



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA011/2020

May 11, 2020

Subject: 1Q2020 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

1Q2020 Management Discussion and Analysis

Executive Summary

International marine logistics service

The service income of AMA Marine Public Company Limited (“the Company”) decreased by Baht 10.75 million or 3.76% YoY and gross profit margin decreased by Baht 26.76 million or 90.75% YoY resulting from the outbreak of the Coronavirus Disease 2019 (“Covid-19”) caused lock down situation in China. However, vessels allowed to depart from China, they required to quarantine for 14 days which affect the voyage lower than usual. In addition, the effect of China lockdown has caused available vessel in the market. As a result, freight rate lower than average freight rate of the same period of last year.

Domestic land logistics service

AMA Logistics Co., Ltd. (“the Subsidiary”) reported additional services income of Baht 41.06 million or 29.14 % YoY, in line with the business plan and the increasing demand for oil transportation. In 1Q2020, the Subsidiary had carried oil volume of 488.88 million liters, grew by 112.99 million liters or 30.06% YoY. In addition, the Subsidiary could manage the truck fleet more efficiently, resulting in an increase in the gross profit of Baht 15.89 million, or surged by 43.38% YoY.

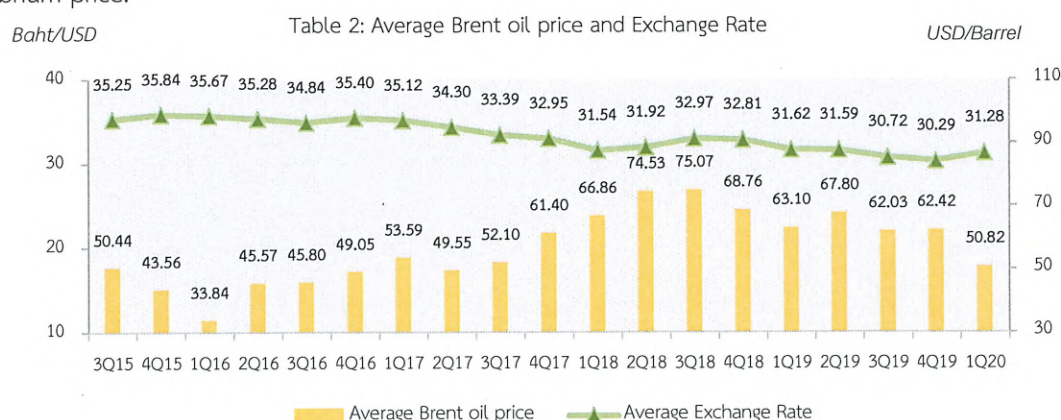
Table 1: Key Financial Results

unit: million Baht

	1Q2019	4Q2019	1Q2020	%YoY	%QoQ
Service Income	426.66	509.74	456.98	7.11%	(10.35%)
Gross Profit	66.11	115.94	55.26	(16.41%)	(52.34%)
Gain (Loss) from disposal of assets	-	-	7.71	#DIV/0!	#DIV/0!
Gain (Loss) on an exchange rate	(0.77)	(0.19)	9.04	1,274.03%	4,857.89%
Net profit	12.46	53.49	5.03	(59.63%)	(90.60%)
Gross profit margin (%)	15.49%	22.74%	12.09%	-	-
Net profit margin (%)	2.92%	10.49%	1.10%	-	-
Service income in USD (Separate financial statements)	9.07	10.98	8.64	(4.74%)	(21.31%)

