



บริษัท วี.แอล. เอ็นเตอร์ไพรส์ จำกัด (มหาชน) / V.L. Enterprise Public Company Limited

41 ถนนอโศก-ดินแดง แขวงมักกะสัน เขตราชเทวี กรุงเทพฯ 10400 โทร. 0-2254-6604-5, โทรสาร 0-2254-8749
41 Asoke-Dindaeng Road, Makkasan Bangkok 10400 Thailand TEL. (662) 254-6604-5, FAX (662) 254-8749

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Subject Management Discussion and Analysis for Operating Results for the year ended 31 December 2020

To President

The Stock Exchange of Thailand

V.L. Enterprise Public Company limited ("the Company") would like to clarify the operating results of the Company for the year ended 31 December 2020 as follows:

The operating results for 2020 mainly derived from the oil tanker fleet transportation service business.

1. The financial performance comparison for the year ended 31 December 2020 and 2019

(Unit : million Baht)

Statement of Income	31 December 2020	%	31 December 2019	%	Increase/ (Decrease)	%
Freight charges	646.6	99.1	712.1	99.9	(65.5)	(9.2)
Gain on disposal of assets	3.7	0.5	-	-	3.7	N/A
Gain on exchange rate	1.1	0.2	-	-	1.1	N/A
Other revenues	1.3	0.2	1.0	0.1	0.3	30.0
Total revenues	652.7	100.0	713.1	100.0	(60.4)	(8.5)
Cost of freight	478.4	74.0	527.3	74.0	(48.9)	(9.3)
Gross profit	168.2	26.0	184.8	26.0	(16.6)	(9.0)
Administrative expenses	27.3	4.2	39.2	5.5	(11.9)	(30.4)
Management benefit expenses	16.4	2.5	11.6	1.6	4.8	41.4
Income before finance costs and income tax expenses	130.6	20.0	135.0	18.9	(4.4)	(3.3)
Finance costs	38.0	5.8	46.9	6.6	(8.9)	(19.0)
Income before income tax expenses	92.6	14.2	88.1	12.3	4.5	5.1
Income tax expenses	8.2	1.3	7.3	1.0	0.9	12.3
Income for the year	84.4	12.9	80.8	11.3	3.6	4.5

Remark: Percentage in statement of comprehensive income derived from total revenues, while percentage of cost of freight and gross profit related to freight charges.



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Total revenues

For 2020, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 646.6 million, Baht 3.7 million, Baht 1.1 million and Baht 1.3 million from the freight charges, gain on disposal of assets, gain on exchange rate and other revenues, respectively.

The proportion of freight charges can be classified as follows:

(Unit : million Baht)

Statement of Income	31 December 2020	%	31 December 2019	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	407.9	63.1	526.2	73.9	(118.3)	(22.5)
- International	232.4	35.9	168.3	23.6	64.1	38.1
Other freight charges	6.3	1.0	17.6	2.5	(11.3)	(64.2)
Total freight charges	646.6	100.0	712.1	100.0	(65.5)	(9.2)

For 2020, the total freight charges of the Company was Baht 646.6 million, a decrease of Baht 65.5 million compared to 2019 or decreased 9.2%.

This was caused by a decrease in the domestic freight charges, this was due to the slowdown in domestic economy caused by the pandemic of the Coronavirus Disease (COVID 19) which affected to the decrease in domestic oil consumption demand particularly the lower jet fuel. While the international freight charges increased due to there will be 1 new vessel to support the requirement for oversea customers in 2020.

Cost of freight

For 2020, cost of freight of the Company was Baht 478.4 million, a decrease of Baht 48.9 million compared to 2019 or decreased 9.3% due to the lower rate of fuel cost and consumption is reduced which the mainly cost of the operation.



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Gross profit

For 2020, gross profit of the Company was Baht 168.2 million or gross profit margin of 26.0 of total freight charges, a decrease of Baht 16.6 million compared to 2019 or decreased 9.0% and the Company was able to maintain the same gross profit margin. This was a result of lower total freight charges, and a similar decrease in variable cost of freight.

