

JWD InfoLogistics Public Company Limited
Management Discussion and Analysis Q1/2020

(Unit : MB THB)	Three-month Period		Change +/(-) (%)
	Q1-2019	Q1-2020	
Total Revenues	896.8	966.1	7.7%
Revenue from rental and rendering of services	878.5	943.0	7.3%
Gross Profit	246.6	259.6	5.3%
Gross Margin (%)	28.1%	27.5%	
Interest income, Dividend income and Other income	18.3	23.1	26.2%
Share of profit (loss) of investments in associates and joint ventures	42.6	25.1	(41.1)%
Net profit attributable to owners of the Company	89.2	93.5	4.8%
Net Profit Margin (%)*	9.9%	9.7%	

* Net Profit Margin = Net profit attributable to owners of the Company / Total revenue

The global economy was projected to slow down significantly as the COVID-19 pandemic severely affected tourism, manufacturing, and exporting sectors, as well as private consumption. The outbreak also led to excessive volatility in the global financial markets. However, the situation did not have a serious impact on The Company during Q1/2020. Even though some of our operations are affected by the pandemic situation which decreased revenue and profit. On the other hand, some business units such as cold storage has experienced an improved performance due to the increased demand as a result of the pandemic. This reflects the strength in diversity of the Company, both in terms of broad range of logistics businesses and wide geographic coverage of its operation in the region. This strategy had given the Company a benefit of reducing business risks that may inherently associated with certain business segments or locations, while, at the same time, opening up an opportunity to attain benefit in such situations. The performance for Q1/2020, The Company had total revenues of Baht 966.1 million, improved by Baht 69.3 million or 7.7% from the same period previous year. The company generated revenue from rental and rendering of services of Baht 943.0 million, higher than that of last year by Baht 64.5 million or 7.3%. The increased revenue was mainly due to higher revenue from warehouse and yard management business.

The Company had gross profit for Q1/2020, of Baht 259.6 million, gross profit margin was 27.5% which is comparable to the same period previous year where gross profit was 246.6 and gross profit margin was 28.1%.

The Company had interest income, dividend income and other income for Q1/2020, of Baht 23.1 million, increased by Baht 4.8 million or 26.2% compared to the same period previous year. This mainly consisted of dividend from AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust (AIMIRT), and interest received from overseas associates.

The Company had share of profit of investments in associates and joint ventures for Q1/2020, of Baht 25.1 million, decreased by Baht 17.5 million or 41.1% from the same period previous year. This mainly resulted from the equity income from Transimex Corporation (TMS) in Vietnam, Phnom Penh Special Economic Zone Plc. (PPSEZ) and Bok Seng PPSEZ Dry port in Cambodia. However, the decrease of share of profit from the previous year was due to PPSP's recognition of significant revenue of land sales during the first quarter of year 2019.

As a proactive response to the pandemic situation, the Company has organized a special committee and execute various Business Continuity Plan (BCP) measures, e.g., adjusting proper working environment, executing work from home policy, facilitating online conference systems, distributing personal protection equipment, Regular spraying of disinfectants, etc. The Company also adjusting its plans to delay or postpone investments, reserve cash, arrange moratoriums and short-term borrowings credit lines with partner financial institutions, in order to best prepare for the uncertainty.

For the benefit of providing a clearer presentation, the Company had rearranged business units to reflect its expanding business profile, which can be divided into 3 main groups of business as follows:

1. Logistics and Supply Chain business, which consists of business units providing warehouse and yard management, transportation and distribution, relocation, logistics infrastructure and self-storage self-deposit and art space services.

2. Food business, which consists of business units providing food services, which in turn synergized with the logistics and supply chain business, especially on cold storage business.

And 3. Other businesses, which consists of business units providing property management and development, IT solutions for supply chain management services as well as investment business unit and other income.

