PRIMA MARINE
PUBLIC COMPANY LIMITED

Q3/2019 Operating Results & Market Outlook

CG Scoring of "EXCELLENT"
as of 25 Oct 2019

25 Nov 2019

PRIMA MARINE
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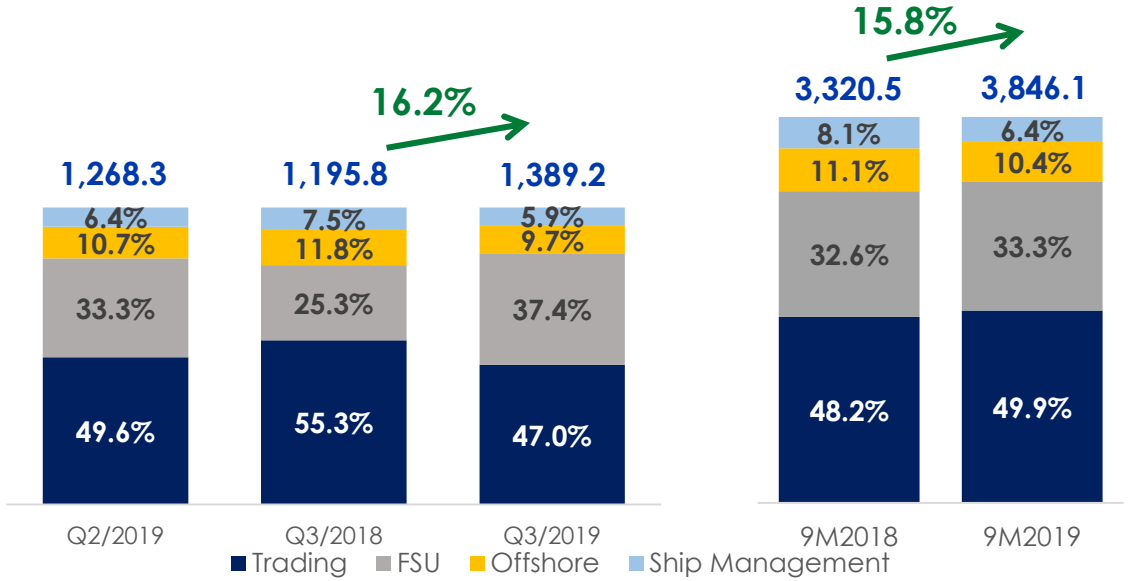
Q3/2019 Operating Results

Summary of Operating Results

PRIMA MARINE
PUBLIC COMPANY LIMITED

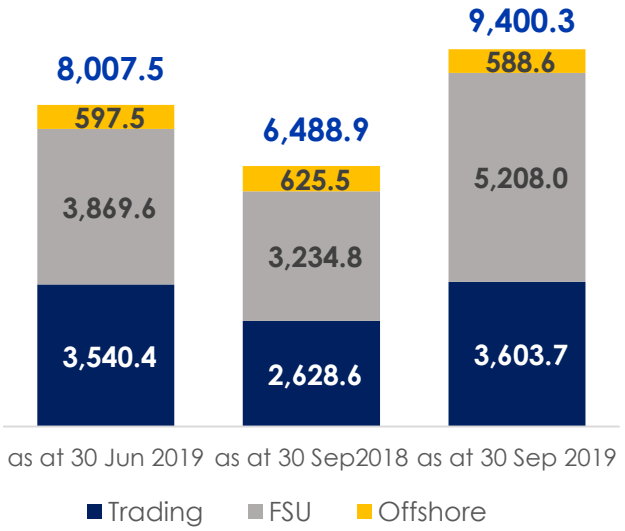
Revenue

Unit: MTHB



Investment Assets

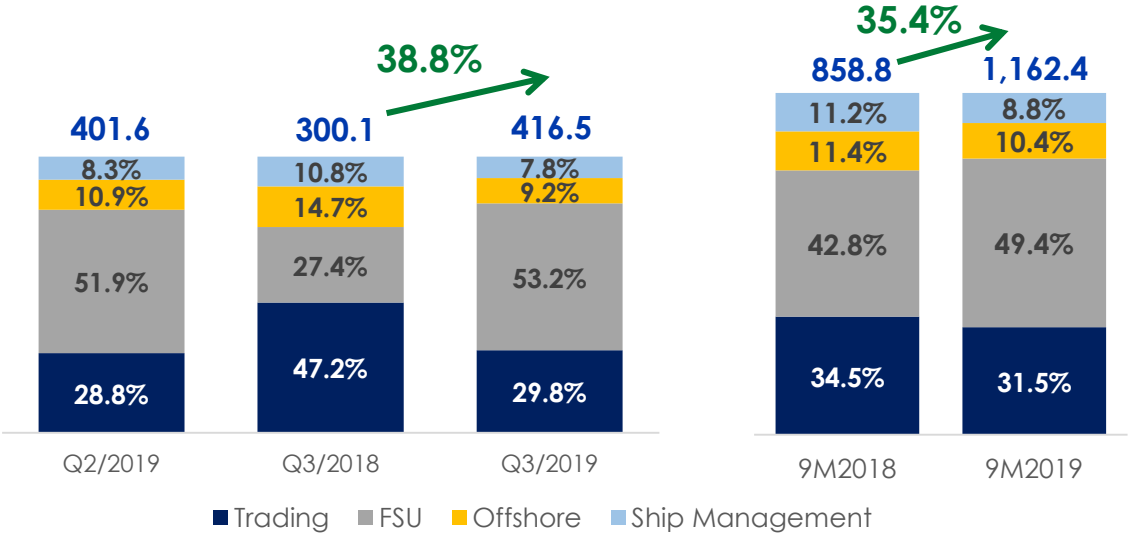
Unit: MTHB



Types of vessels	No. of vessels	DWT ('000)
Trading		
- Domestic	32	103.6
- International	1	106.0
FSU	8	2,400.5
Offshore		
- FSO	2	191.8
- AWB	1	300 Pax
Total	**44**	**2,801.8**

