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12 May 2022

Subject Management discussion and analysis for operating results in the first quarter ended as of 31 March 2022

To President,

The Stock Exchange of Thailand

Prima Marine Public Company Limited and its subsidiaries (“the Company”) would like to submit management discussion and analysis report in the first quarter of 2022 (“Q1/2022”) ended as of 31 March 2022 as the following details.

1. The Financial Performance of the Company

Table 1: Summary of Financial Performance of the Company

Unit: Million Baht	Quarter 4	Quarter 1		Quarter 1/2022 – 1/2021	
	2021	2021	2022	Change	%Change
Revenue from Sale and Service	1,457.5	1,423.9	1,474.4	50.5	3.5%
Cost of Goods Sold	(1,102.1)	(877.7)	(1,037.7)	160.0	18.2%
Gross Profit	355.4	546.2	436.7	(109.5)	(20.0%)
Share of profit from associate and JV	8.5	27.5	19.9	(7.6)	(27.6%)
Other Incomes	44.5	71.1	24.9	(46.2)	(65.0%)
SG&A	(200.0)	(85.5)	(111.6)	26.1	30.5%
Financing Cost	(66.0)	(43.3)	(55.5)	12.2	28.2%
Gain/Loss on Exchange Rate	37.5	(22.0)	7.4	29.4	133.6%
Earnings Before Tax	179.9	494.0	321.8	(172.2)	(34.9%)
Corporate Income Tax	(3.6)	(59.9)	(19.6)	(40.3)	(67.3%)
Net Profit	176.3	434.1	302.2	(131.9)	(30.4%)
EBITDA	527.4	719.2	612.1	(107.1)	(14.9%)
Gross Profit Margin	24.4%	38.4%	29.6%		
Earnings Per Share (Baht/Share)	0.07	0.16	0.11		
Exchange Rate (Thai Baht/ 1 US Dollar)					
Average Exchange Rate at 31 March 2022	33.4199	31.3394	33.2973		

The revenue in Q1/2022 was 1,474.4 million Baht, increasing 3.5% from Q1/2021. This was owing to the expansion of domestic trading business, international trading business and offshore support vessel business after the acquisition of Truth Maritime Company Limited. Meanwhile, all types of domestic oil consumption increased in this quarter from relaxing travel restrictions and higher economic activities following easing of COVID-19 pandemic control resulting in greater revenue of trading business. The higher demand for FSU vessels to store oil during the uncertainty of Russia-Ukraine war also raised FSU business's revenue continually.

The Company's gross profit was 436.7 million Baht declined by 20.0% from Q1/2021 due mostly to a drop in storage fees of FSU vessels in line with the slowdown of FSU market as well as higher fuel costs. However, as a result of business expansion, gross profit in Q1/2022 was 22.9% greater than in Q4/2021.

Selling, general and administrative expense grew by 26.1 million Baht in Q1/2022 compared to Q1/2021 primarily from business expansion after Truth Maritime Company Limited's acquisition but dropped by 44.2% from Q4/2021. As of Q4/2021, there was PPA (Purchase price allocation) expense incurred following the acquisition of Truth Maritime Company Limited. Moreover, the gain from exchange rate was 7.4 million Baht because of the appreciation of Thai Baht against US Dollar which was from 33.4199 Baht /USD at the end of Q4/2021 to 33.2973 Baht/USD at the end of Q1/2022. The USD outstanding loan at the end of Q1/2022 was 44.8 million USD.

Therefore, the Company's net profit in Q1/2022 was 302.2 million Baht, 30.4% lower than in Q1/2021 but 71.4% higher than in the previous quarter.

2. Operating's Results Analysis by Business Units in Q1/2022

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 4/2021	Quarter 1		%Change +/(-)
		2021	2022	
Revenue	675.5	549.3	715.1	30.2%
Gross Profit (Loss)	124.4	123.7	158.3	28.0%
Gross Profit (Loss) Margin	18.4%	22.5%	22.1%	
No. of PRM Vessels	34	30	34	

In Q1/2022, revenue and gross profit of domestic tanker business significantly increased from Q1/2021 owing to the additional vessels obtained from Truth Maritime Company Limited's acquisition and also recovered from Q4/2021 following the easing of immigration restrictions, government's economic stimulus measures and increased economic activities led to all types of domestic oil consumption surged in Q1/2022 with ship utilization rate reaching 92.7%.

Furthermore, easing aviation controlling measures and the Test & Go policy which was reimplemented since February 1, 2022 have resulted in a continuous rise in Jet A-1 consumption from Q4/2021 and Q1/2021 or rising by 34.6% and 62.8%, respectively.

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

Unit: Million Baht	International Tanker Business			
	Quarter 4/2021	Quarter 1		%Change +/(-)
		2021	2022	
Revenue	149.5	35.4	82.9	134.2%
Gross Profit (Loss)	(1.3)	(8.8)	0.1	101.1%
Gross Profit (Loss) Margin	(0.9%)	(25.0%)	0.1%	
No. of Aframax	1	1	1	
No. of VLCC	1	-	1	

Revenue and gross profit grew by 134.2% and 101.1%, respectively in Q1/2022 compared to Q1/2021. As a consequence of an additional income from the first VLCC (totaling 3 VLCCs) started to service Thaioil Group since May 1, 2021. While slightly loss in gross profit in Q4/2021 was caused by no operation of the Aframax to accomplish crew change and quarantine period under COVID-19 preventive measures.

However, revenue in Q1/2022 declined from the previous quarter mainly due to the VLCC's drydocking schedule from February 9, 2022 until the beginning of April. While, the Aframax returned to on-hire in late Q4/2021 led to gross profit in Q1/2022 slightly grew from the previous quarter. In addition, the second VLCC is expected to start operations in June 2022 onwards.

