Precious Shipping Pcl (PSL TB) - BUY, Price Bt17.60, TP Bt29.00

Results Comment

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Much-stronger-than-expected 3Q21

- PSL reported Bt1.5bn normalized earnings in 3Q21 Vs. a loss of Bt35m in 3Q20 and earnings of Bt769m in 2Q21. The results were much stronger than our expectation.
- PSL's freight rate were US$24,722/ship/day in 3Q21, increased 181% y-y and 39% q-q. While 3Q20 was a COVID-led low base quarter, the surged from the already strong 2Q21 was due to a very strong demand for dry bulk products while new ships supply remained low.
- We estimate PSL's total breakeven cost at US$8,600/ship/day in 3Q21.
- We reaffirm BUY on PSL.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue	944	1,050	1,246	1,918	2,639
Gross profit	**182**	**253**	**463**	**1,035**	**1,812**
SG&A	75	67	79	163	169
Operating profit	107	186	383	872	1,643
EBITDA	**412**	**483**	**671**	**1,171**	**1,960**
Other income	1	2	1	1	0
Other expense	0	0	0	0	0
Interest expense	145	122	117	108	112
Profit before tax	**(37)**	**65**	**267**	**765**	**1,532**
Income tax	0	4	0	0	0
Equity & invest. income	3	4	4	4	7
Minority interests	0	0	0	(0)	0
Extraordinary items	12	(37)	104	57	(37)
Net profit	**(22)**	**27**	**375**	**826**	**1,501**
Normalized profit	**(35)**	**64**	**271**	**769**	**1,538**
EPS (Bt)	(0.01)	0.02	0.24	0.53	0.96
Normalized EPS (Bt)	(0.02)	0.04	0.17	0.49	0.99

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	38	179	75	7,779	8,741
Gross profit	**75**	**894**	**75**	**4,385**	**5,395**
SG&A	4	123	126	327	322
Operating profit	88	1,439	71	4,059	5,073
EBITDA	**67**	**376**	**73**	**5,186**	**6,186**
Other income	(91)	(89)	10	18	47
Other expense					
Interest expense	3	(23)	60	561	546
Profit before tax	**100**	**na**	**73**	**3,515**	**4,574**
Income tax					
Equity & invest. income	61	152	146	10	10
Minority interests			(32)	0	0
Extraordinary items	na	na	na	0	0
Net profit	**82**	**na**	**77**	**3,525**	**4,584**
Normalized profit	**100**	**na**	**73**	**3,525**	**4,584**
EPS (Bt)	82	na	77	2.26	2.94
Normalized EPS (Bt)	100	na	73	2.26	2.94

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	1,752	1,100	1,141	1,269	2,021
A/C receivable	171	169	111	120	133
Inventory	0	0	0	0	0
Other current assets	609	669	280	167	166
Investment	73	74	81	86	84
Fixed assets	20,387	19,125	19,701	19,901	20,803
Other assets	286	260	255	278	231
Total assets	**23,278**	**21,397**	**21,569**	**21,823**	**23,439**
S-T debt	2,839	2,436	2,187	4,990	1,749
A/C payable	322	277	329	318	340
Other current liabilities	62	627	521	453	182
L-T debt	9,042	7,586	7,230	3,630	7,212
Other liabilities	342	337	329	344	378
Minority interest	0	0	0	0	0
Shareholders' equity	**10,672**	**10,134**	**10,973**	**12,088**	**13,578**
Working capital	(151)	(108)	(218)	(198)	(206)
Total debt	11,881	10,022	9,417	8,620	8,961
Net debt	**10,129**	**8,921**	**8,276**	**7,351**	**6,940**

Financial Ratios					
(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Sales growth	(9.6)	(8.7)	18.1	182.0	179.4
Operating profit growth	(22.6)	9.5	1,416.4	na	1,438.7
EBITDA growth	(4.8)	4.2	102.1	705.8	375.7
Norm profit growth	na	126.6	na	na	na
Norm EPS growth	na	126.6	na	na	na
Gross margin	19.3	24.0	37.1	54.0	68.7
Operating margin	11.3	17.7	30.8	45.5	62.3
EBITDA margin	43.6	46.0	53.8	61.1	74.3
Norm net margin	(3.7)	6.1	21.7	40.1	58.3
D/E (x)	1.1	1.0	0.9	0.7	0.7
Net D/E (x)	0.9	0.9	0.8	0.6	0.5
Interest coverage (x)	2.8	3.9	5.7	10.8	17.6
Interest rate	4.8	4.5	4.8	4.8	5.1
Effective tax rate	-	6.8	-	-	-
ROA	(0.6)	1.2	5.0	14.2	27.2
ROE	(1.3)	2.5	10.3	26.7	47.9

Sources: Company data, Thanachart estimates

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