



บริษัท อาม่า มารีน จำกัด (มหาชน)
AMA MARINE PUBLIC COMPANY LIMITED

No. CS/EL/AMA023/2017

November 8, 2017

Subject: Management Discussion & Analysis 3Q2017

Attention: The President

The Stock Exchange of Thailand

Management Discussion and Analysis 3Q2017

Executive Summary

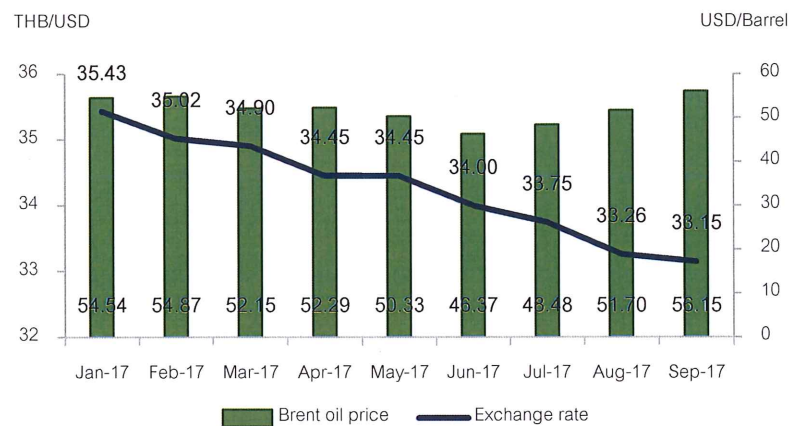
- In 3Q2017, AMA Marine Public Company Limited ("the Company") and AMA Logistics Co., Ltd. ("Subsidiary") reported additional service income of THB 121.23 Million or 45.67% from the same period of last year due to the expansion of tanker's fleet and tank truck's fleet. The cost of goods sold (COGs) grew up by 59.88% or THB 107.41 Million from the same period of last year. As a result, the Company's gross profit increased of THB 13.82 Million or 16.07% from the same period of the previous year.
- The net profit of 3Q2017 increased by THB 1.12 Million or 2.56% from the same period of last year; however, the net profit margin has dropped from 16.46% to 11.59% as the Company had lost revenue from the breakdown of the vessel "Ulaya" and low utilization from land transportation due to low season. In addition, the expansion of the tanker's fleet and tank truck's fleet caused the increase in financial costs and the impact from the currency exchange loss of the subsidiary company – AMA Logistics Co., Ltd. ("AMAL")
- The Company's financial position as at 30 September 2017 remained solid, with total assets amounting to THB 3,690.04 Million, of which THB 501.93 Million were cash and short-term investments, while total liabilities was reported at THB 1,708.98 Million of which THB 354.17 Million were the current portion; as at 30 September 2017 total shareholders' equity was posted at THB 1,981.06 Million.

Table of Key Financial Results

Unit: Million Baht	3Q16	2Q17	3Q17	%YoY	%QoQ	9M16	9M17	%YoY
Service income	265.40	336.46	386.63	45.67%	14.91%	677.96	1,047.30	54.48%
Gross profit	86.01	89.30	99.84	16.07%	11.80%	205.17	279.44	36.20%
Gain (Loss) on exchange rate	(3.14)	(2.60)	(3.05)	(2.82%)	17.35%	(9.20)	3.57	(138.81%)
Doubtful accounts	-	8.96	2.11	-	(76.51%)	-	11.07	-
Net profit	43.68	30.69	44.80	2.56%	45.96%	100.52	132.56	31.87%
Normalized net profit	46.82	42.26	49.96	6.70%	18.23%	109.72	135.46	23.46%
Gross profit margin (%)	32.41%	26.54%	25.82%			30.26%	26.68%	
Net profit margin (%)	16.46%	9.12%	11.59%			14.83%	12.66%	
Normalized net profit margin (%)	17.64%	12.56%	12.92%			16.18%	12.93%	

