Precious Shipping Pcl (PSL TB) - BUY, Price Bt18.70, TP Bt23.00

Results Comment

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Stronger-than-expected 1Q22

- PSL's norm earnings were Bt1.3bn in 1Q22, increased 378% y-y but fell 27% q-q. The earnings movement was along with the changed in freight rate. The results beat our expectation strongly.
- The freight rate was US$21,955, increased 81% y-y along with the global reopening after 1Q21. The rate fell 17% q-q as 1Q is normally with weakest quarter of the year on the Chinese Lunar holiday and it is when new ship supply arrives.
- Freight rate beat our expectation by 15% which we suspect it was due to PSL having able to take expensive routes.
- Total breakeven cost was relatively stable at US$9,500/ship/day
- PSL's QTD freight rate in 2Q22 is US$23,000. 2Q is normally stronger than 1Q.
- Reaffirm BUY on PSL.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	1,246	1,918	2,639	2,812	2,281
Gross profit	**463**	**1,035**	**1,812**	**2,001**	**1,514**
SG&A	79	163	169	162	142
Operating profit	383	872	1,643	1,840	1,372
EBITDA	**671**	**1,171**	**1,960**	**2,151**	**1,669**
Other income	1	1	0	2	2
Other expense	0	0	0	0	0
Interest expense	117	108	112	78	82
Profit before tax	**267**	**765**	**1,532**	**1,763**	**1,292**
Income tax	0	0	0	2	0
Equity & invest. income	4	4	7	8	2
Minority interests	0	(0)	0	(0)	(0)
Extraordinary items	104	57	(37)	2	(0)
Net profit	**375**	**826**	**1,501**	**1,772**	**1,294**
Normalized profit	**271**	**769**	**1,538**	**1,770**	**1,294**
EPS (Bt)	0.24	0.53	0.96	1.14	0.83
Normalized EPS (Bt)	0.17	0.49	0.99	1.14	0.83

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(19)	83	26	8,793	8,502
Gross profit	**(24)**	**227**	**27**	**5,568**	**5,383**
SG&A	(12)	80	24	596	574
Operating profit	(25)	258	28	4,972	4,808
EBITDA	**(22)**	**149**	**27**	**6,249**	**6,110**
Other income	32	203	48	5	5
Other expense			na	0	0
Interest expense	5	(30)	17	481	356
Profit before tax	**(27)**	**384**	**29**	**4,496**	**4,457**
Income tax			-	2	2
Equity & invest. income	(77)	(53)	19	10	10
Minority interests	na		42	(0)	(0)
Extraordinary items	na	na	na	0	0
Net profit	**(27)**	**245**	**29**	**4,504**	**4,466**
Normalized profit	**(27)**	**378**	**29**	**4,504**	**4,466**
EPS (Bt)	(27)	245	29	2.89	2.86
Normalized EPS (Bt)	(27)	378	29	2.89	2.86

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	1,141	1,269	2,021	2,468	2,708
A/C receivable	111	120	133	175	174
Inventory	0	0	0	0	0
Other current assets	280	167	166	166	184
Investment	81	86	84	91	83
Fixed assets	19,701	19,901	20,803	20,285	19,966
Other assets	255	278	231	345	478
Total assets	**21,569**	**21,823**	**23,439**	**23,531**	**23,593**
S-T debt	2,187	4,990	1,749	1,409	1,879
A/C payable	329	318	340	354	356
Other current liabilities	521	453	182	154	177
L-T debt	7,230	3,630	7,212	6,809	5,866
Other liabilities	329	344	378	440	369
Minority interest	0	0	0	0	0
Shareholders' equity	**10,973**	**12,088**	**13,578**	**14,365**	**14,946**
Working capital	(218)	(198)	(206)	(179)	(182)
Total debt	9,417	8,620	8,961	8,218	7,745
Net debt	**8,276**	**7,351**	**6,940**	**5,750**	**5,037**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	18.1	182.0	179.4	167.7	83.0
Operating profit growth	1,416.4	na	1,438.7	890.0	257.8
EBITDA growth	102.1	705.8	375.7	345.4	148.8
Norm profit growth	na	na	na	2,654.8	378.0
Norm EPS growth	na	na	na	2,654.8	378.0
Gross margin	37.1	54.0	68.7	71.2	66.4
Operating margin	30.8	45.5	62.3	65.4	60.1
EBITDA margin	53.8	61.1	74.3	76.5	73.2
Norm net margin	21.7	40.1	58.3	62.9	56.7
D/E (x)	0.9	0.7	0.7	0.6	0.5
Net D/E (x)	0.8	0.6	0.5	0.4	0.3
Interest coverage (x)	5.7	10.8	17.6	27.6	20.4
Interest rate	4.8	4.8	5.1	3.6	4.1
Effective tax rate	-	-	-	0.1	-
ROA	5.0	14.2	27.2	30.1	22.0
ROE	10.3	26.7	47.9	50.7	35.3

Sources: Company data, Thanachart estimates

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