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Ref: No BJC/SET 2563/001

26<sup>th</sup> February 2020

Subject: Explanation of 2019 Operating Results

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 2019 Operating Results as compared with those in 2018 as follows.

### **Overview of Business Operation**

The Company achieved a significant turnaround in 2019 after securing large-scale projects in Oil and Gas as well as Petrochemical project in 2019. The situation for global heavy industries has been gradually recovering thanks to the upward movement of commodity prices which in turn is encouraging more project developers to resume their investment and development in the energy sector-related construction industries. At the same time, the company also continues to invest in production facilities such as new shops, new machineries to accommodate its existing and potential projects in the upcoming years.

Since 2019 till the present, the company has received potential project bids both in oversea and local markets. The total value of potential bids has increased to 17,000 million baht which the company views that there might be high possibilities for the company to secure some of potential project bids in the foreseeable future.

### **Revenue**

#### Contracted Revenue

In 2019, Contracted Revenue (excluding other revenue) was 2,017.6 million baht, increasing by 121.9% from 909.3 million baht in 2018. The increased in Contract Revenue resulted mainly from ongoing revenue recognition in UPGN, SANTOS, and LINDE project while CRISP project as the large-scale Oil and Petrochemical project shall significantly start contribute revenue since 2020 onwards.



## **Other Revenue**

In 2019, other revenue (excluding FX gain) was 55.6 million baht, increasing from 34.6 million baht as compared to that in 2018. This was mainly caused by the increase in interest income.

## **Expenses**

### Contracted Costs

Contracted Costs in 2019 was 1,655.8 million baht, representing the increase by 70.7% from 970.3 million baht in the same period of last year. The increase in Contracted Costs was due mainly to the ramp-up in project activities.

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

Selling, General and Administrative expenses (SG&A) in 2019 was 211.8 million baht, increasing by 22.6% from 2018 which was 172.7 million baht due to the ramp-up in project activities.

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

In 2019, the Company recognized FX loss by 143.5 million baht as compared with 2018 FX loss at 2.8 million baht. This was due to the appreciation of THB against US dollar more than 7% after foreign capital fund flows entered into developing markets including Thailand. The majority of FX loss is unrealized loss while the Company needs to partially keep USD currency for future projects. Nevertheless, the Company is searching for various hedging strategies to mitigate FX impact.

## **Gross Profit and Net Profit**

In 2019, Gross Profit was 361.7 million baht, as compared with that loss in 2018 at 61.0 million baht. On the other hand, Net Profit in 2019 was 47.2 million baht as compared with the net loss in 2018 at 231.2 million baht due largely to the ongoing revenue recognition of secured projects as explained previously.

Please be informed accordingly,

Best regards,  
BJC Heavy Industries Public Company Limited

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