



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA002/2024

February 21, 2024

Subject: 2023 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

2023 Management Discussion and Analysis

Table 1: Key Financial Results

unit: million Baht

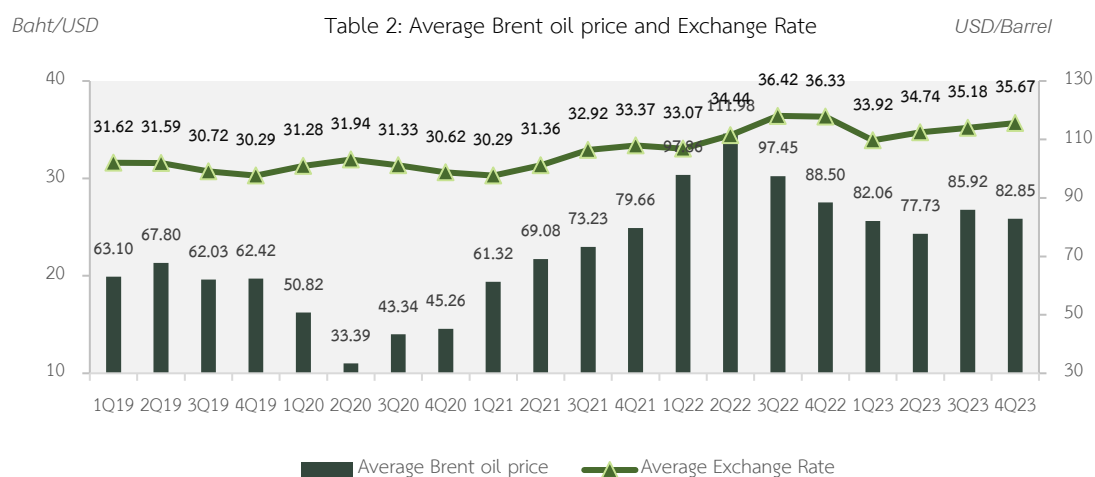
	4Q2022	3Q2023	4Q2023	%YoY	%QoQ	2022	2023	%YoY
Service Income	962.51	757.06	826.14	-14.17%	9.12%	3,224.44	3,050.56	-5.39%
Gross Profit	302.03	134.75	166.40	-44.91%	23.48%	705.97	552.97	-21.67%
Gain (Loss) from disposal of assets	(0.06)	0.02	9.75	16,081.84%	5,4826.66%	0.00	9.90	16,328.45%
Gain (Loss) on an exchange rate	(25.31)	(0.45)	(11.01)	56.50%	-2,323.57%	(1.20)	(16.47)	-1,278.09%
Gain (Loss) from financial instruments	12.13	8.98	2.42	-80.04%	-73.04%	30.37	19.38	-36.19%
Net profit	204.48	85.82	89.97	-56.00%	4.83%	465.72	308.55	-33.75%
Gross profit margin (%)	31.38%	17.80%	20.14%			21.89%	18.13%	
Net profit margin (%)	21.24%	11.34%	10.89%			14.44%	10.11%	
Service income in USD (Separated financial statements)	17.93	12.15	12.99	-27.55%	6.88%	54.92	48.24	-12.16%

Economic and Industry Overview

- In the fourth quarter of 2023, the price of crude palm oil (CPO) saw a decline following a downward trend since May 2023, attributed to the influx of palm oil into the market during the peak production season. With the onset of the first quarter of 2024, the palm fruit season has yet to commence, resulting in a limited supply of palm oil in the market. Consequently, alternative oil varieties are being procured to meet consumption demands, while the industrial demand for palm oil remains steady. The Malaysian Palm Oil Board (MPOB) anticipates a slight uptick in Malaysia's palm oil supply and production, projecting an increase from 18.55 million liters in 2023 to 18.75 million liters in 2024, marking a 1.1% rise. However, Indonesia, a significant competitor, may experience constrained exports due to the country's biodiesel support policies, potentially leading to an upsurge in the price of crude palm oil (CPO).