Financial Performance Analysis

Revenue and gross profit by business can be summarized as follows:

Services	Revenue (MB THB) Three-month Period		% of Total Revenue	Gross Profit (MB THB)		Gross Margin (%)	
	Q1-2019	Q1-2020		Three-month Period	Three-month Period	Q1-2019	Q1-2020
1. Logistics and Supply Chain business	719.7	737.9	78.2%	234.9	248.1	32.6%	33.6%
2. Food business	151.9	199.5	21.2%	16.3	7.1	10.7%	3.6%
3. Other businesses	6.9	5.6	0.6%	(4.6)	(8.9)	(67.6)%	(160.2)%
Total	878.5	943.0	100.0%	246.6	246.3	28.1%	26.1%
Adjustment according to TFRS16				-	13.2		
Gross profit after adjustment				246.6	259.6	28.1%	27.5%

1.1 Warehouse and Yard Management

Product Categories	Revenue (MM THB) Three-month Period		% of Total Revenue	Gross Margin (MM THB) Three-month Period		Gross Margin (%) Three-month Period	
	Q1-2019	Q1-2020		Q1-2019	Q1-2020	Q1-2019	Q1-2020
1.1.1 General Goods	82.7	104.1	11.0%	17.3	29.5	20.9%	28.3%
1.1.2 Dangerous Goods	139.4	122.1	13.0%	65.4	52.5	46.9%	43.0%
1.1.3 Automotive	115.7	124.8	13.2%	37.9	43.8	32.8%	35.1%
1.1.4 Cold Storage	156.1	188.4	20.0%	63.3	80.2	40.6%	42.6%
1.1.5 Record and Information Management	27.8	29.1	3.1%	12.8	13.8	46.0%	47.6%
Total	521.8	568.5	60.3%	196.8	219.8	37.7%	38.7%

1.1.1 General Goods

Revenue of general goods warehouse management service for Q1/2020 was Baht 104.1 million, consisted of revenues from storage Baht 58.5 million, handling service Baht 26.4 million, custom clearance service Baht 6.2 million and other value added services Baht 13.0 million. Total revenue increased by Baht 21.4 million or 25.9% from the same period last year. This mainly resulted from an increase in customer demand from the COVID-19 virus pandemic situation. In addition, The Company had secured new customers with a large storage volume in JWD Chemical and Supply chain (JCS) warehouse.

Gross profit of general goods warehouse management service for Q1/2020 was Baht 29.5 million and gross profit margin was 28.3%, increased by Baht 12.2 million or 70.5% compared to the same period previous year where gross profit was Baht 17.3 million and gross profit margin was 20.9%.

1.1.2 Dangerous Goods

Revenue of dangerous goods warehouse management service for Q1/2020 was Baht 122.1 million, consisted of revenue from yard management of Baht 118.7million and from warehouse management of Baht 3.5 million. Total revenue was decreased by Baht 17.3 million or 12.4 % from the same period last year. The quantity of dangerous goods throughput for Q1/2020 was 32,380 TEU*, decreased from that of previous year. This is due to the supply chain difficulty affected by the pandemic situation.

Volume	Three-month Period	
	Q1-2019	Q1-2020
Yard (TEU*)	44,199	32,380
Warehouse (Revenue Ton)	4,111	5,338

*TEU (Twenty Equivalent Unit) is 20-foot equivalent containers.

Gross profit of dangerous goods warehouse management service for Q1/2020 was Baht 52.5 million and gross profit margin was 43.0%, decreased by Baht 12.9 million or 19.7% compared to the same period previous year where gross profit was Baht 65.4 million and gross profit margin was 46.9%.

1.1.3 Automotive

Revenue of automotive yard management service for Q1/2020 was Baht 124.8 million, consisted of revenue from storage of Baht 63.2 million and revenue from service rendering of Baht 61.7 million, which was increase by Baht 9.1 million or 7.9 % due to additional projects from two new customers that the Company successfully secured since end of 2019, resulting in revenue growth for this business from Q1/2020 onward. However, due to pandemic, the automotive business may be affected by a lower production volume of car makers in Thailand during in quarter 2/2020. However, the Company had already established a plan to handle the situation.

Gross profit for the Q1/2020 was Baht 43.8 million and gross profit margin was 35.1% increased by Baht 5.9 million, or 15.6% from the same period last year, where gross profit was Baht 37.9 million and gross profit margin was 32.8%. Currently the total area of automotive yard was 395,287 sq.m and on-site service area was 658,425 sq.m. This additional area was new customers who came to use our service by the end of year 2019.

Average occupancy rate, excluding on-site service area for Q1/2020 was 92.5%, increased from that of previous year which was 87.9%.

