

(-Translation-)

PorMor. KorPorNgor. 038/2021

11 August 2021

Subject Management discussion and analysis for operating results in the second quarter ended as of 30 June 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 second quarter of 2021 ("Q2/2021") ended as of 30 June 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	Quarter 2		6M	
	1/2021	2020	2021	2020	2021
Revenue from Sale and Service	1,423.9	1,494.6	1,456.0	3,000.2	2,879.8
Cost of Goods Sold	(877.7)	(783.2)	(1,024.1)	(1,787.7)	(1,901.8)
Gross Profit	546.2	711.4	431.9	1,212.5	978.0
Share of profit from associate and JV	27.5	18.0	21.5	59.6	49.0
Other Incomes	71.1	2.9	214.4	28.7	285.6
SG&A	(85.5)	(155.7)	(110.5)	(240.9)	(196.0)
Financing Cost	(43.3)	(60.4)	(68.7)	(117.6)	(112.0)
Gain/Loss on Exchange Rate	(22.0)	32.2	(17.4)	(44.7)	(39.4)
Earnings Before Tax	494.0	548.3	471.2	897.7	965.2
Corporate Income Tax	(59.9)	(57.1)	(42.0)	(110.9)	(101.9)
Net Profit	434.1	491.2	429.2	786.8	863.3
EBITDA	719.2	790.8	771.7	1,379.4	1,490.9
Gross Profit Margin	38.4%	47.6%	29.7%	40.4%	34.0%
Earnings Per Share (Baht/Share)	0.16	0.18	0.16	0.28	0.32
Exchange Rate (Thai Baht/ 1 US Dollar) Average Exchange Rate at 30 June 2021	31.3394	30.8905	32.0533	30.8905	32.0533

Following the acquisition of Thail Marine Company Limited on April 30, 2021, the company successfully expanded the existing domestic tanker business, international tanker business, offshore support business, and ship management business as a plan, generating a total revenue of 1,456 million Baht in Q2/2021 which was similar to Q2/2020. Despite a slowdown in FSU business and the disposal of 2 FSUs during the quarter.

Gross profit in Q2/2021 was 431.9 million Baht which decreased by 39.3% compared to Q2/2020. This was mainly from a reduction in FSU service rates as a result of a downturn in FSU market and higher fuel oil (LSFO) price during the quarter. Whereas the company profited 189.1 million Baht from 2 FSUs disposition and saved 45.2 million Baht in administrative costs compared to Q2/2020. As a result, net profit in Q2/2021 was 429.2 million Baht lower than Q2/2020 by 12.6%.

The utilization rate of the remaining FSU fleet is expected to gradually improve after the disposition of the aforesaid 2 FSUs while the additional business from Thail Marine Company Limited's acquisition will generate an increase in revenue in the second half of the year potentially.

2. Operating's Results Analysis by Business Units in Q2/2021

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	Quarter 2		%Change Q2/21-Q2/20	6M		%Change YTD
	1/2021	2020	2021		2020	2021	
Revenue	549.3	465.5	577.3	24.0%	1,058.7	1,126.6	6.4%
Gross Profit (Loss)	123.7	102.6	95.9	(6.5%)	244.6	219.3	(10.3%)
Gross Profit (Loss) Margin	22.5%	22.0%	16.6%		23.1%	19.5%	
No. of PRM Vessels	30	31	35		31	35	

In Q2/2021, the revenue of domestic tanker business increased by 24.0% and 5.1% compared to Q2/2020 and Q1/2021 respectively. This was mainly from the addition of 5 vessels following Truth Maritime Company Limited's acquisition (formerly named Thail Marine Company Limited) at the end of April 2021.

However, gross profit margin in Q2/2021 decreased from Q2/2020 owing to COVID-19 outspread, vessel's drydocking during the quarter and a rise in crew COVID-19 testing and prevention cost.