Gross Profit

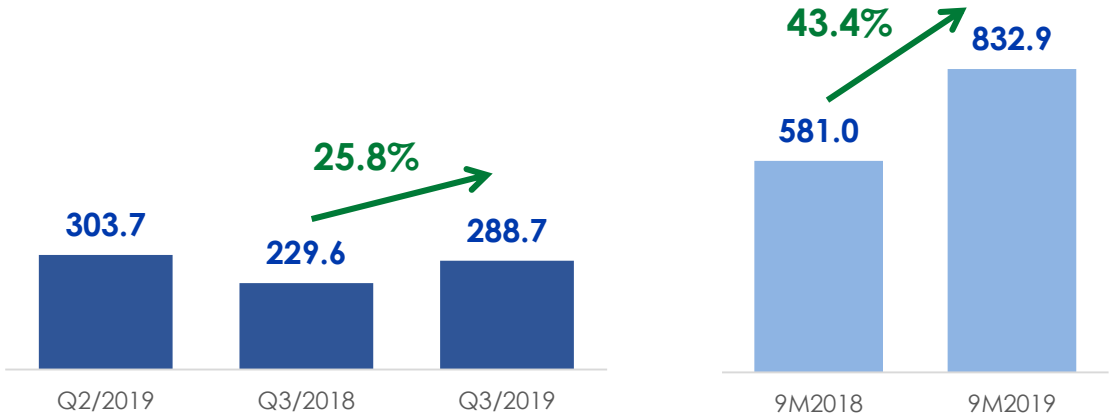
Unit: MTHB



Net Profit*

Unit: MTHB

	Q2/2019	Q3/2018	Q3/2019	9M2018	9M2019
EPS (THB/Share)	0.11	0.09	0.10	0.22	0.30



*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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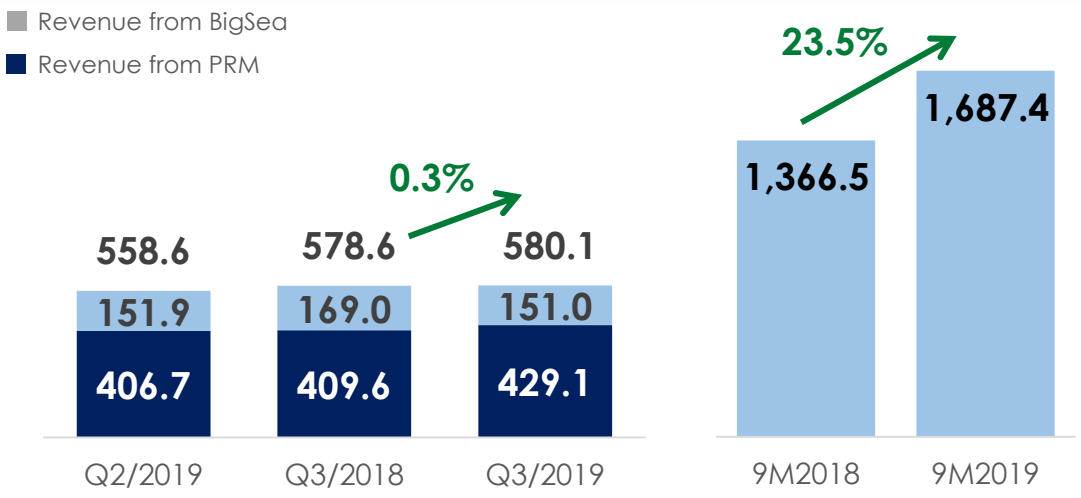
Revenue

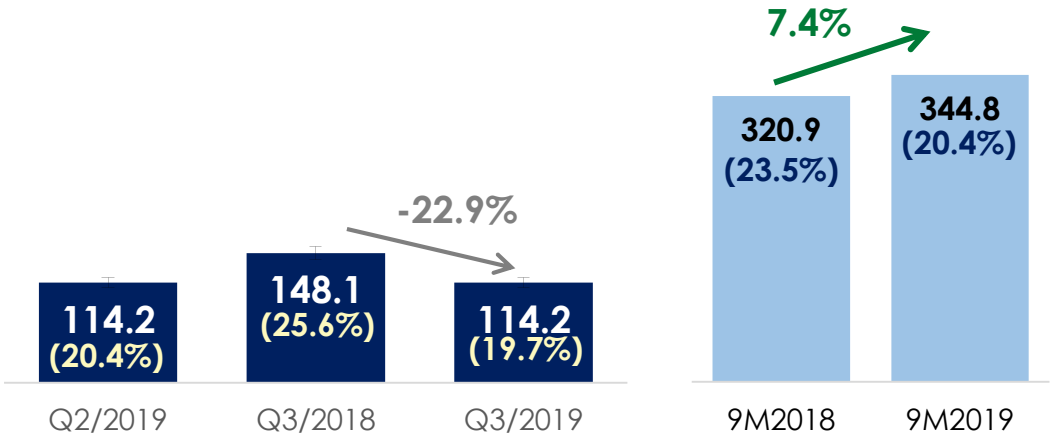
Unit: MTHB



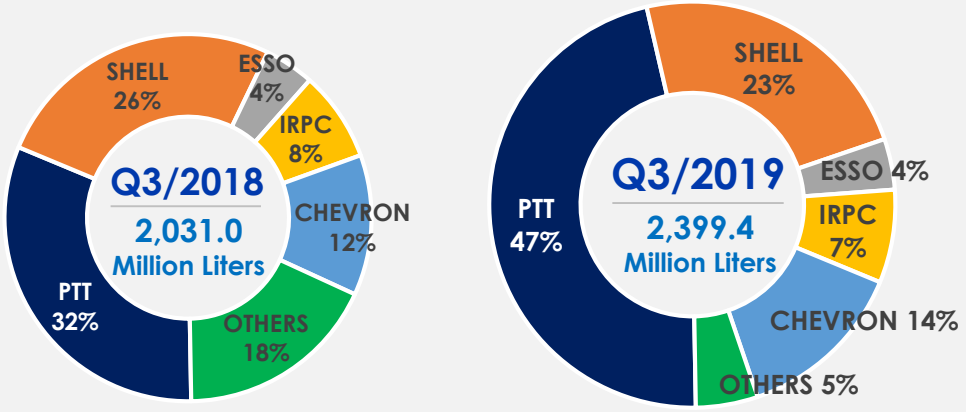
30/98	27/85	32/104	Vessels/ '000 DWT
91.4%	85.4%	95.9%	Utilization Rate