1.1.4 Cold Storage

Revenue from cold storage management for Q1/2020 was Baht 188.4 million, higher than that of previous year by Baht 32.3 million, or 20.7%. There is an increasing trend of storage and service volume from poultry products and domestic consumer products. Cold storage had been positively benefited by the increased market demand from the COVID-19 pandemic and expect to continue its outstanding performance through the end of this year.

Gross profit from cold storage management for the Q1/2020 was Baht 80.2 million and gross profit margin was 42.6%, increased by Baht 16.9 million or 26.7% compared with the same period last year where gross profit was Baht 63.3 million and gross profit margin was 40.6%.

Average occupancy rate for Q1/2020 was 79.7%, increased from that of previous year which was 77.7%. Note that the Company had additional capacity from a the new cold storage (Building 8 in Mahachai), which utilizes the automated system to provide warehouse management services, thereby increasing the revenue generating capability of the business. The introduction of this automated system yielded better operation efficiency as well as reduced labor and energy costs, which will result in higher profitability in the long run.

1.1.5. Record and Information Management

Revenue from the record and information management service for Q1/2020 was Baht 29.1 million, which consists of storage revenue at Baht 24.0 million, handling service and transportation at Baht 5.0 million. Total revenue increased by Baht 1.3 million or 4.7% from the same period year. Due to the increased of boxes and files stock level as follows:

Quantity (Unit)	Quarterly	
	Q1-2019	Q1-2020
Boxes (Average)	890,203	969,910
Files (Average)	10,595,304	11,372,536
Scan(Total)	2,052362	1,607,504

Gross profit for Q1/2020 was Baht 13.8 million and gross profit margin was 47.6%, increased by Baht 1.0 million or 7.8% from that of previous year where gross profit was Baht 12.8 million and gross profit margin was 46.0%.

1.2. Transportation and Distribution Service

Revenue from transportation and distribution service for Q1/2020 was Baht 107.4 million which can be divided by product category as general goods at Baht 18.5 million, dangerous goods at Baht 29.5 million, automotive at Baht 37.0 million, controlled-temperature chilled and freeze product at Baht 13.2 million, cross border at Baht 6.2 million, and project cargo at baht 3.0 million. Total revenue decreased by Baht 8.9 million or 7.6% from the same period year. This was mainly due to the decrease of transportation volume of car carriers and dangerous good products, which was a result of COVID-19 pandemic situation. However, other segments of transportation are still operating at normal level.

Gross profit of this service for Q1/2020 was Baht 15.5 million and gross profit margin was 14.5%, decreased by Baht 0.5 million or 3.3% compared to that of last year, where gross profit was Baht 15.0 million and gross profit margin was 12.9%

1.3. Relocation Service

Revenue from relocation service for Q1/2020 was Baht 43.7 million consist of revenue from household moving service at Baht 39.3 million, office moving service at Baht 3.5 million and fine arts and exhibition items moving service at Baht 0.9. Total revenue decreased by Baht 21.7 million or 33.2% from that of the previous year. This mainly resulted from cut of revenue from Ocean Air International Co., Ltd. ("OAI"), which the Company had divested since August 2019.

Gross profit for Q1/2020 was Baht 12.3 million and gross profit margin was 28.1%, decreased by Baht 7.4 million or 37.6% compare to that of last year where gross profit was Baht 19.7 million and gross profit margin was 30.1%.

1.4 Logistics Infrastructure

The Company had been expanding logistics infrastructure business since year 2018, when the Company was awarded by the Port Authority of Thailand to be the sole operator of rail yard management in Laem Chabang Port for three main rail lines, i.e., the South line, Northeast line and from Map Ta Phut line. Recently, by the end of 2019, the company successfully won the bidding from the Port Authority of Thailand to operate the newly opened and only Barge Terminal of Laem Chabang Port, resulting in expected additional revenue from these operations. The company had classified this as a separate business unit in order to clearly identify its revenue contribution.

Revenue of the business unit for Q1/2020 was Baht 12.6 million decreased by Baht 1.1 million or 8.0% from that of previous year. Gross profit for Q1/2020 was Baht 3.7 million and gross profit margin was 29.6%, decreased by Baht 1.2 million or 24.5% compare to that of last year where gross profit was Baht 4.9 million and gross profit margin was 35.7%.

1.5 Self-Storage, Safe Deposit and ART Space

The business unit provides self-storage, safe deposit and art space services, where the self-storage service was providing in 4 branches at Sri Kreeta, Siam, Ramintra and Thiam Ruam Mit branches, and the safe deposit and art space are available at Siam branch.

