

No. SONIC-003/2018

October 18, 2018

Subject Management Discussion and Analysis for 6-month period ended 30 June 2018

To President
The Stock Exchange of Thailand

Sonic Interfreight Public Company Limited (“the Company”) would like to submit the Management Discussion and Analysis for 6-month period ended 30 June 2018

Revenue

As a total logistic services provider, the main revenue of the Company is comprised of Seafreight, Transport, and Airfreight. Furthermore, the revenue from service for 6-month period ended 30 June 2018 was amounted to 549.21 million baht, increased from 6-month period ended 30 June 2017 by 77.41 million baht or by 16.40 percent. Respectively, the increase in revenue was a result from the revenue growth of 59.93 million baht or 19.62 percent from prior year in Seafreight business unit, resulted from the new-hiring of salesperson and the hike in shipment volume. Nevertheless, the Company’s Transport service had increased by 4.80 million baht or by 3.47 percent in comparison to 6-month period ended 30 June 2017 from the new-truck-fleets investment. Moreover, the Airfreight service that benefited from Land-Air service also drove the company revenue by 7.11 million baht or 32.27 percent growth in comparison to 6-month period ended 30 June 2017.

Other revenue

The Company’s Other revenue is from gain(loss) from sale of assets, gain(loss) from foreign exchange translation, interest revenue and collection of bad debt. In the first 6 months of 2018, the Company had Other Revenue of 0.45 million baht, or increased by 0.15 million baht from the same period in 2017. This increment amount was due to the collection of the sales amount that had been written off in prior period and revenue from claims.

Cost of service

In the first 6 months of 2018, the Company’s cost of service was equivalent to 436.60 million baht, or amounted to 79.50 percent from the revenue from service. Thus, the increase in cost of 64.84 million baht from the same period in 2017, or by 17.44 percent was a result of the increase in the Seafreight index since the late of 2016, as well as the increase in shipment volume the Airfreight services. Nevertheless, the cost of the proportion of the Transport business unit to the overall service cost had decreased in relative to prior year due to the revision of the salvage value for the trucks to better reflect the value.

Gross Profit

For the first 6 months period of 2018, the Company's Gross Profit was equal to 112.61 million baht, or equivalent to 20.50 percent of Gross Profit Margin. Thus, the increase in Gross Profit of 12.57 million baht from the same period in 2017, or by 12.56 percent was attributable to the increase in service volume as well as the strategic change in Seafreight that focused more on the East Asia and ASEAN trade route. Furthermore, the Gross Profit in the 6 months period was surged from the truck investment, however, as for Airfreight, the Gross Profit margin dropped due to the hike in the freight cost.

Selling and Administrative expenses

Selling expenses

For the first 6 months period of 2018, the Company's selling expense was equal to 29.96 million baht or equivalent to 5.46 percent of the revenue from service. Thus, the increase in the expense by 4.93 million baht, or increased by 19.70 percent from the same period in 2017 was a result from sales and CS new hiring.

Administrative expenses

For the first 6 months period of 2018, the Company's Administrative expense was equal to 45.96 million baht or equivalent to 8.37 percent from revenue from service. Thus, the increase in the Administrative expense increased by 6.91 million baht, or increased by 17.70 percent from the same period in 2017 was a result from new recruitment.

Net Income

For the first 6 months period of 2018, the Company's Net Income was equal to 25.94 million baht or equivalent to 4.72 percent of Net Profit Margin. In comparison to the same period in 2017, the Net Profit Margin had dropped slightly due to the change in Airfreight selling strategy by lowering down the mark-up price and from the additional hiring.

Please be informed accordingly,

Yours Sincerely,



(Dr.Santisuk Kosiapanant)
Chief Executive Officer



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(Mr.Ranut Lieolertsakulchai)
Director