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Subject: Clarification on Significant Changes in Operating Results for 3Q2019

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 3Q2019 Operating Results as compared with those in 3Q2018 as follows.

### **3Q2019 Business Overview**

In 3Q2019, the Company reported gross profit of 55.2 million baht and net profit of 6.3 million baht. Both of them have significantly improved from 3Q2018 after the Company has continued to recognize revenue from existing projects as well as controlled operating costs. During 3Q2019, the Company has also secured new projects in petrochemical and oil and gas industries, totaling value of 3,000 million baht. Moreover, the Company received additional contract from Santos project with the value of approximately 300 million baht, which increases the Company's backlog to 3,500 million baht at present. Such current backlog would be continuously recognized as revenue until 3Q2021.

Moreover, The Company is still on the process of project bids both locally and internationally. Based on the current status, the High Potential projects on the Company's portfolio increase to more than 15,000 million baht, rising significantly from 3Q2018 due to the industry recovery. As a result of that, the Company expects to win some project bids in the near future.

### **Revenue**

#### Contracted Revenue

In 3Q2019, Contracted Revenue (excluding other revenue) was 410.7 million baht. Contracted Revenue increased by 149.4%, comparing with 3Q2018 at 164.7 million baht due largely to the increased project activities.



### Other Revenue

In 3Q2019, other revenue (excluding FX gain) was 11.1 million baht, decreasing from 12.9 million baht in 3Q2018 mainly caused by the decrease in interest income.

### **Expenses**

#### Contracted Costs

Contracted Costs in 3Q2019 was 355.4 million baht, representing by 86.5% of Contracted Revenue comparing with 3Q2018 Contracted Costs at 148.0 million baht, representing by 89.9% of Contracted Revenue. The increased Contracted Cost was due to the increased project activities.

#### Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 3Q2019 was 46.5 million baht, increasing by 21.7% from 3Q2018 which was 38.1 million baht due mainly to the increased project activities

### **Foreign Exchange (FX) Impact**

In 3Q2019, the Company recognized FX loss by 12.8 million baht decreased by 73.9% as compared with 3Q2018 FX loss at 49.1 million baht due to the appreciation of THB against US dollar. Even though the FX loss seemed to be improved, the Company has been searching for FX hedging strategies to mitigate FX loss in the future.

### **Gross Profit and Net Profit**

In 3Q2019, Gross Profit was 55.2 million baht, positively improving from 3Q2018 at 16.6 million baht because the Company has more project activities as compared to 3Q2018. At the same time, Net Profit in 3Q2019 was 6.3 million baht as compared with Net loss in 3Q2018 at 60.2 million baht due to the reasons as explained previously.

Please be informed accordingly,

Yours Sincerely,  
BJC Heavy Industries Public Company Limited

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