



บริษัท อาร์ ซี แอล จำกัด (มหาชน)
Regional Container Lines Public Company Limited

TRANSLATION

Ref. No. RCL 006 / 2019

February 22nd , 2019

Subject : Explanation for Operation Result for the Year 2018
To : The Managing Director of the Stock Exchange of Thailand

RCL's total revenues for the year 2018 grew 5% over 2017 to THB 12,262 Mil. RCL managed to clinch a year-on-year increase of 6.3% in freight income totaling THB 11,962.5 Mil. In addition, RCL's other income increased gain on exchange rate 41 Mil (123%), sale of assets 18 Mil increased 16% as well as in interest earned 2.3 Mil higher 57.6% compared to last year. Total liftings from the two core businesses for year 2018 were 869,325 TEUs for Shipper Owned Container (SOC) and 1,241,574 TEUs for Carrier Owned Container (COC), representing a year-on-year increase of 9.7% and 11.9%, respectively. Year-on-year average freight rate remained relatively unchanged at 0.5% more than that of the year 2017.

Total expenses posted was THB 12,721 Mil, an increase of 13%. These expenses comprising of administration cost and cost of freight & operations registered higher figures of THB 34 Mil (4%) and THB 1,316.2 Mil (13%), respectively on a year-on-year basis. Vis-à-vis 2017, there was a dramatic 33.6% surge in bunker cost which led to higher cost of freight & operation. Loss on impairment of vessels 50 Mil were also contributing factors to the increase in total expenses for year 2018.

In 4Q 2018, SOC liftings was 249,792 TEUs, a rise of 14% over 4Q 2017 and a 20.7% increase when compared to 3Q 2018. COC liftings of 320,807 TEUs for 4Q 2018 also saw an improvement of 9% against 4Q 2017, and was 3% more than 3Q 2018. Total TEUs liftings amounted to 570,599 or 11% growth over and above Q4 2017 and was 10% higher, when compared with 3Q 2018. Average freight rate was marginally down by 0.6% against 4Q 2017, and it was 2.8% lower than the previous quarter. Though quarter-to-quarter increase was 2.9%, RCL saw a 34.9% jump in bunker cost when compared to 4Q 2017.



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RCL Group reported a loss of THB 356 Mil for the year 2018 against a profit of THB 533.2 Mil in 2017. The unfavorable loss was substantially due to rise in cost of bunker, despite better performance in revenue and liftings, and containment of other costs.

Moving forward, amid the on-going trade war and uncertainties in the geo-political front, RCL will continue to improve its efficiency by further reducing its costs, using new technology in operation and to increase other income in the areas where possible.

Please be informed accordingly

(Company's seal)

Sincerely yours,

(Signed)

(Mr.Sumate Tanthuwani)
Managing Director