



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA023/2020

Nov 6, 2020

Subject: 3Q2020 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

3Q2020 Management Discussion and Analysis

Executive Summary

International marine logistics service

The service income of AMA Marine Public Company Limited (“the Company”) increased by Baht 4.62 million or 1.51% YoY, the gross profit of the Company in 3Q2020 increased by Baht 36.16 million or 64.39% YoY mainly due to the decrease in bunker prices. Besides, freight rate in this quarter was higher than the same period last year.

Domestic land logistics service

AMA Logistics Co., Ltd. (“the Subsidiary”) reported services income less than last year by Baht 14.22 million or 9.12% YoY and reported gross profit less than last year by Baht 21.88 million or 47.18% YoY since the Subsidiary revised reference fuel price from Diesel B7 to Diesel B10 which B10 price has lower cost than B7 price. Furthermore, average truck fleet utilization rate decreased from 90.78% in 3Q2019 to 81.17% in 3Q2020 YoY.

Table 1: Key Financial Results

unit: million Baht

	3Q2019	2Q2020	3Q2020	%YoY	%QoQ
Service Income	461.85	464.87	452.25	(2.08%)	(2.71%)
Gross Profit	102.52	107.25	116.80	13.93%	8.90%
Gain (Loss) from disposal of assets	-	(0.01)	(0.03)	N/A	200.00%
Gain (Loss) on an exchange rate	(0.34)	(28.24)	9.94	(3,023.53%)	(135.20%)
Gain (Loss) from financial instruments	-	23.79	(8.32)	N/A	(134.97%)
Net profit	46.39	54.59	71.44	54.00%	30.87%
Gross profit margin (%)	22.20%	23.07%	25.83%	-	-
Net profit margin (%)	10.05%	11.74%	15.50%	-	-
Service income in USD (Separated financial statements)	<b>9.98</b>	9.75	9.91	(0.70%)	1.61%

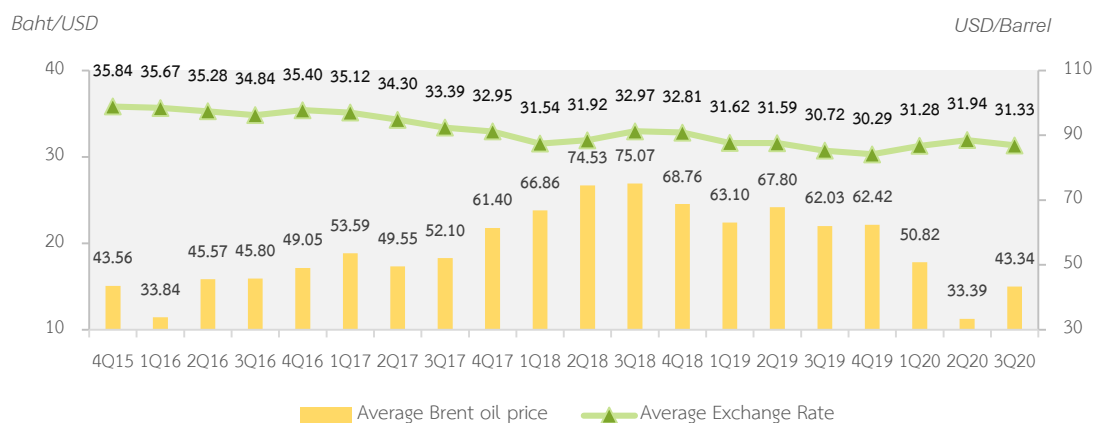
## Economic and Industry Overview

- Malaysia Palm Oil Council (MPOC) slashed its palm oil export duty since July until the end of the year in a move aimed at encouraging buying as countries slowly ease out of lockdown. Malaysia exported more palm oil to India, China and the European Union, the biggest buyers. MPOC also pegged Malaysia's total palm oil production for 2020 at 19.5-19.6 million tons.
- Palm oil export was imposed levy tax at 55 USD per tons (Normally, government impose progressive tax rates) from Indonesia government. Tax budget aims to subsidies domestic bio-diesel consumption from higher palm oil price. Increasing in palm oil price caused an increase in bio diesel price. Crude price remains lower bound. This probably signal to lower target bio diesel consumption.

