



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

ทะเบียนเลขที่ 0107559000231

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Subject: 2020 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

2020 Management Discussion and Analysis

Executive Summary

International marine logistics service

The service income of AMA Marine Public Company Limited (“the Company”) decreased by Baht 100.84 million or 7.95% YoY, the gross profit of the Company in 2020 decreased by Baht 10.67 million or 4.63% YoY mainly due to two factors the lower fleet utilization rate from COVID-19 pandemic in early 2020 as well as lower average freight rate.

Domestic land logistics service

AMA Logistics Co., Ltd. (“the Subsidiary”) reported services income more than last year by Baht 8.42 million or 1.34% YoY and reported gross profit less than last year by Baht 38.18 million or 21.27% YoY since the Subsidiary revised reference fuel price from Diesel B7 to Diesel B10 which B10 price has lower cost than B7 price (Baht 3 per liter). Furthermore, average truck fleet utilization rate decreased from 94.63% in 2019 to 90.57% in 2020 YoY.

Table 1: Key Financial Results

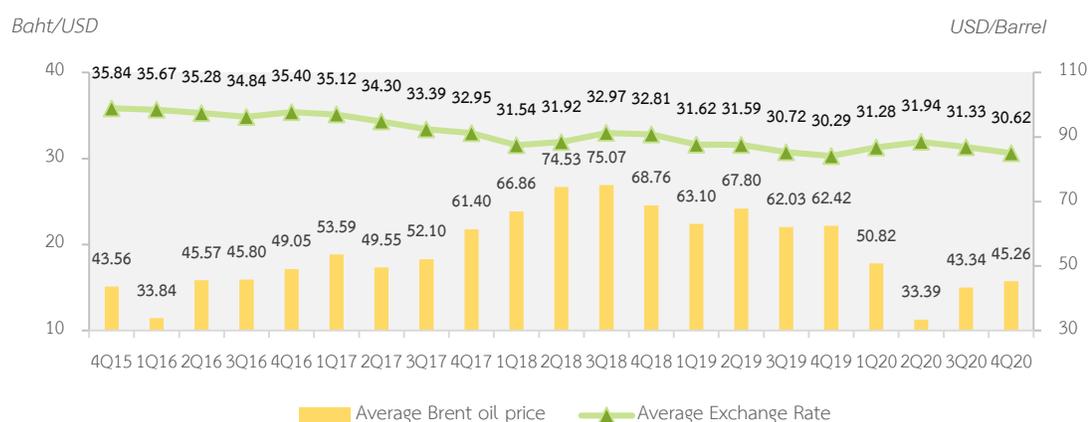
unit: million Baht

	4Q2019	3Q2020	4Q2020	%YoY	%QoQ
Service Income	509.74	452.25	433.19	(15.02%)	(4.21%)
Gross Profit	115.94	116.80	82.29	(29.02%)	(29.55%)
Gain (Loss) from disposal of assets	-	(0.03)	5.33	N/A	17,866.67%
Gain (Loss) on an exchange rate	(0.19)	9.94	-14.51	7,536.84%	(245.98%)
Gain (Loss) from financial instruments	-	(8.32)	6.27	N/A	175.36%
Net profit	53.49	71.44	39.28	(26.57%)	(45.02%)
Gross profit margin (%)	22.74%	25.83%	19.00%		
Net profit margin (%)	10.49%	15.80%	9.07%		
Service income in USD (Separated financial statements)	10.98	9.91	8.59	(21.77%)	(13.32%)

Economic and Industry Overview

- In 2020, palm oil production was initially expected to exceed 2019 production as both Indonesia and Malaysia, the two largest producers of palm oil were poised to lead the growth output. Unfortunately, the total palm oil output recorded a drop instead primarily due to the prolonged dryness experience especially in Indonesia, as well as the lack of fertilizer applications among the smallholders. This situation was further exacerbated by the Covid-19 pandemic which reflected in lower production especially from March to May 2020. As a result, Malaysian palm oil production fell to 19.1 million MT, down by 300,000 MT from earlier forecast of 19.40 million MT. This in turn caused export supplies falling short of expectations which could not meet demand which is reflected in prices which rallied especially during the third and fourth quarters of 2020. (Source: MPOC)
- In 2021, palm oil prices will continue to rise from mid-2020 due to lower production in first quarter 2021, and by the Indonesian government's announcement that palm oil export was imposed levy tax to progressive tax rate (Normally, government impose fixed tax rates) to support the B30 biodiesel consumption. Moreover, high prices of competing vegetable oils such as Soybean oil prices have rallied due to weather concerns, and near-term prices have been buoyed by a labor strike in Argentina. Sunflower oil prices have strengthened on supply tightness due to dry conditions causing poor harvests.
- 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 2020, the average of the Thai Baht to US dollar was Baht 31.29 per USD slightly depreciated from 2019 at Baht 31.06 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 2020, average Brent crude oil price reported at USD 43.20 per barrel which slump around 32.32% relative to 2019. 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

