Precious Shipping Public Company Limited

SET Opportunity Day

17 February 2022

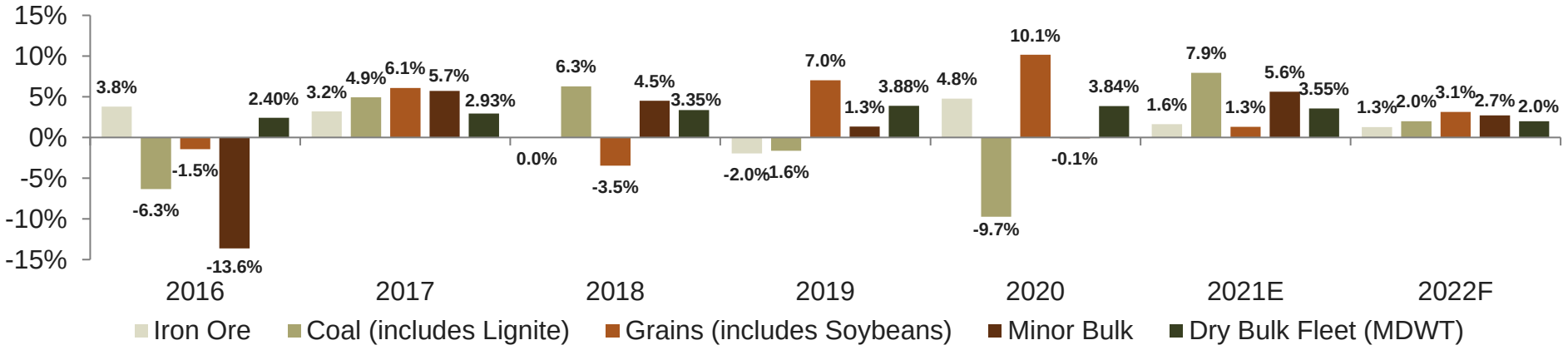
Evolution Of The Baltic Dry Index Since 2016

Source: Clarksons, 10 January 2022

Historical Growth In Seaborne Drybulk Trade – Billion Tonne-Miles

Seaborne Drybulk Trade							
All Units In Billion Tonne-Miles	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022F**
Iron Ore	7,936	8,190	8,188	8,028	8410	8,547	8,657
Coal (includes Lignite)	4,641	4,870	5,175	5,090	4,594	4,959	5,058
Grains (includes Soybeans)	3,085	3,272	3,158	3,380	3,723	3,771	3,889
Minor Bulk	9,403	9,941	10,389	10,527	10,518	11,108	11,408
Total	**25,064.70**	**26,272.56**	**26,910.66**	**27,025.91**	**27,245.48**	**28,385.13**	**29,012.46**
Total % Change In Trade	**-5.83%**	**4.82%**	**2.43%**	**0.43%**	**0.81%**	**4.18%**	**2.21%**
Dry Bulk Fleet (MDWT)	**790.41**	**813.53**	**840.82**	**873.43**	**906.99**	**939.15**	**963.9***
% Change in Dry Bulk Fleet (MDWT)	**2.40%**	**2.93%**	**3.35%**	**3.88%**	**3.84%**	**3.55%**	**2.0%***

% age increase over the previous year



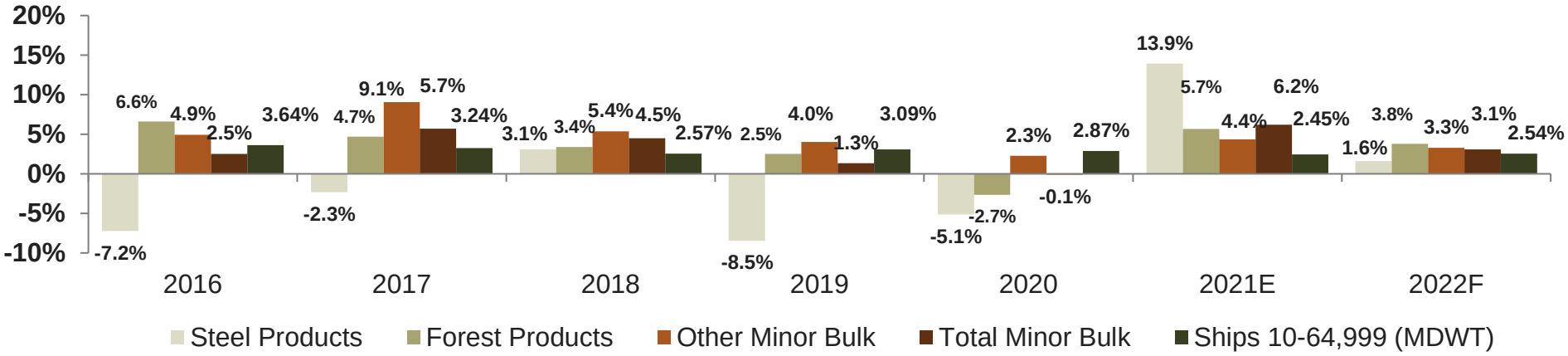
Source: Clarkson's, 7 Feb 2022

**2022F figures from Clarkson January '22 DBTO report*

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**	**2021E**	**2022F**
Steel Products	1,949	1,905	1,963	1,797	1,705	1,942	1,974
Forest Products	2,124	2,224	2,300	2,358	2,295	2,426	2,518
Other Minor Bulk	5,330	5,813	6,126	6,372	6,518	6,802	7,025
Total Minor Bulk	**9,403**	**9,941**	**10,389**	**10,527**	**10,518**	**11,170**	**11,516**
% Change In Minor Bulk	**2.52%**	**5.72%**	**4.50%**	**1.33%**	**-0.09%**	**6.20%**	**3.10%**
Ships 10-69,999 (MDWT)	**286.90**	**296.20**	**303.80**	**313.20**	**322.20**	**330.10**	**339.70***
% Change In 10-69,999 (MDWT)	**3.10%**	**3.24%**	**2.57%**	**3.09%**	**2.87%**	**2.45%**	**2.54%***

% age increase over the previous year

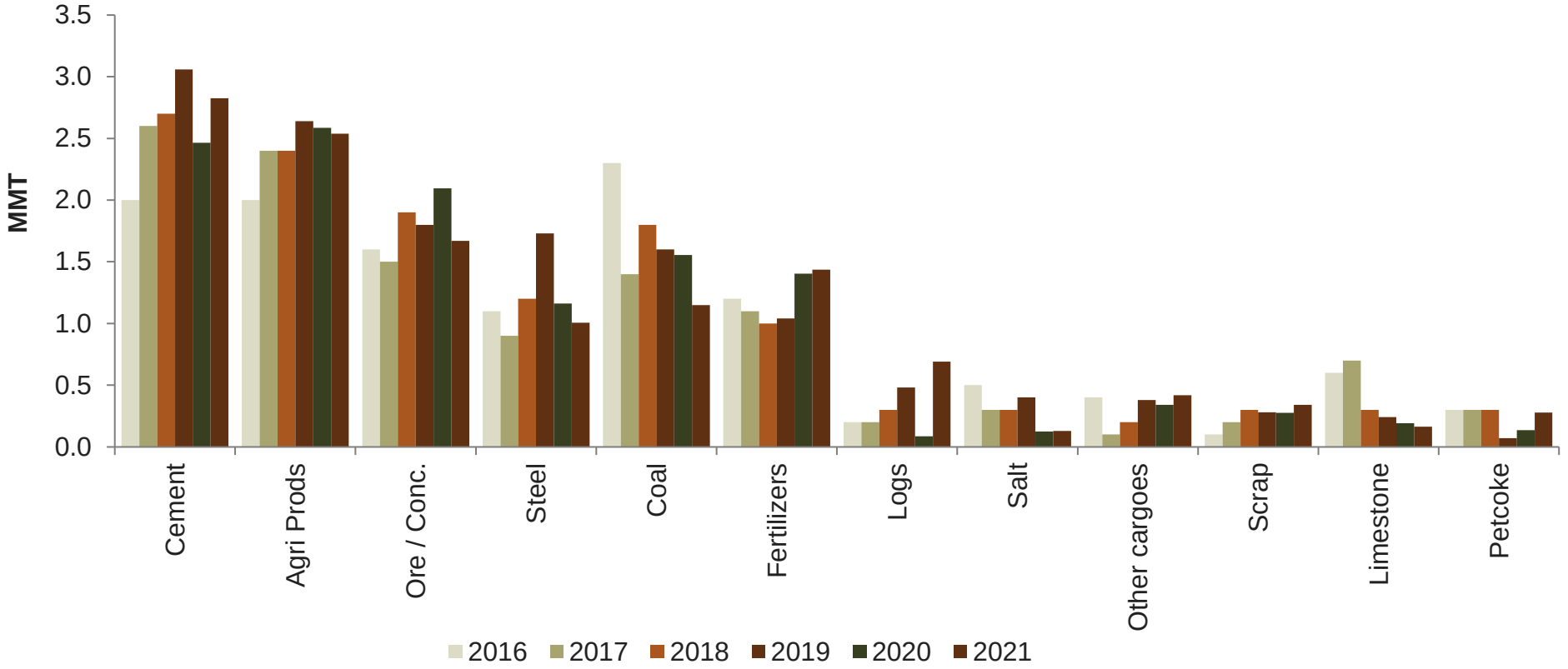


Source: Clarkson's, as on 7 Feb 2022,

**2022F figures from Clarkson January '22 DBTO report*

PSL Cargo Exposure: 2016 – 2021

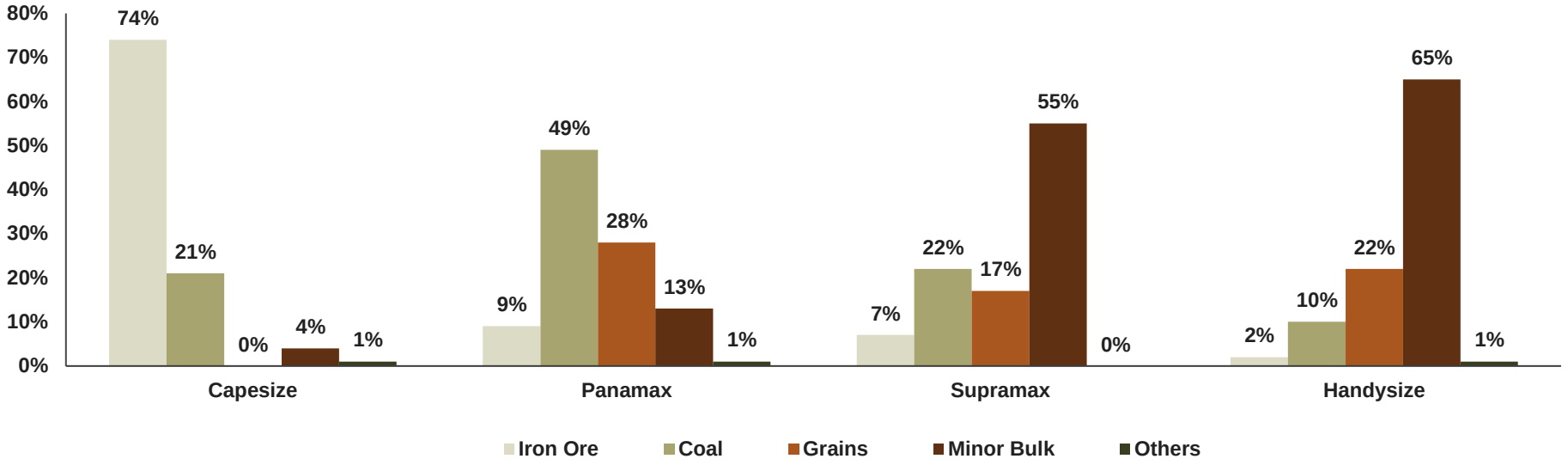
Bulk cargo in the aggregate amount of 12.3 MMT, 11.7 MMT, 12.7 MMT, 13.72 MMT, 12.4MMT, 12.64MMT was carried on PSL ships in 2016, 2017, 2018, 2019, 2020 & 2021, respectively.



