PRIMA MARINE
PUBLIC COMPANY LIMITED

3rd Quarter 2018 Operating Results

Analyst Meeting
27 November 2018

4-Star Corporate Governance Rating in 2018

1

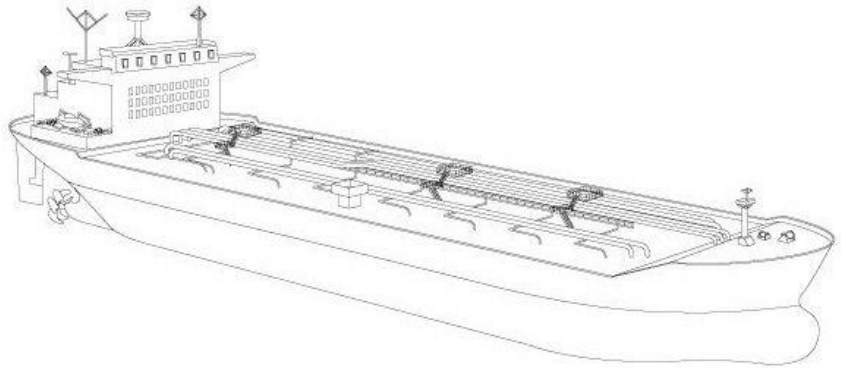
Q3/2018 Operating Results

2

Market Outlook

3

Investment & Delivery Plan



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Q3/2018 Operating Results

Consolidated P/L Statement

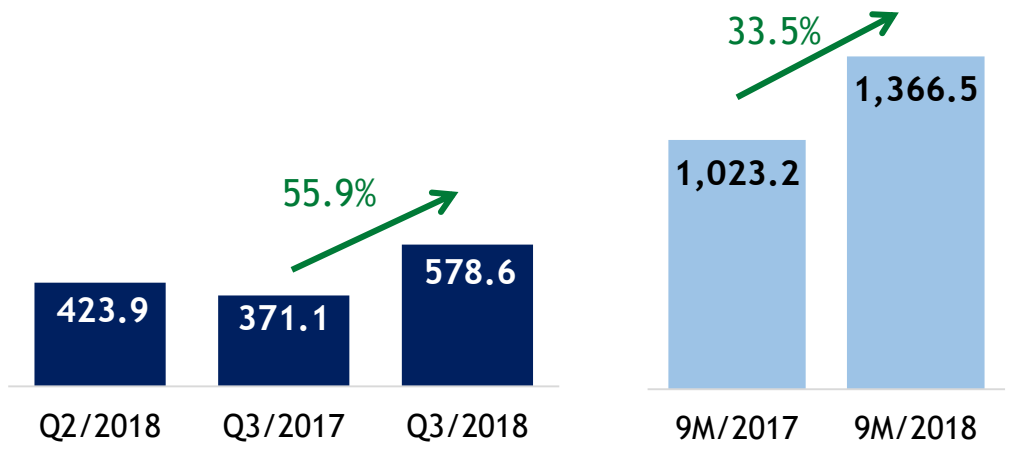
	Unit: MTHB	Q2/2018	Q3/2017	Q3/2018	9M2017	9M2018
1	Sales	1,106.3	1,132.0	1,195.8	3,421.3	3,320.5
2	**Gross Profit**	**317.9**	**261.0**	**300.1**	**931.9**	**858.8**
3	Share of P/L fr Assoc.	23.6	32.2	41.0	41.7	98.2
4	Other incomes	15.7	5.5	54.9	16.7	76.9
5	Net FX Gain/(Loss)	(19.9)	30.4	1.0	86.8	5.5
6	SG&A	(77.2)	(82.2)	(106.6)	(246.5)	(291.7)
7	Financial cost	(36.5)	(60.4)	(45.7)	(172.2)	(127.3)
8	Income Tax	(18.9)	(21.8)	(15.1)	(4.7)	(39.44)
9	**Net Profit**	**204.7**	**164.7**	**229.6**	**653.7**	**581.04**
10	EBITDA	380.2	413.4	419.0	1,319.1	1,123.9
11	Gross Profit Margin(%)	28.7%	23.1%	25.1%	27.3%	25.9%
12	FX rate (Baht/USD)	31.9182	33.3866	32.9709	34.2684	32.1425
13	No. of Vessels	24	25	37	25	37
14	Capacity ('000 DWT)	2,524.8	2,235.9	1,991.7	2,235.9	1,991.7

1) Timely shifting of business emphasis from FSU to domestic trading since the beginning of 2018 in response to the recent market changes has resulted in a significant improvement in PRM performance
2) Acquisition of Big Sea Co., Ltd. since July 2018 generated 17.2% of total net profit in Q3/2018 which is in line with expectation
3) Increase in share of profit from associated companies came from international trading and FSU Business
4) Other income in Q3/2018 Included gain on sale of FSU vessel of 44.4 MTHB
5) FX gain was based on 9.3 MUSD loan outstanding at the end of Q3/2018
6) Increase in SG&A in Q3/2018 was due to payment of advisory fees relating Big Sea acquisition and higher selling expenses required to support incremental business volume

