

Subject Management Discussion and Analysis for 3-month period ended 31 March 2019

To President

The Stock Exchange of Thailand

V.L. Enterprise Public Company limited would like to clarify the overview and changes in the operating results for the first quarter of the year 2019 ("Q1/2019") ended as at 31 March 2019 as the following details.

1. Income Statement

STATEMENT OF COMPREHENSIVE INCOME	Q1-2018		Q1-2019	
	MB.	%	MB.	%
Revenue				
Service Revenue	168.73	99.65	185.73	99.69
Other income	0.60	0.35	0.58	0.31
Total Revenue	169.33	100.00	186.31	100.00
Expenses				
Cost of service revenue	134.38	79.36	135.28	72.61
Administrative expenses	6.69	3.95	9.56	5.13
Management benefit expenses	3.46	2.04	3.04	1.63
Total Expenses	144.52	85.35	147.89	79.38
Earning before interest expenses and tax expenses	24.81	14.65	38.42	20.62
Interest Expenses	10.02	5.92	12.19	6.54
Earning before tax expenses	14.78	8.73	26.23	14.08
Tax Expenses	0.46	0.27	2.81	1.51
Income for the period	14.33	8.46	23.42	12.57
Other comprehensive income for the period :	-	-	-	-
Total comprehensive income for the period	14.33	8.46	23.42	12.57
Basic earnings per share (Baht per share)	0.07		0.04	
Basic earnings per share (Baht per share) (Fully Diluted)	0.02		0.03	

➤ Revenue

Service Revenue

In Q1/2019 Total service revenue was 185.73 million baht which composed of 141.19 million baht domestic service revenue, 42.32 million baht overseas service revenue and 2.22 million baht other service revenue

Domestic Service Revenue

In Q1/2019 Domestic service revenue increased by 14.83 percent yoy which equaled to 141.19 million baht as a result of new vessel named V.L.20, capacity 5,439 cubic meters per round trip, commenced service for crude oil in quarter 4/2018. This positively affected revenue from crude oil transportation to increase by 61.34 percent

Overseas Service Revenue

In Q1/2019 Overseas service revenue was 42.32 million baht decreased by 6.86% yoy. The main reason was a decrease of transporting clean oil revenue as a result of in July 2018 service agreement with one of overseas charterer expired then the company took the vessel of such charterer to serve for domestic charterer.

Other revenue

In Q1/2019 other revenue was 0.58 million baht which mainly composed of gain on exchange rate and refunding from provident fund.

➤ Cost of Service

In Q1/2019 cost of service was 135.28 million baht slightly increased from Q1/2018 as a result of variable cost such as fuel cost did not increase in accordance with service revenue due to decrease in average fuel price per unit and relatively high proportion of number of domestic service route. Moreover, main fixed cost such as depreciation cost and expense related to employee barely changed. This affected proportion of cost of service to service revenue to decline.

➤ Gross Profit

Gross Profit in Q1/2019 increased to 50.45 million baht. Gross profit margin increased from 20.36 in Q1/2018 to 27.16 in Q1/2019 because cost of service was relatively stable while service revenue increased.

➤ Administrative expenses

Administrative expenses in Q1/2019 was 12.61 million baht increased from Q1/2018 which expenses was equivalent to 10.14 million baht as a result of employee expense increased and expense related to administration increased.

➤ Interest Cost

In Q1/2019 Interest cost was 12.19 million baht increased from last year because of increasing in long-term loan from financial institution to invest vessel named V.L.20 in the end of 2018 and V.L.21 in the beginning of 2019.

➤ Income Tax Expenses

In Q1/2019 Income tax expense was 2.81 million baht or equals to 1.51percent of total revenue. In Q1/2019 the company has been waived for income tax by BOI for 8 operating vessels throughout the period and there were tax privilege expiry of 4 vessels since the beginning of the period.

➤ Net Profit

In Q1/2019 Net Profit was 23.42 million baht or equals to 12.57 percent of total revenue as a result of domestic service revenue increased while the total cost barely changed.

2. Balance Sheet

➤ Asset

As of 31 March 2019 total asset was 1,613.85 million baht increased from 1,424.00 million baht, as of 31 December 2018 due to investment in vessel named V.L.21, size 5,676 DWT, for providing service to overseas customers.

STATEMENT OF FINANCIAL POSITION	As of December 31, 2018		As of March 31, 2019	
	MB.	%	MB.	%
ASSET				
CURRENT ASSETS				
Cash and cash equivalents	48.59	3.41	30.35	1.88
Trade and other receivables	84.26	5.92	86.95	5.39
Vessel supplies and spare parts	18.92	1.33	20.71	1.28
Other Current assets	0.45	0.03	0.13	0.01
Total current assets	152.22	10.69	138.14	8.56
NON-CURRENT ASSETS				
Vessels and equipment	1,269.56	89.15	1,473.60	91.31
Intangible assets	2.18	0.15	2.05	0.13
Other non-current assets	0.04	0.00	0.06	0.00
Total non-current assets	1,271.78	89.31	1,475.71	91.44
TOTAL ASSETS	1,424.00	100.00	1,613.85	100.00

➤ Liabilities

As of 31 March 2019 Total Liabilities was 1,177.41 million baht increased from 1,010.98 million baht, as of 31 December 2018 due to increasing in short-term loan and long-term loan from financial institution for utilizing for working capital and investment in vessel named V.L.21 respectively.

STATEMENT OF FINANCIAL POSITION	As of December 31, 2018		As of March 31, 2019	
	MB.	%	MB.	%
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short-term loans	80.00	5.62	100.00	6.20
Trade and other payables	64.09	4.50	65.70	4.07
Corporate income tax payable	1.91	0.13	4.19	0.26
Current Portion of Financial Lease	0.25	0.02	0.21	0.01
Current Portion of Long-term loans from financial institutions	123.45	8.67	135.38	8.39
Other current liabilities	0.69	0.05	0.66	0.04
Total current liabilities	270.39	18.99	306.14	18.97
NON-CURRENT LIABILITIES				
Financial Lease	0.45	0.03	0.41	0.03
Long-term loans from financial institution	726.32	51.01	856.68	53.08
Employee benefit obligations	3.65	0.26	3.75	0.23
Deferred tax liabilities	10.18	0.71	10.43	0.65
Total non-current liabilities	740.59	52.01	871.27	53.99
TOTAL LIABILITIES	1,010.98	71.00	1,177.41	72.96

➤ Equity

As of 31 March 2019 total Equity was 436.44 million baht . The details as following tables

STATEMENT OF FINANCIAL POSITION	As of December 31, 2018		As of March 31, 2019	
	MB.	%	MB.	%
SHAREHOLDERS' EQUITY				
Issued and fully paid-up share capital				
600,000,000 ordinary shares of Baht 0.50 each	300	21.07	300	18.59
Retained earnings				
Appropriated - Legal reserve	13.05	0.92	13.05	0.81
Unappropriated	86.44	6.07	109.87	6.81
Surplus on business combination under common control	13.52	0.95	13.52	0.84
TOTAL SHAREHOLDERS' EQUITY	413.02	29.00	436.44	27.04
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,424.00	100.00	1,613.85	100.00

3. Ratio

	Q1/ 2561	Q1/ 2562
Gross Profit Margin : %	20.36	27.16
Net Profit Margin : %	8.46	12.57
Debt to Equity Ratio (D/E) : (x)	2.45	2.70
Return on Equity:%	16.87	22.06

Please be informed accordingly

Sincerely Yours



(Mrs. Chutipra Klinsuwan)

Chief Executive Officer