Gross Profit

Unit: MTHB



- Domestic oil consumption of both diesel and gasoline grew approximately 4% in 9M2019.
- Q3/19 revenue increased 3.8% from Q2/19 as 2 more new-built vessels (3,000 DWT each) were added to the fleet and started operation end of July 2019.
- Unusually high GP in Q3/18 was due to changing of utilization schedule of a vessel under one-year time chartering contract with EGAT such that 75% of the entire year planned usage were made in Q3/18. However, PRM was able to maintain total revenue and gross profit as earlier agreed in the contract.
- Revenue in 9M2019 increased by 23.5% due mainly to capacity increase from delivery of 6-new built vessels which will be fully operated in Q4/2019.
- Quantity of oil transport increased by 18.1% Y-o-Y



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

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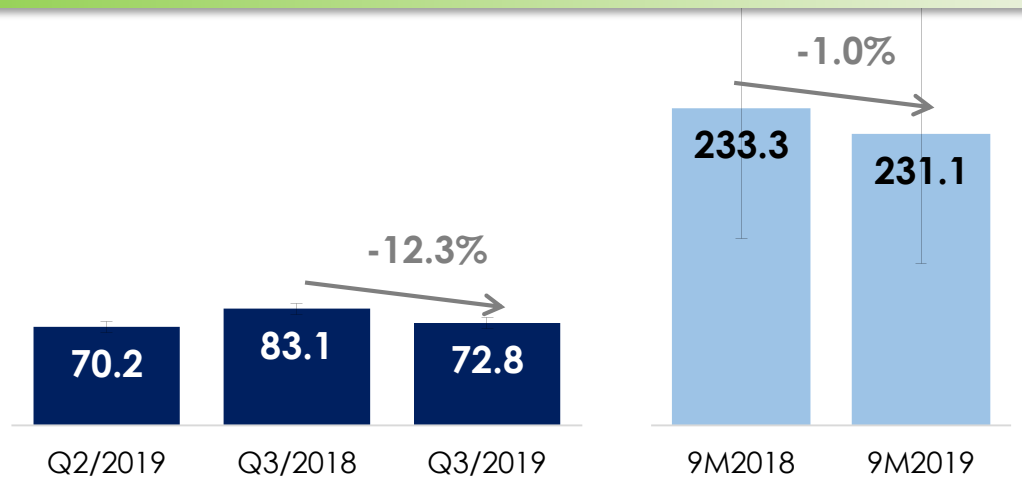
Revenue

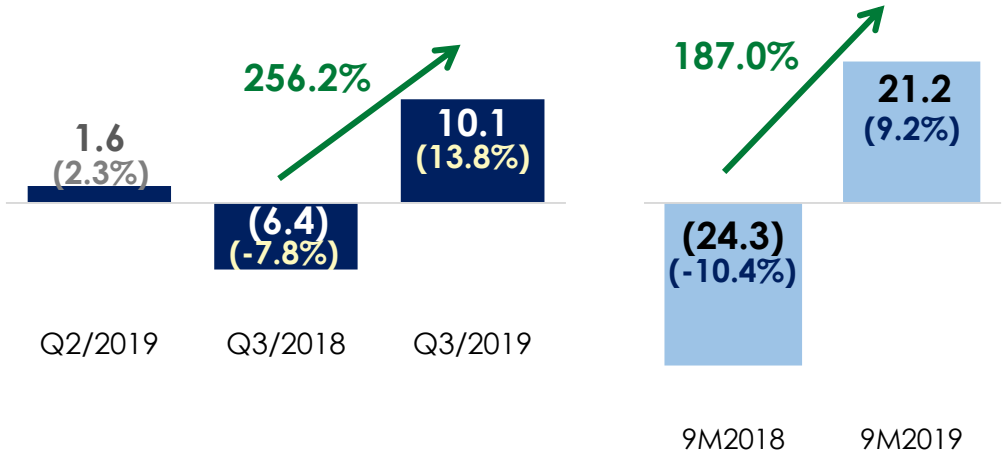
Unit: MTHB



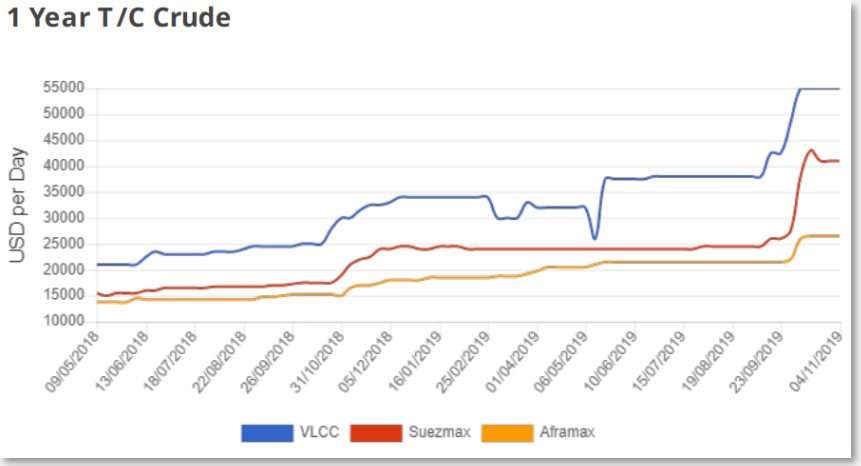
2/211	2/211	1/106	Vessels/ '000 DWT
96.8%	95.2%	93.9%	Utilization Rate

Gross Profit

Unit: MTHB



- Increased in chartering demand and tight supply of vessels from increased scrapping and the strait of Hormuz crisis supported freight rate rise.



- One of our Aframax operated under 6-month time charter contract generated the revenue for whole Q3.
- Another Aframax under short term chartering contract which ended at end of Q3/19 was discontinued due to insufficient business volume.
- GP for Q3/19 improved from savings of chartering-in cost relating to the discontinued vessel.
- Higher gross profit in 9M2019 VS 9M2018 by 187.0% due mainly to the increase in freight rate since the end of 2018.

