

11 November 2022

Subject Management discussion and analysis for operating results in third quarter ended as of 30 September 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 third quarter of 2022 (“Q3/2022”) ended as of 30 September 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 3		9M	
	2/2022	2021	2022	2021	2022
Revenue from Sale and Service	1,703.5	1,542.7	2,149.6	4,422.5	5,327.6
Cost of Goods Sold	(1,240.7)	(1,056.4)	(1,434.4)	(2,964.5)	(3,712.9)
Gross Profit	462.8	486.3	715.2	1,458.0	1,614.7
Share of profit from associate and JV	21.2	(25.2)	173.530	23.7	214.6
Other Incomes	8.8	261.6	539.9	547.2	573.7
SG&A	(128.6)	(108.5)	(133.2)	(298.1)	(373.4)
Financing Cost	(64.4)	(70.8)	(81.1)	(182.8)	201.0
Gain/Loss on Exchange Rate	(64.0)	(28.1)	(79.1)	(67.5)	(135.7)
Earnings Before Tax	235.8	515.3	1,135.29	1,480.5	1,692.9
Corporate Income Tax	(23.4)	(28.4)	(49.6)	(130.2)	92.7
Net Profit	212.4	486.9	1,085.7	1,350.3	1,600.2
EBITDA	570.4	849.1	1,547.7	2,339.9	2,730.2
Gross Profit Margin	27.2%	31.5%	33.3%	33.0%	30.3%
Earnings Per Share (Baht/Share)	0.08	0.17	0.42	0.49	0.61
Exchange Rate (Thai Baht/ 1 US Dollar)					
Average Exchange Rate As of 30 September 2022	35.2970	33.9223	37.9067	33.9223	37.9067

The Company's revenue in Q3/2022 was 2,149 million Baht, up by 26.2% from last quarter and 39.3% from Q3/2021. Meanwhile, total gross profit was 715.2 million Baht up by 47.1%. The financial performance increased both Q-o-Q and Y-o-Y due to business expansion in every business unit to serve demand recovery of customers. Moreover, in the quarter, the Company also taking special profit worth 522.86 million Baht from the disposal of the VLCC which was recorded as other incomes.

SG&A in Q3/2022 slightly increased from Q3/2021 due mainly to additional cost to support business expansion. Loss of exchange rate by 79.1 million Baht derived from the depreciation of Thai Baht against US Dollar at the end of Q3/2022 compared to Q2/2022. The USD outstanding loan at the end of September 30, 2022 was 40.5 million USD. In the first 9 months of 2022, the company's primary revenue and gross profit received in US Dollars basis was higher than revenue and gross profit in Thai Baht basis. Therefore, when the baht is depreciation, revenue and profit received in USD will increase in Thai Baht value which is enough to mitigate unrealized FX loss from the mark to market of US Dollar loan. The company will benefit from the weakened Thai baht by greater number in revenue.

2. Operating's Results Analysis by Business Units in Q3/2022

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

Unit: Million Baht	Domestic Tanker Business						
	Quarter 2/2022	Quarter 3		%Change	9 M		%Change
		2021	2022		2021	2022	
Revenue	759.9	624.1	739.1	18.4%	1,750.8	2,214.1	26.5%
Gross Profit (Loss)	133.5	109.1	128.2	17.6%	328.3	421.9	28.5%
Gross Profit (Loss) Margin	17.6%	17.5%	17.3%		18.8%	19.1%	
No. of PRM Vessels	34	34	35		34	35	

Revenue and gross profit of domestic tanker business in Q3/2022 increased profoundly compared to Q3/2021 from the demand recovery of oil usage for domestic use, especially for the aircraft fuel (JET A1), as well as the dismissal of the Covid-19 emergency decree by the government sector, which allows complete reopening of the international tourism, and the addition of one more 5,000 DWT vessel added to the fleet.

Despite the rise in revenue, gross profit slightly dropped in as a result of switching back to on-site ship-inspection procedure instead of on-line inspection as practiced during the COVID-19 pandemic period yielding in longer off-hire and inspection periods but it will reduce chances of any accident in the future.

2.1.2 International Oil and Petrochemical Tanker Business (“International Tanker Business”)

Unit: Million Baht	International Tanker Business						
	Quarter 2/2022	Quarter 3		%Change	9 M		%Change
		2021	2022		2021	2022	
Revenue	163.6	154.7	353.7	128.6%	312.7	600.2	92.0%
Gross Profit (Loss)	49.4	26.7	127.4	376.2%	39.4	176.8	349.3%
Gross Profit (Loss) Margin	30.2%	17.3%	36.0%		12.6%	29.5%	
No. of Aframax	1	1	1		1	1	
No. of VLCC	2	1	3		1	3	

Revenue and gross profit increased significantly from Q3/2021 after the operating of the 3rd VLCC vessel since 9 September 2022, as well as the 1st and 2nd VLCC vessels both fully obtained revenue recognition.

All three VLCC vessels contracts are long-term under 10 year contract and generate stable return for the Company due to the efficient cost management by securing the VLCC supply when the market was downturn.

Moreover, changing the service of the Aframax to a Time-Charter contract which will charge more for service rate and reduce the burden of oil price fluctuation by letting the customer provide their own fuel led to the aframax was able to generate profit throughout the Quarter.