(Source: <https://www.thejakartapost.com/news/2020/09/17/indonesias-palm-oil-sector-relies-on-domestic-demand-as-exports-drop.html>)

- 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 3Q2020, the average of the Thai Baht to US dollar was Baht 31.33 per USD slightly depreciated from 3Q2019 at Baht 30.72 per USD.
- Voluntary in crude oil price impact the Company's performance due to the fact that fuel cost classified as major transportation cost. In 3Q2020, average Brent crude oil price reported at USD 43.34 per barrel which slump around 30.13% relative to 3Q2019. Crude oil was pressured from demand shock from COVID-19 even if in May 2020 OPEC+ (OPEC and Russia) agreed to largest cut down production. G20 summit, US, Brazil and Canada, committed for curb crude oil production in order to absorb over supply in market. Oligopoly policy from oil producers couldn't solve issue from global demand shock so that oil price remains low level.

Table 2: Average Brent oil price and Exchange Rate



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

## 3Q2020 Results

### 1) Revenues

Table 3: Revenues

Revenue Structure	3Q2019		3Q2020	
	million Baht	%	million Baht	%
<b>International marine service</b>				
Service income	296.77	64.26	308.89	68.30
Demurrage charge	9.22	1.99	1.72	0.38
Total revenue from marine service	305.99	66.25	310.61	68.68
<b>Domestic land transportation service</b>				
Service income	155.86	33.75	141.64	31.32
Total revenue from land service	155.86	33.75	141.64	31.32
<b>Total revenue from services</b>	<b>461.85</b>	<b>100.00</b>	<b>452.25</b>	<b>100.00</b>

3Q2020 consolidated revenues of the Company and its subsidiary posted at Baht 452.25 million, decreased by Baht 9.60 million or 2.08% YoY but increased by Baht 12.62 million or 2.71% QoQ. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 68.68% and 31.32%, respectively.

The growth of international marine logistics service revenues of Baht 12.12 million, or 4.08% YoY due partly to the average freight rate in this quarter surged by 2.28% YoY. The Company's average fleet utilization rate was 95.65%, slightly increased from 94.63% YoY.

For domestic land transportation services, its revenues dropped by Baht 14.22 million, or 9.12% YoY, because the Subsidiary revised reference fuel price\* from Diesel B7 to Diesel B10 which B10 price has lower cost than B7 price. Even though the subsidiary had transported oil volume of 446.13 million liters, raise by 42.66 million liters or 10.57% YoY as well as steadily growth of backhaul and the expansion of fleet from 161 to 216 truck tankers in 3Q2020, average truck fleet utilization rate decreased from 90.78% in 3Q2019 to 81.17% in 3Q2020 YoY since Thailand has more rainfall relatively to last year which is drought. Rainfall increase water reservoir which higher than normal level. In the meanwhile, 2019, drought effect lower water reservoir than normal situation\*\*.

\*Note: Freight rate will be calculated from diesel reference fuel price at petrol station. Since May 1, 2020, the diesel reference fuel price has been changed from B7 to B10 (B10 fuel price is lower than the average B7 fuel price at around Baht 3 per liter in 3Q2020).

\*\*Source: Weather Report, Thai Meteorological Department (<https://www.tmd.go.th/index.php>)

### 2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit surged by Baht 14.28 million or 13.93% YoY to record at Baht 116.80 million, representing gross profit margin at 25.83%, compared with 22.20% in 3Q2019.