Source: PSL

Commodities Share by Different Dry Bulk Sectors

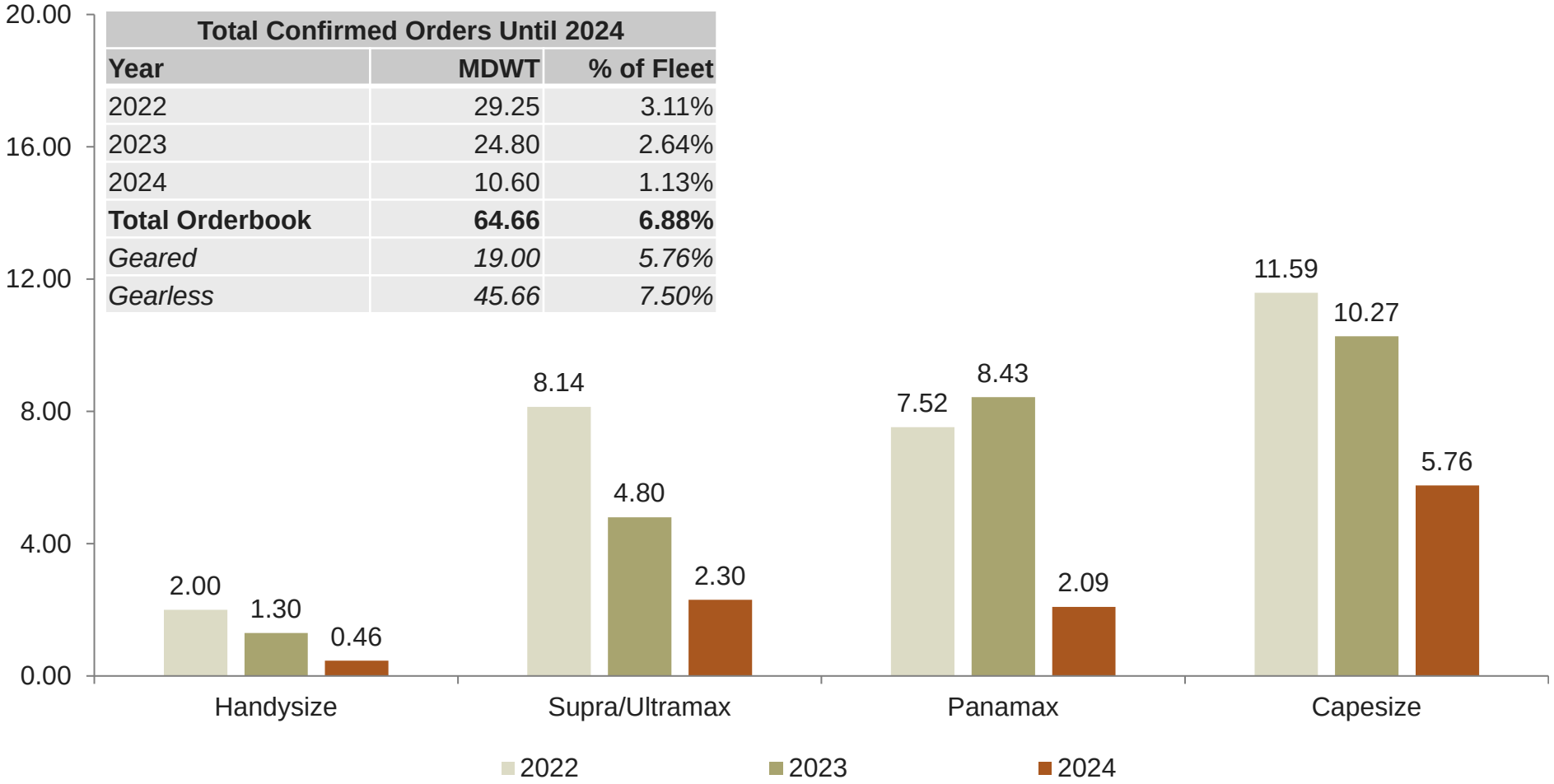
COMMODITIES	Capesize	Panamax	Supramax	Handysize
Iron Ore	74%	9%	7%	2%
Coal	21%	49%	22%	10%
Grains	0%	28%	17%	22%
Minor Bulk	4%	13%	55%	65%
Others	1%	1%	-	1%



Source: Maersk Broker

Confirmed Orders as of start of 2022 (MDWT) to 31 December 2024

Total Confirmed Orders Until 2024		
Year	**MDWT**	**% of Fleet**
2022	29.25	3.11%
2023	24.80	2.64%
2024	10.60	1.13%
Total Orderbook	**64.66**	**6.88%**
Geared	*19.00*	*5.76%*
Gearless	*45.66*	*7.50%*



Source: Clarkson's as on 6 Jan 2022

Dry Bulk Fleet as of start of 2022

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	4,129	12.87	111.86	27,090	11.90%
Supra/Ultramax	40,000 – 69,999	3,879	10.85	218.25	56,264	23.20%
Panamax	70,000 – 89,999	2,540	10.77	201.93	79,498	21.50%
Capesize	90,000+	2,236	9.42	407.12	182,076	43.40%
Total / Average		**12,784**	**11.24**	**939.15**	**73,463**	**100.00%**

Changes in 12M 2021

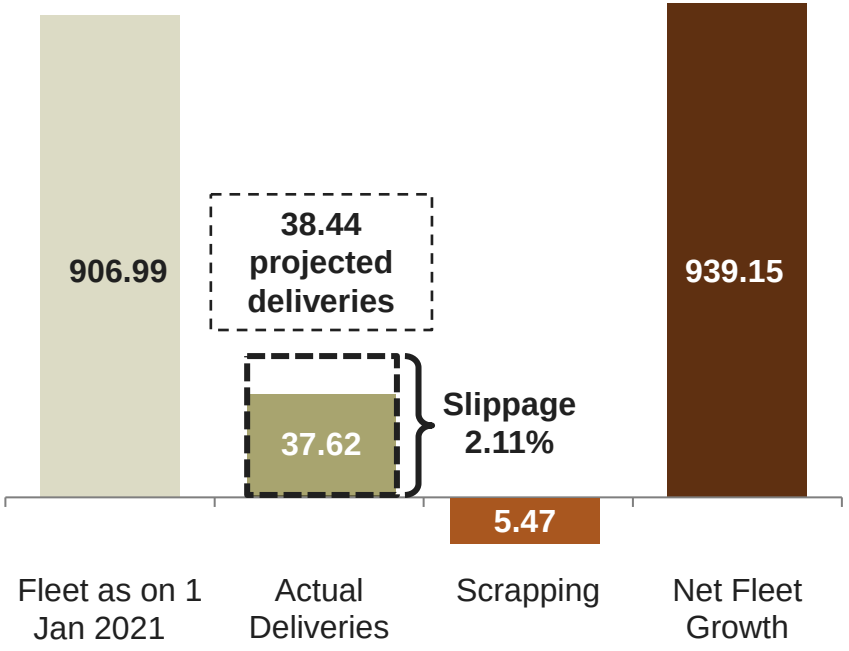
Ship Type	DWT Range (MT)	Ships No (%age)	DWT m MT (%age)
Handysize	10,000 – 39,999	+100 (+2.48%)	+2.23 (+2.03%)
Supra/Ultramax	40,000 – 69,999	+102 (+2.70%)	+6.02 (+2.84%)
Panamax	70,000 – 89,999	+89(+3.63%)	+7.42 (+3.82%)
Capesize	90,000+	+82 (+3.81%)	+16.49 (+4.22%)
Total / Average		**+373 (+3.01%)**	**+32.16 (+3.55%)**

Source: Clarksons as on 6 January 2022

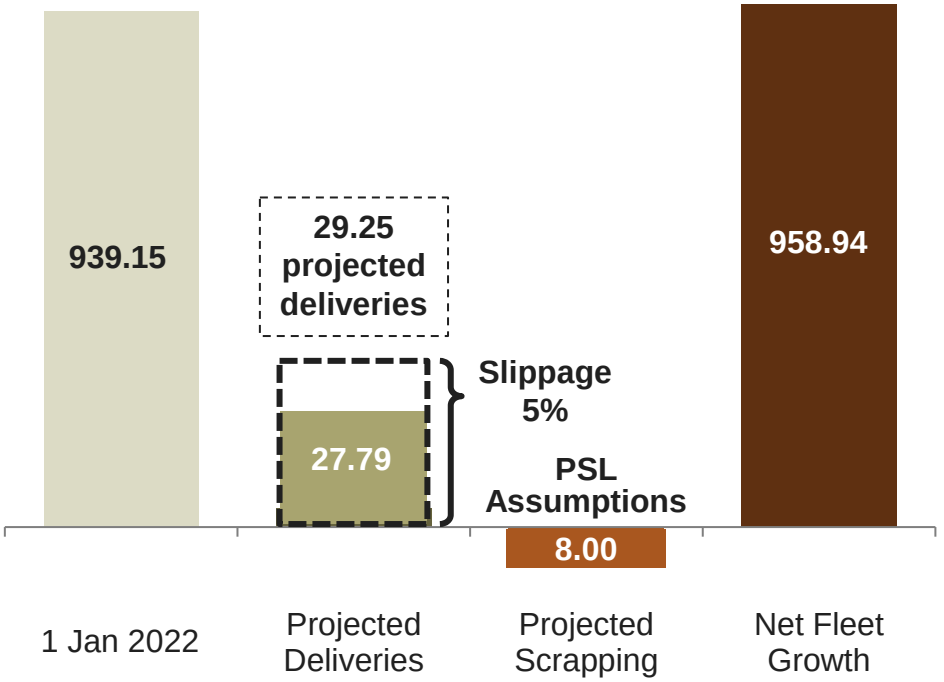
Dry Bulk Supply Side Forecast Changes

Based on 2021 data (annualized), **PSL projects net fleet growth for 2022 at 2.11%.**

2021 Net Fleet Growth = 32.16 MDWT, +3.55%



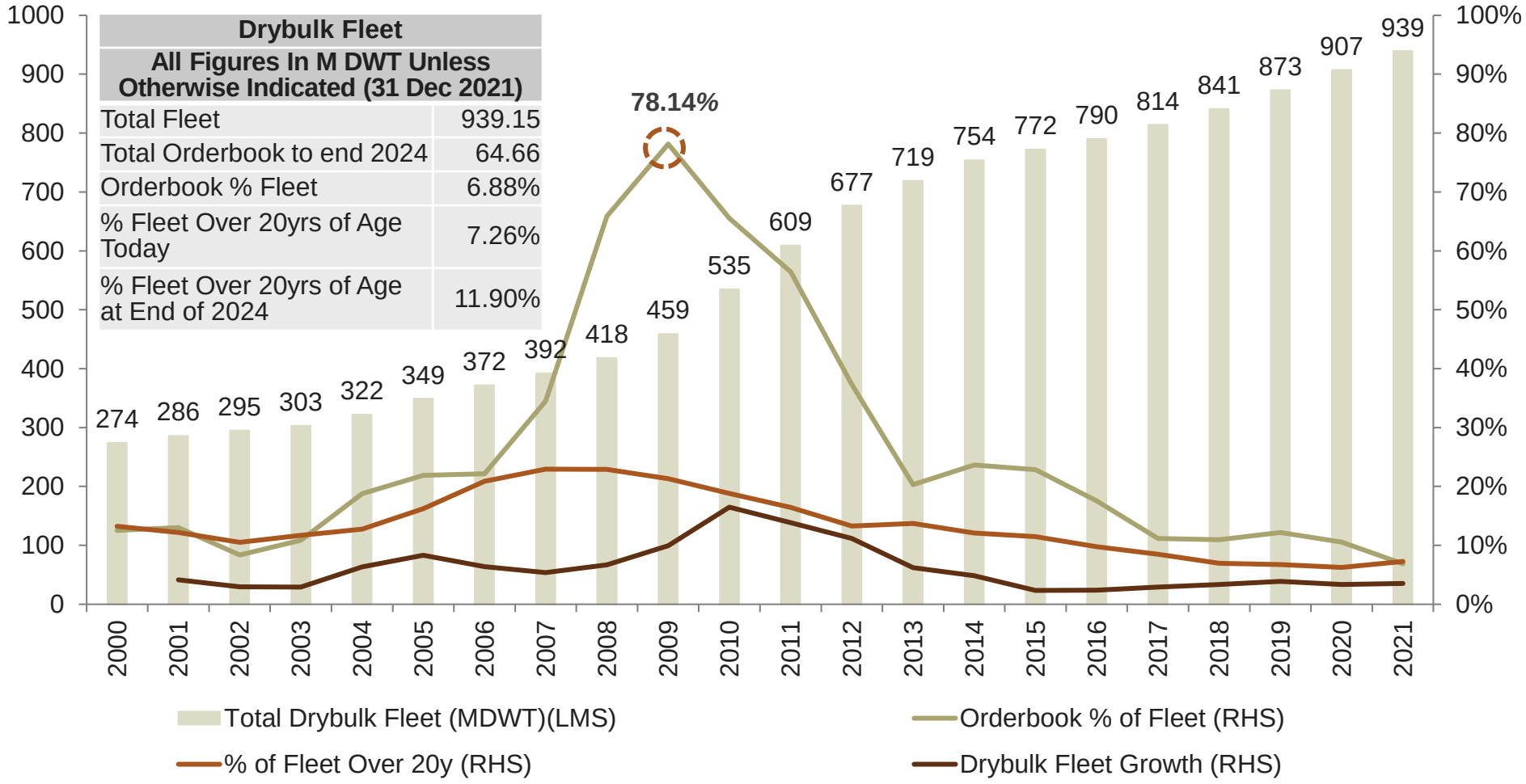
FY 2022 Net Fleet Growth = 19.79 MDWT, +2.11%



Source: Data from Clarksons as on 6 Jan 2022, PSL internal estimate.

