



# บริษัท อามา มารีน จำกัด (มหาชน)

## AMA MARINE PUBLIC CO., LTD.

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA001/2023

Feb 22, 2023

Subject: 2022 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

### 2022 Management Discussion and Analysis

#### Executive Summary

##### International marine logistics service

International marine logistics service reported an increase in revenue of Baht 764.44 million or 65.40% YoY due to higher average freight rate by 59.29% and depreciated in Thai baht exchange rate. As a result, the gross profit climbed by 91.66%, or a gross profit margin of 25.96% up from 13.79% YoY, corresponding to an increase in net profit of Baht 336.74 million or 1,001.05% YoY.

##### Domestic land logistics service

The domestic land logistics service reported additional services income of Baht 369.86 million or 40.15% YoY to record at Baht 1,291.05 million. The gross profit margin in 2022 was 15.81%, down from 22.49% YoY. This was primarily triggered by a decreased freight rate as a result of price competition in the logistics sector. Additionally, 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.

Table 1: Key Financial Results

unit: million Baht

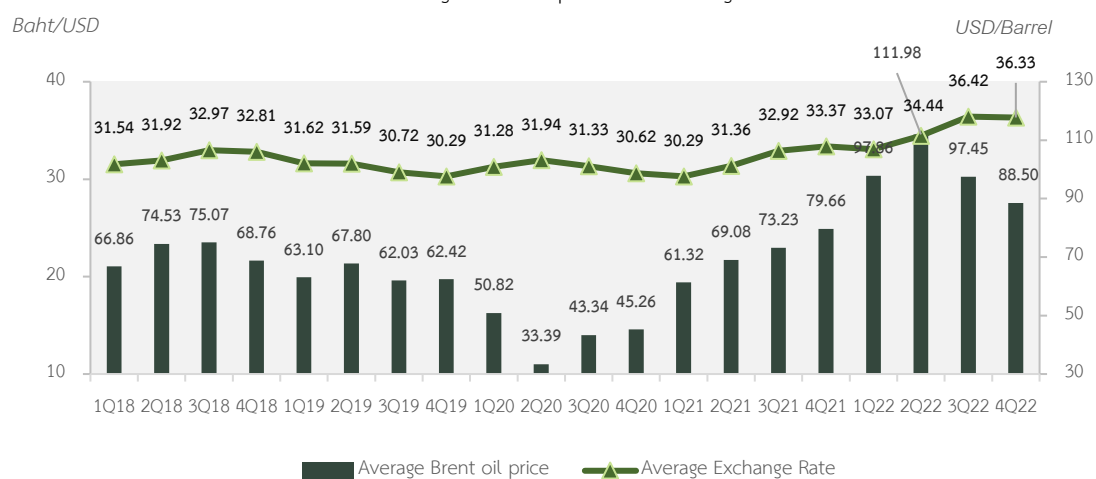
	4Q2021	3Q2022	4Q2022	%YoY	%QoQ
Service Income	648.63	949.31	962.51	48.39%	1.39%
Gross Profit	115.56	250.55	302.03	161.36%	20.55%
Gain (Loss) on disposal of assets	0.61	-	(0.06)	(109.95%)	(100.00%)
Gain (Loss) on an exchange rate	(5.89)	17.69	(25.31)	(329.68%)	(243.04%)
Gain (Loss) from financial instruments	9.06	(15.43)	12.13	33.94%	178.61%
Net profit	53.06	186.39	204.48	285.39%	9.70%
Gross profit margin (%)	17.82%	26.39%	31.38%	76.13%	18.89%
Net profit margin (%)	8.18%	19.63%	21.24%	159.66%	8.18%
Service income in USD (Separated financial statements)	9.70	17.10	17.93	84.91%	4.85%

