



บริษัท อาร์ ซี แอล จำกัด (มหาชน)  
Regional Container Lines Public Company Limited

TRANSLATION

Ref. No. RCL 018 / 2019

August 9<sup>th</sup>, 2019

Subject : Explanation on 2<sup>nd</sup> Quarter 2019 Operation Result  
To : The Managing Director of the Stock Exchange of Thailand

Despite increasing challenges in the shipping industry, RCL was able to record a Net Profit of THB11.4 Mil in Q2 2019 against a Net Loss of THB 43.1 Mil in the same quarter of 2018. Total lifting grew by 11% or 52,755 TEUs, resulting in an increase in total revenue to THB4,297 Mil, an improvement of 3.3% or THB 136.3 Mil higher from Q2 2018.

In Q2 2019, trade environment worsened with no significant and sustainable improvement of the freight rates. The market also encountered many persisting uncertainties, i.e. volatile bunker prices, IMO 2020 regulation, and the trade war. These uncertainties translated into a higher bunker price by some 9.7%. Meanwhile, RCL has put a significant effort to improve internal efficiency as a safe-guard to these threats. As a result, whilst a continuing growth in lifting, the total cost of freight & operation increased only by 0.7% from same quarter last year. Administrative expense for Q2 2019 also increased by 5% in comparison with Q2 2018. Over all, RCL still managed to restrict an increase of total expense at 1.7% compared with the same quarter of 2018 in spite of higher lifting.

A year-on-year comparison of the first half performance also revealed an improvement of RCL's operation. The company recorded a 4%, or THB 317 Mil increase of freight income and an 8.1% growth of lifting, and that raised the total revenue by 3.6% from the same period of 2018. RCL has managed to grow the lifting and revenue, while still keeping down the expense as the total expense inched up by only 0.7%, or THB 60 Mil year-on-year. Therefore, RCL was able to limit the Net Loss to THB17 Mil in first half of 2019 compared with the Net Loss of THB234 Mil in the same period of 2018.

In conclusion, as a consequence of the volatile market situations together with our internal actions, RCL Group reported a Net Profit of THB11.4 Mil in Q2 2019 and a Net Loss of THB17 Mil for the first half of 2019. This could be considered as a significant improvement compared to the Net Loss of THB234 Mil in the first half of 2018.

Please be informed accordingly

Sincerely yours,

(Company's Seal)

(Signed)

(Mr.Sumate Tanthuanit)  
Managing Director