



# บริษัท อามา มารีน จำกัด (มหาชน)

## AMA MARINE PUBLIC CO., LTD.

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA007/2022

Aug 9, 2022

Subject: 2Q2022 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

### 2Q2022 Management Discussion and Analysis

#### Executive Summary

##### International marine logistics service

International marine logistics service reported an increase in revenue of Baht 103.91 million or 36.16% YoY due to higher average freight rate and depreciated in Thai baht exchange rate. However, Zero-Covid Policy in China caused vessels to squander time waiting for commodities increases vessels' waiting time for cargo. As a result, the company's transport volume dropped by 22,250.15 tons or 7.12% YoY.

The gross profit margin of the Company in 2Q2022 was 11.38%, down from 14.32% YoY. The higher cost of fuel was the primary factor in this quarter's decreased gross margin. Fuel price grew by 62.10% YoY, despite the fact that the freight rate only went up 32.20%.

The net profit, however, was Baht 36.62 million in 2Q2022, up Baht 25.93 million or 242.33% YoY, representing net profit margin at 9.36% up from 3.72% in 2Q2021 as a result of Exchange Rate and financial instruments gains.

##### Domestic land logistics service

Domestic land logistics service reported additional services income of Baht 113.16 million or 54.52 % YoY to record at Baht 320.73 million. Gross profit climbed by 13.40% YoY partly from the acquired business's revenue and profit. Meanwhile, the gross profit margin in 2Q2022 was 18.93%, down from 25.79% YoY, mostly due to a rise in fuel price and greater fleet maintenance costs as a result of rising tire and spare part costs.

Table 1: Key Financial Results

unit: million Baht

	2Q2021	1Q2022	2Q2022	%YoY	%QoQ
Service Income	494.91	600.64	711.98	43.86%	18.54%
Gross Profit	94.67	48.16	105.22	11.14%	118.49%
Gain (Loss) on an exchange rate	7.13	(7.49)	13.91	95.05%	285.77%
Gain (Loss) from financial instruments	(7.07)	19.21	14.46	304.53%	(24.72%)
Net profit	45.47	1.43	73.43	61.49%	5,046.07%
Gross profit margin (%)	19.13%	8.02%	14.78%		
Net profit margin (%)	9.19%	0.24%	10.31%		
Service income in USD (Separated financial statements)	9.14	8.52	11.37	24.36%	33.39%

## Economic and Industry Overview

- In 2Q2022 Palm oil is in strong demand worldwide, hence spot crude palm oil (CPO) prices are high. The crisis between Russia and Ukraine has halted sunflower oil exports. Both countries are major sunflower oil producers. As a result, many countries have to import palm oil as a substitute. Furthermore, Indonesia temporarily halts palm oil shipments, maintaining high palm oil prices. However, palm oil prices are expected to decline from the average price of the second half as it is the harvest season, resulting in more palm supply in the market. Indonesia has also launched a plan to boost exports by easing export regulations and slashing export taxes. Besides, the "Zero COVID-19" policy in China has caused a fall in the country's economy and consumer spending. Additionally, the market's worries that the economic downturn will lead to a decline in purchasing power.
- The currency exchange of US Dollar had been signed on the Company's operation in terms of the functional currency used according to TAS 21. In 2Q2022, the average of the Thai Baht to US dollar was Baht 34.44 per USD slightly depreciated from 2Q2021 at Baht 31.36 per USD, the baht tends to devalue due to the impacts of the Russo-Ukrainian War, which resulted in import restrictions, forcing product prices to rise, resulting in higher import values, affecting on the current account balance. Furthermore, the world's major central banks, particularly the US Federal Reserve (FED), have begun to implement restrictive monetary policies by hiking interest rates or diminish the economics' liquidity.
- Voluntary in crude oil price impact the Company's performance due to the fact that fuel cost classified as major transportation cost. In 2Q2022, average Brent crude oil price reported at USD 111.98 per barrel, surged by 62.10% YoY as oil prices are surging to new highs since global economic activity recovers, The Russia-Ukraine War has increased global demand for oil. As a result, Europe has halted imports of Russian oil and natural gas. However, in July and August 2022, OPEC and its crude oil production allies constantly has decided to boost production capacity from 400,000 to 648,000 barrels per day likely result in the price of oil halting its rise.

