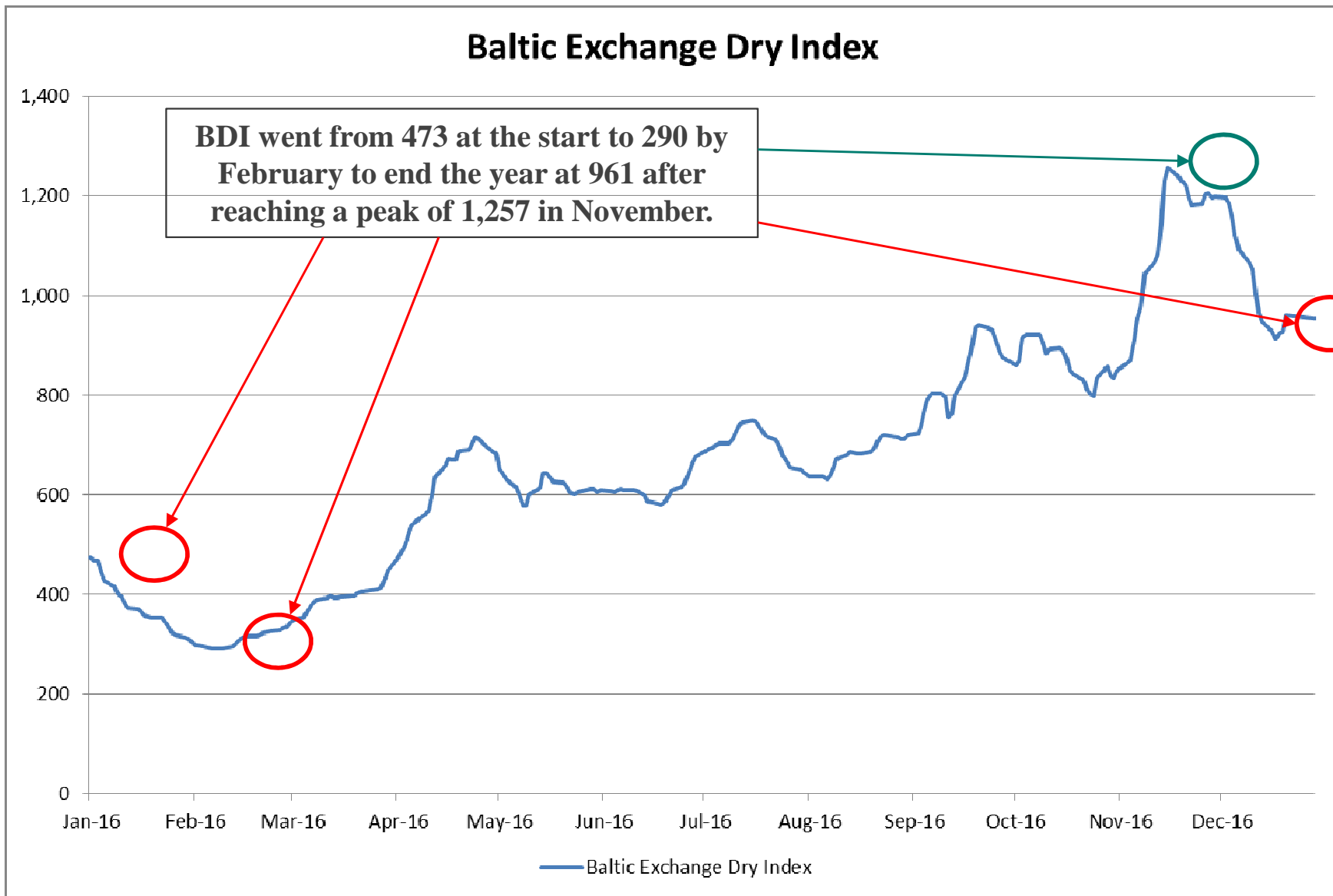
PSL Fleet

As of	31 st Dec 2013	31 st Dec 2014	31 st Dec 2015	31 st Dec 2016	Expected Dec 2018
Number of Vessels	40	44	45	36	37
Average Age (Simple Avg)	11.35 years	10.45 years	9.78 years	5.83 years	7.11 years
Insured Value	USD 596.30 Million	USD 727.00 Million	USD 716.90 Million	USD 695.10 Million	
Book Value	USD 568.17 Million	USD 668.84 Million	USD 701.03 Million	USD 715.55 Million	
Total DWT	1,351,583	1,525,054	1,628,398	1,541,244	1,650,758
Total LDT	305,169	345,469	367,844	343,372	
Average DWT per Vessel	33,790	34,660	36,187	42,812	44,615