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

Revenue

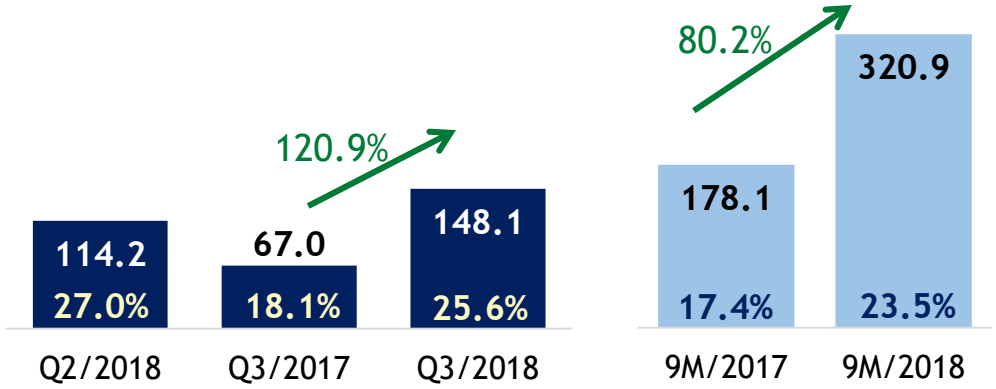
Unit: MTHB



13/48	13/45	27/84	Vessels/ '000 DWT
92.5%	82.9%	85.4%	Utilization Rate

Gross Profit

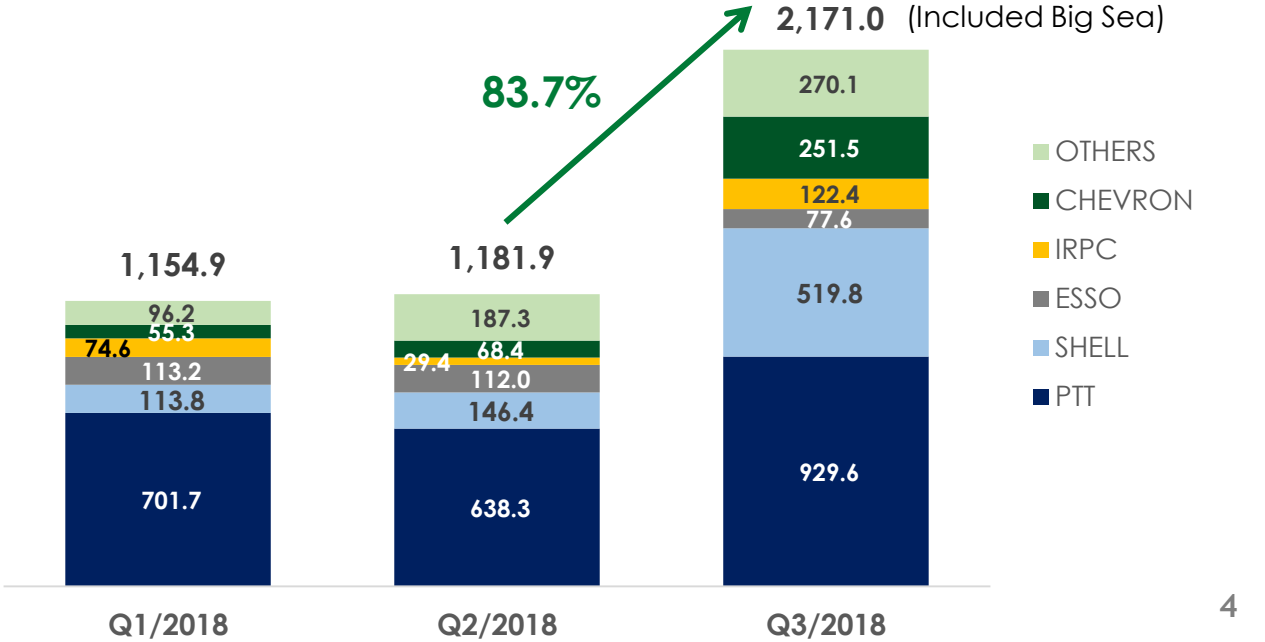
Unit: MTHB



1) Acquisition of Big Sea on 1 July 2018 added 13 vessels to PRM's domestic tanker fleet and generated 169.0 MTHB of revenue and 49.0 MTHB of gross profit in Q3/2018
2) Replacing 2,499 DWT tanker by a new 3,000 DWT tanker since Q1/2018 supported incremental business volume
3) Market demand for back haul shipment from Phuket route remained strong
4) PRM's market share for the sector increased from 25% in last quarter to 49.3% at end of Q3/2018
5) Majority of our customers are major oil companies

