PRIMA MARINE
PUBLIC COMPANY LIMITED

Q2/2019 Operating Results & Market Outlook

27 Aug 2019

PRIMA MARINE
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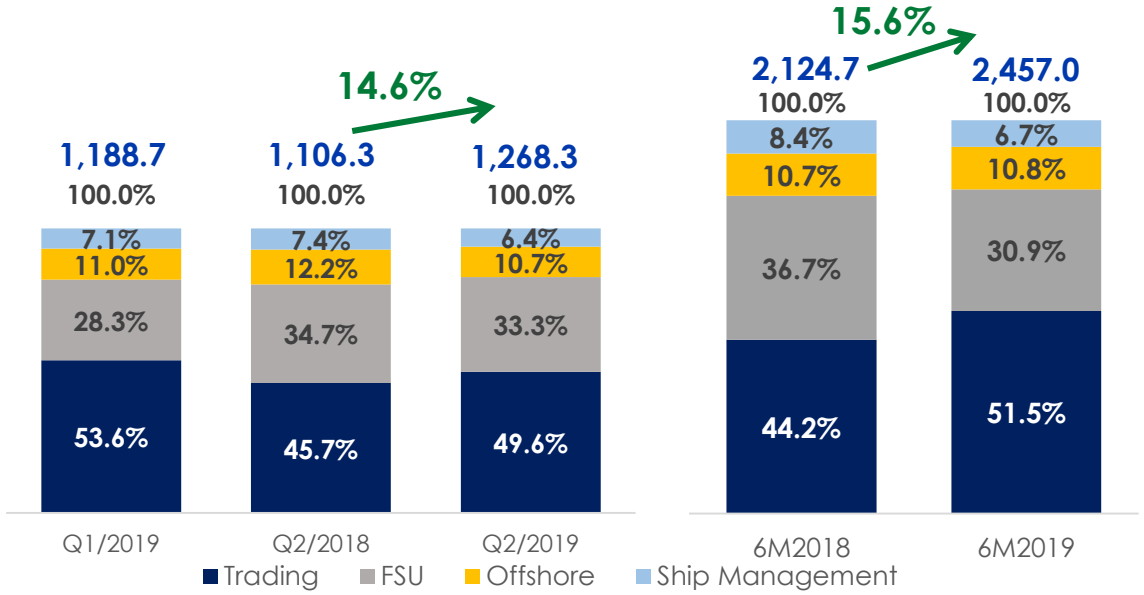
Q2/2019 Operating Results

Summary of Operating Results

PRIMA MARINE
PUBLIC COMPANY LIMITED

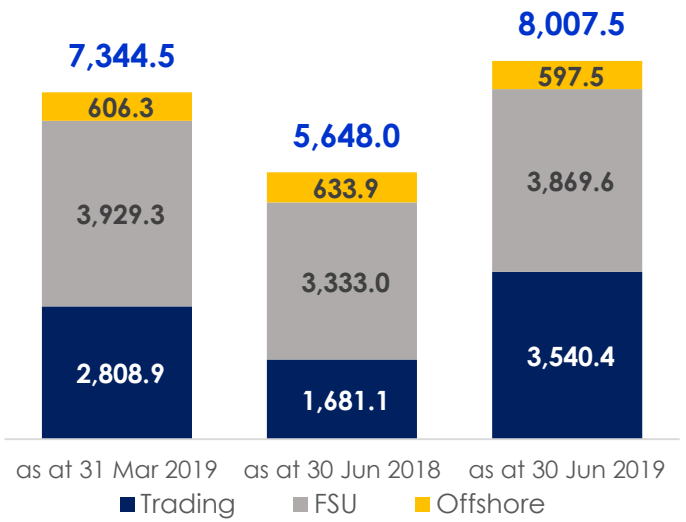
Revenue

Unit: MTHB



Investment Assets

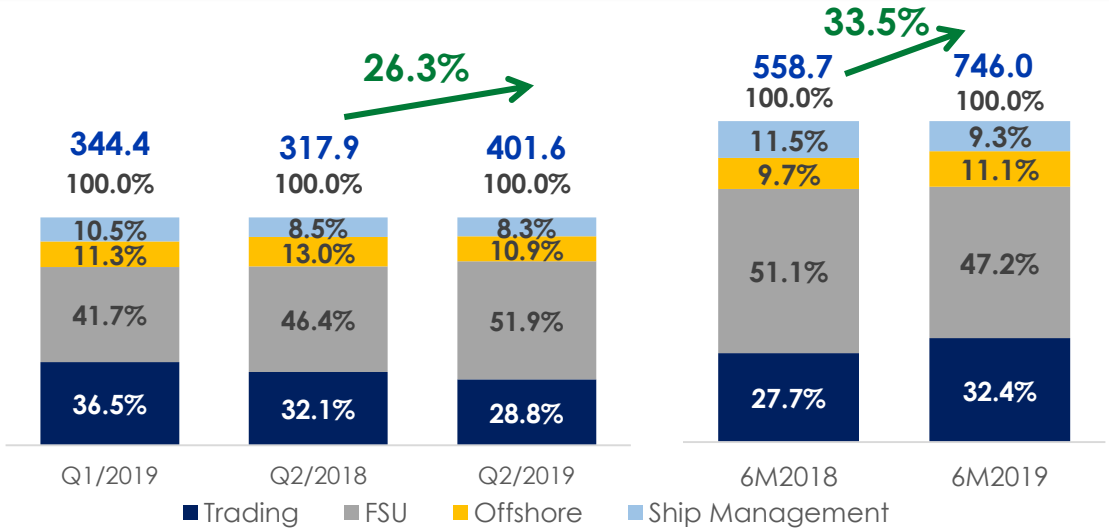
Unit: MTHB



Types of vessels	No. of vessels	DWT ('000)
Trading	32	309.0
FSU	6	1,803.6
Offshore		
- FSO	2	191.8
- AWB	1	300 Pax
Total	**41**	**2,315.1**