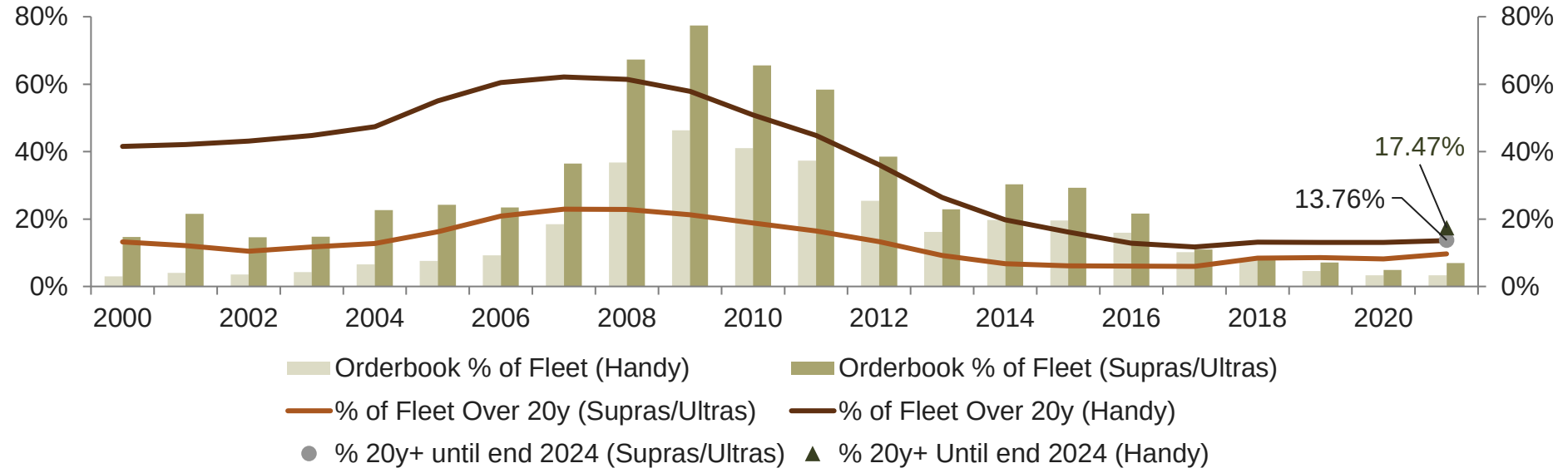
Putting Orderbook Figures In Context – The Overall Dry bulk Fleet

Drybulk Fleet All Figures In M DWT Unless Otherwise Indicated (31 Dec 2021)	
Total Fleet	939.15
Total Orderbook to end 2024	64.66
Orderbook % Fleet	6.88%
% Fleet Over 20yrs of Age Today	7.26%
% Fleet Over 20yrs of Age at End of 2024	11.90%



Source: Clarkson's, as on 6 Jan 2022

Putting Orderbook Figures In Context – Geared Vessels Only



Handysize Fleet All Figures In M DWT Unless Otherwise Indicated (31 Dec 2021)	
Total Fleet	111.86
Total Orderbook	3.75
Orderbook % Fleet	3.35%
% Fleet Over 20yrs of Age Today	13.64%
% Fleet Over 20yrs of Age at End of 2024	17.47%

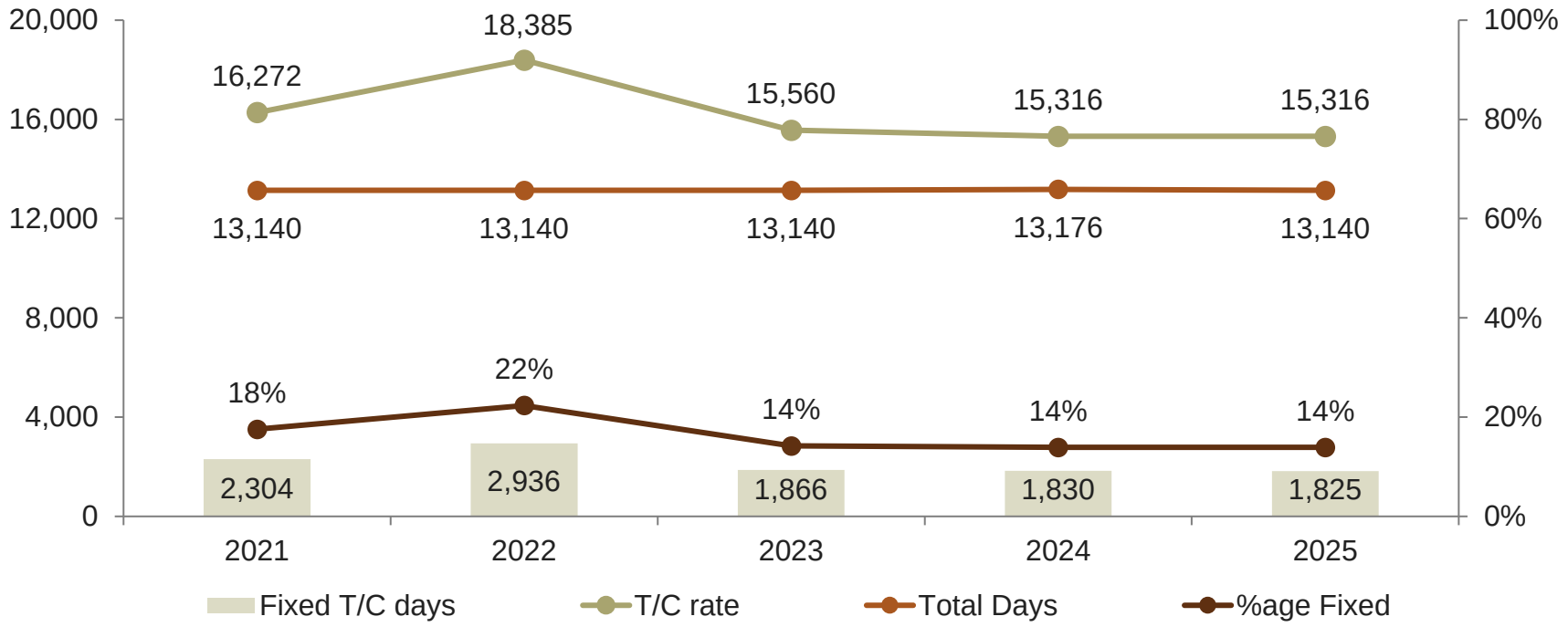
Supramax/Ultramax All Figures In M DWT Unless Otherwise Indicated (31 Dec 2021)	
Total Fleet	218.25
Total Orderbook	15.25
Orderbook % Fleet	6.99%
% Fleet Over 20yrs of Age Today	9.72%
% Fleet Over 20yrs of Age at End of 2024	13.76%

Source: Clarkson's, as on 6 Jan 2022

PSL's Strategy

Current and Rolling 4 Year Forward Book

Contract value	USD 37.49 m	USD 53.98 m	USD 29.03 m	USD 28.03 m	USD 27.95 m	Total USD 176.48 m



- *This comprises charters on 5 ships on fixed rate charter and 4 ships on variable rate charters*
- *Average T/C Rate/Day for the variable rate charters is estimated based on rates prevailing in January 2022 for future earnings and actual earnings for past earnings.*
- *Data as of 12 January 2022*

Difference Between the 2003/2009 Super Cycle and Today

Differences in 2003-2009, 2010-2020, 2021, and the future

Daily average Time Charter rate	2003 – 2009	2010 – 2020	2021
Capesize	67,101*	14,924***	33,333**
Panamax	32,793*	10,965***	27,898**
Supramax	28,013^^	10,765***	26,768**
Handysize	18,753^^	8,789***	25,702**
Demand Billion Ton-miles per year	+5.4%	+4.2%	+4.2%
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%	+3.55%

The Future

- **Order book to fleet ratio at start of 2022 = 6.88% of existing fleet compared to 78.14% at start of 2009.**
- **20-year-old fleet at start of 2022 = 68.2 MDWT (7.3% of existing fleet) compared to 95.7 MDWT (22.9%) at start of 2009.**
- **5.47 MDWT recycled in 2021 versus 5.56 MDWT recycled in 2008.**
- **1.57 MDWT recycled in 2021 in the geared sector versus 2.28 MDWT recycled in the geared sector in 2008.**

*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).

Source: Clarksons

Difference Between start, end of 2021, start of 2022, and beyond

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
End of Q3	30-Sep-2021	74,176	36,119	37,200	35,543
Start of Q4	01-Oct-2021	75,190	35,929	37,212	35,769
End of year	24-Dec-2021	19,176	23,158	25,188	26,384

Start of 2021

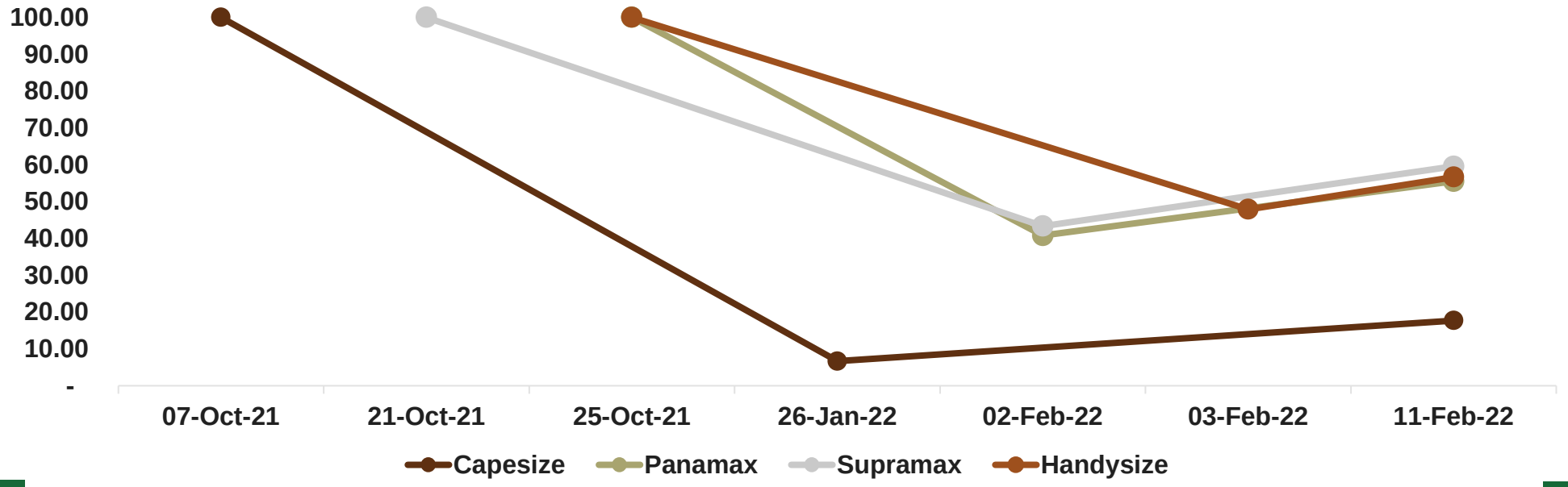
- **The upward momentum in the freight markets continued during 2021 as demand supply were in perfect balance**.
- **GDP growth rates in China and the ROW started to rise sharply**. Commodity prices started to move upwards.
- **Congestion peaked at start of Q3 at 6.3% above the 7-DMA during 2016-2019 and averaged 4.6% in 2021**.
- **The speed of the rise of the freight market in 2021 took everyone by surprise**.

