

Prima Marine Pcl (PRM TB) - BUY, Price Bt6.45, TP Bt14.10**Results Comment**

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3Q21 slightly weaker than expected

- PRM reported 3Q21 net profit of Bt426m (EPS Bt0.17/sh). Excluding FX loss and gain from asset sale, we estimate normalized profit was Bt239m, down 11% q-q and 44% y-y. The result was slightly below our previewed number because of FSU business.
- Domestic tanker: Domestic tanker profit grew 23% q-q to Bt109m as PRM integrated and improved operation of Thailoil Marine that it acquired earlier in the year. It also relocated one ship overseas, enabling it to earn a higher rate.
- Int'l tanker: Gross profit from international tanker was Bt27m, up 25% q-q as the VLCC under time-charter contract with Thailoil was in full service this quarter.
- FSU: FSU gross profit declined 4% q-q to Bt264m mainly due to higher bunker cost. In 3Q21, the company also disposed of one old vessel and replaced it with a new one which only started operation on 15 September. At the end of 3Q21, PRM operates 6 FSUs.
- Offshore: Offshore GP was Bt49m, up nearly 3x q-q and 10x y-y. This was due to higher utilization rate (AWB was on hire for the whole quarter) and business expansion (crew boats from Thailoil Marine acquisition).
- Ship management: GP was Bt38m, +36% q-q.
- Extra items: FX loss was Bt28m and there was Bt259m pre-tax gain from sale of one FSU.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	1,508	1,417	1,424	1,456	1,543	Revenue	6	2	68	6,530	7,758
Gross profit	663	583	546	432	486	Gross profit	13	(27)	51	2,859	3,415
SG&A	113	132	85	110	108	SG&A	(2)	(4)	62	488	522
Operating profit	550	451	461	321	378	Operating profit	18	(31)	49	2,371	2,894
EBITDA	734	638	643	553	641	EBITDA	16	(13)	58	3,151	3,842
Other income	20	7	71	25	2	Other income	(91)	(89)	174	57	58
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	50	47	43	69	71	Interest expense	3	43	73	251	361
Profit before tax	520	411	489	278	309	Profit before tax	11	(41)	49	2,176	2,591
Income tax	67	14	60	42	28	Income tax	(32)	(58)	60	218	259
Equity & invest. income	18	13	27	22	(25)	Equity & invest. income	na	na	19	123	124
Minority interests	(45)	(45)	(34)	(22)	(61)	Minority interests	na	na	70	(167)	(196)
Extraordinary items	(15)	48	(22)	172	231	Extraordinary items	35	na	na	0	0
Net profit	411	413	400	407	426	Net profit	5	4	64	1,915	2,259
Normalized profit	426	374	418	268	239	Normalized profit	(11)	(44)	48	1,915	2,259
EPS (Bt)	0.16	0.17	0.16	0.16	0.17	EPS (Bt)	5	4	64	0.77	0.90
Normalized EPS (Bt)	0.17	0.15	0.17	0.11	0.10	Normalized EPS (Bt)	(11)	(44)	48	0.77	0.90
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	2,208	2,219	2,314	2,845	2,574	Sales grow th	8.6	(5.5)	(5.4)	(2.6)	2.3
A/C receivable	402	364	482	629	768	Operating profit grow th	66.9	13.0	12.6	(47.5)	(31.3)
Inventory	144	163	158	158	182	EBITDA grow th	41.7	8.2	8.7	(30.3)	(12.7)
Other current assets	156	7	8	38	12	Norm profit grow th	65.8	37.0	24.3	(44.8)	(43.9)
Investment	700	673	704	501	476	Norm EPS grow th	65.8	37.0	24.3	(44.8)	(43.9)
Fixed assets	9,071	9,000	8,931	11,727	11,951	Gross margin	43.9	41.1	38.4	29.7	31.5
Other assets	1,186	1,217	1,270	1,654	1,631	Operating margin	36.5	31.8	32.4	22.1	24.5
Total assets	13,868	13,643	13,867	17,551	17,593	EBITDA margin	48.7	45.0	45.1	38.0	41.5
S-T debt	2,292	1,172	1,425	1,445	1,615	Norm net margin	28.2	26.4	29.4	18.4	15.5
A/C payable	727	661	812	874	918	D/E (x)	0.7	0.5	0.5	0.7	0.6
Other current liabilities	(826)	260	296	402	342	Net D/E (x)	0.4	0.2	0.2	0.4	0.3
L-T debt	3,213	2,998	2,510	4,551	3,735	Interest coverage (x)	14.8	13.6	14.8	8.0	9.1
Other liabilities	235	229	214	1,688	1,750	Interest rate	3.9	3.9	4.3	5.5	5.0
Minority interest	458	468	313	300	339	Effective tax rate	12.9	3.3	12.3	15.1	9.2
Shareholders' equity	7,769	7,856	8,298	8,290	8,893	ROA	12.6	10.9	12.2	6.8	5.4
Working capital	(181)	(133)	(172)	(88)	31	ROE	22.6	19.2	20.7	12.9	11.1
Total debt	5,505	4,170	3,934	5,996	5,350						
Net debt	3,297	1,951	1,620	3,151	2,776						

Sources: Company data, Thanachart estimates

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