Economic and Industry Overview

- The impact of the outbreak of the Coronavirus Disease 2019 ("Covid-19") caused severe situation which directly affect Chinese economy and wide spread to epidemic level. Tourism and related sectors was interrupted from Covid – 19 such as airline, hotel, cancellation of activities as well as slowdown in production and manufacturing in global scale. The impact of the outbreak of the Coronavirus 2019 ("Covid-19"). Therefore, this situation probably domino effect through trade and investment in terms of domestic and foreign trade.
- Malaysian Palm Oil Board (MPOB) forecast low level of global demand for palm oil. This situation remains until mid of 2020. Most of country-imposed lockdown policy to control wide-spread of covid-19 so that demand of palm oil in food service and biodiesel has decreased. Malaysia's palm oil export aligned with low consumption. Moreover, Palm oil demand has been collapsed from price war of crude market between Saudi Arabia, Russia and other exporters this month. (Source: www.reuters.com, 24 Mar 2020)
- The currency exchange of US Dollar had been signed on the Company's operation in terms of the functional currency used according to TAS 21. In 1Q2020, the average of the Thai Baht to US dollar was Baht 31.28 per USD slightly depreciated from 4Q2019.
- Fluctuation in crude oil price remains core issue to the Company's performance. Cost of fuel considers as major cost transportation. In 1Q2020, average Brent crude oil price was at USD 50.82 per barrel, reduced by 18.58% from average price in 2019 due to the outbreak of the Coronavirus Disease 2019 ("Covid-19"). As a result, the global economy is likely to slow down which is a negative factor for oil demand. Crude oil price war between Saudi Arabia and Russia also pressure to crash in market demand. Saudi Arabia and Russia price war remains a core issue through global oil industry. However, IMO 2020 policy restricted vessels from using fuels with a Sulphur content above 0.5%, most of vessels possibly shift to use low Sulphur fuel oil (LSFO). Supply of LSFO currently has been shortage situation so that market price of LSFO above than average equilibrium price.



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

1Q2020 Results

1) Revenues

Table 3: Revenues

Revenue Structure	1Q2019		1Q2020	
	million Baht	%	million Baht	%
<u>International marine service</u>				
Service income	263.34	61.72	268.16	58.68
Demurrage charge	22.42	5.26	6.86	1.50
Total revenue from marine service	285.76	66.98	275.02	60.18
<u>Domestic land transportation service</u>				
Service income	140.90	33.02	181.96	39.82
Total revenue from land service	140.90	33.02	181.96	39.82
Total revenue from services	426.66	100.00	456.98	100.00

1Q2020 consolidated revenues of the Company and its subsidiary posted at Baht 456.98 million, increase by Baht 30.32 million or 7.11% YoY but decreased by Baht 52.76 million or 10.35% QoQ. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 60.18 % and 39.82%, respectively.

Revenue from international marine service dropped by Baht 10.74 million, or 3.76% YoY resulting from the outbreak of the Coronavirus Disease 2019 ("Covid-19") caused lock down situation in China. However, vessels allowed to depart from China, they required to quarantine for 14 days which affect the voyage lower than usual. In addition, the effect of China lockdown has caused available vessel in the market. As a result, freight rate lower than average freight rate of the same period of last year. However, in 1Q2020 there was one vessel took out of service for dry-docking in this period when compare to last year, there were three vessels. Volume shipment increased 36,283.21 tons or 13.23% YoY.

For domestic land transportation services, its revenues increased of Baht 41.06 million, or 29.14% YoY, thanks to efficiently truck fleet utilization, steadily growth of backhaul as well as the expansion of fleet from 151 to 191 truck tankers in 1Q2020.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit dropped by Baht 10.85 million or 16.42% YoY to record at Baht 55.26 million, representing gross profit margin at 12.09%, compared with 15.49% in 1Q2019.

Gross profit margin of Marine transport in 1Q2020 was 0.99% compared with 10.32% YoY. A decreased in gross profit margin of marine transport came since freight rate lower than average freight rate of the same period of last year as

