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At BJC/SET 2564-007

14 May 2021

Subject: Explanation of 1Q2021 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 1Q2021 Operating Results as compared with those in 1Q2020 as follows.

### Overview of Business Operation

In the beginning of 2021, ongoing economic stimulus packages launched by many countries 's governments as well as accommodative monetary policy by several central banks have alleviated the impact of global pandemic and increased more business activities. Moreover, the progressive distribution of COVID-19 vaccines is increasing in many countries which should help the global economic outlook improve from last year.

On the other hand, rising demand for commodity products such as prices of crude oil and Iron Ore has encouraged more project developers to resume their project activities. So, the Company has actively participated in potential project bids both in oversea and local markets in many industries such as power plant, refinery, petrochemical, oil and gas, green energy as well as mining business since such recovering business environment is the positive sign for BJCHI at the moment.

Additionally, BJCHI received additional work from CIMTAS, SANTOS and KOODAIDERI project as a result of high quality and on-time project execution making client satisfied with BJCHI's performance. Thus, the Company views that there should be high possibilities to continue working with existing clients onwards.



## **Revenue**

### Contracted Revenue

In 1Q2021, Contracted Revenue (excluding other revenue) was 459.7 million baht, decreasing by 36.1% from 719.9 million baht in 1Q2020. The Contract Revenue decreased because there was less executed projects as compared to the same period of last year.

### **Other Revenue**

In 1Q2021, other revenue (excluding FX gain) was 6.4 million baht, decreasing from that in 1Q2020 at 13.3 million baht due to the decrease in interest income.

## **Expenses**

### Contracted Costs

Contracted Costs in 1Q2021 was 406.7 million baht, representing the decrease by 33.0% from the same period of last year at 607.2 million baht. The decrease in Contracted Costs was in line with decreased project activities while the large amount of CRISP project's cost was already recognized in 2H2020. Additionally, the Company is also under the negotiation to request the further compensation from the client from such suspended project.

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

Selling, General and Administrative Expenses (SG&A) in 1Q2021 was 33.8 million baht, decreasing by 77.6% from 1Q2020 which was 150.8 million baht due to the reduction of one-time transportation expense for a large scale-project.

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

In 1Q2021, the company recognized FX gain by 61.7 million baht as compared with 1Q2020 at 139.3 million baht. The depreciation of THB against US dollar happened due to foreign capital outflow from Thailand.

## **Gross Profit and Net Profit**

In 1Q2021, Gross Profit was at 53.1 million baht, as compared with that in 1Q2020 at 112.8 million baht. On the other hand, Net profit in 1Q2021 was at 87.4 million baht as compared with the net profit in 1Q2020 at 108.6 million baht due largely to reasons as explained above.

Please be informed accordingly,

Best regards,  
BJC Heavy Industries Public Company Limited  
(Mr. Seung Woo Lee)  
Director/Deputy Managing Director