Precious Shipping Public Company Limited

SET Opportunity Day

Date
17 November 2021

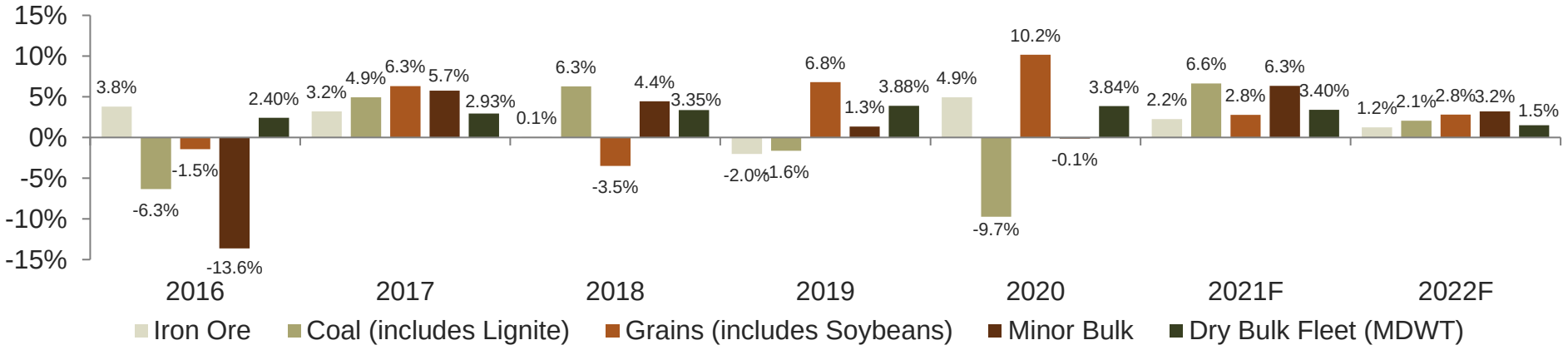
Evolution Of The Baltic Dry Index Since 2016

Source: Clarkson's, 15th November 2021

Historical Growth In Seaborne Drybulk Trade – Billion Tonne-Miles

Seaborne Drybulk Trade							
All Units In Billion Tonne-Miles	**2016**	**2017**	**2018**	**2019**	**2020**	**2021F**	**2022F**
Iron Ore	7,936	8,190	8,195	8,029	8,424	8,612	8,718
Coal (includes Lignite)	4,641	4,870	5,175	5,090	4,594	4,899	4,999
Grains (includes Soybeans)	3,209	3,279	3,164	3,379	3,722	3,825	3,932
Minor Bulk	9,403	9,942	10,384	10,522	10,509	11,173	11,529
Total	**25,188.6**	**26,280.8**	**26,918.2**	**27,020.6**	**27,248.6**	**28,508.6**	**29,177.4**
Total % Change In Trade	**-5.83%**	**4.85%**	**2.43%**	**0.38%**	**0.84%**	**4.62%**	**2.35%**
Dry Bulk Fleet (MDWT)	**790.41**	**813.53**	**840.82**	**873.43**	**906.99**	**943.5***	**958**
% Change in Dry Bulk Fleet (MDWT)	**2.40%**	**2.93%**	**3.35%**	**3.88%**	**3.84%**	**3.40%***	**1.54%***

% age increase over the previous year



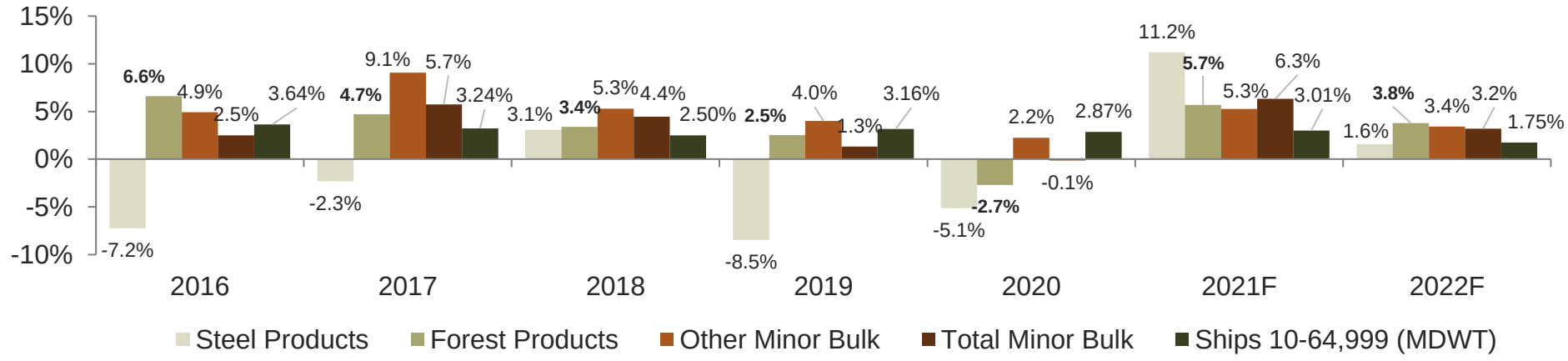
Source: Clarkson's, 18 Oct 2021

**2021F, 2022F figures from Clarkson DBTO September 21*

Historical 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**	**2022F**
Steel Products	1,949	1,905	1,963	1,797	1,705	1,896	1,926
Forest Products	2,124	2,224	2,300	2,358	2,294	2,425	2,516
Other Minor Bulk	5,330	5,813	6,121	6,367	6,509	6,852	7,086
Total Minor Bulk	**9,403**	**9,942**	**10,384**	**10,522**	**10,509**	**11,173**	**11,529**
% Change In Minor Bulk	**2.52%**	**5.73%**	**4.45%**	**1.33%**	**-0.13%**	**6.32%**	**3.19%**
Ships 10-69,999 (MDWT)	**286.9**	**296.2**	**303.8**	**313.2**	**322.2**	**331.9**	**337.7**
% Change In 10-69,999 (MDWT)	**3.10%**	**3.24%**	**2.57%**	**3.09%**	**2.87%**	**3.01%**	**1.75%**

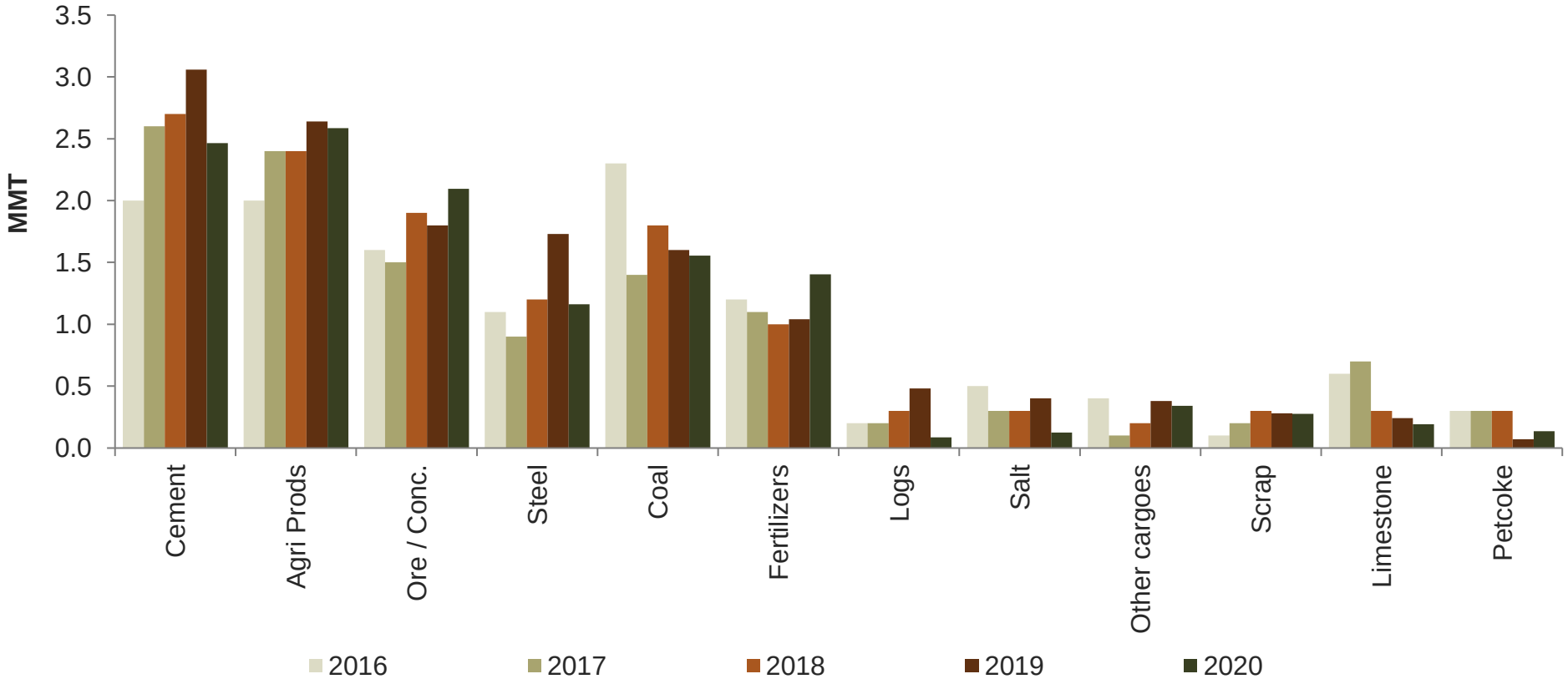
% age increase over the previous year



Source: Clarkson's, as on 18 Oct 2021, Clarkson's Sept DBTO report

PSL Cargo Exposure: 2016 – 2020

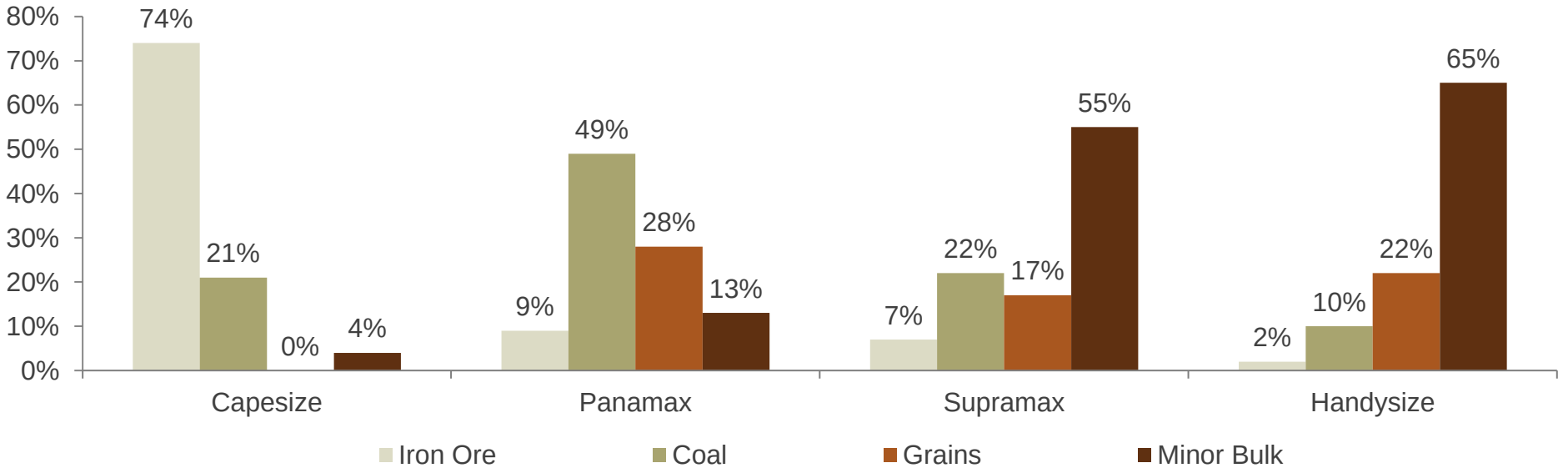
Bulk cargo in the aggregate amounts of 12.3 MMT, 11.7 MMT, 12.7 MMT, 13.72 MMT, 12.4MMT was carried on PSL ships in 2016, 2017, 2018, 2019 and 2020 respectively.