Gross Profit

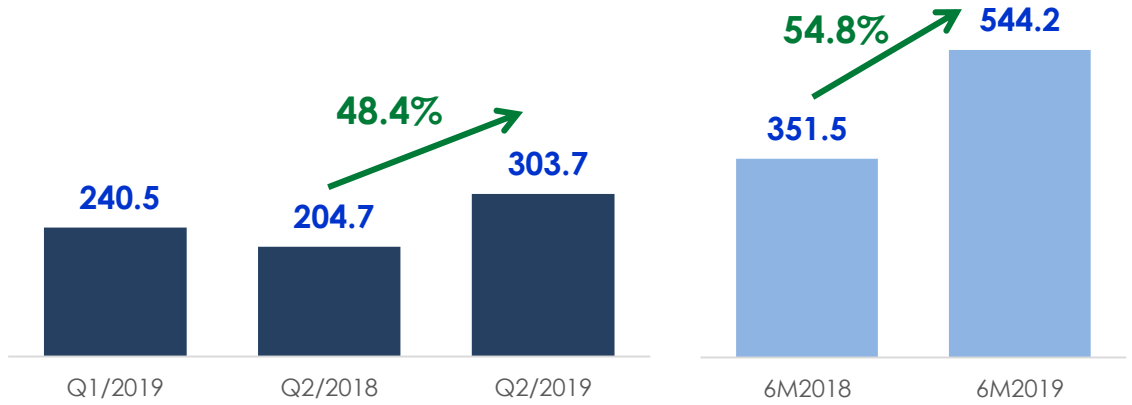
Unit: MTHB



Net Profit*

Unit: MTHB

	Q1/2019	Q2/2018	Q2/2019	6M2018	6M2019
EPS (THB/Share)	0.09	0.08	0.11	0.14	0.20



*Net profit = Net profit for the period which includes profit attributable to owner of the parents and non-controlling interests.

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

PRIMA MARINE
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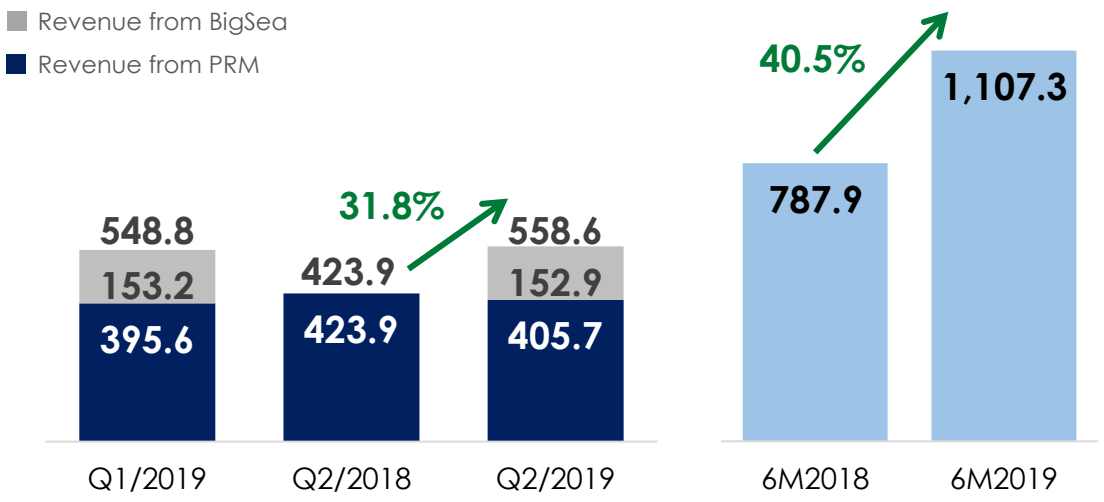
Revenue

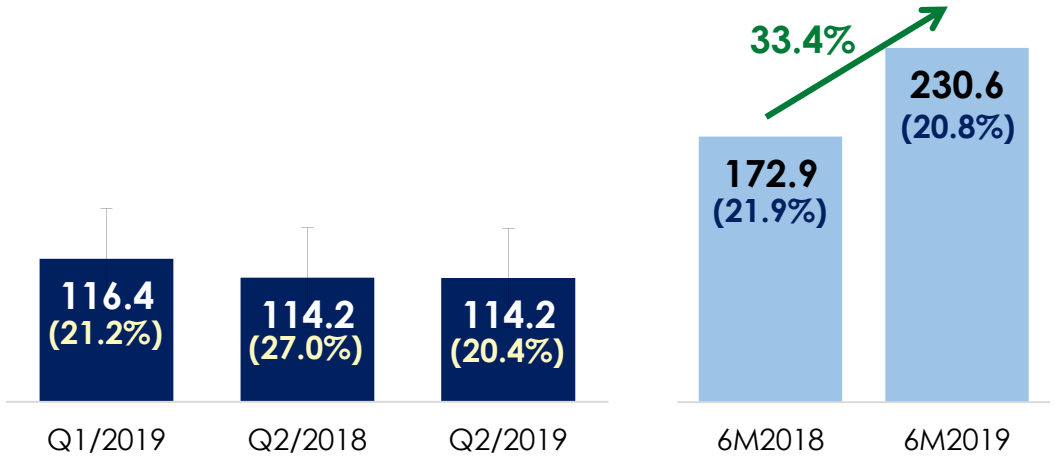
Unit: MTHB



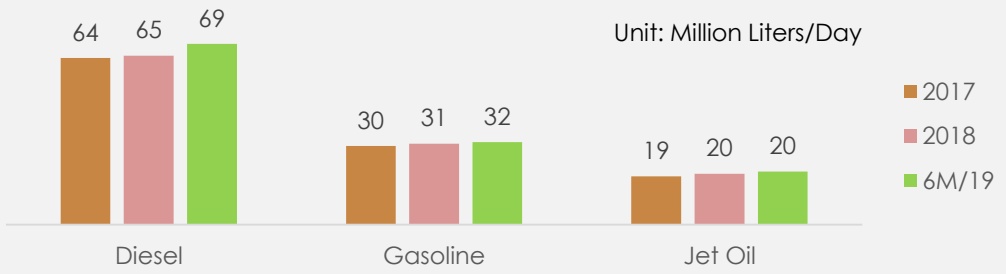
28/92	13/48	30/98	Vessels/ '000 DWT
92.7%	97.4%	91.4%	Utilization Rate