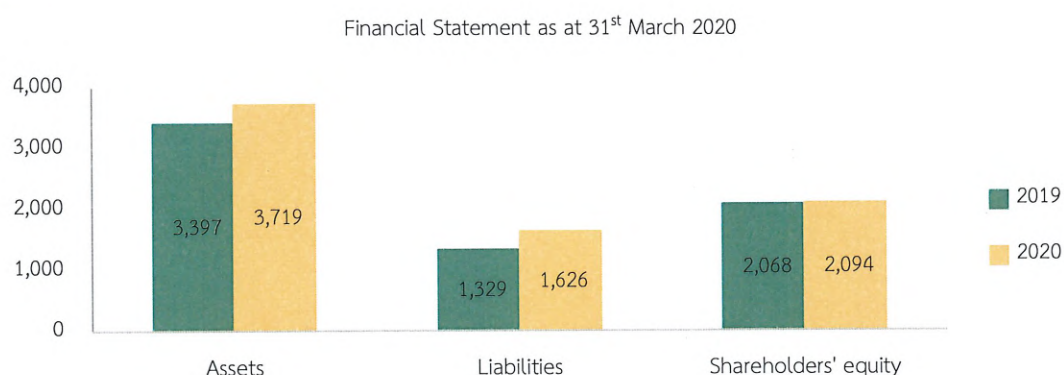
well as LSFO price dramatically surged since most of vessels possibly shift to use LSFO as a result of IMO 2020 policy which restricted vessels from using fuels with a Sulphur content above 0.5%. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

Whereas, the gross profit margin of domestic land transport in 1Q2020 was 28.86%, higher than 26.00% in 1Q2019.

3) Net profit and Net profit margin

In 1Q2020, the Company and its subsidiary's consolidated net profit margin was 1.10%, compared with 2.92% in 1Q2019. Net profit margin mainly decline form decreasing in gross profit margin and also IFRS 9 adoption impact. The Company required to mark to market financial derivative instrument effective on 1 January 2020. IFRS 9 caused loss from financial derivative at Baht 8.46 million. However, the Company has gain from disposal of fixed asset (Chao Anoma vessel) at Baht 4.43 million (net selling expense)

Financial Status



1) Assets

The Company and its subsidiary had total assets of Baht 3,719.33 million, increased by Baht 322.29 million or by 9.49 % YTD mainly due to increasing of cash and cash equivalents and truck tankers.

2) Liabilities

The Company and its subsidiary had total liabilities of Baht 1,625.61 million, increased by Baht 296.63 million or 22.32% YTD due to a short-term loan from financial institutions in the amount of Baht 100 million and accrued dividend amounting to Baht 103.39 million.

3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,093.72 million, increased by Baht 25.65 million, or 1.24% YTD resulting from the increased in differences on translating financial statement amounting to Baht 127.90 million and dividend payment in the amount of Baht 103.60 million.

Cash Flows

Table 4: Cash flows

unit: million Baht

	31 Mar 2019	31 Mar 2020	Change	%YoY
Net cash provided by (used in) operating activities	86.21	61.18	-25.03	(29.03%)
Net cash provided by (used in) investing activities	(57.40)	51.44	108.84	189.62%
Net cash provided by (used in) financing activities	(130.06)	(5.60)	124.46	95.69%
Increase (decrease) in exchange differences on translating financial statements	14.60	(3.52)	-18.12	(124.11%)
Net increase (decrease) in cash and cash equivalents	(86.68)	103.51	190.19	219.42%
Cash and cash equivalents as at 1 st January	199.52	88.24	-111.28	(55.77%)
Adjustment effects of exchange rate	(0.35)	4.04	4.39	1,254.29%
Cash and cash equivalents as at 31 st March	112.49	195.80	83.31	74.06%

The period ended 31st March 2020, the Company and its subsidiary had net cash flow received from operating activities of Baht 61.18 million, net cash flow provided by investing activities of Baht 51.44 million (selling Chao Anoma vessel), and net cash flow used in financing activities of Baht 5.60 million. Therefore, cash and cash equivalent items as of the ended 31st March 2020 is Baht 195.80 million, increased by Baht 83.31 million from 31st March 2019.

Key Financial Ratios

Table 5: Key Financial Ratios

	2019	2020	Change
Current ratio (times)	0.51	0.50	-0.01
Quick ratio (times)	0.39	0.41	0.02
Receivables turnover ratio (times)	16.15	16.17	1.87
Average receivable collection period (days)	22.29	22.26	-3.74
Debt to equity ratio (times)	0.64	0.78	0.14
Interest bearing debt-to-equity ratio (times)	0.56	0.65	0.09
Return on assets (%)	7.64	7.17	-0.47
Return on equity (%)	8.76	8.38	-0.37

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director

Investor Relations

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