



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA009/2023

Nov 10, 2023

Subject: 3Q2023 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

3Q2023 Management Discussion and Analysis

Table 1: Key Financial Results

unit: million Baht

	3Q2022	2Q2023	3Q2023	%YoY	%QoQ
Service Income	949.31	713.05	757.06	-20.25%	6.17%
Gross Profit	250.55	108.99	134.75	-46.22%	23.64%
Gain (Loss) from disposal of assets	-	0.00	0.02	100.00%	2700.95%
Gain (Loss) on an exchange rate	17.69	3.66	(0.45)	-102.54%	-112.29%
Gain (Loss) from financial instruments	(15.43)	0.57	8.98	158.20%	1475.44%
Net profit	186.39	51.95	85.82	-53.96%	65.20%
Gross profit margin (%)	26.39%	15.28%	17.80%	-32.56%	16.49%
Net profit margin (%)	19.63%	7.29%	11.34%	-42.23%	55.56%
Service income in USD (Separated financial statements)	17.10	10.62	12.15	-28.95%	14.41%

Economic and Industry Overview

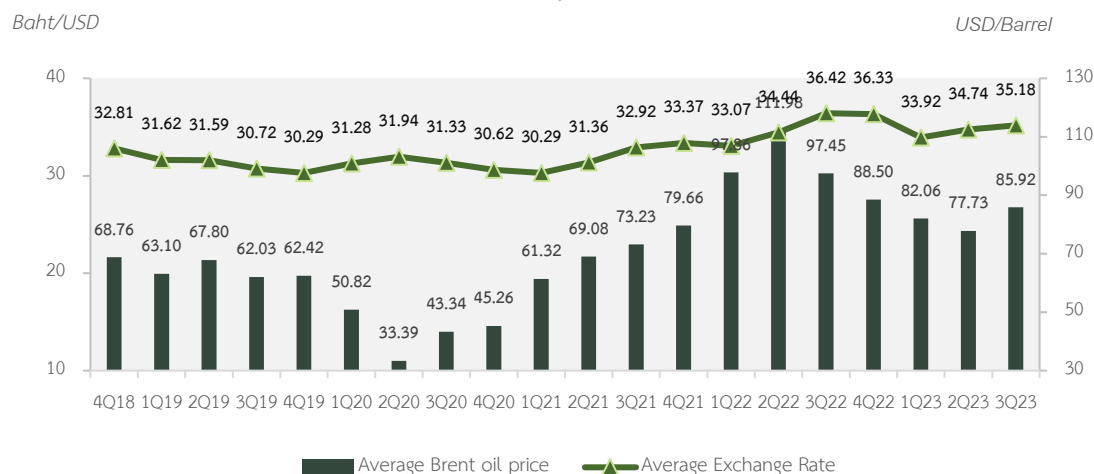
- Analysts anticipate that the price of crude palm oil (CPO), which has been declining since May 2023, will decrease given the current abundance of palm oil on the market as the palm oil harvesting season has officially begun. Likewise, the El Niño occurrence Due to South America's significant rainfall 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. Analysts predict that the El Niño phenomenon in the Asian continent may lead to hot and dry weather, potentially lasting until the end of 2024. This could result in a reduced yield of palm oil production in the coming year, subsequently influencing an increase in palm oil prices.
- Overview of fuel consumption from January to September 2023 indicates that the average daily consumption of gasoline is 31.70 million liters, an increase of 4.3% compared to the same period in the previous year. Diesel consumption averages 69.16 million liters per day, reflecting a decrease of 4.5%. In a ministerial meeting on September 13, 2023, it was resolved to approve a diesel tax reduction of 2.50 Baht per liter and establish a fuel fund to stabilize diesel prices below 30 Baht per liter. This policy, effective from September 20 to

December 31, 2023, aims to alleviate energy expenses for the public and businesses. The Department of Energy Business anticipates a 3.10% increase in fuel consumption in the fourth quarter of 2023 (October to December) compared to the third quarter (July to September). This projection is attributed to the onset of the tourist season and the harvesting period. Diesel consumption is expected to rise by 8.20%, kerosene by 3.50 percent, and gasoline by 0.3%. However, LPG consumption is predicted to decrease by 9.7 percent due to reduced petrochemical production. For the overall fuel consumption forecast for 2023, an average of 153.08 million liters per day is expected, indicating a 1.0% increase from 2022. The significant rise is primarily attributed to increased consumption of commercial aviation fuel (Jet A1), up by 53.6%. This surge is linked to the recovery of the tourism sector following the COVID-19 pandemic and the government's announcement of a visa-free policy, expected to boost air travel in the future. (Source: Department of Energy Business, Ministry of Energy)