Volume Trading by Charterers

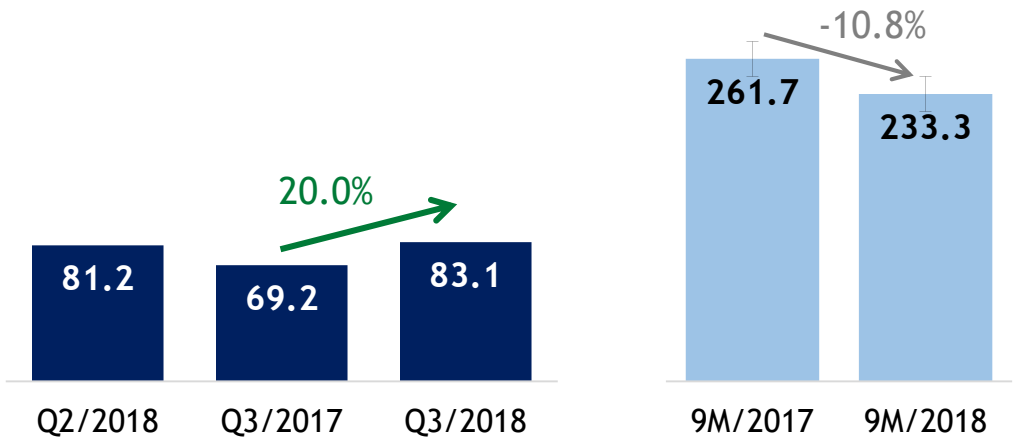
Unit: ML



International Oil and Petrochemical Tanker ("International Trading") Business

Revenue

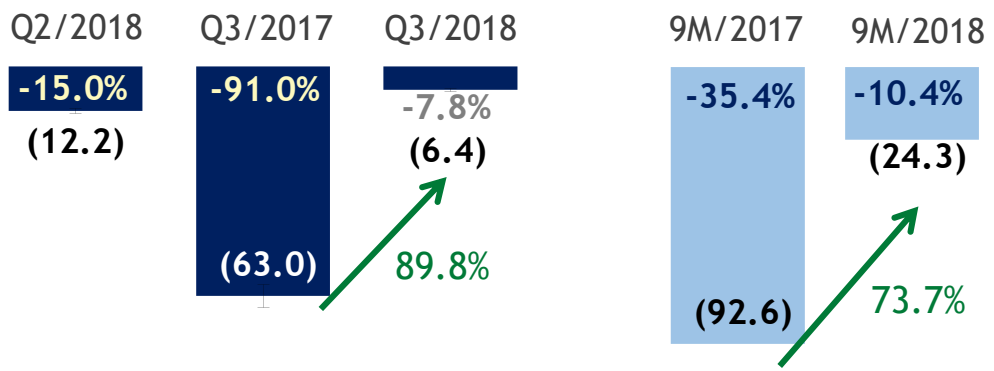
Unit: MTHB



2/211	2/211	2/211	Vessels/ '000 DWT
93.4%	81.0%	95.2%	Utilization Rate

Gross Profit

Unit: MTHB

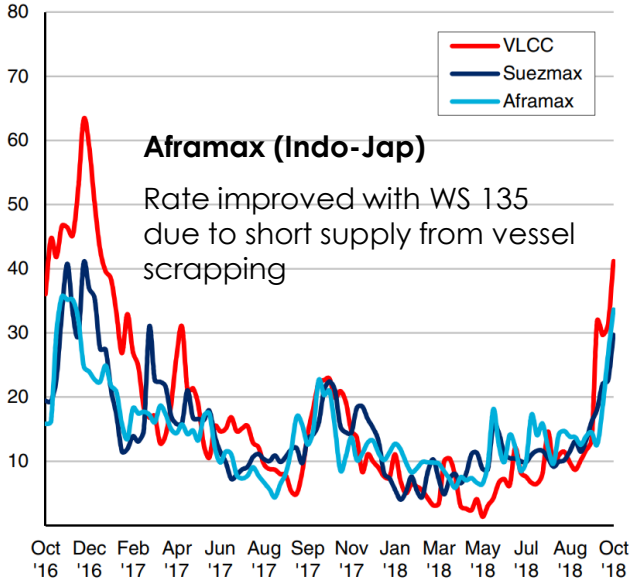


1) Higher revenue and fuel cost saving from time chartering resulted in significant improvement in international trading business
2) Revenue increased 20% or 83.1 MTHB as the two Aframax vessels were operated on time chartering basis in 2018 versus spot chartering in Q3/2018
3) Significant fuel cost saving was also achieved in Q3/2018 under time chartering contract
4) Spot freight market is gradually moving up during the quarter following tight supply of vessels and is expected to push chartering rate shortly which will further improve international trading performance.

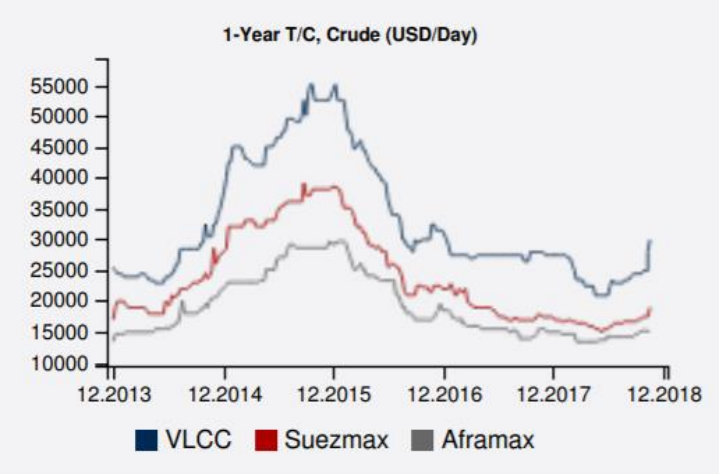
Global Freight

Unit: $USD/Day

SPOT Market



Time Charter Market



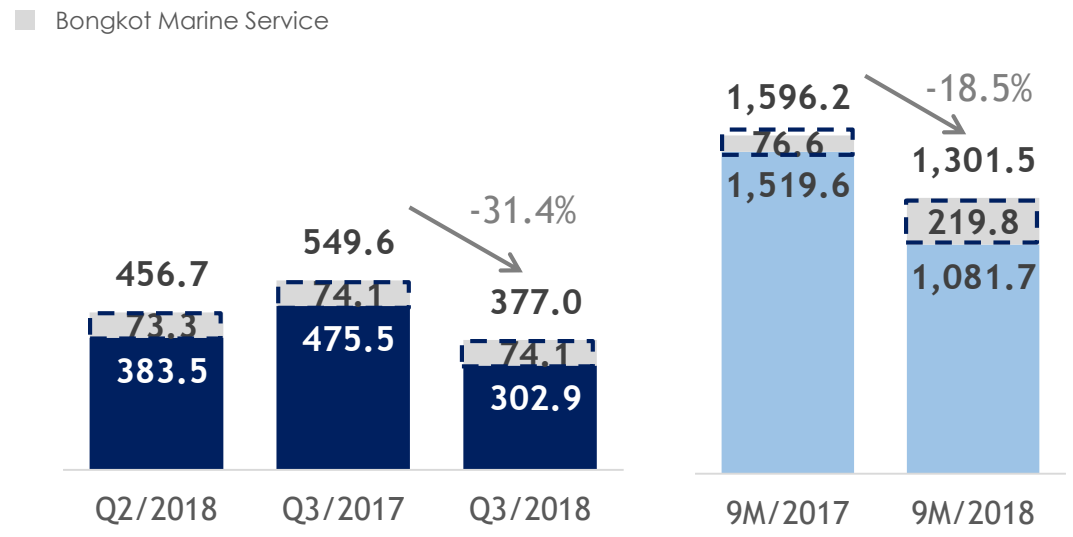
Fearnley projected TC rate for Aframax to be increased to $22,500USD/Day in 2019, compared to $10,900USD/Day in 2018

