



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

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Subject Management Discussion and Analysis for Operating Results for the three-month and six-month periods ended 30 June 2021

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 three-month and six-month periods ended 30 June 2021 as follows:

The operating results for 2Q21 and 6M21 mainly derived from the oil tanker fleet transportation service business.

1. The financial performance comparison for the three-month periods ended 30 June 2021 and 2020

(Unit : million Baht)

Statement of Income	30 June 2021	%	30 June 2020	%	Increase/ (Decrease)	%
Freight charges	160.2	99.6	155.3	99.7	4.9	3.2
Gain on disposal of assets	-	-	-	-	-	-
Gain on exchange rate	0.2	0.1	-	-	0.2	N/A
Other revenues	0.4	0.3	0.4	0.3	-	-
Total revenues	160.8	100.0	155.7	100.0	5.1	3.3
Cost of freight	129.6	80.9	116.1	74.6	13.5	11.6
Gross profit	30.6	19.1	39.2	25.2	(8.6)	(21.9)
Administrative expenses	8.6	5.3	11.0	7.1	(2.4)	(21.8)
Management benefit expenses	5.1	3.2	2.7	1.7	2.4	88.9
Income before finance costs and income tax expenses	17.5	10.9	25.9	16.6	(8.4)	(32.4)
Finance costs	9.3	5.8	9.3	6.0	-	-
Income before income tax expenses	8.2	5.1	16.6	10.7	(8.4)	(50.6)
Income tax expenses	1.7	1.1	1.9	1.2	(0.2)	(10.5)
Income for the period	6.5	4.0	14.7	9.4	(8.6)	(55.8)

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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2. The financial performance comparison for the six-month periods ended 30 June 2021 and 2020

(Unit : million Baht)

Statement of Income	30 June 2021	%	30 June 2020	%	Increase/ (Decrease)	%
Freight charges	299.6	99.0	329.1	98.2	(29.5)	(9.0)
Gain on disposal of assets	-	-	3.9	1.2	(3.9)	(100.0)
Gain on exchange rate	1.9	0.6	1.8	0.5	0.1	5.6
Other revenues	1.3	0.4	0.5	0.1	0.8	160.0
Total revenues	302.8	100.0	335.3	100.0	(32.5)	(9.7)
Cost of freight	244.3	81.5	244.7	74.4	(0.4)	(0.2)
Gross profit	55.3	18.5	84.4	25.6	(29.1)	(34.5)
Administrative expenses	15.6	5.2	17.5	5.2	(1.9)	(10.9)
Management benefit expenses	10.0	3.3	5.4	1.6	4.6	85.2
Income before finance costs and income tax expenses	32.9	10.9	67.7	20.2	(34.8)	(51.4)
Finance costs	17.5	5.8	20.2	6.0	(2.7)	(13.4)
Income before income tax expenses	15.4	5.1	47.5	14.2	(32.1)	(67.6)
Income tax expenses	3.3	1.1	3.3	1.0	-	-
Income for the period	12.1	4.0	44.2	13.2	(32.1)	(72.6)

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

Total revenues

For 2Q21, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 160.2 million, Baht 0.2 million, and Baht 0.4 million from the freight charges, gain on disposal of assets, gain on exchange rate and other revenues, respectively.

For 6M21, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 299.6 million, Baht 1.9 million, and Baht 1.3 million from the freight charges, gain on disposal of assets, gain on exchange rate and other revenues, respectively.



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The proportion of freight charges can be classified as follows:

For 2Q21 and 2Q20

(Unit : million Baht)						
Statement of Income	30 June 2021	%	30 June 2020	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	104.3	65.1	92.8	59.8	11.5	12.4
- International	54.0	33.7	62.2	40.0	(8.2)	(13.2)
Other freight charges	1.9	1.2	0.3	0.2	1.6	533.3
Total freight charges	160.2	100.0	155.3	100.0	4.9	3.2

For 2Q21, the total freight charges of the Company was Baht 160.2 million, an increase of Baht 4.9 million compared to 2Q20 or decreased 3.2%.

This was caused by an increase in the domestic freight charges, this was due to

- The number of voyage of the domestic in 2Q21 increased compared to 2Q20. Although in 2Q21 the pandemic of the Coronavirus Disease (COVID 19) in new outbreak is heavy than 2Q20, but the voyage of the domestic return to normal.

For 6M21 and 6M20

(Unit : million Baht)						
Statement of Income	30 June 2021	%	30 June 2020	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	190.4	63.6	211.1	64.1	(20.7)	(9.8)
- International	107.0	35.7	115.8	35.2	(8.8)	(7.6)
Other freight charges	2.2	0.7	2.2	0.7	-	-
Total freight charges	299.6	100.0	329.1	100.0	(29.5)	(9.0)

For 6M21, the total freight charges of the Company was Baht 299.6 million, a decrease of Baht 29.5 million compared to 6M20 or decreased 9.0%.



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This was caused by a decrease in the domestic and international freight charges, this was due to

- The number of voyage of the domestic decreased by the pandemic of the Coronavirus Disease (COVID 19) in new outbreak, which has been impact since 1Q21. In addition, the government has ordered the temporary closure of many places and designated areas as high-level and strictly control areas which affected to the slowdown in domestic oil consumption demand.
- The route of domestic voyage mostly is short distance, affected to decreased freight charge.
- The new vessel (VL23) is improved the fixed ballast system of vessels according to the international standard, which was completed at the end of 2Q21, so the said vessel is unable to earn the freight charge in 2Q21.

