



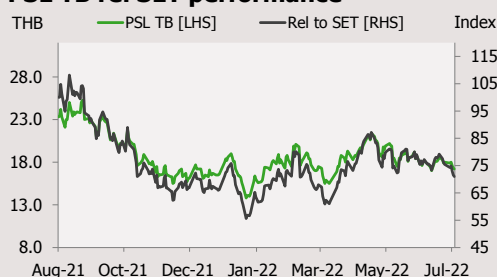
# Precious Shipping PCL

PSL TB	Outperform	
Target Price	Bt	21.00
Price (05/08/2022)	Bt	17.20
Upside	%	22.09
Valuation	PBV	
Sector	Transportation & Logistics	
Market Cap	Btm	26,820
30-day avg turnover	Btm	184.66
No. of shares on issue	m	1,559
CG Scoring	Excellent	
Anti-Corruption Indicator	Certified	

## Investment fundamentals

Year end Dec 31	2021A	2022E	2023E	2024E
<b>Company Financials</b>				
Revenue (Btmn)	8,620	9,900	10,046	9,966
Core profit (Btmn)	4,340	5,272	5,021	5,098
Net profit (Btmn)	4,475	5,313	5,021	5,098
Net EPS (Bt)	2.87	3.41	3.22	3.27
DPS (Bt)	1.75	1.73	1.75	1.75
BVPS (Bt)	9.21	10.89	12.36	13.88
Net EPS growth (%)	445.59	18.73	-5.49	1.52
ROA (%)	19.92	22.38	21.28	22.21
ROE (%)	36.53	33.90	27.70	24.92
Net D/E (x)	0.40	0.22	0.00	-0.17
<b>Valuation</b>				
P/E (x)	5.78	5.05	5.34	5.26
P/BV (x)	1.80	1.58	1.39	1.24
EV/EBITDA (x)	5.32	4.39	4.07	3.62
Dividend yield (%)	10.54	10.07	10.16	10.17

## PSL TB rel SET performance



Source: Bloomberg

(all figures in THB unless noted)

**Disclaimer:** KS or its affiliates is acting or may act as the underwriter, issuer, and/or market maker of the securities mentioned in this document and/or other financial instruments related to the securities mentioned in this document, including but not limited to, bonds, debentures, derivatives warrants, and structured notes. Investors should study the information contained in the prospectus or related document before investing in the shares and other financial instruments.

## Analyst

Sunthorn Thongthip

Sunthorn.T@kasikornsecurities.com

8 August 2022

Kasikorn Securities Public Company Limited

## Derate PBV on higher recession probability

- ▶ PSL's 2Q22 earnings of Bt1.66bn were 10% above our estimate and up 101% YoY on a higher TC rate of USD23,901/vessel/day (+34% YoY).
- ▶ Lower 2022E earnings by 8.5% on a weaker 2H22 TC rate due to global PMI slowdown, but raise 2023-24E earnings by 10-12% on 2 new ships.
- ▶ Outperform but lower TP to Bt21.00 from Bt25.50. Derate PBV to 1.6x from 2x to +1SD from +2SD on a higher probability of a recession.