Source : Clarksons Research as of 26 Oct 2018 and Fearnley Research

Floating Storage Unit ("FSU") Business

Revenue

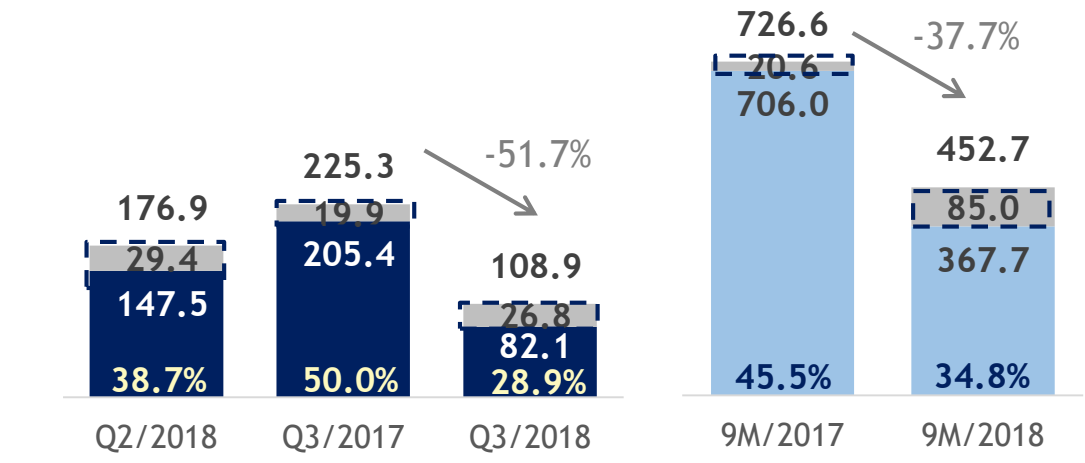
Unit: MTHB



6/1,785	7/2,076	5/1,504	Vessels/ '000 DWT
88.8%	87.0%	93.8%	Utilization Rate

Gross Profit

Unit: MTHB

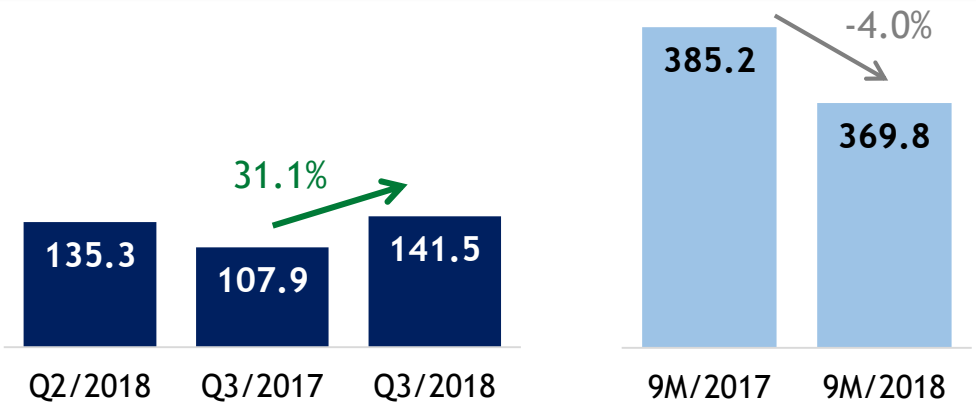


1) Bongkot FSU is operated under JV with Bangchak. The JV performance was reported in P/L as income from assoc. but is included in FSU business for analysis purpose
2) Oil future market remained in backwardation
3) FSU chartering rate was pressured by increased vessel supply and caused a negative one-time retroactive adjustment in revenue of 29.2 MTHB
4) One FSU vessel was scrapped in Q3/2018 with a gain on sale of 44.4 MTHB
5) The remaining 5 FSU vessels (included Bongkot FSU) achieved over 90% capacity utilization throughout Q3/2018

Source: https://www.spglobal.com/platts/en/market-insights/latest-news/oil/110818-crude-oil-futures-contango-grows-as-market-eyes-supply-glut-nymex-wti-down-to-6119-b-ice-brent-7163-b

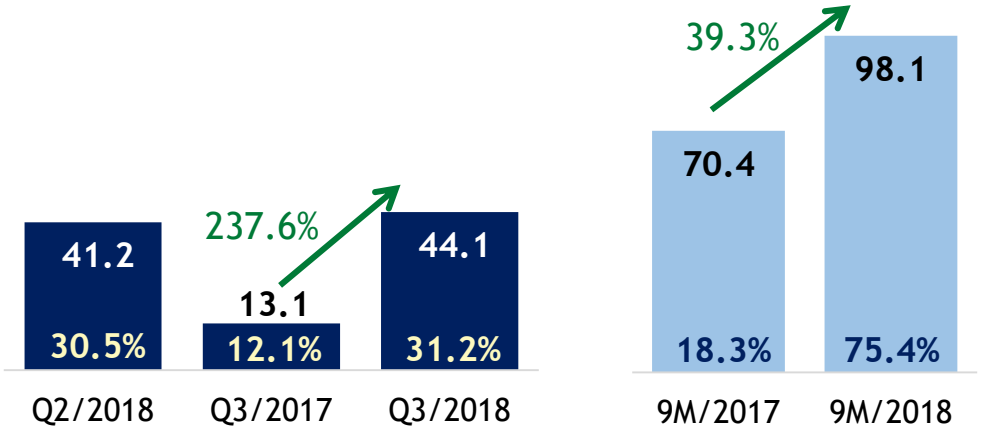
Floating Storage and Offshore Exploration Service ("Offshore") Business

Revenue *Unit: MTHB*



2/192	2/192	2/192	FSO/ '000 DWT
100.0%	100.0%	100.0%	FSO Utilization Rate
1/300	1/300	1/300	AWB/Capacity (PAX)
100.0%	29.0%	100.0%	AWB Utilization Rate

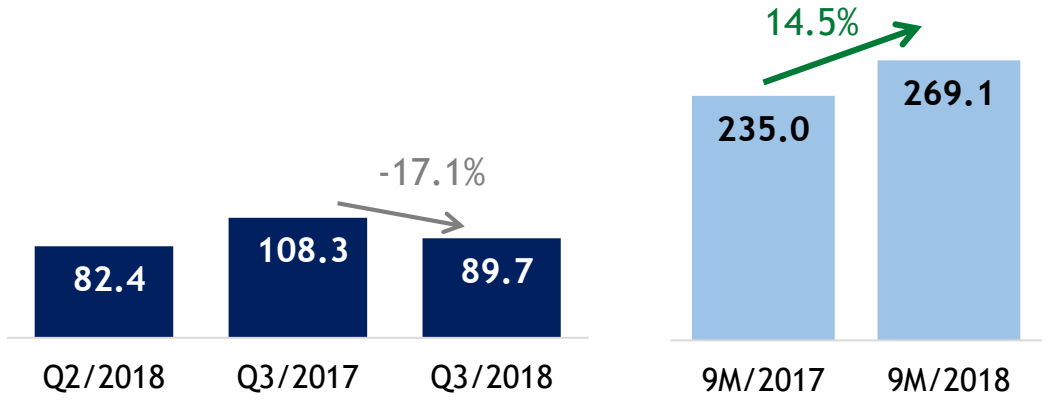
Gross Profit *Unit: MTHB*



1) 2 Floating Storage and Off-Loading ("FSO") vessels were on-hired under term contracts throughout Q3/2018.
2) "Navathani" the accommodation work barge (AWB) was on-hired by PTTEP throughout Q3/2018 where as in Q3/2017 compared with in Q3/2017 only one month
3) Baht depreciation during the quarter is also favorable to offshore business whose revenue is dominated in USD
4) Navathani will complete its existing contract with PTTEP in October. PRM is in process of discussion with PTTEP for long-term contract