Gross Profit

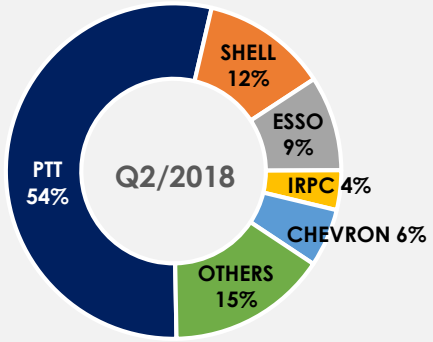
Unit: MTHB



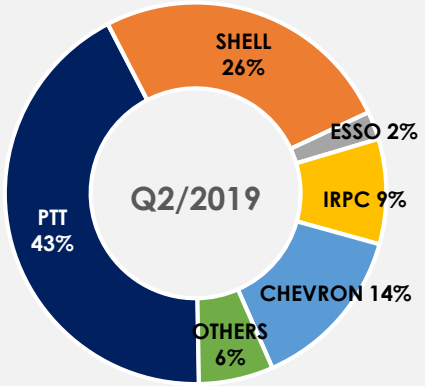
- Domestic oil consumption continued to grow mainly from increase in automobile registrations



- Revenue in Q2/19 increased 31.8% over Q2/18 from acquisition of Big Sea since July 2018. Additionally, 2 more new-built vessels (3,000 DWT each) were added to the fleet and started operation in end of May 2019.
- Quantity of oil transport increased by 78.2% to 2,181.1 million liters.



1,224.0 million liters



2,181.1 million liters

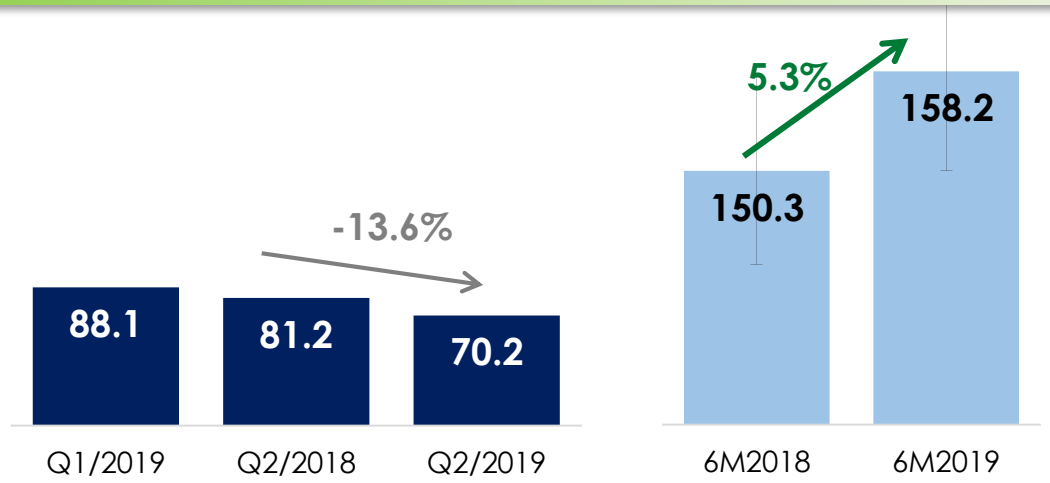
- Gross profit margin in Q2/19 declined slightly from same quarter last year and preceding quarter due to lower back haul business and lower margin for the 2 new vessels during first few months of trial run on short routes

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

PRIMA MARINE PUBLIC COMPANY LIMITED

Revenue

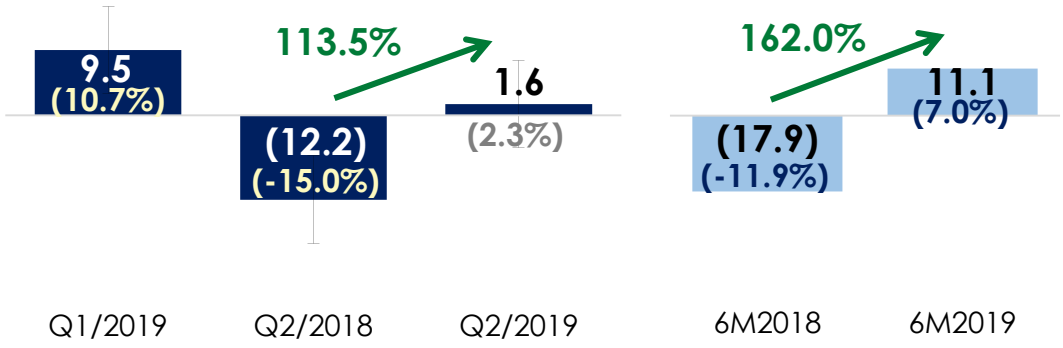
Unit: MTHB



2/211	2/211	2/211	Vessels/ '000 DWT
94.4%	93.4%	96.8%	Utilization Rate

Gross Profit

Unit: MTHB



- Global freight rate in Q2/19 fluctuated in line with chartering demand and tight supply of vessels from increased scrapping. Freight rate for Aframax is expected to increase further in 2020.