## Investment Highlights

- ▶ 2Q22 earnings of Bt1.66bn grew 101% YoY and exceeded our estimate by 10%. PSL reported 2Q22 earnings of Bt1.66bn, up 101% YoY and 28% QoQ. The strong YoY growth was driven by a higher TC rate of USD23,901/vessel/day (+34% YoY, +9% QoQ), a return to service of the Chayanee Naree vessel, and COD of a new second-hand vessel. Note that PSL has been operating 35 vessels since 4Q21 as the Chayanee Naree vessel was placed on detention due to a drug smuggling incident in Nigeria before it was cleared for departure on May 17, according to SET. PSL also acquired two second-hand vessels of 35,882 DWT each worth Bt1.7bn in 2Q22. Reported net profit exceeded our forecast of Bt1.5bn by 10% due to a higher-than-expected TC rate. The average TC rate of PSL's Supra/Ultramax vessels in 2Q22 was USD26,726, which underperformed the BSI TC rate by 7.53%. The average TC rate of PSL's Handysize vessels was USD21,400 which underperformed the BHSI TC rate by 22.37%. Operating expense decreased by 7% YoY and 5% QoQ mainly on account of insurance proceeds of USD1.42mn the company received in connection to claims for the Chayanee Naree's detention.
- ▶ Lower 2022E earnings by 8.5% on an expected weaker TC rate in 2H22, but raise 2023-24E earnings by 10-12% on two new second-hand ships. We cut our TC rate assumption for PSL by 9.5% to USD21,387/vessel/day in 2022 on a weaker global PMI pressured by China's zero-COVID policy and property slowdown, and fears of a recession as central banks tighten monetary policy. We maintain our 2023-24E TC rate assumption of USD20,200 due to a more balanced demand/supply outlook. IMF estimates global GDP will grow by 3.2%/2.9% in 2022-23E, while the dry bulk fleet should grow in line with GDP growth given the global order-book-to fleet ratio of 6.88%, which is close to the historical low. In addition, EEXI and CII regulations will come into effect on Jan 1, 2023. Both regulations will force older and less eco-friendly ships, those built before 2013, to operate at slower speeds. For every one knot reduction in speed, the net effective supply would reduce by 5.5%, according to PSL's management. We raise our 2023/24 earnings forecasts by 10%/12% as we incorporate the two new second-hand ships.

## Valuation and Recommendation

- ▶ **Outperform with a lower TP of Bt21.00 from Bt25.50.** We revise down our target price to Bt21.00 from Bt25.50. Our target is pegged to a lower PBV of 1.6x (+2SD) from 2x (+2SD) and average 2023-24 BVPS of Bt13.1. We lower our target PBV to reflect a higher probability of a recession. If a mild recession occurs, we estimate 2023 earnings will drop by 30% to Bt3.55bn given 15% downside in TC rates based on our forecasts. Including our PBV derating to 1.2x (mean) and assuming a mild recession, our TP would be Bt14.6. We expect PSL will pay a 2022 DPS of Bt1.75, implying a dividend yield of 10%. Potential rerating catalysts are 1) China's successful homegrown mRNA vaccine and greater access to COVID-19 pills that will allow China to ease its COVID-19 restrictions; and 2) a Russia-Ukraine ceasefire leading to an increase in demand for commodities products by Ukraine.
- ▶ **Key risk:** Volatile freight rates.



**Fig 1 Earnings revisions**

Unit: Btmn. Profit and loss statements	2022E			2023E			2024E		
	New	Previous	%Change	New	Previous	%Change	New	Previous	%Change
Total revenue	9,900	10,331	-4.2	10,046	8,946	12.3	9,966	8,858	12.5
Cost of goods sold	3,619	3,518	2.9	4,104	3,638	12.8	4,149	3,678	12.8
Gross profit	6,281	6,813	-7.8	5,941	5,308	11.9	5,818	5,180	12.3
SG&A	608	671	-9.5	660	660	0.0	640	640	0.0
Operating profit	5,674	6,142	-7.6	5,281	4,648	13.6	5,178	4,540	14.0
EBITDA	6,972	7,258	-3.9	6,608	5,702	15.9	6,419	5,536	15.9
EBIT	5,679	6,143	-7.5	5,291	4,658	13.6	5,188	4,550	14.0
Core profit	5,272	5,817	-9.4	5,021	4,568	9.9	5,098	4,550	12.0
Net profit	5,313	5,808	-8.5	5,021	4,568	9.9	5,098	4,550	12.0
<b>Key assumptions</b>									
Number of vessels	37	36	2.8	38	36	5.6	38	36	5.6
Operating days	13,414	13,049	2.8	13,870	13,140	5.6	13,870	13,140	5.6
TC rates (US\$/day)	21,387	23,631	-9.5	20,282	20,324	-0.2	20,118	20,118	0.0
USDTHB	34.68	33.15	4.6	35.00	32.75	6.9	35.00	32.75	6.9
OPEX (US\$/day)	5,099	5,279	-3.4	5,400	5,400	0.0	5,400	5,400	0.0
SG&A (US\$/day)	1,306	1,552	-15.9	1,360	1,534	-11.4	1,318	1,487	-11.4