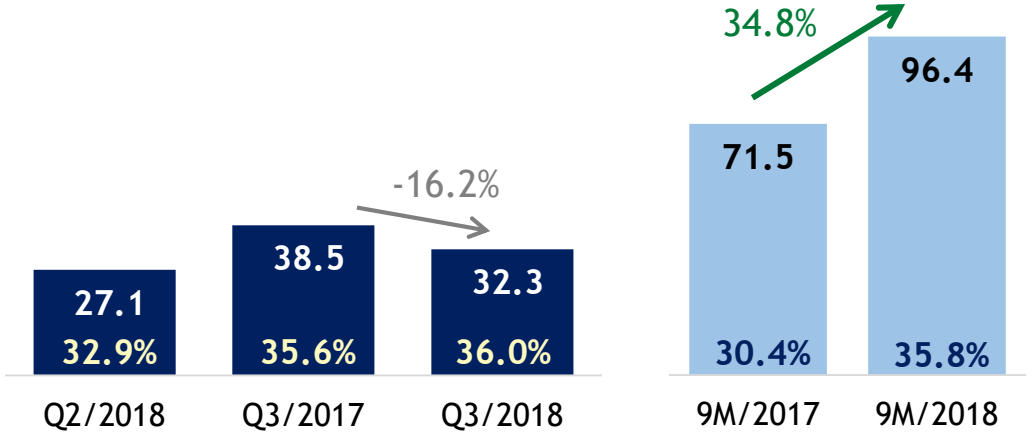
Ship Management ("SM") Business

Revenue *Unit: MTHB*



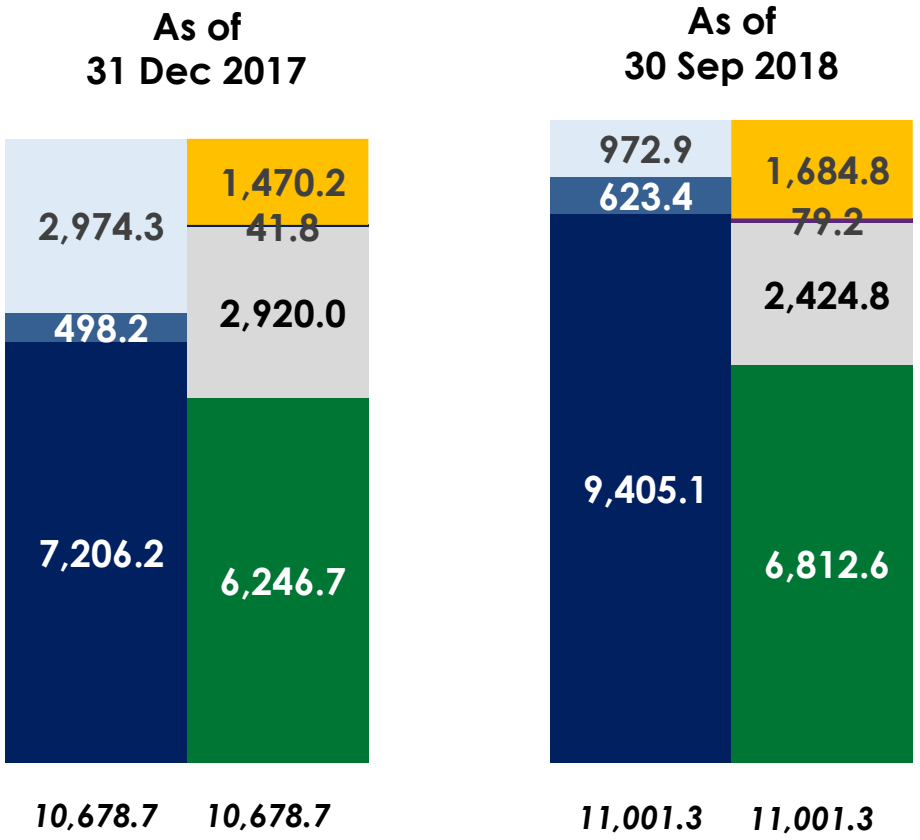
5	6	5	No. of 3rd Party Vessels

Gross Profit *Unit: MTHB*



1) PRM provides ship management services for 27 vessels of which 5 are third party vessels:
   - 2 VLCC vessels
   - 1 Aframax vessel
   - 2 containers
2) SM service fee increased by ≈3% during the quarter in line with service agreement
3) Ship management fee is denominated in USD hence, weak baht is more favorable to business
4) Lower revenue and GP in Q3/2018 as compared to Q3/2017 was due to scrapping of one 3rd party vessel under ship management contract

Consolidated Financial Position



Current Ratio	2.36:1	0.95:1
D/E Ratio	0.71:1	0.61:1

- Cash & Cash Equivalents
- Other Current Assets
- Non Current Assets
- Current Liabilities
- Other Non Current Liabilities
- L/T Loan
- Shareholders' Equity

1) 2,000 MTHB reduction to 972.9 MTHB in cash and cash equivalent was due mainly to 1,400 MTHB payment for the first 70% of Big Sea's shares and 417 MTHB payment for 2 new vessels

2) 2,200 MTHB increase in non-current assets to 9,405.1 MTHB came from acquisition of Big Sea Co., Ltd. and investment in new vessels

3) Higher current assets mainly came from Accounts Receivable (AR) which increased from higher business volume

4) LT Loan reduced by 495.2 MTHB to 2,424.8 MTHB from loan repayment during the quarter.

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Market Outlook

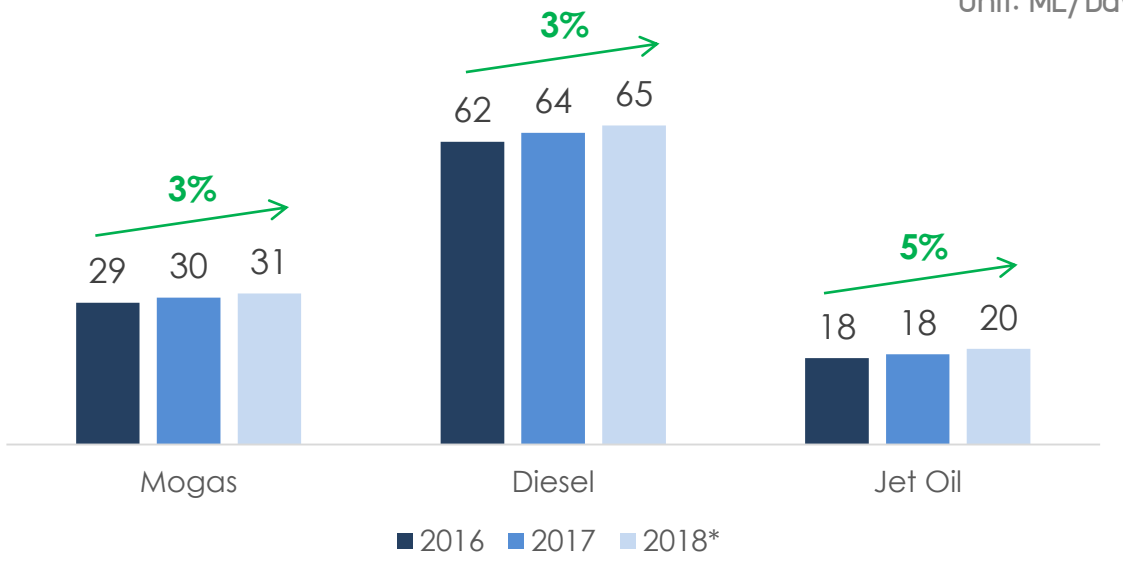
Market Outlook : Domestic Oil Consumption