Source: Fearnleys Weekly Report, Week 45

Floating Storage Unit ("FSU") Business

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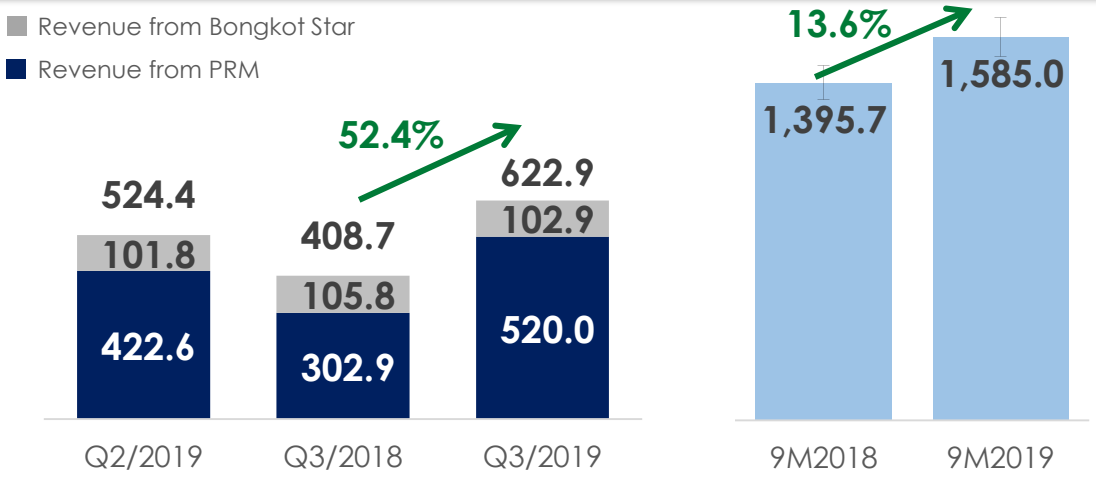
Revenue

Unit: MTHB

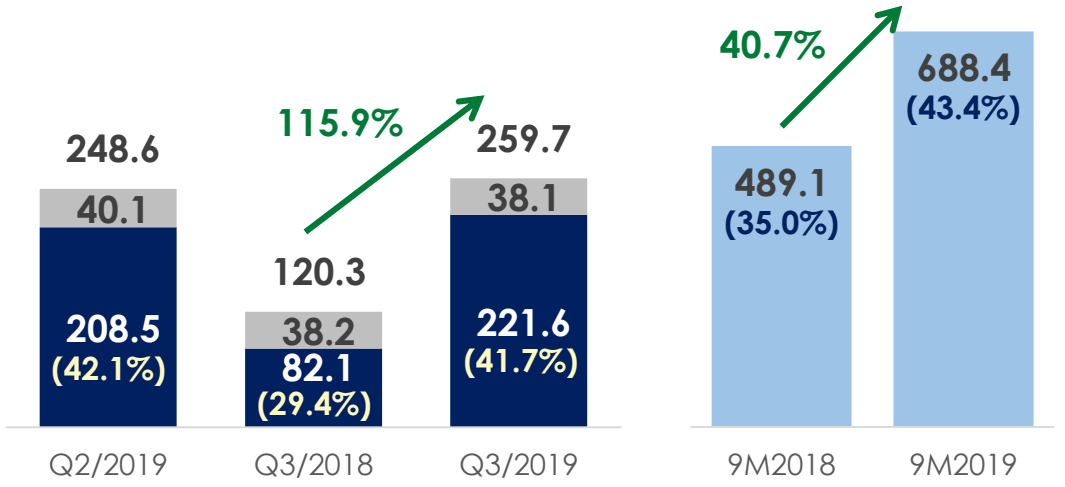


6/1,804	5/1,504	8/2,400	Vessels/ '000 DWT
99.4%	93.8%	89.6%	Utilization Rate

Remark: The revenue of Bongkot Star is included

Gross Profit

Unit: MTHB



- Based on IMO2020, the vessels can carry HSFO but cannot use by 1 March 2020: cannot carry HSFO except for scrubber fitted vessel
- Non-compliance vessels will be subject to large financial penalty.
- Approximately 40% of onshore FO tank in Singapore already converted for LSFO storage

- Revenue and GP in Q3/19 increased mainly from two additional FSUs starting operation in Q3/2019 with term contract for LSFO storage to support increased requirement of an existing customer.
- Slightly lower utilization in Q3/19 was due to switching of vessels to suit customers' storage requirement and to optimize total vessel utilization when adding new vessels to the fleet. The utilization returned to 100% since 1 Oct 2019.

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

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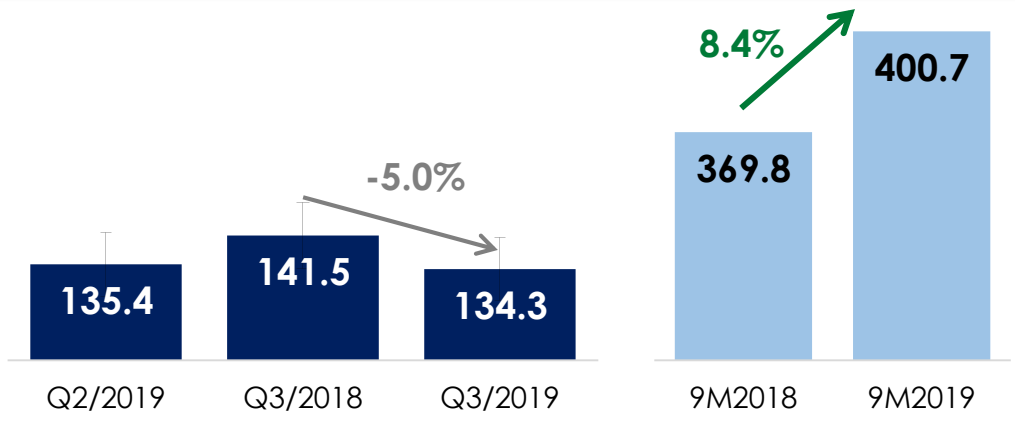
Revenue