Source: PSL

Commodities Share by Different Dry Bulk Sectors

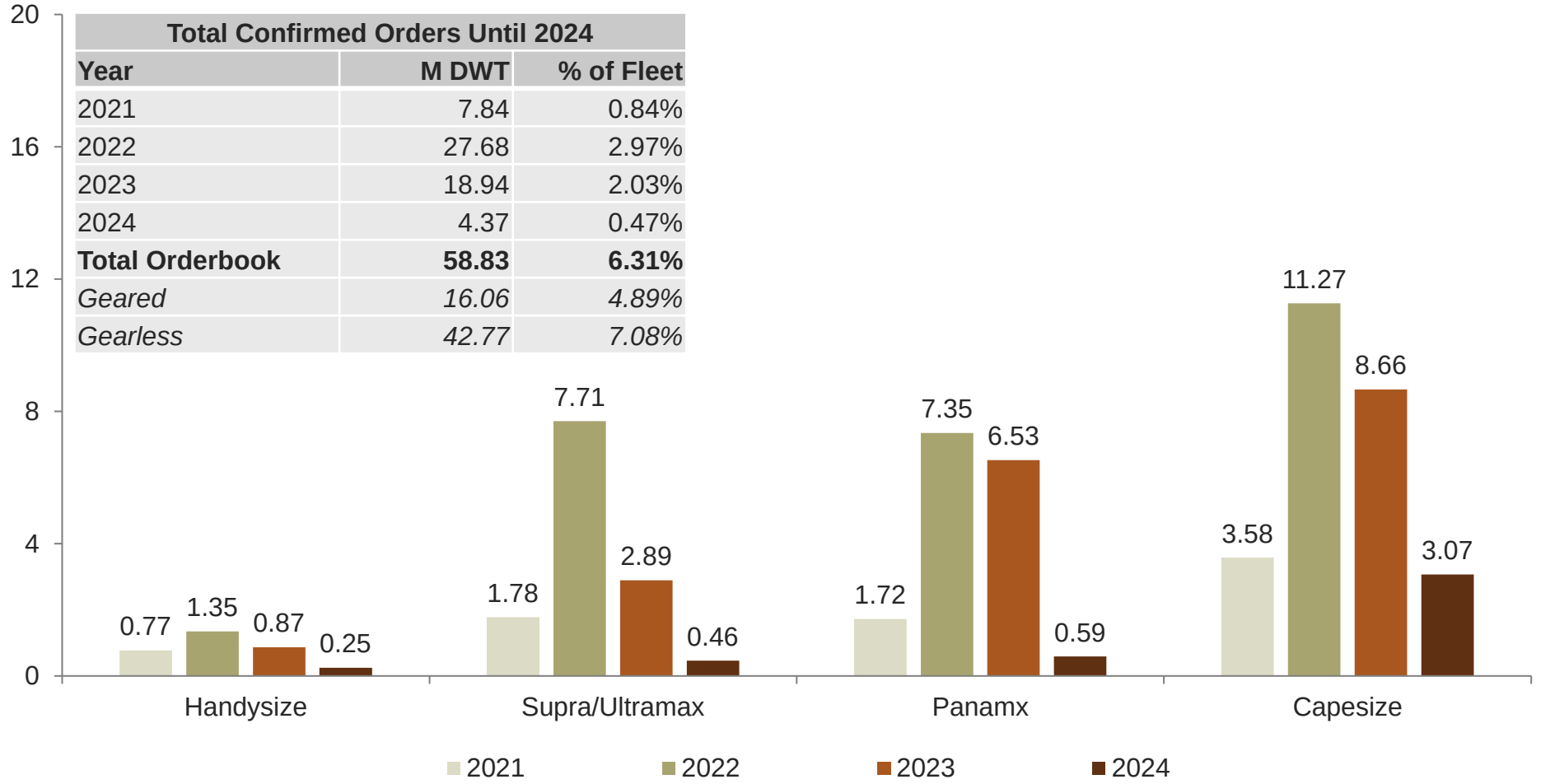
COMMODITIES	Capesize	Panamax	Supramax	Handysize
Iron Ore	74%	9%	7%	2%
Coal	21%	49%	22%	10%
Grains	0%	28%	17%	22%
Minor Bulk	4%	13%	55%	65%



Source: Maersk Broker 5 Oct' 21

Confirmed Orders As Of 30 September 2021 (M DWT) – 31 Dec 2024

Total Confirmed Orders Until 2024		
Year	**M DWT**	**% of Fleet**
2021	7.84	0.84%
2022	27.68	2.97%
2023	18.94	2.03%
2024	4.37	0.47%
Total Orderbook	**58.83**	**6.31%**
Geared	*16.06*	*4.89%*
Gearless	*42.77*	*7.08%*



Source: Clarkson's as on 18 Oct 2021

Dry bulk Fleet As Of 30 September 2021

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	4,115	12.67	111.52	27,100	12.0%
Supra/Ultramax	40,000 – 69,999	3,855	10.70	216.91	56,267	23.2%
Panamax	70,000 – 89,999	2,524	10.59	200.59	79,474	21.5%
Capesize	90,000+	2,219	9.26	403.72	181,936	43.3%
Total / Average		**12,713**	**11.06**	**932.73**	**73,369**	**100.00%**

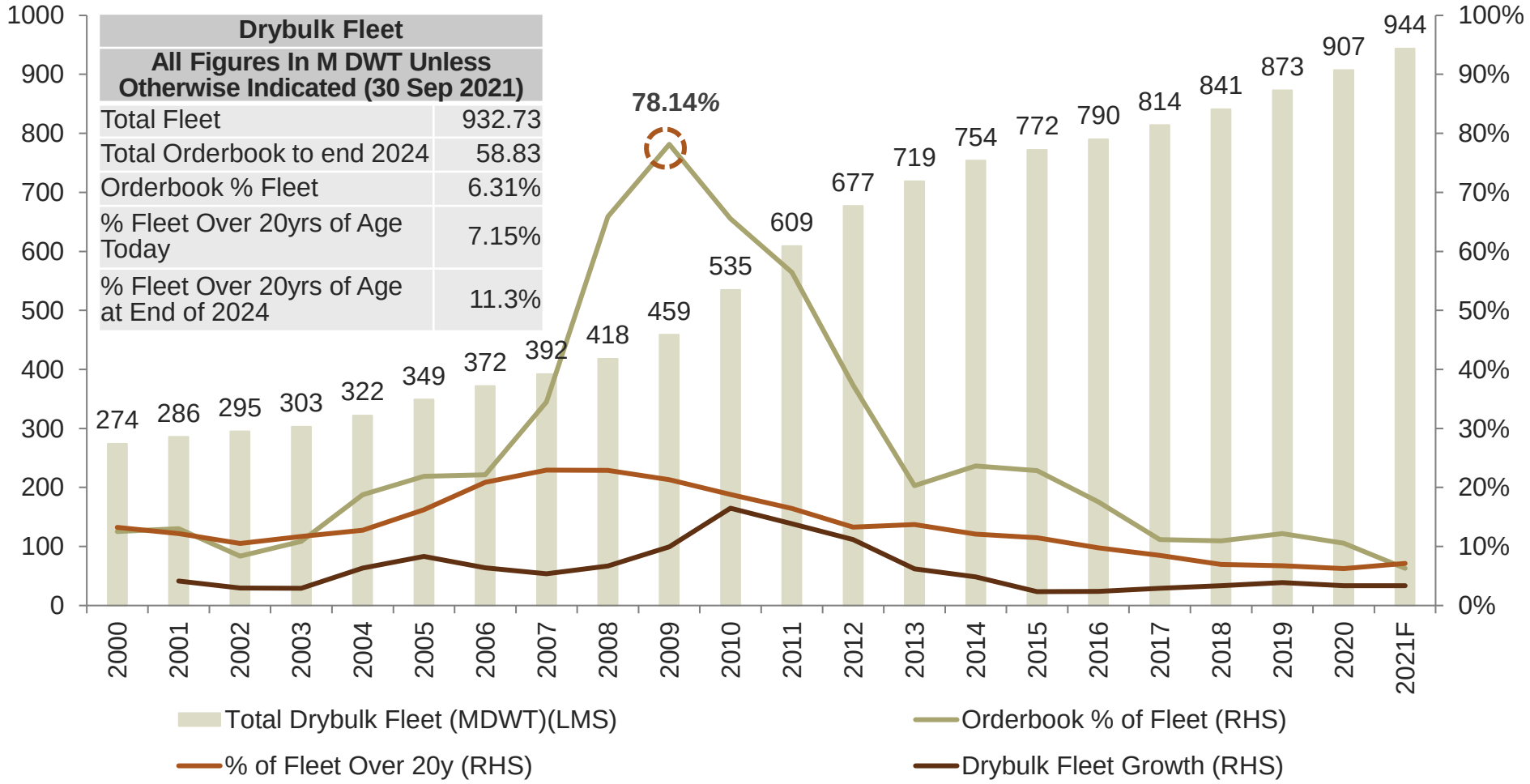
Changes in 9M 2021

Ship Type	DWT Range (MT)	Ships No (%age)	DWT m MT (%age)
Handysize	10,000 – 39,999	+86 (+2.13%)	+1.89 (+1.72%)
Supra/Ultramax	40,000 – 69,999	+78 (+2.07%)	+4.68 (+2.20%)
Panamax	70,000 – 89,999	+73 (+2.98%)	+6.09 (+3.13%)
Capesize	90,000+	+65 (+3.02%)	+13.08 (+3.35%)
Total / Average		**+302 (+2.43%)**	**+25.75 (+2.84%)**

Source: Clarksons as on 18 October 2021

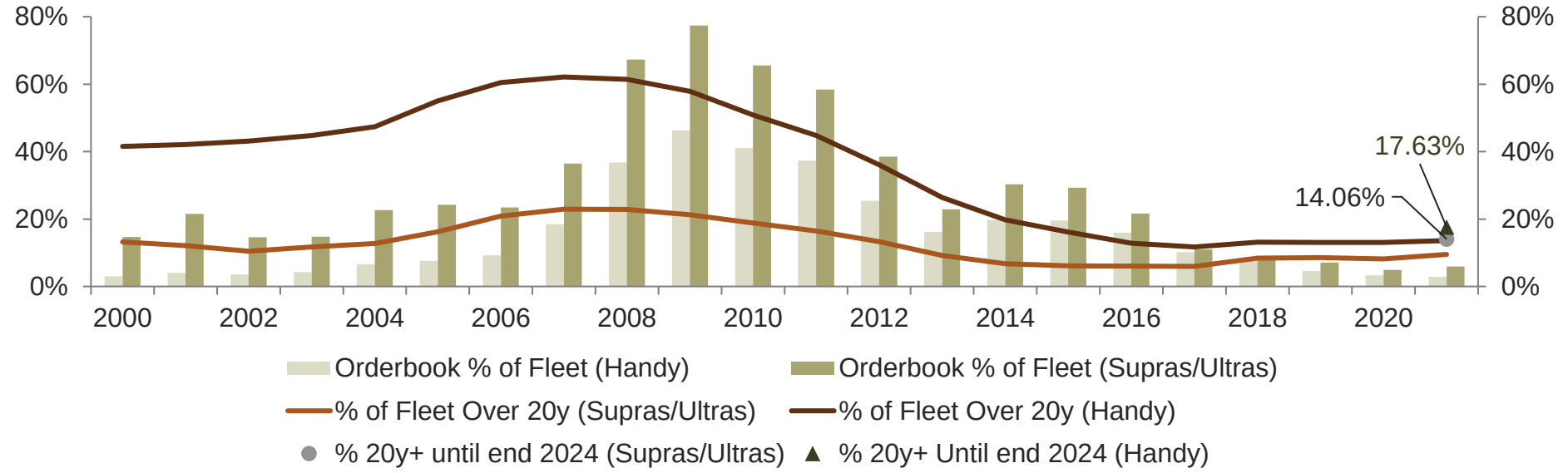
Putting Orderbook Figures In Context – The Overall Dry bulk Fleet

Drybulk Fleet All Figures In M DWT Unless Otherwise Indicated (30 Sep 2021)	
Total Fleet	932.73
Total Orderbook to end 2024	58.83
Orderbook % Fleet	6.31%
% Fleet Over 20yrs of Age Today	7.15%
% Fleet Over 20yrs of Age at End of 2024	11.3%