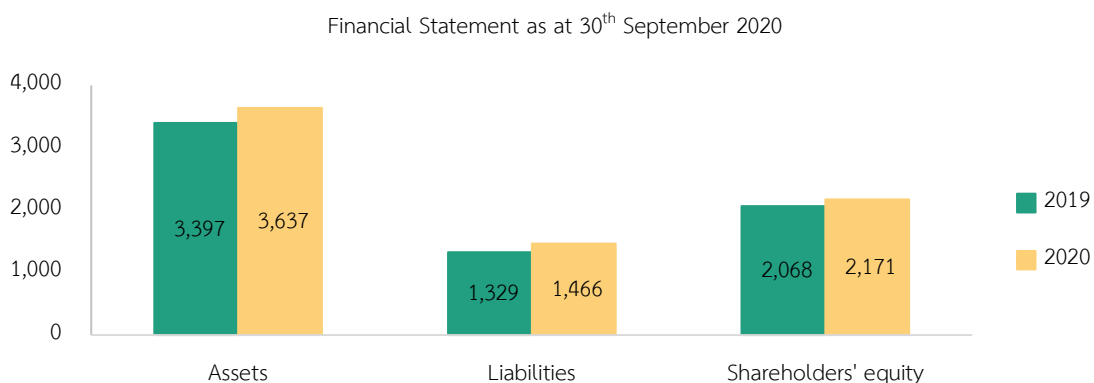
Gross profit margin of Marine transport in 3Q2020 was 29.72% compared with 18.35% YoY. An increased in gross profit margin of marine transport came since price of fuel has declined. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

Whereas, the gross profit margin of domestic land transport in 3Q2020 was 17.29%, lower than 29.75% in 3Q2019 due to the effect of revising reference fuel price and fleet utilization rate decreased due to the climate as mentioned above.

### 3) Net profit and Net profit margin

In 3Q2020, the Company and its subsidiary’s consolidated net profit rose by Baht 25.04 million or 53.98% YoY to record at Baht 71.44 million. Net profit margin was 15.80% compared with 10.05% YoY. Net profit margin mainly increased due to better marine service performance.

### Financial Status



#### 1) Assets

The Company and its subsidiary had total assets of Baht 3,637.39 million, increased by Baht 240.35 million or by 7.08% YTD mainly due to increasing of cash and cash equivalents and 35 truck tankers.

#### 2) Liabilities

The Company and its subsidiary had total liabilities of Baht 1,466.07 million, increased by Baht 137.10 million or 10.32% YTD due to a short-term loan from financial institutions and additional finance leases.

#### 3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,064.39 million, decreased by Baht 3.68 million, or 4.99% YTD due to retained earnings.

## Cash Flows

Table 4: Cash flows

unit: million Baht

	30 Sep 2019	30 Sep 2020	Change	%YoY
Net cash provided by (used in) operating activities	323.21	331.67	8.46	2.62%
Net cash provided by (used in) investing activities	(113.02)	25.57	138.59	122.62%
Net cash provided by (used in) financing activities	(382.05)	(198.56)	183.49	(48.03%)
Increase (decrease) in exchange differences on translating financial statements	40.23	11.81	(28.42)	(70.64%)
Net increase (decrease) in cash and cash equivalents	(131.63)	170.49	302.12	(229.52%)
Cash and cash equivalents as at 1 <sup>st</sup> January	199.52	88.24	(111.28)	(55.77%)
Adjustment effects of exchange rate	0.10	(5.88)	(5.98)	(5,980.00%)
Cash and cash equivalents as at 30 <sup>th</sup> September	67.98	252.85	184.87	271.95%

The period ended 30<sup>th</sup> September 2020, the Company and its subsidiary had net cash flow received from operating activities of Baht 331.67 million, net cash flow provided by investing activities of Baht 25.57 million (selling Chao Anoma vessel), and net cash flow used in financing activities of Baht 198.56 million (Loan repayment and dividend payment). Therefore, cash and cash equivalent items as of the ended 30<sup>th</sup> September 2020 is Baht 252.85 million, increased by Baht 184.87 million from 30<sup>th</sup> September 2019.

## Key Financial Ratios

Table 5: Key Financial Ratios

	2019	2020	Change
Current ratio (times)	0.51	0.70	0.19
Quick ratio (times)	0.39	0.61	0.22
Receivables turnover ratio (times)	16.15	20.50	4.35
Average receivable collection period (days)	22.29	17.56	(4.73)
Debt to equity ratio (times)	0.64	0.68	0.04
Interest bearing debt-to-equity ratio (times)	0.56	0.62	0.06
Return on assets (%)	7.64	7.32	(0.32)
Return on equity (%)	8.76	8.76	0.00

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director