

Ref: PORT-SET-004

20 February 2017

**Topic** Management's Discussion and Analysis of results and financial status for the year ended on December 31, 2017

**Attention** The President  
The Stock Exchange of Thailand

The performance of Sahathai Terminal Public Company Limited ("the Company") for the year ended on December 31, 2017 is as follows:

**Performance**

Item	For the year ended on 31 December					
	2016		2017		Change	
	THB mm	%	THB mm	%	THB mm	%
<b>Service revenue</b>	<b>1,080.48</b>	<b>100.00%</b>	<b>1,345.33</b>	<b>100.00%</b>	<b>264.85</b>	<b>24.51%</b>
Cost of Service	(844.67)	(78.18%)	(1,102.92)	(81.98%)	258.25	30.57%
<b>Gross Profit</b>	<b>235.81</b>	<b>21.82%</b>	<b>242.41</b>	<b>18.02%</b>	<b>6.60</b>	<b>2.80%</b>
Other income	16.95	1.57%	19.23	1.43%	2.28	13.39%
<b>Profit before expenses</b>	<b>252.76</b>	<b>23.39%</b>	<b>261.64</b>	<b>19.45%</b>	<b>8.88</b>	<b>3.51%</b>
Selling expenses	(27.05)	(2.50%)	(20.82)	(1.55%)	(6.23)	(23.02%)
Administrative expenses	(128.77)	(11.92%)	(152.26)	(11.32%)	23.49	18.24%
<b>Total expenses</b>	<b>(155.82)</b>	<b>(14.42%)</b>	<b>(173.08)</b>	<b>(12.87%)</b>	<b>17.26</b>	<b>11.08%</b>
<b>Profit from operation</b>	<b>96.95</b>	<b>8.97%</b>	<b>88.56</b>	<b>6.58%</b>	<b>(8.39)</b>	<b>(8.65%)</b>
Equity income	(0.22)	(0.02%)	(2.28)	(0.17%)	2.06	941.26%
<b>Earnings before interest and tax</b>	<b>96.73</b>	<b>8.95%</b>	<b>86.28</b>	<b>6.41%</b>	<b>(10.45)</b>	<b>(10.80%)</b>
Financial cost	(30.12)	(2.79%)	(44.10)	(3.28%)	13.97	46.39%
<b>Earnings before tax</b>	<b>66.61</b>	<b>6.16%</b>	<b>42.18</b>	<b>3.14%</b>	<b>(24.42)</b>	<b>(36.66%)</b>
Tax expenses	7.01	0.65%	(4.68)	(0.35%)	(11.69)	(166.80%)
<b>Net profit</b>	<b>73.62</b>	<b>6.81%</b>	<b>37.50</b>	<b>2.79%</b>	<b>(36.12)</b>	<b>(49.06%)</b>
<b>Profit attributable to</b>						
Owners of parent	79.85	7.39%	61.73	4.59%	(18.12)	(22.69%)
Non-controlling interest in subsidiaries	(6.23)	(0.58%)	(24.22)	(1.80%)	17.99	288.76%

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**Service revenue**

Item	For the year ended on 31 December					
	2016		2017		Change	
	THB mm	%	THB mm	%	THB mm	%
Terminal business	921.42	85.28%	1,022.27	75.99%	100.85	10.95%
In-land transportation business	58.02	5.37%	95.23	7.08%	37.21	64.13%
Rental area and warehouse business	53.83	4.98%	103.83	7.72%	50.00	92.89%
Other service business	47.22	4.37%	124.00	9.22%	76.78	162.60%
<b>Service revenue</b>	<b>1,080.48</b>	<b>100.00%</b>	<b>1,345.33</b>	<b>100.00%</b>	<b>264.85</b>	<b>24.51%</b>

Service revenue for the year ended December 31, 2016 and 2017 are THB 1,080.48 million and THB 1,345.33 million respectively. Service revenue increased by THB 264.85 million or 24.51% resulting from

1. Revenue from terminal business increased because the throughput from feeder and barge increase from docking at the Company's port. This is because the certain main customers has used feeder to dock at Laem Cha Bang and used the Company's barge to transport the container to the Company's port. Moreover, Bangkok Barge Terminal Ltd generated revenue from operation for this year while there is no revenue from Bangkok Barge Terminal Ltd for the same period of last year because the port had been under construction.
2. Revenue from In-land transportation business increased because the Company started providing service for ground transportation between the Company's port and Laem Cha Bang port in third quarter of 2016. The customers from this service have been gradually increasing. In the past, the Company has ground transportation only in Laem Cha Bang port area.
3. Revenue from rental area and warehouse business increased because the free zone warehouse of the Company has been finished and operated in second quarter of 2017, renting out to a car manufacturer while for the same period of last year the Company did not have such revenue.
4. Revenue from freight forwarding service increased because the Company just has such revenue since March 2016 and the revenue from freight forwarding service of last year is less than the revenue of the same period of this year because the Company just has started providing the service.

