

No. PLT/MAI-008/2567

15 May 2024

 Subject Management Discussion and Analysis for 1st quarter of 2024

Dear Managing Director

The Stock Exchange of Thailand

Pilatus Marine Public Company Limited and its subsidiaries would like to report the operating result for the 1st quarter of 2024 period ended March 31, 2024, the details are as follows;

1.Performance Overview

	Quarter 1/2023		Quarter 1/2024		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	200.80	100.00%	229.81	100.00%	29.01	14.45%
Cost of services	(158.43)	(78.90%)	(188.56)	(82.05%)	30.13	19.02%
Gross profit	42.37	21.10%	41.24	17.95%	(1.13)	(2.66%)
Other income	0.39	0.19%	0.32	0.14%	(0.07)	(17.54%)
Profit before expenses	42.76	21.29%	41.57	18.09%	(1.19)	(2.79%)
Distribution costs	0.00	0.00%	(0.48)	(0.21%)	0.48	0.00%
Administrative expenses	(14.08)	(7.01%)	(14.22)	(6.19%)	0.14	0.97%
Other expenses	(0.01)	(0.00%)	(0.19)	(0.08%)	0.18	1,794.29%
Total expenses	(14.09)	(7.02%)	(14.89)	(6.48%)	0.80	5.65%
Profit from operating activities	28.67	14.28%	26.68	11.61%	(1.99)	(6.94%)
Finance income	0.00	0.00%	0.03	0.01%	0.03	0.00%
Finance costs	(3.64)	(1.81%)	(5.72)	(2.49%)	2.08	57.20%
Profit before income tax expense	25.03	12.47%	20.98	9.13%	(4.05)	(16.17%)
Tax expense	(4.93)	(2.46%)	(4.14)	(1.80%)	(0.79)	(15.98%)
Profit for the year	20.10	10.01%	16.84	7.33%	(3.26)	(16.21%)

An overview of the 1st quarter of 2024, the revenue increased 14.45% and the gross margin decreased 2.66% and net income decreased 16.21%, with the total volume of vessel transportations is approximately equal last year and the oversea revenue from marine service increased from Time Charter agreement, while the volume of motor transportation revenue increased from the new contract which has started in December 2023, The global oil price increased from the same period of previous year, it effects to the average of fuel oil price which was the oil using for maritime had increased. However, the Thai government still freeze the diesel oil prices. It affects the difference between diesel oil which determined the sale price according to the contract of domestic marine transportation and fuel oil cost had decreased, therefore the gross profit had decreased in this quarter.

The net profits decreased due to the finance cost increased from the loan for purchasing a vessel and hire purchase of the trucks.

2. Revenues from services

As the performance of 1st quarter of 2024, the Company and its subsidiaries had total service revenue 229.81 million baht which increase by 29.01 million baht or 14.45% from the 1st quarter of 2023. The revenue from services are details as follows.

Type of Revenue	1 st quarter of 2023		1 st quarter of 2024		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Marine service	188.11	93.68%	197.96	86.14%	9.85	5.24%
Domestic	184.40	91.84%	174.19	75.80%	(10.21)	(5.54%)
● COA ^{1/} Domestic Route	182.90	91.09%	174.19	75.80%	(8.71)	(4.76%)
● Spot ^{2/} Domestic Route	1.50	0.75%	-	-	(1.50)	(100.00%)
Oversea	3.71	1.85%	23.77	10.34%	20.06	540.70%
● COA Oversea Route	3.71	1.85%	0.50	0.22%	(3.21)	(86.52%)
● Spot Oversea Route	-	-	-	-	-	-
● Time charter ^{3/} Oversea Route	-	-	23.27	10.13%	23.27	100.00%
Motor service	12.69	6.32%	31.85	13.86%	19.16	150.99%
Domestic	12.69	6.32%	31.85	13.86%	19.16	150.99%
Oversea	-	-	-	-	-	-
Total revenues from services	200.80	100.00%	229.81	100.00%	29.01	14.45%

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.

^{3/} Time Charter means the hiring of a vessel for a specific period of time.

