



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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No. 29/2022

10 August 2022

Subject Management Discussion and Analysis for Operating Results for the three-month and six-month periods ended 30 June 2022

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 2022 as follows:

The operating results for 2Q22 and 6M22 mainly derived from the oil tanker fleet transportation service business.

1. The financial performance comparison for the three-month period ended 30 June 2022 and 2021

(Unit : million Baht)

Statement of Income	30 June 2022	%	30 June 2021	%	Increase/ (Decrease)	%
Freight charges	172.8	99.8	160.2	99.6	12.6	7.9
Gain on exchange rate	-	-	0.2	0.1	(0.2)	(100.0)
Other revenues	0.4	0.2	0.4	0.3	-	-
Total revenues	173.2	100.0	160.8	100.0	12.4	7.7
Cost of freight	151.2	87.5	129.6	80.9	21.6	16.7
Gross profit	21.6	12.5	30.6	19.1	(9.0)	(29.4)
Administrative expenses	14.0	8.1	8.6	5.3	5.4	62.8
Management benefit expenses	4.7	2.7	5.1	3.2	(0.4)	(7.8)
Income before finance costs and income tax expenses	3.3	1.9	17.5	10.9	(14.2)	(81.1)
Finance costs	9.0	5.2	9.3	5.8	(0.3)	(3.2)
Income (loss) before income tax expenses	(5.7)	(3.3)	8.2	5.1	(13.9)	(169.5)
Income tax expenses	0.4	0.2	1.7	1.1	(1.3)	(76.5)
Income (loss) for the period	(6.1)	(3.5)	6.5	4.0	(12.6)	(193.8)

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 2022 and 2021

(Unit : million Baht)

Statement of Income	30 June 2022	%	30 June 2021	%	Increase/ (Decrease)	%
Freight charges	338.6	99.7	299.6	99.0	39.0	13.0
Gain on exchange rate	-	-	1.9	0.6	(1.9)	(100.0)
Other revenues	1.2	0.3	1.3	0.4	(0.1)	(7.7)
Total revenues	339.8	100.0	302.8	100.0	37.0	12.2
Cost of freight	294.3	86.9	244.3	81.5	50.0	20.5
Gross profit	44.3	13.1	55.3	18.5	(11.0)	(19.9)
Administrative expenses	20.1	5.9	15.6	5.2	4.5	28.8
Management benefit expenses	9.2	2.7	10.0	3.3	(0.8)	(8.0)
Income before finance costs and income tax expenses	16.2	4.8	32.9	10.9	(16.7)	(50.8)
Finance costs	18.2	5.4	17.5	5.8	0.7	4.0
Income (loss) before income tax expenses	(2.0)	(0.6)	15.4	5.1	(17.4)	(113.0)
Income tax expenses	1.2	0.3	3.3	1.1	(2.1)	(63.6)
Income (loss) for the period	(3.2)	(0.9)	12.1	4.0	(15.3)	(126.4)

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

Total revenues

For 2Q22, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 172.8 million, and Baht 0.4 million from the freight charges, and other revenues, respectively.

For 6M22, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 338.6 million, and Baht 1.2 million from the freight charges, and other revenues, respectively.



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The proportion of freight charges can be classified as follows:

For 2Q22 and 2Q21

(Unit : million Baht)

Statement of Income	30 June 2022	%	30 June 2021	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	122.0	70.6	104.3	65.1	17.7	17.0
- International	46.3	26.8	54.0	33.7	(7.7)	(14.3)
Other freight charges	4.5	2.6	1.9	1.2	2.6	136.8
Total freight charges	172.8	100.0	160.2	100.0	12.6	7.9

For 2Q22, the total freight charges of the Company was Baht 172.8 million, an increase of Baht 12.6 million compared to 2Q21 or decreased 7.9%.

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

- The number of voyage of the domestic in 2Q22 increased compared to 2Q21 due to the relaxation some COVID-19 restrictions which affected to the demand for oil consumption in the country has increased.

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

- The number of voyage of the international in 2Q22 decreased compared to 2Q21 due to
 - The government of Indonesia issued measures to ban palm oil exports to different countries for a period of time.
 - The decrease of international vessel fleet by the Company has sold one vessel that provides for the international route, namely V.L. 10, and has adopted the strategy from an international vessel to another domestic vessel instead, which is the namely V.L. 22.