End of 2021 and Q1 2022

- **Evergrande became infamous at end of Q2 2021**. 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, cement, aluminum, 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, and **blue skies during the winter Olympics**. To rectify this, **China increased coal production; increased coal imports; capped coal price; relaxed emission rules; increased power for residences; reduced power for industries**.
- **ROW central banks have started tapering QE and started interest rate hikes in 2022.**
- **Result: congestion dropped; weaker, though healthy, dry bulk rates in Q4 2021 and so far in Q1 2022.**
- **All the above negatives are government intervention in markets BUT not a collapse of demand so can all be revered quickly.**
- **By Q2 2022 we expect the China real estate crisis will have passed; power will be more evenly distributed; 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!**

Capes, Panamax, Supras, Handy – Top to bottom and back up!

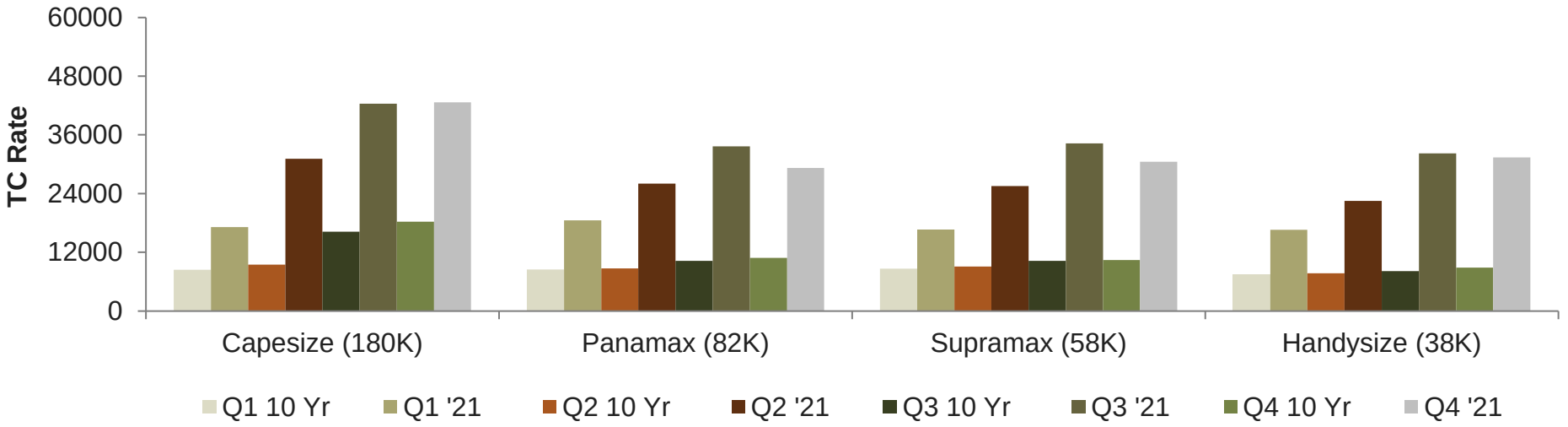
Date	Capesize TC Rate	% Change	Date	Panamax TC Rate	% Change	Date	Supramax TC Rate	% Change	Date	Handysize TC rate	% Change
07-Oct-21	86,953		25-Oct-21	38,952		21-Oct-21	39,860		25-Oct-21	37,109	
26-Jan-22	5,826	-93%	02-Feb-22	15,885	-59%	02-Feb-22	17,273	-57%	03-Feb-22	17,776	-52%
11-Feb-22	15,397	+164%	11-Feb-22	21,623	+36%	11-Feb-22	23,743	+37%	11-Feb-22	21,018	+18%



Current Market Situation

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

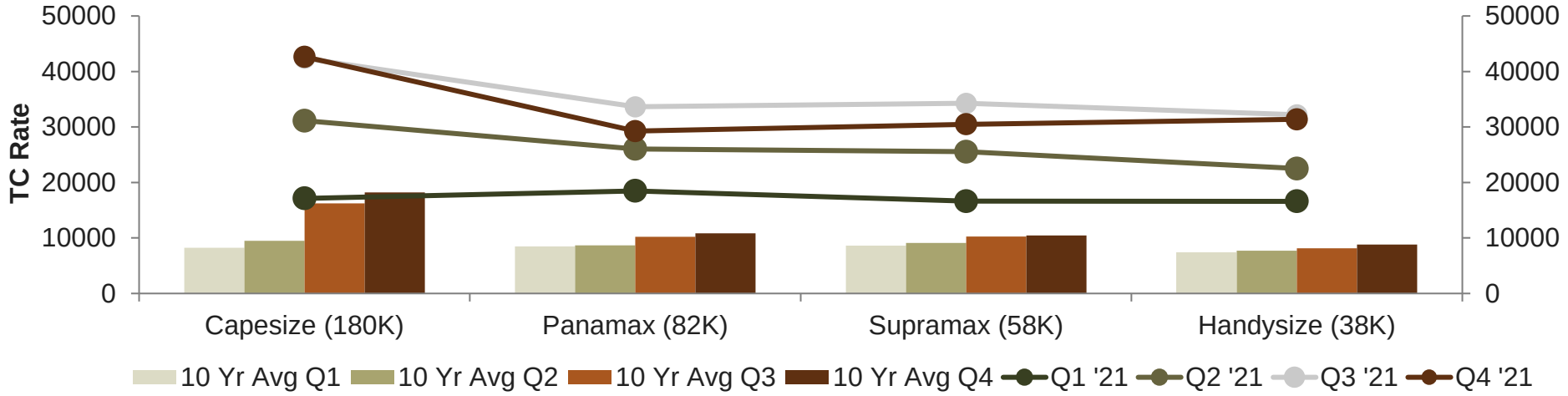
Vessel type	Avg 10 Yr Q1 In USD	Q1 '21 In USD	Change in %	Avg 10 Yr Q2 In USD	Q2 '21 In USD	Change in %	Avg 10 Yr Q3 In USD	Q3 '21 In USD	Change in %	Avg 10 Yr Q4 In USD	Q4 '21 In USD	Change in %
Capesize (180K)	8,428	17,126	103%	9,474	31,120	228%	16,219	42,379	163%	18,221	42,645	134%
Panamax (82K)	8,477	18,493	118%	8,679	26,052	200%	10,230	33,629	229%	10,842	29,253	170%
Supramax (58K)	8,626	16,633	92%	9,079	25,538	181%	10,247	34,269	234%	10,426	30,472	192%
Handysize (38K)	7,436	16,610	123%	7,684	22,507	193%	8,160	32,194	295%	8,834	31,370	255%



Source: Clarkson's, 6 Jan 2022

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 (2021)	42,645	1%	29,253	-13%	30,472	-11%	31,370	-3%



Source: Clarkson's, 6 Jan 2022

DWT of Dry Bulk ships ordered in 2021 versus 2020, and 2019

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	1,353	-	-	25.86	-	-	6.71	-	-	19.15	-	-
2020	1,066	-	-	23.21	-	-	10.64	-	-	12.56	-	-
2021	2,943	+176%	+118%	37.65	+62%	+46%	10.01	-6%	+49%	27.64	+120%	+44%

Source: Clarkson's, 6 Jan 2022

Four Reasons why new ship orders have not gone ballistic in 2021 even though rates have skyrocketed

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'**.
3. **89 shipyards delivered 433 dry bulkers in 2020** with a **forward orderbook** of just **572 bulkers till 2025** compared to **261 shipyards that 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 Q4 2021

Index	Index Ship DWT	Index Speed/Con (1)	PSL Avg Ship DWT	PSL Avg Speed/Con (1)	PSL Ship Number	Q4 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	1,743	USD 31,370	USD 25,062	-20.11%
BSI (Supramax)	58,000	Laden: 12K/24T Ballast: 13K/23T	59,198* (Supramax & Ultramax)	Laden: 12K/26T Ballast: 13K/24T	9 Supramax & 8 Ultramax	2,771	USD 30,472	USD 27,958	-8.25%

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.*

2 Reasons for our Q4 underperformance and 1 for outperformance

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 down, virtually in a straight line** during Q4, if you had fixed all your ships on **day 1 of Q4 at the index level** (BHSI $35,769 and BSI $37,212), despite our ships not being as well ranked as the index ships, you would **outperform the average index ship TC by 14.0% in Handysize and 22.1% in Supras**.

3. The **7 Handysize ships**, out of our fleet of 19, on **long term charter are fixed at $ 19,083** per day and the **one Supramax**, 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 Q4** (Handy size $31,370 and Supra $30,472).

Reasons for Q4 Performance

1. PSL ship at discount compared to Index ship

Vessel	Q4 Avg. Index rate	PSL Ship at Discount	Index rate after discount
Handysize	31,370	-25%*	23,528
Supra	30,472	-10%*	27,425

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

Vessel	Index TC rate 01.10.21	Q4 Avg Index TC	Performance VS Benchmark
Handysize	35,769	31,370	14.0%
Supra	37,212	30,472	22.1%

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 $	Q4 average Index ship rates in $	Rate Difference between PSL and Index ships as % (B)	Adjusted percentage drop (A*B) = (C)
Handy size	7	19	32.8%**	19,083**	31,370	-39.2%	-12.86%
Supra	1	17	5.9%	13,421	30,472	-56.0%	-3.29%

1. ** Our Handy ships are rated at a discount to the index ship of 25% due to size and fuel consumption, Supra/Ultras combined at a 10% discount due to similar reasons.*
2. *** For 7 Handy size ships "Long term TC ship as a % of total fleet" and "PSL long term charter rate" is based on weighted average numbers. .*

PSL True Performance versus Benchmark in Q4 2021

Type of vessel	Q4 average Index time charter rate in $ (A)	PSL average time charter Rate in Q4 in $ (B)	PSL ship difference from Index ships in % (C)	Difference if vessel fixed on 1st day vs Q4 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 %
BHSI (Handysize)	31,370	25,062	25%	-14.0%	12.86%	+7,478	32,540	**+3.7%**
BSI (Supramax)	30,472	29,287*	10%	-22.1%	3.29%	-2,690	26,597	**-12.7%**

** PSL average time charter rate in Q4 for Supramax ships is basis 16 ships because one ship was detained in Nigeria during Q4.*

Market Segmentation 2021

Index	Index Ship DWT	Index Speed/Con (1)	PSL Avg Ship DWT	PSL Avg Speed/Con (1)	PSL Ship Number	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	1,428	USD 25,702	USD 18,804	-26.84%
BSI (Supramax)	58,000	Laden: 12K/24T Ballast: 13K/23T	59,198* (Supramax & Ultramax)	Laden: 12K/26T Ballast: 13K/24T	9 Supramax & 8 Ultramax	2,434	USD 26,768	USD 22,053	-17.61%

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.*

2 Main Reasons for our 2021 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. The **7 Handysize ships**, out of our fleet of 19, on **long term charter are fixed at $ 16,809** per day and the **one Supramax**, 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 2021** (Handy size $25,702 and Supra $26,768).

