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May 11, 2015

Subject: Clarification on the Change of Q1/2015 Operating Results for Exceeding 20%

To: President
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited ("Company") would clarify the reasons of changing in the operating results in Q1/2015 as following.

Overview of Operating Results

During 1Q 2015, the Company's revenue has continued to grow, as the Roy Hill Iron Ore and APLNG Wellhead Separator projects in Australia were completed and as the execution of fabrication and modularization scopes for the Petrobras FPSO modules project has progressed. Revenue increased to 1,507.5 million baht in 1Q 2015, rising 67.4% from 900.6 million baht in 1Q 2014.

In 1Q 2015, the revenue from projects in Brazil and Australia accounted for 76% and 23% respectively, which evidences a shift in the market mix from Australia to Brazil. The revenue from the Australian projects accounted for 85% in the same period of last year. The decline in the proportion for Australian projects will continue in 2015, as the Roy Hill and APLNG Wellhead Separator projects have been completed in 1Q 2015.

2015 will now be focused on successful delivery of the modularization scopes for the Petrobras P75/P77 Modules and the transition into starting up and ramping-up the new FPSO Compression Modules Project with Petrobras and its Partners (TUPI BV). The new project starting up in 2Q 2015 has a base contract value of around 5,400 million baht with the option to increase to over 10,000 million baht and is expected to be completed in 2016. Including only the base contract value, the backlog in 2Q increased to 7,500 million baht.

Gross profit margin has improved year-on-year from 25.0% in 1Q 2014 to 27.0% in 1Q 2015, as the benefits of factory modernization and cost reduction efforts are beginning to materialize. However, driven mainly by foreign exchange losses of 140.5 million baht, the net profits in 1Q 2015 was 163.5 million baht, dropping slightly compared to 168.2 million baht in 1Q 2014. Excluding foreign exchange losses, the 1Q 2015 net profits would have been 304.0 million baht. New FX hedging options are actively being evaluated to improve the management of the foreign exchange risks. Moreover, 2nd half of 2015 will show significantly improved profits from both of the major FPSO modules projects being in ramped-up stage after the transition period of completing projects and starting new projects.

1/2015 operating result

Revenue

Contract Revenue

The Company contract revenue in 1Q 2015 was 1,498.7 million baht, rising 75.5% compared to 1Q 2014. This increase in revenue has been largely driven by the Petrobras FPSO modules project. Although the major Australian projects were completed in 1Q 2015, the Company will continue to

grow its revenue in 2015 with the commencement and ramp-up of the new FPSO Compression Modules Project with Petrobras and its Partners (TUPI BV).

Expenses

Contract Costs

In 1Q 2015, the contract cost was equal to 1,094.4 million baht, rising by 70.9% from 640.5 million baht in 1Q 2014. This rise in contract costs were mainly due to the Company's business expansion and the resulting higher revenue. When analyzed against the revenue, the contract costs as a percentage of revenue actually improves from 75.0% in 1Q 2014 to 73.0% in 1Q 2015.

SG&A

The Company's SG&A costs is 245.0 million baht in 1Q 2015, rising 169.4% from 90.9 million baht in 1Q 2014. The main causal factor for this rise in SG&A costs are the losses of 140.5 million baht from foreign exchange, which accounts for 57.4% of the SG&A costs in 1Q 2015. It should be noted that a significant proportion of the FX losses is unrealized losses. Additional FX hedging options are actively being evaluated to improve the management of the foreign exchange risks.

Profits

Gross profit and gross profit margin

In 1Q 2015, the Company's gross profits were recorded at 404.30 million baht and the gross profit margin is 27.0% of its contract revenue. The gross profits increased by 190.7 million baht or 89.2% from 213.7 million baht in 1Q 2014 directly due to business expansion. At the same time, the gross profit margin increased to 27.0% in 1Q 2015 from 25.0% in 1Q 2014, as the benefits of factory modernization and cost reduction efforts are beginning to materialize.

Net Profit and Net profit margin

The Company's net profits based on its stand-alone financial statements in 1Q 2015 is 163.5 million baht with a net profit margin of 10.9%. Having looked at its consolidated financial statements, its net profit is 158.8 million baht. This difference results from the loss of 2.2 million baht from the associated investment and foreign exchange losses of 2.5 million. In 1Q 2015, the Company net profits decreased from 168.20 million baht in 1Q 2014, driven mainly by the foreign exchange losses. It should be noted that a significant proportion of the foreign exchange losses is unrealized losses. As noted above, new FX hedging options are actively being evaluated to improve the management of the foreign exchange risks. Excluding foreign exchange losses, the 1Q 2015 net profits would have been 304.0 million baht. Please be informed accordingly.

Best regards,
BJC Heavy Industries Public Company Limited

-Signed-
(Mr. Seung Woo Lee)
Managing Director