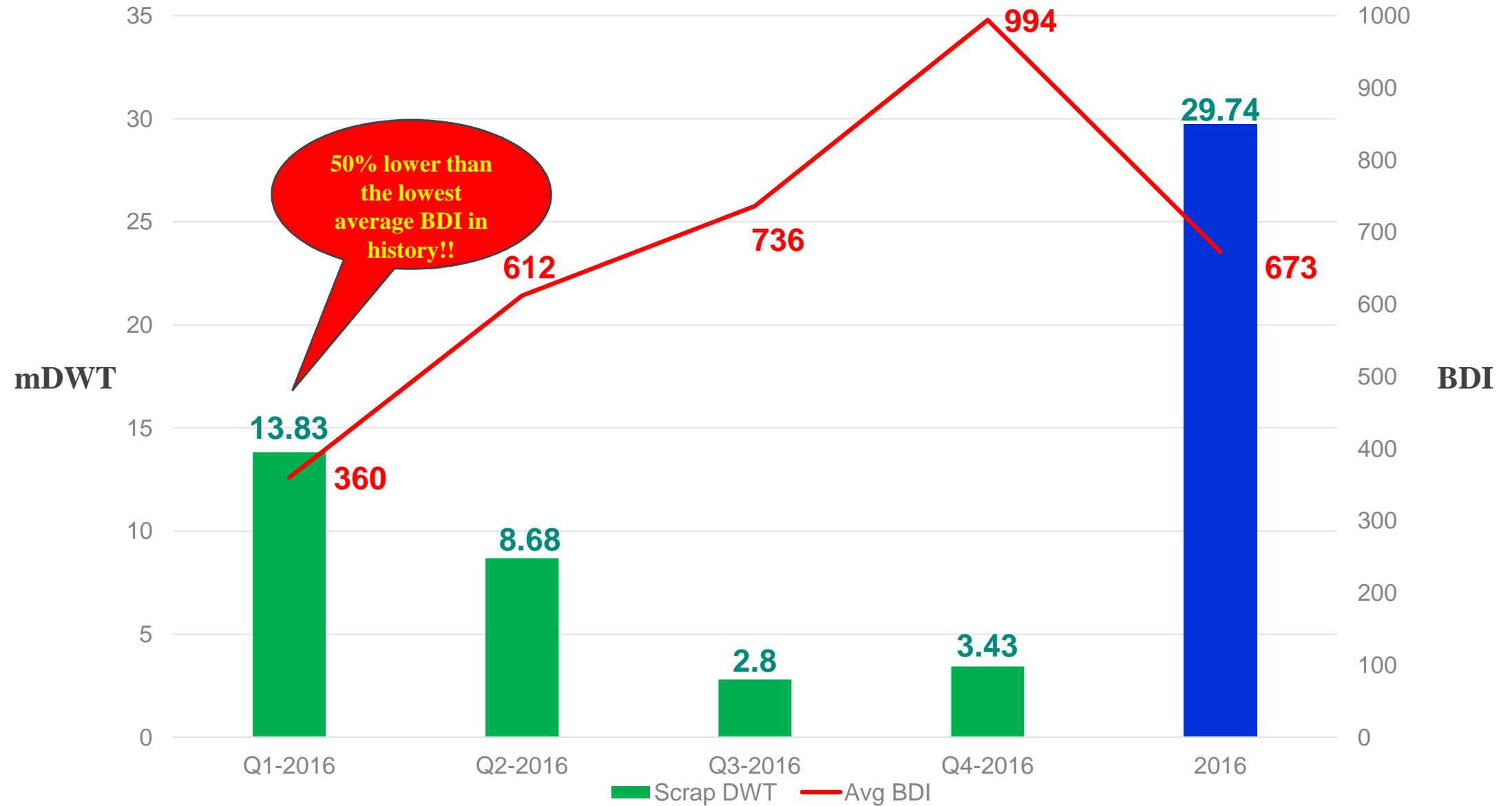
The Market as manifested by changes in annual BDI



