



บริษัท อาม่า มารีน จำกัด (มหาชน) AMA MARINE PUBLIC CO., LTD.

ทะเบียนเลขที่ 0107559000231

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Subject: 2Q2023 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

2Q2023 Management Discussion and Analysis

Executive Summary

International marine logistics service

The International marine logistics service reported a decrease in revenue of Baht 20.92 million or 5.35% YoY to record at Baht 370.33 million due to 2.42% drop in average freight rate and 3.13% drop in freight volume.

The gross profit climbed by Baht 7.95 million or 17.64% YoY, representing a gross profit margin in 2Q2023 of 14.14% higher than the same period of the year since because of falling fuel prices. However, net profit in this quarter decreased by Baht 16.45 million or 44.92% to Baht 20.17 million due to lower gains from foreign exchange and financial instruments.

Domestic land logistics service

The domestic land logistics service reported additional services income of Baht 21.99 million or 6.86 % YoY to record at Baht 342.72 million. The gross profit margin in 2Q2023 was 16.52%, down from 18.93% YoY. This was primarily triggered by a decreased freight rate because of price competition in the transportation sector. Additionally, 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. The company also has a new business in 2023, specifically in temperature-controlled transportation (Cold Chain Logistics service).

Table 1: Key Financial Results

unit: million Baht

	2Q2022	1Q2023	2Q2023	%YoY	%QoQ
Service Income	711.98	754.31	713.05	0.15%	-5.47%
Gross Profit	105.22	142.84	108.99	3.57%	-23.70%
Gain (Loss) from disposal of assets	-	0.13	0.00	100.00%	-99.52%
Gain (Loss) on an exchange rate	13.91	(8.67)	3.66	-73.65%	142.25%
Gain (Loss) from financial instruments	14.46	7.40	0.57	-96.05%	-92.29%
Net profit	73.43	80.82	51.95	-29.25%	-35.72%
Gross profit margin (%)	14.78%	18.94%	15.28%	3.42%	-19.29%
Net profit margin (%)	10.31%	10.71%	7.29%	-29.36%	-32.00%

	2Q2022	1Q2023	2Q2023	%YoY	%QoQ
Service income in USD (Separated financial statements)	11.37	12.48	10.62	-6.58%	-14.91%

Economic and Industry Overview

- Analysts anticipate that the price of crude palm oil (CPO), which has been declining since May 2023, will decrease given the current abundance of palm oil on the market as the palm oil harvesting season has officially begun. Likewise, the El Nio occurrence Due to South America's significant rainfall in the second half of the year, soybean oil production as a replacement for crude palm oil rose. Additionally, reducing the price of vegetable oil on the global market. Besides, a substantial amount of sunflower seed oil has also been pushed into the market. The average palm price trend in 2023 could therefore be lower than the average price in 2022.
- The potential of cold chain logistics in Thailand has been growing steadily in line with market demand. Chilled or frozen goods grew at an average of 7.1% (CAGR) and cold chain transport revenue grew at an average of 34.80% (CAGR), driven by the fact that Thailand is the world's food exporter plus electronic commerce growing exponentially including the demand for drugs and medical supplies is very high during the COVID-19 (Source: Office of Trade Policy and Strategy Ministry of Commerce)
- 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 2Q2023, the average of the Thai Baht to US dollar was Baht 34.74 per USD slightly appreciated from 2Q2022 at Baht 34.87 per USD, 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 were 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.
- The voluntary rise in crude oil price impacts the Company's performance since fuel cost classified as major transportation cost. In 2Q2023, average Brent crude oil price reported at USD 77.73 per barrel, dropped by 30.59% YoY and 5.28% QoQ. Crude oil prices are still volatile due to many factors. Either are concerned about

the crude oil supplies because of the OPEC+ group's agreement to lower daily crude oil production by 1.16 million barrels whereas China's demand for oil tends to rise in tandem with their economy's resurgence. Even when the COVID issue has been rectified, there are still issues with the finance sector. However, there are still concerns about the financial sector. After the US policy rate is at 4.75–5.00%, while the US manufacturing index remaining low indicates a recession. This reduced demand for oil which impacted on the price of crude and refined oil on the global market.

