

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

ทะเบียนเลขที่ 0107559000231

No. CS/EL/AMA018/2020

Aug 7, 2020

Subject: 2Q2020 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

2Q2020 Management Discussion and Analysis

Executive Summary

International marine logistics service

Even if the Covid-19 epidemic has caused the global economic downturn, the Company still has an increasing in cargo carried volume of 1,229.57 tons or 0.33%. However, freight rates are at the level of 9.06% lower than the same period last year. As a result, revenue from international marine service decreased by 36.00 million baht or 10.43% YoY and gross profit decreased by 5.99% YoY.

Domestic land logistics service

AMA Logistics Co., Ltd. (“the Subsidiary”) reported services income less than last year by Baht 0.59 million or 0.38% YoY since the Subsidiary revised reference fuel price from Diesel B7 to Diesel B10 which B10 price has lower cost than B7 price. However, efficiency from utilize truck fleet service and increasing from backhaul induce transported oil volume 472.84 million liters, raise by 72.20 million liters or 18.02% YoY.

Table 1: Key Financial Results

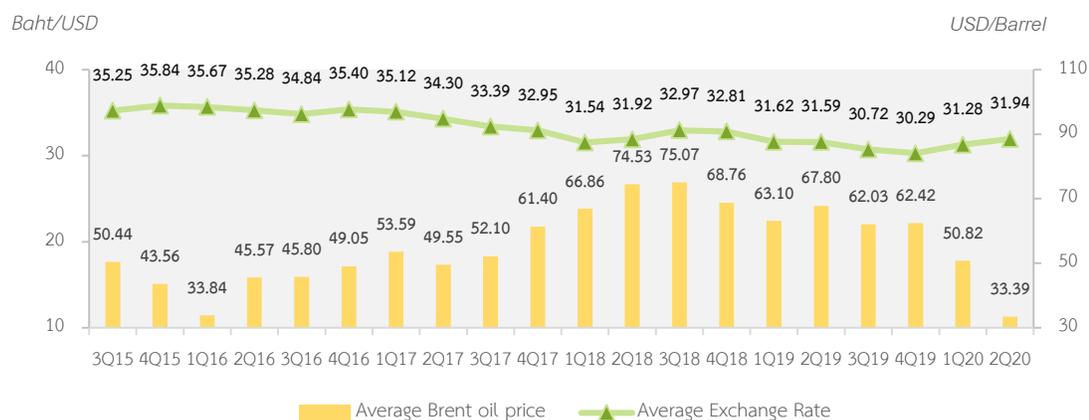
unit: million Baht

	2Q2019	1Q2020	2Q2020	%YoY	%QoQ
Service Income	501.46	456.98	464.87	-7.30%	1.73%
Gross Profit	125.58	55.26	107.25	-14.60%	94.08%
Gain (Loss) from disposal of assets	-	7.71	(0.01)	-	-100.13%
Gain (Loss) on an exchange rate	(1.63)	9.04	(28.24)	-1,632.52%	-412.39%
Gain (Loss) from financial instruments	-	(8.46)	23.79	-	381.21%
Net profit	68.18	5.03	54.59	-19.93%	985.29%
Gross profit margin (%)	25.04%	12.09%	23.07%	-	-
Net profit margin (%)	13.60%	1.10%	11.74%	-	-
Service income in USD (Separated financial statements)	10.96	8.64	9.75	-11.04%	12.58%

Economic and Industry Overview

- Malaysian benchmark crude palm oil (CPO) spot price recovered from mid of May 2020 from USD 470 per ton to an average price around USD 550 per ton in June 2020 due to the fact that key importers, China and India, buying higher volume of palm oil. However, palm oil price probably declines in second half of 2020 since seasonality and the improvement in industry yields from the 2019 is likely to negate improvement in demand as economies around the world restart gradually, following restrictions imposed to curb the spread of the coronavirus. (Source : www.fitchsrating.com, June 26, 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 2Q2020, the average of the Thai Baht to US dollar was Baht 32.18 per USD slightly depreciated from 2Q2019 at Baht 31.59 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 2Q2020, average Brent crude oil price reported at USD 33.39 per barrel which slump around 50.75% relative to 2Q2019. 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

2Q2020 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2Q2019		2Q2020	
	million Baht	%	million Baht	%
International marine service				
Service income	334.25	66.66	308.36	66.33
Demurrage charge	10.90	2.17	0.79	0.17
Total revenue from marine service	345.15	68.83	309.15	66.50
Domestic land transportation service				
Service income	156.31	31.17	155.72	33.50
Total revenue from land service	156.31	31.17	155.72	33.50
Total revenue from services	501.46	100.00	464.87	100.00

2Q2020 consolidated revenues of the Company and its subsidiary posted at Baht 464.87 million, decrease by Baht 36.59 million or 7.30% YoY but increased by Baht 7.89 million or 1.73% QoQ. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 66.50% and 33.50%, respectively.

Although the Covid-19 epidemic has caused the global economic downturn, the Company still has an increasing in cargo carried volume of 1,229.57 tons or 0.33%. However, freight rates are at the level of 9.06% lower than the same period last year. As a result, revenue from international marine service decreased by 36.00 million baht or 10.43% YoY. The service income of AMA Marine Public Company Limited ("the Company") decreased by Baht 36.00 million or 10.43% YoY while cargo carried volume increased by 1,229.67 tons or 0.33%.

