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24 February 2022

Subject Management discussion and analysis for operating results in the fourth quarter ended as of 31 December 2021

To President,

The Stock Exchange of Thailand

Prima Marine Public Company Limited and its subsidiaries (“the Company”) would like to clarify the operating results in the fourth quarter of 2021 (“Q4/2021”) ended as of 31 December 2021 as the following details.

1. The Financial Performance of the Company

Table 1: Summary of Financial Performance of the Company

Unit: Million Baht	Quarter 3	Quarter 4		January - December	
	2021	2020	2021	2020	2021
Revenue from Sale and Service	1,542.7	1,417.4	1,457.5	5,925.8	5,880.0
Cost of Goods Sold	(1,056.4)	(834.3)	(1,102.1)	(3,467.4)	(4,066.6)
Gross Profit	486.3	583.1	355.4	2,458.4	1,813.4
Share of profit from associate and JV	(25.2)	12.7	8.5	90.1	32.2
Other Incomes	261.6	6.9	44.5	55.5	591.6
SG&A	(108.5)	(131.7)	(200.0)	(485.5)	(498.1)
Financing Cost	(70.8)	(46.9)	(66.0)	(214.1)	(248.8)
Gain/Loss on Exchange Rate	(28.1)	48.1	37.5	(11.2)	(30.0)
Earnings Before Tax	515.3	472.2	179.9	1,893.2	1,660.3
Corporate Income Tax	(28.4)	(13.7)	(3.6)	(191.5)	(133.8)
Net Profit	486.9	458.5	176.3	1,701.6	1,526.5
EBITDA	849.1	705.6	527.4	2,842.2	2,867.4
Gross Profit Margin	31.5%	41.1%	24.4%	41.5%	30.8%
Earnings Per Share (Baht/Share)	0.17	0.17	0.07	0.61	0.56
Exchange Rate (Thai Baht/ 1 US Dollar)					
Average Exchange Rate at 31 December 2021	33.9223	30.0371	33.4199	30.0371	33.4199

Revenue and Gross Profit

Revenue in Q4/2021 was 1,457.5 million Baht, 2.8% increased from Q4/2020 despite the slowdown in FSU business from lesser demand of storage and blend bunker oil. By the acquisition of Truth Maritime Company Limited (formerly named Thailoil Marine Company Limited) since April 30, 2021, to diversify the risk of particular business fluctuation and generate stability in the Company's revenue, the greater revenue of domestic trading business, international trading business and offshore support vessel business could replace the lower revenue of FSU business considerably. However, revenue in Q4/2021 dropped from the previous quarter caused by a decline in demand for offshore support vessel services during monsoon season in the Gulf of Thailand, slow demand for FSU vessels to store and blend bunker oil in the FSU business and off-hiring of the Aframax in the international trading business in November.

Gross profit in Q4/2021 was 355.4 million Baht, declined 39.0% from Q4/2020 primarily from a downturn in FSU business which had a high gross profit margin in 2020. Furthermore, international trading business in Q4/2021 was affected by the extended crew quarantine period in crew change procedures following COVID-19 preventive measures as well as a slowdown in offshore support vessel business during monsoon season in the Gulf of Thailand.

Share of profit from associate and JV and Other Incomes

In Q4/2021, the Company recorded a gain from share of profit from associate and joint venture of 8.5 million Baht which was 4.2 million Baht less than in Q3/2021. Whereas other incomes were 44.5 million Baht higher than Q4/2020 by 37.6 million Baht mostly from the demurrage charge for waiting to load the goods at customers' ports.

Selling, General and Administrative expense

When compared Q4/2021 to Q4/2020, selling, general, and administrative expense grew by 68.3 million baht. This was due to higher administrative expense from additional business expansion of 55 million Baht after Truth Maritime Company Limited's acquisition and financial advisory fee for this acquisition of 20 million Baht.

Gain/Loss on Exchange Rate

The gain from exchange rate of 37.5 million Baht owing to the appreciation of Thai Baht against US Dollar which was from 33.9223 Baht /USD at the end of Q3/2021 to 33.4199 Baht/USD at the end of Q4/2021. The USD outstanding loan at the end of Q4/2021 was 46.9 million USD.

In summary, Net profit of Q4/2021 was 176.3 million Baht lower than Q4/2020 by 61.5% but net profit of year ended 2021 was 1,526.5 million Baht less than the previous year only 10.3% due to the slowdown in FSU business as aforementioned. This is because the business expansion at a right time, the Company realized revenue from the new business starting in May 2021 and gain from vessels disposition at the proper period resulted in the Company generating additional income to replace revenue from a slowdown in FSU business caused by a surge in global crude oil price throughout 2021.