FEARNLEY

Year	VLCC*	Suezmax	Aframax	MR**
2017 actual	**18 800**	**15 500**	**12 700**	**13 400**
2017 forecast	20 000	17 500	13 600	12 500
Deviation vs. forecast	*-6,0 %*	*-11,4 %*	*-6,6 %*	*7,2 %*
2018 actual	**20 100**	**17 300**	**15 800**	**13 400**
2018 forecast	18 000	12 500	12 500	13 700
Deviation vs. forecast	*11,7 %*	*38,4 %*	*26,4 %*	*-2,2 %*
2019	40 000	29 500	22 500	17 400
2020	60 000	41 400	31 200	22 100

) Eco/Non-Eco dwt weighted* *) Basis 1-year TC to better capture triangulation effects and real earnings*

- One of our Aframax operated under 6-month time charter contract while another under short term time charter contract alternating with SPOT charter contract to gain more margin while the global freight was rising.
- Higher gross profit in Q2/19 VS Q2/18 by 113.5% due mainly to the increase in freight rate since the end of 2018. However, lower gross profit in Q2/19 VS Q1/19 was from the time chartering fluctuation of freight rate for short term.

Source: Fearnleys VLCC Forecast vs Actual as of 30 Jul 2019

Floating Storage Unit ("FSU") Business

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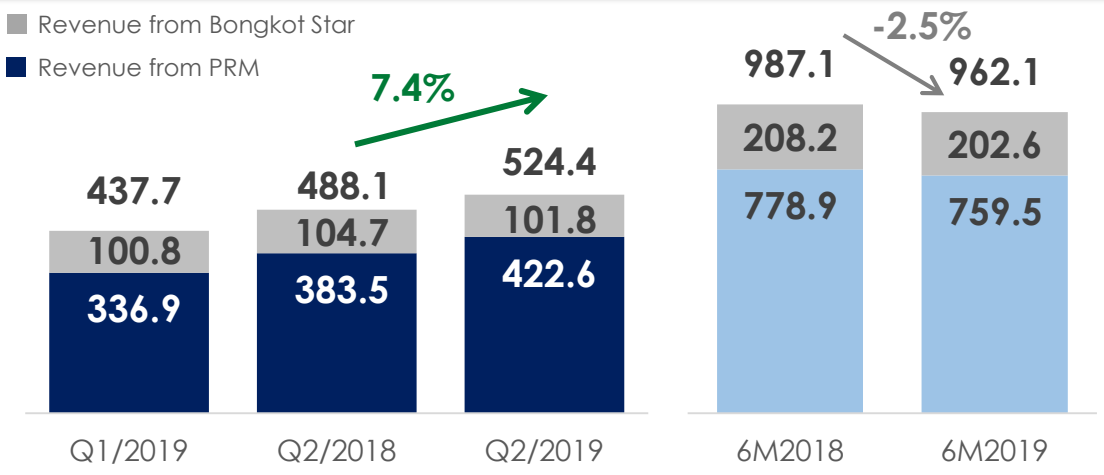
Revenue

Unit: MTHB

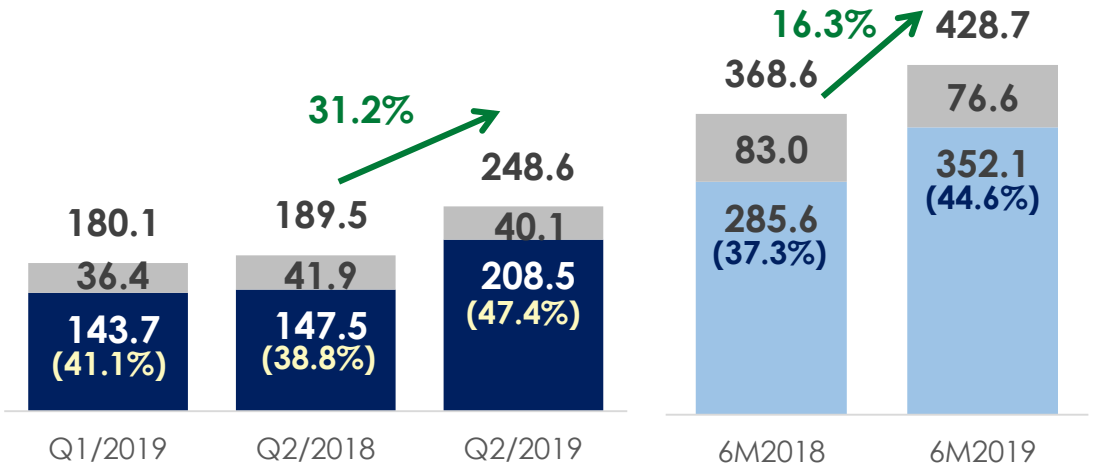


5/1,504	6/1,785	6/1,804	Vessels/ '000 DWT
100.0%	87.4%	99.4%	Utilization Rate

Remark: The revenue of Bongkot Star is included

Gross Profit

Unit: MTHB



- Under IMO2020 (0.5% Sulphur limit on bunker fuel), vessels are not allowed to have HSFO (3.5% Sulphur) on board unless scrubber fitted by 1 March 2020.
- Non-compliance vessels will be subject to large financial penalty.
- Scrubber fitting is an alternative for very large vessels but disposal of scrubber residue is still an issue due to environmental concern.
- Tightening of ocean tankers a head of implementation due to off-hired, fuel storage, bunker storage and tank cleaning leads to increase spot chartering.

- One additional VLCC started operation in May/19 to support requirement of an existing customer with term contract for LSFO storage. This additional business was the main reason for the increase in revenue and margin over Q1/19.
- Despite the additional FSU not operations full quarter, revenue and gross profit of Q2/19 were higher than Q2/18 which has the same number of FSU. This was due to higher chartering rate and margin in Q2/19.
- Another VLCC was acquired in March/19 and will start operation in July/19 after completion of modification to meet customer's requirement. She will also be chartered to another existing customer for LSFO storage.

