



บริษัท อาร์ ซี แอล จำกัด (มหาชน)

Regional Container Lines Public Company Limited

-Translation-

Ref No. RCL 013/2024

May 10th, 2024

Subject: Management Discussion and Analysis Quarter 1 Ending 31st March 2024

To: The President

The Stock Exchange of Thailand

Regional Container Lines Public Company Limited (the “Company” or “RCL”) would like to inform that the Company recorded its net profit for the first quarter of 2024 of THB 613 million, an increase from the fourth quarter of 2023 where there was a loss of THB 572 million, representing an increase of THB 1,184 million or 207%. Even in the fourth quarter of the past year, the Company recorded a profit of THB 286 million before vessel impairment of THB 857 million; however, the Company was still able to achieve a higher profit of THB 327 million in the first quarter of 2024. The freight rates rose from 307 USD per TEU in the fourth quarter of 2023 to 314 USD per TEU in the first quarter of 2024, indicating only 2% increase. Meanwhile, the Company’s freight income increased by THB 270 million or 4%, with the total lifting reaching 604,000 TEUs, an increase of 13,400 TEUs or 2.3%. Concurrently, the cost of operation declined by THB 42 million compared to the previous quarter, even though the bunker prices remained elevated. This reflects the stringent cost control measures of the Company.

In comparison to the same quarter of the previous year, the Company experienced a decline in net profit of THB 300 million, which the first quarter of 2023, the Company had a net profit of THB 913 million, representing a 33% decrease. This could be primarily attributed to the decline in freight income of THB 53 million. However, the container shipping industry had been positively impacted by the continuous effects of the COVID-19 situation from 2022 until the second quarter of 2023, enabling the container shipping sector to generate extraordinary profits during that period. Nevertheless, in the first quarter of 2024, the container shipping industry was no longer affected by the aforementioned COVID-19 circumstances.

In the first quarter of 2024, the container shipping market encountered several challenges both in supply and demand aspects that impacted freight rates, shipping durations, and overall market uncertainty. These include the global economic slowdown which has led to the decrease in both consumer demand and shipping volumes. Despite this, there has been an increase in newly built vessels entering the container shipping market. However, geopolitical tensions, particularly the situation in the Red Sea, have led to these new vessels being diverted to longer routes, resulting in longer shipping durations and increased freight rates.



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Regional Container Lines Public Company Limited

The Company is committed to sustainable business practices, while also managing and improving the efficiency of its fleet to address challenges in the container shipping industry. The Company aims to enhance policies to align with sustainability goals, including the adoption of Green Procurement Policy. Moreover, it is committed to reducing greenhouse gas emissions through various environmental initiatives such as improving fuel efficiency and engine performance across vessels, aiming for a substantial reduction in CO₂ emissions. Additionally, this includes addressing water pollution by applying Antifouling Systems (AFS) and eliminating Cybutryne on vessels. Recently the 7,000 TEUs vessel from a renowned shipyard in China has entered into the Company's fleet and secured a time charter hire agreement with an external entity for three years, enabling immediate revenue recognition. Furthermore, the Company ordered an additional two 4,400 TEUs vessels, adding to the four previously ordered vessels, bringing the total to six. These vessels feature modern designs aimed at reducing fuel consumption and emissions during port operations. They can be also customized to accommodate alternative fuels (green energy). This reflects a commitment not only to maintaining business performance but also to sustainable business practices for the maximum benefit of all groups of stakeholders.

Please be informed accordingly,

Yours faithfully,

-signed-

Mr. Twinchok Tanthuanit

President

Company Secretary

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