## Economic and Industry Overview

- In 4Q2022, the price of crude palm oil (CPO) is likely to decrease from the third quarter of 2022 by about 7.24% due to the harvest season causing more palm stock in the market. In order to encourage exports, Indonesia utilizes a strategy that increases the supply of palm stock on the market while also lessening the restrictions for exports and export taxes. The Association of Palm Oil Indonesia (GAPKI) forecasts output in 2023 at about 48 million tons, about 1.3 million tons more than 2022., in line with Malaysia's forecast of output at 19 million tons, about 550,000 tons more than 2022. Owing to the COVID-19 outbreak's recovery under normal circumstances, the return of sufficient labor in terms of maintenance harvest, weather conditions, and other factors. As a result, the market price for palms could be lower in 2023 as compared to 2022.
- Over the years 2022 to 2024, the manufacturing sector's expansion is expected to be the main factor of the in-land transport service industry's average 3-5% annual growth rate. Resulting from investment in public infrastructure and trade Includes the proportion of agriculture products that are probably going to expand. Plus, the advantage of boundary and transit trade, which is growing Integrating online trading activities and the tourism industry's resurgence.
- The currency exchange of the US Dollar had been signed on the Company's operation in terms of the functional currency used according to TAS 21. In 4Q2022, the average of the Thai Baht to US dollar was Baht 36.33 per USD slightly depreciated from 4Q2021 at Baht 33.37 per USD, the average in 2022 was Baht 35.06 baht per US dollar. Depreciated slightly from 2021 at Baht 31.98 per US dollar. Analysts estimated that such baht will likely to be volatile considering its trajectory plus a bunch of uncertainty
- The concern of carbon dioxide emissions is now widely recognized due to the current environmental situation, especially in the transportation business. The International Maritime Organization (IMO) has set a target to reduce carbon dioxide emissions from transportation by at least 40% by 2030 and 70% by 2050. The Marine Environment Protection Committee (MEPC), a member of the IMO, has adopted the EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) rules which will implemented in January 2023. These regulations could also considerably lower the level of carbon dioxide released during international shipping by limiting carbon dioxide pollution from ships. Sustainable fuel economy and effective vessel operations must combine. As a result, the cost of installing machinery to regulate and maintain a watch on carbon dioxide emissions falls on the Company.
- Voluntary in crude oil price impact the Company's performance since fuel cost classified as major transportation cost. In 4Q2022, average Brent crude oil price reported at USD 88.50 per barrel, surged by 11.10% YoY, yet dropped by 9.18 QoQ. The average price in 2022 is USD 98.95 per barrel, compared to USD 70.82 in 2021 as oil prices are surging 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 the mid of 2022, OPEC and its crude oil production allies constantly has decided to boost production capacity likely result in the price of oil halting its rise together with after inflation concerns about the global economic recovery that is still highly uncertain. Causing the global economy to slow down decreased demand for oil. This affects the price of crude oil and refined oil in the world market.

Table 2: Average Brent oil price and Exchange Rate



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

## 2022 Results

### 1) Revenues

Table 3: Revenues

Revenue Structure	2021		2022	
	million Baht	%	million Baht	%
<b>International marine service</b>				
Service income	1,130.63	54.09	1,898.56	58.88%
Demurrage charge	38.32	1.83	34.83	1.08%
Total revenue from marine service	1,168.95	55.93	1,933.39	59.96%
<b>Domestic land transportation service</b>				
Service income	921.19	44.07	1,291.05	40.04%
Total revenue from land service	921.19	44.07	1,291.05	40.04%
<b>Total revenue from services</b>	<b>2,090.14</b>	<b>100.00</b>	<b>3,224.44</b>	<b>100.00</b>

2022 consolidated revenues of the Company and its subsidiary posted at Baht 3,224.44 million, increased by Baht 1,134.30 million or 54.27% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 59.96% and 40.04%, respectively.

Revenue from international marine service surged by Baht 764.44 million, or 65.40% YoY resulting from higher average freight rate 59.29% YoY as well as the depreciated in Thai Baht by 9.63% YoY.

Revenue for domestic land transportation services in 2022 was Baht 1,291.05 million, growing Baht 369.86 million or 40.15% from the previous year. The land transportation services' revenue was mainly composed of Baht 905.40 million in revenue from fuel cargo transportation service and Baht 385.65 million in revenue from acquisitions.

The fuel cargo transportation recorded a total oil transport volume of 2,351.72 million liters, surged by 66.16 million Liters or 2.89% YoY according to the implementation of public health measures until being able to relax measures and restrictions and economic recovery measures, the COVID-19 situation has shifted and has officially started to ease, especially the tourism sector, which has obviously recovered from more foreign tourists who have started to return to Thailand.

## **2) Gross profit and Gross profit margin**

The Company and its subsidiary's gross profit increased by Baht 337.63 million or 91.66% YoY to record at Baht 705.97 million, representing gross profit margin at 21.89%, compared with 17.62% in 2021.

