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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA002/2020

February 21, 2020

Subject: Management Discussion & Analysis for operating results for the year ended 2019

Attention: The President

The Stock Exchange of Thailand

2019 Management Discussion and Analysis

Executive Summary

International marine logistics service

The service income of AMA Marine Public Company Limited ("the Company") decreased by Baht 18.68 million or 1.45% YoY, resulting from high volatility in Foreign Exchange rate impact Thai baht appreciate against US dollar. However, the gross profit of the Company in 2019 increased by Baht 3.63 million or 1.60% YoY mainly due to the decrease in bunker prices and the higher average freight rate in this quarter than the same period of last year.

Domestic land logistics service

AMA Logistics Co., Ltd. ("the Subsidiary") reported additional services income of Baht 144.42 million or 29.70% YoY, in line with the business plan and the increasing demand for oil transportation. In 2019, the Subsidiary had carried oil volume of 1,655.39 million liters, grew by 379.75 million liters or 29.77% YoY. In addition, the Subsidiary could manage the truck fleet more efficiently, resulting in an increase in the gross profit of Baht 80.72 million, or surged by 81.72% YoY.

Table 1: Key Financial Results unit: million Baht

	4Q2018	3Q2019	4Q2019	%YoY	%QoQ	2018	2019	%YoY
Service income	497.93	461.85	509.74	2.37	10.37	1,773.97	1,899.71	7.09
Gross profit	103.17	102.52	115.94	12.38	13.09	325.79	410.15	25.89
Gain (Loss) on an exchange rate	(0.48)	(0.34)	(0.19)	(60.42)	(44.12)	(9.94)	(2.93)	(70.52)
Net profit	40.36	46.39	53.49	32.53	15.31	89.52	180.52	101.65
Gross profit margin (%)	20.72%	22.20%	22.74%			18.37%	21.59%	
Net profit margin (%)	8.11%	10.05%	10.49%			5.05%	9.50%	
- Service income in USD (Separate financial statements)	11.02	9.98	10.98	(0.36)	9.25	39.83	40.99	2.91

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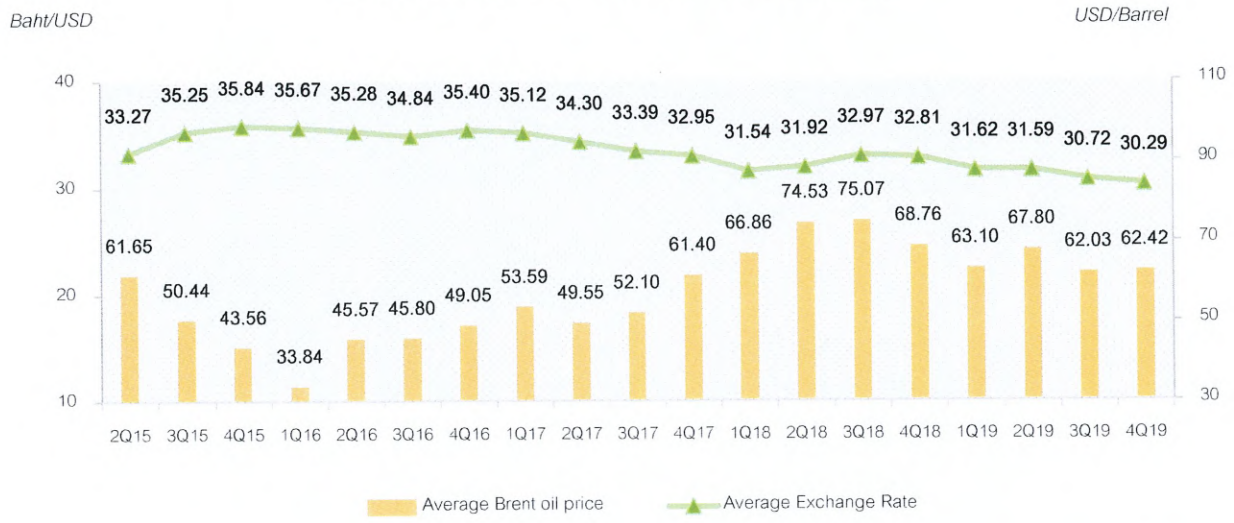
Economic and Industry Overview

- Indonesia faces the problem of exporting palm oil to the European Union (EU) since consumers turning against palm oil products because of concerns about environmental damage. Therefore, Indonesia is trying to increase exports to China and India as well as increasing the proportion of palm oil for domestic biodiesel production.
- 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 2019, the average of the Thai Baht to US dollar was Baht 31.06 per USD slightly appreciated from 2018. The strength of Thai Baht came mainly to the stability of Thai baht comparing to peers in the same region as well as the strong current account surplus.
- A crude oil price is another crucial factor that affects the Company's performance as it is the major cost for transportation. In 2019, the averaged Brent crude oil price was at USD 63.84 per barrel, dropped by 10.48% from the average price in 2018 due to the prolonged US-China trade war situation, the global economy is likely to slow down which is a negative factor to oil demand.

Table 2: Average Brent oil price and Exchange Rate



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

2019 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2018		2019	
	million Baht	%	million Baht	%
International marine service				
Service income	1,218.67	68.70	1,209.60	63.67
Demurrage charge	69.04	3.89	59.42	3.13
Total revenue from marine service	1,287.71	72.59	1,269.02	66.80
Domestic land transportation service				
Service income	486.27	27.41	630.69	33.20
Total revenue from land service	486.27	27.41	630.69	33.20
Total revenue from services	1,773.97	100.00	1,899.71	100.00

2019 consolidated revenues of the Company and its subsidiary posted at Baht 1,899.71 million, increase by Baht 125.74 million or 7.09 % YoY, the proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 66.80 % and 33.20%, respectively.