For 6M22 and 6M21

(Unit : million Baht)

Statement of Income	30 June 2022	%	30 June 2021	%	Increase/ (Decrease)	%
Freight charges						
- Domestic	242.0	71.5	190.4	63.6	51.6	27.1
- International	91.0	26.9	107.0	35.7	(16.0)	(15.0)
Other freight charges	5.6	1.6	2.2	0.7	3.4	154.5
Total freight charges	338.6	100.0	299.6	100.0	39.0	13.0



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For 6M22, the total freight charges of the Company was Baht 338.6 million, a decrease of Baht 39.0 million compared to 6M21 or decreased 13.0%.

This was caused by an increased in the domestic and a decreased of international freight charges, this was due to

- The number of voyage of the domestic in 2Q22 increased compared to 2Q21 due to the relaxation some COVID-19 restrictions which affected to the demand for oil consumption in the country has increased.
- The number of voyage of the international decreased due to the decreased of international vessel fleet by the Company has sold one vessel that provides for the international route, namely V.L. 10, and has adopted the strategy from an international vessel to another domestic vessel instead, which is the namely V.L. 22. In addition the government of Indonesia issued measures to ban palm oil exports to different countries for a period of time.

Cost of freight

For 2Q22, cost of freight of the Company was Baht 151.2 million, an increase of Baht 21.6 million compared to 2Q21 or increased 16.7% due to fuel costs are increased from the volatility of fuel prices in 2Q22 that tends to increased.

For 6M22, cost of freight of the Company was Baht 294.3 million, an increase of Baht 50.0 million compared to 6M21 or increased 20.5% due to fuel costs are increased.

The Information of average unit price of bunker cost which is considered as the mainly cost of operations as follows:

(Unit : Baht per Liter)

	2Q22	2Q21	Increase (Decrease)	%	6M22	6M21	Increase (Decrease)	%
Fuel oil price (average)	27.5	16.6	10.9	65.7	25.0	15.8	9.2	58.2
Diesel oil price (average)	31.2	21.2	10.0	47.2	30.3	20.6	9.7	47.1

Gross profit

For 2Q22, gross profit of the Company was Baht 21.6 million or gross profit margin of 12.5% of total freight charges, a decrease of Baht 9.0 million compared to 2Q21 or decreased 29.4% and for 6M22, gross profit of the Company was Baht 44.3 million or gross profit margin of 13.1% of total freight charges, a decrease



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of Baht 11.0 million compared to 6M21 or decreased 19.9%. This was a result of the variable cost of freight, especially fuel costs, trend to increase.

Administrative expenses

For 2Q22, administrative expenses of the Company was Baht 14.0 million, an increase of Baht 5.4 million compared to 2Q21 or increased 62.8% and for 6M22, administrative expenses of the Company was Baht 20.1 million, an increase of Baht 4.5 million compared to 6M21 or increased 28.8% due to in 2Q22 the Company had unrealized loss from foreign currency forward contract amounting to Baht 5.9 million. The Company entered into a foreign currency forward contract with a financial institution which have outstanding balance and must be presented at fair value at the end of the accounting period.

Management benefit expenses

For 2Q22, management benefit expenses of the Company was Baht 4.7 million, a decrease of Baht 0.4 million compared to 2Q21 or decreased 7.8% and for 6M22, management benefit expenses of the Company was Baht 9.2 million, a decrease of Baht 0.8 million compared to 6M21 or decreased 8.0% due to in 2Q21 the Company has paid the management's compensation for employee retirement benefits in addition to the provisions recorded in the account.

Finance cost

For 2Q22, finance cost of the Company was Baht 9.0 million, a decrease of Baht 0.3 million compared to 2Q21 or decreased 3.2% due to in 2Q22, the Company had repayment the one credit line to financial institutions completely.

For 6M22, finance cost of the Company was Baht 18.2 million, an increase of Baht 0.7 million compared to 2Q21 or increased 4.0% due to in 2Q21, the Company has withdrawn a new credit line from financial institutions, arising from the purchase of a new vessel.