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

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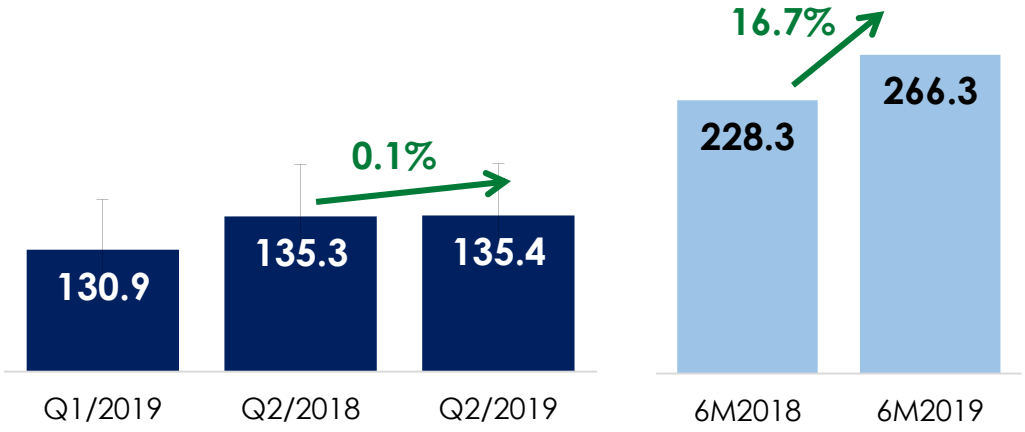
Revenue

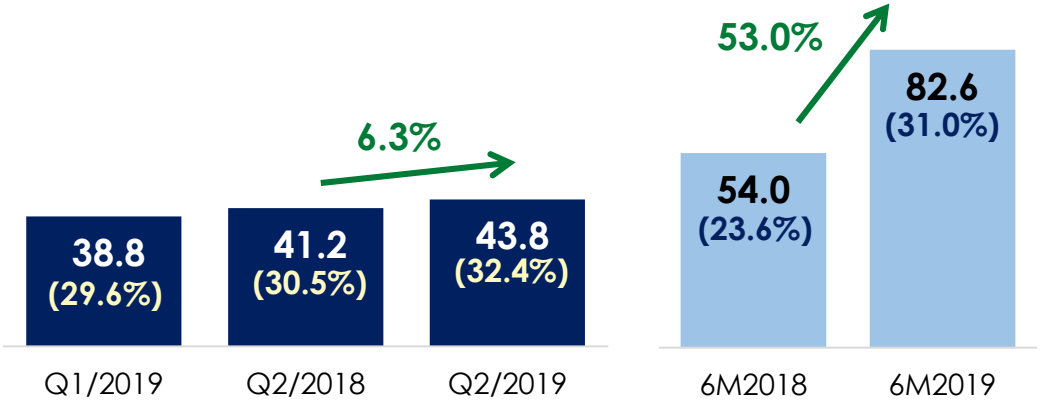
Unit: MTHB



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)
92.3%	100.0%	100.0%	AWB Utilization Rate

Gross Profit

Unit: MTHB



- Two floating storage and off-loading (FSO) vessels to be on hired throughout Q2/19 under time charter contract.
- Utilization of for Accommodation Work Barge (AWB) increased from last quarter to 100% in line with seasonal demand. Chartering rate also improved along with demand since the beginning of this year.
- AWB will continue operate under existing contract with PTTEP with improved chartering rate and 100% of utilization until the end of Q3/19. The contract is expected to be extended until the end of year 2019.

Ship Management ("SM") Business

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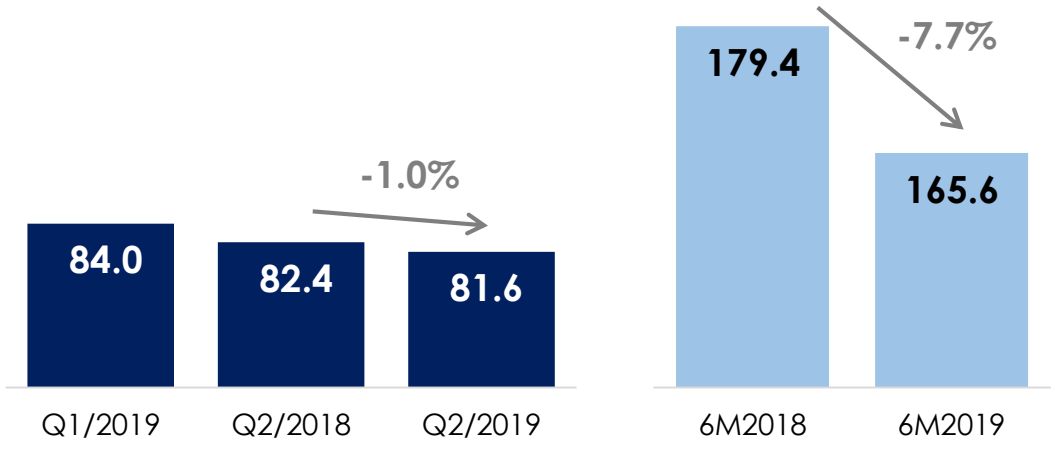
Revenue