The BDI values in 2016



Average BDI versus Ships scrapped in year 2016



Annual increase in Dry Bulk Ship Supply in DWT

Year End	No of ships	Av Dwt	Total Dwt	% Change
2000	5,366	51,215	274,817,898	2.86%
2001	5,475	52,281	286,240,329	4.16%
2002	5,557	53,024	294,652,566	2.94%
2003	5,632	53,834	303,190,410	2.90%
2004	5,847	55,139	322,395,450	6.33%
2005	6,161	56,687	349,250,814	8.33%
2006	6,412	57,953	371,596,437	6.40%
2007	6,670	58,716	391,638,490	5.39%
2008	6,978	59,880	417,841,795	6.69%
2009	7,312	62,820	459,343,243	9.93%
2010	8,154	65,626	535,110,328	16.49%
2011	9,072	67,160	609,272,229	13.86%
2012	9,628	70,341	677,238,680	11.16%
2013	10,112	71,123	719,197,997	6.20%
2014	10,514	71,721	754,070,036	4.85%
2015	10,755	71,771	771,899,513	2.36%
2016	10,967	72,072	790,409,109	2.40%
2017*			789,269,109	- 0.14%
2018*			783,434,109	- 0.74%

CAGR

5.38%

9.53%

* based on 50% slippage (47.5% in 2016) & 30 MDWT scrapping (29.74 MDWT scrapped in 2016) for '17 and '18



China forecast versus actual for 2016

- ❖ **Forecast was for Chinese Steel exports to be flat or drop by 2 to 3%.**
- ❖ **Chinese Steel exports dropped to 108.46 MMT from 112.4 MMT in 2015.**
- ❖ **Forecast was for Chinese Coal imports to drop by 10% to 180 MMT.**
- ❖ **Chinese Coal imports rose 25.2% y-o-y to 255.51 MMT in 2016.**
- ❖ **Forecast was for Chinese Iron Ore imports to be flat or up by max 2 to 3%.**
- ❖ **China imported 1,024.71 MMT of iron ore in 2016, up 7.5%: that's about 32.5 MT a second through out 2016!**



Reasons Behind China's massive Coal Imports

- ❖ Smaller, inefficient mines in China mine poor quality coal resulting in pollution leading to protests.
- ❖ Smaller mines are unsafe and result in miners dying followed by protests.
- ❖ Chinese Government is very sensitive to protests.
- ❖ China has ordered the closure of up to 800 MMT of mining capacity by 2020 to avoid these unnecessary deaths, pollution and protests.
- ❖ About 290 MMT of mining capacity was shutdown in 2016.
- ❖ April 2016, Coal mines were told to work max 276 from normal 330 days.
- ❖ Due to closures and restricted work days imports started rising in SH'16.
- ❖ Coal prices rose from USD50 in April to about USD 115 by November, so policy was reversed back to 330 working days for Coal mines.
- ❖ Unintended consequence was that Coal mines, at their new reduced output, became profitable and were reluctant to increase production and consequently reduce prices and profitability.
- ❖ As a result Coal imports into China in the first two months of this year are 48% above the y-o-y figures from 2016.
- ❖ Policy on working days stays at 330 days and has not been reversed.
- ❖ Government has ordered closure of 150 MMT of mining capacity in 2017.

- ❖ So the big question: Will this level of Coal imports be sustainable?



Is China's Import Growth Sustainable?

- ❖ China wants to stop producing 'product' or normal Steel by June this year and produce only high quality Steel. To do that you will need high grade iron ore and high grade coke, both ONLY available from imports.
- ❖ China has just slapped a ban on imports of Coal from North Korea. This was about 23 MMT during 2016 with very low ton-mile impact. This will be imported from much further away adding to the ton-mile demand growth.
- ❖ Pollution can only be reduced by burning cleaner Coal/Coke via imports.
- ❖ Data points on China:
 - ❖ Iron Ore imports in the first two months of this year (up 12.6%)
 - ❖ Coal imports in the first two months of this year (up 48%)
 - ❖ Steel production in the first two months (up 6.3% = 7.6 MMT)
 - ❖ Steel inventories in the first two months up 8.9 MMT
 - ❖ Steel exports in the first two months down 4.65 MMT.
 - ❖ China has been consuming more Steel in the first two months of this year (up 3.35 MMT) than last year which could be due to their development of the One Belt, One Road project.



