

BJC Heavy Industries Public Company Limited  
 594 Moo 4, Makhamkoo, Nikompattana,  
 Rayong, 21180 Thailand  
 Tel. : +66 (0) 33 017 345-7  
 Fax. : +66 (0) 33 017 348  
 Registration No. : 0107556000302



บริษัท บีเจซี เอพี อินดัสทรี จำกัด (มหาชน)  
 594 หมู่ 4 ต.มะขามคู่ อ.นิคมพัฒนา  
 จ.ระยอง 21180 ประเทศไทย  
 โทรศัพท์ : +66 (0) 33 017 345-7  
 แฟกซ์ : +66 (0) 33 017 348  
 เลขทะเบียนนิติบุคคล : 0107556000302

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Subject: Clarification on Significant Changes in Operating Results for 2Q2020

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 2Q2020 Operating Results as compared with those in 2Q2019 as follows.

## **2Q2020 Business Overview**

During the 2Q2020, the spreading of COVID-19 has severely affected the global economic condition while the side effect of such global pandemic also caused the profound impact on the global supply chain. As a result of that, many government and central banks continued launching economic stimulus packages in form of fiscal and monetary policies to alleviate the effect on the global pandemic.

Even COVID-19, the Company successfully delivered Linde project to the client on-time which in turn is another our testament to execute a large-scale project, provide outstanding work with the continuous commitment to our client. As highly satisfied by our performance, we strongly believe there should be potential opportunities to work with the client again in the future.

In the end of 2Q2020, the Company’s backlog was 3,500 million baht while the high potential projects on the Company’s portfolio is currently 12,000 million baht. At present, the trade tension between US and China is forcing many multinational companies to search for new supply chains outside China to reduce the unfavorable impact of potential trade conflict in the future. Therefore, this is also bringing more project opportunities for BJCHI after it has continued to receive the invitation to bid from several different type of industries such as refinery, petrochemical, gas and mining etc. So, the Company expects to win some project bids in the future.



## **Revenue**

### Contracted Revenue

In 2Q2020, Contracted Revenue (excluding other revenue) was 505.1 million baht. Contracted Revenue fell by 34.6%, comparing with the same period of last year at 772.8 million baht due largely to the slow progress of some project activities.

### Other Revenue

In 2Q2020, other revenue (excluding FX gain) was 7.7 million baht, as compared to that in 2Q2019 at 12.6 million baht due to the decrease in interest income.

## **Expenses**

### Contracted Costs

Contracted Costs in 2Q2020 was 472.7 million baht, representing by 93.6% of Contracted Revenue as compared to that in 2Q2019 at 80.4% of Contracted Revenue. The increased was due mainly to the addition investment expense to accommodate the future projects.

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

SG&A in 2Q2020 was 50.3 million baht, comparing with that in 2Q2019 at 72.6 million baht, decreased due mainly to the absence of transportation expense for a large-scale project in this quarter.

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

In 2Q2020, the Company recognized FX loss by 83.5 million baht, as compared with 2Q2019 FX loss at 79.4 million baht due to the ongoing appreciation of THB against US dollar.

## **Gross Profit and Net Profit**

In 2Q2020, Gross Profit was 32.4 million baht, decreasing from 2Q2019 at 151.4 million baht. 2Q2020 Gross Profit Margin was 6.4% as compared to 19.6% in 2Q2019. The drop in Gross Profit Margin resulted from the addition investment expense to accommodate the future projects.

Net Profit in 2Q2020 was negatively 88.5 million baht as compared with the positive figure in 2Q2019 at 12.3 million baht. The Net Profit Margin decreased from 1.6% in 2Q2019 to negatively 17.3% in 2Q2020, due mainly to FX loss.

Please be informed accordingly,

Best regards,

BJC Heavy Industries Public Company Limited

*-Mr. Seung Woo Lee-*

(Mr. Seung Woo Lee)

Director/Deputy Managing Director