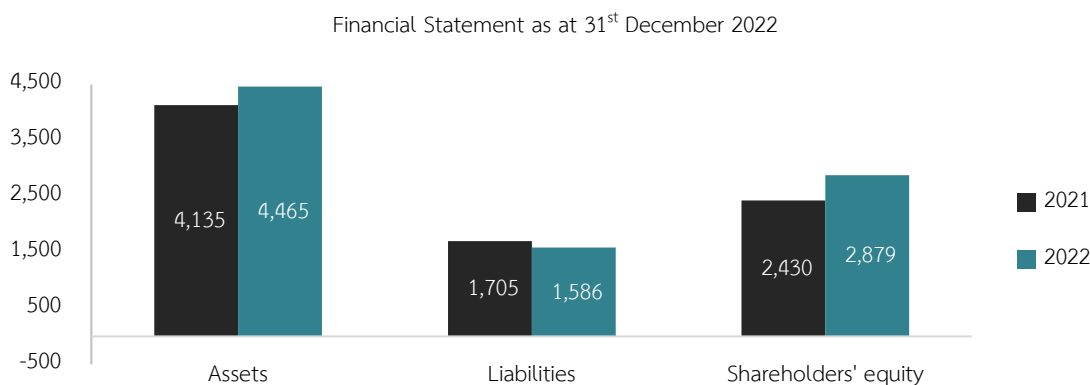
The Gross Profit of Marine transport in 2022 was Baht 501.83 million increased by Baht 340.62 million or 211.30% YoY, representing gross profit margin at 25.96% surged from 13.79% YoY. The increase in gross profit margin of marine transport was owing to a significant increase in freight rate by 59.29% YoY meanwhile the fuel price generally increases by 39.72% YoY. Furthermore, 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 2022 was Baht 204.14 million dropped by Baht 2.99 million or 1.45% YoY as well as the gross profit margin was 15.81%, decreased from 22.49% in 2021. This was primarily triggered by a decreased freight rate as a result of price competition in the logistics sector. Additionally, 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 2022, the Company and its subsidiary's consolidated net profit surged by Baht 308.92 million or 201.24% YoY to record at Baht 462.43 million. Net profit margin was 14.34% compared with 7.34% YoY. This corresponds to the increase in operating profit.

## Financial Status



### 1) Assets

The Group's assets totaled Baht 4,464.93 million, surged by Baht 329.63 million (7.97%) from the previous year's end due to an increase in cash and cash equivalents, and PPE. (Dry docking, Tank Cars and Truck)

### 2) Liabilities

Liabilities for the Company and its subsidiaries totaled Baht 1,585.71 million, down by Baht 119.60 million (7.01%) 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 2,879.23 million, increased by Baht 449.23 million, or 18.49% 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

	2021	2022	Change	%YoY
Net cash provided by (used in) operating activities	455.78	812.93	357.15	78.36%
Net cash provided by (used in) investing activities	(387.14)	(90.01)	297.13	76.75%
Net cash provided by (used in) financing activities	(204.61)	(427.61)	(223.00)	(108.98%)
Increase (decrease) in exchange differences on translating financial statements	4.64	2.56	(2.08)	(44.77%)
Net increase (decrease) in cash and cash equivalents	(131.33)	297.88	429.21	326.82%
Cash and cash equivalents as at 1 <sup>st</sup> January	224.97	91.83	(133.14)	(59.18%)
Adjustment effects of exchange rate	(1.81)	0.85	2.66	146.80%
Cash and cash equivalents as at 31 <sup>st</sup> December	91.83	390.55	298.72	325.30%

The period ended 31<sup>st</sup> December 2022, the Company and its subsidiaries had net cash flow received from operating activities of Baht 812.93 million, net cash flow used in investing activities of Baht 90.01 million (dry docking), and net cash flow used in financing activities of Baht 427.61 million (long-term loan repayment and interim dividend). Therefore, cash and cash equivalent items as of the ended 31<sup>st</sup> December 2022 was Baht 390.55 million, increased by Baht 298.72 million from 1<sup>st</sup> January 2022.

**Key Financial Ratios**

Table 5: Key Financial Ratios

	2021	2022	Change
Current ratio (times)	0.52	1.05	0.53
Quick ratio (times)	0.42	0.92	0.50
Receivables turnover ratio (times)	13.48	15.43	1.95
Average receivable collection period (days)*	26.71	23.33	(3.38)
Debt to equity ratio (times)	0.70	0.55	(0.15)
Interest bearing debt-to-equity ratio (times)	0.61	0.45	(0.16)
Return on assets (%)	5.89	12.53	6.64
Return on equity (%)	6.84	17.54	10.70

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

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director

Investor Relations

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