Table 2: Average Brent oil price and Exchange Rate



Source: BOT, U.S.A Energy Information Administration

## 2Q2022 Results

### 1) Revenues

Table 3: Revenues

Revenue Structure	2Q2021		2Q2022	
	million Baht	%	million Baht	%
<b><u>International marine service</u></b>				
Service income	281.22	56.82	378.21	53.12
Demurrage charge	6.12	1.24	13.05	1.83
Total revenue from marine service	287.34	58.06	391.26	54.95
<b><u>Domestic land transportation service</u></b>				
Service income	207.57	41.94	320.72	45.05
Total revenue from land service	207.57	41.94	320.72	45.05
<b>Total revenue from services</b>	<b>425.58</b>	<b>100.00</b>	<b>711.98</b>	<b>100.00</b>

2Q2022 consolidated revenues of the Company and its subsidiary posted at Baht 711.98 million, increased by Baht 217.07 million or 43.86% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 54.95% and 45.05%, respectively.

Revenue from international marine service surged by Baht 103.91 million, or 36.16% YoY resulting from a depreciated in Thai Baht by 9.82% YoY as well as an increased in average freight rate by 32.20% YoY. Moreover, demurrage charges rose by Baht 6.92 million or 113.11% YoY. Despite a minor improvement from the second quarter of 2021's average fleet utilization rate of 96.07 percent to 96.74 percent in the second quarter of 2022, Vessels entering China must undergo more screening due to China's zero-covid policy, adding to the delay in delivery. The company's transit volume consequently fell by 22,250.15 tons, or 7.1% YoY.

Revenue for domestic land transportation services in 2Q2022 was Baht 320.72 million, growing Baht 113.16 million or 54.52% from the previous year. The land transportation services' revenue was mainly composed of Baht 222.20 million in revenue from fuel cargo transportation service and Baht 98.53 million in revenue from acquisitions.

Due to a decrease in demand for transporting B100 fuel following the government's announcement of a change to the biodiesel blend formula from B7 to B5 to address the issue of the drastically increasing price of palm oil during the quarter, the fuel cargo transportation recorded a total oil transport volume of 584.07 million liters, a drop of 6.87 million liters or 1.16% YoY.

### 2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit increased by Baht 10.55 million or 11.14% YoY to record at Baht 105.22 million, representing gross profit margin at 14.78%, compared with 19.13% in 2Q2021

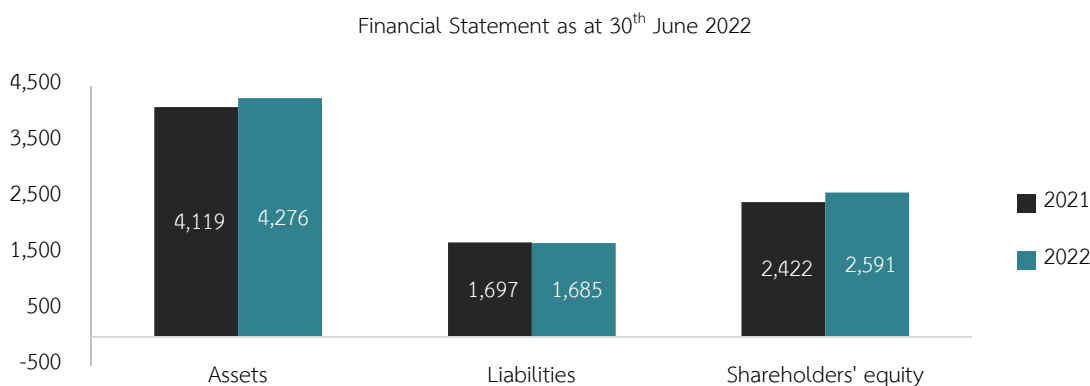
Gross Profit of Marine transport in 2Q2022 was Baht 44.52 million increased by Baht 3.38 million or 8.21% YoY, representing gross profit margin at 11.38% dropped from 14.32% YoY. The decrease in gross profit margin of marine transport was owing to a significantly increase in fuel price. According to Table 2, 2Q2022 Brent crude oil prices averaged 111.98 US dollars per barrel, up 62.10% from the previous year. The freight charge, on the other hand, has only climbed by 32.20%. Although, The Company regulates the vessel's speed to remain at an economic speed in order to reduce costs. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

