



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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA002/2018

February 20, 2018

Subject: 2017 Management Discussion & Analysis
Attention: The President
The Stock Exchange of Thailand

Management Discussion and Analysis FY2017

Executive Summary

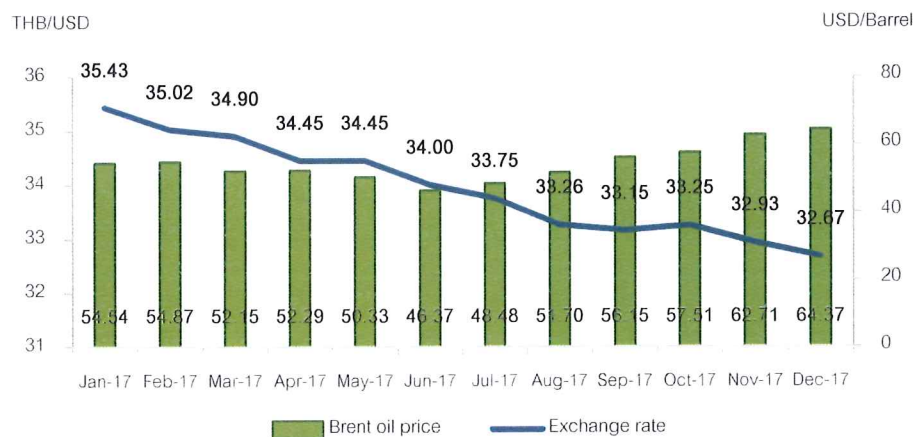
- In FY2017, AMA Marine Public Company Limited ("the Company") and AMA Logistics Co., Ltd. ("Subsidiary") reported additional service income of THB 536.20 Million or 55.60% from last year due to the expansion of tanker's fleet and tank truck's fleet. The cost of goods sold (COGs) grew up by 59.80% or THB 403.29 Million from last year. As a result, the Company and its Subsidiary's gross profit increased of THB 132.91 Million or 45.83% from previous year and the net profit increased THB 105.96 million or 71.99 from the same period of last year. The net profit margin has surged from 15.26% in 2016 to 16.87% in 2017 owing to the expansion of the fleet leading to higher transportation revenue, costs efficiency management, in particular administration cost, as well as the gain on exchange rate.
- The Company and its subsidiary's financial position as at 31 December 2017 remained solid, with total assets amounting to THB 3,755.52 Million, of which THB 533.95 Million were cash and short-term investments, while total liabilities was reported at THB 1,692.85 Million of which THB 390.25 Million were the current portion; total shareholders' equity was posted at THB 2,062.67 Million.
- Previous consolidated financial statements have not reflected the actual performance of the Subsidiary due to the difference between functional currency operated and its presentation currency. In consequence, the Company's financial statements has been retroactive adjustment of the 2016 beginning retained earnings (deficit) and the 2016 financial statement.

Table of Key Financial Results

Unit: Million Baht	4Q16	3Q17	4Q17	%YoY	%QoQ	2016	2017	%YoY
Service income	287.36	386.25	454.44	58.14%	17.65%	964.45	1,500.65	55.60%
Gross profit	85.51	98.36	146.77	71.64%	49.22%	290.02	422.93	45.83%
Gain (Loss) on exchange rate	(4.42)	7.78	1.57	135.52%	79.82%	(0.92)	39.38	4,380.43%
Net profit	34.32	53.91	89.59	161.04%	66.18%	147.19	253.15	71.99%
Gross profit margin (%)	29.76%	25.46%	32.30%			30.07%	28.18%	
Net profit margin (%)	11.94%	13.96%	19.71%			15.26%	16.87%	