Cost of freight

For 2Q21, cost of freight of the Company was Baht 129.6 million, a decrease of Baht 13.5 million compared to 2Q20 or decreased 11.6% due to the bunker price in 2Q21 is high trend which the mainly cost of the operation.

For 6M21, cost of freight of the Company was Baht 244.3 million, a decrease of Baht 0.4 million compared to 6M20 or decreased 0.2% due to the bunker price is increased which the mainly cost of the operation, even the fuel consumption is reduced, and there are the costs of preparation of new vessels for service to clients.

Gross profit

For 2Q21, gross profit of the Company was Baht 30.6 million or gross profit margin of 19.1 of total freight charges, a decrease of Baht 8.6 million compared to 2Q20 or decreased 21.9% and for 6M21, gross profit of the Company was Baht 55.3 million or gross profit margin of 18.5 of total freight charges, a decrease of Baht 29.1 million compared to 6M20 or decreased 34.5%. This was a result of lower domestic freight charges and the variable cost of freight is higher.

Administrative expenses

For 2Q21, administrative expenses of the Company was Baht 8.6 million, a decrease of Baht 2.4 million compared to 2Q20 or decreased 21.8% and for 6M21, administrative expenses of the Company was Baht 15.6 million, a decrease of Baht 1.9 million compared to 6M20 or decreased 10.9% due to in 1Q21 and 2Q21 there was a decrease in employee expenses for key management person which has been classified as management benefit expenses, as a result of reorganization.



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Management benefit expenses

For 2Q21, management benefit expenses of the Company was Baht 5.1 million, an increase of Baht 2.4 million compared to 2Q20 or increased 88.9% and for 6M21, management benefit expenses of the Company was Baht 10.0 million, an increase of Baht 4.6 million compared to 6M20 or increased 85.2% due to in 1Q21 and 2Q21 there was an increase in employee expenses for key management person, as a result of reorganization.

Finance cost

For 6M21, finance cost of the Company was Baht 17.5 million, a decrease of Baht 2.7 million compared to 6M20 or increased 13.4% due to the repayment of principal loans from financial institution, and in 1Q21 the adjustment of interest rate decreased.

Income tax expenses

For 2Q21, income tax expenses of the Company was Baht 1.7 million, an increase of Baht 0.2 million compared to 2Q20 or increased 10.5%, which varied by decreased income from operation.

Income for the period

For 2Q21, income for the period of the Company was Baht 6.5 million, a decrease of Baht 8.2 million compared to 2Q20 or increased 55.8% and for 6M21, income for the period of the Company was Baht 12.1 million, a decrease of Baht 32.1 million compared to 6M20 or increased 72.6% due to decreased in the total freight charge.



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3. Statement of financial position

	30 June 2021	31 December 2020	Change
	(million Baht)		%
Current Assets			
Cash and cash equivalents	99.2	172.0	(42.3)
Trade and other receivables	74.1	63.7	16.3
Supplies and spare parts	23.1	16.1	43.5
Other current financial assets	100.5	100.1	0.4
Total Current Assets	296.9	351.9	(15.6)
Non-current Assets			
Vessels and equipment	1,596.6	1,389.2	14.9
Right-of-use assets	19.2	20.3	(5.4)
Other non-current assets	3.8	2.3	65.2
Total Non-current Assets	1,619.6	1,411.8	14.7
Total Assets	1,916.5	1,763.7	8.7

	30 June 2021	31 December 2020	Change
	(million Baht)		%
Non-interest bearing debt			
Trade and other payables	39.1	32.6	19.9
Purchase of fixed assets payable	9.3	0.1	9,200.0
Other liabilities	16.8	18.9	(11.1)
Total non-interest bearing debt	65.2	51.6	26.4
Interest-bearing debt			
Lease liabilities	17.8	19.1	(6.8)
Long-term loans	1,024.8	856.4	19.7
Total interest bearing debt	1,042.6	875.5	19.1
Total Liabilities	1,107.8	927.1	19.5
Total Shareholders' Equity	808.7	836.6	(3.3)
Total Liabilities and Shareholders' Equity	1,916.5	1,763.7	8.7

Assets

As of 30 June 2021, the Company reported total assets of Baht 1,916.5 million, an increase of Baht 152.8 million compared to 31 December 2020 or decreased 8.7% due to in 1Q21, the Company has purchased one oil tanker vessel, is V.L. 23 which had the dead weight of 2,800 DWT.

Liabilities

As of 30 June 2021, the Company reported total liabilities of Baht 1,107.8 million, an increase of Baht 180.7 million compared to 31 December 2020 or decreased 19.5% due to the increased of interest-bearing debts for long-term loans of Baht 168.4 million, in caused of the borrowing loans from financial institutions for payment a new oil tanker vessel in 1Q21.

Shareholders' Equity

As of 30 June 2021, the Company reported total shareholders' equity of Baht 808.7 million, a decrease of Baht 27.9 million compared to 31 December 2020 or decreased 3.3% due to the net income for 6M21 of Baht 12.1 million and in 2Q21 the dividend payment of Baht 40 million.



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4. Significant financial Ratio

	2Q21	YE20 (12 months)	2Q20
Current Ratio (Time)	1.68	1.90	1.89
Debt to Equity Ratio (Time)	1.37	1.11	1.23
Return of Assets (ROA) (%)	5.13	7.00	7.21
Return of Equity (ROE) (%)	6.44	10.41	10.57

Please be informed accordingly.

Sincerely Yours,


(Mrs. Chutipa Klinsuwan)
Chief Executive Officer