In 1st quarter of 2024, the Company and its subsidiaries had revenue from marine service 197.96 million baht, with an increase of 9.85 million baht, or 5.24% from the same period of previous year from decreasing in domestic marine transportation amount 10.21 million baht, or 5.54% due to the average of retail price of diesel fuel at the service stations for 3 months decreased 12.97% from the same period of the previous year, it effects to revenue from COA decreased while the transportation volume increased slightly. However, the oversea revenue from marine transportation increased 20.06 million or 540.70% due to the company has increase in revenue from Time Charter since October 2023. Although the oversea revenue from COA decreased, the oversea revenue from marine transportation still increased in the quarter.

In 1st quarter of 2024, the Company and its subsidiaries had revenue from motor service 31.85 million baht, with an increase of 19.16 million baht, or 150.99% from the same period of previous year, divided into an increase in domestic transportation since December 2023. The Company has revenue from motor services from the long-term contract with the LPG major distributor of Thailand.

3. Cost of services

In 1st quarter of 2024, the Company and its subsidiaries had total cost of services 188.56 million baht, with an increase of 30.13 million baht or 19.02% from the same period of previous year. The cost of services are details as follows.

The Company and its subsidiaries had increased the cost of marine services 12.14 million baht, or 8.26% from the oversea marine service as the Time Charter. It effects to increasing in employment expenses amount 3.02 million baht, or 10.01% from increasing in the number of employees and growth rate of salary, depreciation amount 5.44 million baht, or 17.38% from a vessel of oversea service and the voyage expenses amount 6.80 million baht, or 57.15% while the fuel oil and lube oil decrease from the same period of previous year amount 3.52 million bath or 5.47% the cause from the average retail price of diesel fuel at the service stations for 3 months decreased from the same period of the previous year.

The cost of motor transportation services had increased 18.00 million baht, or 157.77% from the same period of the previous year, due to the new contract of motor service which has started in December 2023, it affects to increase in the employment expenses 6.03 million baht or 234.34% from increasing in the number of employees, fuel oil increased 5.58 million baht, or 101.34% from the transportation volume, and the depreciation amount 3.77 million baht, or 271.66% from increasing in the number of trucks.

4. Gross Profit and Gross Profit Margin

In 1st quarter of 2023 and 1st quarter of 2024, the Company and subsidiaries had gross profit of 21.10% and 17.95%, respectively, with a growth rate as 2.66%. The gross profit of the Company and subsidiaries in the marine transport service decreased by 2.28 million baht, or 5.55%, mainly due to retail price of diesel fuel at the service stations in 1st quarter of 2024 decreased higher than 1st quarter of 2023 as the result of freeze the oil price by government. It caused a decrease in revenue which had freight rate referred from the retail price of diesel fuel. While the average fuel oil price which was the oil using for maritime had increased, it affected to the difference between oil price which determined the sale price and used oil cost decreased 31.63%, therefore the gross profits had decreased in this quarter.

The gross profit of the Company and subsidiaries in the motor transportation service had increased 1.16 million baht, or 90.02%. The cause came from increasing in the transportation volume of new long-term contract.

5. Administrative Expenses

In 1st quarter of 2024, the administrative expenses of the Company and subsidiaries had increased 0.14 million baht, or 0.97% from the same period of the previous year.

6. Finance costs

The finance costs of the Company and subsidiaries had increased 2.08 million baht, or 57.20% from the same period of previous year, the cause from the Company paid the loan payment for a new vessel and lease liabilities for new trucks which purchased since quarter 3 of 2023.