Table 2: Average Brent oil price and Exchange Rate



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

2Q2023 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2Q2022		2Q2023		Increase / (Decrease)	
	million Baht	%	million Baht	%	million Baht	%
<u>International marine service</u>						
Service income	378.21	53.12	362.29	50.81	(15.92)	(4.21%)
Demurrage charge	13.05	1.83	8.04	1.13	(5.00)	(38.33%)
Total revenue from marine service	391.26	54.95	370.33	51.94	(20.92)	(5.35%)
<u>Domestic land transportation service</u>						
Service income	320.73	45.05	342.72	48.06	21.99	6.86%
Total revenue from land service	320.73	45.05	342.72	48.06	21.99	6.86%
Total revenue from services	711.98	100.00	713.05	100.00	1.07	0.15%

2Q2023 consolidated revenues of the Company and its subsidiary posted at Baht 713.05 million, increased by Baht 1.07 million or 0.15% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 51.94% and 48.%, respectively.

Revenue from international marine service dropped by Baht 20.92 million, or 5.35% YoY. The main factor contributing to this decline is the decrease in freight rates by 2.42%, due to a reduced demand for palm oil resulting from the significant supply of sunflower oil to the market from Russia and Ukraine at low prices. This is compounded by a decrease in transportation volume by 3.13% due to the company having 2 vessel dry-docking while there was only one vessel dry-docking in 2Q2022.

Revenue for domestic land transportation services in 2Q2023 was Baht 342.72 million, growing Baht 21.99 million or 6.86% from the previous year. Revenue consists of income from transportation of liquid goods in the amount of Baht 248.82 million, income from cold chain logistics service, new business unit of the Company, at Baht 3.12 million, and income from gas transportation and containers of Baht 83.11 million and revenue from car transportation of Baht 7.67 million.

Revenue from fuel cargo transportation service surged by Baht 26.62 million or 11.98% YoY. The fuel cargo transportation recorded a total oil transport volume of 646.18 million liters, surged by 62.10 million Liters or 10.63% YoY. Some of this increase came from the addition of vehicles in the fleet, which grew from 254 to 264 vehicles. This rise is due to the higher demand for oil resulting from the easing of the pandemic situation and economic stimulus measures, particularly in the tourism sector, which has shown clear signs of recovery. Additionally, the high yield of agricultural products during the harvest season contributed significantly to the transportation demand. However, the volatility of plastic pellet prices, which increased to the point of becoming unexportable, was a factor that led to a decrease in the transportation demand. Furthermore, the sluggish economy affecting domestic car sales significantly contributed to the reduction in revenue from car transportation services.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit increased by Baht 3.76 million or 3.57% YoY to record at Baht 108.99 million, representing gross profit margin at 15.28%, compared with 14.78% in 2Q2022.

The Gross Profit of Marine transport in 2Q2023 was Baht 52.37 million increased by Baht 7.85 million or 17.64 % YoY, representing gross profit margin at 14.14% compared to loss profit margin in 2Q2022 at 11.38%.

