



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

Translation

Ref. No. RCL 043/2018

August 10, 2018

Subject: Explanation on 2st Quarter 2018 Operation Result

To: The Managing Director of the Stock Exchange of Thailand

Continuity of unfavorable freight environment and higher bunker cost in 2Q led RCL to register a net loss of THB 43 Mil, against a net loss of THB 193 Mil in 1Q 2018. This was an improvement over the last quarter. Nevertheless, the bottom line fell short when compared to the same quarter of 2017, during which it recorded a net profit of THB 162 Mil. With higher liftings, RCL clinched an increase in revenue of THB 2,924 Mil, which translated to 2.8% above the revenue for the same quarter last year. Similarly, the revenue increase was 2.4% in comparison to the previous quarter. RCL had to bear a 31.7% up-swing in its bunker cost for 2Q 2018 on a year on year basis and was 5.5% higher than that of 1Q 2018, due to the continuous rise in the key cost factor, being bunkering cost.

The average freight rate for 2Q 2018, saw a marginal year-on-year improvement of 1.1% for RCL, whilst it recorded a higher percentage increase of 5.3% vis-a-vis last quarter. In view of the above, freight income went up by a marginal 2.1% vis-à-vis 2Q 2017 and was more or less the same as 1Q 2018.

Whilst gain on sale of assets was significantly higher in 2Q 2018, it was 36.1% above 2Q 2017 and 276.9% higher than that of the 1Q 2018. RCL Group's Shipper Owned Container (SOC) liftings in 2Q 2018 was better of 3.8% increase year-on-year. As for Carrier Owned Container (COC), the liftings performance was much better, hitting a high of 11.3% increase year-on-year. Consequential to the above, total liftings recorded for 2Q 2018, an increase of 8.3% year-on-year. In comparison to previous quarter, liftings for both core business SOC and COC however dropped 12.9% and 1.1% respectively, bringing the total liftings down by 6%.



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When compared to same quarter of 2017, both cost of freight & operations and administration expenses for 2Q 2018 inched up by 11.4% and 2.2% respectively, resulting in an increase of 10.5% in total expenses. This was again mainly due to corresponding increases in variable and fixed cost of operation i.e. amongst others - higher bunker costs, charter-hire, amid improved liftings.

On a positive note, cost of freight & operations marked a 2.9% decrease and administration expense was well maintained at the same figure as last quarter. Total expenses was 2.7% lower than that incurred in 1Q 2018. In conclusion refer to financial report, volume and revenue side continued growth while cost side bunker cost kept on higher to impact profitability of the company.

Please be informed accordingly.

Sincerely yours,

(Company's seal)

Signed

(Mr.Sumate Tanthuanit)

Managing Director