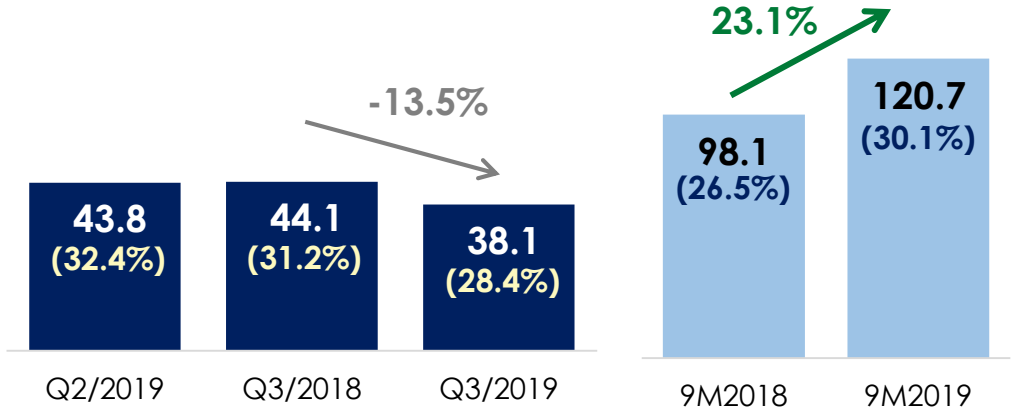
Unit: MTHB



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)
100.0%	100.0%	100.0%	AWB Utilization Rate

Gross Profit

Unit: MTHB



- Two floating storage and off-loading (FSO) vessels were on hired throughout Q3/19 under time charter contract.
- Utilization of for Accommodation Work Barge (AWB) was maintained at 100%.
- Lower revenue and GP in Q3/19 was due to Baht appreciation of 30.5919 Baht/USD in Q3/19 compared to 32.4066 Baht/USD in Q3/18.

Ship Management ("SM") Business

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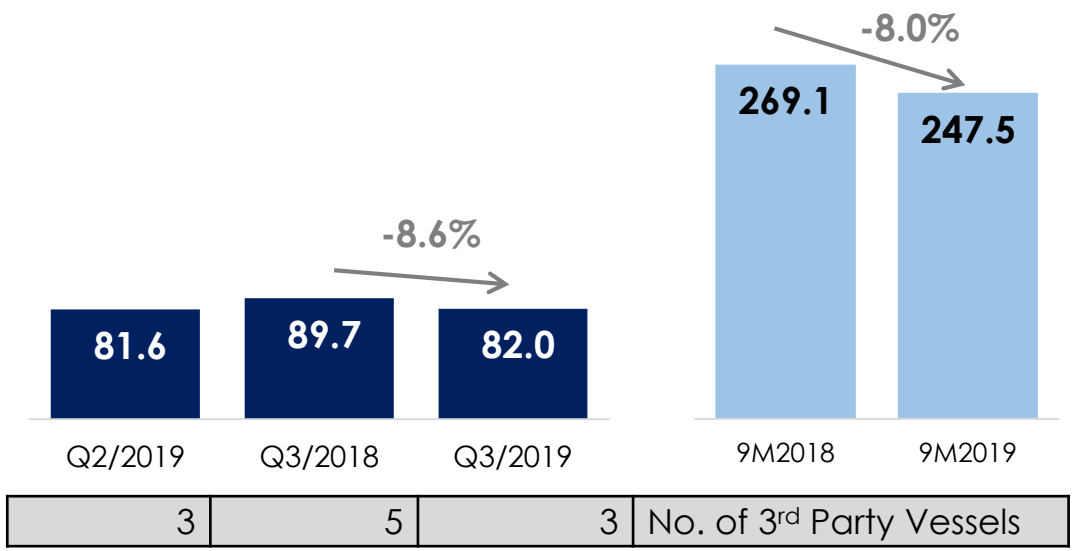
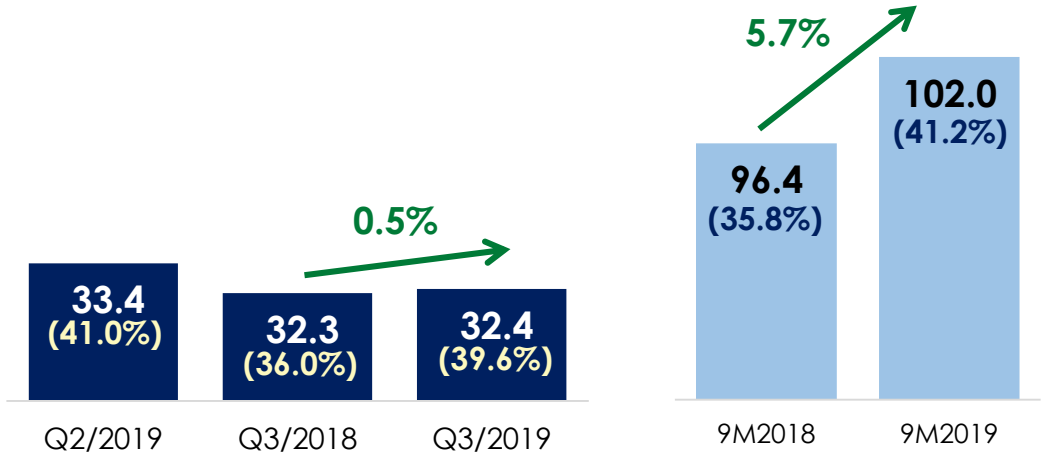
Revenue

Unit: MTHB



Gross Profit

Unit: MTHB



- PRM provides ship management services for 25 own vessels and 3 third party vessels which includes 2 VLCC and one Aframax vessel.
- Lower revenue in Q3/19 compared to Q3/18 was impacted by Baht appreciation because the service income from third party vessels are under USD contract.

