

12 November 2020

Subject: Management Discussion and Analysis (MD&A) for the 3rd Quarter and 9-month period ended 30 September 2020

Attention to: The President of Stock Exchange of Thailand

LEO Global Logistics Public Company Limited and its subsidiaries (the "Company") would like to inform its operation performance for the 3rd Quarter and 9-month period of 2020 (9M2020) ended 30 September 2020 as the following details

**Special High Light: Excellent result for Q3/2020, Net Profit increased by 284% from Q3/2019. The Company and its subsidiaries improved their gross profit margin, gross profit and net profit significantly in Q3/2020. Net profit for the 9M2020 increased 10% from the same period of last year. This means that the Company has been able to strategically manage and transform its overall business performance to overcome the Covid-19 virus outbreak.**

#### Summary of Financial Performance

Unit : Million Baht (MB)	2020	2020	2019	% Change		2020	2019	% Change
	Q3	Q2	Q3	Q-o-Q	Y-o-Y	9 Months	9 Months	
Revenues-Service and Other income	253.0	310.0	231.3	-18%	9%	791.1	797.3	-1%
Gross Profit (GP)	88.0	85.2	71.2	3%	24%	243.3	241.2	1%
Gross Profit Margin (%)	35%	27%	31%			31%	30%	
Net Profit (NP)	15.1	19.0	3.9	-20%	284%	43.4	39.3	10%
Net Profit Margin (%)	6.0%	6.1%	1.7%			5.5%	4.9%	

In Q3/2020, The Company's total revenues were 253.0 MB. decreased by 18% from Q2 /2020 but increased by 9% when compared to Q3/2019. For 9M2020 comparison between 2020 and 2019, the total revenues decreased by 1%.

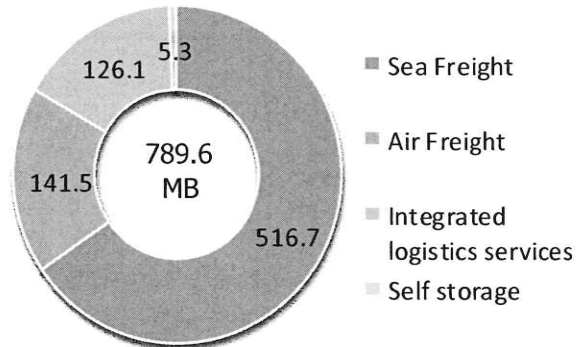
The Company's gross profit in Q3/2020 was 88 MB. increased by 3% from Q2/2020 and increased by 24% from Q3/2019. For 9M2020 the gross profit was 1% higher than 2019.

For net profit in Q3/2020, the Company earned 15.1 MB. decreased by 20% from Q2/2020 but significantly increased by 284% from Q3/2019. For 9M2020, the net profit increased by 10% when compared to 2019.

#### Service income and income portion by segment

Segment	Revenue (MB)		Portion %	
	2020 (9 Months)	Total Revenue	2019 (9 Months)	Total Revenue
1. Sea Freight	516.7	65%	555.2	70%
2. Air Freight	141.5	18%	104.5	13%
3. Integrated logistics services	126.1	16%	131.4	17%
4. Self storage	5.3	1%	4.2	1%
Total	789.6	100%	795.2	100%

## Revenue (MB)



During the first 9M2020, the service income was 789.6 MB. and gross profit was 243.3 MB. which comprised with 4 segments of business unit as the following;

- 1) **Sea Freight Service:** the Company's income from sea freight was 516.7 MB. or 65% of total service income.
- 2) **Air Freight Services:** the Company's income from air freight was 141.5 MB. or 18% of total service income.
- 3) **Integrated Logistics Services:** the income from these services including local transportation, container depot and container repair service, custom clearance service and others were 126.1 MB. or equivalent to 16% of total service income.
- 4) **Self Storage Service:** the Company's income from this business was 5.3 MB. or 1% of total service income.

### Performance Analysis

#### **Sea Freight Service**

In Q3/2020, the income from sea freight service decreased by 9% when compared to Q2/2020 and decreased 4% when compared to Q3/2019. This trend is the same for 9M2020 when compared between 2020 and 2019. In 2020 decreased about 7% from 2019. The reason of lower income came from the volume of containers decreased by Covid-19 effect.

#### **Air Freight Service**

In Q3/2020, the income from air freight service decreased 51% compared to Q2/2020, because of in Q3 of each year will be the low season of air freight business. And in Q2/2020 the Company had to deliver a huge volume of cargo which could not deliver during Q1/2020 due to Covid-19. But when compare to Q3/2019 the air freight income increased significantly 115%. For 9M2020, the revenue in 2020 was 35% up from 2019. The reason of this significant change came from limited of airline service, the air freight charge increased a lot when compare to last year. The Company was able to successfully and continuously arrange special charter flights to serve customers.

#### **Transportation Services**

The income from transportation services in Q3/2020 was 24.4 MB. a little bit increased from Q2/2020 and decreased 4% for 9M2020 when compared 2020 to 2019 due to Covid-19 effect.

#### **Container Depot and Container Repair Services**

The income from container depot and container repair services in Q3/2020 was 7.7 MB. increased from Q3/2019 about 9% and for 9M2020 when compared 2020 to 2019, the income increased 12%. This business was continuously growing up because the shipping lines need to keep their containers at the depot for longer period during the locked down period around the world as a result of Covid-19.

**Customs Clearance & other Services**

The income from customs clearance and other services in Q3/2020 was 8.2 MB. increased 1% from Q2/2020 and decreased 14% for 9M2020 when compared 2020 to 2019 because of Covid-19 effect.

**Self-Storage**

The occupancy rate of self-storage in 2020 increased by 14% from 2019 during the 9M2020. The Company increased occupancy rate impressively by the marketing and promotional campaign. Moreover, in this year the Company had expanded 12% additional space for rental service.

**Other income**

Mainly from usual dividend from affiliated companies and other normal income. That is not significant change.

**Selling and Administrative expenses**

The selling and administrative expenses for Q3/2020 was 70.6 MB. increased by 7% from Q2/2020 due to adjustment of addition incentive expense for sales team which actual expense was higher than estimated amount in Q2/2020. The actual service and profit margin revenue in Q2/2020 was more than estimated amount so the Company need to pay more sales incentive in Q3/2020. But for 9M2020, selling and administrative expenses was decreased 8.5 MB. or 4% from the same period of 2019 because of the cost control program and overseas travelling suspension.

**Financial Cost**

The Company's financial cost in Q3/2020 was 0.9 MB. decreased 0.5 MB. from Q2/2020 due to the adjustment of financial cost accordance with TFRS 16 in Q2/2020.

**Net Profit**

In Q3/2020 the Company reported net profit 15.1 MB. Increased significantly 11.2 MB (284%) from Q3/2019 but decreased from Q2/2020 due to additional sales incentive for Q2/2020 which adjusted to actual performance which is better than forecasted. For 9M2020, the net profit was 4.1 MB. more than the same period of 2019 due to ability of manage the gross profit margin and implementing and cost control program of the Company.

**Financial Ratio**

Financial Ratio	2020 (30/09/20)	2019 (31/12/19)
Gross Profit Margin (%)	31%	30%
Net Profit Margin (%)	5.5%	4.5%
Current Ratio (Times)	1.2	1.3
Debt/Equity (Times)	1.9	1.3

Please be informed accordingly.



Best Regards,



Mr. Kettivit Sittisoontornwong  
(Chief Executive Officer)  
LEO Global Logistics Public Company Limited