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Subject: Clarification on Significant Changes in 1Q2016 Operating Results Exceeding 20%

To: President
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the company") would like to clarify the underlying drivers for the changes in 1Q2016 Operating Results as compared with those in 1Q2015 as following.

Overview of 1Q2016 Operating Results

In 1Q2016, the company's revenue resulted mainly from oil and gas-related projects in Brazil composing of TUPI FPSO modules project where has been secured since 2Q2015 from the direct project owner and QGI project where has been secured in 2014 from QGI, Engineering Procurement and Construction (EPC) by having Petrobras as the direct project owner. With respect to QGI project, although it was partially suspended since 2Q2015, this project has been re-started in December 2015. This is because it's widely regarded as one of the most significant projects of Petrobras in addition to TUPI FPSO modules project. Due to the company's quality of work, on-time delivery, the company aims to secure more oil and gas-related projects from the existing clients in the foreseeable future.

In 1Q2016, the company continued to recognize revenue from TUPI FPSO modules project along with the re-start of QGI project which was partially suspended since 2Q2015. As a result, the company revenue grew from the same period of year prior. Total revenue in 1Q2016 (including other incomes) was 2,117.3 million baht while its net profit was 338.7 million baht. Moreover, the company has completed and delivered TUPI FPSO modules project in the part of Modules - 01B successfully with the aim to deliver and meet the customers schedule for the Modules - 02B of TUPI FPSO modules project and QGI project as planned.

Revenue

Contracted Revenue

In 1Q2016, Contracted Revenue (excluding other incomes) was 2,101.1 million baht, rising of 602.4 million baht or 40.2% from 1,498.7 million baht in 1Q2015. The increase in Contracted Revenue stemmed mainly from revenue recognition of TUPI FPSO modules project as well as the re-start of QGI project after the partial suspension since 2Q2015.

Expenses

Contracted Costs

In 1Q2016, Contracted Cost was 1,669.5 million baht, increasing of 575.1 million baht or 52.5 % from 1,094.4 million baht. Rising contracted costs were largely driven by the increased project activities leading to higher labor cost and consumable-related expenses during the 1st shipment of TUPI FPSO modules project in the part of Modules - 01B and the re-start of QGI project since December 2015.

Selling, General & Administrative Expenses (SG&A)

SG&A Expenses in 1Q2016 were 88.3 million baht, decreasing of 15.8 million baht or 15.2% from 1Q2015. The main factor for the fall in SG&A expenses resulted from the cost management in more efficient ways.

Profits

Gross Profits

In 1Q2016, the company's Gross Profits (excluding other incomes) were 431.6 million baht, increasing by 6.8% from 404.3 million baht due to the continued revenue recognition of TUPi FPSO modules project in 1Q2016 and the re-start of QGI project since late 2015 while in 1Q2015 the company almost completed the large-scale Australian projects.

Net Profits

Net Profits in 1Q2016 were 338.7 million baht, increasing of 177.4 million baht or 110.0% as compared with those in the same period of last year because the company has continuously recognized revenue from TUPi FPSO modules project and the re-start of QGI project. However, Net Profits (excluding FX impacts) increased by 57.3 million baht or 19.0%. In 1Q2015, the company confronted with the foreign exchange loss of 140.5 million baht while FX loss decreased to 20.1 million baht in 1Q2016 as a result of the FX hedging management in more efficient ways along with the relative appreciation of the Thai Baht versus the US Dollar.

Best regards,
BJC Heavy Industries Public Company Limited

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