Source: Company data, KS Research

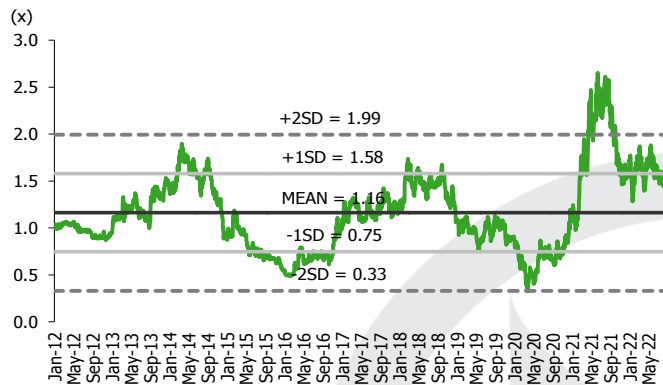
**Fig 2 2Q22 performance review**

	2Q21	3Q21	4Q21	1Q22	2Q22	%YoY	%QoQ	2022E
<b>Financials</b>								
Sales (Btmn)	1,918	2,639	2,818	2,280	2,639	37.6	15.7	9,900
EBITDA (Btmn)	873	1,643	1,834	1,383	1,748	100.1	26.4	6,972
Operating profit (Btmn)	873	1,643	1,834	1,383	1,748	100.1	26.4	5,674
Core profit (Btmn)	769	1,538	1,762	1,303	1,610	109.3	23.6	5,272
Net profit (Btmn)	826	1,501	1,772	1,294	1,660	100.9	28.3	5,313
Net EPS (Bt)	0.53	0.96	1.14	0.83	1.06	100.9	28.3	3.41
<b>Performance Drivers</b>								
Number of vessels	36	36	35	35	36	0.0	2.9	37
Operating days	3,285	3,285	3,194	3,194	3,285	0.0	2.9	13,414
TC rates (US\$/day)	17,841	24,722	26,429	21,995	23,901	34.0	8.7	21,387
USDTHB	31.5	32.9	32.8	33.1	34.6	9.9	4.6	35
OPEX (US\$/day)	5,043	5,136	5,241	4,914	4,683	-7.1	-4.7	5,099
SG&A (US\$/day)	1,587	1,560	1,603	1,242	1,022	-35.6	-17.8	1,306
						<b>Change</b>		<b>2022E</b>
Gross margin (%)	54.0	68.7	71.1	66.4	0.0	-54.0	-66.4	63.4
EBITDA margin (%)	45.5	62.3	65.1	60.7	66.2	20.7	5.6	70.4
Optg. margin (%)	45.5	62.3	65.1	60.7	0.0	-45.5	-60.7	57.3
ROE (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.9