Consolidated P/L Statement

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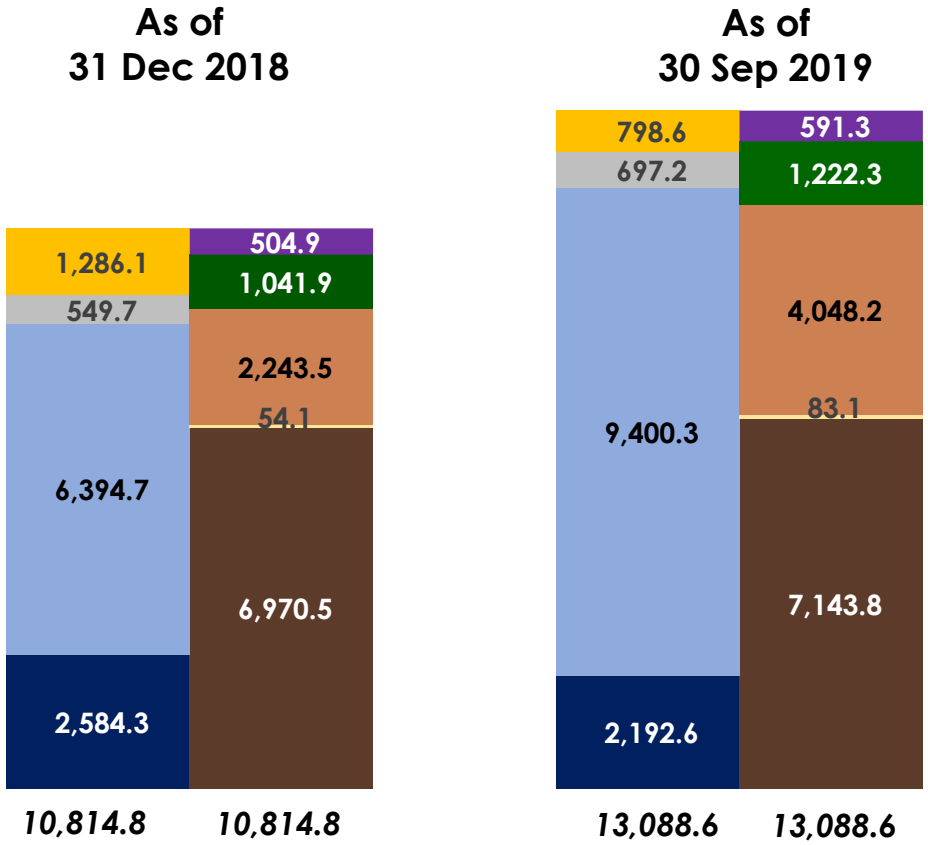
	Unit: MTHB	Q2/2019	Q3/2018	Q3/2019	9M/2018	9M/2019
1	Sales	1,268.3	1,195.8	1,389.2	3,320.5	3,846.1
2	Gross Profit	401.6	300.10	416.5	858.8	1,162.4
3	Share of P/L fr Assoc.	41.3	41.0	31.7	98.2	109.2
4	Other incomes	11.7	54.9	16.1	76.9	36.8
5	Net FX Gain/(Loss)	38.6	1.0	(4.2)	5.5	28.8
6	SG&A	(100.8)	(106.6)	(87.0)	(291.7)	(275.6)
7	Financial cost	(52.2)	(45.7)	(61.5)	(127.3)	(151.0)
8	Income Tax	(36.5)	(15.1)	(22.8)	(39.4)	(77.6)
9	Net Profit	303.7	229.6	288.7	581.0	832.9
10	EBITDA	532.2	419.0	564.0	1,123.9	1,515.5
11	Gross Profit Margin(%)	31.7%	25.1%	30.0%	25.9%	30.2%
12	Average FX rate (Baht/USD)	30.7443	32.4066	30.5919	32.4066	30.5919
13	No. of Vessels	41	37	44	37	44
14	Capacity ('000 DWT)	2,315.1	1,991.7	2,801.8	1,991.7	2,801.8

- Higher other income in Q3/18 was from extraordinary profit from disposition of 1 vessel.
- SG&A expenses decreased by 19.6 million Baht from Q3/18 due mainly to financial and legal advisory fees relating to Big Sea acquisition.
- Financing cost increased in line with higher borrowing to finance new domestic trading and FSU vessels.
- FX loss in Q3/19 comprised 15.3 million Baht loss from forward contracts required to protect investment cost of new vessels and 11.1 million Baht gain from USD loan and other USD denominated business transactions.
- Foreign currency loan outstanding:
  - USD 45.6 million as at 30 June 2019
  - USD 10.8 million as at 30 Sep 2018 and
  - USD 42.6 million as at 30 Sep 2019

Consolidated Financial Position



Current Ratio	1.19:1	0.82:1
D/E Ratio	0.55:1	0.83:1

- 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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- The new vessels acquisition was financed by cash and new borrowing.
- Net LT loan increased by 1,985.1 million Baht from additional borrowing required to finance the new vessels offset by loan repayments and decrease in loan from the exchange rate differences
- DE and current ratios are well within the bank's financial covenant requirement.

Vessel Delivery for 9M2019

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Domestic Trading

No.	Vessel	Capacity (DWT)	Contract	Delivered Period	Commence On-Hired	Revenue Realized for Whole Quarter
1	Sri Surat	3,000	COA	Q1/19	5 Mar 2019	Q2/19
2	SS106	5,300	COA	Q1/19	24 Apr 2019	Q3/19
3	Sri Chaiya	3,000	COA	Q2/19	21 May 2019	Q3/19
4	Sri Tahphet	3,000	COA	Q2/19	30 May 2019	Q3/19
5	Sri Phumriang	3,000	COA	Q3/19	8 Aug 2019	Q4/19
6	Sri Phunpin	3,000	COA	Q3/19	1 Sep 2019	Q4/19

FSU

No.	Vessel	Capacity (DWT)	Contract	Delivered Period	Commence on-hired	Revenue Realized for Whole Quarter
1	Aquarius Star	298,641	TC	Q2/19	1 May 2019	Q3/19
2	Crystal Star	298,570	TC	Q3/19	6 Jul 2019	Q4/19
3	Darin Star	299,700	TC	Q3/19	21 Aug 2019	Q4/19

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Market Outlook

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Short-term Unknowns and Uncertainties