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#### **Cost of service and gross profit**

Cost of service for the year ended December 31, 2017 increased by THB 258.25 million or 30.57% from the same period of 2016. The main reason for the increase is that the increase in freight cost which is in line with the increase in revenue from freight forward together with the Company has chartered more barges which is in line with the more serviced container throughput. Moreover, the increase in barge rental rate according to the rental agreement. In addition, the Company has more land rental expenses from increase rental rate according to land rental agreement, more depreciation and amortization from more fixed assets for operation of the Company and Bangkok Barge Terminal Ltd.

Gross profit for the year ended December 31, 2017 increased by THB 6.60 million or increased by 2.80% from the same period of 2016. Although the Company has more revenue from operation, the operational cost of the Company has increased and the operation of Bangkok Barge Terminal Ltd has not been fully operated, together with the decrease in revenue from feeder terminal which has high margin, resulting in the slightly increase in gross profit.

#### **Selling and administrative expenses**

Selling expenses for the year ended December 31, 2017 decreased by THB 6.23 million or decreased by 23.02% from the same period of 2016, mainly resulting from that the commission decreased because one customer has change to another port.

Administrative expenses for the year ended December 31, 2017 increased by THB 23.49 million or increased by 18.24% from the same period of 2016. The main reason for the increase is because the increase in employee expenses from both the Company and subsidiaries to prepare for growth of the Company, together with the increase in depreciation from the increase in operational assets and other expenses such as property tax.

#### **Financial cost**

Financial cost the year ended December 31, 2017 increased by THB 13.97 million or increased by 46.39% from the same period of 2016 which resulting from that the Company has more loan from financial institution and shareholder including more financial liabilities for investment of the Company.

#### **Income tax expenses**

Income tax revenue and income tax expenses for the year ended December 31, 2016 and 2017 are THB 7.01 million (revenue) and THB 4.68 million respectively.

Income tax expenses the year ended December 31, 2017 change from income tax revenue to income tax expenses from the same period of 2016 because the Company has tax refund in 2016, together with the more revenue from non-BOI business in 2017.

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### Net income

Net income for the year ended December 31, 2016 and 2017 are THB 73.62 million and THB 37.50 million or equivalent to net profit margin of 6.81% and 2.79% respectively. The profit attributable to the owner of the parent company for the year ended December 31, 2016 and 2017 are THB 79.85 million and THB 61.73 million respectively. The profit attributable to the owner of the parent company is higher than net profit is due to the loss from Bangkok Barge Terminal Ltd., the Company's subsidiary, which has just started the operation.

### Financial Position

Item	For the year ended 31 December					
	2016		2017		Change	
	THB mm	%	THB mm	%	THB mm	%
<b>Total assets</b>	<b>1,649.88</b>	<b>100.00%</b>	<b>2,339.67</b>	<b>100.00%</b>	<b>689.79</b>	<b>41.81%</b>
<b>Total liabilities</b>	<b>1,286.12</b>	<b>77.95%</b>	<b>1,418.09</b>	<b>60.68%</b>	<b>131.97</b>	<b>10.26%</b>
<b>Total equity</b>	<b>363.76</b>	<b>22.05%</b>	<b>921.58</b>	<b>39.32%</b>	<b>557.82</b>	<b>153.35%</b>
Equity attributable to the owner of the parent company	286.15	17.34%	868.20	37.05%	582.05	203.41%
Non-controlling interest in subsidiaries	77.61	4.70%	53.38	2.28%	(24.23)	(31.22%)

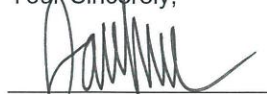
Total assets as of December 31, 2017 increased by THB 689.79 million or increased by 41.81% from the same period of 2016 which mainly resulting from the increase in fixed assets from that the free zone warehouse was finished in May 2017. In addition, there was investment in Container Depot such as land purchase and container depot construction of Bangkok Container Depot Services Ltd.

Total Liabilities as of December 31, 2017 increased by THB 131.97 million or increased by 10.26% from the same period of 2016. The main reason is that there was more loans from related parties and financial institutions for investment in the Company's projects such as free zone warehouse and container depot of Bangkok Container Depot Service Ltd.

Total equity as of December 31, 2017 increased by THB 557.82 million or increased by 153.35% from the same period of 2016 which is due to issuance of new ordinary shares to the public of 120 million on shares at 4.50 Baht per share, totaling Baht 540.00 million and the performance for the year ended December 31, 2017.

Please be informed accordingly,

Your Sincerely,



Ms. Sauwakun Karuchit  
Chief Executive Officer

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