- In 2023, gasoline consumption averaged 31.67 million liters per day, marking a 3.4 percent increase compared to the previous year. Conversely, diesel fuel consumption averaged 68.91 million liters per day, indicating a 5.7 percent decrease. To address diesel fuel pricing concerns, the government implemented measures including reducing the excise tax rate on diesel fuel to 2.50 baht per liter and ensuring that the Fuel Fund compensates to maintain the diesel fuel price below 30 baht per liter until December 31, 2023. Subsequently, the Cabinet approved an extension of this price-fixing measure until March 31, 2024, aiming to alleviate the financial burden on citizens (Source: Business Services and Fuel Reserve Division, Department of Energy Business, Ministry of Energy).The potential of cold chain logistics in Thailand has been growing steadily in line with market demand.
- 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. During the fourth quarter of 2023, the average exchange rate of the baht against the US dollar stood at 35.67 baht per US dollar, experiencing a slight appreciation compared to the same period in the previous year, where it was at 36.33 baht per US dollar. Throughout 2023, the average exchange rate was 34.88 baht per US dollar, reflecting an appreciation from 2022 when it averaged at 35.06 baht per US dollar. Analysts anticipate a gradual strengthening of the baht throughout the current year, driven by the trajectory of Thai economic recovery and expectations of a less stringent monetary policy by the Federal Reserve in the following year, which would contribute to a gradual weakening of the US dollar. It is projected that by the end of 2024, the baht could strengthen to approximately 32-33 baht per US dollar.
- 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 the fourth quarter of 2023, the average price of Brent crude oil stood at 82.85 USD per barrel, marking a decline of 6.38 percent compared to the average price during the same period the previous year and a decrease of 3.57 percent from the third quarter of 2023. This translates to an annual average price of 82.14 USD per barrel for 2023, a notable contrast to the average of 98.95 USD per barrel recorded in 2022.

The fluctuation in crude oil prices persists, influenced by various factors. Concerns regarding economic recession have contributed to signs of oil price downturns. The deceleration in the major economies worldwide has resulted in lower than anticipated demand for crude oil from China. This trend aligns with OPEC+'s November 2023 agreement to curtail oil production by 2.2 million barrels per day until March 2024.



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

2023 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2022		2023	
	million Baht	%	million Baht	%
International marine service				
Service income	1,898.56	58.88%	1,646.94	53.99%
Demurrage charge	34.83	1.08%	29.50	0.97%
Total revenue from marine service	1,933.39	59.96%	1,676.44	54.96%
Domestic land transportation service				
Service income	1,291.05	40.04%	1,374.12	45.04%
Total revenue from land service	1,291.05	40.04%	1,374.12	45.04%
Total revenue from services	3,224.44	100.00	3,050.56	100.00%

In 2023 consolidated revenues of the Company and its subsidiary posted at Baht 3,050.56 million, decreased by Baht 173.87 million or 5.39% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 54.96 % and 45.04%, respectively.

Revenue from international marine service dropped by Baht 256.94 million, or 13.29% YoY. The main factor contributing to this decline is the decrease in freight rates by 15.08% despite the increase in oil transportation volume by 4.35% compared to the previous year, the average fleet utilization rate in 2023 reached 97.08%, indicating an improvement over the previous year's performance.

Revenue for domestic land transportation services in 2023 was Baht 1,374.12 million, surged by Baht 83.07 million or 6.43% from the previous year. Revenue consists of income from transportation of liquid goods in the number of Baht 997.22 million, income from cold chain logistics service, new business unit of the Company, at Baht 15.66 million, and income from gas transportation and containers of Baht 325.43 million and revenue from car transportation of Baht 35.80 million.

Revenue from fuel cargo transportation service gradually surged by Baht 91.83 million or 10.14% YoY. The fuel cargo transportation recorded a total oil transport volume of 2,595.98 million liters, surged by 244.26 million Liters or 10.39% YoY. The increase in the average fleet number from 254 vehicles to 271 vehicles in 2023 (with a total liquid cargo vehicle fleet of 304 vehicles as of December 31, 2023) has contributed to this improvement. However, Thailand's export situation experienced a 1.0% decline compared to the previous year, leading to reduced transportation volumes for the container business group. Furthermore, the sluggish economy resulted in a significant decrease in automobile sales within the country, consequently leading to a decline in revenue from automobile transportation.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit decreased by Baht 152.99 million or 21.67% YoY to record at Baht 552.97 million, representing gross profit margin at 18.13%, compared with 21.89% in 2022.

