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10 August 2022

Subject Management discussion and analysis for operating results in the second quarter ended as of 30 June 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 second quarter of 2022 ("Q2/2022") ended as of 30 June 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	Quarter 2		6M	
	1/2022	2021	2022	2021	2022
Revenue from Sale and Service	1,474.4	1,456.0	1,703.5	2,879.8	3,177.9
Cost of Goods Sold	(1,037.7)	(1,024.1)	(1,240.7)	(1,901.8)	(2,278.4)
<b>Gross Profit</b>	<b>436.7</b>	<b>431.9</b>	<b>462.8</b>	<b>978.0</b>	<b>899.5</b>
Share of profit from associate and JV	19.9	21.5	21.2	49.0	41.1
Other Incomes	24.9	214.4	8.8	285.6	33.8
SG&A	(111.6)	(110.5)	(128.6)	(196.0)	(240.3)
Financing Cost	(55.5)	(68.7)	(64.4)	(112.0)	(119.9)
Gain/Loss on Exchange Rate	7.4	(17.4)	(64.0)	(39.4)	(56.6)
<b>Earnings Before Tax</b>	<b>321.8</b>	<b>471.2</b>	<b>235.8</b>	<b>965.2</b>	<b>557.6</b>
Corporate Income Tax	(19.6)	(42.0)	(23.4)	(101.9)	(43.0)
<b>Net Profit</b>	<b>302.2</b>	<b>429.2</b>	<b>212.4</b>	<b>863.3</b>	<b>514.6</b>
EBITDA	612.1	771.7	570.4	1,490.9	1,182.5
Gross Profit Margin	29.6%	29.7%	27.2%	34.0%	28.3%
Earnings Per Share (Baht/Share)	0.11	0.16	0.08	0.32	0.19
<b>Exchange Rate</b> (Thai Baht/ 1 US Dollar)					
Average Exchange Rate at 30 June 2022	33.2973	32.0533	35.2970	32.0533	35.2970

The Company's revenue in Q2/2022 was 1,703.5 million Baht, 15.5% increase from the previous quarter and 16.9% rise from Q2/2021. This was due mostly to the expansion of all businesses. In addition, gross profit was 462.8 million Baht higher than in Q1/2022 by 6.0% and Q2/2021 by 7.2%. As the Company was responsible for bunker costs (LSFO) of FSU vessels and petrochemical tankers that expanded trading routes overseas, gross profit grew at a lower proportion than revenue increased.

Other incomes in Q2/2022 declined by 205.6 million Baht from Q2/2021 as a result of the Company gained 189.1 million Baht from vessel disposition in Q2/2021.

Selling, general and administrative expense in Q2/2022 was 16.4% greater than in Q2/2021 owing to business expansion following Truth Maritime Company Limited's acquisition on April 30, 2021. Consequently, there was selling, general and administrative expense consolidated from TM since May 2021 onwards. Besides, Selling, general and administrative expense in Q2/2022 raised from Q1/2022 because of higher employee expenses.

Loss of exchange rate by 64.0 million baht derived from the depreciation of Thai Baht against US Dollar at the end of Q2/2022 compared to Q1/2022. The USD outstanding loan at the end of June 30, 2022 was 42.6 million USD. However, the Company's USD revenue was 62% of total revenue and the tendency is expected to increase as future business expansion. Thus, the Company will benefit from Thai Baht depreciation by recording a higher service income.

Hence, net profit in Q2/2022 was 212.4 million Baht, 50.5% drop from Q2/2021. Net profit of 6M2022 was 514.6 million Baht lower than 6M2021 by 40.4% resulting from an extraordinary profit on vessel disposition which was recorded in the first half of 2021.

## 2. Operating's Results Analysis by Business Units in Q2/2022

### 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 1/2022	Quarter 2		%Change	6M		%Change
		2021	2022		2021	2022	
Revenue	715.1	577.3	759.9	31.6%	1,126.6	1,475.0	30.9%
Gross Profit (Loss)	160.1	95.9	133.5	39.2%	219.3	293.6	33.9%
Gross Profit (Loss) Margin	22.4%	16.6%	17.6%		19.5%	19.9%	
No. of PRM Vessels	34	35	35		35	35	

Revenue and gross profit of domestic tanker business in Q2/2022 primarily increased from Q2/2021 by 31.6% and 39.2%, respectively mostly from fully operational of additional vessels from Truth Maritime Company Limited. Moreover, the recovery of domestic economic activities resulted in considerable growth in all types of domestic oil consumption when compared to Q2/2021.