Revenue for the business unit for Q1/2020 was 5.7 million increased by Baht 3.1 million or 119.2% from that of the previous year. Gross loss for Q1/2020 was Baht 3.3 million and gross loss margin was 58.0%. It should be noted that this business unit was reporting loss as it was in the startup phase and still underwent a continuous expansion.

2. Food Service Business

Revenue from food service business was Baht 199.5 million, increased by Baht 47.6 million or 31.3% from that of the previous year. The increase in revenue was a result of the increase sales volume of frozen food due to high demand from pandemic situation.

Gross profit for Q1/2020 was Baht 7.1 million and gross profit margin was 3.6%, decreased by Baht 9.2 million or 56.4% compared to that of last year where gross profit was Baht 16.3 million and gross profit margin was 10.7. The decrease in gross profit was mainly due to the delay and higher cost of supply chain of imported products which directly affected the cost of sales.

3. Other Business

The Company had revenue from other businesses of Baht 5.6 million, decreased by Baht 1.3 million, or 18.8% from that of the last year.

Share of profit (loss) of investments in associates and joint ventures

The Company had equity income from investment in associates and joint ventures for Q1/2020 of Baht 25.1 million, decreased by Baht 17.5 or 41.1% from that of the last year. The company currently has following important investments in associates and joint ventures, i.e., Cold and general warehouses in Cambodia and Laos, Phnom Penh Special Economic Zone (PPSEZ) and Bok Seng PPSEZ Dry port in Cambodia, Cold storage Adib Cold Logistics (ACL) in Indonesia which the company jointly acquired with Samudera Group, JWD Bokseng Logistics doing business in project cargo in Thailand and region, CJ JWD Logistics doing business in e-commerce logistics in Thailand and Transimex Corporation (TMS) in Vietnam. However, the decrease of share of profit from the previous year was due to PPSP's recognition of significant revenue of land sales during the first quarter of year 2019.

Interest income, dividend income and other income

The Company had income from investment and other operation for Q1/2020 of Baht 23.1 million, increased by 4.8 million, or 26.2% from that of the last year. This mainly resulted from dividend on AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust (AIMIRT) and interest received from overseas associates.

Selling and Administrative Expenses

The company had selling and administrative expenses for Q1/2020 of Baht 150.3 million, decreased by Baht 22.2 million, or 12.9% from that of the last year. The expense reduction is a result of the cost control measure deployed in response to the pandemic of covid-19, such as cancellation of all business trips, utilization of online conference systems and reduction of business development costs in relation to the plan to delay/postpone investments under the uncertain economic situation.

Finance Cost

The Company had finance cost for Q1/2020 of Baht 51.2 million, increased by Baht 25.5 million, or 99.2% compared to the same period last year. This mainly resulted from the deployment of new accounting standard, i.e., TFRS 16 lease agreements, which resulted in the increase of finance cost by Baht 18.6 million.

Net Profit

The Company had net profit attributable to owners of the Company for Q1/2020 of Baht 93.5 million, net profit margin was 9.7% which increased by Baht 4.3 million, or 4.8% from that of previous year where net profit was Baht 89.2 million and net profit margin was 9.9%.

Statement of Financial Position

Unit: MN THB

	9,098.1	9,098.1	
Current Assets	7,818.9	7,818.9	Current Liabilities
Investment Properties	2,271.3	2,462.9	Long-Term Loans
PPE	3.7	1,809.4	Other Non-Current Liabilities
Other Non-Current Assets	3,314.4	276.5	Shareholder's Equity
	2,229.5	3,270.1	
As at December 31, 2019		As at March 31, 2020	

Assets

As at March 31, 2020, the Company had total assets of Baht 9,098.1 million, increased from December 31, 2019 by Baht 1,279.2 million, or 16.4% which was mainly resulted from the deployment of new accounting standard, i.e., TFRS 16 lease agreements, by Baht 1,532.7 million.

The Company's assets mainly consist of non-current assets especially property, plant and equipment and investment properties amounted 34.0% and 11.8% of total assets, respectively.

Current Assets

As at March 31, 2020, current asset was Baht 1,868.7 million, decreased from December 31, 2019 by Baht 402.6 million, or 17.7%. This mainly resulted from the decrease in Cash and cash equivalents of Baht 347.0 million and the decrease in short-term loans to relate parties of Baht 81.5 million from the receipt of loan repayment.