Reasons for 2021 Underperformance

1. PSL ship at discount compared to Index ship

Vessel	2021 Average Index rate	PSL Ship at Discount	Index rate after discount
Handysize	25,702	-25%*	19,277
Supra	26,768	-10%*	24,091

2. 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 $	2021 Average Index ship rates in $	Rate Difference between PSL and Index ships as % (B)	Adjusted percentage drop (A*B) = (C)
Handysize	7	19	27.96%**	16,809**	25,702	-34.60%	-9.67%
Supra	1	17	5.90%	13,421	26,768	-49.86%	-2.93%

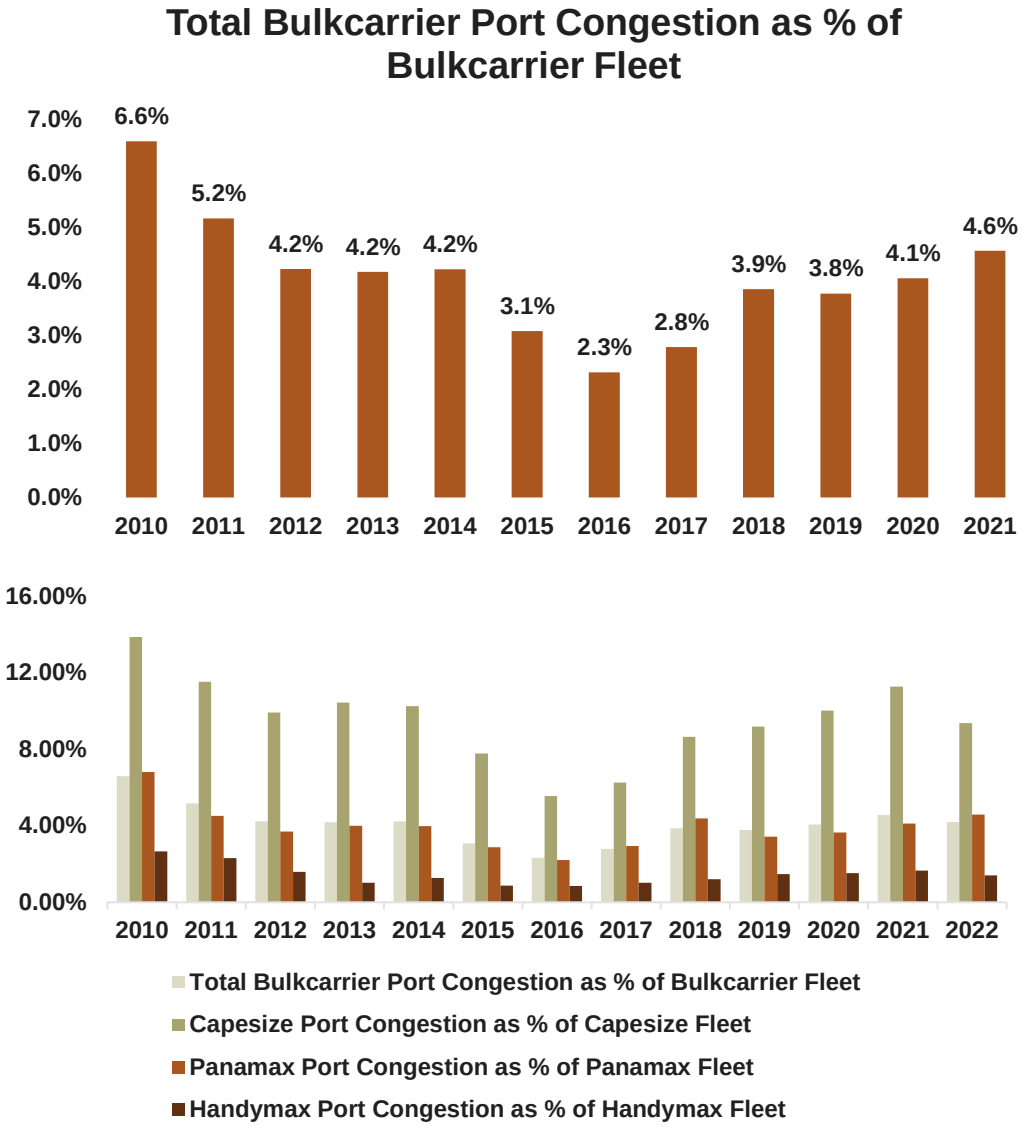
1. ** Our Handy ships are rated at a discount to the index ship of 25% due to size and fuel consumption, Supra/Ultras combined at a 10% discount due to similar reasons.*
2. *** For 7 Handy size ships "Long term TC ship as a % of total fleet" and "PSL long term charter rate" is based on weighted average numbers.*

PSL True Performance versus Benchmark in 2021

Type of vessel	2021 Average Index time charter rate in $ (A)	PSL average time charter Rate in 2021 in $ (B)	PSL ship difference from Index ships in % (C)	PSL long term time charter ships adjustment in % (D)	{A*(C+D)} = (E) in $	PSL true time charter rate in $ (B+E)	PSL true performance versus Index ship in %
BHSI (Handysize)	25,702	18,804	25%	9.67%	+8,912	27,716	**+7.8%**
BSI (Supramax)	26,768	22,284*	10%	2.93%	+3,462	25,746	**-3.8%**

** PSL average time charter rate in 2021 for Supramax ships includes Q4 earning of 16 ships because one ship was detained in Nigeria during Q4.*

Port Congestion in the Dry Bulk fleet



- Total Port congestion stood at 4.6% of total bulk carrier fleet in 2021.
- This data is based on reports of vessels waiting at a selected number of ports globally.
- If you ignore the 4 outlier years (2010, 2015, 2016, and 2017) the annual average congestion over the last 12 years has been 4.3% so 2021 was never an exceptional year in terms of congestion as has been made out by the analysts and the media.

Source: Clarksons 15 Jan 2022

Key Industry Takeaways

The Good News in 2021

- **Supply/demand balance was reached in 2021.**
- **The BDI reached 5,650 on 7th October, from 1,374 points at the start of 2021**!
- **Material improvement in dry bulk demand and rates took place during 2021 and is likely to last during 2022/2025 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 enacted to combat Covid-19**.
- **Time charter rates in 2021 are higher than the average of the last 10-year rates!**
- **New ships ordered in 2021 are up on 2020 (+62% due to low base effect from Covid-19) and on 2019 (+46%), but for geared ships it is -6% and +49% respectively.**

The Bad News in 2021

- **Rates have declined after peaking on 7 October due to negative news** 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; QE taper starting; and interest rate hikes.

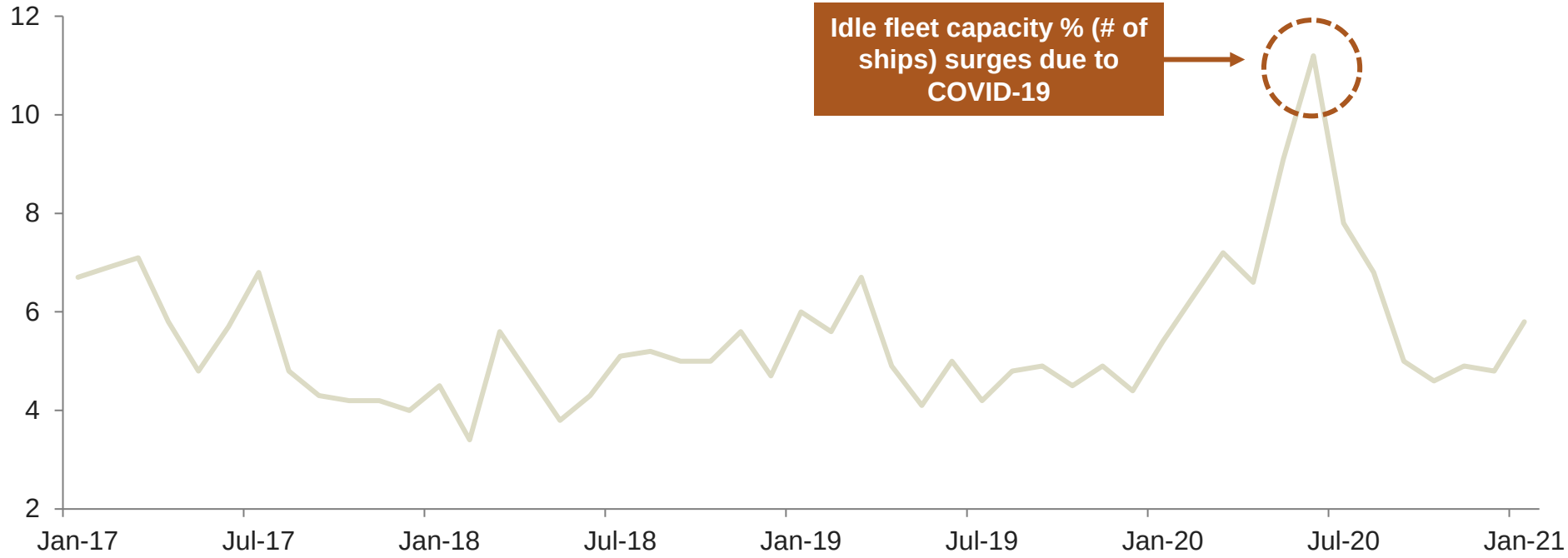
Q4 2021 and Likely Future

- **As a result, congestion dropped in Q4**; **weaker, yet healthy, rates** in Q4 2021 and Q1 2022.
- Above negative factors caused by government decree and **not by a collapse in demand** and can be reversed.
- **By Q2 2022** we expect that the **China real estate crisis will have passed**; **China power will increase**; **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

- Reports suggest container shipping may have an **annual operating profit of about $190bn in 2021 and about $200bn in 2022!**
- Maersk's full-year **2021 EBITDA was $24bn**, the highest ever recorded for any shipping company!
- **ONE has projected its full-year net profit at $15bn!**
- Hapag-Lloyd **2021 earnings** increased with **EBITDA forecast** in the range of **$11.6bn to $12.6bn**.



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

Impact On Shipping – Dry bulk

- Freight rates **moved upwards and continued throughout 2021**.
- **BDI in 2021 has been the highest in the last decade indicating a V shaped recovery!**

Source: Bloomberg, DNB Markets, Maritime Executive, Reuters, TradeWinds, Yahoo Finance, Clarkson's, 10 Jan 2022.

New Regulations – EEXI and CII

Energy Efficiency Existing Ship Index or EEXI

1. **What is EEXI? It is a 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 **2.5 to 3.5 knots on each** ship compared to speed used in 2021.
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 of ships.**

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 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

- **PSL** has entered new long-term charter contracts for 4 vessels at levels linked to the underlying index for vessels of that size. The variability of rate under this type of time charter allows us to fully capture the upside in the market, although it exposes us to the risk of a fall in freight rates.

- **PSL** declared an interim dividend No.2 of 50 Satang, paid on 13 Dec 2021.

- **PSL** declared an interim dividend No.3 of 50 Satang, to be paid on 11 March 2022.

- Apart from dividend No.1 - No. 3, PSL declared a final dividend of 25 Satang, to be paid on 28 April 2022 (after the E-AGM approval). Total dividend for the year 2021 is Baht 1.75 per share, assuming the shareholders approve the E-AGM dividend payout.

Financial Profile

	2021	2020	2019	2018	2017	2016
Cash & Cash Equivalents	$73.9m	$36.6m	$39.2m	$56.8m	$56.7m	$74.7m
Total Assets	$704.1m	$712.3m	$831.1m	$857.9m	$882.3m	$901.9m
Gross Debt	$245.9m	$318.3m	$391.7m	$432.8m	$469.4m	$482.1m
Net Debt	$172.0m	$281.7m	$352.5m	$376.0m	$412.6m	$407.4m
Equity	$429.8m	$337.4m	$383.3m	$391.2m	$377.5m	$381.2m
Gross Debt/Equity	0.57	0.94	1.02	1.11	1.24	1.26
Net Debt/Equity	0.40	0.83	0.92	0.96	1.09	1.07
No. of Vessels	36	36	36	36	36	36
EBITDA	$175.2m	$36.3m	$44.5m	$68.2m	$53.2m	$17.9m
Debt/EBITDA*	1.49	8.4	8.3	6.1	8.5	20.3
Daily Earnings	$20,338	$8,332	$9,622	$11,063	$9,486	$6,476
Daily Opex	$5,090	$4,705	$4,778	$4,621	$4,355	$4,503
Net Profit (Loss)	$137.0m	($40.8)m	($7.2)m	$14.1m	($3.8)m	($75.6)m
Total Revenues	$272.1m	$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 2021 were USD 4,705 and 5,090 respectively.

