Prima Marine Pcl (PRM TB) - BUY, Price Bt5.50, TP Bt9.00

Results Comment

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2Q22 a miss on weak FSU profit

- PRM reported net profit of Bt199m. Excluding FX loss, norm profit was Bt250m, down 7% y-y and q-q. The result was below expectation due to weak FSU contribution and lower domestic tanker profit stemming from higher bunker cost. We expect improvement in 2H22F. BUY.
- **Domestic tanker**: Revenue was 760m, up 32% y-y and 6% q-q. This was due to higher domestic oil demand and additional vessels. However, gross profit declined 16% q-q to Bt134m (though this still represented a 39% y-y growth). The primary reason was high bunker cost.
- **Int'l tanker**: Revenue was Bt164m, up 34% y-y and nearly doubled q-q while gross profit was Bt49m, more than doubled y-y. This was a result of new VLCC joining the fleet in early June and higher utilization rate for its Aframax vessel.
- **FSU**: Revenue was Bt540m, down 10% y-y but up 7% q-q (additional FSU joining the fleet in early June). Gross profit dropped 33% y-y and 13% q-q due to high fuel cost.
- **Offshore**: Revenue more than doubled y-y and grew almost 50% q-q to Bt150m. Gross profit also increased to Bt56m, up from almost nothing last year and up 65% q-q. This was due to higher utilization rates as E&P activities continue to pick up.
- **Ship management**: Revenue was Bt90m, up slightly y-y and 69% q-q. Gross profit was Bt39m, up 39% y-y and 34% q-q.
- **Non-recurring items**: PRM recorded Bt64m in FX loss due to weaker THB which led to MTM loss on its foreign currency debt.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Revenue	1,456	1,543	1,457	1,474	1,704
Gross profit	**432**	**486**	**349**	**437**	**463**
SG&A	110	108	194	112	129
Operating profit	321	378	155	325	334
EBITDA	**553**	**641**	**432**	**560**	**604**
Other income	25	2	45	25	9
Other expense	0	0	0	0	0
Interest expense	69	71	66	56	64
Profit before tax	**278**	**309**	**134**	**294**	**279**
Income tax	42	28	4	20	23
Equity & invest. income	22	(25)	3	20	21
Minority interests	(22)	(61)	(7)	(28)	(14)
Extraordinary items	172	231	43	7	(64)
Net profit	**407**	**426**	**169**	**274**	**199**
Normalized profit	**268**	**239**	**135**	**268**	**250**
EPS (Bt)	0.16	0.17	0.07	0.11	0.08
Normalized EPS (Bt)	0.11	0.10	0.05	0.11	0.10

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	16	17	55	5,745	6,453
Gross profit	**6**	**7**	**45**	**1,994**	**2,269**
SG&A	15	16	50	479	506
Operating profit	3	4	44	1,515	1,763
EBITDA	**8**	**9**	**46**	**2,518**	**2,923**
Other income	(65)	(65)	34	100	102
Other expense			na	0	0
Interest expense	16	(6)	44	272	347
Profit before tax	**(5)**	**0**	**43**	**1,343**	**1,517**
Income tax	20	(44)	32	134	152
Equity & invest. income	6	(2)	48	86	72
Minority interests	na	na	41	(104)	(115)
Extraordinary items	na	na	na	0	0
Net profit	**(27)**	**(51)**	**40**	**1,191**	**1,323**
Normalized profit	**(7)**	**(7)**	**44**	**1,191**	**1,323**
EPS (Bt)	(27)	(51)	40	0.48	0.53
Normalized EPS (Bt)	(7)	(7)	44	0.48	0.53

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash & ST investment	2,845	2,574	2,612	2,460	2,041
A/C receivable	629	768	741	870	968
Inventory	158	182	166	184	228
Other current assets	38	12	96	115	110
Investment	501	476	458	478	499
Fixed assets	11,727	11,951	9,606	9,447	9,704
Other assets	1,654	1,631	3,670	3,653	5,267
Total assets	**17,551**	**17,593**	**17,349**	**17,207**	**18,818**
S-T debt	1,445	1,615	1,385	1,399	1,305
A/C payable	874	918	890	780	1,071
Other current liabilities	402	342	320	343	448
L-T debt	4,551	3,735	3,968	3,640	3,410
Other liabilities	1,688	1,750	1,676	1,624	3,245
Minority interest	300	339	327	355	381
Shareholders' equity	**8,290**	**8,893**	**8,783**	**9,066**	**8,957**
Working capital	(88)	31	17	275	125
Total debt	5,996	5,350	5,353	5,039	4,715
Net debt	**3,151**	**2,776**	**2,741**	**2,580**	**2,674**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Sales growth	(2.6)	2.3	2.8	3.5	17.0
Operating profit growth	(47.5)	(31.3)	(65.6)	(29.4)	4.0
EBITDA growth	(30.3)	(12.7)	(32.3)	(12.9)	9.3
Norm profit growth	(44.8)	(43.9)	(64.0)	(35.9)	(6.6)
Norm EPS growth	(44.8)	(43.9)	(64.0)	(35.9)	(6.6)
Gross margin	29.7	31.5	23.9	29.6	27.2
Operating margin	22.1	24.5	10.7	22.0	19.6
EBITDA margin	38.0	41.5	29.6	38.0	35.5
Norm net margin	18.4	15.5	9.2	18.2	14.7
D/E (x)	0.7	0.6	0.6	0.5	0.5
Net D/E (x)	0.4	0.3	0.3	0.3	0.3
Interest coverage (x)	8.0	9.1	6.5	10.1	9.4
Interest rate	5.5	5.0	4.9	4.3	5.3
Effective tax rate	15.1	9.2	2.7	6.6	8.4
ROA	6.8	5.4	3.1	6.2	5.6
ROE	12.9	11.1	6.1	12.0	11.1

Sources: Company data, Thanachart estimates

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