



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

TRANSLATION

Ref. No. RCL 021 / 2019

November 8th , 2019

Subject : Explanation on 3rd Quarter 2019 Operating Result
To : The Managing Director of the Stock Exchange of Thailand

Amid continuing uncertainty in the trade environment, RCL reports a net loss of THB 307 Mil in Q3 2019 against THB 11 Mil profit in the previous quarter and a loss of THB 93 Mil in the corresponding quarter last year.

For Q3 2019, RCL recorded a 9% higher lifting of 562,000 TEU compared to the same quarter last year and secured additional 3% lifting from the previous quarter. The total revenue diminished by 8% to THB 4,115 Mil due to a bearish freight rate. The noticeable reduction is the lower freight income, THB 364 Mil or 8%, and a lesser gain from the disposal of asset by 9% against the same period in 2018. An average freight rate slumped by 15% year-over-year and 7% less than the previous quarter. Despite the difficult trade environment, Intra-Asia trade demonstrates the most promising potential growth, draw in many new comers to gain market share. Hence, resulting in a strong competition in this quarter, depressing the freight immensely.

In addition to the depressing trade atmosphere, a geopolitical tension in the middle east and the enforcement of sulfur emission cap starting from the beginning of 2020 has posted a noticeable indication of a higher cost to the shipping lines. Evidently, RCL has been able to restrain the cost of freight and operation was 4% lower year-over-year. While the bunker expense slightly decreased by 6% compared to what we had recorded in Q3, 2018. As for the total cost of administrative expense, we were able to maintain to almost the same as Q3, 2018 and decreased from the previous quarter, Q2 2019, by 2.1%. Our financial cost increased by 31% against the same quarter in the previous year because of the investment decision to take a greener step, installing scrubber system to our ships, to complied with IMO 2020 Sulfur cap regular and be a part of those who contribute in preserving our environmental amidst a higher LIBOR rate.

Hence the adverse result of Q3 2019 was mainly attributed by the poor freight rates. Among uncertainties still present in the market, RCL would continue best effort to produce a higher cost efficiency and strengthening our stand against harsh trade market situation, to ensure a sustainable operation.



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

Please be informed accordingly

(Company's seal)

Sincerely yours,

(Signed)

(Mr. Sumate Tanthuanit)
Managing Director