



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

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No. 16/2023

11 August 2023

Subject Management Discussion and Analysis for Operating Results for the three-month and six-month periods ended 30 June 2023

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 2023 as follows:

The operating results for 2Q23 and 6M23 mainly derived from the oil tanker fleet transportation service business.

1. The financial performance comparison for the three-month periods ended 30 June 2023 and 2022

(Unit : Million Baht)

Statement of Comprehensive Income	30 June 2023	%	30 June 2022	%	Increase / (Decrease)	%
Freight charges	179.8	99.3	172.8	99.8	7.0	4.1
Gain on disposal of assets	-	-	-	-	-	-
Gain on exchange rate	0.2	0.1	-	-	0.2	-
Other revenues	1.0	0.6	0.4	0.2	0.6	150.0
Total revenues	181.0	100.0	173.2	100.0	7.8	4.5
Cost of freight	154.4	85.3	151.2	87.3	3.2	2.1
Gross Profit	25.4	14.0	21.6	12.5	3.8	17.6
Administrative expenses	6.6	3.6	8.1	4.7	(1.5)	(18.5)
Management benefit expenses	4.8	2.7	4.7	2.7	0.1	2.1
Loss from forward foreign exchange buying contract	0.8	0.4	5.9	3.4	(5.1)	(86.4)
Income before finance costs and income tax expenses	14.4	8.0	3.3	1.9	11.1	336.4
Finance costs	9.5	5.2	9.0	5.2	0.5	5.6
Income before income tax expenses	4.9	2.7	(5.7)	(3.3)	10.6	(186.0)
Income tax expenses	0.5	0.3	0.4	0.2	0.1	25.0
Income for the period	4.4	2.4	(6.1)	(3.5)	10.5	(172.1)
Actuarial gain (loss) from defined benefit plans	-	-	-	-	-	-
Total comprehensive income for the period	4.4	2.4	(6.1)	(3.5)	10.5	(172.1)

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 2023 and 2022

(Unit : Million Baht)

Statement of Comprehensive Income	30 June 2023	%	30 June 2022	%	Increase / (Decrease)	%
Freight charges	340.7	97.2	338.6	99.6	2.1	0.6
Gain on disposal of assets	-	-	-	-	-	-
Gain on exchange rate	8.2	2.3	-	-	8.2	-
Other revenues	1.7	0.5	1.2	0.4	0.5	41.7
Total revenues	350.6	100.0	339.8	100.0	10.8	3.2
Cost of freight	297.3	84.8	294.3	86.6	3.0	1.0
Gross Profit	43.4	12.4	44.3	13.0	(0.9)	(2.0)
Administrative expenses	13.2	3.8	14.2	4.2	(1.0)	(7.0)
Management benefit expenses	9.5	2.7	9.2	2.7	0.3	3.3
Loss from forward foreign exchange buying contract	5.2	1.5	5.9	1.7	(0.7)	(11.9)
Income before finance costs and income tax expenses	25.4	7.2	16.2	4.8	9.2	56.8
Finance costs	17.7	5.0	18.2	5.4	(0.5)	(2.7)
Income before income tax expenses	7.7	2.2	(2.0)	(0.6)	9.7	(485.0)
Income tax expenses	0.6	0.2	1.2	0.4	(0.6)	(50.0)
Income for the period	7.1	2.0	(3.2)	(0.9)	10.3	(321.9)
Actuarial gain (loss) from defined benefit plans	-	-	-	-	-	-
Total comprehensive income for the period	7.1	2.0	(3.2)	(0.9)	10.3	(321.9)

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 2Q23, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 179.8 million, Baht 0.2 million, and Baht 1.0 million from the freight charges, gain on exchange rate, and other revenues, respectively.

For 6M23, the Company generated total revenue from fleet transportation service business for petroleum and chemical products, composed of Baht 340.7 million, Baht 8.2 million, and Baht 1.7 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 2Q23 and 2Q22

(Unit : Million Baht)

Statement of Comprehensive Income	30 June 2023	%	30 June 2022	%	Increase / (Decrease)	%
Freight charges						
- Domestic	145.9	81.1	122.0	70.6	23.9	19.6
- International	30.5	17.0	46.3	26.8	(15.8)	(34.1)
Other freight charges	3.4	1.9	4.5	2.6	(1.1)	(24.4)
Total freight charges	179.8	100.0	172.8	100.0	7.0	4.1

For 2Q23, the total freight charges of the Company was Baht 179.8 million, an increase of Baht 7.0 million compared to 2Q22 or increased 4.1%.

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

- Domestic freight charges had increased 19.6% due to
 - In 2Q23, there was an increase of revenue of two vessels, namely the newly acquired "V.L. 24" had an increased revenue of approximately Baht 12 million, and the V.L. 23 that had adjusted the strategy of fleet management from the international voyage to domestic voyage, which generated to revenue of approximately of Baht 3 million.
 - In 2Q22, there were two vessels in the dry-docking for maintenance, namely V.L. 11 and V.L. 19 to resulting of revenue in 2Q23 to increase of approximately of Baht 6 million.
 - For 2Q23, there were vessels that had decreased in revenue to cause underutilization namely V.L. 14 and V.L. 17 resulting of revenue in 2Q23 to total decrease of approximately Baht 7 million.
- International freight charges had decreased 34.1% due to the number of vessels of the international fleet has decreased, as a result of the management had adjusted the strategy of fleet management for one vessel (V.L. 23) resulting in revenue to decrease of approximately Baht 16 million.



