

No. PLT/MAI-002/2566

12 May 2023

 Subject Management Discussion and Analysis for 1st quarter of 2023

Dear Managing Director

The Stock Exchange of Thailand

Pilatus Marine Public Company Limited and its subsidiary would like to report the operating result for the 1st quarter of 2023 period ended March 31, 2023, the details are as follows;

1.Performance Overview

	Quarter 1/2022		Quarter 1/2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	189.95	100.00%	200.80	100.00%	10.85	5.71%
Cost of services	(158.56)	(83.47%)	(158.43)	(78.90%)	(0.13)	(0.08%)
Gross profit	31.39	16.53%	42.37	21.10%	10.98	34.98%
Other income	0.22	0.12%	0.39	0.19%	0.17	77.27%
Profit before expenses	31.61	16.64%	42.76	21.29%	11.15	35.27%
Distribution costs	(0.01)	(0.01%)	0.00	0.00%	(0.01)	(100.00%)
Administrative expenses	(11.43)	(6.02%)	(14.08)	(7.01%)	2.65	23.18%
Other expenses	(0.06)	(0.03%)	(0.01)	(0.00%)	(0.05)	(83.33%)
Total expenses	(11.50)	(6.05%)	(14.09)	(7.02%)	2.59	22.52%
Profit from operating activities	20.11	10.59%	28.67	14.28%	8.56	42.57%
Finance income	0.00	0.00%	0.00	0.00%	0.00	0.00%
Finance costs	(3.88)	(2.04%)	(3.64)	(1.81%)	(0.24)	(6.19%)
Profit before income tax expense	16.23	8.54%	25.03	12.47%	8.80	54.22%
Tax expense	(3.17)	(1.67%)	(4.93)	(2.46%)	1.76	55.52%
Profit for the year	13.06	6.88%	20.10	10.01%	7.04	53.91%

An overview of the 1st quarter of 2023, the revenue increased 5.71% and the gross margin increased 34.98% and net income increased 53.91% due to the domestic diesel price rising continuously. There was a negotiation with the partners for adjusting the freight rates in 2022, and it was adjusted in March 2022, and fully gained the result of increment of freight rates in 2nd quarter of 2022. The volume of oversea transportation decreased because of the decrease in transportation volume of oversea customer. However, the gross margin of the Company increased due to the world oil price in overall of 1st quarter of 2022 declined from 1st quarter of 2022, while the government still freeze the higher of oil prices.

2. Revenues from services

As the performance of 1st quarter of 2023, the Company and its subsidiary had total service revenue 200.80 million baht which increase by 10.85 million baht or 5.71% from the 1st quarter of 2022. The revenue from services are details as follows.

Type of Revenue	1 st quarter of 2021		1 st quarter of 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Marine service</u>	177.29	93.34%	188.11	93.68%	10.82	6.10%
Domestic	165.69	87.23%	184.40	91.84%	18.71	11.29%
● COA ^{1/} Domestic Route	164.10	86.39%	182.90	91.09%	18.80	11.46%
● Spot ^{2/} Domestic Route	1.59	0.84%	1.50	0.75%	(0.09)	(5.66%)
Oversea	11.60	6.11%	3.71	1.85%	(7.89)	(68.02%)
● COA Oversea Route	11.60	6.11%	3.71	1.85%	(7.89)	(68.02%)
● Spot Oversea Route	-	-	-	-	-	-
<u>Motor service</u>	12.66	6.66%	12.69	6.32%	0.03	0.24%
Domestic	9.58	5.04%	12.69	6.32%	3.11	32.46%
Oversea	3.08	1.62%	-	0.00%	(3.08)	(100.00%)
Total revenues from services	189.95	100.00%	200.80	100.00%	10.85	5.71%

Remark:

^{1/} COA means the Contract of Affreightment which is a transportation contract as the contract period.

^{2/} Spot means Spot Charter which is a commissioning of individual transport according to demand of customers.