Source: Clarkson's, as on 18 Oct 2021 & Clarkson Sep '21 DBTO

Putting Orderbook Figures In Context – Geared Vessels Only



Handysize Fleet All Figures In M DWT Unless Otherwise Indicated (30 Sep 2021)	
Total Fleet	111.52
Total Orderbook	3.23
Orderbook % Fleet	2.90%
% Fleet Over 20yrs of Age Today	13.63%
% Fleet Over 20yrs of Age at End of 2024	17.63%

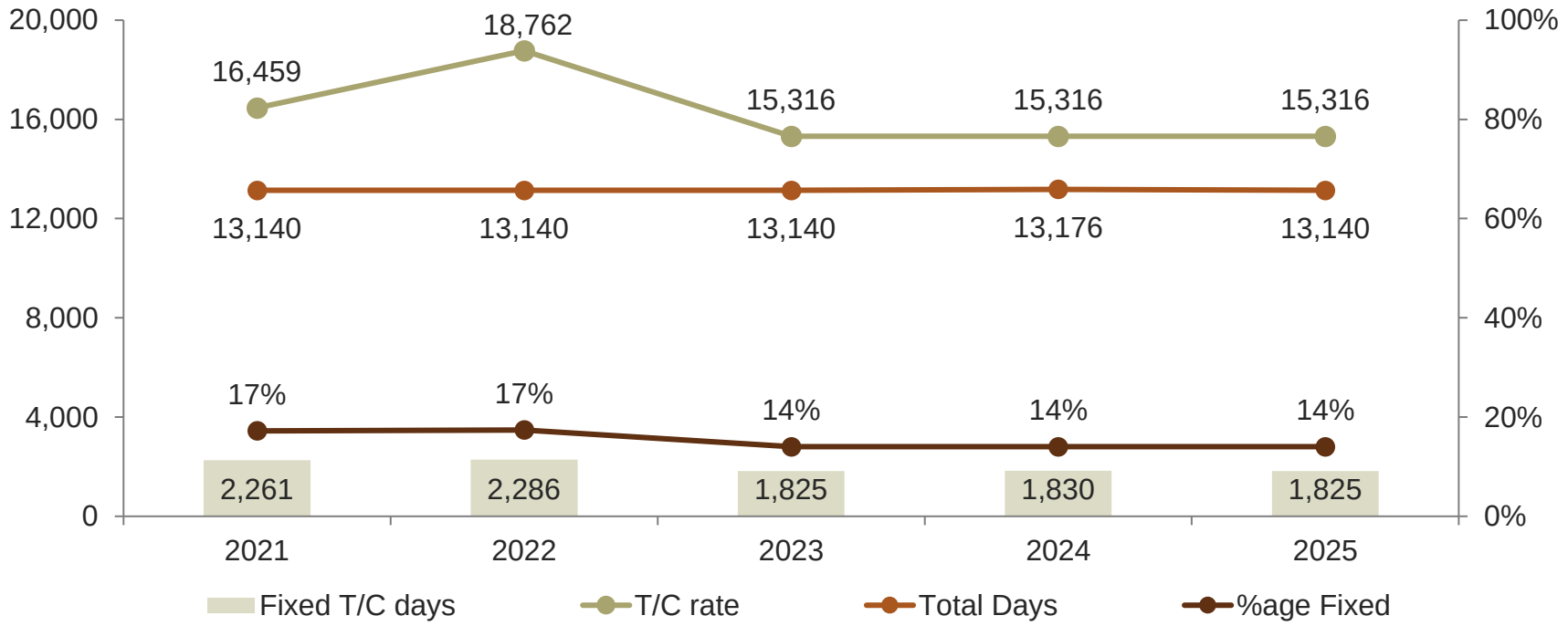
Supramax/Ultramax All Figures In M DWT Unless Otherwise Indicated (30 Sep 2021)	
Total Fleet	216.9
Total Orderbook	12.83
Orderbook % Fleet	5.91%
% Fleet Over 20yrs of Age Today	9.51%
% Fleet Over 20yrs of Age at End of 2024	14.06%

Source: Clarkson's, as on 18 Oct 2021

PSL's Strategy

Current and Rolling 4 Year Forward Book – Till 15 November 2021

Contract value	USD 37.21 m	USD 42.89 m	USD 27.95 m	USD 28.03 m	USD 27.95 m	Total USD 164.03 m



- *Only vessels fixed on T/C for a period of more than one year are considered for this analysis.*
- *This comprises charters on 5 ships on fixed rate charter and 2 ships on variable rate charters*
- *Average T/C Rate/Day for the variable rate charters is estimated based on rates prevailing in October 2021 for future earnings and actual earnings for past earnings.*

Difference Between the 2003/2009 Super Cycle and Today

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2003-2009 Super Cycle

- China entered the **WTO in 2001** and soon became the **manufacturing hub of the world**. **Commodity prices rose by 320%!**
- China's **GDP growth rates were off the charts** during this period!
- China's **import growth rate was explosive** for raw materials and **large quantities of finished goods** were exported.
- Corporates were focused solely on **'just in time' shipments** slashing inventory costs.
- **261 shipyards** in China, Japan, S. Korea, **delivered 1,569 dry bulkers in 2011**!
- The forward order book as a % of the existing fleet at the start of 2003 and 2009 **rose from 10.88% to a peak record of 78.14%!**

Today

- Middle of a **pandemic, expected to be around for a couple of years**. **Commodity prices have risen, so far, by 98%!**
- **Pandemic related** protocols, port closures, longer voyages, waiting times, crew change **delays, will reduce effective supply of ships**.
- **EEXI and CII** regulations come into force on **01 Jan 2023** will further **reduce effective supply of ships** due to forced slower steaming.
- Despite strong rates **every analyst is searching for a reason for a correction**.
- **89 shipyards** in China, Japan, S. Korea, **delivered 433 dry bulkers in 2020** with a **forward orderbook** of just **572 bulkers from SH 2021 till 2025**.
- The forward order book as a % of the existing fleet at the start of 2010 and 2020 has **fallen from 65.6% to just 10.6%.** At the start of 2021 it was 7.0% and by **end of the 9M of 2021 was down to 6.31%!**
- China's **GDP growth rates have slowed to about 6%** and will continue to slow.
- China's **imports have lost their explosive growth rates**, reached a plateau, and may decline in future.
- **Caution today contrasts** with the '**sun will never stop shining**' attitude **during the super cycle**. This will **help elongate the current upcycle**.
- **FH 2021 had the strongest rates** compared to the average rates of the FH of the last 10 years!
- Corporates are laser **focused on 'just in case**'.
- **Governments** are trying to make their supply chains, raw materials, and food inventories, **pandemic resilient**
- **Governments are increasing infrastructure development** and refurbishment.

Difference Between the 2003/2009 Super Cycle and Today

Daily average Time Charter rate	2003 – 2009	2010 – 2020	2021 (15th November)
Capesize	67,101*	14,924***	33,586**
Panamax	32,793*	10,965***	27,243**
Supramax	28,013^^	10,765***	26,841**
Handysize	18,753^^	8,789***	25,417**
Demand Billion Ton-miles per year	+5.4%	+4.2%	+4.6% (+5.2% DNB)^
Chinese Stimulus	China enters WTO 2001	USD 578 bn (2009)	$667 bn (mid year 2020) (ROW $20 tn+)
Orderbook/Fleet ratio per year	+36.02%	+26.23%	+7.03%
Annual average % of 20-year-old (start of each year)	+18.38%	+11.27%	+6.25%
Annual average net supply growth	+6.8%	+6.4%	+3.4% (+1.5% DNB)^

- **Old Age Profile: 20+ years of age end of 9M 2021 = 7.15% of existing fleet.**
- **Order book to fleet ratio end of 9M 2021 = 6.31% of existing fleet.**
- **Total 11.16 MDWT ships recycled in 9M ’20 and 4.94 MDWT recycled in 9M ’21 for a decrease of -56%.**
- **2.31 MDWT Geared ships recycled in 9M ’20 and 1.39 MDWT recycled in 9M ’21 for decrease of -40%.**

*Note: *BCI 172K (4TC), BPI 74K (4TC), BSI 52K (6TC), BHSI 28K (6TC).*

***BCI 180K (5TC), BPI 82K (5TC), BSI 58K (10TC), BHSI 38K (7TC)*

*. ***Combine of above two classification*

^^1 Yr. TC 32K, 1 Yr. TC 52K used for years where there was no BHSI (2003-2006) or no BSI (2003-2005).

^Estimates from Clarksons and DNB Markets.

Source: Clarkson’s 15th November 2021

Current Market Situation

Difference Between the start of 2021 and Today

Period	Date	Capesize	Panamax	Supramax	Handysize
Start of year	04-Jan-2021	16,656	12,272	11,305	12,040
End of Q1	31-Mar-2021	18,327	23,188	20,578	20,999
Start of Q2	01-Apr-2021	19,853	22,354	20,241	20,461
End of Q2	30-Jun-2021	32,604	37,074	32,226	27,742
Start of Q3	01-Jul-2021	30,600	38,135	32,324	27,890
As of today	15-Nov-21	31,113	25,647	24,849	28,859

Start of 2021

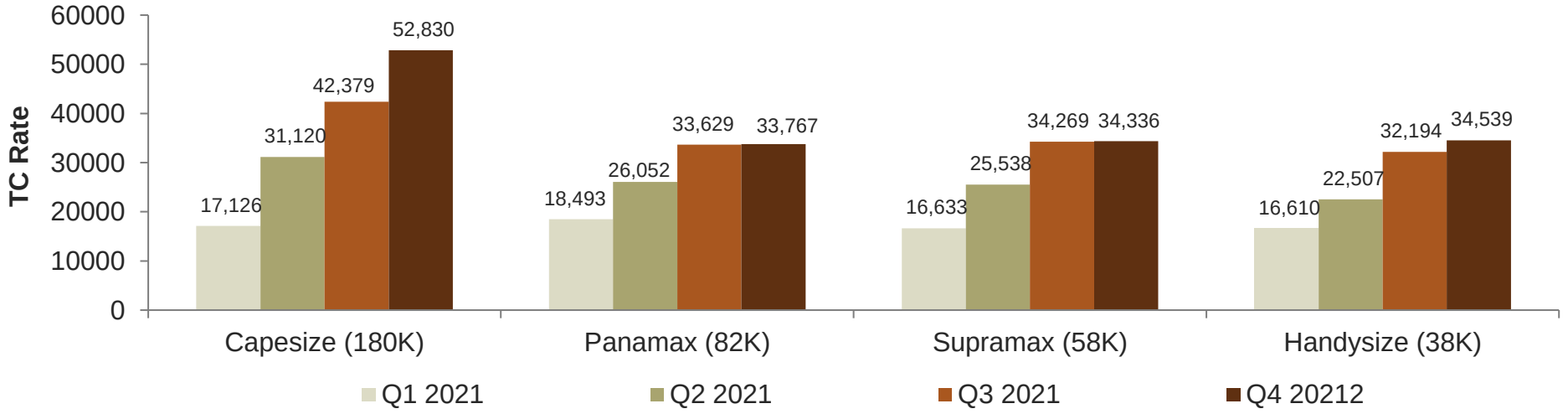
- Freight markets started to **rise from SH of 2020. The upward momentum was expected to continue in 2021**.
- **GDP growth rates in China and the ROW started to rise sharply**. Commodity prices started to move upwards.
- **Congestion**, due to Covid-19 infection spikes/protocols, **peaked at start of Q3 at 6.3% above the 7-DMA during 2016-2019**.
- **The speed of the rise of the freight market in FH 2021 took everyone by surprise**.