Breakdown of costs:

Particulars	2020		2021	
	USD	%	USD	%
Crew costs	2,302	48.93%	2,322	45.62%
Manning Expenses	158	3.36%	273	5.36%
Victualing	159	3.38%	172	3.38%
Lube oils	167	3.55%	186	3.65%
Insurance	324	6.88%	335	6.58%
Repairs/Maintenance	133	2.83%	169	3.32%
Stores/Spares	390	8.29%	610	11.99%
Dry-dock/Special Surveys	610	12.96%	561	11.02%
Management Expenses	354	7.52%	362	7.11%
Misc. expenses	108	2.30%	100	1.97%
Total	**4,705**	**100.00%**	**5,090**	**100.00%**

OPEX Target For 2022: USD 5,050 per day per ship

Operating Expenses Comparison

- OPEX Comparison with Industry compiled by BDO LLP
- OPEX excluding dry dock and special survey cost
- Industry OPEX for 2021 will be published in October 2022

For Years	2016		2017		2018		2019		2020		2021
Particulars US$ (per day)	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**Industry**	**PSL**	**PSL**
Crew Cost	2,673	2,728	2,678	2,646	2,646	2,660	2,611	2,659	2,624	2,619	2,767
Stores	586	370	563	375	532	379	509	376	507	343	424
Repairs & Maintenance	738	328	715	326	711	360	688	340	692	347	541
Insurance	444	302	420	298	384	295	357	329	361	324	335
Administration	797	358	776	391	747	448	727	477	719	462	462
Total Operating Costs	**5,238**	**4,086**	**5,152**	**4,036**	**5,020**	**4,142**	**4,892**	**4,181**	**4,903**	**4,095**	**4,529**

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

Financial Highlights – Income Statement

Particulars	2021	2020	Q4-2021*	Q3-2021	Q4-2020*
Total Revenues - USD Million	272.09	119.85	84.47	80.53	34.30
Gross Profit - USD Million	200.54	54.98	69.19	64.36	18.04
Net Profit (loss) - USD Million	136.96	(40.80)	53.01	45.40	0.90
Gain (loss) on derivatives - USD Million	(2.09)	0.37	0.03	(1.86)	(0.18)
Loss on settlement agreement with Sainty - USD Million	0.00	(27.40)	0.00	0.00	0.00
Exchange gain (loss) - USD Million	6.23	(0.50)	0.30	0.73	(0.99)
Net Profit (loss) excluding non-recurring items and exchange gain (loss) - USD Million	132.76	(13.24)	52.68	46.51	2.10
EBITDA - USD Million (Average per Ship)	175.17 (4.87)	36.25 (1.01)	62.42 (1.73)	57.35 (1.59)	13.79 (0.38)
Average TC Income per Ship per day (USD)	20,338	8,332	26,429	24,722	10,022
Average Ship Running Cost per Ship per day (USD)	5,090	4,705	5,241	5,136	5,067
Operating days (Average Number of Ships)	13,140 (36.00)	13,176 (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)	2.79	(0.27)	1.13	0.99	0.04
Earnings (loss) per share (Baht)	2.87	(0.83)	1.14	0.96	0.02
Gross Profit Margin (%)	75.50	46.17	82.28	80.70	52.46
Net Profit Margin (%)	50.33	(34.04)	62.76	56.37	2.63

***** Derived figures.

Financial Highlights – Financial Position

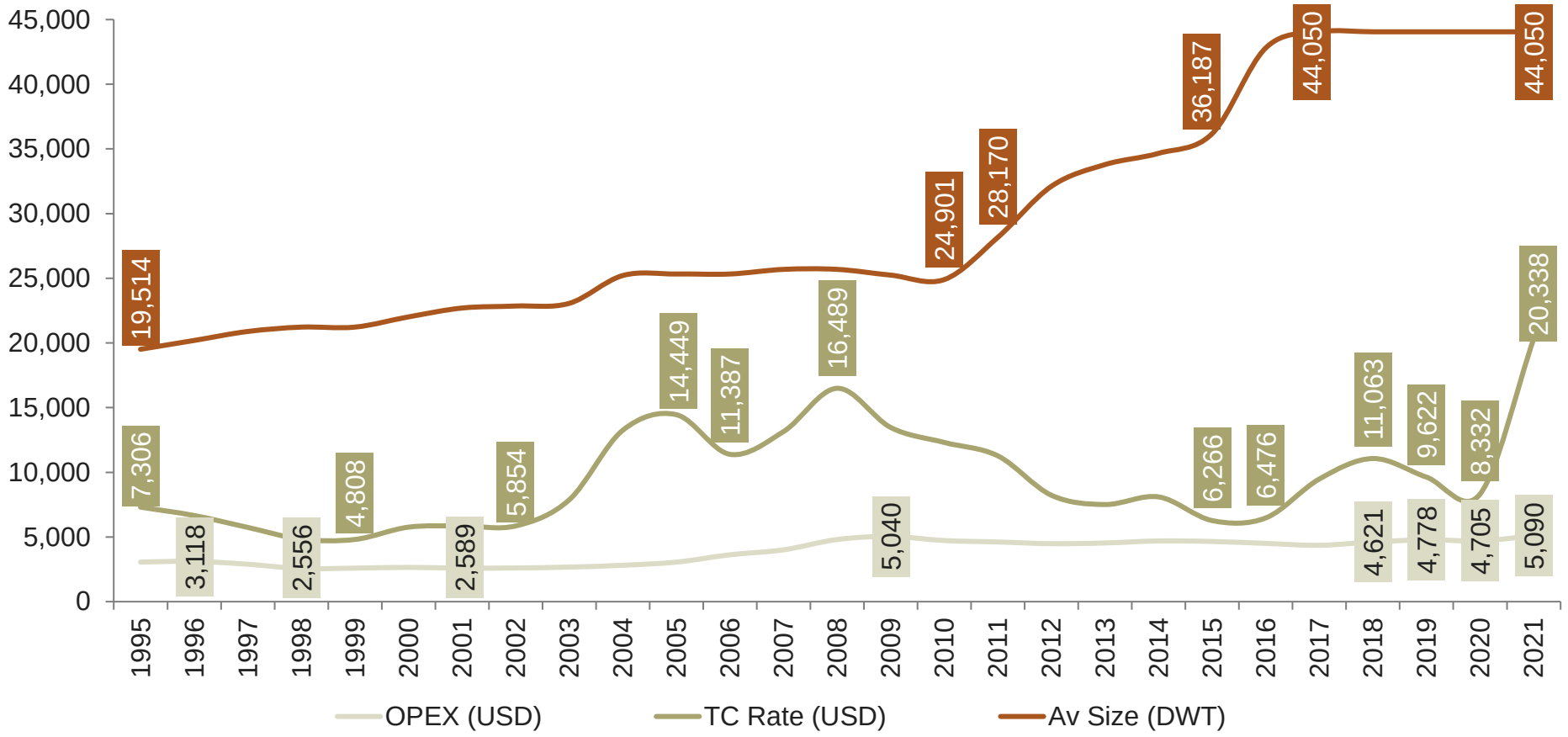
Particulars	31-Dec-2021	31-Dec-2020
Cash & Cash Equivalents - USD Million	73.85	36.64
Total Current Assets - USD Million	84.07	64.52
Ships Net - USD Million	605.04	634.77
Fixed Assets Net - USD Million	606.97	636.70
Total Assets - USD Million	704.09	712.35
Total Current Liabilities - USD Million *	15.20	30.09
Total Long-Term Loans - USD Million	245.90	207.42
Debentures - USD Million	-	126.22
Total Liabilities - USD Million	274.25	374.96
Total Shareholders' Equity - USD Million	429.84	337.39
Book Value per share (USD)	0.28	0.22
Book Value per share (Baht)	9.21	6.50
Return on Equity ^^ (%)	34.61%	-3.67%
Return on Total Assets ^^ (%)	18.75%	-1.71%
Total Liabilities / Equity Ratio	0.64	1.11
Number of Ships	36	36

* Excluding current portion of long-term loans in 2021 and 2020 and debentures in 2020

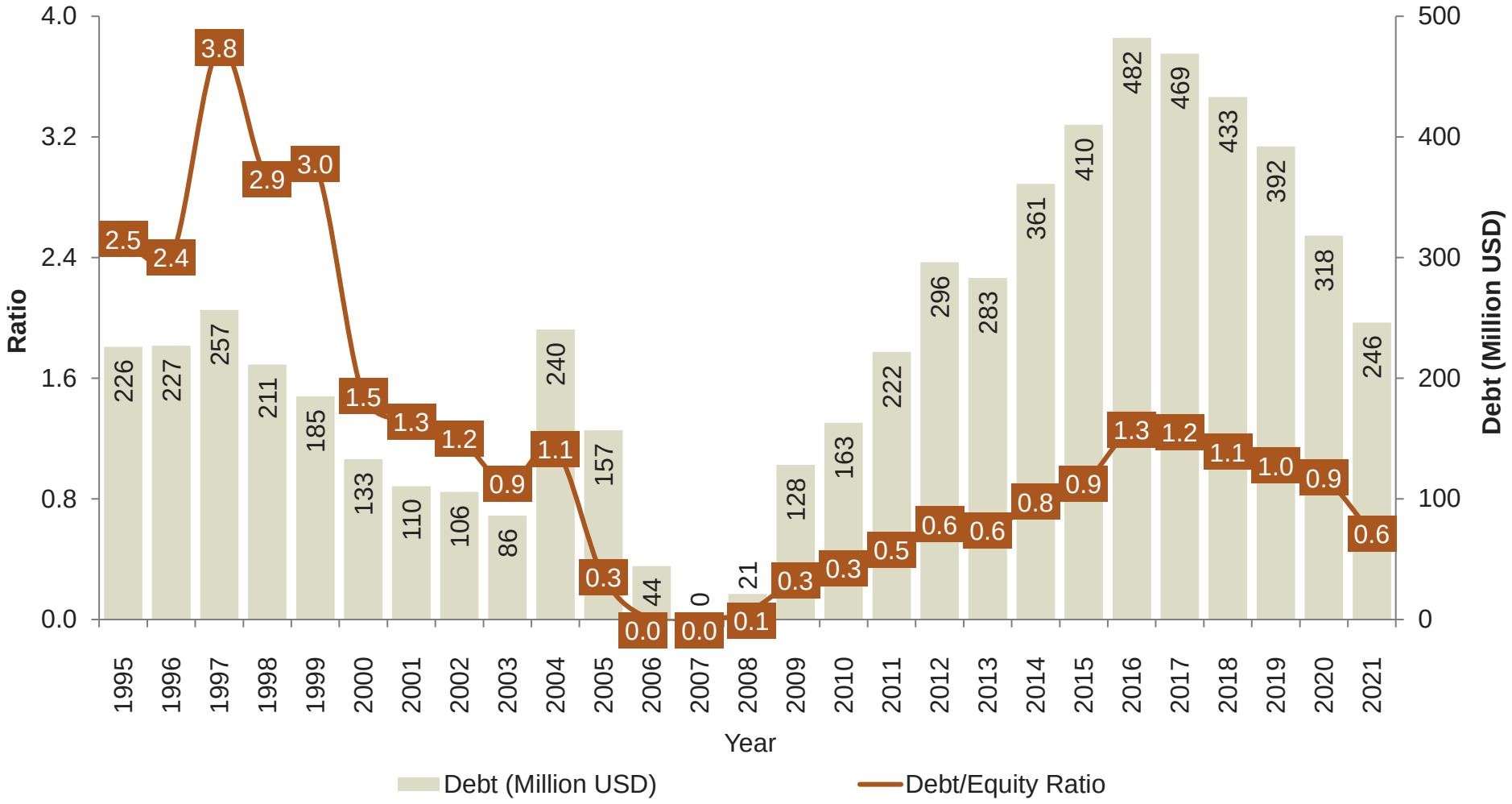
^^ Excluding exchange gain (loss) and non-recurring items