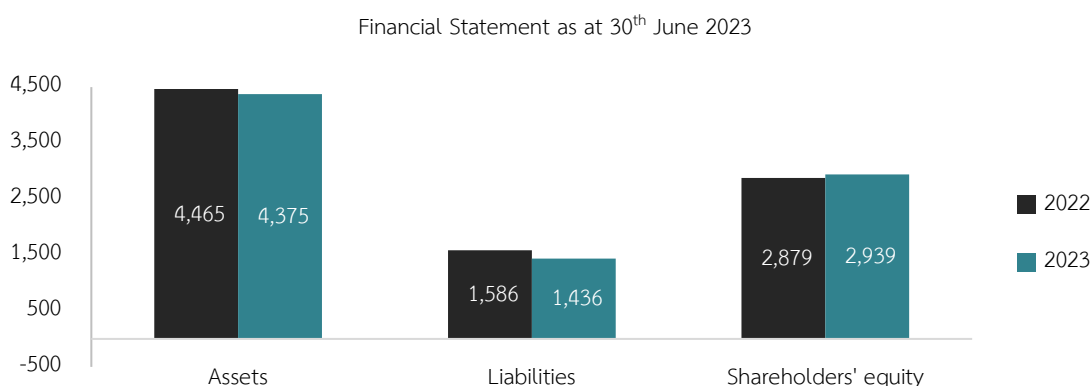
The higher gross profit of marine transport was primarily due to the average oil prices adjusting down by 30.59%. Furthermore, The Company regulates the vessel's speed to remain at an economic speed to reduce costs. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

The gross profit of domestic land transport in 2Q2023 was Baht 56.61 million dropped by Baht 4.09 million or 6.74% YoY, representing gross profit margin at 16.52 % compared to 18.93% in 2Q2022. This was primarily triggered by a decreased freight rate because of price competition in the transportation sector. Additionally, 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 2Q2023, the Company and its subsidiary’s consolidated net profit decreased by Baht 21.48 million or 29.25% YoY to record at Baht 51.95 million. Net Profit margin was 7.29% compared with a gross profit margin at 10.31% YoY due to the lower gains from foreign exchange and financial instruments.

Financial Status



1) Assets

The Group's assets totaled Baht 4,375.40 million, down by Baht 89.53 million (2.01%) from the previous year's end due to lower cash and cash equivalents.

2) Liabilities

Liabilities for the Company and its subsidiaries totaled Baht 1,436.48 million, down by Baht 149.23 million (9.41%) 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 2,938.92 million, surged by Baht 59.69 million, or 2.07% from the previous year's end resulting from operating profits.

Cash Flows

Table 4: Cash flows

unit: million Baht

	2Q2022	2Q2023	Change	%YoY
Net cash provided by (used in) operating activities	182.15	274.41	92.26	50.65%
Net cash provided by (used in) investing activities	(65.91)	(96.38)	(30.46)	46.22%
Net cash provided by (used in) financing activities	(113.13)	(330.37)	(217.24)	192.03%
Increase (decrease) in exchange differences on translating financial statements	15.55	13.62	(1.92)	-12.38%
Net increase (decrease) in cash and cash equivalents	18.65	(138.71)	(157.37)	-843.59%
Cash and cash equivalents as at 1 st January	91.83	390.55	298.72	325.30%
Adjustment effects of exchange rate	(2.89)	(1.53)	1.36	47.03%
Cash and cash equivalents as at 30 th June	107.59	250.31	142.72	132.65%

The period ended 30th June 2023, the Company and its subsidiaries had net cash flow received from operating activities of Baht 274.41 million, net cash flow used in investing activities of Baht 96.38 million (Dry Docking), and net cash flow used in financing activities of Baht 330.37 million (long-term loan repayment, Dividend Paid). Therefore, cash and cash equivalent items as of the ended 30th June 2023 were Baht 250.31 million, decreased by Baht 140.24 million from 1st January 2023.

Key Financial Ratios

Table 5: Key Financial Ratios

	2022	2023	Change
Current ratio (times)	1.05	0.92	-0.13
Quick ratio (times)	0.92	0.78	-0.14
Receivables turnover ratio (times)	15.47	16.02	0.55
Average receivable collection period (days)*	23.28	22.48	-0.80
Debt to equity ratio (times)	0.55	0.49	-0.06
Interest bearing debt-to-equity ratio (times)	0.45	0.39	-0.06
Return on assets (%)	12.53	13.43	0.90
Return on equity (%)	17.54	18.00	0.46

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

Yours faithfully

AMA Marine Public Company Limited

(Mr. Pisan Ratchakitprakarn)

Managing Director