Today

- **Evergrande became infamous at end of Q2**. China is letting 'bad' real estate developers face the music. Pain is felt by equity and debt holders. **By not bailing out 'bad' real estate developers, China is crippling moral hazard**.
- **China put strict limits on polluting industries** (steel and coal fired power plants). **Steel production slowed**. **Power shortages were magnified** due to shortage of coal, limits on CO2 emissions, and sharp increase in coal prices resulting in losses for power producers. To rectify this, **China increased coal production; increased coal imports; capped coal price; relaxed emission rules; increased power for residences; reduced power for industries**.
- China wants **blue skies during the winter Olympics** in February. Chinese new year is on 1st February 2022.
- **Result: congestion dropped; likely weaker dry bulk markets in Q4 2021 and Q1 2022.**
- **By Q2 2022, the China real estate crisis will be a thing of the past; power will be more evenly distributed to industrials and the common man; industrial production will go back up to its trend line; Chinese GDP will be back at/above trend and we may be back at the start of 2021!**

Average Benchmark Time Charter YOY Change (Q1 '21, Q2 '21, Q3 '21 & Q4 '21)

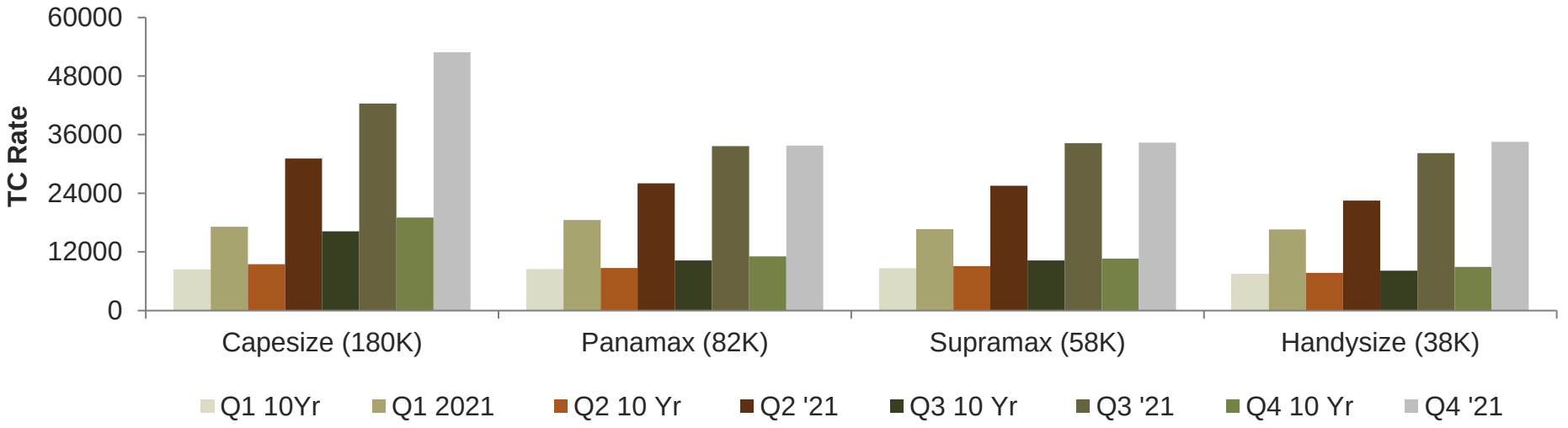
Category	Q1'21 In USD	YOY Change	Q2 '21 In USD	YOY Change	Q3' 21 In USD	YOY Change	Q4' 21 In USD (15th Nov)	YOY Change
Capesize TC Avg Daily (180K)	17,126	275%	31,120	213%	42,379	104%	52,830	155%
Panamax TC Avg Daily (82K)	18,493	161%	26,052	253%	33,629	157%	33,767	188%
Supramax TC Avg Daily (58K)	16,633	154%	25,538	366%	34,269	245%	34,336	227%
Handysize TC (38K)	16,610	155%	22,507	331%	32,194	252%	34,539	224%



Source: Clarkson's, 15 Nov 2021

Average Quarterly 2021 Benchmark Time Charter Rates versus Ten-Year Average

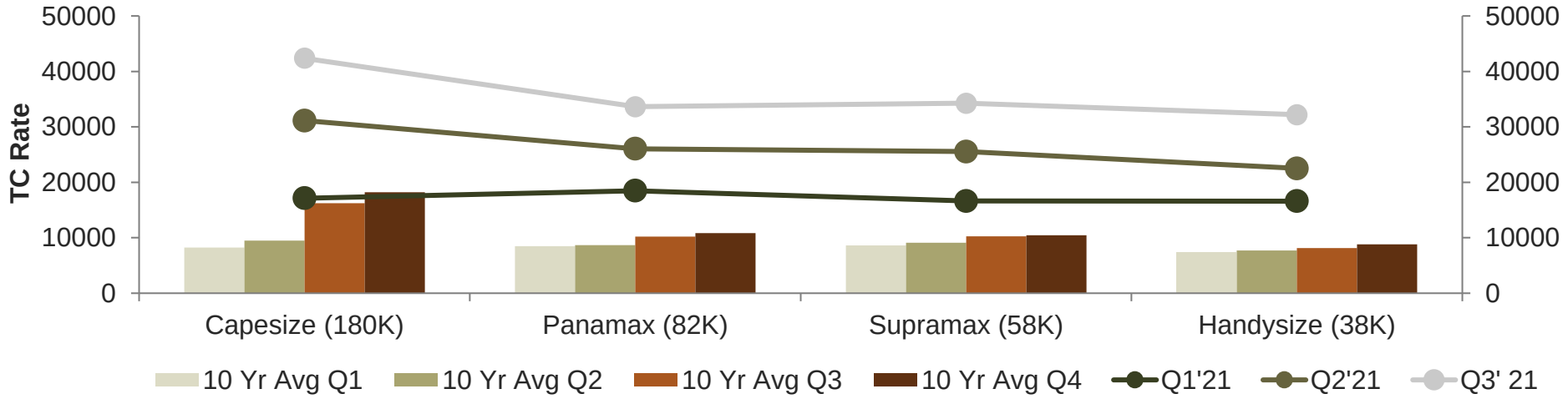
Vessel type	Avg 10 Yr Q1 In USD	Q1 '21 In USD	Change in %	Avg 10 Yr Q2 In USD	Q2 '21 In USD	Change in %	Avg 10 Yr Q3 In USD	Q3 '21 In USD	Change in %	Avg 10 Yr Q4 In USD	Q4 '21 In USD	Change in %
Capesize (180K)	8,428	17,126	103%	9,474	31,120	228%	16,219	42,379	163%	19,022	52,830	178%
Panamax (82K)	8,477	18,493	118%	8,679	26,052	200%	10,230	33,629	229%	11,049	33,767	206%
Supramax (58K)	8,626	16,633	92%	9,079	25,538	181%	10,247	34,269	234%	10,624	34,336	223%
Handysize (38K)	7,436	16,610	123%	7,684	22,507	193%	8,160	32,194	295%	8,899	34,539	288%



Source: Clarkson's, 15 Nov 2021
Q4 10 Yr. and Q4'21 data is up to 15th Nov

Average Q1- Q4 Benchmark Time Charter Rates versus Ten-Year Averages

Period	Average of Capesize	%Change	Average of Panamax	%Change	Average of Supramax	%Change	Average of Handysize	%Change
Qtr1	8,428	-	8,477	-	8,626	-	7,436	-
Qtr2	9,474	12%	8,679	2%	9,079	5%	7,684	3%
Qtr3	16,219	71%	10,230	18%	10,247	13%	8,160	6%
Qtr4	18,221	12%	10,842	6%	10,426	2%	8,834	8%
Q1 (2021)	17,126	-	18,493	-	16,633	-	16,610	-
Q2 (2021)	31,120	82%	26,052	41%	25,538	54%	22,507	36%
Q3 (2021)	42,379	36%	33,629	29%	34,269	34%	32,194	43%
Q4 (15th Nov '21)	52,830	25%	33,767	0.4%	34,336	0.2%	34,539	7%



Source: Clarkson's,15 Nov 2021

DWT of Dry Bulk ships ordered in 9M ‘21 versus 9M ‘19 and 9M ‘20

Year	Avg. BDI	Change 2021 vs. 2020	Change 2021 vs. 2019	MDWT	Change 2021 vs. 2020	Change 2021 vs. 2019	Geared MDWT	Change 2021 vs. 2020	Change 2021 vs. 2019	Gearless MDWT	Change 2021 vs. 2020	Change 2021 vs. 2019
2019	1285	-	-	20.96	-	-	4.92	-	-	16.04	-	-
2020	971	-	-	13.07	-	-	7.04	-	-	6.03	-	-
2021	2,764	+185%	+115%	27.11	+107%	+29%	5.22	-26%	+6%	21.89	+263%	+36%

Source: Clarkson’s, 18 Oct 2021

Four Reasons Why New Build Ship Orders Has Been Restrained in 9M 2021

1. Dry Bulk owners have suffered a **12-year drought in rates and have no money to invest** in new build ships.
2. **Container, Tanker, and Gas ships have booked all available slots** at shipyards and hence **dry bulk has been ‘crowded out’** and can only **get ships in 2024/2025** at the earliest.
3. **89 shipyards** in China, Japan, S. Korea, **delivered 433 dry bulkers in 2020** with a **forward orderbook** of just **572 bulkers from SH 2021 till 2025** compared to **261 shipyards** in China, Japan, S. Korea, **delivered 1,569 dry bulkers in 2011**!
4. **Current legislation, and expected regulations, will expedite the ‘death’ of Internal Combustion fuel oil burning ships before they reach the end of their economical lives**.

Market Segmentation Q3 2021

Index	Index Ship DWT	Index Speed/Con (1)	PSL Avg Ship DWT	PSL Avg Speed/Con (1)	PSL Ship Number	Q3 2021 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	1,789	USD 32,194	USD 22,230	-31%
BSI (Supramax)	58,000	Laden: 12K/24T Ballast: 13K/23T	59,198* (Supramax & Ultramax)	Laden: 12K/26T Ballast: 13K/24T	9 Supramax & 8 Ultramax	3,115	USD 34,269	USD 27,506	-20%

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.*

3 Main Reasons for our Q3 underperformance

1. **Our ships are 'different' from the index ships**. On an apples-to-apples comparison, our Handy ships are ranked 25% below and the Supras are 10% below the index ship TC rates.

2. If we see the way the **market has gone up, virtually in a straight line** during Q3, if you had fixed all your ships on **day 1 of Q3 at the index level** (BHSI $27,890 and BSI $32,324), despite our ships not being as well ranked as the index ships, you would **still underperform the average index ship TC by 13.4% in Handy and 5.7% in Supras**.

3. The **5 Handy ships**, out of our fleet of 19, on **long term charter are fixed at $ 17,013** per day and the **one Supra**, out of our fleet of 17, **is at $13,421 per day**, both are **well below the average TC rate for the index ships in Q3** (BHSI $32,194 and BSI $34,269).

Reasons for Q3 Underperformance

1. PSL ship at discount compared to Index ship

Vessel	Q3 Avg. Index rate	PSL Ship at Discount	Index rate after discount
BHSI	32,194	-25%*	24,146
BSI	34,269	-10%*	30,842

2. If Vessels are fixed on 1st day of the quarter.

Vessel	Index TC rate 01.07.21	Q3 Avg Index TC	Performance VS Benchmark
BHSI	27,890	32,194	-13.4%
BSI	32,324	34,269	-5.7%

3. Long Term Charter Period vessel effect

PSL Long term time-chartered ships	No. of ship	PSL Total fleet strength	PSL Long term TC ships as a % of total fleet (A)	PSL Actual Long term time charter rate in $	Q3 average Index ship rates in $	Rate Difference between PSL and Index ships as % (B)	Adjusted percentage drop (A*B) = (C)
Handysize	5	19	26.3%	17,013	32,194	-47.2%	-12.41%
Supramax	1	17	5.9%	13,421	34,269	-60.8%	-3.58%

1. ** 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.*

PSL True Performance versus Benchmark

Type of vessel	Q3 average Index time charter rate in $ (A)	PSL average time charter Rate in Q3 in $ (B)	PSL ship difference from Index ships in % (C)	Difference if vessel fixed on 1st day vs Q3 Avg (D)	PSL long term time charter ships adjustment in % (E)	{A*(C+D+E)} = (F) in $	PSL true time charter rate in $ (B+F)	PSL true performance versus Index ship in %
Handysize	32,194	22,230	25%	13.4%	12.41%	16,347	38,577	**+19.8%**
Supramax	34,269	27,506	10%	5.7%	3.58%	6,598	34,104	**-0.5%**

Key Industry Takeaways

The Good News in 2021

- China's **USD 667b steel intensive fiscal stimulus** announced on 22 May 2020 **pushed the BDI to 5,650 on 7th October from 1,374 points at the start of 2021**!
- **Material improvement in dry bulk demand and rates took place from SH 2020 onwards and likely to last during 2021/2022 but with extreme volatility.**
- **The BDI reacted positively to the strong world GDP in 2021 as a result of the Fiscal, Monetary and Steel intensive support of USD 20t**.
- **Time charter rates up to end October 2021 are higher than the average of the last 10-year rates!**
- **New ships ordered in 9M 21 are up on 9M 20 (+107% due to low base effect from Covid-19) and on 9M 19 (+29%), but for geared ships it is -26% and just +6% respectively!**

The Bad News in 2021

- **Rates have started to decline after peaking on 7 October due to negative news from China** like Evergrande; pollution control measures; slowing steel production; power shortages; slowing PMI; blue skies for the Winter Olympics.
- **Negative news from ROW** like persistent inflation; Federal Reserves taper starting; possible interest rate hikes.