The gross profit of domestic land transport in 2Q2022 was Baht 60.71 million surged by Baht 7.17 million or 13.40% YoY, the rise in gross profit corresponded to the allocated profits from the acquired company. Whereas, the gross profit margin was 18.93%, a decrease of 25.79% from the previous year. This was primarily triggered by lower oil marketing margins, which increased fuel prices, maintenance expenses due to fleets of vehicles with longer lifespans, and considerably rising tire and spare part prices, which forced the corporation to raise costs in line.

### 3) Net profit and Net profit margin

In 2Q2022, the Company and its subsidiary's consolidated net profit surged by Baht 25.77 million or 56.68% YoY to record at Baht 71.24 million. Net profit margin was 10.01% compared with 9.19% YoY due to gains from financial instruments such as oil futures contracts amounted to Baht 14.46 million and gains on foreign exchange rates of Baht 13.91 million.

## Financial Status



### 1) Assets

The Group's assets totaled Baht 4,275.72 million, surge by Baht 157.18 million (3.82%) from the previous year's end due to an increase in cash and cash equivalents, inventory, and derivative assets.

### 2) Liabilities

Liabilities for the Company and its subsidiaries totaled Baht 1,685.21 million, down by Baht 11.54 million (0.68%) from the previous year's end. This was primarily due to lower loans.

### 3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,590.51 million, increased by Baht 168.73million, or 6.97% from the previous year's end resulting from operating profits and the differences on translating financial statement.

#### Cash Flows

Table 4: Cash flows

unit: million Baht

	2Q2021	2Q2022	Change	%YoY
Net cash provided by (used in) operating activities	197.66	182.15	(15.51)	(7.84%)
Net cash provided by (used in) investing activities	(42.77)	(65.91)	(23.15)	54.12%
Net cash provided by (used in) financing activities	(282.58)	(113.13)	169.45	(59.96%)
Increase (decrease) in exchange differences on translating financial statements	(1.09)	15.55	16.64	(1,526.25%)
Net increase (decrease) in cash and cash equivalents	(128.78)	18.65	147.43	(114.49%)
Cash and cash equivalents as at 1 <sup>st</sup> January	224.97	91.83	(133.14)	(59.18%)
Adjustment effects of exchange rate	(1.69)	(2.89)	(1.20)	71.43%
Cash and cash equivalents as at 31 <sup>st</sup> March	94.50	107.59	13.09	13.85%

The period ended 30<sup>th</sup> June 2022, the Company and its subsidiaries had net cash flow received from operating activities of Baht 182.15 million, net cash flow used in investing activities of Baht 65.91 million (dry docking), and net cash flow used in financing activities of Baht 113.13 million (long-term loan repayment). Therefore, cash and cash equivalent items as of the ended 30<sup>th</sup> June 2022 was Baht 107.59 million, increased by Baht 15.76 million from 1<sup>st</sup> January 2022.

#### Key Financial Ratios

Table 5: Key Financial Ratios

	2021	2022	Change
Current ratio (times)	0.52	0.61	0.09
Quick ratio (times)	0.42	0.48	0.06
Receivables turnover ratio (times)	11.65	14.41	2.76
Average receivable collection period (days)*	30.89	24.98	(5.91)
Debt to equity ratio (times)	0.71	0.65	(0.06)
Interest bearing debt-to-equity ratio (times)	0.61	0.56	(0.05)
Return on assets (%)	5.89	6.04	0.15
Return on equity (%)	6.84	7.06	0.22

\*The Company's credit policy is 25-35 days.

Yours faithfully  
AMA Marine Public Company Limited

A handwritten signature in blue ink, consisting of several stylized, connected strokes.

(Mr. Pisan Ratchakitprakarn)  
Managing Director

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