Fearnleys

Sanctions

Refinery Margins

Off-Hire

Off-Spec Crude

Middle East Geopolitics

Trade Talks

HSFO Balance

IMO 2020: Turning Challenges into Opportunities

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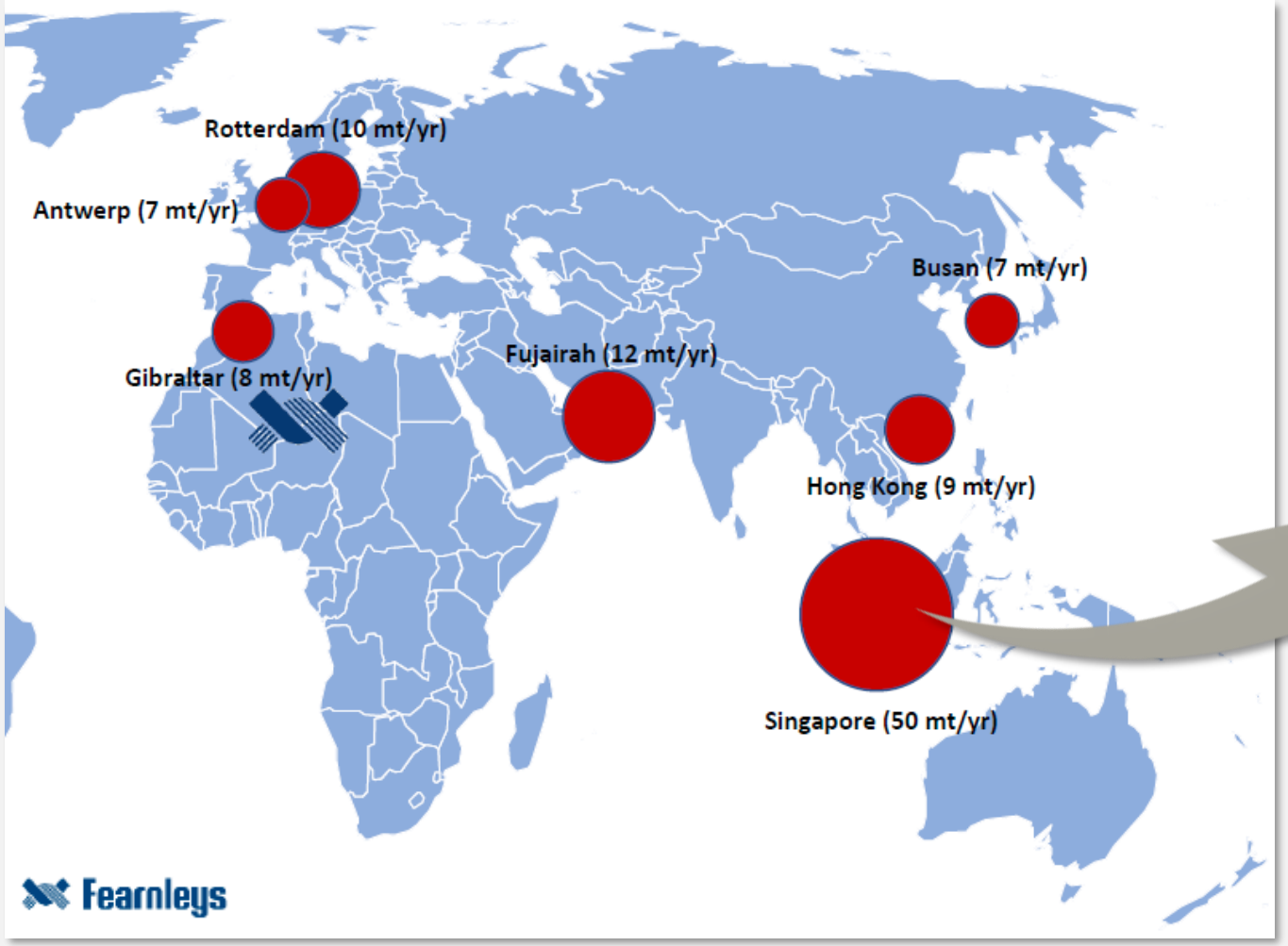
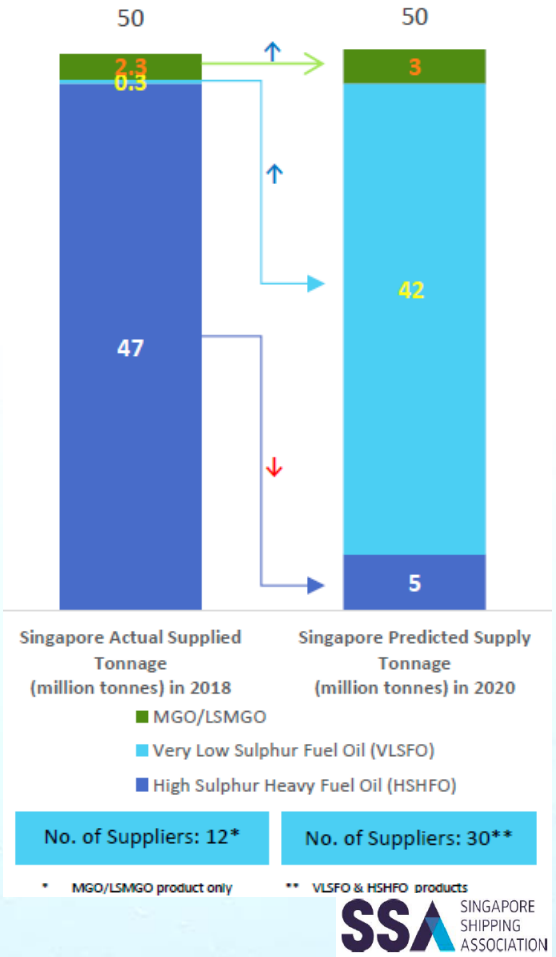
Bunker Availability

Map showing 2017 bunker fuel sales in million tons per year for main bunker ports.
Red circle showing world fuel oil demand by end-users.

We would expect great compliant fuels availability East of Suez than in the Atlantic, not expecting HSF availability issues in the main bunker ports. Spread likely to be wider in the Atlantic than East of Suez.