7. Statement of Financial Position

Unit: Million Baht

Assets	31-Dec-23	31-Mar-24	%	Liabilities and shareholders' equity	31-Dec-23	31-Mar-24	%
Current assets				Current liabilities			
Cash and cash equivalents	117.31	120.26	2.51%	Trade and other current payables	69.22	71.44	3.21%
Trade and other current receivables	96.33	83.72	-13.09%	Current portion of long-term borrowings	69.20	64.18	-7.26%
Inventories	11.18	10.57	-5.40%	Current portion of lease liabilities	78.64	66.54	-15.39%
Non-current assets classified as held for sale	-	13.91	100.00%	Other current liabilities	0.85	1.82	113.91%
Other current financial assets - cash at bank	0.15	0.15	2.02%	Total current liabilities	217.91	203.97	-6.40%
Total current assets	224.97	228.62	1.62%	Non-current liabilities			
Non-current assets				Long-term borrowings	148.35	135.59	-8.60%
Plant and equipment	1,168.54	1,135.78	-2.80%	Lease liabilities	149.59	139.74	-6.58%
Pre-payment for purchase of assets	3.65	3.65	0.00%	Deferred tax liabilities	72.39	76.16	5.21%
Other non-current assets	26.37	39.03	48.02%	Other non-current liabilities	15.09	14.58	-3.42%
Total non-current assets	1,198.56	1,178.46	-1.68%	Total non-current liabilities	385.42	366.07	-5.02%
Total assets	1,423.53	1,407.07	-1.16%	Total liabilities	603.33	570.04	-5.52%
Financial Ratio	31-Dec-23	31-Mar-24		Liabilities and shareholders' equity	31-Dec-23	31-Mar-24	%
Current ratio	1.03	1.12		Total shareholders' equity	820.19	837.03	2.05%
Debt to Equity ratio	0.74	0.68		Total liabilities and shareholders' equity	1,423.53	1,407.07	-1.16%
Return on assets	3.94%	4.76%					
Return on Equity	7.14%	8.13%					

Assets

The Company and subsidiary's total assets had decreased 16.45 million baht, or 1.16% from 2023. Total current assets had increased 3.65 million baht or 1.62%, while total non-current assets had decreased 20.10 million baht or 1.68%, the mainly causes are as follows:

- Cash and cash equivalents had increased 2.95 million baht from 2023 due to the cash flows from operations.
- Trade accounts and other current receivables had decreased 12.61 million baht, or 13.09% from 2023, a result came from the collected from customers.
- Non-current assets classified as held for sale has increased 13.91 million baht, or 100.00% from 2023 from a vessel which was transferred to non-current assets classified as held sale, it will be transferred in quarter 2 of 2024
- Net plant and equipment had decreased 32.76 million baht, or 2.80% from 2023 due to the depreciation for the period and transfer a vessel to non-current assets classified as held sale
- Other non-current assets had increased 12.66 million baht, or 48.02% from 2023 from increasing in bank deposits with obligations for guarantee the service contract with a customer and paid the right of use in land for transportation operation.

Liabilities

The Company and its subsidiaries had decreased in total liabilities 33.29 million baht, or 5.52% from 2023. Total current liabilities had decreased 13.94 million baht or 6.40% and total non-current liabilities had decreased 19.36 million baht or 5.02%, the mainly causes are as follows:

- Current portion of lease liabilities had decreased 12.11 million baht, or 15.39% from 2023 due to there are 2 vessels which reach the maturity date in accordance with the contract in 1st quarter of 2024.
- Long-term loan and lease liabilities had decreased from 2023 due to payment for the period.

Shareholders' Equity

As of 31 March 2024, shareholders' equity of the Company and its subsidiaries had increased 16.84 million baht or 2.05% due to the operating income in 1st quarter of 2024.

9. Cash Flow Statements

Unit : Million Baht

Transaction	1 st quarter of 2023	1 st quarter of 2024
Net cash provided by operating activities	64.65	85.94
Net cash provided by (used in) investing activities	(28.79)	(33.48)
Net cash provided by (used in) financing activities	(25.18)	(49.33)
Net increase in cash and cash equivalents	10.68	3.13
Cash and cash equivalents as at the beginning of the year	26.03	117.31
Unrealized loss on exchange rate	-	(0.18)
Cash and cash equivalents as at the end of the period	36.71	120.26

Cash flows from operating activities

For the 1st quarter of 2024, the Company and its subsidiaries had net cash provided by operating activities 85.94 million baht, which nearly with 1st quarter of 2024.

Cash flows from investing activities

For the 1st quarter of 2024, the Company and its subsidiaries had net cash used in investing activities 33.48 million baht, the significant transaction was Dry Dock and there is increasing in deposit and right of use in land for transportation operation.

Cash flows from financing activities

For the 1st quarter of 2024, the Company and its subsidiaries had net cash used in financing activities 49.33 million baht, mainly causes came from payment of financial lease, payment of loan from financial institutions.