Source: Company data, KS Research

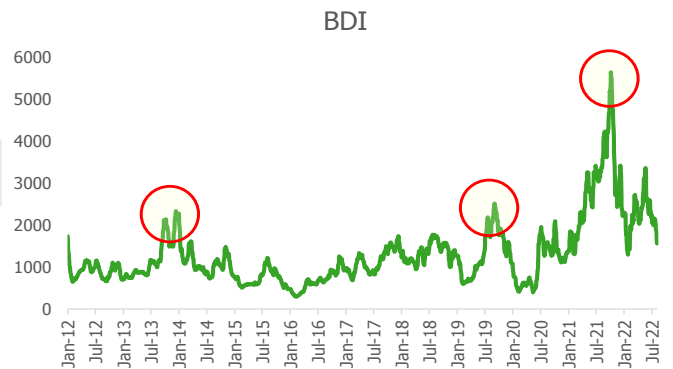


Fig 3 12M FWD PBV – PSL



Source: Bloomberg, KS Research

Fig 4 Baltic Dry index



Source: Setsmart and KS Research

Fig 5 Dry bulk index performance

	Unit	Price 5-Aug-22	Change (%)				QTD' 3Q22	3Q21	YoY (%)	2Q22	QoQ (%)	YTD' 22	2021	YoY (%)
			-1W	-2W	-1M	-1Y								
<b>Baltic Exchange Indexes</b>														
Baltic Dry Index	Index	1,560	-17.7%	-27.3%	-23.6%	-53.8%	2,008	3,740	-46.3%	2,519	-20.3%	2,237	2,921	-23.4%
Baltic Handysize Index	Index	1,058	-9.8%	-12.6%	-13.2%	-40.1%	1,186	1,790	-33.7%	1,532	-22.6%	1,395	1,424	-2.1%
Baltic Supramax Index	Index	1,700	-13.7%	-18.3%	-24.3%	-43.3%	2,053	3,121	-34.2%	2,627	-21.8%	2,390	2,424	-1.4%
Baltic Panamax Index	Index	1,967	-4.1%	-6.0%	-16.8%	-42.5%	2,101	3,739	-43.8%	2,957	-29.0%	2,657	2,972	-10.6%
Baltic Capesize Index	Index	1,411	-32.2%	-47.7%	-29.5%	-68.0%	2,300	5,126	-55.1%	2,573	-10.6%	2,202	3,974	-44.6%

Source: KS Research

Fig 6 PSL peer comparison

Stock	Market Cap (USD mn)	Basic EPS growth (%)			Basic P/E (x)			P/BV (x)			Div. Yield (%)			ROE (%)		
		21	22E	23E	21	22E	23E	21	22E	23E	21	22E	23E	21	22E	23E
<b>Precious Shipping PCL</b>	<b>754</b>	<b>n.m.</b>	<b>18.7</b>	<b>-5.5</b>	<b>5.8</b>	<b>5.0</b>	<b>5.3</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>10.5</b>	<b>10.2</b>	<b>10.2</b>	<b>36.5</b>	<b>33.9</b>	<b>27.7</b>
<b>Global selected peers</b>																
Atlas Corp *	2,914	161.5	25.9	-3.4	8.5	6.8	7.0	0.8	n.a.	n.a.	4.3	4.3	4.3	9.4	9.7	n.a.
Capital Product Partners LP *	275	221.3	-17.7	1.4	2.7	3.3	3.3	0.5	n.a.	n.a.	3.2	4.3	5.0	20.0	n.a.	n.a.
Danaos Corp *	1,507	694.9	-39.7	2.6	1.4	2.3	2.3	0.7	n.a.	n.a.	0.0	4.1	4.1	67.4	24.7	16.4
Diana Shipping Inc *	535	n.m.	131.7	-17.9	9.7	4.2	5.1	1.6	1.3	1.0	0.0	15.3	14.5	14.9	15.4	15.5
Eagle Bulk Shipping Inc *	664	n.m.	18.9	-30.5	3.3	2.8	4.0	0.9	0.8	0.9	0.0	14.7	7.6	32.4	18.2	12.7
Genco Shipping & Trading Ltd *	740	n.m.	8.0	-12.1	4.0	3.7	4.3	0.8	1.2	1.2	5.5	20.1	21.1	21.9	23.4	21.8
Kirby Corp *	3,792	n.m.	n.m.	66.6	(15.3)	30.6	18.3	1.3	1.3	1.2	0.0	n.a.	n.a.	-8.3	4.0	6.7
Navios Maritime Partners LP *	847	n.m.	-12.7	4.0	1.3	1.4	1.4	0.5	0.4	0.3	0.7	0.7	0.7	42.6	29.7	23.9
Pacific Basin Shipping Ltd *	2,426	n.m.	-1.7	-11.1	2.6	2.6	3.0	1.2	1.1	1.0	15.5	23.4	22.8	58.3	43.6	33.7
Safe Bulkers Inc *	439	n.m.	2.1	-21.1	2.5	2.5	3.1	0.7	n.a.	n.a.	0.0	5.5	5.5	28.6	n.a.	n.a.
Eneti Inc *	281	n.m.	-8.7	76.8	5.5	6.0	3.4	0.4	0.4	0.4	17.4	0.3	0.3	4.5	8.6	6.9
SFL Corp Ltd *	1,355	n.m.	-19.6	-4.1	7.2	9.0	9.4	1.3	1.2	1.2	6.4	9.0	9.7	18.5	14.2	10.6
Star Bulk Carriers Corp *	2,543	6,630.0	11.0	-21.2	3.7	3.3	4.2	1.2	1.2	1.1	9.1	27.2	20.9	37.5	35.6	34.7
<b>Simple average</b>		<b>1,926.9</b>	<b>8.1</b>	<b>2.3</b>	<b>2.9</b>	<b>6.0</b>	<b>5.3</b>	<b>0.9</b>	<b>1.0</b>	<b>0.9</b>	<b>4.8</b>	<b>10.7</b>	<b>9.7</b>	<b>26.8</b>	<b>20.6</b>	<b>18.3</b>
<b>SET selected peers</b>																
Thoresen Thai Agencies PCL *	451	n.m.	-2.6	-33.7	4.2	4.3	6.4	0.8	0.6	0.6	0.2	2.4	2.3	20.6	12.2	8.7

