



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

Translation

Ref. No. RCL 037/2018

May 11, 2018

Subject: Explanation on 1st Quarter 2018 Operation Result

To: The Managing Director of the Stock Exchange of Thailand

For 1Q 2018, RCL posted a net loss of THB 193 Mil as against a net profit of THB 389 Mil in 4Q2017. However, it was slightly better when compared to the same quarter of 2017, when it registered a net loss of THB 261 Mil.

RCL ushered in the new year with a satisfactory 7.9% increase in total revenues when compared to the same quarter of 2017, although the total revenues THB 2,854 Mil was 13.5% lower than that of THB 3,298 in 4Q 2017, due to poor freight rate environment.

While RCL posted an increase in freight income of THB 2,829 Mil which is a 9.9% improvement over THB 2,574 Mil which recorded in same quarter of 2017, it was actually a 4.9% drop on a quarter-to-quarter basis. There was also much lesser sale of old containers, thus resulted in a 79% lower gain on assets at THB 13 Mil when compared THB 62 Mil in 1Q 2017. This was an 18.8% lower than that of 4Q 2017.

For 1Q 2018 carrying wise RCL had a total lifting 526,949 TEUs - an increase of 18.4% over 445,166 TEUs registered in 1Q 2017, with a slight improvement of 2.4% in comparison to the previous quarter. On a quarter-to-quarter as well as year-on-year basis, both SOC and COC liftings improved - with SOC contributing 220,502 TEUs and COC at 306,447 TEUs in 1Q 2018. SOC increased 14% in 1Q 2018 over 193,490 TEUs for 1Q 2017 and a slight increase of 0.45% when compared to 219,525 TEUs in 4Q 2017. At the same time COC liftings in 1Q 2018 was a healthy improvement of 21.8% against 251,676 TEUs of 1Q 2017, and was 3.8% better than 295,152 TEUs of 4Q 2017.



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RCL's average freight rate for 1Q 2018 marked only a 3% improvement year-on-year, and it was 2.9% lower than last quarter, which was in tandem with the shipping market trend.

Bunker cost for 1Q 2018 went up by a far bigger 18.6% on a year on year basis and was 11% higher than that of 4Q 2017 in view of a much higher bunker prices.

Total expenses, comprising mainly of cost of freight & operations and administration, increased on year-on-year as well as quarter-to-quarter, at 5.2%, to THB 3,076 Mil, mainly due to corresponding increases in variable and fixed cost of operation, i.e., a much higher bunker costs, charter-hire among others, amid improved liftings. But at the same time, the freight rate was only marginally better than 1Q 2017 but worse than 4Q 2017.

Please be informed accordingly.

Sincerely yours,

(Company's seal)

Signed

(Mr.Sumate Tanthuanit)

Managing Director