2020 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2019		2020	
	million Baht	%	million Baht	%
International marine service				
Service income	1,209.60	63.67	1,155.82	63.95
Demurrage charge	59.42	3.13	12.36	0.68
Total revenue from marine service	1,269.02	66.80	1,168.18	64.64
Domestic land transportation service				
Service income	630.69	33.20	639.11	35.36
Total revenue from land service	630.69	33.20	639.11	35.36
Total revenue from services	1,899.71	100.00	1,807.29	100.00

2020 consolidated revenues of the Company and its subsidiary posted at Baht 1,807.29 million, decreased by Baht 92.42 million or 4.87% YoY. The proportion of the Company's international marine service and its subsidiary's domestic land transportation revenues were 64.64% and 35.36%, respectively.

Revenue from international marine service dropped by Baht 100.84 million, or 7.95% YoY resulting from decreased in average freight rate by 4.38% YoY. Furthermore, the outbreak of COVID-19 caused lock down situation in China which affect the voyage lower than usual. As a result, The Company's average fleet utilization rate was 90.57%, slightly decreased from 94.63% YoY.

For domestic land transportation services, its revenues increased by Baht 8.42 million, or 1.34% YoY, in line with the expansion of fleet from 161 to 235 truck tankers in 2020. The subsidiary had transported oil volume of 1,906.93 million liters, raise by 249.69 million liters or 15.07% YoY. However, the Subsidiary revised reference fuel price* from Diesel B7 to Diesel B10 which B10 price has a lower cost than B7 price. This result in slightly increased revenue. Besides, the spread of Covid-19 has caused a decrease in fuel demand. Moreover, in 2020 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**. As a result, average truck fleet utilization rate decreased from 96.19% in 2019 to 87.48 % in 2020 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 2020).

**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 slump by Baht 48.55 million or 11.84% YoY to record at Baht 361.60 million, representing gross profit margin at 20.01%, compared with 21.59% in 2019.

Gross profit margin of Marine transport in 2020 was 18.83% compared with 18.17% 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 2020 was 22.16%, lower than 28.46% in 2019 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 2020, the Company and its subsidiary's consolidated net profit dropped by Baht 10.18 million or 5.64% YoY to record at Baht 170.34 million. Net profit margin was 9.43% compared with 9.50% YoY.

Financial Status



1) Assets

The Company and its subsidiary had total assets of Baht 3,514.56 million, increased by Baht 117.52 million or by 3.46% YTD mainly due to increasing of cash and cash equivalents and 54 truck tankers.

2) Liabilities

The Company and its subsidiary had total liabilities of Baht 1,383.94 million, increased by Baht 54.97 million or 4.14% YTD due to additional finance leases.

3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,130.62 million, increased by Baht 62.55 million, or 3.02% YTD due to the operation of the year 2020 which decreased by the interim dividend payment in Q2-2020.

Cash Flows

Table 4: Cash flows

unit: million Baht

	31 Dec 2019	31 Dec 2020	Change	%YoY
Net cash provided by (used in) operating activities	465.08	436.78	(28.30)	(6.08%)
Net cash provided by (used in) investing activities	(115.00)	67.52	182.52	(158.71%)
Net cash provided by (used in) financing activities	(508.13)	(373.78)	134.35	(26.44%)
Increase (decrease) in exchange differences on translating financial statements	45.94	5.78	(40.16)	(87.43%)
Net increase (decrease) in cash and cash equivalents	(112.11)	136.29	248.40	(221.57%)
Cash and cash equivalents as at 1 st January	199.52	88.24	(111.28)	(55.77%)
Adjustment effects of exchange rate	0.83	0.43	(0.40)	(47.91%)
Cash and cash equivalents as at 31 st December	88.24	224.97	136.73	154.94%

The period ended 31st December 2020, the Company and its subsidiary had net cash flow received from operating activities of Baht 436.78 million, net cash flow provided by investing activities of Baht 67.52 million (selling Chao Anoma and Primrose vessel), and net cash flow used in financing activities of Baht 373.78 million (Loan repayment and dividend payment). Therefore, cash and cash equivalent items as of the ended 31st December 2020 is Baht 224.97 million, increased by Baht 136.73 million from 31st December 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	16.56	0.41
Average receivable collection period (days)*	22.29	21.74	(0.55)
Debt to equity ratio (times)	0.64	0.65	0.01
Interest bearing debt-to-equity ratio (times)	0.56	0.59	0.03
Return on assets (%)	7.64	6.86	(0.78)
Return on equity (%)	8.76	8.11	(0.65)

*The Company's credit policy is 20-25 days.

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director