# Precious Shipping Pcl (PSL TB) - BUY, Price Bt16.80, TP Bt27.00

**Results Comment**

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## Stronger-than-expected 2Q22

- PSL's norm earnings were Bt1.6bn, increased 113% y-y and 27% q-q.
- The freight rate was US$23,901, +34% y-y and 9% q-q. While the rate increased from last year along with the global reopening, 2Q is normally a stronger quarter.
- Freight rate beat our expectation by 7% which we suspect it was due to PSL having able to take expensive routes.
- PSL's freight rate so far fell to is US$20,000. We believe this was due to a weaker global trading sentiment amid fears of global economy slowdown and rising interest rate. That said, we expect rates to pick up as 2H is normally a high season while new ship supply growth remains very weak.
- Reaffirm BUY on PSL.

| **Income Statement** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Dec (Bt m)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Revenue | 1,918 | 2,639 | 2,812 | 2,281 | 2,616 |
| **Gross profit** | **1,035** | **1,812** | **2,001** | **1,514** | **1,842** |
| SG&A | 163 | 169 | 162 | 142 | 116 |
| Operating profit | 872 | 1,643 | 1,840 | 1,372 | 1,725 |
| **EBITDA** | **1,171** | **1,960** | **2,151** | **1,669** | **2,044** |
| Other income | 1 | 0 | 2 | 2 | 2 |
| Other expense | 0 | 0 | 0 | 0 | 0 |
| Interest expense | 108 | 112 | 78 | 82 | 95 |
| **Profit before tax** | **765** | **1,532** | **1,763** | **1,292** | **1,632** |
| Income tax | 0 | 0 | 2 | 0 | 0 |
| Equity & invest. income | 4 | 7 | 8 | 2 | 7 |
| Minority interests | (0) | 0 | (0) | (0) | 0 |
| Extraordinary items | 57 | (37) | 2 | (0) | 21 |
| **Net profit** | **826** | **1,501** | **1,772** | **1,294** | **1,660** |
| **Normalized profit** | **769** | **1,538** | **1,770** | **1,294** | **1,639** |
| EPS (Bt) | 0.53 | 0.96 | 1.14 | 0.83 | 1.06 |
| Normalized EPS (Bt) | 0.49 | 0.99 | 1.14 | 0.83 | 1.05 |

| **Income Statement** | | | **6M as** | | |
|---|---|---|---|---|---|
| **(Bt m)** | **q-q%** | **y-y%** | **% 2022F** | **2022F** | **2023F** |
| Revenue | 15 | 36 | 52 | 9,389 | 9,130 |
| **Gross profit** | **22** | **78** | **55** | **6,081** | **5,827** |
| SG&A | (18) | (29) | 42 | 617 | 598 |
| Operating profit | 26 | 98 | 57 | 5,464 | 5,229 |
| **EBITDA** | **22** | **75** | **55** | **6,747** | **6,542** |
| Other income | (23) | 97 | 84 | 5 | 5 |
| Other expense | | | | | |
| Interest expense | 16 | (12) | 37 | 477 | 343 |
| **Profit before tax** | **26** | **113** | **59** | **4,992** | **4,891** |
| Income tax | | | | 2 | 2 |
| Equity & invest. income | 252 | 63 | 85 | 10 | 10 |
| Minority interests | | | 39 | (0) | (0) |
| Extraordinary items | na | (64) | na | 0 | 0 |
| **Net profit** | **28** | **101** | **59** | **5,000** | **4,899** |
| **Normalized profit** | **27** | **113** | **59** | **5,000** | **4,899** |
| EPS (Bt) | 28 | 101 | 59 | 3.21 | 3.14 |
| Normalized EPS (Bt) | 27 | 113 | 59 | 3.21 | 3.14 |

| **Balance Sheet** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Dec (Bt m)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Cash & ST investment | 1,269 | 2,021 | 2,468 | 2,708 | 1,917 |
| A/C receivable | 120 | 133 | 175 | 174 | 255 |
| Inventory | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 167 | 166 | 166 | 184 | 264 |
| Investment | 86 | 84 | 91 | 83 | 82 |
| Fixed assets | 19,901 | 20,803 | 20,285 | 19,966 | 21,882 |
| Other assets | 278 | 231 | 345 | 478 | 644 |
| **Total assets** | **21,823** | **23,439** | **23,531** | **23,593** | **25,043** |
| S-T debt | 4,990 | 1,749 | 1,409 | 1,879 | 1,205 |
| A/C payable | 318 | 340 | 354 | 356 | 444 |
| Other current liabilities | 453 | 182 | 154 | 177 | 170 |
| L-T debt | 3,630 | 7,212 | 6,809 | 5,866 | 6,445 |
| Other liabilities | 344 | 378 | 440 | 369 | 405 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| **Shareholders' equity** | **12,088** | **13,578** | **14,365** | **14,946** | **16,375** |
| Working capital | (198) | (206) | (179) | (182) | (189) |
| Total debt | 8,620 | 8,961 | 8,218 | 7,745 | 7,650 |
| **Net debt** | **7,351** | **6,940** | **5,750** | **5,037** | **5,733** |

| **Financial Ratios** | | | | | |
|---|---|---|---|---|---|
| **(%)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Sales growth | 182.0 | 179.4 | 167.7 | 83.0 | 36.4 |
| Operating profit growth | na | 1,438.7 | 890.0 | 257.8 | 97.8 |
| EBITDA growth | 705.8 | 375.7 | 345.4 | 148.8 | 74.5 |
| Norm profit growth | na | na | 2,654.8 | 378.0 | 113.1 |
| Norm EPS growth | na | na | 2,654.8 | 378.0 | 113.1 |
| | | | | | |
| Gross margin | 54.0 | 68.7 | 71.2 | 66.4 | 70.4 |
| Operating margin | 45.5 | 62.3 | 65.4 | 60.1 | 65.9 |
| EBITDA margin | 61.1 | 74.3 | 76.5 | 73.2 | 78.1 |
| Norm net margin | 40.1 | 58.3 | 62.9 | 56.7 | 62.6 |
| | | | | | |
| D/E (x) | 0.7 | 0.7 | 0.6 | 0.5 | 0.5 |
| Net D/E (x) | 0.6 | 0.5 | 0.4 | 0.3 | 0.4 |
| Interest coverage (x) | 10.8 | 17.6 | 27.6 | 20.4 | 21.6 |
| Interest rate | 4.8 | 5.1 | 3.6 | 4.1 | 4.9 |
| Effective tax rate | - | - | 0.1 | - | - |
| ROA | 14.2 | 27.2 | 30.1 | 22.0 | 27.0 |
| ROE | 26.7 | 47.9 | 50.7 | 35.3 | 41.9 |

Sources: Company data, Thanachart estimates

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