Income tax expenses

For 2Q22, income tax expenses of the Company was Baht 0.4 million, a decrease of Baht 1.3 million compared to 2Q21 or decreased 76.5% and for 6M22, income tax expenses of the Company was Baht 1.2 million, a decrease of Baht 2.1 million compared to 6M21 or decreased 63.6% due to in 2Q22, the Company has the operating loss.



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Income (loss) for the period

For 2Q22, loss for the period of the Company was Baht 6.1 million, an increased loss of Baht 12.6 million compared to 2Q21 or increased 193.8% and for 6M22, loss for the period of the Company was Baht 3.2 million, an increased loss of Baht 15.3 million compared to 6M21 or increased 126.4% due to the increased of the cost of freight and unrealized loss from foreign currency forward contract.

2. Statement of financial position (abbreviated)

	30 June	31 December	Change
	2022	2021	
	(million Baht)		%
Current Assets			
Cash and cash equivalents	146.5	177.3	(17.4)
Trade and other current receivables	130.2	88.1	47.8
Supplies and spare parts	25.9	21.7	19.4
Other current financial assets	100.7	100.7	-
Other current assets	1.8	0.2	800.0
Total Current Assets	405.1	388.0	4.4
Non-current Assets			
Vessels and equipment	1,492.6	1,542.3	(3.2)
Right-of-use assets	14.5	18.0	(19.4)
Other non-current assets	4.2	3.7	13.5
Total Non-current Assets	1,511.3	1,564.0	(3.4)
Total Assets	1,916.4	1,952.0	(1.8)

	30 June	31 December	Change
	2022	2021	
	(million Baht)		%
Non-interest bearing debt			
Trade and other current payables	50.8	49.3	3.0
Purchase of fixed assets payable	15.5	1.4	1,007.1
Other liabilities	29.2	18.5	57.8
Total non-interest bearing debt	95.5	69.2	38.0
Interest-bearing debt			
Lease liabilities	15.8	16.8	(6.0)
Long-term loans	902.1	971.1	(7.1)
Total interest bearing debt	917.9	987.9	(7.1)
Total Liabilities	1,013.4	1,057.1	(4.1)
Total Shareholders' Equity	903.0	894.9	0.9
Total Liabilities and Shareholders' Equity	1,916.4	1,952.0	(1.8)

Assets

As of 30 June 2022, the Company reported total assets of Baht 1,916.4 million, a decrease of Baht 35.6 million compared to 31 December 2021 or decreased 1.8% due to

- Decrease in cash and cash equivalents amounted to Baht 30.8 million and increase in trade accounts and other current receivable amounted to Baht 42.1 million because the Company has extended billing from customers for a period of time at the end of the 2Q22.
- Vessels and equipment has decreased in the amount of Baht 49.7 million because in the 1Q22 the Company sold V.L. 10 and there is depreciation of vessel and equipment contained in the account.



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Liabilities

As of 30 June 2022, the Company reported total liabilities of Baht 1,013.4 million, a decrease of Baht 43.7 million compared to 31 December 2021 or decreased 4.1% due to

- The payables of purchase of assets increased in the amount of Baht 14.1 million because the Company had a whole increase in services and spare parts payables.
- The other liabilities increased in the amount of Baht 10.7 million because the Company has an undue output VAT of Baht 6.5 million and the financial liabilities from the foreign exchange forward contract of Baht 5.9 million.
- Decrease in the total interest-bearing debt amounting to Baht 70.0 million, in caused of the repayment of loans from financial institutions which is in accordance with the agreed contract.

Shareholders' Equity

As of 30 June 2022, the Company reported total shareholders' equity of Baht 903.0 million, an increase of Baht 8.1 million compared to 31 December 2021 or increased 0.9% due to

- There was a loss for the six-month period of 2022 amounting to Baht 3.2 million.
- In 2Q22, the Company had received the payments for common shares in the amount of Baht 25.9 million from the exercise of warrants and had paid dividends for the year 2021 in the amount of Baht 14.5 million.

3. Significant financial ratio

	2Q22	2Q21	2021
Current Ratio (Time)	1.72	1.68	1.92
Debt to Equity Ratio (Time)	1.12	1.37	1.18
Return of Assets (ROA) (%)	2.59	5.13	3.57
Return of Equity (ROE) (%)	0.91	6.44	2.67

Please be informed accordingly.

Sincerely Yours,

(Mrs. Chutipra Klinsuwan)

Chief Executive Officer