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At BJC/SET 2565-010

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Subject: Explanation of 2Q2022 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 2Q2022 Operating Results as compared with those in 2Q2021 as follows.

Overview of Business Operation

In 2Q2022, declining concerns about the spread of the Covid-19 Omicron variant resulted in an improvement in the global economic conditions. On the other hand, the world economy has been facing the rising inflation because largely of the increase in global energy and food prices as a result of the Russia-Ukraine conflict. Thus, several central banks are forced to raise policy interest rates at the moment.

Nevertheless, rising prices for commodity products have encouraged more project owner to actively plan and aim to develop more projects. Many global oil and gas companies have been raising up their capital expenditure from the previous year. Apart from traditional energy project development, clean energy investment is still expected to top 1.4 trillion USD in 2022, a significant acceleration in many years.

As a consequence, the Company has actively participated in received potential project bids both in oversea and local markets in many industries such as power plant, refinery, petrochemical, oil and gas, as well as green and clear energy projects. Currently, the total bidding value is approximately 24,000 million baht, providing more project opportunities for BJCHI at the moment.

Regarding existing projects, BJCHI has been executing the large-scale petrochemical project, CRISP, and the Gas upstream project, Santos#4 and Cooper where shall significantly deliver the Company's operating performance to continue growing from last year.



As BJCHI's outstanding quality of work, some existing clients are being satisfied by the Company. They would like to secure long term collaboration with BJCHI by continuing project development onwards.

Revenue

Contracted Revenue

In 2Q2022, Contracted Revenue (excluding other revenue) was 366.7 million baht, decreasing by 20.3% from 459.9 million baht in 2Q2021. The Contract Revenue decreased because of slow project activities as compared to the same period of last year. However, the Company has expected Contracted Revenue to largely ramp-up since 2H2022 because of recognizing revenue from CRISP project.

Other Revenue

In 2Q2022, other revenue (excluding FX gain) was 6.8 million baht, decreasing from that in 2Q2021 at 7.2 million baht due to the decrease in service income.

Expenses

Contracted Costs

Contracted Costs in 2Q2022 was 351.8 million baht, representing the decrease by 5.8% from the same period of last year at 373.4 million baht. The decrease in Contracted Costs was in line with decreased project activities.

Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 2Q2022 was 44.3 million baht, increasing 29.3% from 2Q2021 which was 34.3 million baht due to the pre-preparation expenses to ramp up more project activities.

Foreign Exchange (FX) Impact

In 2Q2022, the company recognized FX gain by 56.9 million baht as compared with 2Q2021 at 28.9 million baht after THB become significantly depreciated in 2Q2022 as compared with strengthening USD thanks to FED interest rate hike.

Gross Profit and Net Profit

In 2Q2022, Gross Profit was at 14.9 million baht, as compared with that in 2Q2021 at 86.5 million baht. On the other hand, Net profit in 2Q2022 was at 31.5 million baht as compared with the net profit in 2Q2021 at 56.9 million baht due mainly 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