Source: KS Research

Fig 7 2022 target price based on PBV multiple

Implied SD	-2.0SD	-1.5SD	-1.0SD	-0.5SD	Mean	+0.5SD	+1.0SD	+1.5SD	+2.0SD	+2.5SD	+3SD
<b>PBV multiple</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>0.9</b>	<b>1.2</b>	<b>1.40</b>	<b>1.6</b>	<b>1.80</b>	<b>2.00</b>	<b>2.20</b>	<b>2.40</b>
Fair value (Bt/shr)	3.9	6.6	9.2	11.8	15.1	18.3	21.0	23.6	26.2	28.8	31.4

Source: KS Research


**Year-end 31 Dec**

Income Statement (Btmn)						Cashflow (Btmn)					
	2020A	2021A	2022E	2023E	2024E		2020A	2021A	2022E	2023E	2024E
Revenue	3,730	8,620	9,900	10,046	9,966	Net profit	-1,295	4,475	5,313	5,021	5,098
Cost of sales and services	-3,226	-3,305	-3,619	-4,104	-4,149	Depreciation & amortization	1,183	1,215	1,298	1,326	1,241
<b>Gross Profit</b>	504	5,315	6,281	5,941	5,818	Change in working capital	362	-270	-242	97	40
SG&A	-336	-581	-608	-660	-640	Others	2,643	406	10	10	10
Other income	9	0	1	0	0	<b>CF from operation activities</b>	2,893	5,826	6,379	6,455	6,389
<b>EBIT</b>	-693	4,892	5,679	5,291	5,188	Capital expenditure	-204	-2,375	-1,738	0	0
<b>EBITDA</b>	1,360	5,949	6,972	6,608	6,419	Investment in subs and affiliates	-5	-29	-2	-2	-2
Interest expense	-597	-415	-366	-270	-90	Others	0	0	0	0	0
Equity earnings	11	23	13	10	10	<b>CF from investing activities</b>	-209	-2,405	-1,740	-2	-2
<b>EBT</b>	-1,290	4,477	5,313	5,021	5,098	Cash dividend	0	-2,729	-2,702	-2,724	-2,727
Income tax	-4	-2	0	0	0	Net proceeds from debt	-2,635	-1,809	-2,218	-3,000	-3,000
<b>NPAT</b>	-1,295	4,475	5,313	5,021	5,098	Capital raising	0	0	0	0	0
Minority Interest	0	-0	0	0	0	Others	-56	1,282	0	0	0
<b>Core Profit</b>	-413	4,340	5,272	5,021	5,098	<b>CF from financing activities</b>	-2,691	-3,255	-4,920	-5,724	-5,727
Extraordinary items	-867	-60	41	0	0	<b>Net change in cash</b>	-7	166	-281	728	659
FX gain (loss)	-15	194	0	0	0	<b>Key Statistics &amp; Ratios</b>					
<b>Reported net profit</b>	-1,295	4,475	5,313	5,021	5,098	<b>Per share (Bt)</b>					
<b>Balance Sheet (Btmn)</b>						Reported EPS	-0.83	2.87	3.41	3.22	3.27
Cash & equivalents	1,100	2,468	2,187	2,915	3,575	Core EPS	-0.27	2.78	3.38	3.22	3.27
ST investments	0	0	0	0	0	DPS	0.00	1.75	1.73	1.75	1.75
Accounts receivable	169	175	362	342	302	BV	6.50	9.21	10.89	12.36	13.88
Inventories	35	22	78	0	0	EV	13.32	20.29	19.65	17.25	14.91
Other current assets	634	145	147	150	153	Free Cash Flow	1.72	2.21	2.98	4.14	4.10
<b>Total current assets</b>	1,938	2,810	2,773	3,407	4,030	<b>Valuation analysis</b>					
