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No. Por. Po. Mor. 065/2560

13 November 2017

Subject Management discussion and analysis for the third quarter of the year 2017 ended as at 30 September 2017

To President,

Stock Exchange of Thailand

Prima Marine Public Company Limited (PRM) and its subsidiaries ("the Company") would like to clarify the operating results of the Company for the third quarter of the year 2017 ended as of 30 September 2017 ("3Q2017") as detail follows.

According to the consolidated financial statement for 3Q2017, the revenue of the Company was equivalent to 1,149.79 Million Baht which increased by 70.79 Million Baht or an increase percentage of 6.56 compared to the same period of the previous year. The net profit of the Company was equivalent to 164.66 Million Baht which decreased by 158.32 Million Baht or a decrease percentage of 49.02 compared to the same period of the previous year.

According to the operating results for 9-month period for the year 2017 ("9M2017"), the revenue of the Company was equivalent to 3,421.28 Million Baht which increased by 224.78 Million Baht or an increase percentage of 7.71 compared to the same period of the previous year. The net profit of the Company was equivalent to 653.66 Million Baht which decreased by 349.82 Million Baht or a decrease percentage of 34.86 compared to the same period of the previous year. The main factors caused change in financial performance are as follows.

1. The adjusting entry for depreciation of vessels which is according to the review standard of savage value in compliance with the accounting standard of the Company and financial reporting standard referred to the steel price as at 31 December of the previous year to calculate the depreciation of vessels in the present year. In 2017, the steel price decreased affected to the decrease of savage value and the increase of depreciation accordingly. Additionally, the Company bought 4 more vessels in 9-month period of the year 2017; therefore, the total depreciation was increased by 157.46 Million Baht or a percentage increase of 47.56 compared to the same period of the previous year.
2. Oil and petrochemical tanker business ("tanker business") had been affected by the decrease of world scale freight rate which was derived from the increasing number of vessels meanwhile the international demand was decreasing. Therefore, it affected to the freight volume of *Northern Pearl* and *Radian Star* which are the large trading vessel. As the result, the net profit of this business unit was equivalent to 8.34 Million Baht or decrease by 43.61 Million Baht compared to the same period of the previous year. Meanwhile, the small vessels (not exceeding 20,000 DWT) have operated normally.

3. The Company has expanded the floating storage business ("FSU") by increasing 1 more vessel named *Grace Star* in the year 2017; therefore, the revenue of this business segment was generally increased compared to the same period of the previous year; however, the Company has been affected by the half-storage capacity service of *Energy Star* in 3Q2017. Therefore, the net profit of this business unit was 529.73 Million Baht or decrease by 276.86 Million Baht compared to the same period of the previous year.
4. The demand for offshore business was decreased by monsoon season which affected to the decrease of demand for accommodation work barge ("AWB"). As the result, the net profit of this sector was equivalent to 72.33 Million Baht or decrease by 13.71 Million Baht compared to the same period of the previous year.

Consolidated Financial Statement for 3Q2017

Entry	3Q2017	3Q2016	%Change	9M2017	9M2016	%Change
Revenue from Sale and Service	1,149.79	1,079.00	6.56	3,421.27	3,176.50	7.71
Gross Profit	261.76	406.87	(35.66)	931.85	1,249.06	(25.40)
Net Profit	164.66	322.98	(49.02)	653.66	1,003.48	(34.86)
Gross Profit Margin (Percentage)	14.32	29.93	(52.15)	19.11	31.59	(39.51)
Net Profit Attributable to Shareholders of the Parent Company	141.43	268.53	(47.33)	614.75	590.63	4.08
Earnings Per Share (Baht)	0.07	0.15	(53.33)	0.30	0.61	(50.81)

Performance Summary by Business Segment

Tanker Business: the marine transportation is one of logistics system provided lower cost per unit than any other types of transportation. The Company works with customer closely for route planning and ship management in order to organize the proper shipment origin port and destination port, vessel traffic system, any limitation of water channel including the cooperation for the improvement of transportation system and geographical constraints in order to support the increasing demand of transportation. In 3Q2017, the Company expanded the capability of transportation and set up the measure to optimize the vessel utilization through controlling the volume of fuel consumption appropriately according to the routes. Additionally, the Company also expanded the capacity of vessels which were that 1 vessel in the size of 3,000 DWT and the 1 vessel in size of 4,999 DWT, increased by 7,999 DWT. As the result, the Company currently owns 17 vessels in tanker business with the capacity of 254,999 DWT in total.

Floating Storage Business: the floating storage for petrochemical product by very large crude carrier (VLCC; the capacity of 300,000 DWT) can generate value-added product which is oil blending in compliance with the customer demand and the demand of each region as well. In 3Q2017, the Company expanded the capacity of vessels in this business segment which were that 1 vessel in the size of 299,930 DWT. As the result, the Company currently owns 7 vessels in floating storage business with the capacity of 2,102,920 DWT in total.



Offshore Business: the Company currently owns 2 types of the vessels for offshore business which are 2 vessels in the size of 100,000 DWT or Aframax in order to use in floating storage and offloading unit (FSO) taking the role of storage, oil-water separation including the accommodation work barge (AWB) which can accommodate up to 300 persons. These 2 types of vessel is used to support the offshore business effectively.

Ship Management Business: the Company has experiences in ship management for over 30 years and provided service and ship management to customers both in domestic and international areas; therefore the growth in this business sector has steadily risen up. In 3Q2017, the Company optimize the service capability for 2 vessels in floating storage unit and 1 container ship. As the result, the Company has provided the ship management service for 25 vessels in total.

Statement of Financial Position of the Company

The current asset of the company for 3Q2017 was 3,794.60 Million Baht or increase by 2,978.95 Million Baht compared to financial statement for the year ended 2016 which was derived from the increase of cash and cash at bank generated by initial public offering in Stock Exchange of Thailand. Besides, the non-current asset of the Company was 7,372.43 Million Baht, decrease by 194.60 Million Baht compared to financial statement for the year ended 2016 which was derived from the gradual depreciation deduction.

The current liability of the Company for 3Q2017 was 1,728.74 Million Baht, decrease by 401.90 Million Baht compared to financial statement for the year ended 2016 which was derived from the repayment of overdraft amount and short-term loan from financial institution. On the other hand, the non-current liability of the Company for 3Q2017 was 3,255.81 Million Baht, decrease by 336.61 Million Baht compared to financial statement for the year ended 2016 which was derived from the repayment of long-term loan from financial institution. Consequently, the shareholder's equity for 3Q2017 was 6,182.49 Million Baht, increase by 3,522.87 Million Baht compared to financial statement for the year ended 2016 which was derived from the paid-in capital in excess of par value.

Kindly be informed accordingly

Sincerely Yours,

A handwritten signature in blue ink, appearing to read 'Chanwit Anakkul', is written over a faint, larger version of the same signature.

Mr. Chanwit Anakkul
Chief Executive Officer