2. Operating's Results Analysis by Business Units in Q4/2021

2.1 Oil and Petrochemical Tanker Business ("Oil Tanker Business")

2.1.1 Domestic Oil and Petrochemical Tanker Business ("Domestic Tanker Business")

Unit: Million Baht	Domestic Tanker Business						
	Quarter 3/2021	Quarter 4		%Change	January - December		%Change
		2020	2021		2020	2021	
Revenue	624.1	495.2	675.5	36.4%	2,035.7	2,426.3	19.2%
Gross Profit (Loss)	109.1	90.3	124.4	37.8%	423.8	452.8	6.8%
Gross Profit (Loss) Margin	17.5%	18.2%	18.4%		20.8%	18.7%	
No. of PRM Vessels	34	30	34		30	34	

As a result of the additional service vessels following Truth Maritime Company Limited's acquisition, revenue and gross profit in Q4/2021 raised continuously from Q4/2020 and Q3/2021. The government's loosening lockdown, relaxation of aviation measures and entering country policy in the first half of Q4/2021 resulted in a significant growth in all types of domestic oil consumption especially Jet A-1 which had the highest consumption in the previous 2 years. Even though there was a new wave of COVID-19 pandemic caused by Omicron variant at the beginning of December, the ship utilization rate of Q4/2021 remained at a high level.

2.1.2 International Oil and Petrochemical Tanker Business ("International Tanker Business")

Unit: Million Baht	International Tanker Business						
	Quarter 3/2021	Quarter 4		%Change	January - December		%Change
		2020	2021		2020	2021	
Revenue	154.7	13.5	149.5	1,007.4%	167.6	462.1	175.7%
Gross Profit (Loss)	26.7	(34.9)	(1.32)	96.2%	3.5	38.0	985.7%
Gross Profit (Loss) Margin	17.3%	(258.6%)	(0.9%)		2.1%	8.2%	
No. of Aframax	1	1	1		1	1	
No. of VLCC	1	-	1		-	1	

The revenue in Q4/2021 increased considerably from Q4/2020 primarily from the full-quarter operation of additional VLCC servicing to Thairoil Group with VLCC ship utilization rate of 99.3% compared to Q4/2020 when customer received service only from the Aframax.

However, revenue and gross profit declined from the previous quarter due to the Aframax crew changing period in November following Singapore's regulations which resulted in no service provided to customers for 27 days to

accomplish the crew change's period under COVID-19 preventive measures. The Aframax has already been operated under spot contact at the end of November.

2.2 Floating Storage Unit Business ("FSU Business")

Unit: Million Baht	FSU Business						
	Quarter 3/2021	Quarter 4		%Change	January - December		%Change
		2020	2021		2020	2021	
Revenue	555.2	830.5	426.2	(48.7%)	3,248.6	2,359.0	(27.4%)
Gross Profit (Loss)	263.6	502.9	158.7	(68.4%)	1,891.9	1,113.4	(41.1%)
Gross Profit (Loss) Margin	47.5%	60.6%	37.2%		58.2%	47.2%	
No. of PRM Vessels	5	7	5		7	5	

Remark: The vessel(s) under associates and Joint Ventures is not included in "No of PRM Vessels" (Currently, 1 FSU namely "Bongkot Star" is not included)

The revenue and gross profit of the FSU business dropped in Q4/2021 compared to Q4/2020 owing to the reduction of FSU vessels. The global crude oil price continued to rise while future crude oil prices were lower than current prices (backwardation) which resulted in a considerable decrease in demand for storage and blend bunker oil (LSFO) compared to the previous year. Hence, the Company decided to dispose of 3 vessels during the year 2021.

Furthermore, the 6% higher in bunker cost (LSFO) led to a primarily fall in gross profit of FSU business when compared to Q3/2021.

2.3 Offshore Support Vessels Business ("Offshore Support")

Unit: Million Baht	Offshore Support Business						
	Quarter 3/2021	Quarter 4		%Change	January - December		%Change
		2020	2021		2020	2021	
Revenue	124.1	17.0	111.7	557.1%	225.5	307.3	36.3%
Gross Profit (Loss)	49.2	(0.4)	46.8	11,800.0%	24.2	91.6	278.5%
Gross Profit (Loss) Margin	40.0%	(2.1%)	41.9%		10.7%	29.8%	
No. of AWB	1	1	1		1	1	
No. of Crew Boat	13	-	13		-	13	

The sharp raised in revenue and gross profit of offshore support vessel business in Q4/2021 as a result of the operation of additional crew boat fleet after the acquisition of Truth Maritime Company Limited and full operation of AWB compared to Q4/2020 which had only one AWB servicing to customers until the beginning of November 2020.