Investment in subs & others	91	120	122	125	127	Reported P/E (x)	-9.15	5.78	5.05	5.34	5.26
Fixed assets-net	19,125	20,285	20,725	19,398	18,157	Core P/E (x)	-28.67	5.96	5.09	5.34	5.26
Other assets	244	316	322	329	335	P/BV (x)	1.17	1.80	1.58	1.39	1.24
<b>Total assets</b>	21,397	23,531	23,943	23,259	22,649	EV/EBITDA (x)	15.27	5.32	4.39	4.07	3.62
Short-term debt	2,441	1,409	1,000	0	0	Price/Cash flow (x)	4.10	4.44	4.20	4.15	4.20
Accounts payable	277	0	0	0	0	Dividend yield (%)	0.00	10.54	10.07	10.16	10.17
Other current liabilities	621	508	518	528	539	<b>Profitability ratios</b>					
<b>Total current liabilities</b>	3,339	1,916	1,518	528	539	Gross margin (%)	13.51	61.66	63.44	59.14	58.37
Long-term debt	7,586	6,809	5,000	3,000	0	EBITDA margin (%)	36.47	69.02	70.43	65.78	64.41
Other liabilities	337	440	449	458	467	EBIT margin (%)	-18.59	56.75	57.36	52.67	52.05
<b>Total liabilities</b>	11,262	9,165	6,966	3,986	1,005	Net profit margin (%)	-34.71	51.91	53.66	49.99	51.15
Paid-up capital	1,559	1,559	1,559	1,559	1,559	ROA (%)	-5.57	19.92	22.38	21.28	22.21
Share premium	1,968	1,968	1,968	1,968	1,968	ROE (%)	-11.94	36.53	33.90	27.70	24.92
Reserves & others, net	-916	367	367	367	367	<b>Liquidity ratios</b>					
Retained earnings	7,523	10,471	13,082	15,380	17,750	Current ratio (x)	0.58	1.47	1.83	6.45	7.48
Minority interests	0	0	0	0	0	Quick ratio (x)	0.38	1.38	1.68	6.17	7.20
<b>Total shareholders' equity</b>	10,135	14,365	16,976	19,274	21,644	<b>Leverage Ratios</b>					
<b>Total equity &amp; liabilities</b>	21,397	23,531	23,943	23,259	22,649	Liabilities/Equity ratio (x)	1.11	0.64	0.41	0.21	0.05
<b>Key Assumptions</b>						Net debt/EBITDA (x)	6.56	0.97	0.55	0.01	-0.56
Number of vessels	36	36	37	38	38	Net debt/equity (x)	0.88	0.40	0.22	0.00	-0.17
Operating days	13,176	13,049	13,414	13,870	13,870	Int. coverage ratio (x)	-1.16	11.78	15.50	19.60	57.64
TC rates (US\$/day)	8,332	20,287	21,387	20,282	20,118	<b>Growth</b>					
USDTHB	31.0	31.9	34.7	35.0	35.0	Revenue (%)	-10.16	131.09	14.85	1.47	-0.79
OPEX (US\$/day)	4,705	5,088	5,099	5,400	5,400	EBITDA (%)	-19.62	337.34	17.19	-5.23	-2.86
SG&A (US\$/day)	822	1,395	1,306	1,360	1,318	Reported net profit (%)	-466.70	445.59	18.73	-5.49	1.52
Financial cost (US\$/day)	1,462	1,205	917	556	185	Reported EPS (%)	-466.70	445.59	18.73	-5.49	1.52
Depreciation (US\$/day)	3,052	3,083	3,114	3,145	3,176	Core profit (%)	-85.78	1,150.05	21.46	-4.75	1.52
Total cost (US\$/day)	10,041	10,771	10,436	10,461	10,080	Core EPS (%)	-85.78	1,150.05	21.46	-4.75	1.52

