

NCL expects to return to profit in 2016

Logistics firm spins off services to subsidiary

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NCL International Logistics Plc plans to spin off its domestic services to its subsidiary, which is expected to grow considerably.

The MAI-listed company expects the move will improve its performance this year after losses last year.

Although revenue last year surged to 1.07 billion baht, exceeding its target of 1 billion, NCL posted a net loss of 80 million baht because of poor performance and inefficient operations at Ranong port, said chief executive Kitti Phuathavornskul.

In early 2015, NCL partnered with the Port Authority of Thailand to start using Ranong port as its base to ship goods, mainly to Yangon, Myanmar, aiming to capitalise on growing demand for logistics. However, the port did not perform well and demand did not rise as expected.

Mr Kitti said this year the company expected its revenue to be not lower than last year and that it will definitely make a profit.

"We have cleared our losses incurred by the Ranong port project, so this year we will return to profit," he said.

NCL has launched two subsidiaries this year — Legend Shipping Thailand Co and SSK Inter Logistics Co — with registered capital of 10 million baht and 1 million baht, respectively.

Mr Kitti said Legend Shipping, which is 60% owned by NCL, will handle NCL's logistics services between Southeast Asia and India.

NCL will spin off its domestic and border logistics businesses to SSK Inter Logistics, which is 50% owned by NCL.

Domestic logistics generates about 10% of the company's revenue, while the rest coming from international logistics.

Mr Kitti said NCL had not yet set any investment budget this year. However, it is planning to increase capital in SSK Inter Logistics to make the company ready for increased business.

"Last year we had revenue from domestic logistics of 100 million baht and we expect it to double or even triple this year," said Mr Kitti.

NCL is also considering setting up subsidiaries in Indonesia or the Philippines, with a plan expected to be finalised this year.

Mr Kitti said the logistics market relied heavily on the industrial sector, which hit the bottom last year. He said NCL performed better in the first quarter compared to the same period last year.

NCL shares closed last Wednesday on the MAI at 1.92 baht, down five satang, in trade worth 4.04 million baht.



Kitti: Ranong port project losses cleared