- 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 3Q2023, the average of the Thai Baht to US dollar was Baht 35.18 per USD slightly appreciated from 3Q2022 at Baht 36.42 per USD, Analysts project that the Thai Baht will strengthen in the fourth quarter and gradually appreciate throughout the following year. This is based on the economic recovery trend in Thailand and the Federal Reserve's monetary policy, which is expected to be less stringent in the coming year, leading to a gradual depreciation of the U.S. dollar. It is anticipated that the Thai Baht will be in the range of 35-36 Baht per U.S. dollar by the end of 2023 and will further strengthen to the range of 33-34 Baht per U.S. dollar by the end of 2024.
- 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 3Q2023, average Brent crude oil price reported at USD 85.92 per barrel, dropped by 11.83% YoY but increased 10.54% QoQ. Crude oil prices are still volatile due to many factors. However, there are indications of a downward trend in oil prices due to concerns about the global economic downturn and the decision by OPEC+ to increase oil exports by 1.0 million barrels per day. This is a result of internal struggles within the Middle Eastern group. Additionally, China's export volume decreased by 6.4% in October, marking the sixth consecutive monthly decline. This is attributed to the weakened demand for Chinese goods and services in the global market. Furthermore, it is anticipated that China's oil refineries will reduce crude oil refining towards the end of the year, acting as a limiting factor for oil demand in the country. Analysts predict a downward trajectory for oil prices in the fourth quarter of this year.

Table 2: Average Brent oil price and Exchange Rate



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

3Q2023 Results

1) Revenues

Table 3: Revenues

Revenue Structure	3Q2022		3Q2023		Increase / (Decrease)	
	million Baht	%	million Baht	%	million Baht	%
International marine service						
Service income	608.05	64.05	419.16	55.37	(188.88)	(31.06)
Demurrage charge	10.60	1.12	8.71	1.15	(1.88)	(17.83)
Total revenue from marine service	618.64	65.17	427.88	56.52	(190.77)	(30.84)
Domestic land transportation service						
Service income	330.66	34.83	329.19	43.48	(1.48)	(0.45)
Total revenue from land service	330.66	34.83	329.19	43.48	(1.48)	(0.45)
Total revenue from services	949.31	100.00	757.06	100.00	(192.25)	(20.25)

3Q2023 consolidated revenues of the Company and its subsidiary posted at Baht 757.06 million, decreased by Baht 192.25 million or 20.25% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 56.52% and 43.48%, respectively.

Revenue from international marine service dropped by Baht 190.77 million, or 30.84% YoY. The main factor contributing to this decline is the decrease in freight rates by 28.45%, due to the global economic recession.

Revenue for domestic land transportation services in 3Q2023 was Baht 329.19 million, dropped by Baht 1.48 million or 0.45% from the previous year. Revenue consists of income from transportation of liquid goods in the number of Baht 230.91 million, income from cold chain logistics service, new business unit of the Company, at Baht 6.95 million, and income from gas transportation and containers of Baht 82.59 million and revenue from car transportation of Baht 8.73 million.

Revenue from fuel cargo transportation service gradually surged by Baht 0.16 million or 0.07% YoY. The fuel cargo transportation recorded a total oil transport volume of 602.46 million liters, surged by 18.93 million Liters or 3.24% YoY. Some of this increase came from the addition of vehicles in the fleet, which grew from 254 to 264 vehicles. Nevertheless, Thailand's export situation in this quarter has declined significantly by 3.98% compared to the same quarter of the previous year. This decrease has led to a reduction in the transportation volume for container businesses. Additionally, the challenging economic conditions have resulted in a substantial decline in domestic car sales, significantly impacting revenue from car transportation.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit decreased by Baht 115.80 million or 46.22% YoY to record at Baht 134.75 million, representing gross profit margin at 17.80%, compared with 26.39% in 3Q2022.

The Gross Profit of Marine transport in 3Q2023 was Baht 99.58 million dropped by Baht 103.19 million or 50.89% YoY, representing gross profit margin at 23.27% compared to loss profit margin in 3Q2022 at 32.78%. The current year's gross profit and reduced gross profit margin have been directly influenced by the modified freight rate, which has been hit by the global economic slump, as well as the restoration of the freight rate to normalcy reflecting fuel prices. Meanwhile, various factors, including notably increased demand for palm oil and the impact of the Russia-Ukraine crisis, resulted in a significant rise in the freight rate at the same time the previous year. However, 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.