Source: Company, KS estimates





### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security(ies) and subject company(ies); and no part of the compensation of the research analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

### Investment Ratings

Outperform: Expected total return of 10% or more within a 12-month period  
Neutral: Expected total return between -10% and 10% within a 12-month period  
Underperform: Expected total return of -10% or worse within a 12-month period

### General Disclaimer

This document is prepared by Kasikorn Securities Public Company Limited ("KS"). This document has been prepared for individual clients of KS only and must not, either in whole or in part, be copied, photocopied or duplicated in any form or by any means or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this research in any way. If you received it in error, please immediately notify KS by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.

This document, including information, data, statements, forecasts, analysis and projections contained herein, including any expression of opinion, is based on public available information or information obtained from sources believed to be reliable, but KS does not make any representation or warranty on, assumes no responsibilities for nor guarantees the accuracy, completeness, correctness or timeliness of such information. KS accepts no obligation to correct or update the information or opinions in it. The statements or expressions of opinion herein were arrived at after due and careful consideration and they were based upon such information or sources then, and in our opinion are fair and reasonable in the circumstances prevailing at the time. The information or expressions of opinion contained herein are subject to change without notice.

Nothing in this document shall be construed as an offer or a solicitation of an offer to buy or sell any securities or products, or to engage in or refrain from engaging in any transaction. In preparing this document, KS did not take into account your specific investment objectives, financial situation or particular needs. This document is for your information only and is not to be taken in substitution for the exercise of your judgment. KS salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions which are contrary to the opinions expressed in this document. Before making an investment decision on the basis of this document, you should obtain independent financial, legal or other advice and consider the appropriateness of investment in light of your particular investment needs, objectives and financial circumstances. There are risks involved in the investment in securities. KS accepts no liability whatsoever for any direct, indirect, consequential or other loss (including claim for loss of profit) arising from any use of or reliance upon this document and/or further communication given in relation to this document.

Any valuations, opinions, estimates, forecasts, projections, ratings or risk assessments herein constitute a judgment as of the date of this document, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments. Any valuations, opinions, estimates, forecasts, projections, ratings or risk assessments described in this document were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties or contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, projections, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, projections, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by KS (i) that such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments or their underlying assumptions will be achieved, or (ii) that there is an assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments stated therein.

KS along with its affiliates and/or persons associated with it may from time to time have interests in the securities mentioned in this document. KS and its associates, their directors and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking, advisory and other securities services for companies mentioned in this document.

### Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at <http://www.thai-iod.com/en/publications-detail.asp?id=170>. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. KS does not confirm nor certify the accuracy of such survey result.

### Structured Notes and Derivative Warrants Disclaimer

KS may be the issuer of structured notes on these securities.

KS acts as market maker and issuer of Derivative Warrants ("DWs") on the underlying stocks listed below. Investors should carefully read the details of the DWs in the prospectus before making any investment decisions.

DWs Underlying Stocks: ADVANC, AOT, BAM, BANPU, BBL, BCH, BDMS, BEM, BGRIM, BH, CBG, CHG, CKP, COM7, CPALL, CPF, CPN, CRC, DOHOME, DTAC, EA, EGCO, GLOBAL, GPSC, GULF, GUNKUL, HMPRO, INTUCH, IRPC, IVL, JMART, JMT, KTC, MINT, MTC, OSP, PTG, PTT, PTTEP, PTTGC, RBF, SAWAD, SCB, SCC, SCGP, SET50, SPRC, STA, STEC, STGT, TIDLOR, TISCO, TOP, TRUE, TTB, TU, VGI, WHA.