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At BJC/SET 2564-001

25 February 2021

Subject: Explanation of 2020 Operating Results changing over 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 changes in 2020 Operating Results as compared with those in 2019 as follows.

Overview of Business Operation

Year 2020 was considered as the most challenging year seen in decades to both the global and the Thai economies due to the Covid-19 pandemic. To mitigate risk of such pandemic, many countries have implemented lockdowns and international travel bans which in turn caused the negative impact on the world economic activities and businesses.

The slowdown of economies has also the profound effect on the global oil consumption and oil price, particularly in 1H2020. However, in 2H2020 many pharmaceutical firms successfully developed vaccines for COVID-19 which in turn helped enhance investors and businesses confidence for the world economic recovery in 2021.

Even the COVID-19, the Company has also secured new projects in 2020, namely KOODAIDERI project in mining industry and additional work from SANTOS project in Gas industry. Moreover, the Company also successfully delivered large-scale projects such as UPGN and LINDE project – with high quality and on-time to the client which expressed our capabilities and commitment to the client as one of the Company’s business principles.

With the global economic recovery, the Company has received potential project bids both in oversea and local markets, spreading to many industries such as power plant, refinery, oil and gas, green energy business as well as mining. Based on the current situation, there might be high possibilities for the company to secure some of potential project bids in the foreseeable future.



Revenue

Contracted Revenue

In 2020, Contracted Revenue (excluding other revenue) was 1,965.3 million baht, decreasing by 2.6% from 2,017.6 million baht in 2019. The Contract Revenue slightly decreased because the Company could not ramp up the new projects in time to offset the decline in activities during the concluding phases of the projects such as UPGN, LINDE and PTTLNG.

Other Revenue

In 2020, other revenue (excluding FX gain) was 46.1 million baht, decreasing from 55.6 million baht as compared to that in 2019. This was mainly caused by the decrease in interest revenue.

Expenses

Contracted Costs

Contracted Costs in 2020 was 1,922.8 million baht, representing the increase by 16.1% from 1,655.8 million baht in the same period of last year. The increase in Contracted Costs was due mainly to the incurred cost from CRISP's suspended project activities which the Company has already recognized the large amount of cost without revenue and additional investment expense to accommodate the future projects. However, the Company is under the negotiation to request the compensation from the client from such suspended project.

Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 2020 was 278.4 million baht, increasing by 31.4% from 2019 which was 211.8 million baht due to the one-time transportation expense for a large scale-project and severance pay.

Foreign Exchange (FX) Impact

In 2020, the company recognized FX gain by 23.4 million baht as compared with 2019 FX loss at 143.5 million baht. This was due to the depreciation of THB against US dollar particularly in 1H2020 after there was capital outflow from Thailand.

Gross Profit and Net Profit

In 2020, Gross Profit was at 42.5 million baht, as compared with that in 2019 at 361.7 million baht. On the other hand, Net loss in 2020 was at 193.9 million baht as compared with the net profit in 2019 at 47.2 million baht due largely to reasons explained previously.

Please be informed accordingly,

Best regards,

BJC Heavy Industries Public Company Limited

(Mr. Seung Woo Lee)

Director/Deputy Managing Director