

Precious Shipping Pcl (PSL TB) - BUY, Price Bt8.85, TP Bt19.00**Results Comment**

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Weak 2Q23 was above expectation

- PSL's norm earnings were Bt258m, fell by 84% y-y but improved by 376% q-q. PSL's freight rate was above our expectation.
- The freight rate fell to US\$11,424/ship/day from US\$23,901 in 2Q22 amid the global reopening. The rate however improved by 14% q-q as 2Q was normally a stronger quarter.
- However, PSL freight rate now fell to US\$8,100, below its breakeven level of US\$9,400. Despite 3Q is normally a stronger quarter, the soft economies in major markets, like China, US and European nations, caused the weak freight rate.
- We see downside to our full-year numbers.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	2,616	2,500	1,731	1,146	1,322	Revenue	15	(49)	37	6,680	7,837
Gross profit	1,842	1,513	859	261	446	Gross profit	71	(76)	21	3,407	4,463
SG&A	116	118	138	112	91	SG&A	(18)	(22)	31	646	648
Operating profit	1,725	1,395	720	149	355	Operating profit	138	(79)	18	2,761	3,815
EBITDA	2,044	1,752	1,073	485	712	EBITDA	47	(65)	29	4,145	5,179
Other income	2	2	11	7	9	Other income	34	430	145	11	12
Other expense	0	0	0	0	0	Other expense					
Interest expense	95	107	109	104	110	Interest expense	6	16	58	371	212
Profit before tax	1,632	1,291	622	53	255	Profit before tax	383	(84)	13	2,401	3,615
Income tax	0	0	15	0	(1)	Income tax	na	na	na	8	11
Equity & invest. income	7	10	10	2	2	Equity & invest. income	33	(67)	38	10	10
Minority interests	0	(0)	(0)	0	0	Minority interests					
Extraordinary items	21	47	(68)	25	28	Extraordinary items	15	36	na	0	0
Net profit	1,660	1,348	549	79	286	Net profit	263	(83)	15	2,404	3,614
Normalized profit	1,639	1,301	617	54	258	Normalized profit	376	(84)	13	2,404	3,614
EPS (Bt)	1.06	0.86	0.35	0.05	0.18	EPS (Bt)	263	(83)	15	1.54	2.32
Normalized EPS (Bt)	1.05	0.83	0.40	0.03	0.17	Normalized EPS (Bt)	376	(84)	13	1.54	2.32

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	1,917	1,481	1,056	838	1,245	Sales grow th	36.4	(5.3)	(38.4)	(49.8)	(49.5)
A/C receivable	255	395	279	163	214	Operating profit grow th	97.8	(15.1)	(60.9)	(89.1)	(79.4)
Inventory	0	0	0	0	0	EBITDA grow th	74.5	(10.6)	(50.1)	(70.9)	(65.2)
Other current assets	264	319	223	250	201	Norm profit grow th	113.1	(15.4)	(65.1)	(95.8)	(84.3)
Investment	82	95	99	91	91	Norm EPS grow th	113.1	(15.4)	(65.1)	(95.8)	(84.3)
Fixed assets	21,882	24,251	22,048	21,501	22,267	Gross margin	70.4	60.5	49.6	22.8	33.7
Other assets	644	686	600	562	605	Operating margin	65.9	55.8	41.6	13.0	26.9
Total assets	25,043	27,227	24,304	23,405	24,624	EBITDA margin	78.1	70.1	62.0	42.3	53.9
S-T debt	1,205	1,245	1,162	1,207	1,207	Norm net margin	62.6	52.0	35.7	4.7	19.5
A/C payable	444	548	584	474	508	D/E (x)	0.5	0.4	0.4	0.4	0.4
Other current liabilities	170	134	121	99	77	Net D/E (x)	0.4	0.3	0.3	0.3	0.3
L-T debt	6,445	6,603	5,547	5,098	5,788	Interest coverage (x)	21.6	16.4	9.8	4.7	6.5
Other liabilities	405	452	426	254	245	Interest rate	4.9	5.5	6.0	6.4	6.6
Minority interest	0	0	0	0	0	Effective tax rate	-	-	2.5	0.5	(0.2)
Shareholders' equity	16,375	18,245	16,463	16,272	16,800	ROA	27.0	19.9	9.6	0.9	4.3
Working capital	(189)	(153)	(305)	(311)	(294)	ROE	41.9	30.1	14.2	1.3	6.2
Total debt	7,650	7,848	6,709	6,305	6,994						
Net debt	5,733	6,367	5,653	5,467	5,749						

Sources: Company data, Thanachart estimates

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