Despite the rise in revenue, gross profit fell in Q2/2022 compared to the previous quarter. This was caused by rising bunker costs (LSFO) which resulted in higher operating costs of company's small trading vessels that delivered liquid petrochemical to neighboring regions. Furthermore, there were drydocking expenses incurred during the quarter.

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

Unit: Million Baht	International Tanker Business						
	Quarter 1/2022	Quarter 2		%Change	6M		%Change
		2021	2022		2021	2022	
Revenue	82.9	122.5	163.6	33.5%	157.9	246.5	56.1%
Gross Profit (Loss)	0.1	21.4	49.4	130.8%	12.6	49.4	292.1%
Gross Profit (Loss) Margin	0.1%	17.5%	30.2%		8.0%	20.0%	
No. of Aframax	1	1	1		1	1	
No. of VLCC	1	1	2		1	2	

When compared Q2/2022 to Q2/2021, revenue and gross profit of international tanker business considerably soared by 33.5% and 130.8%, respectively. This resulted mainly from (1) The operation of 2<sup>nd</sup> VLCC to Thailoil group since June 5, 2022 onwards while only one VLCC operated in Q2/2021 (2) Because of the higher global market demand for Aframax, the Company was able to complete time charter contract with higher service rates starting in March 2022 and Aframax utilization rate was 100% throughout the quarter.

Revenue and gross profit in Q2/2022 surged from Q1/2022 caused by (1) The first VLCC commenced operation after drydocking plan at the end of April 2022 (2) The on-hiring of additional 2<sup>nd</sup> VLCC since June 5, 2022 and (3) As Aframax's contract was changed from spot contract to time charter contract, the Company was no longer responsible for bunker costs (LSFO).

## 2.2 Floating Storage Unit Business ("FSU Business")

Unit: Million Baht	FSU Business						
	Quarter 1/2022	Quarter 2		%Change	6M		%Change
		2021	2022		2021	2022	
Revenue	505.4	597.9	539.9	(9.7%)	1,377.6	1,045.3	(24.1%)
Gross Profit (Loss)	213.5	275.4	185.6	(32.6%)	691.1	399.2	(42.2%)
Gross Profit (Loss) Margin	42.2%	46.1%	34.4%		50.2%	38.2%	
No. of PRM Vessels	5	5	6		5	6	

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 of FSU business slightly decreased by 9.7% while gross profit dropped by 32.6% as a consequence of raising average bunker costs (LSFO) in Q2/2022 to 813.3 USD/ton compared to 502.8 USD/ton in Q2/2021.

Revenue in Q2/2022 was 539.9 million Baht slightly raised from Q1/2022 because of an additional FSU vessel which started operation in early June. However, gross profit margin in Q2/2022 declined from Q1/2022 mainly from higher bunker costs which surged by 27.2% from the average of 639.5 USD/ton in Q1/2022 to 813.3 USD/ton in Q2/2022.

### 2.3 Offshore Support Vessels Business (“Offshore Support”)

Unit: Million Baht	Offshore Support Business						
	Quarter 1/2022	Quarter 2		%Change	6M		%Change
		2021	2022		2021	2022	
Revenue	102.0	71.4	150.3	110.5%	71.4	252.3	253.3%
Gross Profit (Loss)	34.1	5.0	55.8	1,016.0%	(4.4)	89.9	2,143.2%
Gross Profit (Loss) Margin	33.4%	7.0%	37.1%		(6.2%)	35.6%	
No. of AWB	1	1	2		1	2	
No. of Crew Boat	13	13	13		13	13	

Revenue and gross profit significantly grew from Q2/2021 to Q2/2022 owing to (1) Fully utilization rate of AWB throughout the quarter whereas there were only 2 months servicing customers in Q2/2021 (2) An additional AWB (3) As a result of successful long-term contract bidding with PTTEP, crew boat fleet has been entirely utilized at 100% from May 2022 onwards.

Revenue and gross profit rose in Q2/2022 compared to the previous quarter resulting from (1) An additional AWB which has been servicing customers since the middle of June 2022 (2) 100% utilization rate of crew boat fleet.