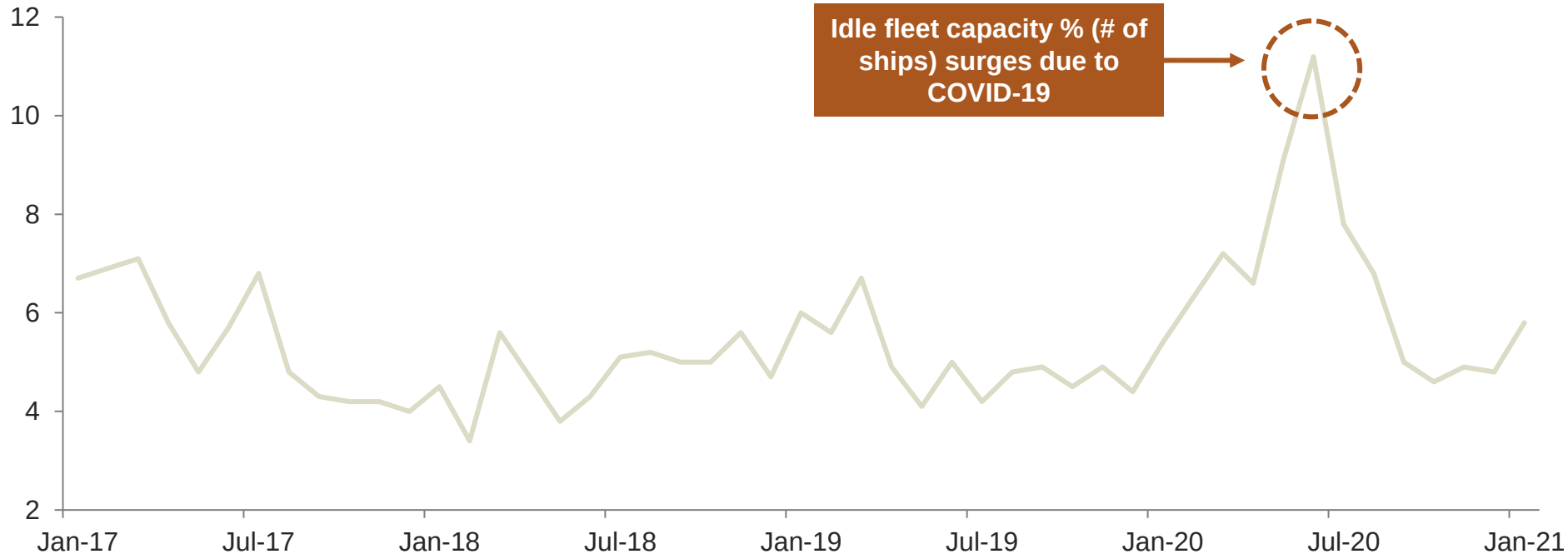
Q4 2021 and Likely Future

- **Congestion dropping**; possibly **weaker, yet very healthy, rates** in Q4 2021 and Q1 2022.
- By Q2 2022, China **real estate crisis will have passed**; China **power will increase** and be distributed to industrials and the common man; China **industrial production will be up** to its trend line; Chinese **GDP will be back** at/above trend and we **may be back to the start of 2021!**

COVID-19's Impact

Impact On Shipping – Container Lines

- Drewry forecast container shipping may have an **annual profit of about $150bn.** (Seatrade – 7 Oct 21)
- Maersk has hiked its full-year **2021 EBITDA forecast** to **$22bn to $23bn**. (TradeWinds – 16 Sep 21)
- Hapag-Lloyd raised its **2021 earnings** outlook with **EBITDA forecast** to be in the range of **$11.6bn to $12.6bn**. (TradeWinds – 29 Oct 21)



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

Impact On Shipping – Dry bulk

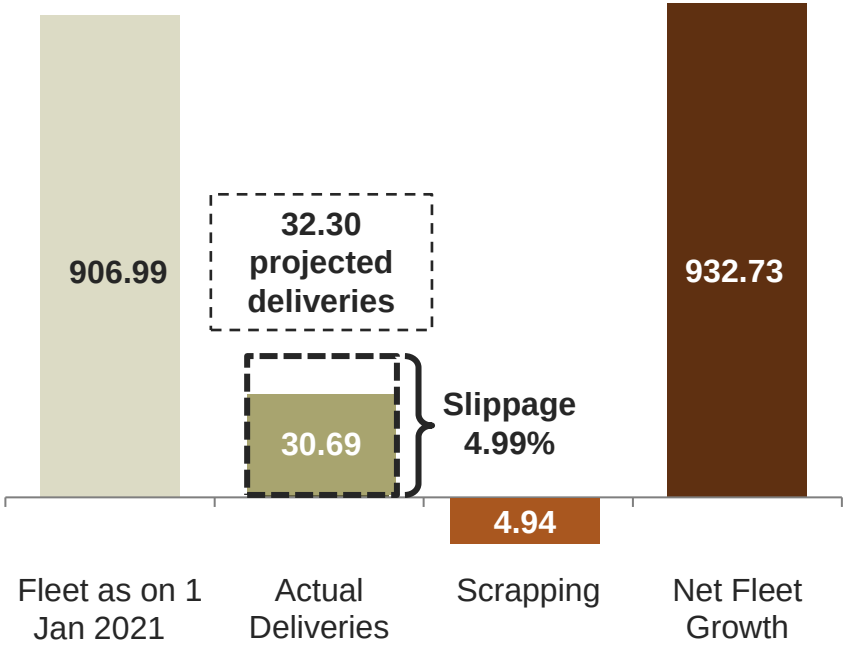
- Drybulk was **adversely affected in FH 2020 due to Covid-19**.
- Freight rates **moved upwards as the ROW opened from the end of May 2020**.
- **BDI to date in 2021 is the highest in the last decade indicating a V shaped recovery!**

Source: Bloomberg, DNB Markets, Maritime Executive, Reuters, TradeWinds, Yahoo Finance, Clarkson's, 15 Nov 2021.

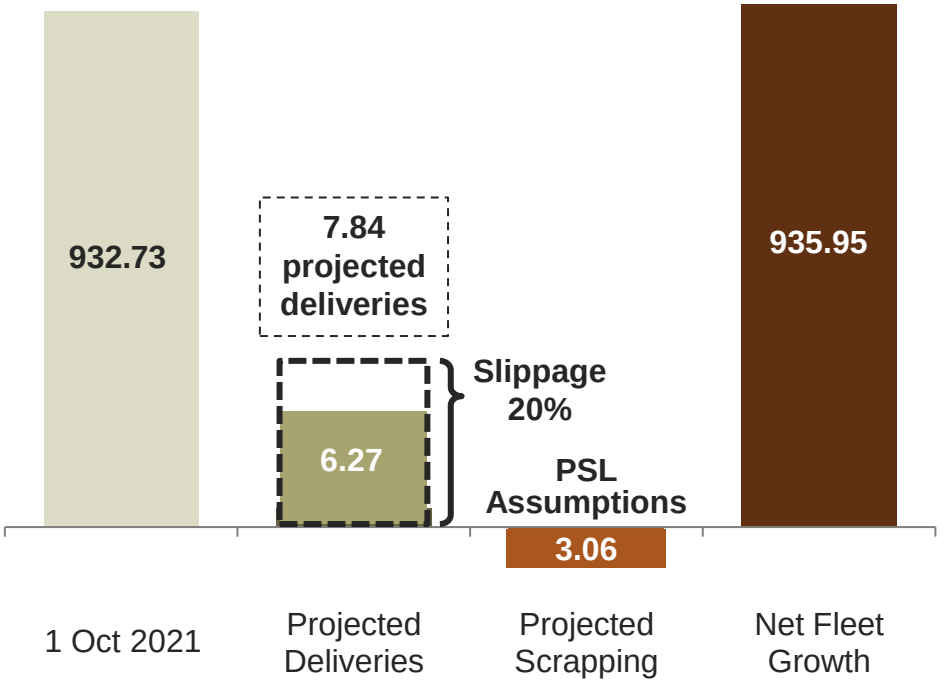
Dry Bulk Supply Side Forecast Changes

Based on 2021 data (annualized), **PSL projects net fleet growth for 2021 at 3.19%.**

9M 2021 Net Fleet Growth = 25.74 MDWT, +2.83%



FY 2021 Net Fleet Growth = 28.96 MDWT, +3.19%



Source: Data from Clarksons as on 18 Oct 2021, PSL internal estimate

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 USD bn	
Countries	**Stimulus Amount**
US	8,584
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	**19,775**
2020 World GDP	**83,845**
Share of Stimulus	**23.57%**

Source: Reuters,Statista 20 April 2021 Various news articles

New Regulations – EEXI and CII

Energy Efficiency Existing Ship Index or EEXI

1. **What is EEXI? It is a technical or design efficiency index and requires a one-time technical adjustment for non-compliant existing vessels**. It describes the CO2 emissions per cargo ton-mile, by determining the standardized CO2 emissions related to installed engine power, transport capacity and ship speed.
2. **When does EEXI enter into force?** EEXI enters into force on **1st January 2023**.
3. **How many ships in the worlds fleet would be affected by EEXI?** Total numbers are unclear, however, articles in the shipping press indicate this could vary **between 70% and 90% of all dry bulk ships**.
4. **How will it impact PSL fleet?** Between **40 to 60% of our fleet** would be outside the EEXI requirements. To comply **Engine Power Limitation** will vary from **25% to 40%** on each such ship and speed reduction would vary between **0.5 to 1.5 knots on each** ship.
5. **How much will it cost PSL? Total estimated costs** for the PSL fleet would be under **USD 1.0 million**. (Ships that meet EEXI requirements would cost USD 6,000/ship. Ships that do not meet EEXI requirements would cost USD 37,500/ship).
6. **What are the implications for the effective supply of ships?** Every **1.0K speed reduction** equates to **5.5% reduction in effective supply** assuming current average sailing speeds as 13K, post EEXI speed as 12K, and ships sail for 200 days each year.

Carbon Intensity Indicator or CII

1. **What is CII? It is an operational efficiency index**, which aims to ensure continuous improvement in a vessel's emissions. The CII framework regulates the operational carbon intensity of a vessel (i.e., the carbon emissions per unit of 'transport work' or the operating mileage each year). CII is expressed in grams of CO2 per deadweight-nautical mile. The vessel is given an annual rating ranging from A to E, with ratings becoming increasingly stringent towards 2030.

2. **When does CII enter into force?** The CII requirements will take effect **from 1st January 2023**.

3. **What is the approach?** The CII **will annually reduce** a vessels carbon intensity. CII is a phased approach, with an annual successive carbon intensity reduction rate of 2% compared to the 2019 reference line from 2023 through to 2026.

4. **How many ships in the worlds fleet would be affected by CII?** Total numbers are unclear, however, **approximately 30,000 ships** of 5,000 gross tonnage (about 20,000 DWT) and above are subject to the requirements and will have to determine their required annual operational CII.

5. **How will PSL control the CII of its fleet?** The CII is based directly on the fuel consumption, which is influenced by how a specific vessel is operated in combination with its technical efficiency and type of fuel. **PSL will control the CII by optimizing operations and ensuring our vessels are in a good condition**.

Financials

Highlights for Q3’2021

- **CA-CIB Loan** amounting to USD 38.35 million was signed on 21st June 2021. The proceeds were used to redeem THB 1,163.16 million of PSL211A’s outstanding on 22nd July 2021.

- **IFC, EXIM and TTB Loan** amounting to USD 85.00 million was signed on 29th June 2021. The proceeds were used to repay existing vessel indebtedness and make the final redemption payment for PSL211A on 27th September 2021.

- **PSL211A** was fully repaid on 27th September 2021.