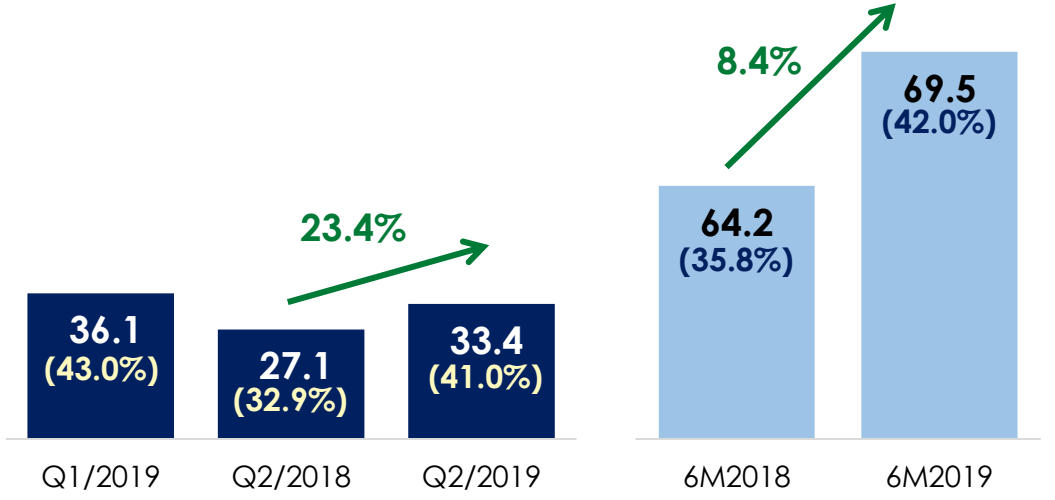
Unit: MTHB



3	5	3	No. of 3rd Party Vessels

Gross Profit

Unit: MTHB



- PRM provides ship management services for 23 own vessels and 3 third party vessels which includes 2 VLCC and Aframax vessels.
- Higher gross profit margin in Q2/19 VS Q2/18 was due to booking major maintenance expenses for one of third party vessels in Q2/2018.
- Lower revenue and gross profit in Q2/19 VS Q1/19 was mainly from Thai Baht appreciation.

Consolidated P/L Statement

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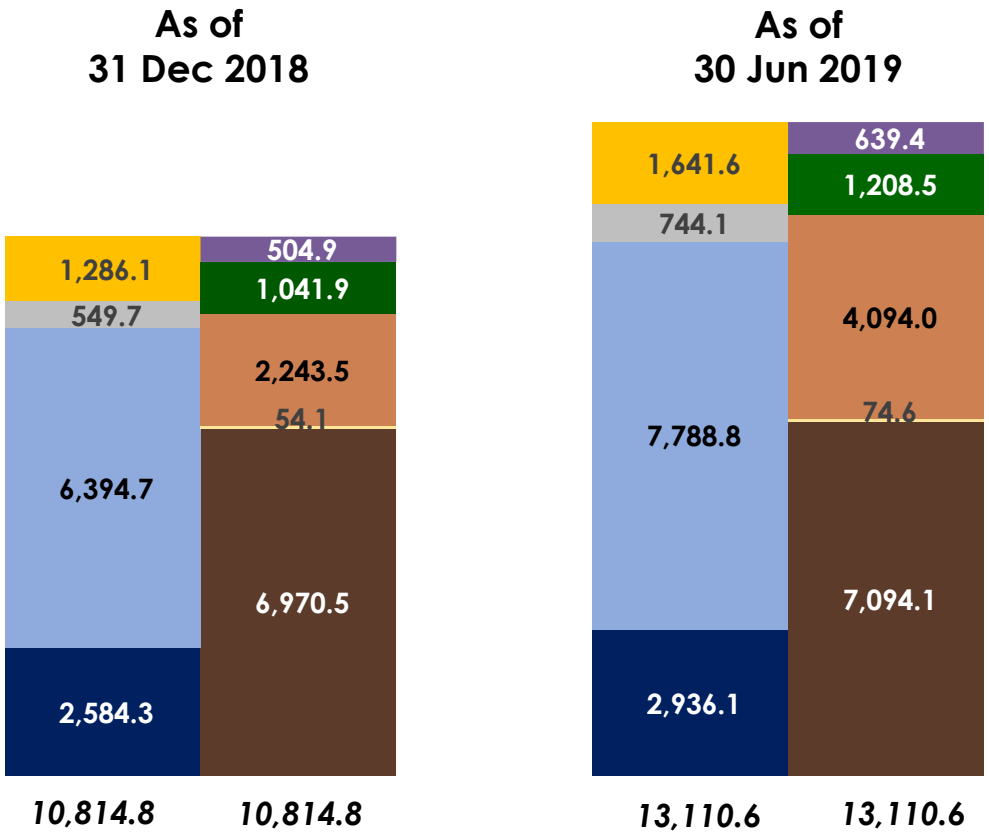
	Unit: MTHB	Q1/2019	Q2/2018	Q2/2019	6M/2018	6M/2019
1	Sales	1,188.7	1,106.3	1,268.3	2,124.7	2,457.0
2	Gross Profit	344.4	317.9	401.6	558.7	746.0
3	Share of P/L fr Assoc.	36.2	23.6	41.3	57.3	77.4
4	Other incomes	9.0	15.7	11.7	22.1	20.7
5	Net FX Gain/(Loss)	(5.6)	(19.9)	38.6	4.5	33.0
6	SG&A	(87.8)	(77.3)	(100.8)	(185.1)	(188.6)
7	Financial cost	(37.3)	(36.5)	(52.2)	(81.6)	(89.5)
8	Income Tax	(18.3)	(18.9)	(36.5)	(24.4)	(54.8)
9	Net Profit	240.5	204.7	303.7	351.5	544.2
10	EBITDA	419.3	380.2	532.2	704.9	951.6
11	Gross Profit Margin(%)	29.0%	28.7%	31.7%	26.3%	30.4%
12	Average FX rate (Baht/USD)	31.8117	33.1672	30.7443	33.1672	30.7443
13	No. of Vessels	38	24	41	24	41
14	Capacity ('000 DWT)	2,009.1	2,246.6	2,315.1	2,246.6	2,315.1

- Increase in revenue and gross profit in Q2/19 over Q2/18 was attributable to improved FSU business and acquisition of Big Sea
- SG&A expenses increased by 23.5 million Baht from Q2/18 due to inclusion of expenses relating to Big Sea operation which is approximately 10-12 million Baht/quarter and overall increase in business activities.
- Financing cost increased in line with higher borrowing to finance new domestic trading and FSU vessels.
- FX gain was derived from Baht appreciation. Foreign currency loan outstanding:

  - USD 45.6 million as at 30 June 2019
  - USD 12.3 million at 30 June 2018 and
  - USD 28.8 million at 31 March 2019

Consolidated Financial Position



Current Ratio	1.19:1	1.29:1
D/E Ratio	0.55:1	0.85:1

- Cash & Cash Equivalent
- Other Current Assets
- Investment Assets
- Non Current Assets
- Other Current Liabilities and S/T Loan
- Current Portion of Loan
- L/T Loan
- Other Non Current Liability
- Shareholders' Equity

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- Other current asset increased by 194.4 million Baht to 744.1 million Baht from inventories which was mainly from bunker fuel remaining in the two newly acquired VLCCs
- Non current asset increased by 1,745.9 million Baht to 7,788.8 million Baht from acquisition of 2 VLCC and 4 domestic oil tankers.
- Net LT loan increased by 1,850.5 million Baht to 4,094.0 million Baht from additional borrowing to finance the new vessels offset by loan payment, amortization of front-end fee and decrease in loan from the exchange rate differences
- Shareholders' equity increased by 123.6 million Baht to 7,094.1 million Baht from profit in this quarter offset by annual dividend payment of 350.0 million Baht in May.

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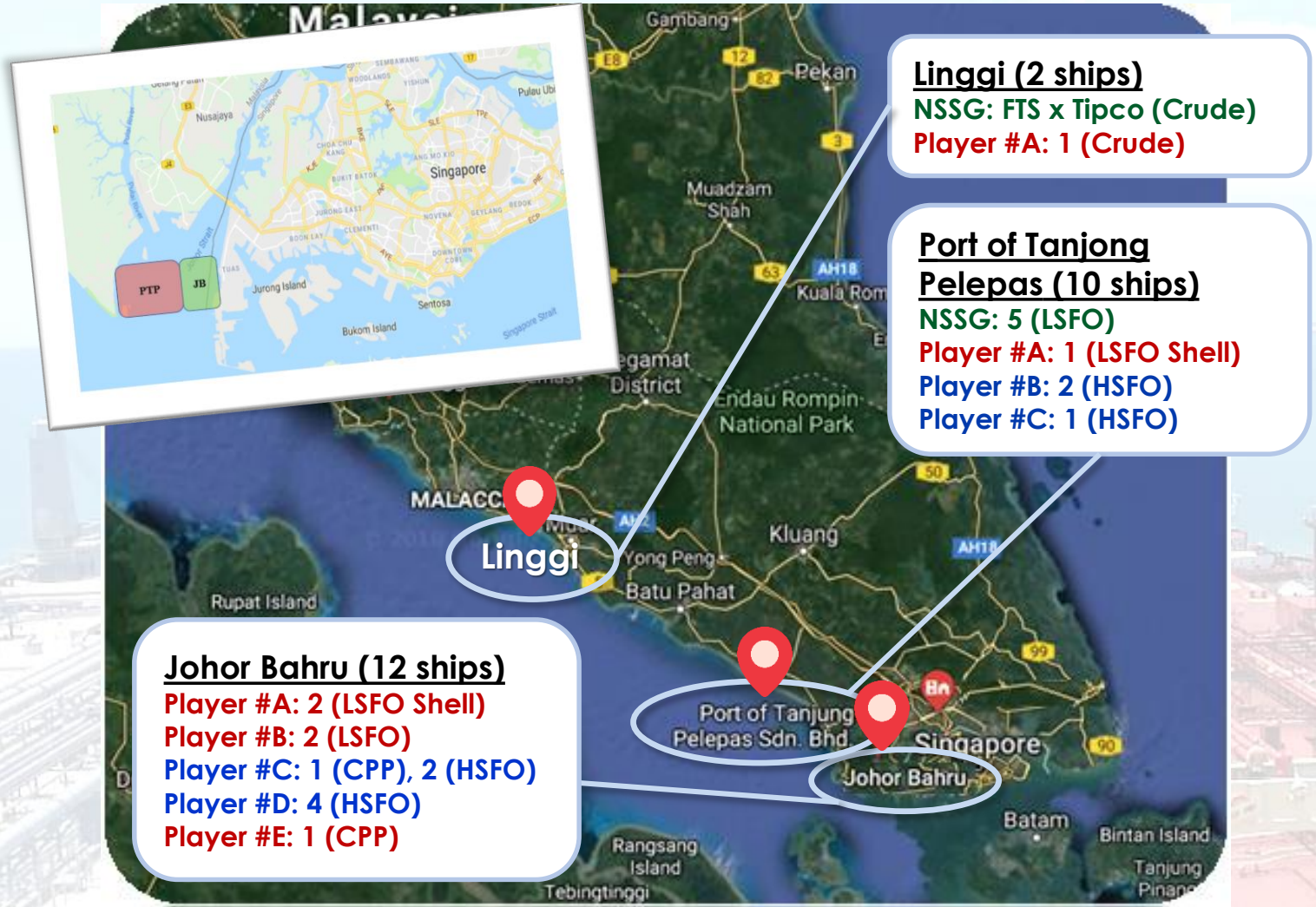
Market Outlook

Market Outlook



Linggi (2 ships)
NSSG: FTS x Tipco (Crude)
Player #A: 1 (Crude)

Port of Tanjong Pelepas (10 ships)
NSSG: 5 (LSFO)
Player #A: 1 (LSFO Shell)
Player #B: 2 (HSFO)
Player #C: 1 (HSFO)

Johor Bahru (12 ships)
Player #A: 2 (LSFO Shell)
Player #B: 2 (LSFO)
Player #C: 1 (CPP), 2 (HSFO)
Player #D: 4 (HSFO)
Player #E: 1 (CPP)

"10 FSUs store LSFO"

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FSU Market Situation

LSFO Storage expected more to come

- Total 23 FSUs at west of Singapore anchorage (PTP and JB), increased by 8 ships compared to Feb/19.
- Most of FSUs currently store LSFO blending components.
- 2 new FSU players: New Century trading and Equatorial bunkering.
- 2 existing FSU players who unreasonably under cut the market chartering rate last year have completely exited from the market.
- Ocean Tanker has become a powerful and aggressive FSU commercial operator storing LSFO as Singapore shore tanks are not available.

