



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA009/2019

May 7, 2019

Subject: 1Q2019 Management Discussion & Analysis

Attention: The President
The Stock Exchange of Thailand

1Q2019 Management Discussion and Analysis

Executive Summary

International marine logistics service

AMA Marine Public Company Limited ("the Company") reported additional services income of Baht 12.43 million or 4.55% YoY, due partly to the average freight rate in this quarter was higher than the same period last year. However, there were 3 vessels scheduled to dry dock. Moreover, bunker cost, the major cost of services, remained at a high level. As a result, the gross profit of the Company in 1Q2019 decreased by Baht 15.65 million or 34.67% YoY.

Domestic land logistics service

The service income of AMA Logistics Co., Ltd. ("the Subsidiary") increased of Baht 29.78 million or 26.80% YoY, in line with the business plan and the increasing demand for oil transportation. In 1Q2019, the Subsidiary had carried oil volume of 374.55 million liters, grew by 72.62 million liters or 24.05% YoY. In addition, the Subsidiary could manage the truck fleet more efficiently, resulting in an increase in the gross profit of Baht 17.07 million, or surged by 87.34% YoY.

Table of Key Financial Results

unit: million Baht

	1Q2018	4Q2018	1Q2019	%YoY	%QoQ
Service income	384.45	497.93	426.66	10.98%	(14.31%)
Gross profit	64.69	103.17	66.11	2.20%	(35.92%)
Gain (Loss) on an exchange rate	(5.01)	(0.48)	(0.77)	(84.63%)	60.42%
Net profit	3.29	40.36	12.46	278.72%	69.13%
Gross profit margin (%)	16.83%	20.72%	15.49%		
Net profit margin (%)	0.86%	8.11%	2.92%		
- Service income in USD (Separate financial statements)	8.72	11.02	9.15	4.93%	(16.97%)

Economic and Industry Overview

- Malaysian Palm Oil Council (MPOC) forecast that Malaysia's Crude palm oil production will rise to 20.30 million MT in 2019 from 2018 production of 19.92 million MT increase by 0.38 million MT or 1.91%. Meanwhile, MPOC forecast that Indonesia's production will increase by 4.39% or 1.8 million MT to 42.8 million MT from 41 million MT YoY.
- Palm oil used for biodiesel production was considered likely to be boosted by 2.6 million MT in 2019. Production of palm oil-based biodiesel may increase by 2 million MT in Indonesia and by 0.2-0.3 million MT in Malaysia. Both countries took measures to raise mandatory use of biodiesel in the recent past and intend to further raised biodiesel admixture in 2020. In the EU oil use for biodiesel may rise further to a new high of approximately 3.9 million MT this year before any concrete steps towards lowering/phasing out palm oil used for energy until 2030.
- The Ministry of Energy is preparing to launch B10, a mixture of biodiesel (B100) 10% proportion in diesel fuel, as an alternative oil in May 2019. Japanese car manufacturers confirmed that cars produced since 2011 can use B10. The continuously promotion of the use of B10 and B20 by the Ministry of Energy, together with the promotion of crude palm oil (CPO) as a fuel for electricity generation by the Electricity Generating Authority of Thailand (EGAT) believed to increase the use of CPO in the energy sector from 1.4 million tons/year to 2.5-2.6 million tons/year, accounting for 75% of the production of CPO this year, which is approximately 3 million tons. This will absorb the amount of CPO from the market and push the price of palm fruit to improve.
- The currency exchange of Baht had been signed on the Company's operation in terms of the functional currency used according to TAS 21. In 1Q2019, the average of the Thai Baht vs USD dollar was Baht 31.62 per USD, appreciated by 3.63% in 4Q2018. The strength of Thai Baht came mainly to the concern of investors towards various risk factors; a trade war between the US and China, economic slowdown in the US and China, and Brexit. Therefore, more fund has flowed to emerging markets, including Thailand which is seen as a country with a current account surplus.
- A crude oil price is another crucial factor that affects the Company's performance. In 1Q2019, the averaged Brent crude oil price was at USD 63.10 per barrel, slumped by 8.23% from the average price in 4Q2018. The volatility of oil price caused by investors' concern over the excess supply of crude oil and declining demand for oil due to the global economic slowdown.



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

1Q2019 Results

1) Revenues

Revenue Structure	1Q2018		1Q2019	
	million Baht	%	million Baht	%
<u>International marine logistics service</u>				
Service income	256.84	66.81	263.34	61.72
Demurrage charge	16.49	4.29	22.42	5.26
Total revenue from marine service	273.33	71.10	285.76	66.98
<u>Domestic land logistics service</u>				
Service income	111.12	28.90	140.90	33.02
Total revenue from land service	111.12	28.90	140.90	33.02
Total revenue from services	384.45	100.00	426.66	100.00

1Q2019 consolidated revenues of the Company and its subsidiary posted at Baht 426.66 million, surged by Baht 42.21 million or 10.98% YoY, in contrast, dropped by Baht 71.27 million or 14.31% QoQ. The proportion of the Company's international marine logistics and its subsidiary's domestic land logistics revenues were 66.98% and 33.02%, respectively.

The growth of international marine logistics service revenues of Baht 12.43 million, or 4.55% YoY due partly to the average freight rate in this quarter was higher than the same period last year. The Company's average fleet utilization rate was 97.08%, slightly decreased from to 99.11% in YoY.

