



บริษัท อาร์ ซี แอล จำกัด (มหาชน)  
Regional Container Lines Public Company Limited

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Ref No. RCL 016/2023

August 11<sup>th</sup>, 2023

Subject: Management Discussion and Analysis Quarter 2 Ending 30<sup>th</sup> June 2023

To: The President

The Stock Exchange of Thailand

In the second quarter of 2023, the container shipping industry continued to encounter various challenges not only a slow-down in the global economy, particularly in the United States and Europe, but also high-interest rates which cause a decrease in consumption demand and purchasing power, which negatively impacted on the contracted volume of shipment of commodities accordingly. Concurrently, the number of vessels in the market has increased from newly built vessels during the COVID-19 pandemic which cause the significant and continuous decline in average freight rates commencing from the latter half of 2022. In addition, the Shanghai Containerized Freight Index (SCFI) reported an average third-quarter freight rate of \$3,279 per TEU in 2022 and dropped to \$984 per TEU during the second quarter of 2023.

Amid the challenging situations, Regional Container Lines Public Company Limited (the “Company” or “RCL”) was able to record its net profit for the first six months of 2023 at THB 1,489 million. For the second quarter of 2023, the net profit was THB 576 million, representing a decrease of THB 337 million or 37% compared to the previous quarter wherein a net profit of THB 913 million was achieved. The decline in 6% of total revenue was mainly attributed to the decrease in freight rates of 10% whereas total lifting increased only 2% when compared to the first quarter of 2023. Furthermore, freight rates dropped from \$394 per TEU in the first quarter of 2023 to \$353 per TEU in the second quarter of 2023, driven by high competition after the market returns to normal and the lower time charter rates, especially for small vessels.

In addition to the aforementioned factors, there were other adverse factors which affected the container shipping market, including the slower economic growth experienced in China, post-pandemic recovery. Moreover, elevated bunker prices and interest rates further compounded the challenges faced by the industry.

However, the Company executed the cost-conscious measures and was successful with reefer container business as well as entered into the agreement to sell two old vessels with the age over 25 years, which will be delivered to the buyers within the third quarter this year, in order to improve the Company’s fleet efficiency as it is anticipated that the old vessels will be depreciated further in the future. In the meantime, the Company is actively seeking the opportune timing and favourable pricing to further replace its aging vessels. As highlighted through the aforementioned endeavours, the Company managed to achieve a net profit of THB 1,489 million.



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Furthermore, the Company is pleased to inform that the Board of Directors in its Meeting No. 4/2023 on August 11<sup>th</sup>, 2023 resolved to approve the interim dividend payment at 0.25 Baht per share for six month period of operating results of 2023. The Record Date for shareholders who have the right to receive interim dividend is on August 25<sup>th</sup>, 2023 and the dividend payment date is set to be on September 8<sup>th</sup>, 2023. The aforementioned dividend payout was considered by the Board of Directors in connection with the future asset investment plans, aimed at enhancing fleet efficiency and aligning with the Company's strategies and business plans.

Lastly, please be informed that on June 21<sup>st</sup>, 2023, the Company had a naming ceremony for a 1,930 TEUs vessel, named Nattha Bhum. The vessel is a Bangkok Max carrier, which is the largest size permitted to enter the Chao Phraya River and equipped with modern technology, thereby ensuring compliance with the regulations stipulated by the International Maritime Organization (IMO) as well as the Company's Environment, Social, and Governance (ESG) policy. Moreover, the Company has been honored with the "Best Company of the Year 2023 - Service Industry" Award from the Money & Banking Magazine for the second consecutive year. The award is bestowed upon those companies listed in the Stock Exchange of Thailand, recognized for their exceptional overall performance throughout the year 2022.

Please be informed accordingly,

Yours faithfully,

*-signed-*

Mr. Twinchok Tanthuanit

President

Company Secretary

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