



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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 2021 as follows:

The operating results for 3Q21 and 9M21 mainly derived from the oil tanker fleet transportation service business.

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

(Unit : million Baht)

Statement of Income	30 September 2021	%	30 September 2020	%	Increase/ (Decrease)	%
Freight charges	180.1	99.7	163.7	99.1	16.4	10.0
Gain on disposal of assets	-	-	-	-	-	-
Gain on exchange rate	-	-	1.3	0.8	(1.3)	(100.0)
Other revenues	0.6	0.3	0.2	0.1	0.4	200.0
Total revenues	180.7	100.0	165.2	100.0	15.5	9.4
Cost of freight	147.9	82.1	124.0	75.7	23.9	19.3
Gross profit	32.2	17.9	39.7	24.2	(7.5)	(18.9)
Administrative expenses	8.2	4.5	8.5	5.2	(0.3)	(3.5)
Management benefit expenses	4.3	2.4	2.9	1.8	1.4	48.3
Income before finance costs and income tax expenses	20.3	11.3	29.8	18.1	(9.5)	(31.9)
Finance costs	9.9	5.5	9.1	5.6	0.8	8.8
Income before income tax expenses	10.4	5.8	20.7	12.5	(10.3)	(49.8)
Income tax expenses	2.2	1.2	1.0	0.6	1.2	120.0
Income for the period	8.2	4.6	19.7	11.9	(11.5)	(58.4)

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 nine-month periods ended 30 September 2021 and 2020

(Unit : million Baht)

Statement of Income	30 September 2021	%	30 September 2020	%	Increase/ (Decrease)	%
Freight charges	479.8	99.2	492.7	98.5	(12.9)	(2.6)
Gain on disposal of assets	-	-	3.8	0.8	(3.8)	(100.0)
Gain on exchange rate	1.8	0.4	3.1	0.6	(1.3)	(41.9)
Other revenues	1.9	0.4	0.8	0.1	1.1	137.5
Total revenues	483.5	100.0	500.4	100.0	(16.9)	(3.4)
Cost of freight	392.3	81.8	368.6	74.8	23.7	6.4
Gross profit	87.5	18.2	124.1	25.2	(36.6)	(29.5)
Administrative expenses	23.8	4.9	26.0	5.2	(2.2)	(8.5)
Management benefit expenses	14.2	2.9	8.3	1.7	5.9	71.1
Income before finance costs and income tax expenses	53.2	11.0	97.5	19.5	(44.3)	(45.4)
Finance costs	27.5	5.7	29.2	5.8	(1.7)	(5.8)
Income before income tax expenses	25.7	5.3	68.3	13.7	(42.6)	(62.4)
Income tax expenses	5.4	1.1	4.4	0.9	1.0	22.7
Income for the period	20.3	4.2	63.9	12.8	(43.6)	(68.2)

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 3Q21, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 180.1 million, and Baht 0.6 million from the freight charges, and other revenues, respectively.

For 9M21, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 479.8 million, Baht 1.8 million, and Baht 1.9 million from the freight charges, gain on exchange rate, and other revenues, respectively.



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The proportion of freight charges can be classified as follows:

For 3Q21 and 3Q20

(Unit : million Baht)

Statement of Income	30 September 2021	%	30 September 2020	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	106.2	59.0	105.1	64.2	1.1	1.0
- International	71.1	39.5	57.5	35.1	13.6	23.7
Other freight charges	2.8	1.5	1.1	0.7	1.7	154.5
Total freight charges	180.1	100.0	163.7	100.0	16.4	10.0

For 3Q21, the total freight charges of the Company was Baht 180.1 million, an increase of Baht 16.4 million compared to 3Q20 or increased 10.0%.

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

- The number of voyage of the international in 3Q21 increased compared to 3Q20 due to in 3Q21, the Company has increased the number of voyage generated from the new vessel (V.L. 23).

For 9M21 and 9M20

(Unit : million Baht)

Statement of Income	30 September 2021	%	30 September 2020	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	296.6	61.8	316.2	64.2	(19.6)	(6.2)
- International	178.1	37.1	173.2	35.1	4.9	2.8
Other freight charges	5.1	1.1	3.3	0.7	1.8	54.5
Total freight charges	479.8	100.0	492.7	100.0	(12.9)	(2.6)

For 9M21, the total freight charges of the Company was Baht 479.8 million, a decrease of Baht 12.9 million compared to 9M20 or decreased 2.6%.

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



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- The number of voyage of the domestic decreased by the pandemic of the Coronavirus Disease 2019 (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.

Cost of freight

For 3Q21, cost of freight of the Company was Baht 147.9 million, an increase of Baht 23.9 million compared to 3Q20 or increased 19.3% due to the bunker price in 3Q21 is highly trend and the increased usage of the bunker of international route from longer distance, which is the mainly cost of the operation.

For 9M21, cost of freight of the Company was Baht 392.3 million, an increase of Baht 23.7 million compared to 9M20 or increased 6.4% due to the bunker price is increased which is the mainly cost of the operation, even the fuel consumption is increased, and there are the costs of preparation of new vessels for service to clients.