Financial Highlights

Particulars	รายการ	2016	2015
Total Revenues (US\$ Million)	รายได้รวม (ล้านเหรียญสหรัฐ)	107.51	123.63
Net Profit (Loss) (US\$ Million)	กำไร (ขาดทุน) สุทธิ (ล้านเหรียญสหรัฐ)	(75.61)	(69.41)
Loss on sales of Ships (US\$ Million)	ขาดทุนจากการขายเรือ (ล้านเหรียญสหรัฐ)	(19.34)	(7.81)
Loss on impairment of Assets (US\$ Million)	ขาดทุนจากการด้อยค่าของสินทรัพย์ (ล้านเหรียญสหรัฐ)	(16.15)	(23.45)
Write-off deferred upfront fees (US\$ Million)	ตัดจำหน่ายค่าธรรมเนียมจากการยกเลิกวงเงินกู้ (ล้านเหรียญสหรัฐ)	(5.12)	(0.12)
Net Profit (Loss) excluding Exchange gain (loss) and Non-recurring items (US\$ Million)	กำไร (ขาดทุน) สุทธิ ไม่รวมกำไร (ขาดทุน) จากอัตราแลกเปลี่ยนและรายการพิเศษต่าง ๆ (ล้านเหรียญสหรัฐ)	(37.47)	(37.41)
Average TC Income per Ship per day (US\$)	รายได้เฉลี่ยต่อวันต่อลำเรือ (เหรียญสหรัฐ)	6,476	6,266
Average Ship Running Cost per Ship per day (OPEX) (US\$)	ค่าใช้จ่ายในการเดินเรือเฉลี่ยต่อวันต่อลำ (เหรียญสหรัฐ)	4,503	4,652
Earnings (loss) per share (Baht)	กำไร (ขาดทุน) ต่อหุ้น (บาท)	(1.71)	(1.82)
Total Assets (US\$ Million)	รวมสินทรัพย์ (ล้านเหรียญสหรัฐ)	901.91	899.39
Total Liabilities (US\$ Million)	รวมหนี้สิน (ล้านเหรียญสหรัฐ)	520.70	442.57
Total Shareholders' Equity (US\$ Million)	รวมส่วนของผู้ถือหุ้น (ล้านเหรียญสหรัฐ)	381.21	456.82

New Buildings with 2 Chinese shipyards - Current Status

Sainty Shipyard

- 12 Shipbuilding Contracts were cancelled during 2015 - 2016.
- PSL received the refunds of advanced paid plus interest of USD 8.81 million for 3 Cancelled Shipbuilding Contracts from RG claim.
- 9 Shipbuilding Contracts, with USD 64.12 million of advanced paid, are in the arbitration process.

Sanfu Shipyard

- 5 ships were delivered during 2015 - 2016.
- 3 Shipbuilding Contracts were cancelled.
- 2 Shipbuilding Contracts, SF130127 and SF130130 are in the process of construction. The details are as follow:

No.	Hull/Yard Number	Expected Delivery Date	Price Per Settlement Agreement US\$ Million	Installment Paid US\$ Million	Balance Capex US\$ Million
1	SF130127	Between 4 and 7 April 2017	25.00	6.87	18.13
2	SF130130	Not before 10 January 2018	18.00*	-	18.00
	Sub-Total		43.00	6.87	36.13

Note : * Price will be adjusted per market value when deliver.

Actions on Anti-Corruption

The Company:

- was officially certified as a member of the CAC in January 2015
- joined the Partnership Against Corruption for Thailand (PACT) Network in May 2015



For 2016, the Company maintained high ethical standards, with a view to upholding its position against any form of bribery and corruption. The continued activities throughout the year are as follows:

- ❖ A regular bribery and corruption risk assessment
- ❖ A regular review of the internal control systems and procedures to ensure they are effective in countering bribery and corruption
- ❖ A monitoring system to ensure that the policy and procedures are effective



Thank You!

**A
PRECIOUS SHIPPING
PRESENTATION**