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

Unit: Million Baht	International Tanker Business						
	Quarter	Quarter 2		%Change	6M		%Change
	1/2021	2020	2021	Q2/21-Q2/20	2020	2021	YTD
Revenue	35.4	55.1	122.5	122.3%	108.6	157.9	45.4%
Gross Profit (Loss)	(8.8)	27.0	21.4	(20.7%)	51.6	12.6	(75.6%)
Gross Profit (Loss) Margin	(25.0%)	49.1%	17.5%		47.5%	8.0%	
No. of Aframax	1	1	1		1	1	
No. of VLCC	-	-	1		-	1	

The revenue of the international tanker business significantly increased in Q2/2021 compared to Q2/2020 and Q1/2021. This resulted from the starting operation of a VLCC vessel for providing a long-term service for Thailoil group which had been under a 10-year time charter contract commencing from May 1, 2021 as part of Truth Maritime Company Limited acquisition deal.

Meanwhile, gross profit margin in Q2/2021 declined from the same quarter of previous year due primarily to the higher bunker cost of an Aframax which operated under spot contract from May to June.

2.2 Floating Storage Unit Business (“FSU Business”)

Unit: Million Baht	FSU Business						
	Quarter	Quarter 2		%Change	6M		%Change
	1/2021	2020	2021	Q2/21-Q2/20	2020	2021	YTD
Revenue	779.7	836.7	597.9	(28.5%)	1,552.0	1,377.6	(11.2%)
Gross Profit (Loss)	416.1	535.5	275.4	(48.6%)	847.1	691.1	(18.4%)
Gross Profit (Loss) Margin	53.4%	64.0%	46.1%		54.6%	50.2%	
No. of PRM Vessels	7	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)

In Q2/2021, the revenue and gross profit of FSU business decreased from Q2/2020 because of a reduction in FSU service rates since April in line with the fall in demand for FSU vessels caused by COVID-19 pandemic.

Furthermore, FSU business's gross profit margin slightly declined from the previous quarter due to higher bunker costs (LSFO) which rose by 14.2% from an average of 438.4 USD/ton in Q1/2021 to 500.5 USD/ton in Q2/2021.

During the quarter, the company disposed 2 aging FSUs as the sharply increase in global scrap price led to the company gained a profit of 189.1 million Baht. In addition, the company was able to rise the utilization rate of the remaining 5 FSUs and reduce a cost of service.

2.3 Offshore Support Vessels Business ("Offshore Support")

Unit: Million Baht	Offshore Support Business						
	Quarter 1/2021	Quarter 2		%Change Q2/21-Q2/20	6M		%Change YTD
		2020	2021		2020	2021	
Revenue	-	75.1	71.4	(4.9%)	156.4	71.4	(54.3%)
Gross Profit (Loss)	(9.4)	12.1	5.0	(58.7%)	7.8	(4.4)	(156.4%)
Gross Profit (Loss) Margin	0.0%	16.1%	7.0%		5.0%	(6.2%)	
No. of FSO	-	1	-		1	-	
No. of AWB	1	1	1		1	1	
No. of Crew Boat	-	-	13		-	13	

According to the operation of Nava Thanee under time charter contract since April 26, 2021 and the addition of 13 crew boats following Truth Maritime Company Limited 's acquisition at the end of April 2021, the revenue of offshore support business significantly improved compared to the previous quarter.

Although the utilization rate of crew boats was quite low in Q2/2021, it was expected to rise in the second half of the year due to an expectation of a higher exploration and production activities in the Gulf of Thailand. This will result in a better gross profit of crew boats and offshore support business.

2.4 Ship Management Business

Unit: Million Baht	Ship Management Business						
	Quarter 1/2021	Quarter 2		%Change Q2/21-Q2/20	6M		%Change YTD
		2020	2021		2020	2021	
Revenue	59.5	62.3	86.8	39.3%	124.5	146.3	17.5%
Gross Profit (Loss)	25.4	34.1	34.1	(0.0%)	61.5	59.4	(3.4%)
Gross Profit (Loss) Margin	42.6%	54.8%	39.3%		49.4%	40.6%	
No. of Out-Fleet Vessels	2	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.

