

Prima Marine Pcl (PRM TB) - BUY, Price Bt5.95, TP Bt14.10**Results Comment**

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A weak quarter for FSU, tankers

- PRM reported 4Q21 net profit of Bt169m (EPS Bt0.07/sh). Excluding FX gain, we estimate normalized profit was Bt135m, down 44% q-q and 64% y-y. The result was below our expectation due to weak FSU and international tanker unit. Given the very weak operating environment, we see potential downside risks to our earnings and TP Forecasts..
- Domestic tanker: Domestic tanker profit grew 38% y-y and 14% to Bt124m due to fleet expansion and recovery in domestic oil demand.
- Int'l tanker: Gross profit from international tanker turned negative again at Bt -1.3m from Bt27m profit in 3Q21. While PRM had a VLCC running for Thailoil, its Aframax vessel experienced a delayed crew change that impacted operation.
- FSU: FSU gross profit declined 68% y-y and 40% q-q to Bt159m mainly due to shrinking fleet size and higher bunker costs. PRM had only 5 FSUs in 4Q21 vs 7 a year ago.
- Offshore: Offshore GP was Bt47m vs loss a year ago. This follows a strong performance in 3Q21 due to higher utilization rate and business expansion.
- Ship management: GP was Bt27m, +6% y-y but down 29% q-q. The company managed one fewer FSU in 4Q21 and incurred higher COVID-19 prevention costs.
- Extra items: FX gain was Bt38m.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,417	1,424	1,456	1,543	1,457	Revenue	(6)	3	90	5,880	7,758
Gross profit	583	546	432	486	349	Gross profit	(28)	(40)	63	1,813	3,415
SG&A	132	85	110	108	194	SG&A	79	47	102	498	522
Operating profit	451	461	321	378	155	Operating profit	(59)	(66)	55	1,315	2,894
EBITDA	638	643	553	641	432	EBITDA	(33)	(32)	72	2,268	3,842
Other income	7	71	25	2	45	Other income	1,875	543	253	592	58
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	47	43	69	71	66	Interest expense	(7)	41	99	249	361
Profit before tax	411	489	278	309	134	Profit before tax	(57)	(67)	56	1,658	2,591
Income tax	14	60	42	28	4	Income tax	(87)	(74)	61	134	259
Equity & invest. income	13	27	22	(25)	3	Equity & invest. income	na	(75)	22	27	124
Minority interests	(45)	(34)	(22)	(61)	(7)	Minority interests	na	na	74	(124)	(196)
Extraordinary items	48	(22)	172	231	43	Extraordinary items	(81)	(11)	na	(25)	0
Net profit	413	400	407	426	169	Net profit	(60)	(59)	73	1,403	2,259
Normalized profit	374	418	268	239	135	Normalized profit	(44)	(64)	55	1,060	2,259
EPS (Bt)	0.17	0.16	0.16	0.17	0.07	EPS (Bt)	(60)	(59)	73	0.56	0.90
Normalized EPS (Bt)	0.15	0.17	0.11	0.10	0.05	Normalized EPS (Bt)	(44)	(64)	55	0.57	0.90
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	2,219	2,314	2,845	2,574	2,612	Sales growth	(5.5)	(5.4)	(2.6)	2.3	2.8
A/C receivable	364	482	629	768	741	Operating profit growth	13.0	12.6	(47.5)	(31.3)	(65.6)
Inventory	163	158	158	182	166	EBITDA growth	8.2	8.7	(30.3)	(12.7)	(32.3)
Other current assets	7	8	38	12	96	Norm profit growth	37.0	24.3	(44.8)	(43.9)	(64.0)
Investment	673	704	501	476	458	Norm EPS growth	37.0	24.3	(44.8)	(43.9)	(64.0)
Fixed assets	9,000	8,931	11,727	11,951	9,606	Gross margin	41.1	38.4	29.7	31.5	23.9
Other assets	1,217	1,270	1,654	1,631	3,670	Operating margin	31.8	32.4	22.1	24.5	10.7
Total assets	13,643	13,867	17,551	17,593	17,349	EBITDA margin	45.0	45.1	38.0	41.5	29.6
S-T debt	1,172	1,425	1,445	1,615	1,385	Norm net margin	26.4	29.4	18.4	15.5	9.2
A/C payable	661	812	874	918	890	D/E (x)	0.5	0.5	0.7	0.6	0.6
Other current liabilities	260	296	402	342	320	Net D/E (x)	0.2	0.2	0.4	0.3	0.3
L-T debt	2,998	2,510	4,551	3,735	3,968	Interest coverage (x)	13.6	14.8	8.0	9.1	6.5
Other liabilities	229	214	1,688	1,750	1,676	Interest rate	3.9	4.3	5.5	5.0	4.9
Minority interest	468	313	300	339	327	Effective tax rate	3.3	12.3	15.1	9.2	2.7
Shareholders' equity	7,856	8,298	8,290	8,893	8,783	ROA	10.9	12.2	6.8	5.4	3.1
Working capital	(133)	(172)	(88)	31	17	ROE	19.2	20.7	12.9	11.1	6.1
Total debt	4,170	3,934	5,996	5,350	5,353						
Net debt	1,951	1,620	3,151	2,776	2,741						

Sources: Company data, Thanachart estimates

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