Domestic
Oil and Petrochemical Tanker

- Strongly continuous growth Y-o-Y
- Fleet average age decreased

Average Daily Oil Consumption in Thailand

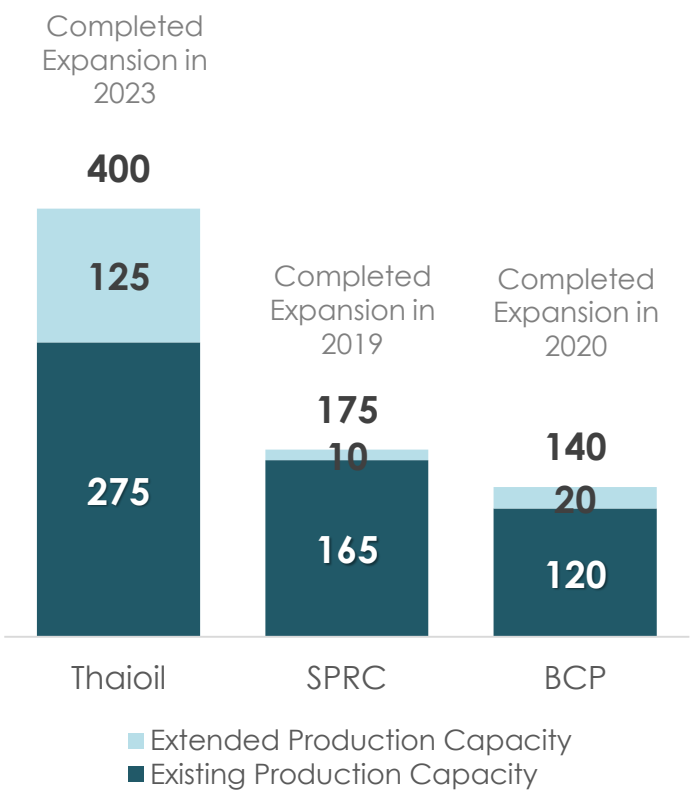
Unit: ML/Day



Total Daily Oil Consumption 116 ML/Day

Oil Refinery Capacity Expansion

Unit: KBD



Thai Oil, SPRC and BCP refineries project to expand production capacity to support oil and petrochemical demand growth will be completed 2020, 2019 and 2023 respectively

*Data as of August 2018
Source: www.eppo.go.th/images/Energy-Statistics/energyinformation/Energy.../00All.pptx

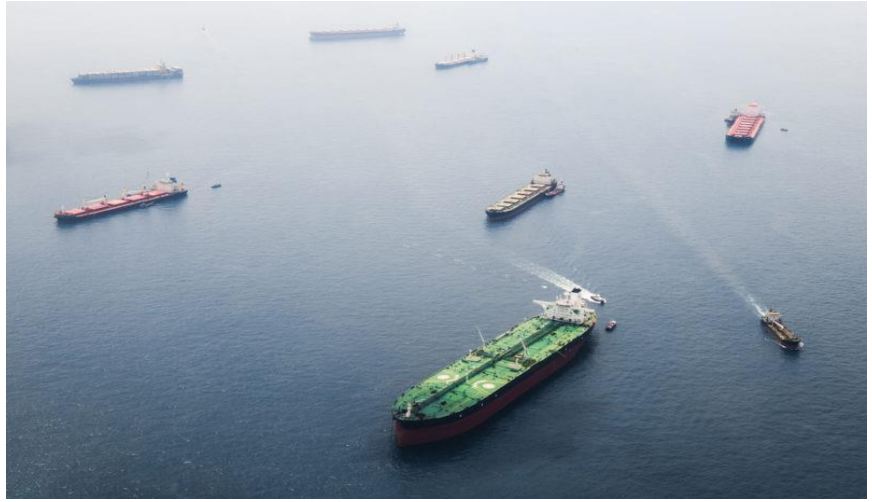
Market Outlook : International Oil & Petrochemical Tanker

Time Charter Freight *Unit: USD/Day*

Year	VLCC*	Suezmax	Aframax	LR2**	LR1**	MR**
2016 actual	**38 900**	**28 300**	**22 500**	**21 800**	**18 700**	**15 100**
2016 forecast	37 000	27 700	21 200	21 400	18 800	16 600
Deviation vs. forecast	*5,1 %*	*2,2 %*	*6,1 %*	*1,9 %*	*-0,5 %*	*-9,0 %*
2017 actual	**18 800**	**15 500**	**12 700**	**15 400**	**13 800**	**13 400**
2017 forecast	20 000	17 500	13 600	15 100	13 800	12 500
Deviation vs. forecast	*-6,0 %*	*-11,4 %*	*-6,6 %*	*2,0 %*	*0,0 %*	*7,2 %*
2018 forecast	17 500	12 500	12 500	14 500	14 000	13 700
Jan-Sep'18 actual	11 400	11 600	10 900	14 600	13 600	13 500
2019	40 000	29 500	22 500	23 400	20 400	17 400
2020	60 000	41 400	31 200	31 700	27 000	22 100

