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November 11, 2015

Subject: Clarification on Operating Results for 3Q 2015

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 Q3/2015 as following.

### **Overview of Operating Results**

3Q 2015 Operating Results, driven by the ramp-up of the TUIP FPSO modules project and lower costs related to the slowdown of the QGI project, show both year-on-year and quarter-on-quarter growth for Revenue and Profits. In 3Q 2015, the Company achieved total revenues (including Other Income) of 1,443.5 million baht and delivered net profits of 420.3 million baht, which included a FX gain of 119.5 million baht.

During 9M 2015, the Company realized total contracted revenues (excluding Other Income) of 3,554.4 million baht, which is a year-on-year growth of 14.9% or 461.5 million baht. Underlying 9M 2015 net profits of 764.1 million baht also grew by 16.1% or 106.2 million baht as compared to the same period last year.

After the temporary drop in 2Q 2015, Operating Results are back on track to continue the Company's upward growth trend. Preparations have been made to restart the QGI FPSO modules project in 4Q 2015. TUIP and QGI projects are expected to drive further growth in 4Q 2015.

### **Revenue**

#### Contracted Revenue

Contracted Revenue (excluding Other Income) in 3Q 2015 was 1,318.2 million baht, rising by 580.9 million baht or 78.8% from 737.4 million baht in 2Q 2015. Compared to the same period last year, Contracted Revenue increased by 73.1 million baht or 5.9% from 1,245.2 million baht. These increases were underpinned by revenue recognition from the TUIP FPSO modules project and the Toyo Setal piping supply project.

### **Expenses**

#### Contracted Cost

The Company's Contracted Costs in 3Q 2015 was 931.7 million baht, increasing by 69.6% from 549.5 million baht in 2Q 2015 and by 8.9% from 855.6 million baht in 3Q 2014. The rise in Contracted Costs resulted from increased project activities in line with higher Contracted Revenue.

#### Selling, General & Administrative Expenses (SG&A)

In 3Q 2015, SG&A Expenses were 81.7 million baht, declining by 34.4% from 124.4 million baht in 2Q 2015. This decrease was mainly driven by controlling the additional costs related to the partial suspension of the QGI FPSO modules project. When compared to 3Q 2014, total SG&A Expenses have declined due to the absence of FX losses in 3Q 2015. At the same time, when excluding FX impacts, the SG&A expenses have remained constant, despite an increase in donations to educational institutions, which were offset by decreases in overhead and transportation costs.

## **Profits**

### Gross Profits

Gross Profits (excluding Other Income) in 3Q 2015 was 386.5 million baht, increasing by 105.7% or 198.7 million baht from 187.9 million baht in 2Q 2015. This improvement in gross profits was mainly due to increase in project progress and corresponding recognized revenue and significant decrease in costs related to the partial suspension of the QGI FPSO modules project in 3Q 2015. Compared to the same period last year, Gross Profits (excluding Other Income) decreased by 0.8% from 389.6 million baht.

### Net Profits

In 3Q 2015, The Company recorded Net Profits of 420.3 million baht, increasing by 133.2% or 240.1 million baht from 180.3 million baht in 2Q 2015, reflecting the increases in project progress and reductions in costs related to the partial suspension of the QGI FPSO modules project. Compared to the same period last year, Net Profits increased by 63.1% or 162.5 million baht from 258.0 million baht. This was largely driven by revenue increases and FX impacts.

Best regards,

BJC Heavy Industries Public Company Limited

-Signed-

(Mr. Seung Woo Lee)

Chief Operating Officer