Non-Current Assets

As at March 31, 2020, non-current assets was Baht 7,229.5 million, increased from December 31, 2019 by Baht 1,681.7 million, or 30.3%. This mainly resulted from the deployment of new accounting standard, resulting in the increase of finance lease assets of Baht 1,512.2 million and the increase of deferred tax assets of Baht 20.5 million.

Liabilities

As at March 31, 2020, the Company had total liabilities of Baht 5,805.7 million, increased from December 31, 2019 by Baht 1,256.9 million, or 27.6%. This mainly resulted from the deployment of new accounting standard, resulting in the increase of finance lease liability of Baht 1,614.6 million as well as the increase of debentures of Baht 600.0 million.

Current Liabilities

As at December 31, 2020, current liabilities was Baht 1,884.8 million decreased from December 31, 2019 by Baht 578.1 million, or 23.5% which was mainly from the decrease in Bank overdrafts and short-term borrowings from financial institutions by Baht 909.7 million, the decrease of trade and other current payables of Baht 55.2 million. On the other hand, there are increases in current portion of long-term borrowings from financial institutions of Baht 156.3 million and current portion of liabilities under finance lease agreement under the new accounting standard of Baht 227.8 million.

Non-Current Liabilities

As at March 31, 2020, non-current liabilities was Baht 3,921.0 million, increased from December 31, 2019 by Baht 1,835.0 million, or 88.0 %. This mainly resulted from the deployment of new accounting standard, resulting in the increase of finance lease liability of Baht 1,386.8 million as well as the increase of debentures of Baht 600.0 million.

Shareholder's Equity

As at March 31, 2020, shareholder's equity was Baht 3,292.4 million, increased from December 31, 2019 by Baht 22.3 million, or 0.7%, which resulted from recognition of retained earnings of the Company and equity income from joint venture (JV).

Statement of Cash Flows

(Unit : MB)	Quarter	
	2019	2020
Cash and Cash Equivalents at 1 January	456.4	885.5
Net Cash from / (used in) Operating Activities	171.5	213.7
Net Cash from / (used in) Investing Activities	(617.9)	(137.3)
Net Cash from / (used in) Financing Activities	408.0	(423.4)
Impact of foreign exchange rates	2.9	-
Net Increase (Decrease) in Cash and Cash Equivalents	(35.6)	(347.0)
Cash included in disposal assets group classified as held for sales	2.6	-
Cash and Cash Equivalents at 31 March	423.4	538.5

Cash flows from operating activities

For the three-month period ended March 31, 2020, the Company had net cash used in operating activities of Baht 213.7 million which is a result of better business performance in Q1/2020.

Cash flows from investing activities

For the three-month period ended March 31, 2020, the Company had net cash used in investing activities of Baht 137.3 million, decreased by Baht 480.6 million or 77.8% from previous year. There is an increase in property, plant and equipment of Baht 150.0 million. However, the net cash used in investing activities had decreased significantly due to the delay and postponement of investments under the uncertain economic situation.

Cash flows from financing activities

For the three-month period ended March 31, 2020, the Company had net cash received in financing activities of Baht 423.5 million, increased by Baht 831.4 million or 203.8 which was mainly resulted from the issuance of debentures of Baht 600.0 million, which in turn used for repayment of bank overdrafts and short-term borrowings from financial institutions of Baht 869.5 million and repayment of long-term borrowings from financial institutions of Baht 40.9 million. Finance cost increased by Baht 5.1 million as a result of the deployment of new accounting standard.

Key Financial Ratios

	Three-month Period	
	Q1-2019	Q1-2020
Gross Margin (%)	28.1%	27.5%
Net Profit Margin (%)	9.9%	9.7%
Current Ratio (Times)	0.91	0.99
Liability to Equity (Times)	1.07	1.76
Interest Bearing Debt to Equity (Times)	0.82	1.49

Note:

Gross Margin = Gross Profit / Rental income and revenue from rendering of services

Net Profit Margin = Net profit attributable to owners of the Company / Total revenue

Current Ratio = Current Asset / Current Liabilities

Liability to Equity = Total Liabilities / Shareholder's Equity

Interest Bearing Debt to Equity = Interest Bearing Debt / Shareholder's Equity