Economic and Industry Overview

- According to the Ganling weather-based Crude Palm Oil (CPO) forecast for 2018, Malaysia would see an additional 6.6% growth of its palm oil inventory to 21.0 Million tonnes, whereas, Indonesia's inventory would increase by 7.5% to 37.2 Million tonnes. Both countries account for 85% of the global supply and both producing countries' inventories would grow by 7.2% or 4.0 Million tonnes.
- According to Dr. Sathia Varga, Singapore-based Palm Oil Analytics Owner and Co-founder, the challenges that lie ahead for the industry are the debate on the European Union (EU) proposed ban on palm oil, the US and the EU anti-dumping duties on Indonesia's biodiesel, and India's import tariff on the palm oil. However, Malaysia's move in removing export tax for the period of 3 months from 8 January to 7 April 2018 expected to assist in reducing the inventory and a positive element for Crude Palm Oil (CPO) price in the first half of this year.
- 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 2017, Thai Baht currency once comparing with USD currency was appreciate than the previous period 3.85% YoY. The average exchange rate of Thai Baht currency in 2017 was record at THB 33.94 per 1 USD.
- A crude oil price is another crucial factor that affect the Company's performance. The average Brent oil prices surged from USD 43.64 per barrel in 2016 to USD 54.12 per barrel in 2017 resulting to the higher transportation cost. However, the Company has managed to adjust the freight rates to align with the increasing cost.



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

4Q2017 Results

In 4Q2017, the Company and its subsidiary's consolidated revenues increased THB 167.08 Million or 58.14% from last year. It was due to the expansion of tanker's fleet, with a total weight of 82,981 DTW as well as the additional of 15 trucks from the previous quarter. The Company and its subsidiary's gross profit surged by THB 61.26 Million or 71.64% from the same period last year. The net profit rose by THB 55.27 Million or 161.04% from the same period last year. As a result, net profit margin increased from 11.94% in 4Q2016 to 19.71% in this quarter.

2017 Results

1) Revenues

Revenue Structure	2016		2017	
	Million Baht	%	Million Baht	%
International liquid logistics service				
Service income	667.91	69.25	1,058.69	70.55
Demurrage charge	34.60	3.59	39.08	2.60
Total revenue from tankers	702.51	72.84	1,097.77	73.15
Domestic land logistics service				
Service income	261.94	27.16	402.88	26.85
Total revenue from tank trucks	261.94	27.16	402.88	26.85
Total revenue from services	965.45	100.00	1,500.65	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 2016 and 2017 were 72.84% and 27.16%, or 73.15% and 26.85% respectively.

In 2017, the Company and its subsidiary's consolidated revenues increased 55.60% to post at THB 1,500.65 Million or increased of THB 536.20 Million from the same period last year due to the expansion of tanker's fleet. The Company purchased 3 more vessels and disposed 1 vessel ("Yanee") the Company has 10 vessels in total at the end of 2017 as well as the expansion of tank truck's fleet from 100 to 150 trucks. In addition, the Company also adjusted the freight up in relation to the increasing of oil price.

2) Cost of goods sold (COGs)

In 2017, service income increased by 55.60% YoY.

In 2017, the Company and its subsidiary's COGs grew up by 59.80% to record at THB 1,077.72 Million, increase of THB 403.29 Million.

3) Gross profit and Gross profit margin

In 2016 and 2017, the Company and its subsidiary's gross profit was at THB 290.02 Million and THB 422.93 Million or 30.07% and 28.18% of the service revenues consequently. The gross profit margin decreased from last year due mainly to the vessel breakdown as well as low utilization rate of land transportation services.

4) 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 14.23 Million in 2017 to THB 41.23 Million or increased by 52.68% from last years.

5) Administrative expense

In 2017, the Company and its subsidiary had administrative expense of THB 98.80 Million increased THB 17.02 Million or 20.82% from last year. Compared with revenue growth, the Company can better manage administrative expense efficiently.

6) Financial cost

Financial cost of the Company and its subsidiary has been surged by 74.24% or THB 25.49 Million to post at THB 59.75 Million due to the increase of loan for vessel acquisition and the leasing of tank trucks.

7) Other expense

A fully unclaimed VAT had already been recorded.

In 2017, the Company had recorded the provision of doubtful accounts (unclaimed VAT) of THB 10.96 Million. This is a non-recurring item.

