



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

-Translation-

Ref No. RCL 012/2023

May 12th, 2023

Subject: Management Discussion and Analysis Quarter 1 Ending 31st March 2023

To: The President

The Stock Exchange of Thailand

Regional Container Lines Public Company Limited (the “Company” or “RCL”) would like to inform that the Company recorded its net profit for the first quarter of 2023 of THB 913 million, decreased from the fourth quarter of 2022 wherein a net profit of THB 2,616 million was achieved or decreased by 65%, whereas the total lifting dropped by 8%, mainly due to the long holiday season in China and Asia as well as market conditions. However, in comparison to the first quarter of 2022, the Company's net profit declined by THB 7,310 million. The decline could be primarily attributed to a substantial decrease in freight rates which gradually dropped from \$773 per TEU in the first quarter of 2022, which was an extraordinary freight rate caused by port congestion as a result of the COVID situation. Consequently, there were shortages of vessels to meet the market demand, resulting in extraordinarily high freight rates.

As aforementioned, the freight rate gradually dropped to \$472 per TEU and \$394 per TEU in the fourth quarter of 2022 and the first quarter of 2023, respectively. This was mainly due to the alleviation in port congestion after COVID pandemic as well as the decrease in the demand resulting from global economic slowdown. Nevertheless, in the first quarter of 2023, the freight rate remained higher than the pre-COVID situation; meanwhile, the total lifting decreased by 11% during the same period compared to the previous year.

In the first quarter of 2023, several adverse factors affected the container shipping market, including global economic slowdown, inflation, high bunker prices, and geopolitical conflicts. However, through the implementation of cost-conscious measures, the Company successfully reduced both fixed and variable operating costs. Consequently, the Company has been able to sustain its net profit at the aforementioned level.

According to the situation in the container shipping industry above, freight rates and lifting volumes have adjusted to the pre-COVID period. The market has also become more competitive. In response to intensifying market competition, the Company has proactively adapted to the changing economic and market landscape by expanding its markets beyond intra-Asia destinations including Africa, implementing reefer container business, and modernizing its fleet to enhance operational efficiency. Concurrently, internal processes have been optimized through various initiatives such as human resource development, digitalization, and operational excellence. These endeavors collectively aim to augment service quality and improve cost efficiency.



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Lastly, the Company is pleased to inform that M.V. Thanya Bhum, a 12,000 TEUs vessel, entered the Company's fleet in February this year. The aforesaid vessel has entered into a time charter agreement with a third party already. Additionally, the Company has engaged in an agreement to sell a vessel that exceeds 25 years of age, which is anticipated to deliver to the buyer within the second quarter of 2023. At the same time, the Company has also entered into agreements for purchasing new and second-hand vessels, with capacities of 1,900 TEUs and 1,700 TEUs, respectively. These acquisitions are scheduled to be integrated into the fleet during the second quarter of 2023, to enhance the Company's fleet efficiency aligning with its strategic objectives and business plans.

Please be informed accordingly,

Yours faithfully,

-signed-

Mr. Twinchok Tanthuanit

President

Company Secretary

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