



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

TRANSLATION

Ref. No. RCL 002 / 2020

February 21<sup>st</sup>, 2020

Subject : Explanation for Operation Result for the Year 2019

To : The Managing Director of the Stock Exchange of Thailand

For the 12 months period ending 2019, RCL grew its total lifting by 3% to 2,183,995 TEUs compared with the performance in 2018, contributing from a growth of both COC and SOC business by 2% and 5% respectively. Despite lifting growth, a prolonged trade dispute between China and U.S. had posed disruption to the global supply chain where Southeast Asia has been targeted as a replacement source, of China, for various goods. Liners had realized the potential of this region and continuously inserted their new tonnage within the region which forced down freight rate per TEU in 2019 from the level in 2018. Therefore, RCL's total revenue for the year 2019 decreased by 4% to THB 16,709 Mil compared to that of 2018. Total freight income reduced to THB 16,531 Mil or 4% reduction year-over-year. Also gain on sales of asset was 23% less than 2018, totaling at THB 103 Mil for 2019.

Nonetheless, our continuous effort on cost savings and internal efficiency improvement through various projects did materialize. The effort in exploiting the benefit of Big Data, combining with Business Intelligence system for more accurate and swift decision making had exhibited a reduction of RCL's total expense compared with 2018, by 4% to THB 17,278 Mil; mainly contributed by a reduction of Cost of Freight and Operation, a 5% or THB 758 Mil reduction from 2018. RCL's financial cost increased by 30% in accordance with the consecutive delivery of 4 newly built vessels, entered fleet as from latter part of 2018, reducing average age of the fleet and improving our fleet efficiency. Administrative Expense also slightly increased by 2% year-over-year following our continuous effort to improve our system efficiency through upgrading our IT system.

As a result of the above circumstances and actions taken, RCL reports a net loss of THB 493 Mil for 2019. We will continue our effort to reach the desired sustainable level to strengthen our business against a future uncertainty.

Please be informed accordingly

(Company's seal)

Sincerely yours,

(Signed)

(Mr.Sumate Tanthuanit)  
Managing Director