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For 6M23 and 6M22

(Unit : Million Baht)

Statement of Comprehensive	30 June 2023	%	30 June 2022	%	Increase / (Decrease)	%
Income						
Freight charges						
- Domestic	274.0	80.4	242.0	71.5	32.0	13.2
- International	62.9	18.5	91.0	26.9	(28.1)	(30.9)
Other freight charges	3.8	1.1	5.6	1.7	(1.8)	(32.1)
Total freight charges	340.7	100.0	338.6	100.0	2.1	0.6

For 6M23, the total freight charges of the Company was Baht 340.7 million, an increase of Baht 2.1 million compared to 6M22 or increased 0.6%.

Gain on exchange rate

For 6M23, gain on exchange rate of the Company was Baht 8.2 million, an increase compared to 6M22 due to the Company recognized the realized gain on exchange rate from the acquisition of a new vessel, which paid to the foreign currency by using of forward contract.

Cost of freight

For 2Q23, cost of freight of the Company was Baht 154.4 million, an increase of Baht 3.2 million compared to 2Q22 or increased 2.1% and for 6M23, cost of freight of the Company was Baht 297.2 million, an increase of Baht 2.9 million compared to 6M22 or increased 1.0% according to increased freight charges.

Gross profit

For 2Q23, gross profit of the Company was Baht 25.4 million or gross profit margin of 14.0% of total freight charges, an increase of Baht 3.8 million compared to 2Q22 or increased 17.6%. This was a result of the total freight charges to increase.

Income for the period

For 2Q23, income for the period of the Company was Baht 4.4 million, an increase of Baht 10.5 million compared to 2Q22 and for 6M23, income for the period of the Company was Baht 7.1 million, an increase of Baht 10.3 million compared to 6M22.



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2. Statement of financial position (abbreviated)

	30 June	31 December	Change		30 June	31 December	Change
	2023	2022			2023	2022	
	(Million Baht)		%		(Million Baht)		%
Current Assets				Non-interest bearing debt			
Cash and cash equivalents	223.3	193.1	15.6	Overdrafts from financial institutions	3.7	-	-
Trade and other current receivables	92.8	76.5	21.3	Trade and other current payables	58.3	62.5	(6.7)
Supplies and spare parts	24.0	26.9	(10.8)	Purchase of fixed assets payable	5.7	14.0	(59.3)
Other current financial assets	-	100.6	(100.0)	Other liabilities	22.4	27.8	(19.4)
Other current assets	1.0	0.9	11.1	Total non-interest bearing debt	90.1	104.3	(13.6)
Total Current Assets	341.1	398.0	(14.3)	Interest-bearing debt			
Non-current Assets				Lease liabilities	14.4	15.1	(4.6)
Vessels and equipment	1,608.1	1,467.2	9.6	Long-term loans	862.6	824.9	4.6
Right-of-use assets	12.1	13.1	(7.6)	Total interest bearing debt	877.0	840.0	4.4
Other non-current assets	3.5	3.8	(7.9)	Total Liabilities	967.1	944.3	2.4
Total Non-current Assets	1,623.7	1,484.1	9.4	Total Shareholders' Equity	997.7	937.8	6.4
Total Assets	1,964.8	1,882.1	4.4	Total Liabilities and Shareholders' Equity	1,964.8	1,882.1	4.4

Assets

As of 30 June 2023, the Company reported total assets of Baht 1,964.8 million, an increase of Baht 82.7 million compared to 31 December 2022 or increased 4.4% due to

- Decrease in other current financial assets amounted to Baht 100.6 million because of the Company sold such financial assets to payment for acquisition of a new vessel in whole amount.
- Vessels and equipment has increased in the amount of Baht 140.9 million because of in the 1Q23 the Company purchase a new vessel in the amount of Baht 180 million and there is depreciation of vessel and equipment contained in the account.

Liabilities

As of 30 June 2023, the Company reported total liabilities of Baht 967.1 million, an increase of Baht 22.8 million compared to 31 December 2022 or increased 2.4% due to

- Increase in the total interest-bearing debt amounting to Baht 38.6 million, in caused of the borrowing of loans from a financial institution for the purchase of a new vessel of Baht 115.0 million and the repayment of loans from financial institutions which is in accordance with the agreed contract of Baht 77.2 million.

Shareholders' Equity

As of 30 June 2023, the Company reported total shareholders' equity of Baht 997.7 million, an increase of Baht 59.9 million compared to 31 December 2022 or increased 6.4% due to there was an income for the year 6M23 amounting to Baht 7.1 million and in 2Q23 the Company had received the increase capital in the amount of Baht 52.8 million from the exercise of warrants.



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3. Significant financial ratio

	2Q23	2022	2Q22
Current Ratio (Time)	1.37	1.63	1.72
Debt to Equity Ratio (Time)	0.97	1.01	1.12
Return of Assets (ROA) (%)	3.67	3.24	2.59
Return of Equity (ROE) (%)	3.54	2.55	0.91

Please be informed accordingly.

Sincerely Yours,

(Mrs. Chutipra Klinsuwan)

Chief Executive Officer