Gross profit

For 3Q21, gross profit of the Company was Baht 32.2 million or gross profit margin of 17.9% of total freight charges, a decrease of Baht 7.5 million compared to 3Q20 or decreased 18.9% and for 9M21, gross profit of the Company was Baht 87.5 million or gross profit margin of 18.2% of total freight charges, a decrease of Baht 36.6 million compared to 9M20 or decreased 29.5%. This was a result of decreased domestic freight charges and the variable cost of freight, especially fuel costs, tend to increase.

Administrative expenses

For 3Q21, administrative expenses of the Company was Baht 8.2 million, a decrease of Baht 0.3 million compared to 3Q20 or decreased 3.5% and for 9M21, administrative expenses of the Company was Baht 23.8 million, a decrease of Baht 2.2 million compared to 9M20 or decreased 8.5% due to in 1Q21, 2Q21 and 3Q21 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 3Q21, management benefit expenses of the Company was Baht 4.3 million, an increase of Baht 1.4 million compared to 3Q20 or increased 48.3% and for 9M21, management benefit expenses of the Company was Baht 14.2 million, an increase of Baht 5.9 million compared to 9M20 or increased 71.1% due to in 1Q21, 2Q21 and 3Q21 there was an increase in employee expenses for key management person, as a result of reorganization.

Finance cost

For 9M21, finance cost of the Company was Baht 27.5 million, a decrease of Baht 1.7 million compared to 9M20 or decreased 5.8% due to the repayment of principal loans to financial institution in accordance with the term of the loan agreements, and since 1Q21 the reduction of interest rate from financial institution for a period of 12 months.

Income tax expenses

For 3Q21, income tax expenses of the Company was Baht 2.2 million, an increase of Baht 1.2 million compared to 3Q20 or increased 120.0% and for 9M21, income tax expenses of the Company was Baht 5.4 million, an increase of Baht 1.0 million compared to 9M20 or increased 22.7% due to in 2021, the Company has an increase in operating profit from Non BOI segment.

Income for the period

For 3Q21, income for the period of the Company was Baht 8.2 million, a decrease of Baht 11.5 million compared to 3Q20 or decreased 58.4% and for 9M21, income for the period of the Company was Baht 20.3 million, a decrease of Baht 43.6 million compared to 9M20 or decreased 68.2% due to decreased in the total freight charge and increased in the cost of freight.



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3. Statement of financial position (abbreviated)

	30 September	31 December	Change
	2021	2020	
	(million Baht)		%
Current Assets			
Cash and cash equivalents	83.3	172.0	(51.6)
Trade and other receivables	87.1	63.7	36.7
Supplies and spare parts	23.9	16.1	48.4
Other current financial assets	100.6	100.1	0.5
Total Current Assets	294.9	351.9	(16.2)
Non-current Assets			
Vessels and equipment	1,568.6	1,389.2	12.9
Right-of-use assets	18.6	20.3	(8.4)
Other non-current assets	3.8	2.3	65.2
Total Non-current Assets	1,591.0	1,411.8	12.7
Total Assets	1,885.9	1,763.7	6.9

	30 September	31 December	Change
	2021	2020	
	(million Baht)		%
Non-interest bearing debt			
Trade and other payables	42.0	32.6	28.8
Purchase of fixed assets payable	3.6	0.1	3,500.0
Other liabilities	16.4	18.9	(13.2)
Total non-interest bearing debt	62.0	51.6	20.2
Interest-bearing debt			
Lease liabilities	17.3	19.1	(9.4)
Long-term loans	997.7	856.4	16.5
Total interest bearing debt	1,015.0	875.5	15.9
Total Liabilities	1,077.0	927.1	16.2
Total Shareholders' Equity	808.9	836.6	(3.3)
Total Liabilities and Shareholders' Equity	1,885.9	1,763.7	6.9

Assets

As of 30 September 2021, the Company reported total assets of Baht 1,885.9 million, an increase of Baht 122.2 million compared to 31 December 2020 or increased 6.9% 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 September 2021, the Company reported total liabilities of Baht 1,077.0 million, an increase of Baht 149.9 million compared to 31 December 2020 or increased 16.2% due to the increased of interest-bearing debts for long-term loans of Baht 141.3 million, in caused of the borrowing loans from financial institution for payment a new oil tanker vessel in 1Q21.

Shareholders' Equity

As of 30 September 2021, the Company reported total shareholders' equity of Baht 808.9 million, a decrease of Baht 27.7 million compared to 31 December 2020 or decreased 3.3% due to the net income for 9M21 of Baht 20.3 million and in 2Q21 and 3Q21 the dividend payment in the totaling of Baht 48 million.



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4. Significant financial ratio

	3Q21	YE20 (12 months)	3Q20
Current Ratio (Time)	1.60	1.90	1.81
Debt to Equity Ratio (Time)	1.33	1.11	1.18
Return of Assets (ROA) (%)	4.71	7.00	4.53
Return of Equity (ROE) (%)	5.02	10.41	10.61

Please be informed accordingly.

Sincerely Yours,

(Mrs. Chutipat Klinsuwan)

Chief Executive Officer