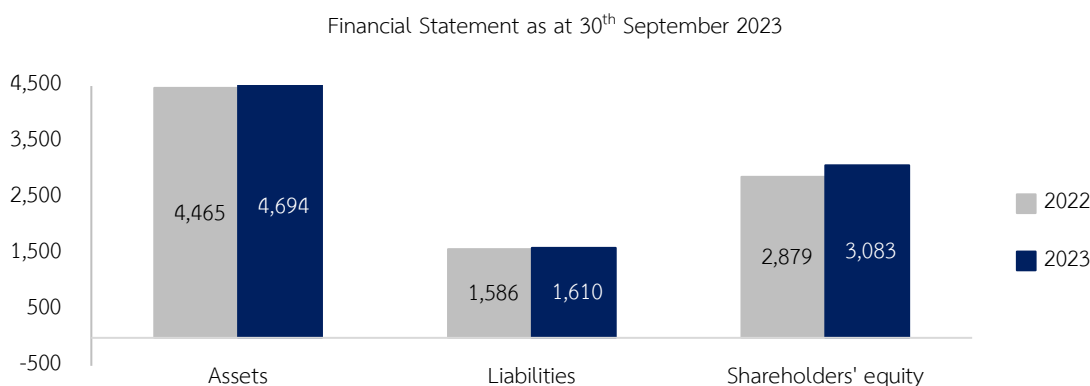
The gross profit of domestic land transport in 3Q2023 was Baht 27.35 million dropped by Baht 8.91 million or 24.57% YoY, representing gross profit margin at 11.50% compared to 15.72% in 3Q2022. This was primarily triggered by a

decrease in fleet utilization. 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 3Q2023, the Company and its subsidiary's consolidated net profit decreased by Baht 100.57 million or 53.96% YoY to record at Baht 85.82 million. Net Profit margin was 11.34% compared with a gross profit margin at 19.63% YoY. The net profit decrease was primarily driven by a reduction in the gross profit.

Financial Status



1) Assets

The Group's assets totaled Baht 4,693.52 million, increased by Baht 228.59 million or 5.12% from the previous year's end due to dry docking vessel and trucks.

2) Liabilities

Liabilities for the Company and its subsidiaries totaled Baht 1,610.28 million, up by Baht 24.57 million (1.55%) from the previous year's end. This was primarily due to financial leasing.

3) Shareholders' equity

The Company and its subsidiary had equity of Baht 3,083.24 million, surged by Baht 204.01 million, or 7.09% 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

	3Q2022	3Q2023	Change	%YoY
Net cash provided by (used in) operating activities	433.31	465.38	32.07	7.40%
Net cash provided by (used in) investing activities	(72.16)	(148.07)	(75.92)	105.21%
Net cash provided by (used in) financing activities	(247.70)	(415.58)	(167.87)	67.77%
Increase (decrease) in exchange differences on translating financial statements	21.53	20.07	(1.46)	(6.78%)

	3Q2022	3Q2023	Change	%YoY
Net increase (decrease) in cash and cash equivalents	134.98	(78.20)	(213.18)	(157.94%)
Cash and cash equivalents as at 1 st January	91.83	390.55	298.72	325.30%
Adjustment effects of exchange rate	(1.93)	(2.18)	(0.25)	12.93%
Cash and cash equivalents as at 30 th June	224.87	310.17	85.30	37.93%

The period ended 30th September 2023, the Company and its subsidiaries had net cash flow received from operating activities of Baht 465.38 million, net cash flow used in investing activities of Baht 148.07 million (Dry Docking), and net cash flow used in financing activities of Baht 415.58 million (long-term loan repayment, Dividend Paid). Therefore, cash and cash equivalent items as of the 30th September 2023 were Baht 310.17 million, decreased by Baht 80.38 million from 1st January 2023.

Key Financial Ratios

Table 5: Key Financial Ratios

	2022	2023	Change
Current ratio (times)	1.05	0.94	(0.11)
Quick ratio (times)	0.92	0.76	(0.16)
Receivables turnover ratio (times)	15.47	15.25	(0.22)
Average receivable collection period (days)*	23.28	23.60	0.32
Debt to equity ratio (times)	0.55	0.52	(0.03)
Interest bearing debt-to-equity ratio (times)	0.45	0.41	(0.04)
Return on assets (%)	12.53	10.69	(1.84)
Return on equity (%)	17.54	14.19	(3.35)

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

Yours faithfully

AMA Marine Public Company Limited

(Mr. Pisan Ratchakitprakarn)

Managing Director