2.2 Floating Storage Unit Business (“FSU Business”)

Unit: Million Baht	ส่วนงาน ข (ธุรกิจ FSU)						
	Quarter 2/2022	Quarter 3		%Change	9 M		%Change
		2021	2022		2021	2022	
Revenue	539.9	555.2	791.9	39.9%	1,932.8	1,822.1	(5.7%)
Gross Profit (Loss)	185.6	263.6	367.0	33.5%	954.7	750.9	(21.3%)
Gross Profit (Loss) Margin	34.4%	47.5%	46.3%		49.4%	41.2%	
No. of PRM Vessels	6	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 and gross profit in Q3/2022 increased from Q3/2021 resulting from (1) One more vessel has been added to the fleet since June 2022 which suited the market’s need for storing fuel for winter and a shift from oil to gas for fuel production in many power plants in the region. (2) Service Fee adjustment in accordance with the actual cost for fuel.

Gross profit margin is higher than Q2/2022 from full quarter generated revenue compared to the attribution of 1 month in Q2/2022.

2.3 Offshore Support Vessels Business (“Offshore Support”)

Unit: Million Baht	Offshore Support Business						
	Quarter 2/2022	Quarter 3		%Change	9 M		%Change
		2021	2022		2021	2022	
Revenue	150.3	124.1	216.5	74.4%	195.6	468.9	139.8%
Gross Profit (Loss)	55.8	49.2	83.1	68.8%	44.8	173.0	285.8%
Gross Profit (Loss) Margin	37.1%	39.7%	38.4%		22.9%	36.9%	
No. of AWB	2	1	2		1	2	
No. of Crew Boat	13	13	13		13	13	

In Q3/2022 revenue and gross profit rose significantly from Q3/2021 resulting from (1) An additional AWB has been added to the fleet, fully operated throughout the Quarter. (2) The company has obtained a long-term agreement to provide 13 crew-boat service to PTTEP under a Time-Charter contract, in comparison to Q3/2021 which utilization rate was at 89%.

2.4 Ship Management Business

Unit: Million Baht	Ship Management Business						
	Quarter 2/2022	Quarter 3		%Change	9 M		%Change
		2021	2022		2021	2022	
Revenue	89.9	84.5	48.5	(46.0%)	230.8	222.4	(3.6%)
Gross Profit (Loss)	38.5	37.7	7.3	(81.1%)	90.8	89.8	(1.1%)
Gross Profit (Loss) Margin	42.9%	44.6%	15.0%		39.4%	40.4%	
No. of Out-Fleet Vessels	3	4	2		4	2	

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

Revenue and gross profit in Q3/2022 decreased from Q3/2021, as a result of lower vessels under management. The vessels under management were only 2 vessels since late July 2022. One of discontinued vessel was a VLCC which regularly generate higher Gross profit compared to other types of vessel led to gross margin was down to 15%.

3. Statement of Financial Position

Assets (Unit: Million Baht)	End of 30 Sep 22	FY 2022	Change
Total current assets	4,530.5	3,615.0	915.5
Other non-current assets	12,293.3	11,998.2	295.1
Lease assets	5,251.5	1,735.8	3,515.7
Total non-current assets	17,544.9	13,734.0	3,810.9
Total assets	22,075.4	17,349.0	4,726.4
Liabilities and equity (Unit: Million baht)	End of 30 Sep 22	FY 2022	Change
Short-term loans	2127.7	1,586.754	541.0
Other current liabilities	658.9	117.4	541.5
Total current liabilities	3,396.1	2,594.5	801.6
Long-term loans	3,017.6	3,968.3	(950.4)
Lease liabilities	4,789.6	1,496.6	3,293
Other non-current liabilities	239.9	179.5	60.4
Total non-current liabilities	8,047.1	5,644.5	2,402.6
Total liabilities	11,443.2	8,239.0	3,204.2
Shareholders' Equity (Unit: Million baht)	End of 30 Sep 22	FY 2022	Change
Total equity	10,632.3	9,110.0	1,522.3
Total liabilities and equity	22,075.5	17,349.0	4,726.5

1.Total current asset increased mostly from cash from the vessel disposal that worth 684.6 million Baht.

2.Dramatically increased in Right of Use assets and leasing liabilities resulted by new 2 VLCC vessels under long-term leasing agreement.

3.Short-term loan increased by 470 million Baht due to ST loan drawdown for Vessel's acquisition. The ST loan was fully repaid in October.

4.Long-term loan decreased due to loan payments to financial institutions.

5. Total equity increased by 227.7 million Baht mostly from operating profit

6.Financial Ratio	30 SEP 22	31 DEC 21
Current Ratio	1.33	1.39
D/E Ratio	1.12	0.94

Please be informed accordingly.

Sincerely Yours,

Prima Marine Public Company Limited

Mr. Prompong Chairsrisawatsuk

Chief Executive Officer

Mr. Pachara Rodsomboon

Finance and Investor Relations Department

Tel (66) 2 016 0190 Ext. 601

สำนักงานใหญ่ : 80 ซอยบางนา-ตราด 30 ถนนเทพรัตน แขวงบางนาใต้ เขตบางนา กรุงเทพฯ 10260 โทร: +66 (0) 2016-0190-4 โทรสาร: +66 (0) 2016 0195
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