

24 February 2023

Subject Management discussion and analysis for operating results in fourth quarter ended as of 31 December 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 fourth quarter of 2022 (“Q4/2022”) ended as of 31 December 2022 as the following details.

Due to the business expansion in the crew boat fleet and the large crude oil tanker fleet (VLCC) since 2021, this helped the Company’s operating performance grew continually throughout the year 2022. In Q4/2022, net profit was 726.8 million Baht or increase of 312.3% as compared to the same period last year. Therefore, the Company’s net profit in the year 2022 rose to 2,327.0 million Baht, increased to 800.5 million Baht or increase of 52.4% as compared to the last year. Earnings per share (EPS) in the year 2022 was 0.89 Baht.

1. Financial Performance of The Company

(Unit: million Baht)

Statement of Comprehensive Income	Quarter 3/2022	Quarter 4		January – December	
		2021	2022	2021	2022
Revenue from Sale and Service	2,149.7	1,457.4	2,387.8	5,880.0	7,715.4
Gross Profit Margin	33.3%	24.4%	39.7%	30.3%	33.2%
Gross Profit	715.2	355.4	946.8	1,813.4	2,561.5
Share of profit from associate and JV	173.5	8.5	1.4	26.9	216.1
Other Incomes	539.9	44.5	16.9	597.0	590.6
SG&A	(133.2)	(200.0)	(189.9)	(498.1)	(563.3)
Financing Cost	(81.1)	(66.0)	(102.0)	(248.8)	(303.0)
Gain/Loss on Exchange Rate	(79.1)	37.5	107.0	(30.0)	(28.7)
Earnings Before Tax	1,135.29	179.9	780.2	1,660.3	2,473.1
Corporate Income Tax	(49.6)	(3.6)	(53.4)	(133.8)	(146.1)
Net Profit	1,085.7	176.3	726.8	1,526.5	2,327.0
Statement of Comprehensive Income	1,547.7	527.4	1,263.9	2,867.4	3,992.6
Earnings Per Share (Baht/Share)	0.42	0.07	0.28	0.56	0.89

2. Revenue and Gross Profit by Business Units in Q4/2022

2.1 Domestic Oil and Petrochemical Tanker Business (“Domestic Tanker Business”)

Unit: Million Baht	Domestic Tanker Business						
	Quarter 3/2022	Quarter 4		%Change	January - December		%Change
		2021	2022		2021	2022	
Revenue	739.1	675.5	805.9	19.3%	2,426.3	3,020.0	24.5%
Gross Profit	130.5	124.4	199.8	60.6%	452.8	623.9	37.8%
Gross Profit Margin	17.7%	18.4%	24.8%		18.7%	20.7%	
No. of PRM Vessels	35	34	35		34	35	

In Q4/2022, the Company's revenue and gross profit were increased from Q4/2021. This was mainly due to a rebound in Thailand's tourism industry after the government eased restrictions of Thailand pass regarding preventing the spread of the COVID-19, which resulted in an increase in the use of oil tankers in the country.

Increasing domestic consumption in diesel and jet fuel (JET A1), which were long route transportation from refineries to oil depots in the Southern Part of Thailand and the higher freight rates of chemical tanker which increased in line with the better market situation led to gross profit margin in Q4/2022 was higher than both Q3/2022 and Q4/2021.

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

Unit: Million Baht	International Tanker Business						
	Quarter 3/2022	Quarter 4		%Change	January - December		%Change
		2021	2022		2021	2022	
Revenue	353.7	149.5	483.9	223.7%	462.1	1,084.1	134.6%
Gross Profit (Loss)	127.4	(1.3)	212.4	16,198.2%	38.0	389.2	923.5%
Gross Profit (Loss) Margin	36.0%	(0.9%)	43.9%		8.2%	35.9%	
No. of Aframax	1	1	1		1	1	
No. of VLCC	3	1	3		1	3	

In Q4/2022, revenue and gross profit were increased significantly from Q4/2021. This was due to 1) the full services of all 3 VLCC vessels started from 9 September 2022 and a change in the service of the Aframax to a Time-Charter contract which was able to charge a higher rate.

2.3 Floating Storage Unit Business (“FSU Business”)

Unit: Million Baht	FSU Business						
	Quarter 3/2022	Quarter 4		%Change	January - December		%Change
		2021	2022		2021	2022	
Revenue	791.9	441.4	856.3	94.0%	2,374.2	2,693.5	13.5%
Gross Profit (Loss)	367.0	151.0	458.4	203.6%	1,105.7	1,224.6	10.8%
Gross Profit (Loss) Margin	46.3%	34.2%	53.5%		46.6%	45.5%	
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)

In Q4/2022, Revenue and gross profit of FSU Business increased from Q4/2021 due to the following reasons: 1) in Q4/2022, Bunker’s future price was greater than spot price (Contango Market) and a result of economic recovery which generated higher demand in bunker from industrial and powerplant sectors which draw Oil trader’s attention to store and blend bunkers. While in 2021, the oil price rose rapidly which made backwardation market and 2) the utilization rate of FSU in Q4/2022 was 100% as compared to 77% in Q4/2021 due to the higher demand.

2.4 Offshore Support Vessels Business (“Offshore Support”)

Unit: Million Baht	Offshore Support Business						
	Quarter 3/2022	Quarter 4		%Change	January – December		%Change
		2021	2022		2021	2022	
Revenue	216.5	111.7	213.4	91.1%	307.3	682.3	122.0%
Gross Profit	83.1	46.8	75.9	62.2%	91.6	248.9	171.7%
Gross Profit Margin	38.4%	41.9%	35.5%		29.8%	36.5%	
No. of AWB	2	1	2		1	2	
No. of Crew Boat	13	13	13		13	13	

In Q4/2022, Revenue and gross profit of Offshore Support Business were increased from Q4/2021 due mainly to the full operation of crew boat fleet under T/C contracts and the operation of 2 AWBs compared to Q4/2021 which crew boats had operated under SPOT contract and few vessels were under maintenance after the business acquisition.

