Prima Marine Pcl (PRM TB) - BUY, Price Bt5.60, TP Bt14.10

Results Comment

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A turnaround in 1Q22

- PRM reported 1Q22 net profit of Bt274m, up 62% q-q but down 32% y-y. The result marked a turnaround from the low point in 4Q21 though we still see potential downside risk to our full-year forecast.
- **Domestic tanker** revenue grew 30% y-y to Bt715m while gross profit expanded 28% y-y to Bt158m. This was due to additional vessels and higher domestic demand for jet fuel.
- **Int'l tanker** revenue grew 134% y-y due to addition of new VLCCs. However, GP was near zero as the Aframax was not in operation.
- **FSU** revenue was Bt505m, down 35% y-y (lower time-charter rates and fewer vessels) but increased 14% q-q (higher utilization rate). GP was Bt214m, -49% y-y but +23% q-q.
- **Offshore** revenue was Bt102m in 1Q22 vs no revenue in 1Q21 and Bt112m in 4Q21. GP was Bt41m against loss in 1Q21 but was 12% lower q-q.
- **Ship management** revenue grew 16% y-y but fell 12% q-q. Gross profit was Bt23.6m, -7% y-y but doubled q-q due to better cost management.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	1,424	1,456	1,543	1,457	1,474
Gross profit	**546**	**432**	**486**	**349**	**437**
SG&A	85	110	108	194	112
Operating profit	461	321	378	155	325
EBITDA	**643**	**553**	**641**	**432**	**560**
Other income	71	25	2	45	25
Other expense	0	0	0	0	0
Interest expense	43	69	71	66	56
Profit before tax	**489**	**278**	**309**	**134**	**294**
Income tax	60	42	28	4	20
Equity & invest. income	27	22	(25)	3	20
Minority interests	(34)	(22)	(61)	(7)	(28)
Extraordinary items	(22)	172	231	43	7
Net profit	**400**	**407**	**426**	**169**	**274**
Normalized profit	**418**	**268**	**239**	**135**	**268**
EPS (Bt)	0.16	0.16	0.17	0.07	0.11
Normalized EPS (Bt)	0.17	0.11	0.10	0.05	0.11

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	1	4	19	7,758	8,898
Gross profit	**25**	**(20)**	**13**	**3,415**	**3,864**
SG&A	(42)	31	21	522	554
Operating profit	109	(29)	11	2,894	3,310
EBITDA	**30**	**(13)**	**15**	**3,842**	**4,406**
Other income	(44)	(65)	43	58	59
Other expense			na	0	0
Interest expense	(16)	28	15	361	439
Profit before tax	**120**	**(40)**	**11**	**2,591**	**2,930**
Income tax	446	(67)	8	259	293
Equity & invest. income	533	(27)	16	124	123
Minority interests	na	na	14	(196)	(221)
Extraordinary items	(83)	na	na	0	0
Net profit	**62**	**(32)**	**12**	**2,259**	**2,539**
Normalized profit	**99**	**(36)**	**12**	**2,259**	**2,539**
EPS (Bt)	62	(32)	12	0.90	1.02
Normalized EPS (Bt)	99	(36)	12	0.90	1.02

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	2,314	2,845	2,574	2,612	2,460
A/C receivable	482	629	768	741	870
Inventory	158	158	182	166	184
Other current assets	8	38	12	96	115
Investment	704	501	476	458	478
Fixed assets	8,931	11,727	11,951	9,606	9,447
Other assets	1,270	1,654	1,631	3,670	3,653
Total assets	**13,867**	**17,551**	**17,593**	**17,349**	**17,207**
S-T debt	1,425	1,445	1,615	1,385	1,399
A/C payable	812	874	918	890	780
Other current liabilities	296	402	342	320	343
L-T debt	2,510	4,551	3,735	3,968	3,640
Other liabilities	214	1,688	1,750	1,676	1,624
Minority interest	313	300	339	327	355
Shareholders' equity	**8,298**	**8,290**	**8,893**	**8,783**	**9,066**
Working capital	(172)	(88)	31	17	275
Total debt	3,934	5,996	5,350	5,353	5,039
Net debt	**1,620**	**3,151**	**2,776**	**2,741**	**2,580**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(5.4)	(2.6)	2.3	2.8	3.5
Operating profit growth	12.6	(47.5)	(31.3)	(65.6)	(29.4)
EBITDA growth	8.7	(30.3)	(12.7)	(32.3)	(12.9)
Norm profit growth	24.3	(44.8)	(43.9)	(64.0)	(35.9)
Norm EPS growth	24.3	(44.8)	(43.9)	(64.0)	(35.9)
Gross margin	38.4	29.7	31.5	23.9	29.6
Operating margin	32.4	22.1	24.5	10.7	22.0
EBITDA margin	45.1	38.0	41.5	29.6	38.0
Norm net margin	29.4	18.4	15.5	9.2	18.2
D/E (x)	0.5	0.7	0.6	0.6	0.5
Net D/E (x)	0.2	0.4	0.3	0.3	0.3
Interest coverage (x)	14.8	8.0	9.1	6.5	10.1
Interest rate	4.3	5.5	5.0	4.9	4.3
Effective tax rate	12.3	15.1	9.2	2.7	6.6
ROA	12.2	6.8	5.4	3.1	6.2
ROE	20.7	12.9	11.1	6.1	12.0

Sources: Company data, Thanachart estimates

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