Although the low season of offshore support vessel business was caused by monsoon season in the Gulf of Thailand resulted in reduced crew boat utilization rate. Therefore, the gross profit was slightly lower compared to Q3/2021.

2.4 Ship Management Business

Unit: Million Baht	Ship Management Business						
	Quarter 3/2021	Quarter 4		%Change	January - December		%Change
		2020	2021		2020	2021	
Revenue	84.5	61.2	94.5	54.4%	248.4	325.3	31.0%
Gross Profit (Loss)	37.7	25.2	26.8	6.3%	115.0	117.6	2.3%
Gross Profit (Loss) Margin	44.6%	41.2%	28.3%		46.3%	36.2%	
No. of Out-Fleet Vessels	4	2	4		2	4	

*Remark: the out-fleet vessels refer to the vessels of the Company which are not calculated as the assets in consolidated financial statement.

In Q4/2021, there were 4 out-fleet vessels including 1 VLCC, 3 domestic vessels and 32 company's owned vessels under company ship management. The revenue of ship management business rose from Q4/2020 as a consequence of the continual improvement of ship agent services and being the service provider to all additional vessels following Truth Maritime Company Limited's acquisition.

However, the gross profit margin in Q4/2021 declined from the previous quarter mainly due to the reduction of out-fleet FSU vessels which was under the Company's management until August 2021 as well as higher crew COVID-19 prevention costs.

3. Statement of Financial Position

Assets (Unit: Million Baht)	FY 2021	FY 2020	Change
Cash and cash equivalents	2,611.6	2,218.8	392.8
Account receivable	741.0	364.5	376.5
Inventories	166.2	163.2	3.1
Other current assets	96.2	7.2	89.0
Total current assets	3,615.0	2,753.6	861.3
Property, plant and vessels	9,605.7	8,852.8	752.9
Lease assets	1,735.8	147.2	1,588.6
Other non-current assets	2,392.5	1,889.4	503.1
Total non-current assets	13,734.0	10,889.3	2,844.7
Total assets	17,349.0	13,642.9	3,706.1

Liabilities and equity (Unit: Million baht)	FY 2021	FY 2020	Change
Short-term loans	-	-	-
Account payable	890.4	660.8	229.6
Current portion of L/T loans	1,586.7	1,213.3	373.4
Other current liabilities	117.4	218.7	(101.3)
Total current liabilities	2,594.5	2,092.8	501.7
Long-term loans	3,968.3	3,062.4	905.9
Lease liabilities	1,496.6	-	1,496.6
Other non-current liabilities	179.5	163.8	15.7
Total non-current liabilities	5,644.5	3,226.2	2,418.3
Total liabilities	8,239.0	5,319.0	2,920.0

Financial ratios	FY 2021	FY 2020
Current ratio (times)	1.39	1.32
D/E ratio (times)	0.94	0.68
Return on assets (ROA)	12.3%	15.8%
Return on equity (ROE)	16.9%	20.8%

Shareholders' Equity (Unit: Million baht)	FY 2021	FY 2020	Change
Paid-up share capital	2,500.0	2,500.0	-
Share premium	3,407.5	3,407.5	-
Difference arising from business combination	(65.4)	(316.1)	250.7
Retained earnings	3,108.7	2,599.9	508.8
Other component of equity	(167.7)	(334.9)	167.2
Equity attributable to owners of the parent	8,783.0	7,856.3	926.7
Non-controlling interests	327.0	467.6	(140.6)
Total equity	9,110.0	8,323.9	786.1
Total liabilities and equity	17,349.0	13,642.9	3,706.1

- As of December 31, 2021, cash and cash equivalents increased by 392.8 million Baht due mainly to operating results and cash from vessel disposition.
- Other non-current assets grew by 503.1 mostly from goodwill following Truth Maritime Company Limited's acquisition for 445 million Baht.
- Property, plant, and vessels raised by 752.9 million Baht owing to the additional vessels from the acquisition of Truth Maritime Company Limited.
- Long-term loans surged by 905.9 primarily from loans for Truth Maritime Company Limited's acquisition.
- Additional lease liabilities resulting from VLCC leasing liabilities to provide services for Thaioil group in accordance with Thai Financial Reporting Standard No. 16 (TFRS 16).
- Difference arising from business combination increased by 250.7 million Baht as a consequence of the disposition of Energy Star resulted in a reduction in preceding difference arising from business combination.
- Retained earnings raised by 508.8 million Baht obtained from operating profit of 2021 after deducting dividend payments from 2020 operating results.

Please be informed accordingly.

Sincerely Yours,

Prima Marine Public Company Limited

Mr. Prompong Chaisrisawatsuk

Chief Executive Officer

Mr. Pachara Rodsomboon

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