Annual Bunker Tonnage Supplied in Singapore According to Types in 2018 and Predicted Supply in 2020



Tanker Market Outlook 2020-2022

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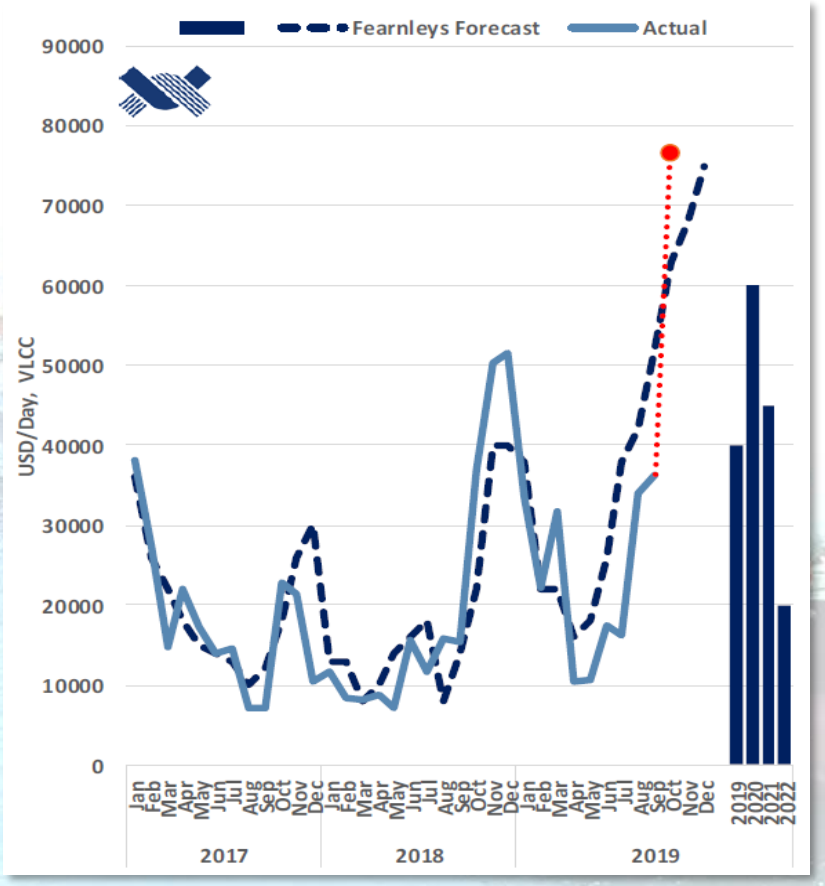
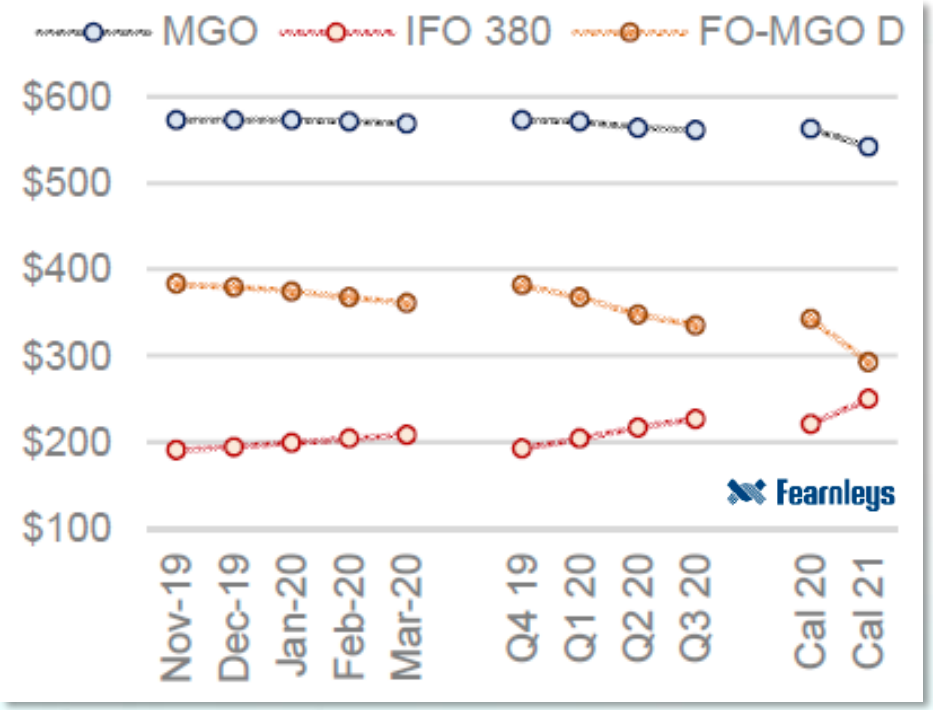
VLCC Tanker Freight

Unit: USD/Day



Bunker Price

Unit: USD/Ton



2020

- Oil Market Supply Crunch
- Arbitrages/ Inefficiencies
- IMO2020 Effects
- Low Fleet Supply Growth
- Floating Storage

2021 - 2022

- Economic Trend Derailed
- Low Oil Production Growth
- IMO2020 Effects
- Floating Storage

Investment Plan 2020

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Existing	Dom. Tanker	Int. Tanker	FSU	Offshore		Total
Type of Vessel	<20,000 DWT	Aframax	VLCC	Aframax	AWB	
No. of Vessels	31 Vessels	1 Vessels	8 Vessels	2 Vessels	1 Vessels	**43 Vessels**
Capacity ('000)	101.4 DWT	106.0 DWT	2,400.5 DWT	191.8 DWT	300 Pax (10.7 DWT)	**2,799.7 DWT**
Average age	15.4 Years	14.0 Years	20.9 Years	24.0 Years	9.0 Years	**16.7 Years**

Explore	Dom. Tanker	Int. Tanker	FSU	Offshore		Total
Project	**+3,000 DWT x1**	**+MR x2**	**+VLCC x1**			
	+5,000 DWT x3	**+AF x1**				
	-3,000 DWT x2					
	-5,000 DWT x3					
No. of Vessels (Inc. Existing)	**30 Vessels**	**4 Vessels**	**9 Vessels**	**2 Vessels**	**1 Vessel**	**46 Vessels**
Approx. Capacity ('000)	**100.3 DWT**	**300.0 DWT**	**2,700.0 DWT**	**191.8 DWT**	**300 Pax (10.7 DWT)**	**3,292.1 DWT**

Key Investing Concept:

Domestic Trading
New-built delivery to replace old-aged vessels

International Trading
Market expansion by product (Clean Petroleum Product)

FSU
Market Expansion

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Feedback Us

Q&A

THANK YOU

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