Average OPEX / TC Rates

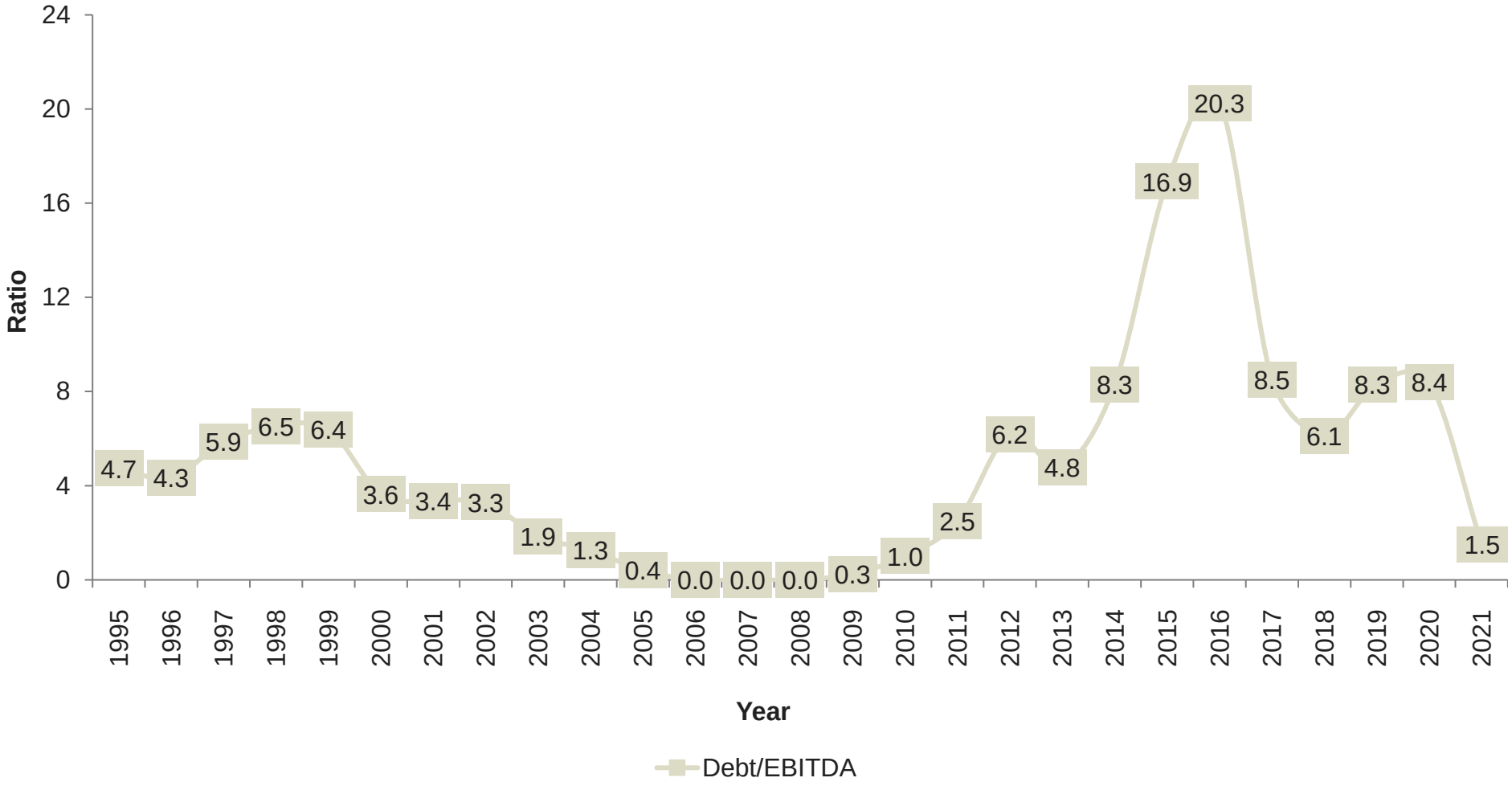
Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Avg Age	16.0	16.2	14.2	14.6	15.6	15.6	15.7	15.8	16.6	17.4	19.0	20.0	19.6	20.6	17.1	15.4	14.2	11.4	11.4	10.5	9.8	5.8	6.3	7.3	8.3	9.3	10.3



Debt & Debt / Equity Ratio

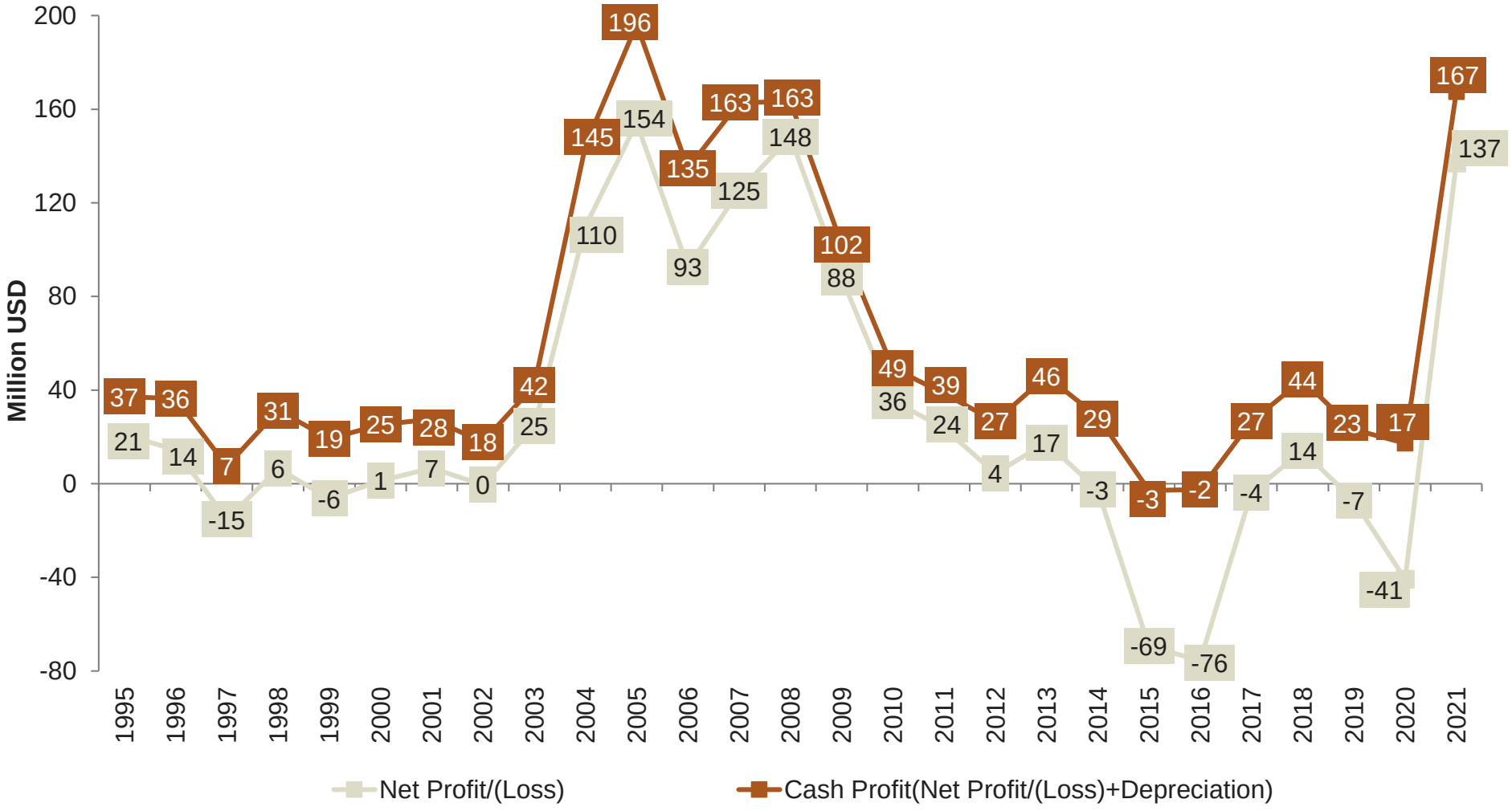


Debt / EBITDA

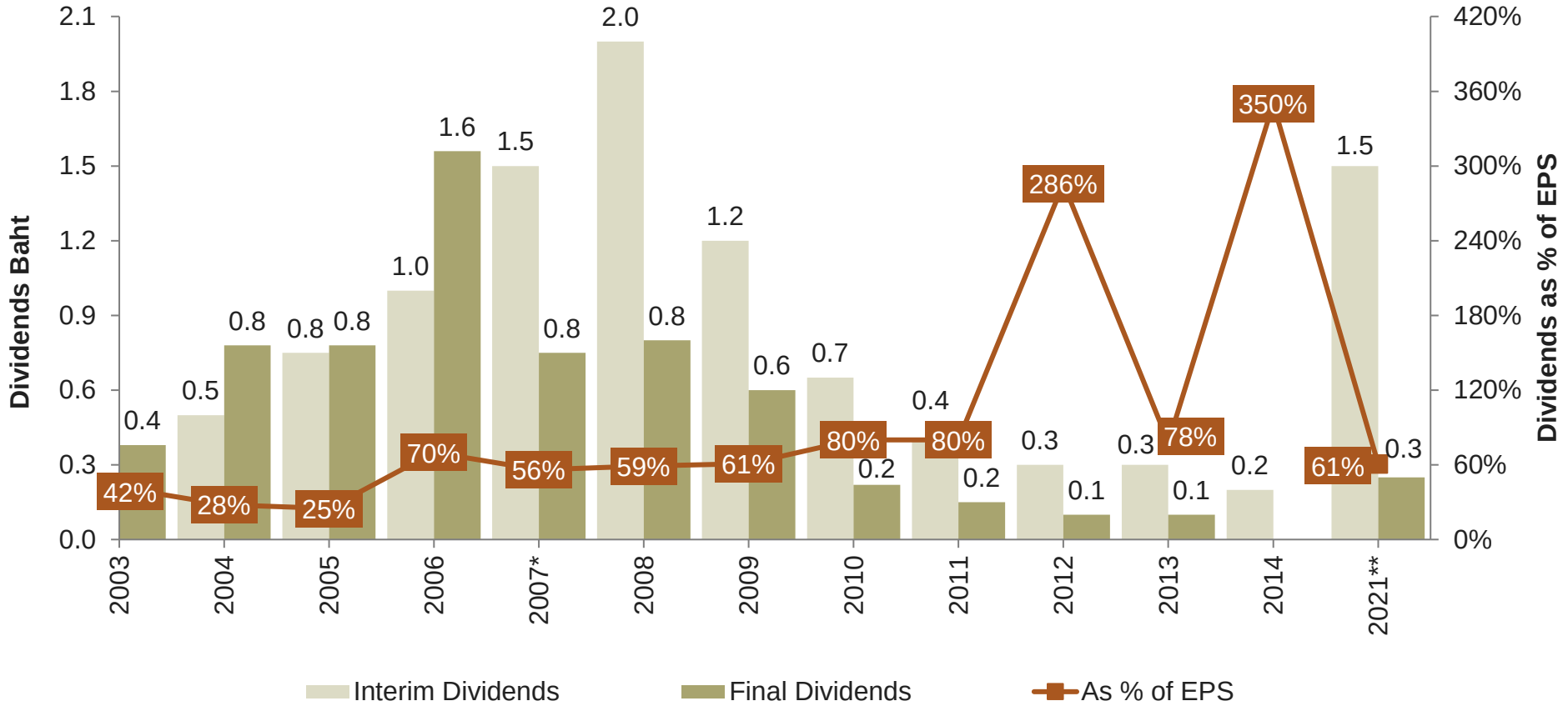


Debt / EBITDA calculated per Debt Facility Agreements

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
*** 2021 final dividend is subjected to shareholders approval.*

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 provided **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.
- PSL providing a THB 1m donation to **Mechai Pattana School** in the rural Lamplaimat District of Buriram Province in 2022

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 & Awards

Investor Relations Activities – Y2021

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 2021 are enumerated herein as under:

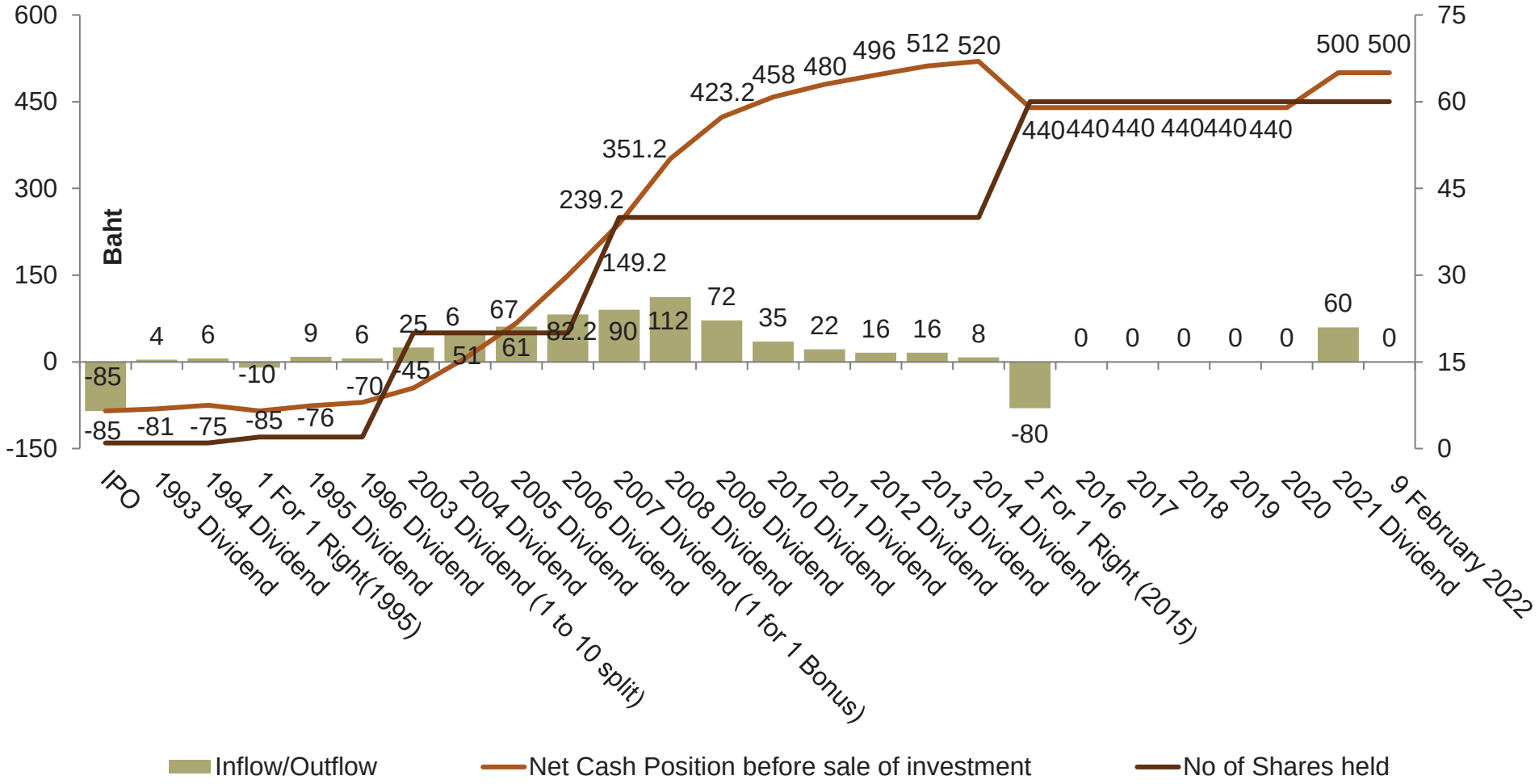
Year/Times	Analyst Meetings/ Communications	Investors Meetings/ Communications	Presentations Road shows	Press & TV Interview	Total
2021	**69**	**19**	**11**	**14**	**113**

Virtual Conference / Meetings (Times)	Domestic	Hong Kong	Singapore	USA	Europe	Other countries
2021	**36**	**1**	**5**	**1**	**2**	**-**

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

Shareholder’s returns

Total Return to Shareholders: 1993 to 9 February 2022



Basis the 16.60 Baht/share price on 9 February 2022, stockholders have earned a 16.4% 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 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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Benchmarking

PSL, TTA, EGL, JIN, PNRM and BEL for Q3'2021

Description	PSL	TTA	EGL	JIN	PNRM	BEL
Handysize						**(Unit: USD per Day)**
Average owned vessels	19				5	
Average vessels age - owned vessels	11.5				11.3	
Time Charter Equivalents	22,230				10,050	
OPEX + G&A Expenses	5,616				5,357	
Depreciation & DDSS	2,875				1,231	
Cash Financial Expenses	945				306	
Net Earnings (Losses)	**12,794**				**3,156**	
Supramax & Ultramax						**(Unit: USD per Day)**
Average owned vessels	17	24	49.1	19.5		21
Average vessels age - owned vessels	8.4	13.5	9.7	14.1		5.2
Time Charter Equivalents	27,506	33,842	29,088	23,592		25,378
OPEX + G&A Expenses	5,940	5,334	6,764	6,541		12,856
Depreciation & DDSS	2,833	2,563	2,889	2,814		3,155
Cash Financial Expenses	942	378	1,391	137		2,027
Net Earnings (Losses)	**17,791**	**25,567**	**18,044**	**14,100**		**7,340**
EBITDA per Total Fleet (Unit: million USD)	**57.35**	**58.12**	**107.71**	**25.73**	**1.73**	**52.15**
EBTIDA per ship (Unit: million USD)	**1.59**	**1.58**	**1.94**	**1.25**	**0.29**	**1.55**
Average owned fleet (DWT)	**44,050**	**55,913**	**60,066**	**59,265**	**34,956**	**61,910**

Source: Company Reports.

PSL, TTA, EGL, JIN, PNRM and BEL for 9M'2021

Description	9M'21					
	PSL	TTA	EGL	JIN	PNRM	BEL
Handysize					**(Unit: USD per Day)**	
Average owned vessels	19				9	
Average vessels age - owned vessels	11.5				11.3	
Time Charter Equivalents	16,695				9,164	
OPEX + G&A Expenses *	5,292				6,260	
Depreciation & DDSS	2,843				1,611	
Cash Financial Expenses	1,005				346	
Net Earnings (Losses)	**7,555**				**947**	
Supramax & Ultramax					**(Unit: USD per Day)**	
Average owned vessels	17	24	49.1	19.5		21
Average vessels age - owned vessels	8.4	13.5	9.7	14.1		5.2
Time Charter Equivalents	20,063	21,475	22,135	17,881		19,140
OPEX + G&A Expenses *	5,602	5,212	6,524	6,091		9,862
Depreciation & DDSS	2,888	2,480	2,923	2,359		3,295
Cash Financial Expenses	1,095	423	1,501	154		1,887
Net Earnings (Losses)	**10,478**	**13,360**	**11,187**	**9,277**		**4,096**
EBITDA per Total Fleet (Unit: million USD)	**112.75**	**97.84**	**208.14**	**51.33**	**7.72**	**97.19**
EBTIDA per ship (Unit: million USD)	**3.13**	**2.52**	**3.76**	**2.63**	**0.75**	**3.23**
Average owned fleet (DWT)	**44,050**	**55,913**	**60,066**	**59,265**	**34,956**	**61,910**

Source: Company Annual Reports.

PSL, TTA, EGL JIN, PNRM and BEL

Description	PSL	TTA	EGL	JIN	PNRM	BEL
						(Unit: million USD)
Equity Capital Raises (2007-YTD)	62.90	483.58	579.83	24.76	288.21	75.12
Total Impairments (2007-YTD)	39.60	688.81	183.78	652.67	95.21	61.48
Market Cap (24 Nov 21)	801.95	548.13	519.19	132.39	85.08	357.85
Total Debt (30 Sep 21)	264.15	263.52	479.96	95.83	6.12	416.60
Cash and Cash Equivalents (30 Sep 21)	59.58	190.87	100.01	47.15	4.82	106.46
Net Book Value of Ships (30 Sep 21)	611.30	342.21	921.25	275.92	35.99	511.77
Debt / Equity Ratio (30 Sep 21)	0.66	0.45	0.79	0.28	0.17	1.80

TTA figures as per consolidated financial statements and net book value of ships as of 31.12.2020.

Source: Company Reports

Thank You !

Precious Shipping Public Company Limited

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Precious Shipping Public Company Limited

SET Opportunity Day Q4/2021 held on 17th February 2022

Questions & Answers

1. **What do you think about scrubbers?**

> **Answer:** First, scrubber systems simply transfer pollution from the air into the water, and therefore, they are anyway bad for the environment. If you are a company that is concerned only about profits, you will look at this as a solution. If you are a company that has got better values and you think that you should be kinder to the environment and look after it better, you would say that even if it costs us more, we should look at the low sulfur fuel option and not look at the scrubber option. We will never go for scrubbers. We don't care if it makes us a smaller profit, but because it makes environmental sense for us to do so.

2. **Will the Company consider installing scrubber systems on its ships?**

> **Answer:** No, we will not do that for the reasons explained in the answer above.

3. **Please update the similarity or difference between demand of Supramax and Handysize in Q1/2021 as compared to that in Q1/2022.**

> **Answer:** If you look at the index ship rates this year, they are roughly double what they were at the start of last year.

4. **Why were the fuel expenses so low in Q3/2021 and Q4/2021?**

> **Answer:** That was because we have mainly fixed ships on time charters and very little on voyage charters. The fuel expenses shown in the balance sheet is at a low level as compared to previous years because, as we explained, our ships are more on time charter than on voyage charter.

Precious Shipping Public Company Limited

SET Opportunity Day Q4/2021 held on 17th February 2022

5. **Since the Company has started fixing 1-year contracts for 4 - 5 ships since last year, do you see any downturn coming up after 2023 or any other reason for that?**

Answer: We think that the rates will continue to stay strong until about 2024 – 2025, and therefore, we are fixing one-year contracts only at a time because that gives us the least amount of discount compared to the spot rates. For example, if you fix rates today all the way to 2025, you may get USD 13,000 – 14,000 per day for your ships against the spot rates today of USD 24,000 – 25,000 per day for Supramaxes and about USD 21,000 – 22,000 per day for Handysizes. If you take a 12-month contract, you could do it on index-linked rates, in which case you would get the index rates straight away, but if you did it on a fixed price basis, you might get something at or below the current spot rates.

6. **Will the increase in oil prices impact the Company's profits?**

Answer: There is no impact on our profits or profitability from higher oil prices.

7. **Does the Company expect more extra expenses from the case in Nigeria?**

Answer: The Nigerian case has not yet been resolved. Once it is resolved, we will be able to put together our total costs for this case.

8. **Does the Company plan to expand its fleet in 2023 when it should have minimum debt?**

Answer: No, our plan is to continue to give away our surplus cash to shareholders.

Precious Shipping Public Company Limited

SET Opportunity Day Q4/2021 held on 17th February 2022

9. **Does Mr. Khalid Hashim, Managing Director, have any plans for retirement in the next few years?**

> **Answer:** Yes, I am 69 years of age this year. There is a finite time up to which I can continue to work, so yes, most certainly I will be retiring in the next year or two.

10. **What is the strategic plan for new regulatory requirements for fuel efficient ships?**

> **Answer:** The strategy is that we are looking at zero emission vessels. We are part of the "Getting to Zero Coalition", and so we are not placing any orders right now for new vessels. However, we are still studying this issue. As and when we do have a definitive plan, we will make an announcement.

11. **Will disposal prices for existing ships go to zero?**

> **Answer:** That is highly unlikely. In fact, steel prices have increased over time, and we expect that trend to continue. Recycling steel is very good for the environment as it is far less polluting to the environment than producing fresh steel from iron ore. We expect demand for steel from existing ships will go up over time. So, we do not see it going down to zero.

12. **Will the tensions between Russia, America, and Ukraine slow down demand in the shipping industry or have any impact?**

> **Answer:** Any disruption is always good for tonne-mile demand. It will make tonne-mile demand grow even further. So, we do not see this as a real issue in the very short term. If there is a war, then there will be some blockade of those areas, and exports from those areas will stop; but exports from other ports will take up the business, which business the Black Sea was doing, and that will result in a longer tonne-mile route for the ships. As such, it will be beneficial in the medium and in the long term for shipping rates.

Precious Shipping Public Company Limited

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13. As per the Note to Financial Statements, the outstanding balance of tax credit should be enough for at least 2-3 years in the future. Is this correct?

Answer: PSL has a tax credit of 1 billion, which expires in 2025. We cannot make a definitive statement about whether this will be sufficient for the next 2-3 years as it depends on whether these credits are used, and if so how quickly.