Gross profit margin in Q4/2022 was slightly decreased since the additional AWB that was chartered from partner generated smaller gross profit margin compared to the vessel that owned by the Company.

2.5 Ship Management Business

Unit: Million Baht	Ship Management Business						
	Quarter 3/2022	Quarter 4		%Change	January - December		%Change
		2021	2022		2021	2022	
Revenue	48.5	79.4	28.2	(64.5%)	310.1	235.5	(24.1%)
Gross Profit	7.3	34.5	0.3	(99.1%)	125.4	75.0	(40.2%)
Gross Profit Margin	15.0%	43.5%	1.1%		40.4%	31.8%	
No. of Out-Fleet Vessels	2	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

In Q4/2022, the vessel under management by the company decreased from 4 vessels to 2 vessels. One of discontinued was FSU which is a large vessel and it provided greater gross profit margin. While the two vessels which is currently managed by the company were smaller in size and had less service fees. Therefore, revenue and gross profit margin in Q4/2022 declined from in Q4/2021. When compared to Q3/2022, Both revenues and gross profit were higher than Q4/2022 since the company still recognized revenue from the mentioned FSU vessel for 1.5 months in the quarter.

3. Share of profit from associate and JV

In Q4/2022, total share of profit from associate and JV was 1.3 million Baht decreased from Q4/2021 of 8.5 million Baht. This was because in Q4/2021, the Company still recognized revenue from sharing profit from the JV named Bongkot Marine Services Co., Ltd. (BMS) that operated FSU vessel named Bongkot star. While in Q4/2022, the Company did not have share of profit from BMS because the FSU was sold since Q3/2022 due to the expiration of the service contract.

4. Other Incomes

In Q4/2022, other income was decreased from 44.5 million Baht in Q4/2021 to 16.9 million Baht. This was due to the Company did not have Demurrage Charge fee from the Company's Aframax in Q4/2022. While other income in Q3/2022 that was 539.9 million Baht came from one time gain from selling VLCC.

5. Sales, General and Administrative (SG&A)

In Q4/2022, SG&A was slightly decreased from 200.0 million Baht in Q4/2021 to 189.9 million Baht or decreased 5.0%. This was due to the Company did not have any extra costs of financial advisory fees from the acquisition as these fees was once recorded in Q4/2021.

6. Financial Cost

In Q4/2022, financial cost was increased from 66.0 million Baht in Q4/2021 to 102.0 million Baht or increased 54.6%. This was due to the Company recognized the interest expenses from the leasing of 3 VLCCs while there was only one VLCC in Q4/2022.

7. Gain (Loss) of Exchange rate

Gain on exchange rate of 107.0 million Baht were derived from the depreciation of US Dollar against Thai Baht from 37.9067 Thai Baht per US Dollar at the end of Q3/2022 to 34.5624 Baht per US Dollar at the end of Q4/2022. The USD outstanding loan at the end of 31 December 2022 was 38.3 million USD.

8. Statement of Financial Position

Assets <i>(Unit: Million Baht)</i>	FY 2022	FY 2021	%Change
Cash and cash equivalents	3,407.9	2,611.6	30.5%
Other current assets	1,021.5	1,003.4	1.8%
Total current assets	4,429.5	3,615.0	22.5%
Property, plant and vessels	9,441.0	9,605.7	-1.7%
Lease assets	4,625.1	1,735.8	166.5%
Other non-current assets	2,079.8	2,392.5	-13.1%
Total non-current assets	16,145.8	13,734.0	17.6%
Total assets	20,575.3	17,349.0	18.6%

Liabilities and equity <i>(Unit: Million baht)</i>	FY 2022	FY 2021	%Change
Current portion of L/T loans	1,565.0	1,586.7	-1.4%
Other current liabilities	1,081.1	1,007.8	7.3%
Total current liabilities	2,646.1	2,594.5	2.0%
Long-term loans	2,650.5	3,968.3	-33.2%
Lease liabilities	4,208.8	1,496.6	181.2%
Other non-current liabilities	257.8	179.5	43.6%
Total non-current liabilities	7,117.1	5,644.5	26.1%
Total liabilities	9,763.2	8,239.0	18.5%

Financial ratios	FY 2022	FY 2021
Current ratio (times)	1.67	1.39
D/E ratio (times)	0.94	0.94
Return on assets (ROA)	14.6%	12.3%
Return on equity (ROE)	23.1%	16.9%

Total equity	FY 2022	FY 2021	% Change
Total equity	10,812.1	9,110.0	18.7%
Total liabilities and equity	20,575.3	17,349.0	18.6%

- As of December 31, 2021, cash and cash equivalents increased by 796.3 million Baht due mainly to cash from operating results.
- Right of use asset and lease liabilities increased 2,889.3 million Baht and 2,712 million Baht respectively due to the additional leasing contract of the second and the third VLCC which provided services for Thai Oil PLC, under the Thai Financial Reporting Standards no.16 (TFRS16)
- Property, plant, and vessels decreased by 164.7 million Baht mostly came from the additional vessel in the year deducted by depreciation and amortization of vessels.
- Long-term loans decrease by 1,216.6 million Baht due to loan repayment to financial institution.
- Total equity increased by 1,702.1 million Baht mostly from operating profit deducted by dividend payment.

Please be informed accordingly.

Sincerely Yours,
Prima Marine Public Company Limited

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