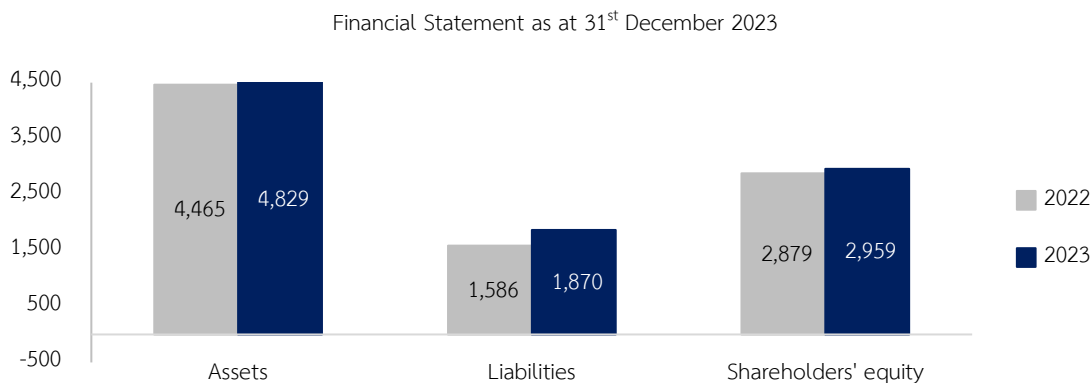
The Gross Profit of Marine transport in 2023 was Baht 357.66 million dropped by Baht 144.17 million or 28.73% YoY, representing gross profit margin at 21.33 % compared to loss profit margin in 2022 at 25.96%. The current year's gross profit and reduced gross profit margin have been directly influenced 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 2023 was Baht 195.31 million dropped by Baht 8.82 million or 4.32% YoY, representing gross profit margin at 14.21% compared to 15.81% in 2022. 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 2023, the Group's net profit amounted to Baht 308.55 million, marking a decrease of Baht 157.16 million or 33.75% compared to the previous year. This translates to a net profit margin of 10.11%, indicating a decline from the net profit to revenue ratio of 14.44% recorded in 2022, aligning with the decrease in operating profits.

Financial Status



1) Assets

The Group's assets totaled Baht 4,828.56 million, increased by Baht 363.63 million or 8.14% from the previous year's end. The increase in PPE costs primarily stems from expenses incurred due to dry docking and major inspections of ships. Additionally, the addition of a 13,000-ton vessel and the expansion of the tanker fleet and associated accessories have contributed to this increase.

2) Liabilities

Liabilities for the Company and its subsidiaries totaled Baht 1,869.63 million, up by Baht 283.92 million (17.90%) 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 2,958.93 million, surged by Baht 79.70 million, or 2.77%. The primary reason for this increase was the rise in operating profits and financial statement translation margins. However, it's important to note that there were 2022 dividend payment and interim dividend payments in December 2023, totaling Baht 207.15 million.

Cash Flows

Table 4: Cash flows

unit: million Baht

	2022	2023	Change	%YoY
Net cash provided by (used in) operating activities	812.93	614.85	(198.09)	-24.37%
Net cash provided by (used in) investing activities	(90.01)	(191.65)	(101.64)	-112.92%
Net cash provided by (used in) financing activities	(427.61)	(563.96)	(136.35)	-31.89%
Increase (decrease) in exchange differences on translating financial statements	2.56	19.57	17.01	663.84%
Net increase (decrease) in cash and cash equivalents	297.88	(121.19)	(419.07)	-140.69%
Cash and cash equivalents as at 1 st January	91.83	390.55	298.72	325.30%
Adjustment effects of exchange rate	0.85	0.14	(0.71)	-83.27%
Cash and cash equivalents as at 31 st December	390.55	269.50	(121.05)	-30.99%

The period ended 31st December 2023, the Company and its subsidiaries had net cash flow received from operating activities of Baht 614.85 million, net cash flow used in investing activities of Baht 191.65 million (Dry Docking and additional 1 vessel), and net cash flow used in financing activities of Baht 563.96 million (long-term loan repayment, Dividend Paid). Therefore, cash and cash equivalent items as of the 31st December 2023 were Baht 269.50 million, decreased by Baht 121.05 million from 1st January 2023.

Key Financial Ratios

Table 5: Key Financial Ratios

	2022	2023	Change
Current ratio (times)	1.05	0.85	-0.20
Quick ratio (times)	0.92	0.70	-0.22
Receivables turnover ratio (times)	15.47	12.89	-2.58
Average receivable collection period (days)*	23.28	27.92	4.64
Debt to equity ratio (times)	0.55	0.63	0.08
Interest bearing debt-to-equity ratio (times)	0.45	0.51	0.06
Return on assets (%)	12.53	8.21	-4.32
Return on equity (%)	17.54	10.57	-6.97

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

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director