Financial Profile

	Jan-Sep 2021	2020	2019	2018	2017	2016
Cash & Cash Equivalents	$59.6m	$36.6m	$39.2m	$56.8m	$56.7m	$74.7m
Total Assets	$690.9m	$712.3m	$831.1m	$857.9m	$882.3m	$901.9m
Gross Debt	$264.2m	$318.3m	$391.7m	$432.8m	$469.4m	$482.1m
Net Debt	$204.6m	$281.7m	$352.5m	$376.0m	$412.6m	$407.4m
Equity	$400.3m	$337.4m	$383.3m	$391.2m	$377.5m	$381.2m
Gross Debt/Equity	0.66	0.94	1.02	1.11	1.24	1.26
Net Debt/Equity	0.51	0.83	0.92	0.96	1.09	1.07
No. of Vessels	36	36	36	36	36	36
EBITDA	$112.7m	$36.3m	$44.5m	$68.2m	$53.2m	$17.9m
Debt/EBITDA*	2.2	8.4	8.3	6.1	8.5	20.3
Daily Earnings	$18,286	$8,332	$9,622	$11,063	$9,486	$6,476
Daily Opex	$5,038	$4,705	$4,778	$4,621	$4,355	$4,503
Net Profit (Loss)	$83.9m	($40.8)m	($7.2)m	$14.1m	($3.8)m	($75.6)m
Total Revenues	$187.6m	$119.9m	$135.3m	$153.6m	$130.2m	$107.5m

** Calculated per Debt Facility Agreements*

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 2020 and Jan-Sep 2021 were USD 4,705 and 5,038 respectively.

Breakdown of costs:

Particulars	2020		Jan-Sep 2021	
	USD	%	USD	%
Crew costs	2,302	48.93%	2,331	46.27%
Manning Expenses	158	3.36%	264	5.24%
Victualing	159	3.38%	171	3.39%
Lube oils	167	3.55%	177	3.51%
Insurance	324	6.88%	328	6.51%
Repairs/Maintenance	133	2.83%	153	3.04%
Stores/Spares	390	8.29%	580	11.51%
Dry-dock/Special Surveys	610	12.96%	580	11.51%
Management Expenses	354	7.52%	361	7.17%
Misc. expenses	108	2.30%	93	1.85%
Total	**4,705**	**100.00%**	**5,038**	**100.00%**

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

Operating Expenses Comparison

- OPEX Comparison with Industry compiled by BDO LLP
- OPEX excluding dry dock and special survey cost

For Years	2015		2016		2017		2018		2019		2020	
Particulars US$ (per day)	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**
Crew Cost	2,698	2,769	2,673	2,728	2,678	2,646	2,646	2,660	2,611	2,659	2,624	2,619
Stores	614	400	586	370	563	375	532	379	509	376	507	343
Repairs & Maintenance	758	259	738	328	715	326	711	360	688	340	692	347
Insurance	466	378	444	302	420	298	384	295	357	329	361	324
Administration	820	342	797	358	776	391	747	448	727	477	719	462
Total Operating Costs	**5,356**	**4,148**	**5,238**	**4,086**	**5,152**	**4,036**	**5,020**	**4,142**	**4,892**	**4,181**	**4,903**	**4,095**

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

Financial Highlights – Income Statement

Particulars	Jan-Sep 2021	Jan-Sep 2020	Q3-2021	Q2-2021	Q3-2020
Total Revenues - USD Million	187.62	85.49	80.53	62.58	30.55
Gross Profit - USD Million	131.35	36.94	64.36	42.36	15.55
Net Profit (loss) - USD Million	83.94	(41.70)	45.40	26.23	(0.71)
Gain (loss) on derivatives - USD Million	(2.12)	0.55	(1.86)	(0.13)	0.00
Loss on settlement agreement with Sainty - USD Million	0.00	(27.40)	0.00	0.00	0.00
Exchange gain (loss) - USD Million	5.93	0.49	0.73	1.65	0.40
Net Profit (loss) excluding non-recurring items and exchange gain (loss) - USD Million	80.09	(15.35)	46.51	24.70	(1.10)
EBITDA - USD Million (Average per Ship)	112.75 (3.13)	22.47 (0.62)	57.35 (1.59)	35.28 (0.98)	11.12 (0.31)
Average TC Income per Ship per day (USD)	18,286	7,765	24,722	17,841	8,786
Average Ship Running Cost per Ship per day (USD)	5,038	4,584	5,136	5,043	4,617
Operating days (Average Number of Ships)	9,828 (36.00)	9,864 (36.00)	3,312 (36.00)	3,276 (36.00)	3,312 (36.00)
Earnings (loss) per share excluding non-recurring items and exchange gain (loss) (Baht)	1.66	(0.31)	0.99	0.50	(0.02)
Earnings (loss) per share (Baht)	1.73	(0.85)	0.96	0.53	(0.01)
Gross Profit Margin (%)	72.36	43.62	80.70	69.60	51.65
Net Profit Margin (%)	44.74	(48.78)	56.37	41.91	(2.31)

Financial Highlights – Balance Sheet Items

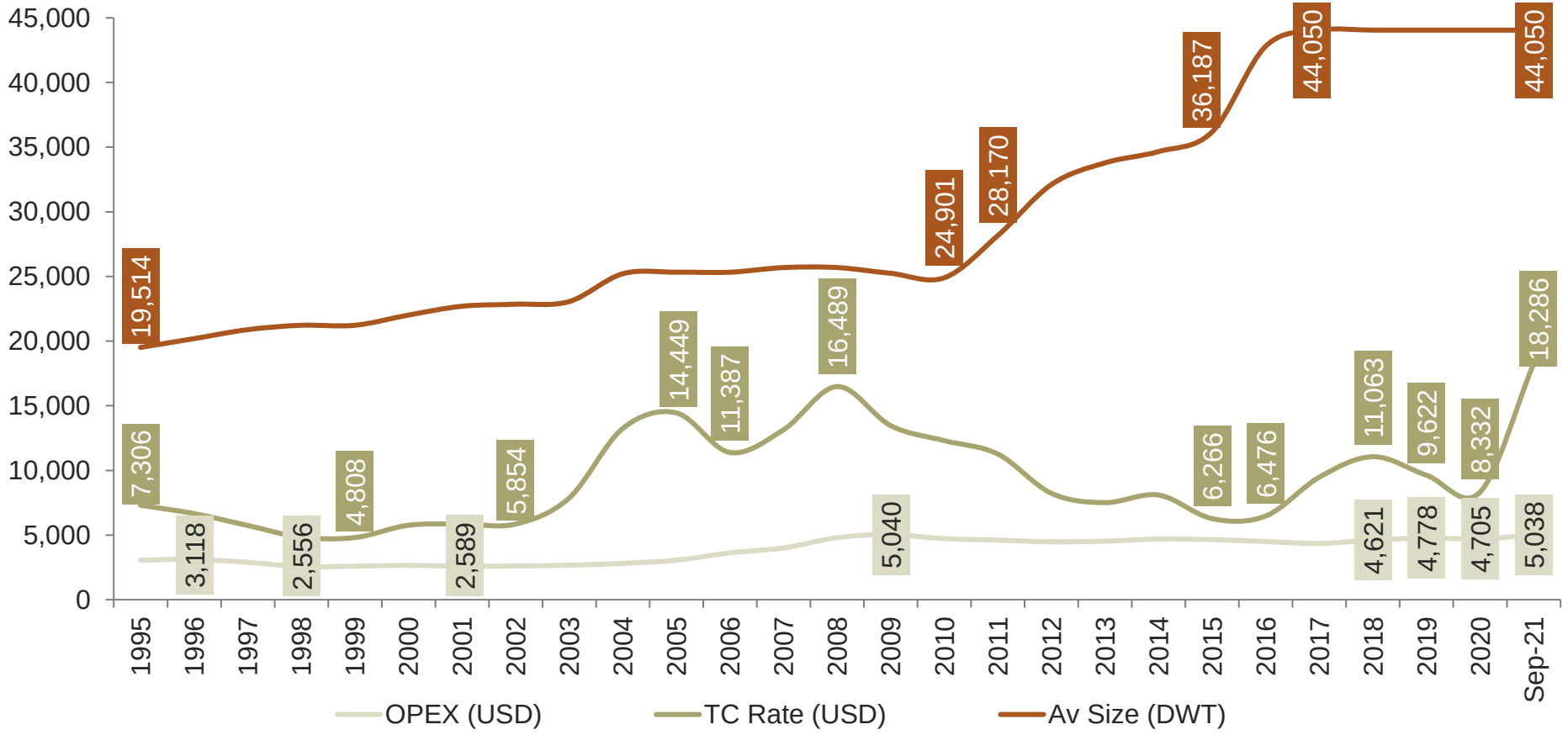
Particulars	30-Sep-2021	31-Dec-2020
Liquidity (Cash & Cash Equivalents + Undrawn Commitments) - USD Million	59.58	36.64
Cash & Cash Equivalents - USD Million	59.58	36.64
Total Current Assets - USD Million	68.41	64.52
Ships Net - USD Million	611.30	634.77
Fixed Assets Net - USD Million	613.25	636.70
Total Assets - USD Million	690.95	712.35
Total Current Liabilities - USD Million *	15.36	30.09
Total Long-Term Loans - USD Million	264.15	207.42
Debentures - USD Million	-	126.22
Total Liabilities - USD Million	290.67	374.96
Total Shareholders' Equity - USD Million	400.28	337.39
Book Value per share (USD)	0.26	0.22
Book Value per share (Baht)	8.71	6.50
Return on Equity ^^ (%)	28.95%	-3.67%
Return on Total Assets ^^ (%)	15.22%	-1.71%
Total Liabilities / Equity Ratio	0.73	1.11
Number of Ships	36	36

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

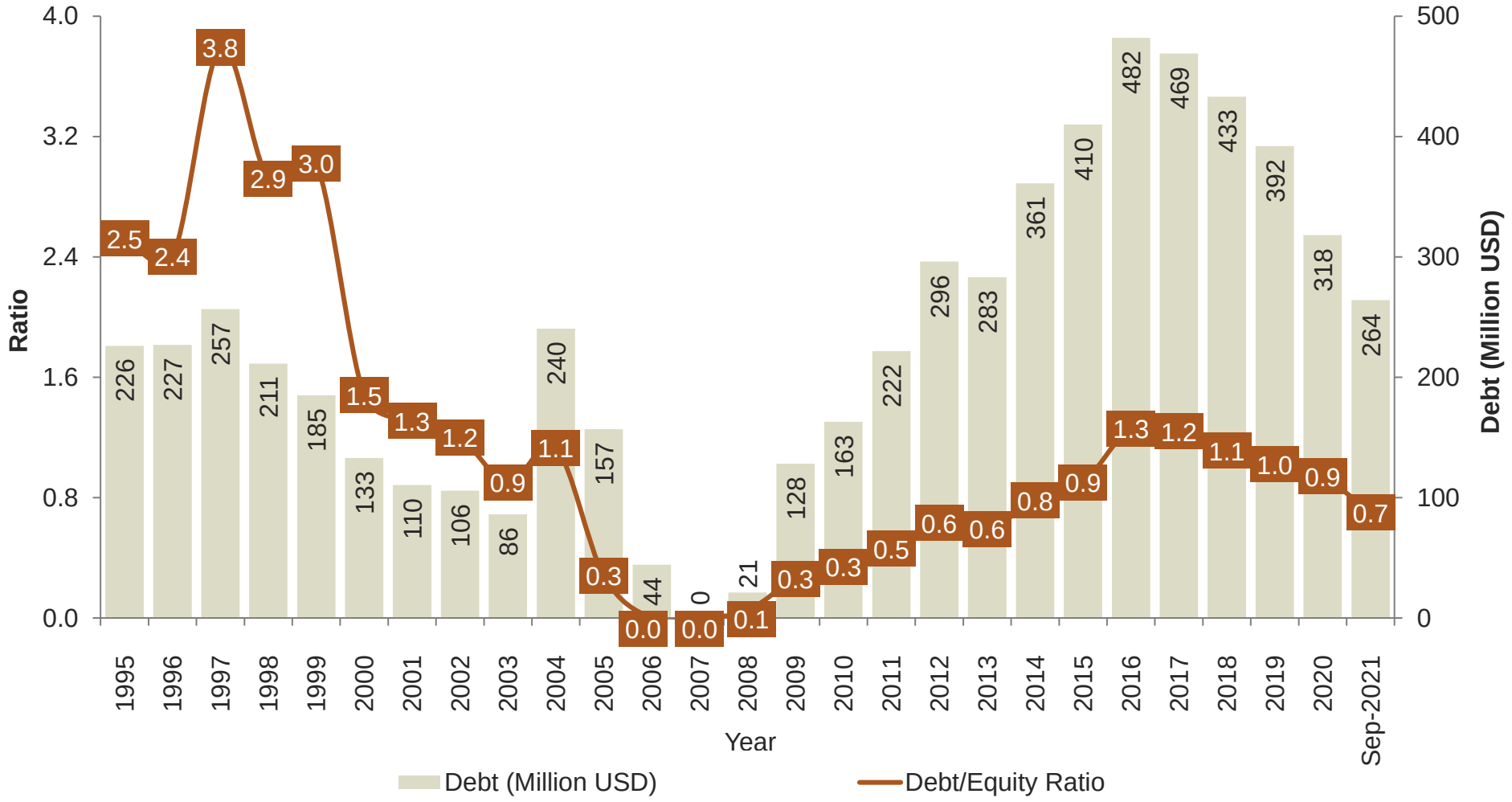
^^ *Excluding exchange gain (loss) and non-recurring items*