Economic and Industry Overview

- Malaysian and Indonesian palm oil crop had recovered from 2016 production setback after the El Nino. Malaysian Palm Oil Council (MPOC) forecasts that Malaysian production will rise by 2.7 Million MT to reach 20.0 Million MT in 2017 while Indonesian palm oil production will increase by 2.7 Million MT in 2017 to 34.9 Million MT.
- Key importing countries namely India and China, in 2016 both countries imported palm oil for 10.5% and 18.1% respectively out of the imported quantity of palm oil around the world of 43.9 Million MT. It has expected that China will increasing import palm oil in the second half of 2017 according to the higher demand of usage during the mid-Autumn. Meanwhile, the import of Crude Palm Oil (CPO) was also increase to the amendment of tax tariff of CPO from 7.5% to 15.0%, which was lower than the import tariff of soybean of 2.5%. However, the import of refined palm oil was likely to drop down due to the amendment of import tariff form 15.0% to 25.0%
- The currency exchange of Baht had a significant on the Company's operation in terms of the functional currency used according to TAS 21. In 3Q2017, Thai Baht currency was appreciate than the previous period 2.5%. As at 3Q2017, Thai Baht currency was recorded at THB 33.15 per USD.
- A crude oil price is another crucial factor that affect the Company's performance. Brent oil prices surged from USD 46.37 per barrel in the previous quarter to USD 56.15 per barrel at the end of 3Q2017. However, the Company has managed to adjust the freight rates in September 2017 to align with the increasing cost.



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

Operating Results

1) Revenues

Revenue Structure	3Q2016		3Q1017	
	Million Baht	%	Million Baht	%
<u>International liquid logistics service</u>				
Service income	193.18	72.79	283.29	73.27
Demurrage charge	4.38	1.65	7.29	1.89
Total revenue from tankers	197.56	74.44	290.58	75.16
<u>Domestic land logistics service</u>				
Service income	67.84	25.56	96.05	24.84
Total revenue from tank trucks	67.84	25.56	96.05	24.84
Total revenue from services	265.40	100.00	386.63	100.00

The Company and its subsidiary's revenues includes (1) international liquid logistics service by tankers and (2) domestic land logistics service by tank trucks. The revenues in 3Q2016 and 3Q2017 were 74.44% and 25.56%, or 75.16% and 24.84% respectively.

Marine service income increased by 45.67% from the same period of last year.

In 3Q2017, the Company and its subsidiary's consolidated revenues increased 45.67% to post at THB 386.63 Million or increase of THB 121.23 Million from the same period of last year due to the expansion of tanker's fleet from 7 to 10 vessels as well as the freight adjustment in relation to the increasing of oil price as well as the expansion of tank truck's fleet from 80 to 135 trucks.

2) Cost of goods sold (COGs)

In 3Q2017, the Company and its subsidiary's COGs grew up by 59.88% to record at THB 286.80 Million, increase of THB 107.41 Million.

3) Gross profit and Gross profit margin

In 3Q2016 and 3Q2017, the Company and its subsidiary's gross profit was at THB 86.01 Million and THB 99.84 Million or 32.41% and 25.82% of the service revenues consequently. The gross profit margin dropped from the same period of last year due mainly to the vessel breakdown "Ulaya," and the impact from low season on land transportation services.

4) Other income

In 3Q2017, the Company and its subsidiary's other income was at THB 2.11 Million, increased of THB 1.20 Million or 130.84%, which mostly from unrealized gain on investment valuation.

5) Selling expense

In line with the growth of the Company and its subsidiary's revenues, the Company's selling expense which mostly from the commission fee was increased THB 2.49 Million in 3Q2017 to THB 10.78 Million or increased by 29.99% from the same period of last years.

6) Administrative expense

In 3Q2016 and 3Q2017, the Company and its subsidiary had administrative expense of THB 22.32 Million and THB 24.15 Million consequently. Administrative expense has increased THB 1.84 Million or 8.23%. Compared with revenue growth, the Company can better manage administrative expense efficiently.

7) Other expense

Doubtful accounts is the unclaimed VAT for the tankers.

In 3Q2017, the Company had recorded the provision of doubtful accounts (unclaimed VAT) of THB 2.11 Million, including doubtful accounts that occurred in the previous quarter. It has expected that a fully unclaimed VAT been recorded.

8) Financial cost

Financial cost of the Company and its subsidiary has been surged by 101.43% or THB 8.57 Million from THB 8.45 Million in the same period of last year to post at THB 17.02 Million due to the increase of loan for vessel acquisition and the leasing of tank trucks.