COVID situation impact lower demand from fuel therefore price of fuel has declined. The Company gained benefit from cost saving whereas freight rate had decline compare to YoY basis due to decreasing oil price. As a result, gross profit decreased by 5.99% YoY.

For domestic land transportation services, its revenues dropped by Baht 0.59 million, or 0.38% YoY, since the Subsidiary revised reference fuel price* from Diesel B7 to Diesel B10 which B10 price has lower cost than B7 price. Nonetheless, efficiently truck fleet utilization, steadily growth of backhaul as well as the expansion of fleet from 161 to 216 truck tankers in 2Q2020 induced transported oil volume 472.84 million liters, raise by 72.20 million liters or 18.02% YoY.

*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 2Q2020).

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit dropped by Baht 18.33 million or 14.60% YoY to record at Baht 107.25 million, representing gross profit margin at 23.07%, compared with 25.04% in 2Q2019.

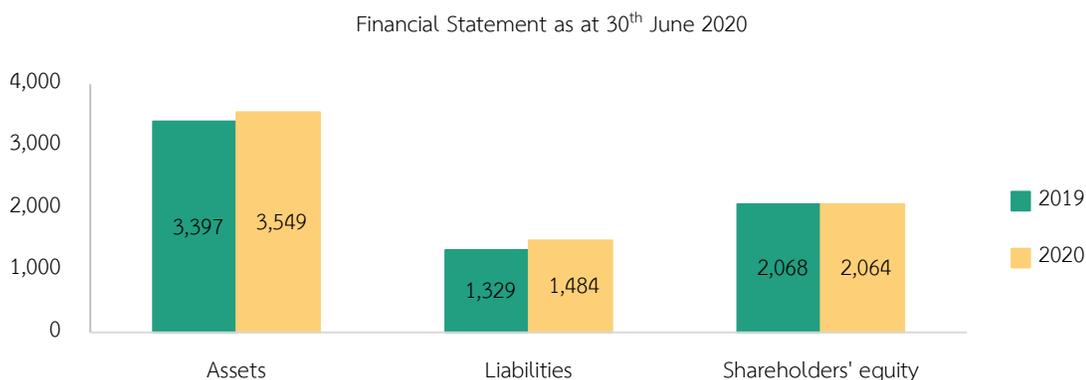
Gross profit margin of Marine transport in 2Q2020 was 22.95% compared with 21.86% YoY. An increased in gross profit margin of marine transport came since price of fuel has declined. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

Whereas, the gross profit margin of domestic land transport in 2Q2020 was 23.32%, lower than 32.07% in 2Q2019 due to the effect of revising reference fuel price.

3) Net profit and Net profit margin

In 2Q2020, the Company and its subsidiary's consolidated net profit dropped by Baht 13.59 million or 19.93% YoY to record at Baht 54.59 million. Net profit margin was 11.74% compared with 13.60 YoY. Net profit margin mainly decline form decreasing in gross profit, loss from exchange rate at Baht 28.24 million and gain from financial instruments at baht 23.79 million which is caused by the adoption of Thai Financial Reporting Standard No. 9 Financial Instruments.

Financial Status



1) Assets

The Company and its subsidiary had total assets of Baht 3,548.51 million, increased by Baht 151.47 million or by 4.46 % 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 1,484.11 million, increased by Baht 155.14 million or 11.67 % 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 0.18 % YTD due to dividend payment.

Cash Flows

Table 4: Cash flows

unit: million Baht

	30 June 2019	30 June 2020	Change	%YoY
Net cash provided by (used in) operating activities	198.55	186.53	(12.01)	-6.05%
Net cash provided by (used in) investing activities	(84.12)	42.58	126.71	-150.62%
Net cash provided by (used in) financing activities	(281.43)	(172.05)	109.38	-38.87%
Increase (decrease) in exchange differences on translating financial statements	39.50	12.99	(26.51)	-67.12%
Net increase (decrease) in cash and cash equivalents	(127.51)	70.05	197.56	-154.93%
Cash and cash equivalents as at 1 st January	199.52	88.24	(111.28)	-55.77%
Adjustment effects of exchange rate	(0.14)	(11.61)	(11.47)	8,214.97%
Cash and cash equivalents as at 30 th June	71.87	146.68	74.82	104.11%

The period ended 30th June 2020, the Company and its subsidiary had net cash flow received from operating activities of Baht 186.53 million, net cash flow provided by investing activities of Baht 42.58 million (selling Chao Anoma vessel), and net cash flow used in financing activities of Baht 172.05 million (Loan repayment and dividend payment). Therefore, cash and cash equivalent items as of the ended 30th June 2020 is Baht 146.68 million, increased by Baht 74.82 million from 30th June 2019.

Key Financial Ratios

Table 5: Key Financial Ratios

	2019	2020	Change
Current ratio (times)	0.51	0.52	0.01
Quick ratio (times)	0.39	0.52	0.13
Receivables turnover ratio (times)	16.15	18.11	1.96
Average receivable collection period (days)	22.29	19.87	(2.42)
Debt to equity ratio (times)	0.64	0.72	0.08
Interest bearing debt-to-equity ratio (times)	0.56	0.66	0.10
Return on assets (%)	7.64	6.90	(0.74)
Return on equity (%)	8.76	7.85	(0.91)

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director

Investor Relations

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