8) Net profit

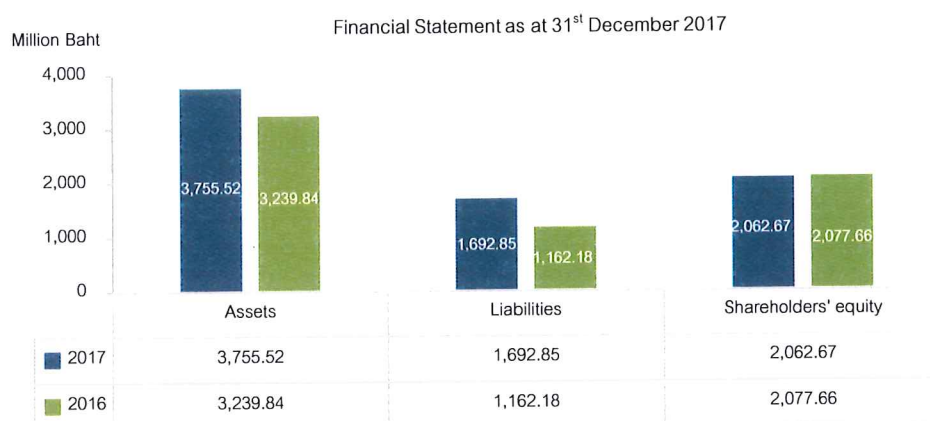
In 2016 and 2017, the Company and its Subsidiary had net profit of THB 147.19 Million and THB 253.15 Million, and its net profit margin was 15.26% and 16.87%, respectively. The net profit margin surged came from an expansion of the tanker's fleet and tank truck's fleet, resulting in the higher transportation revenues for the Company and its Subsidiary being more efficient cost management, as well as a gain on exchange rate of THB 39.38 Million.

The Company has restated its financial statements of the Subsidiary – AMAL whose operation is in THB.

From the retroactive adjustment of the financial statements for the year 2016, the statement of income for the year 2016 showed an increase in net profit of THB 3.28 Million. Currently, the Subsidiary presents its financial statement in Thai Baht as shown in the below table.

Unit: Million Baht	Service income	Gross profit	Net profit
2016	261.94	63.42	27.69
2017	402.88	81.73	36.25
Increase (Decrease)	140.94	18.31	8.56

Financial Status



1) Assets

As at 31st December 2017, the Company and its subsidiary had total assets of THB 3,755.52 Million, increased of THB 515.68 Million or 15.92% from 31st December 2016 due to the purchase of 3 new tankers (disposed 1 vessel "Yanee") and the 50 tank trucks, of which THB 533.95 Million were cash and short-term investments.

2) Liabilities

As at 31st December 2017, the Company and its subsidiary had total liabilities of THB 1,692.85 Million, increased of THB 530.67 Million or 45.66% from 31st December 2016 due mainly to long-term loans from financial institutions of which THB 390.25 Million were the current portion.

3) Shareholders' equity

As at 31st December 2017, the Company and its subsidiary had equity of THB 2,062.67 Million, decreased to THB 14.99 Million, or 0.72% from 31st December 2016 due to dividend payment of THB 107.90 Million as well as the affected by decreasing currency conversion of THB 160.24 Million or 330.31% from 31st December 2016.

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

Cash Flows

As of 31st December 2017, the Company and its subsidiary had an increased net cash from the operation of THB 49.35 Million, compared to last year while an increase net cash used in investing activities amounting to THB 242.28 Million from last year mainly for purchases of tanks and trucks. In addition, the Company and its subsidiary had an increase net cash used in financing activities of THB 1,833.92 Million from last year to repay loan to financial institution and dividend payment. As at 31st December 2017, the Company and its subsidiary had cash and cash equivalent of THB 432.36 Million.

Key Financial Ratios

Unit: Million Baht	2016	2017	%YoY
Current ratio (times)	4.65	1.44	(3.21)
Quick ratio (times)	4.54	1.34	(3.20)
Receivables turnover ratio (times)	20.27	17.79	(2.48)
Average receivable collection period (days)	18	21	3
Debt to equity ratio (times)	0.56	0.82	0.26
Interest bearing debt (times)	0.52	0.77	0.25
Debt-service coverage ratio (times)	1.26	1.20	(0.06)
Return on assets (%)	8.97	9.18	0.21
Return on equity (%)	11.51	12.23	0.72

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director