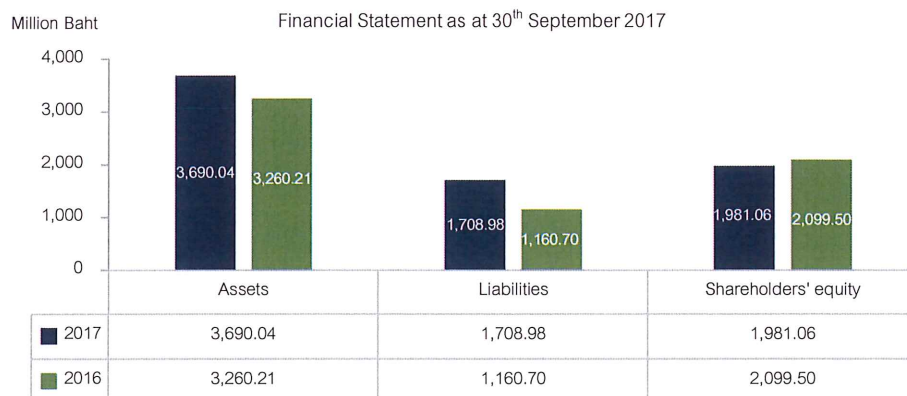
9) Net profit

In 3Q2016 and 3Q2017, the Company had net profit of THB 43.68 Million and THB 44.80 Million, and its net profit margin was 16.46% and 11.59% respectively. The net profit margin has dropped as the Company had lost revenue from the breakdown of the vessel "Ulaya" and low utilization from land transportation due to low season as well as the expansion of the tanker's fleet and tank truck's fleet caused the increase in financial costs. In addition, the currency exchange loss of AMAL as shown in the below table.

Unit: Million Baht	Service income	Gross profit	Gain (Loss) on exchange rate	Net profit	Net profit without gain (loss) on exchange rate
3Q2016	67.84	13.57	(4.40)	(0.35)	4.05
3Q2017	96.05	13.98	(11.21)	(6.31)	4.90
Increase (Decrease)	28.21	0.41	(6.81)	(5.96)	0.85

Note: According to Accounting Standards TAS 21 (Revised 2016), the Company has set up the USD as its functional currency, therefore; there will be profit (loss) from different in exchange rate at the day of revenue recognition and expense recognition. Both AMAL's revenues and expenses are in THB so profit (loss) from exchange rate should not be considered as a normal operation.

Financial Status



1) Assets

Assets increase 13.18% due to the expansion of tanker's fleet and tank truck's fleet.

As at 30th September 2017, the Company and its subsidiary had total assets of THB 3,690.04 Million, increased of THB 429.83 Million or 13.18% from 31st December 2016 due to the purchase of new tankers and the tank trucks from the business expansion of which THB 501.93 Million were cash and short-term investments.

2) Liabilities

As at 30th September 2017, the Company and its subsidiary had total liabilities of THB 1,708.98 Million, increased of THB 548.28 Million or 47.24% from 31st December 2016 due mainly to long-term loans from financial institutions of which THB 354.17 Million were the current portion.

3) Shareholders' equity

As at 30th September 2017, the Company and its subsidiary had equity of THB 1,981.06 Million, decreased to THB 118.45 Million, or 5.64% from 31st December 2016 due to dividend payment of THB 107.90 Million and also the loss of an exchange difference on transformation of functional currency to present in financial statements.

Cash Flows

The Use of proceeds, mostly derived from the expansion of tanker's fleet and tank truck's fleet.

As of 30th September 2017, the Company and its subsidiary had an increased net cash from the operation of THB 40.09 Million, compared to the same period of last year while an increase net cash used in investing activities amounting to THB 392.69 Million from the same period of last year mainly for purchases of Property, Plant, and Equipment (PPE). In addition, the Company and its subsidiary had an increase net cash used in financing activities of THB 727.82 Million from the same period of last year to repay loan to financial institution and dividend payment. As at 30th September 2017, the Company and its subsidiary had cash and cash equivalent of THB 400.71 Million.

Key Financial Ratios

Unit: Million Baht	3Q16	2Q17	3Q17	%YoY	%QoQ
Current ratio (times)	2.01	1.69	1.42	(0.59)	(0.27)
Quick ratio (times)	1.90	1.58	1.30	(0.60)	(0.28)
Receivables turnover ratio (times)	14.10	8.41	10.08	(4.02)	1.67
Average receivable collection period (days)	26	43	36	10	(7)
Debt to equity ratio (times)	0.80	0.70	0.86	0.06	0.16
Interest bearing debt (times)	0.72	0.64	0.80	0.08	0.16
Debt-service coverage ratio (times)	0.57	0.31	0.30	(0.27)	(0.01)
Return on assets* (%)	12.70	8.93	8.72	(3.98)	(0.21)
Return on equity* (%)	18.73	12.00	11.92	(6.81)	(0.08)

Remark: Net profit on current quarter plus net profit on the last three quarters (annualized)

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director