In 1st quarter of 2023, the Company and its subsidiary had revenue from marine service 188.11 million baht, with an increase of 10.82 million baht, or 6.10% from the same period of previous year due to the freight rate is reference from the retail price of diesel fuel at the service stations increased 16.29% from the global economy, and there are adjustment of the freight rate increased by 2%-4% in some contract from the same period of previous year, it affected to increase of revenue in 1st quarter of 2023, although, the volume of transportation had slightly decreased from the decrease in transportation volume of oversea customer.

In 1st quarter of 2023, the Company and its subsidiary had revenue from motor service 12.69 million baht, with an increase of 0.03 million baht, or 0.24% from the same period of previous year, divided into an increase of 3.11 million baht in domestic transportation, or 32.46% due to volume of domestic transportation which increased from demand in using gas after easing control measures for COVID-19. Including increase of retail price of diesel fuel at the service stations in average 16.29%, it affected to increase in revenue from motor services, although there are decrease in volume of oversea transportation due to the partner of oversea customer change to purchase goods with other supplier groups.

3. Cost of services

In 1st quarter of 2023, the Company and its subsidiary had total cost of services 158.43 million baht, with an increase of 0.13 million baht or 0.08% from the same period of previous year. The cost of services are details as follows.

The Company and its subsidiary had decreased in cost of marine services 0.70 million baht, or 0.47% due to the vessel depreciation decreased 8.64 million baht or 21.65% due to increment of Dry-Dock in previous year, while the fuel cost and lubricant costs increased from the same period of previous year by 6.82 million baht, or 11.85%, the main cause came from increment of oil price in global market, it affected to the fuel cost and lubricant costs increased in 1st quarter of 2023 which shown the diesel fuel increased around 5-6 baht per liter, however the fuel oil had slightly decreased. Moreover, the employee expenses increased from growth rate of salary and provided the provident fund which the Company pays in 2% which start in April 2022, it affected to decrease in the cost of marine service in slightly from the same period of previous year.

The cost of motor transportation services had increased 0.57 million baht, or 5.24% from the same period of previous year, due to fuel cost and lubricant costs increased 0.46 million baht, or 9.19% from the previous year due to the increment of motor transportation volume.

4. Gross Profit and Gross Profit Margin

In 1st quarter of 2021 and 1st quarter of 2022, the Company and subsidiary had gross profit of 16.53% and 21.10%, respectively, with a growth rate as 34.98%. The gross profit of the Company and subsidiary in the marine transport service by 11.51 million baht, or 38.90%, mainly due to retail price of diesel fuel at the service stations in 1st quarter of 2023 increased higher than 1st quarter of 2022 as the result of freeze the oil price by government. It affected to increment of revenue which had freight rate referred from the retail price of diesel fuel. While the fuel oil which was the oil using for maritime had decreased, it affected to the difference between oil price which determined the sale price and used oil cost increased 30%-50%, therefore the gross profits had increased in this quarter.

The gross profit of the Company and subsidiary in the motor transportation service had decreased 0.53 million baht, or 29.29%. The cause came from increased of Dry-Dock and employee expenses from growth rate of salary and provided the provident fund.

5. Administrative Expenses

In 1st quarter of 2023, the administrative expenses of the Company and subsidiary had increased 2.65 million baht, or 23.18% from the same period of the previous year. The main cause came from the increase of listing expenses such as financial advisor etc.

6. Finance costs

The finance costs of the Company and subsidiary had decreased 0.24 million baht, or 15.45% from the same period of previous year due to the Company change to use the long-term instead of using short-term loans which had a lower interest rate.