### 2.4 Ship Management Business

Unit: Million Baht	Ship Management Business						
	Quarter 1/2022	Quarter 2		%Change	6M		%Change
		2021	2022		2021	2022	
Revenue	68.9	86.8	89.9	3.6%	146.3	158.7	8.5%
Gross Profit (Loss)	28.9	27.8	38.5	38.5%	53.1	67.4	26.9%
Gross Profit (Loss) Margin	41.9%	32.0%	42.8%		36.3%	42.5%	
No. of Out-Fleet Vessels	4	4	3		4	3	

\*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 3 out-fleet vessels (1 VLCC and 2 domestic vessels), a decrease of one vessel from the previous quarter due to a finishing operation of 1 domestic vessel. Revenue and gross profit gradually increased from Q2/2021 and Q1/2022 due primarily to the growth of ship agent business and ship management providing to VLCC for one month before the purchase of VLCC into FSU business.

### 3. Statement of Financial Position

<b>Assets</b> <i>(Unit: Million Baht)</i>	30 Jun 22	FY 2021	Change
Cash and cash equivalents	2,040.9	2,611.6	(570.7)
Account receivable	968.2	741.0	227.2
Inventories	228.1	166.2	61.9
Other current assets	110.0	96.2	13.8
<b>Total current assets</b>	<b>3,347.2</b>	<b>3,615.0</b>	<b>(267.8)</b>
Property, plant and vessels	9,704.4	9,605.7	98.7
Lease assets	3,374.5	1,735.8	1,638.7
Other non-current assets	2,391.5	2,392.5	(1.0)
<b>Total non-current assets</b>	<b>15,470.4</b>	<b>13,734.0</b>	<b>1,736.4</b>
<b>Total assets</b>	<b>18,817.6</b>	<b>17,349.0</b>	<b>1,468.6</b>

<b>Liabilities and equity</b> <i>(Unit: Million baht)</i>	30 Jun 22	FY 2021	Change
Short-term loans	-	-	-
Account payable	1,071.4	890.4	181.0
Current portion of L/T loans	1,642.7	1,586.7	56.0
Other current liabilities	110.2	117.4	(7.2)
<b>Total current liabilities</b>	<b>2,824.3</b>	<b>2,594.5</b>	<b>229.8</b>
Long-term loans	3,410.2	3,968.3	(558.1)
Lease liabilities	3,082.9	1,496.6	1,586.3
Other non-current liabilities	162.5	179.5	(17.0)
<b>Total non-current liabilities</b>	<b>6,655.6</b>	<b>5,644.5</b>	<b>1,011.1</b>
<b>Total liabilities</b>	<b>9,479.9</b>	<b>8,239.0</b>	<b>1,240.9</b>

<b>Financial ratios</b>	30 Jun 22	FY 2021
Current ratio (times)	1.19	1.39
D/E ratio (times)	1.06	0.94
Return on assets (ROA)	3.8%	12.3%
Return on equity (ROE)	5.3%	16.9%

<b>Shareholders' Equity</b> <i>(Unit: Million baht)</i>	30 Jun 22	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)	-
<b>Retained earnings</b>	<b>3,131.0</b>	<b>3,108.7</b>	<b>22.3</b>
Other component of equity	(16.1)	(167.7)	151.6
<b>Equity attributable to owners of the parent</b>	<b>8,956.9</b>	<b>8,783.0</b>	<b>173.9</b>
Non-controlling interests	380.8	327.0	53.8
<b>Total equity</b>	<b>9,337.7</b>	<b>9,110.0</b>	<b>227.7</b>
<b>Total liabilities and equity</b>	<b>18,817.6</b>	<b>17,349.0</b>	<b>1,468.6</b>

- As of June 30, 2022, Cash and cash equivalents declined by 570.7 million Baht owing to long-term loan repayments, vessel purchases and dividend payments in Q2/2022.
- Property, plant and vessels increased by 98.7 million Baht mainly from the purchase of 1 domestic vessel and 1 FSU during the quarter.
- Higher lease assets and lease liabilities resulted from the 2<sup>nd</sup> VLCC long-term leasing agreement to service Thairoil group.
- Account receivables and account payables raised from the end of 2021 as a consequence of business expansion of 1 international tanker size VLCC.
- Long-term loans dropped by 558.1 million Baht due to loan payments to financial institutions.
- Total equity increased by 227.7 million Baht mostly from operating profit after deducting dividend payments.

Please be informed accordingly.

Sincerely Yours,  
Prima Marine Public Company Limited

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