The revenue of ship management business increased from Q1/2021 and Q2/2020 due mainly to the additional 2 domestic vessels under management and the acquisition of ship agent services from Truth Maritime Company Limited. As a result, the total number of out-fleet vessels in Q2/2021 was 4. However, the gross profit margin in Q2/2021 slightly dropped compared to Q1/2021 and Q2/2020 due mainly to an increase in incremental COVID-19 prevention cost.

In addition, the ship management business has managed all vessels of Truth Maritime group after the deal completed.

3. Statement of Financial Position

Assets (Unit: Million Baht)	30 Jun 21	FY 2020	Change
Cash and cash equivalents	2,844.8	2,218.8	626.0
Account receivable	628.6	364.5	264.1
Inventories	157.6	163.2	(5.6)
Other current assets	37.7	7.2	30.5
Total current assets	3,668.7	2,753.6	915.1
Property, plant and vessels	11,726.9	8,999.8	2,727.1
Other non-current assets	2,155.0	1,889.4	265.6
Total non-current assets	13,881.9	10,889.3	2,992.6
Total assets	17,550.6	13,642.9	3,907.7

Financial ratios	30 Jun 21	FY 2020
Current ratio (times)	1.35	1.32
D/E ratio (times)	1.08	0.68
Return on assets (ROA)	6.9%	15.8%
Return on equity (ROE)	10.0%	20.8%

Liabilities and equity (Unit: Million baht)	30 Jun 21	FY 2020	Change
Short-term loans	-	-	-
Account payable	874.4	660.8	213.6
Current portion of L/T loans	1,658.7	1,213.3	445.4
Other current liabilities	188.3	218.7	(30.4)
Total current liabilities	2,721.4	2,092.8	628.6
Long-term loans	6,064.4	3,062.4	3,002.0
Other non-current liabilities	174.6	163.8	10.8
Total non-current liabilities	6,239.0	3,226.2	3,012.8
Total liabilities	8,960.4	5,319.0	3,641.4

Shareholders' Equity (Unit: Million baht)	30 Jun 21	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	2,706.5	2,599.9	106.6
Other component of equity	(258.1)	(334.9)	76.8
Equity attributable to owners of the parent	8,290.4	7,856.3	434.1
Non-controlling interests	299.8	467.6	(167.8)
Total equity	8,590.2	8,323.9	266.3
Total liabilities and equity	17,550.6	13,642.9	3,907.7

- As of June 30, 2021, cash and cash equivalents increased by 626 million Baht primarily due to cash received from vessel disposition and operating results.
- As a result of business expansion, account receivable, inventories and other current assets rose by 289 million Baht.
- Property, plant, and vessels raised by 2,727.1 million Baht mainly from the additional vessels from an acquisition of Truth Maritime Company Limited.
- Account payable and other current liabilities increased by 183.2 million Baht from the end of 2020 owing to business expansion.
- Long-term loans increased by 3,002 million Baht following Truth Maritime Company Limited's acquisition and VLCC leasing liabilities to provide service for Thailoil group.
- Difference arising from business combination rose by 250.7 million baht primarily from the disposal of Energy Star resulting in an adjustment of previous difference arising from business combination.
- Retained earnings raised by 106.6 million Baht mainly from operating profit of Q1/2021 and Q2/2021 after deducting dividend payments from 2020 operating results.
- Non-controlling interests decreased by 167.8 million Baht because of the last 20% share purchasing of Big Sea Company Limited since April 2021.

Please be informed accordingly.

Sincerely Yours,

Prima Marine Public Company Limited

Mr. Prompong Chaisrisawatsuk

Chief Executive Officer

Mr. Pachara Rodsomboon

Finance and Investor Relations Department

Tel (66) 2 016 0190 Ext. 601