Average Scrap Price

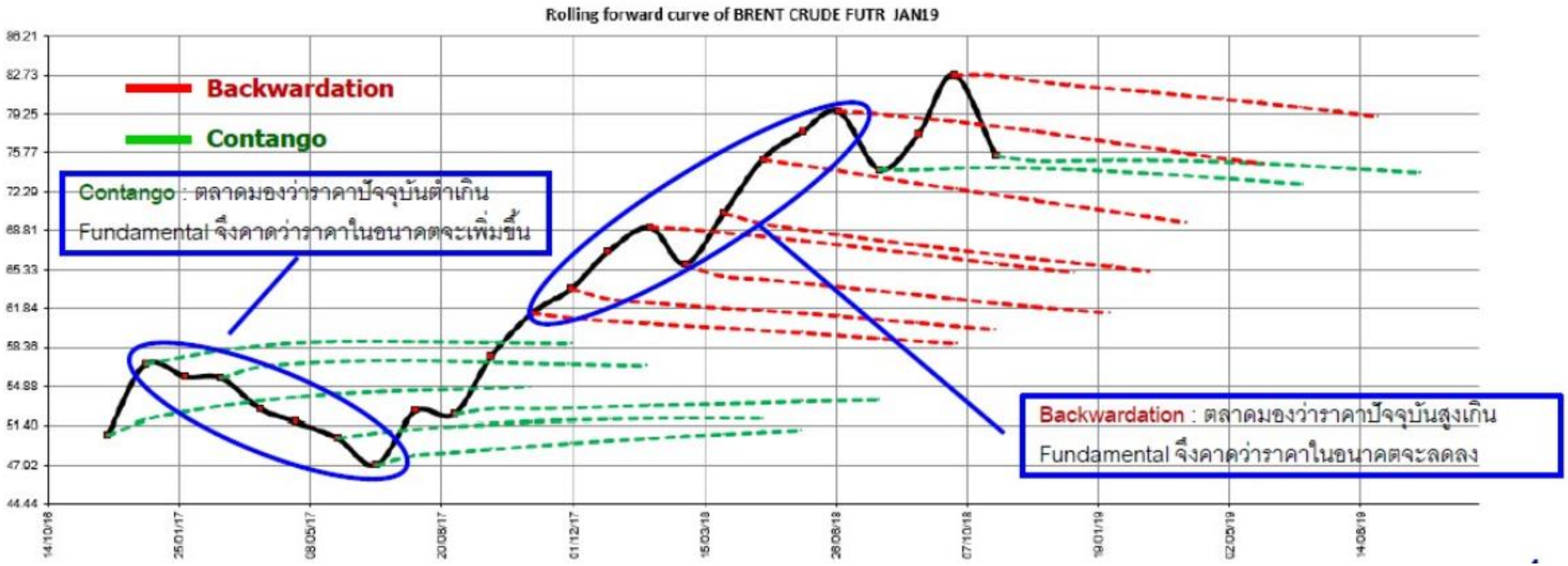
2015 : 358 USD/LDT
2016 : 287 USD/LDT
2017 : 375 USD/LDT
2018 : 437 USD/LDT



1. Freight rate is forecast to increase in 2019 as more vessels were scrapped due to high scrap price in 2018
2. Fuel oil trading is expected to increase in respond to IMO requirement for low Sulphur bunker

Source: Fearnleys Outlook October 2018

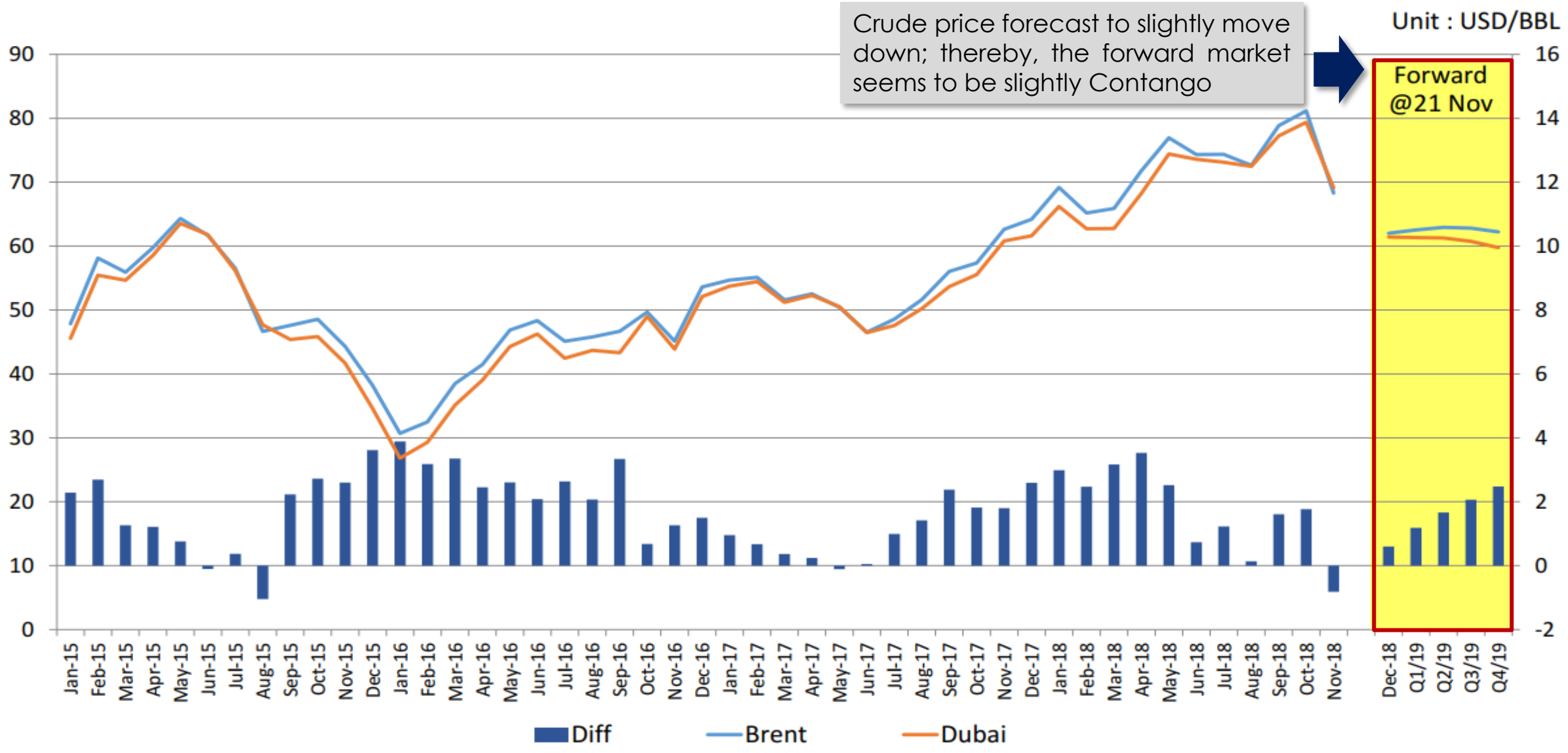
Market Outlook : Crude Brent and Forward Curve



Contango is when the futures price of oil is higher that the spot delivery price. (Indicated that the markets are concerned about oversupply at the moment)

Backwardation is when the current price of oil is higher than a future cost of oil. It is seen as a sign of higher immediate demand.