7. Statement of Financial Position

Unit: Million Baht

Assets	31-Dec-22	31-Mar-23	%
Current assets			
Cash and cash equivalents	26.03	36.71	41.03%
Trade and other current receivables	85.90	78.97	-8.07%
Inventories	10.10	9.78	-3.17%
Non-current assets classified as held for sale	7.65	7.65	0.00%
Other current financial assets - cash at bank	0.14	0.14	0.00%
Total current assets	129.82	133.25	2.64%
Non-current assets			
Plant and equipment	665.12	650.66	-2.17%
Other non-current assets	13.58	21.61	59.13%
Total non-current assets	678.70	672.27	-0.95%
Total assets	808.52	805.52	-0.37%

Liabilities and shareholders' equity	31-Dec-22	31-Mar-23	%
Current liabilities			
Trade and other current payables	62.67	58.49	-6.67%
Current portion of long-term borrowings	44.38	44.58	0.45%
Current portion of lease liabilities	45.06	54.04	19.93%
Other current liabilities	3.56	6.13	72.19%
Total current liabilities	155.67	163.24	4.86%
Non-current liabilities			
Long-term borrowings	66.71	55.49	-16.82%
Lease liabilities	89.81	70.32	-21.70%
Deferred tax liabilities	71.37	71.25	-0.17%
Other non-current liabilities	13.41	13.57	1.19%
Total non-current liabilities	241.30	210.63	-12.71%
Total liabilities	396.97	373.87	-5.82%

Financial Ratio	31-Dec-22	31-Mar-23
Current ratio	0.83	0.82
Debt to Equity ratio	0.96	0.87
Return on assets	7.63%	9.96%
Return on Equity	15.44%	19.07%

Liabilities and shareholders' equity	31-Dec-22	31-Mar-23	%
Total shareholders' equity	411.55	431.65	4.88%
Total liabilities and shareholders' equity	808.52	805.52	-0.37%

Assets

The Company and subsidiary' total assets had decreased 3.00 million baht, or 0.37% from 2022. Total current assets had increased 3.43 million baht or 2.64%, while total non-current assets had decreased 6.43 million baht or 0.95%, the mainly causes are as follows:

- Cash and cash equivalents had increased 10.68 million baht from 2022 due to the cash flows from operations.
- Trade accounts and other current receivables had decreased 6.93 million baht, or 8.07% from 2022, a result came from the decrease of trade accounts which is in line of the decrease of revenue when compared with 4th quarter of 2022
- Net plant and equipment had decreased 14.46 million baht, or 2.17% from 2022 due to the depreciation for the period.
- Other non-current assets had increased 8.03 million baht, or 59.13% from 2022 due to paid the deposit for equipment and trucks.

Liabilities

The Company and its subsidiary had total liabilities 23.10 million baht, or 5.82% from 2022. Total current liabilities had increased 7.57 million baht or 4.86% and total non-current liabilities had decreased 30.67 million baht or 12.71%, the mainly causes are as follows:

- Current portion of lease liabilities had increased 8.98 million baht, or 19.93% due to there are 2 vessels which reach the maturity date in accordance with the contract in 1st quarter of 2024 and had the Dry-Dock as contract around 10 million baht.
- Long-term loan and lease liabilities had decreased from 2022 due to payment for the period.

Shareholders' Equity

As of 31 March 2023, shareholders' equity of the Company and its subsidiary had increased 20.10 million baht or 4.88% due to the operating income in 1st quarter of 2023.

9. Cash Flow Statements

Unit : Million Baht

Transaction	1 st quarter of 2022	1 st quarter of 2023
Net cash provided by (used in) operating activities	69.35	64.65
Net cash provided by (used in) investing activities	(17.95)	(28.79)
Net cash provided by (used in) financing activities	(43.48)	(25.18)
Net increase (decrease) in cash and cash equivalents	7.92	10.68
Cash and cash equivalents as at the beginning of the year	11.46	26.03
Cash and cash equivalents as at the end of the year	19.38	36.71

Cash flows from operating activities

For the 1st quarter of 2023, the Company and its subsidiary had net cash provided by operating activities 64.65 million baht, which nearly with 1st quarter of 2022.

Cash flows from investing activities

For the 1st quarter of 2023, the Company and its subsidiary had net cash used in investing activities 28.79 million baht, the significant transaction was Dry Dock and there was deposits of equipment and trucks.

Cash flows from financing activities

For the 1st quarter of 2023, the Company and its subsidiary had net cash used in financing activities 25.18 million baht, mainly causes came from payment of financial lease, payment of loan from financial institutions.