Average OPEX / TC Rates

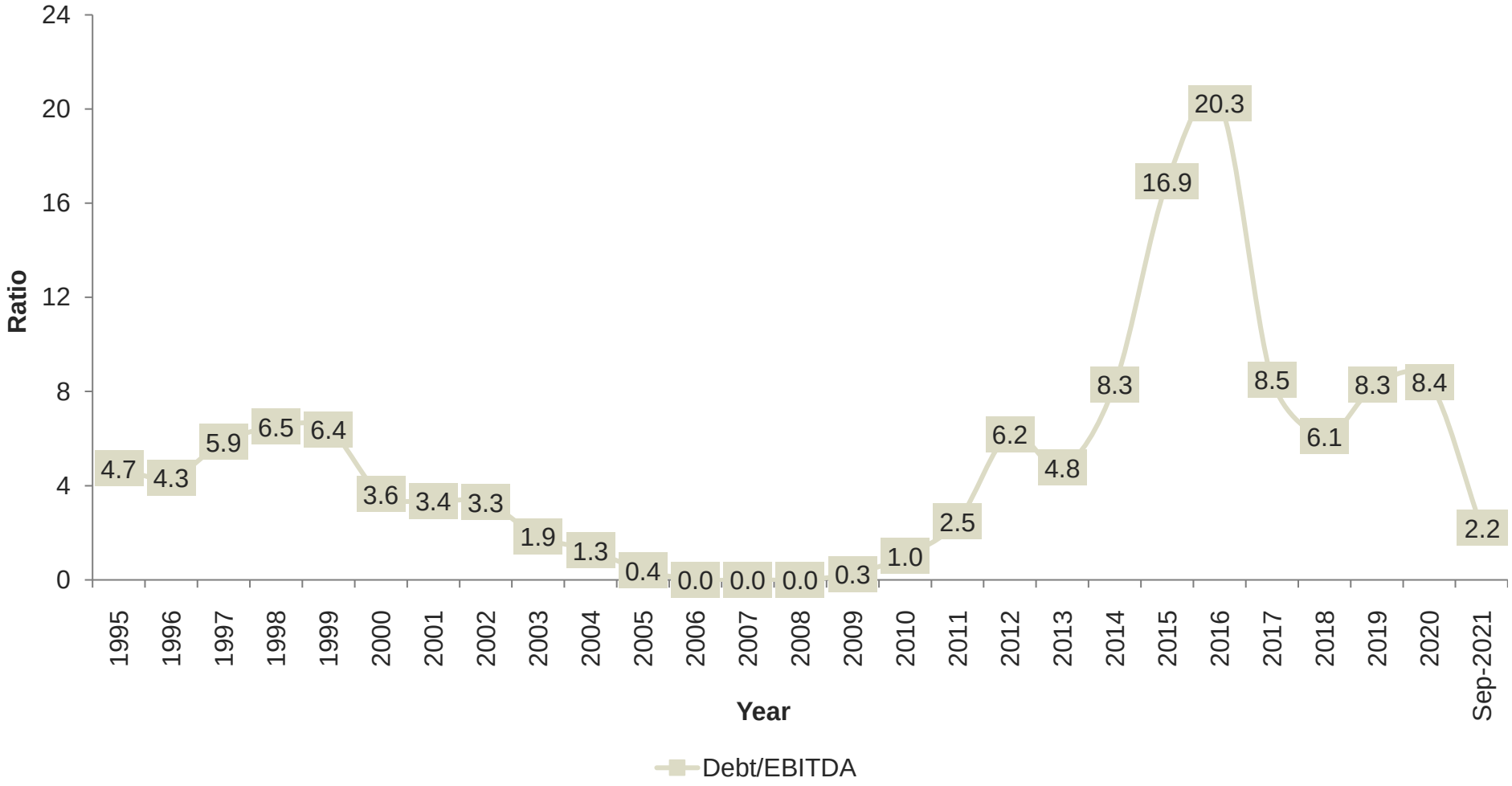
Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Sep-21
Avg Age	16.0	16.2	14.2	14.6	15.6	15.6	15.7	15.8	16.6	17.4	19.0	20.0	19.6	20.6	17.1	15.4	14.2	11.4	11.4	10.5	9.8	5.8	6.3	7.3	8.3	9.3	10.03



Debt & Debt / Equity Ratio

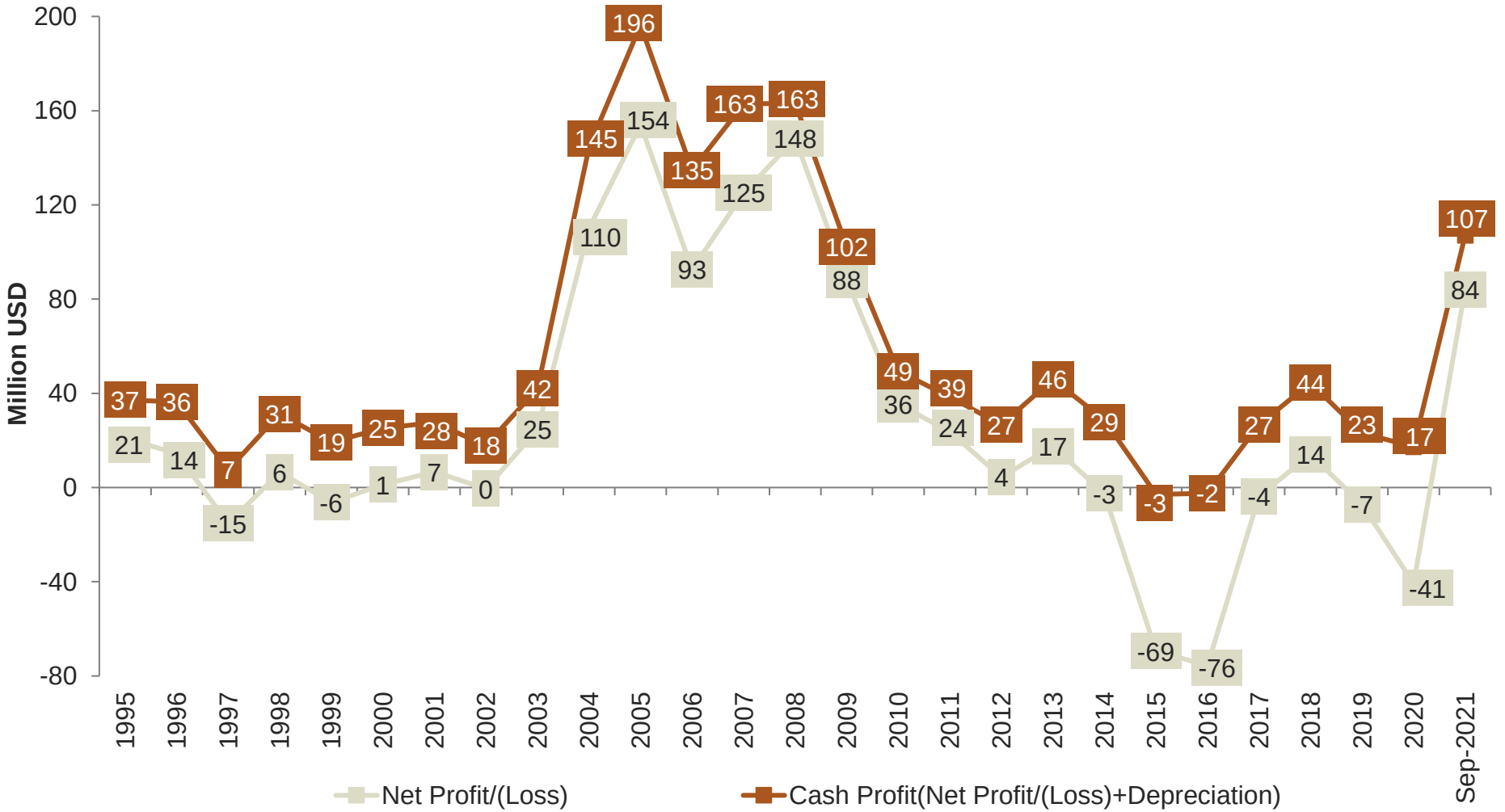


Debt / EBITDA

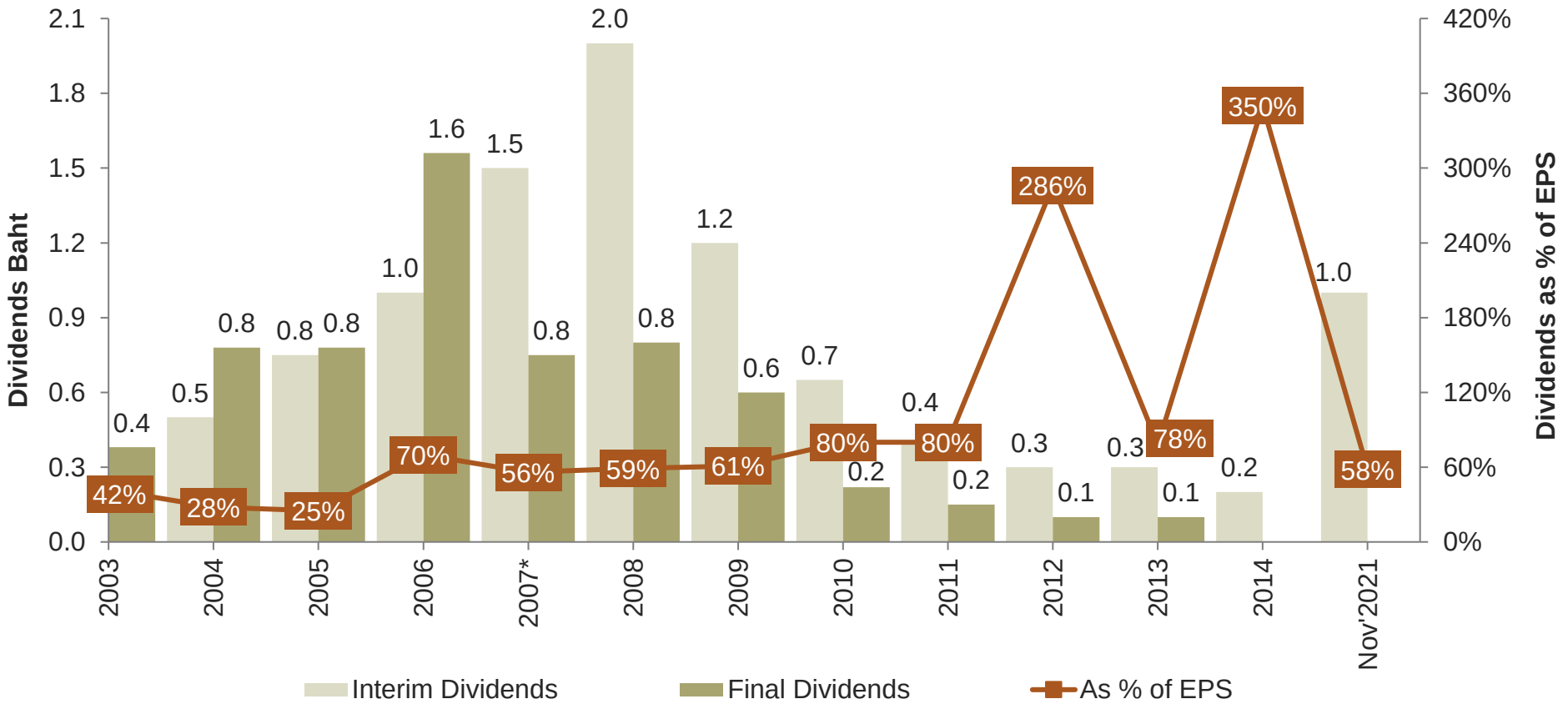


Debt / EBITDA calculated per Debt Facility Agreements

Net Profit / Cash Profit



Dividends



Dividend Policy

Not less than 25% of net profit

** 2007 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 - Q1'2021

PSL and ESG

PSL's ESG Footprint

Environment:

- PSL is always reducing its environmental impact via new technologies and innovations. We replaced older and less fuel-efficient vessels between 2013 and 2017 with **"eco-vessels"** resulting in reduction of CO_2 emissions. The PSL fleet's average gm CO_2/ton*nm has reduced from 12.884 in 2014 to 9.941 in 2020.
- Part of our fleet is retrofitted with fuel saving devices such as Mewis Duct, Pre-Shrouded Vanes and Hub Vortex Absorbed Fins leading to **energy savings ranging between 3-5%**.
- We have a **formal environmental policy statement and guidelines since 2009 based on ISO 14001:2004 standards updated to ISO 14001:2015** standards.
- PSL has joined the **Getting to Zero Coalition** as a founding member, an alliance of more than 140 companies within the maritime sector to explore commercially viable zero carbon emitting vessels or ZEVs.