Market Outlook : Brent and Dubai Historical & Forward Price 2019



Market Outlook : IMO2020

1. The price gap between LSFO and HSFO is expected to be widen by IMO's requirement to reduce sulphur content in bunker oil from 3.5% to 0.5% starting 2020

2. Trading of both LSFO and HSFO has been more active as oil industry is preparing to meet such IMO requirement

3. The price gap between LSFO and HSFO is expected to provide opportunity for oil traders to consider fuel oil blending (with gas oil) to meet IMO requirement

4. S&P Global Platts, the leading independent publisher of commodities including oil will start publishing fuel oil price in January 2019

5. Such fuel oil blending and trading activities will support PRM's FSU and International trading business

Market Outlook : Offshore Support Vessels

E&P Licensing Timeline

Pre-qualification Summitted

Winning Bids Approved by The Cabinet

Contract Signed

SEP — OCT — NOV — DEC — JAN 2019 — FEB

- ✓ Production Sharing Contract (PSC) – Government holds 25% of total shares
- ✓ Erawan Field
  - PTTEP and Mubadala Petroleum of Abu Dhabi
  - Chevron and Mitsui
- ✓ *Bongkot Field*
  - PTTEP
  - Chevron and Mitsui

Prepare for investing in AHTs soon after surveying market situation

Monitor status of E&P licensing to promptly serve the market demand

Negotiate long-term contract with major oil

Work closely with partner to manage and develop its market

Source: http://www.eppo.go.th/index.php/th/informationservices/newsenergy?orders[publishUp]=publishUp&issearch=1

3

Investment & Delivery Plan

Investment and Delivery Plan

One new-built tanker, 5,300 DWT, from Big Sea Co., Ltd. to serve new demand

One new-built tanker, 3,000 DWT, to serve new demand

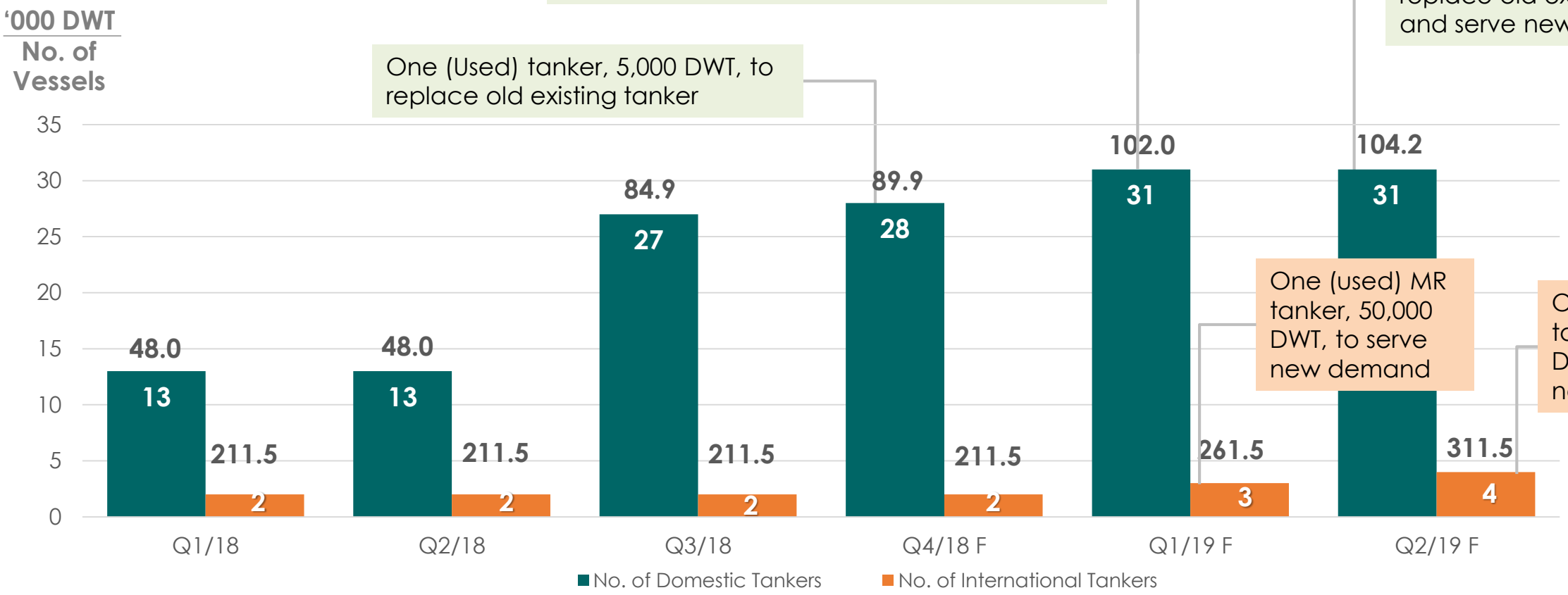
Two new-built tankers, 3,000 DWT each, to replace old-aged tankers and serve new demand

Two new-built tankers, 3,000 DWT each, to replace old existing tanker and serve new demand

One (Used) tanker, 5,000 DWT, to replace old existing tanker

One (used) MR tanker, 50,000 DWT, to serve new demand

One (used) MR tanker, 50,000 DWT, to serve new demand



Market Summary

1. Domestic oil consumption continues to grow
2. Domestic refinery plan to increase oil and petrochemical production capacity to meet demand growth
3. International freight rate started to rebound gradually as more vessels were scrapped.
4. Recently, crude oil market movement against its fundamental have let oil future market into slight contango situation
5. IMO requirement to reduce Sulphur in bunker oil starting 2020 may lead to higher fuel oil blending and trading activities
6. Bidding for oil and gas development license in the gulf of Thailand is expected to be finalized by first quarter 2019

Factors Supporting Investment in PRM

1 Attractive Business

Marine services are key supply chain

2 Dynamic Business Structure

Adaptable to different market condition

3 Largest Domestic Market Share

with high performance and reputable customer base

4 Strong Management Team

with operational excellent human resources

5 High Growth Potential

Q&A

THANK YOU

Contact Information

Mr. Boonrux Leeprakobboon
Senior Investor Relations Manager
Investor Relations Department
Tel (66) 2 016 0190 Ext 517
Email prima-ir@primamarine.co.th

Mr. Pachara Rodsomboon
Finance Manager
Accounting and Finance Department
Tel (66) 2 016 0190 Ext 601
Email prima-ir@primamarine.co.th

www.primamarine.co.th

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