Market Outlook: 2020 FSU Market Outlook

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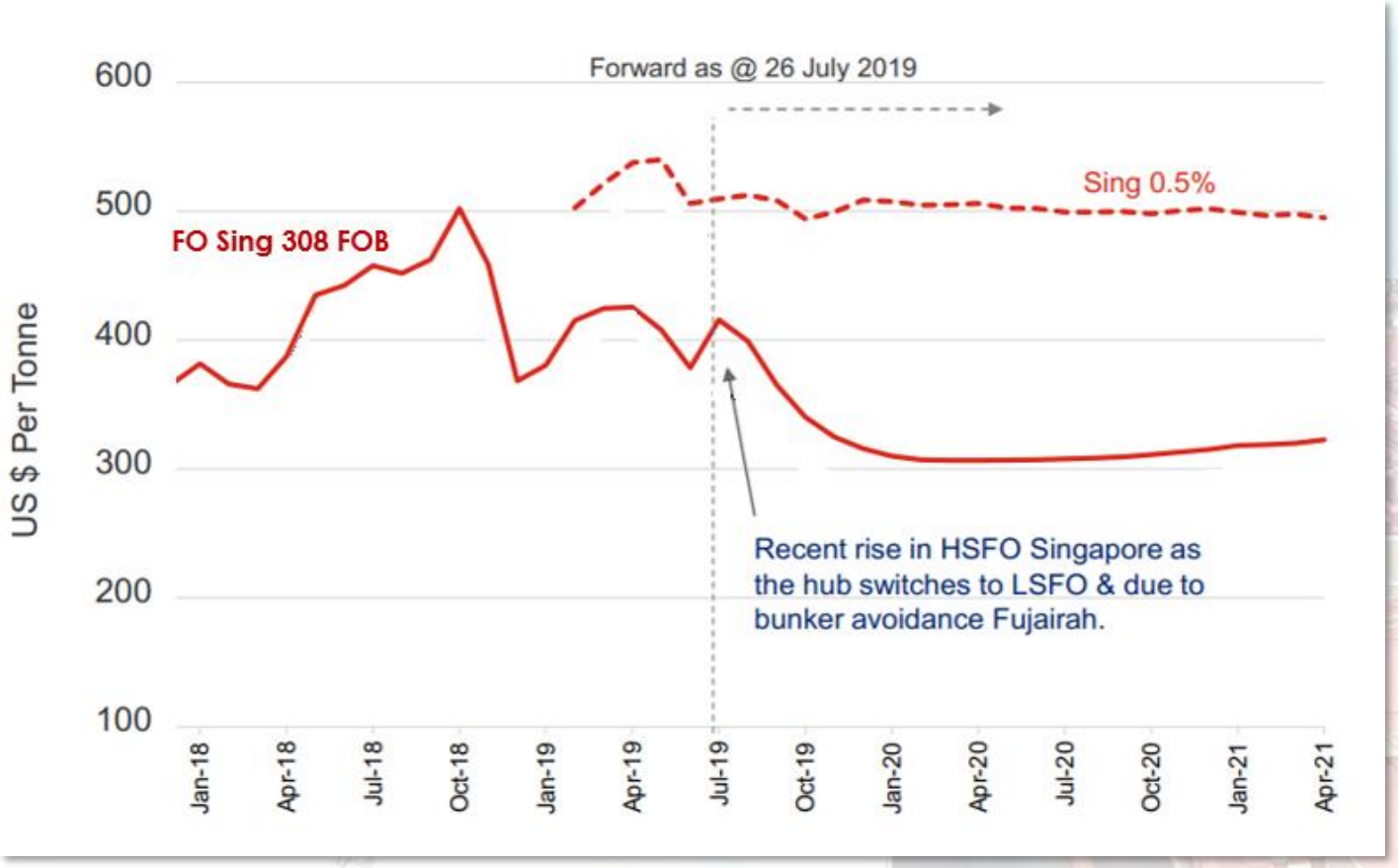
How much will the bunkers cost?

LSFO & HSFO Singapore spread currently trading about $200/t from Jan2020

Bunker Prices at Singapore



FSU Market Outlook

- FSU demand will remain strong at least until mid of 2020 as only 20% Singapore shore tanks confirmed their cleaning plan to convert HS storage tanks to LS
- FSU is still needed as long as heavy sweet crude oils remain as a key blending component for LSFO
- With currently weak HSFO price, contango market structure for HSFO can be expected which will lead to more FSU demand for HSFO storage.

Source: Clarksons Platou, Tanker and Dry: IMO2020 Update

Business Activities Q3/2019

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No.	Delivered Period	Vessels	Size (DWT)	Purpose	Commence On-hired
Domestic Trading Business (2 Vessels)					
1	Jul/19	New-built "*SRI PHUMRIANG*"	3,000 DWT	Replace PRM's old vessel	Aug/19
2	Aug/19	New-built "*SRI PHUNPIN*"	3,000 DWT	LT Contract with Major Oil	Sep/19
Business Acquisition					
3	Aug/19	Acquisition of addition 10% of Big Sea ordinary shares			13 Aug 2019
Floating Storage and Unit Business (2 Vessels)					
4	Mar/19	1 Second Hand VLCC "*CRYSTAL STAR*"	298,570 DWT	Additional business with existing customers for fuel oil storage and blending	1st week of Jul/19
5	Jul/19	1 Second Hand VLCC "*DARIN STAR*"	299,700 DWT	Additional business with existing customers for fuel oil storage and blending	Aug/19

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Q&A

THANK YOU

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