Social:

- We have an **in-house training centre + a full-scale ship-simulator** to create awareness about environmental issues and crew responsibilities.
- PSL providing **60,000 free meals over 3 months for the needy in Bangkok starting 12 August 2021**.
- PSL is a signatory of the **'Neptune Declaration' covering seafarer well-being and crew change**.
- PSL has **deviated ships** at a huge commercial cost **to sign-off our seafarers** while meeting MLC requirements **during the Covid-19 pandemic**.
- PSL has been providing a **scholarship scheme for students** of the Merchant Marine Training Centre, Thailand as well as donations for other activities every year since 1995. PSL provides scholarship to 42 students each year.
- PSL built a **USD 1m 80 bed dormitory** for the Nakhorn Si Thamarat Institute, saving students long commute time and reducing their CO2 footprint.

Governance:

- PSL classified as a company with **"Excellent" Corporate Governance** for 12 consecutive years from 2010 to 2021, by IOD & National CG Committee.
- PSL earned 100 full AGM assessment scores for the fourth consecutive years from 2018 to 2021, by Thai Investors Association (TIA)
- PSL has been very pleased to **be the only Shipping Company in the ASEAN region to receive the Asset Class Award**, in recognition of our having attained a score of above 97.5 in the 2019 ASEAN Corporate Governance Scorecard.
- PSL has been certified as a **member of Thailand's Private Sector Collective Action Coalition Against Corruption** (CAC) since August 2019.

Investor Relations

Investor Relations Activities – 9M 2021

The Company has joined many events for press/analyst briefings, which are attended personally by the Managing Director, the Executive Directors and/or IR team. Some of the major events in which the Company participated in 9M 2021 are enumerated herein as under:

Year/Times	Analyst Meetings/ Communications	Investors Meetings/ Communications	Presentations Road shows	Press & TV Interview	Total
9M 2021	56	15	10	9	90

Virtual Conference / Meetings (Times)	Domestic	Hong Kong	Singapore	USA	Europe	Other countries
9M 2021	32	5	5	1	1	-

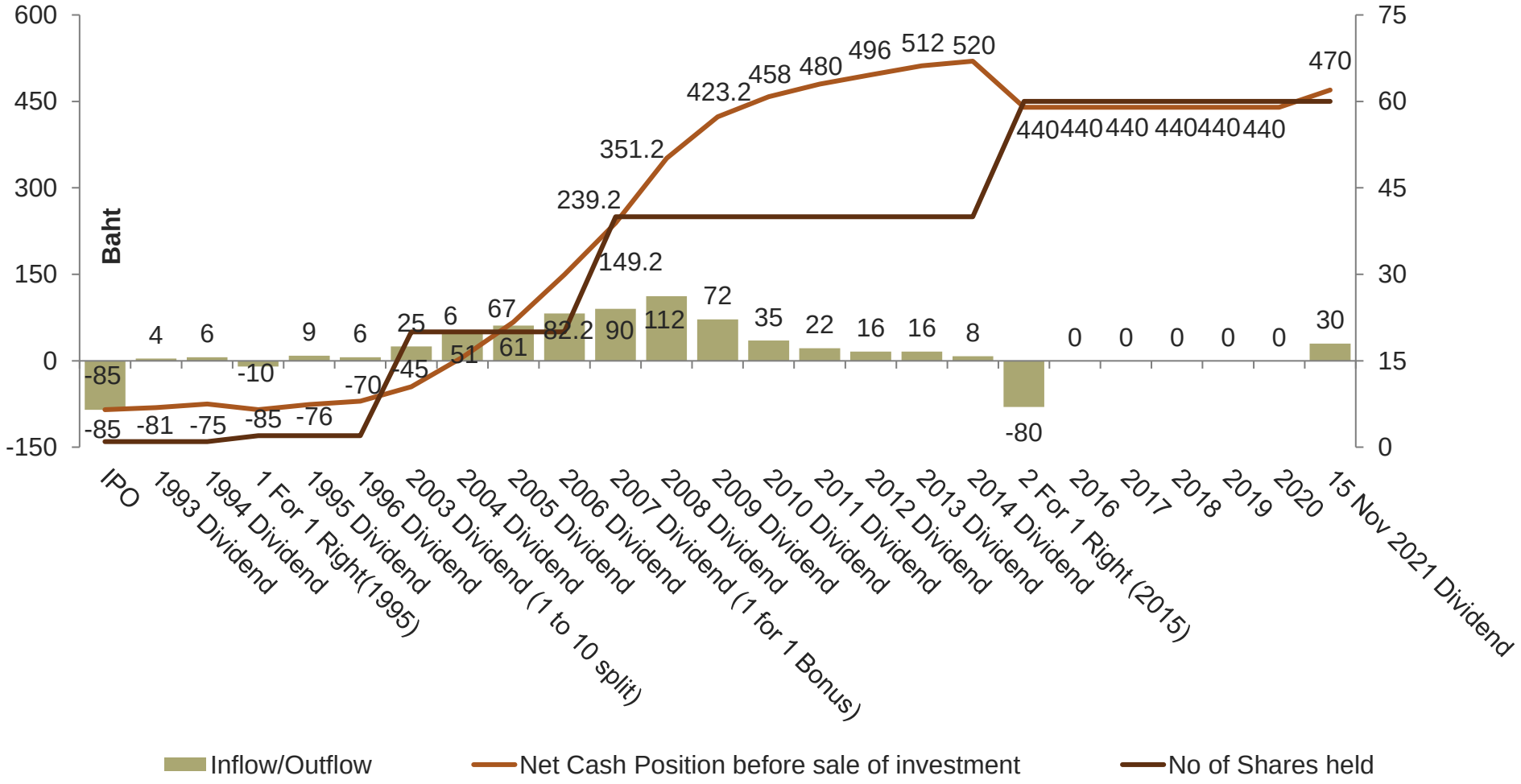
Year/Times	Analyst Meetings/ Communications	Investors Meetings/ Communications	Presentations Road shows	Press & TV Interview	Total
2020	29	26	10	4	69
2019	15	52	13	5	85
2018	20	16	19	6	61

Awards

SET Awards 2021- Outstanding Investor Relations Awards

Shareholder's returns

Total Return to Shareholders: 1993 to 15 November 2021



Basis the 16.30 Baht/share price on 15 November 2021, stockholders have earned a 16.3% IRR since the IPO in 1993.

Final Food For Thought

- As described in the Industry section – **Demand is growing faster than Supply growth**, and this should be good **for the next couple of years**. **Minor bulks**, cargoes that PSL carries, are **growing faster than** other cargoes and certainly faster than **supply growth** in the geared sector.

- PSL is a Thai Corporate, but **we have zero business out of Thailand**. Covid-19 cases spiking in Thailand and the weaker Thai Baht does not affect our business in a negative way. The **weaker the Thai Baht, the stronger our EPS in Thai Baht as all our income is in USD**!

- We are **a Thai stock that is unconnected with the Thai economy**. Part of our **Bangkok expenses** are in Thai Baht and **would reduce with the weaker Baht**.

- **P/BV is not a good measure anymore, as asset values have gone up** significantly since the start of the pandemic **by 100% to 200%.**

- **Our debt continues to shrink**, and **surplus cash** generated from our business **continues to grow**. This should be **good news for our shareholders**.

Thank You !

Precious Shipping Public Company Limited

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Precious Shipping Public Company Limited

SET Opportunity Day Q3/2021 held on 17th November 2021

Questions & Answers

1. **What are the reasons for the significant drop of rates during the past 3 - 4 weeks, even though it was high season of dry bulk market?**

   Answer: This question was answered in our presentation, under slide number 17.

2. **During the past 2 months, what are the changes in China's steel and iron ore imports as compared to last year?**

   Answer: In terms of steel production, China produced 60 MMT more steel in the first six months of this year than the year before. China imposed a restriction by which this year's total production should be the same as that of last year, which means in the second half of this year, China will produce 60 MMT less steel as compared to the first half of this year.

3. **How will the recent wave of COVID-19 in Europe impact the port congestion?**

   Answer: It will certainly increase congestion in the European Union ports.

4. **Does the real estate problem in China affect steel demand and the dry bulk market?**

   Answer: Yes, of course. The impacts are felt more in the Pacific fleet. For example: if you look at the Q3 Index numbers for the ships, you will see that the Q3 Index numbers of Pacific fleet was much higher than the fleet in the Atlantic. Currently, if you look at the Q4 numbers, it has reversed, where the Atlantic is much stronger than the Pacific. In fact, in Q3 anywhere between USD 15,000 - 20,000 more per day per ship was earned in the Pacific as compared to the Atlantic. In the fourth quarter so far, the Atlantic is earning about USD 15/25,000 more than you can earn in the Pacific, so there has been a reversal of rates.

Precious Shipping Public Company Limited

SET Opportunity Day Q3/2021 held on 17th November 2021

5. **What is the current situation of port congestion in China?**

> **Answer:** It is reducing, but with this recent spike that we have seen in COVID-19 cases in China, and the fact that China is still following the COVID zero policy, we think that this congestion levels might start to increase again.

6. **Is it true that at the moment, ships in the market have started to become unemployed?**

> **Answer:** We don't know about the other ships in the market, but for our ships, that is certainly not true.

7. **What are the impacts on the financial statements in case of the worst-case scenario of the legal case in Nigeria?**

> **Answer:** The case in Nigeria is still not yet resolved. The authorities are still working on it, and therefore, it is very early to make any statement today. Besides, if the Company must make such statement, we must make it to the Stock Exchange of Thailand first, before we can give it in any other forums.

8. **Did any of Precious Shipping's vessels get fixed during the high rates in October? If so, how much?**

> **Answer:** Please see our Q3 newsletter which published on our website. We have shown that the highest rate was above USD 50,000 per day on one of our ships in Q3. In terms of our fixtures in October, yes, we were able to capture the high rates in the month. You may refer to our disclosure to the SET that we have fixed one of our vessels (M.V. Vipha Naree) for a period of 11-13 months at a gross variable rate equivalent to 102% of the BHSI weighted time charter average value over the previous 15 days.

Precious Shipping Public Company Limited

SET Opportunity Day Q3/2021 held on 17th November 2021

9. **Does the current increase in oil price affect the shipping industry, such as sailing speed etc.**?

Answer: Right now, no, but once the rates fall down to the same level as at the start of Q1 of this year, then certainly the ships may start slowing their speed with the current oil price.

10. **Is the Company considering entering into any other new businesses for diversification purposes, given the cash flow being generated?**

Answer: No, we are not. We have no plans to either buy ships or sell ships or diversify into any other new business. What we intend to do, and which we have been doing so far, is to return the money to our shareholders, and that is what we have done in Q2 and Q3.