For domestic land logistics services, it's revenues increased of Baht 29.78 million, or 26.80% YoY, and surged by Baht 4.59 million or 3.37% QoQ, thanks to efficiency truck fleet utilization with 151 truck tankers in 1Q2019

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit increased of Baht 1.42 million or 2.20% YoY to record at Baht 66.11 million, representing gross profit margin at 15.49%, compared with 16.83% in the same period last year.

In the first quarter of 2019, although the reference oil price in the world market declined, the retail oil price did not decrease. This affected the Company's cost of services.

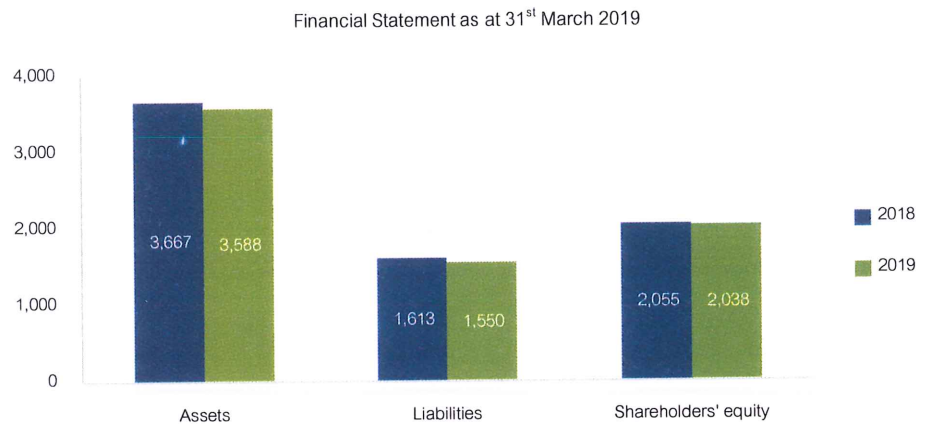
The Company' gross profit margin in 1Q2019 was 10.32 compared with 16.51% in the same period last year. A lower gross profit margin of marine transport came mainly from bunker cost remained at a high level. In addition, there were 3 vessels scheduled to dry dock. The major cost of services insists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

Whereas, the gross profit margin of land transport in 1Q2019 was 25.99%, higher than 17.59% in the same period last year, and closed to 4Q2018 at 24.77%.

3) Net profit and Net profit margin

In 1Q2019, the consolidated net profit margin was 2.92%, compared with 0.86% in the same period last year. The surging net profit margin came from a healthier performance of the Subsidiaries, together with the efficient management of the truck fleet result in surging of the consolidated net profit by Baht 9.16 million or 278.06% YoY, to be recorded at Baht 12.46 million.

Financial Status



1) Assets

The Company and its subsidiary had total assets of Baht 3,587.80 million, decreased of Baht 79.50 million or 2.17% YTD due mainly to declining of cash and cash equivalents from operating activities.

2) Liabilities

The Company and its subsidiary had total liabilities of Baht 1,550.03 million, shrunk by Baht 62.74 million or 3.89% YTD due to a repayment of long-term loans from financial institutions to purchase tankers and repaid the debt from the hire-purchase contract for truck tanks.

3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,037.76 million, declined by Baht 16.76 million, or 0.82% YTD due partly to decreasing other components of shareholders' equity of 29.22 or 23.74% YTD.

Debt decreased due to the repayment of long-term loans and hire purchase.

Cash Flows

unit: million Baht

	31 Mar 2018	31 Mar 2019	Change	%YoY
Net cash provided by (used in) operating activities	206.98	87.00	(119.98)	(57.97%)
Net cash provided by (used in) investing activities	(88.50)	(57.40)	31.10	(35.14%)
Net cash provided by (used in) financing activities	(113.40)	(130.06)	3.34	(2.50%)
Increase (decrease) in exchange differences on translating financial statements	26.37	14.57	(11.80)	(44.75%)
Net increase (decrease) in cash and cash equivalents	11.45	(85.89)	(97.34)	(850.13%)
Cash and cash equivalents as at 1 st January	432.36	199.52	(232.84)	(53.85%)
Adjustment effects of exchange rate	3.43	(1.14)	(4.57)	(133.24%)
Cash and cash equivalents as at 31 st March	447.24	112.49	(334.75)	(74.85%)

The period ended 31st March 2019, the Company and its subsidiary had net cash flow received from operating activities of Baht 87.00 million, net cash flow used in investing activities of Baht 57.40 million, and net cash flow used in financing activities of Baht 130.06 million, mainly from loan repayment. Therefore, cash and cash equivalent items as of the ended 31st March 2019 is Baht 112.49 million, decreased by Baht 334.75 million from 31st March 2018.

Key Financial Ratios

	FY2018	FY2019	Change
Current ratio (times)	0.72	0.33	(0.39)
Quick ratio (times)	0.60	0.26	(0.34)
Receivables turnover ratio (times)	17.48	14.30	(3.18)
Average receivable collection period (days)	21	26	5
Debt to equity ratio (times)	0.78	0.76	(0.02)
Interest bearing debt-to-equity ratio (times)	0.71	0.68	(0.03)
Return on assets (%)	4.87	5.14	0.27
Return on equity (%)	4.35	4.90	0.55

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director