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Subject: Clarification on Significant Changes in Operating Results for 1Q2018

To: President
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the company") would like to clarify the changes in 1Q2018 Operating Results as compared with those in 1Q2017 as follows.

1Q2018 Business Overview

In 1Q2018, the global economy has shown the continuous recovery while US Federal Reserve (FED) raised its policy rate one times in March 2018. On the other hand, oil prices jumped above 70 USD per barrel due to the global economic recovery and political tension in some oil-exporting countries. For the company, it has been entering into many tender bids, classified as high potential project value of 10 billion baht. This is fundamentally reflected by the improved market conditions in energy-related construction industry.

Revenue

Contracted Revenue

In 1Q2018, Contracted Revenue (excluding other revenue) was 479.2 million baht while the company additionally recognized the additional value of TUPi FPSO Module project by 10.2 million USD. Contracted Revenue decreased by 2.6%, comparing the same period of last year at 492.2 million baht because the project activities of TUPi FPSO Modules (03B) reached to the concluding phases.

Other Revenue

In 1Q2018, other revenue was 2.8 million baht, increasing from 1.8 million baht in 1Q2017. The increase in other revenue resulted from the rise in interest income.



Expenses

Contracted Costs

Contracted Costs in 1Q2018 was 433.9 million baht, representing by 90.5% of Contracted Revenue comparing with 1Q2017 Contracted Costs at 523.6 million baht, representing by 106.4% of Contracted Revenue. The decreased Contracted Costs to Contracted Revenue resulted from slow project activities of TUPi FPSO Modules (03B) during the concluding phases while the company also recognized the additional value of TUPi FPSO Module project as cited previously.

Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 1Q2018 was 45.0 million baht, increasing by 35.1% from 1Q2017 which was 33.3 million baht. The increased SG&A was mainly due to the transportation cost for TUPi FPSO Modules (03B) project.

Foreign Exchange (FX) Impact

In 1Q2018, the company recognized FX loss by 91.8 million baht as compared with 1Q2017 FX loss at 85.4 million baht effected from the anticipation of THB against US dollar after foreign capital fund flows entered into developing markets including Thailand.

Gross Profit and Net Profit

In 1Q2018, Gross Profit was 45.3 million baht, positively improving from 1Q2017 at negatively 31.4 million baht. This was because the company recognized the additional value of TUPi FPSO Module project by 10.2 million USD. At the same time, Net loss in 1Q2018 was 97.8 million baht as compared with that in 1Q2017 at 155.3 million baht due largely to FX loss impact as mentioned above.

Please be informed accordingly,

Best regards,
BJC Heavy Industries Public Company Limited

-Mr. Seung Woo Lee-

(Mr. Seung Woo Lee)
Director/Deputy Managing Director