2.2 Floating Storage Unit Business (“FSU Business”)

Unit: Million Baht	FSU Business			
	Quarter 4/2021	Quarter 1		%Change +/(–)
		2021	2022	
Revenue	441.4	779.7	505.4	(35.2%)
Gross Profit (Loss)	173.9	416.1	213.5	(48.7%)
Gross Profit (Loss) Margin	39.4%	53.4%	42.2%	
No. of PRM Vessels	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)

Revenue and gross profit in Q1/2022 decreased from Q1/2021 owing to a reduction in both FSU vessels and storage fees in accordance with the downturn in FSU market as well as the ongoing rise in fuel costs.

The utilization rate in Q1/2022 gradually improved from Q4/2021 as a concern over Russia-Ukraine war lasted longer leading to greater demand to store low sulfur fuel oil. Moreover, the Company gained additional income from heating, inter-tank transfer and air agitation which resulted in higher revenue and gross profit in Q1/2022 compared to Q4/2021.

2.3 Offshore Support Vessels Business (“Offshore Support”)

Unit: Million Baht	Offshore Support Business			
	Quarter 4/2021	Quarter 1		%Change +/(–)
		2021	2022	
Revenue	111.7	-	102.0	100.0%
Gross Profit (Loss)	46.8	(9.4)	41.2	538.3%
Gross Profit (Loss) Margin	41.9%	0.0%	40.4%	
No. of AWB	1	1	1	
No. of Crew Boat	13	-	13	

Revenue and gross profit of offshore support vessel business in Q1/2022 raised considerably from Q1/2021 because of business expansion in crew boats while the AWB was under maintenance at the time to prepare the vessel for long term charter resulting in no service income in Q1/2021.

When compared to Q4/2021, revenue and gross profit in Q1/2022 were slightly lower than in Q4/2021 owing to the monsoon season and the preparation of some crew boats for long-term contract bidding. In April, the Company successfully selected by customer to provide service under time charter contract led to a full 100% utilization rate of crew boats since the middle of Q2/2022.

2.4 Ship Management Business

Unit: Million Baht	ส่วนงาน ง (ธุรกิจบริหารจัดการเรือ)			
	Quarter 4/2021	Quarter 1		%Change +/-
		2021	2022	
Revenue	79.4	59.5	68.9	15.8%
Gross Profit (Loss)	11.7	25.4	23.6	(7.1%)
Gross Profit (Loss) Margin	14.7%	42.6%	34.2%	
No. of Out-Fleet Vessels	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 Q1/2022, the Company provided services to 4 out-fleet vessels including 1 VLCC, 3 domestic vessels and 32 company's owned vessels. Revenue of ship management business in Q1/2022 increased by 15.8% from Q1/2021 mainly from additional ship agent business following the acquisition of Truth Maritime Company Limited.

Additionally, the Company was more effective in cost management and employee expenses control of ship management business leading to a slight recovery in gross profit in Q1/2022.

3. Statement of Financial Position

Assets (Unit: Million Baht)	Quarter 1 2022	FY 2021	Change	Liabilities and equity (Unit: Million baht)	Quarter 1 2022	FY 2021	Change
Cash and cash equivalents	2,459.5	2,611.6	(152.1)	Short-term loans	-	-	-
Account receivable	870.4	741.0	129.4	Account payable	779.9	890.4	(110.5)
Inventories	184.3	166.2	18.1	Current portion of L/T loans	1,613.7	1,586.7	27.0
Other current assets	115.0	96.2	18.8	Other current liabilities	128.3	117.4	10.9
Total current assets	3,629.2	3,615.0	14.2	Total current liabilities	2,521.9	2,594.5	(72.6)
Property, plant and vessels	9,446.7	9,605.7	(159.0)	Long-term loans	3,640.5	3,968.3	(327.8)
Lease assets	1,716.5	1,735.8	(19.3)	Lease liabilities	1,463.3	1,496.6	(33.3)
Other non-current assets	2,414.7	2,392.5	22.2	Other non-current liabilities	160.5	179.5	(19.0)
Total non-current assets	13,577.9	13,734.0	(156.1)	Total non-current liabilities	5,264.3	5,644.5	(380.2)

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Head Office : 80 Soi Bangna-Trad 30, Debaratna Rd., Bangna-Tai, Bangna, Bangkok 10260 Tel: +66 (0) 2016-0190-4 Fax: +66 (0) 2016 0195

Total assets	17,207.1	17,349.0	(141.9)
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Total liabilities	7,786.2	8,239.0	(452.8)
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Financial ratios	Quarter 1 2022	FY 2021
Current ratio (times)	1.44	1.39
D/E ratio (times)	0.86	0.94
Return on assets (ROA)	2.2%	12.3%
Return on equity (ROE)	3.1%	16.9%

Shareholders' Equity (Unit: Million baht)	Quarter 1 2022	FY 2021	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)	(65.4)	-
Retained earnings	3,382.5	3,108.7	273.8
Other component of equity	(158.9)	(167.7)	8.8
Equity attributable to owners of the parent	9,065.7	8,783.0	282.7
Non-controlling interests	355.2	327.0	28.2
Total equity	9,420.9	9,110.0	310.9
Total liabilities and equity	17,207.1	17,349.0	(141.9)

- As of March 31, 2022, the Company's total assets was 17,207.1 million Baht close to the end of 2021.
- Property, plant, and vessels declined by 159.0 million Baht from the depreciation.
- Long-term debts reduced by 327.8 million Baht as a result of loan payments to financial institutions.
- Total equity increased by 310.9 million Baht primarily from operating profit in Q1/2022.
- Debt to Equity ratio improved to 0.86:1.

Please be informed accordingly.

Sincerely Yours,

Prima Marine Public Company Limited

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Chief Executive Officer

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