Administrative expenses

For 2020, administrative expenses of the Company was Baht 27.3 million, a decrease of Baht 11.9 million compared to 2019 or decreased 30.4% due to in 2019 there was one time preparation expenses for Initial Public Offering in the Stock Exchange of Thailand. In the amount of Baht 2.5 million, and in 2020 there was a decrease in employee expenses for key management person which has been classified as management benefit expenses, as a result of reorganization.

Management benefit expenses

For 2020, management benefit expenses of the Company was Baht 16.4 million, a increase of Baht 4.8 million compared to 2019 or increased 41.4% due to in 2020 there was an increase in employee expenses for key management person as a result of reorganization.

Finance cost

For 2020, finance cost of the Company was Baht 38.0 million, a decrease of Baht 8.9 million compared to 2019 or increased 19.0% due to the repayment of principal loans from financial institution, and the adjustment of interest rate decreased.

Income tax expenses

For 2020, income tax expenses of the Company was Baht 8.2 million, an increase of Baht 0.9 million compared to 2019 or increased 12.3% which varied by increased profit.



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Income for the year

For 2020, income for the year of the Company was Baht 84.4 million, an increase of Baht 3.6 million compared to 2019 or increased 4.5% due to decreased in both administrative expenses and finance costs.

2. Statement of financial position

	31 December	31 December	Change
	2020	2019	
	(million Baht)		%
Current Assets			
Cash and cash equivalents	172.0	269.4	(36.2)
Trade and other receivables	63.7	71.4	(10.8)
Supplies and spare parts	16.1	20.6	(21.8)
Assets held for sale	-	149.2	(100.0)
Other current financial assets	100.1	-	N/A
Total Current Assets	351.9	510.6	(31.1)
Non-current Assets			
Vessels and equipment	1,389.2	1,455.0	(4.5)
Right-of-use assets	20.3	-	N/A
Other non-current assets	2.3	1.8	27.8
Total Non-current Assets	1,411.8	1,456.8	(3.1)
Total Assets	1,763.7	1,967.4	(10.4)

	31 December	31 December	Change
	2020	2019	
	(million Baht)		%
Non-interest bearing debt			
Trade and other payables	32.6	46.9	(30.5)
Purchase of fixed assets payable	0.1	82.1	(99.9)
Deposit received from sale of assets	-	32.1	(100.0)
Other liabilities	18.9	19.9	(5.0)
Total non-interest bearing debt	51.6	181.0	(71.5)
Interest-bearing debt			
Lease liabilities	19.1	2.5	664.0
Long-term loans	856.4	998.6	(14.2)
Total interest bearing debt	875.5	1,001.1	(12.5)
Total Liabilities	927.1	1,182.1	(21.6)
Total Shareholders' Equity	836.6	785.3	6.5
Total Liabilities and Shareholders' Equity	1,763.7	1,967.4	(10.4)

Assets

As of 31 December 2020, the Company reported total assets of Baht 1,763.7 million, a decrease of Baht 203.7 million compared to 31 December 2019 or decreased 10.4% due to two vessels were sold as V. L. 5 and V.L. 16 which had the dead weight of 2,223 DWT, and 2,388 DWT, respectively, and the Company has purchased one vessel, is V.L. 22 which had the dead weight of 2,874 DWT in 2020.



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Liabilities

As of 31 December 2020, the Company reported total liabilities of Baht 927.1 million, a decrease of Baht 255.0 million compared to 31 December 2019 or decreased 21.6% due to the decreased of interest-bearing debts for long-term loans of Baht 142.2 million, in caused of the repayment of loans from financial institutions according to the condition of the loan agreements, and the whole repayment of the sold vessel during the 2020.

Shareholders' Equity

As of 31 December 2020, the Company reported total shareholders' equity of Baht 836.6 million, an increase of Baht 51.3 million compared to 31 December 2019 or decreased 6.5% due to the income for the year 2020 of Baht 84.4 million, and the paid of dividend from operation of Baht 32 million during the 2020.

3. Significant financial Ratio

	2020	2019
Current Ratio (Time)	1.90	1.57
Debt to Equity Ratio (Time)	1.11	1.51
Return of Assets (ROA) (%)	4.52	4.76
Return of Equity (ROE) (%)	10.41	13.48

Please be informed accordingly.

Sincerely Yours,

(Mrs. Chutipra Klinsuwan)

Chief Executive Officer