Revenue from international marine service dropped by Baht 18.69 million, or 1.45% YoY resulting from high volatility in Foreign Exchange rate impact Thai baht appreciate against US dollar.

For domestic land transportation services, its revenues increased of Baht 144.42 million, or 29.70% YoY, thanks to efficiently truck fleet utilization as well as the expansion of fleet from 150 to 181 truck tankers in 2019.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit increased of Baht 84.36 million or 25.89% YoY to record at Baht 410.15 million, representing gross profit margin at 21.59%, compared with 18.37% in 2018.

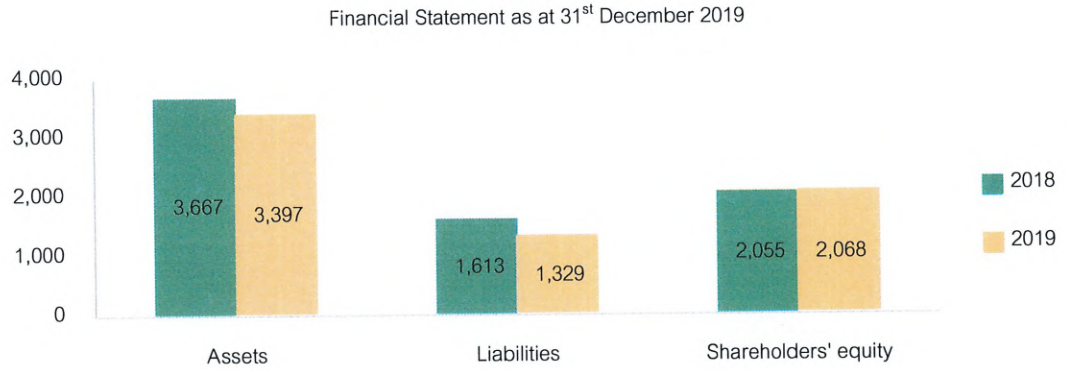
Gross profit margin of Marine transport in 2019 was 18.17% compared with 17.63% YoY. A higher gross profit margin of marine transport came mainly from the decrease of bunker cost and the improvement of controlling vessel's speed to be at an economic speed as well as managing the fleet routes more efficiently. 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 2019 was 28.46%, higher than 20.31% in 2018.

3) Net profit and Net profit margin

In 2019, the Company and its subsidiary's consolidated net profit margin was 9.50%, compared with 5.05% in 2018. As a result, net profit surged by Baht 91.00 million or 101.65% YoY, to be recorded at Baht 180.52 million.

Financial Status



1) Assets

The Company and its subsidiary had total assets of Baht 3,397.04 million, decreased Baht 270.26 million or by 7.37% YTD mainly due to declining of cash and cash equivalents from operating activities.

2) Liabilities

The Company and its subsidiary had total liabilities of Baht 1,328.97 million, shrunk by Baht 283.80 million or 17.60% 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 2,068.07 million, increased by Baht 13.54 million, or 0.66 % YTD since net profit increased. However, there was a decreasing in other components of shareholders' equity.

Cash Flows

Table 4: Cash flows

unit: million Baht

	31 Dec 2018	31 Dec 2019	Change	%YoY
Net cash provided by (used in) operating activities	408.40	465.08	56.68	13.88
Net cash provided by (used in) investing activities	(149.20)	(115.00)	34.2	(22.92)
Net cash provided by (used in) financing activities	(484.50)	(508.13)	(23.63)	4.88
Increase (decrease) in exchange differences on translating financial statements	(5.26)	45.94	51.2	(973.38)
Net increase (decrease) in cash and cash equivalents	(230.56)	(112.11)	118.45	(51.37)
Cash and cash equivalents as at 1st January	432.36	199.52	(232.84)	(53.85)
Adjustment effects of exchange rate	(2.29)	0.83	3.12	(136.24)
Cash and cash equivalents as at 31st December	199.52	88.24	(111.28)	(55.77)

The period ended 31st December 2019, the Company and its subsidiary had net cash flow received from operating activities of Baht 465.08 million, net cash flow used in investing activities of Baht 115.00 million (dry dock), and net cash flow used in financing activities of Baht 508.13 million, mainly from loan repayment. Therefore, cash and cash equivalent items as of the ended 31st December 2019 is Baht 88.24million, decreased by Baht 111.28 million from 1st January 2019.

Key Financial Ratios

Table 5: Key Financial Ratios

	FY2018	FY2019	Change
Current ratio (times)	0.72	0.51	(0.21)
Quick ratio (times)	0.60	0.39	(0.21)
Receivables turnover ratio (times)	17.48	16.15	(1.33)
Average receivable collection period (days)	20.59	22.29	1.7
Debt to equity ratio (times)	0.78	0.64	(0.13)
Interest bearing debt-to-equity ratio (times)	0.71	0.56	(0.15)
Return on assets (%)	4.87	7.64	2.77
Return on equity (%)	4.35	8.76	4.41

Yours faithfully

AMA Marine Public Company Limited

(Mr. Pisan Ratchakitprakarn)

Managing Director

Investor Relations

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