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สำนักงานใหญ่ : 2098 อาคารเอ็ม ทาวเวอร์ ชั้นที่ 8
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- TRANSLATION -

10000/049/2020

August 11, 2020

- Subject : Submission of Reviewed Financial Statements and Performance Explanation for the three-month period and the sixth-month period ended June 30, 2020
- Attention : President of The Stock Exchange of Thailand
- Attachment : 1. A copy of reviewed financial statements of Bangchak Corporation Public Company Limited and its subsidiaries Explanation for the three-month period and the sixth-month period ended June 30, 2020 with a copy of English translation
2. Management Discussion and Analysis (MD&A) for second quarter ended June 30, 2020
3. Company's and its Subsidiaries performance report (Form F45)

Bangchak Corporation Public Company Limited ("the Company") is pleased to submit financial statements and consolidated financial statements for the three-month period and the sixth-month period ended June 30, 2020 which has been reviewed by the Company's Auditor and the Audit Committee, details of which are as per attachment. The Company's performance is summarized as follows;

- 1) For the six-month period ended June 30, 2020, the Company and its subsidiaries ("the Company Group") earned revenue from sale of goods and rendering of services of THB 69,665 million, EBITDA of THB -1,415 million, whereas Operating EBITDA of THB 3,817 million and a net loss attributable to owners of the parent was THB 6,571 million (EPS -5.02 THB). The performance in first half of 2020 was affected by the COVID-19 outbreak that wreaked wide spread havoc upon economies around the world. Moreover, the border closure policies, and travel limitations to control the spread of the virus has caused demand for consumption of fuel around the world to decline with significance. This factor is putting pressure on the price of crude and finished product to drop significantly. In addition, Gross Refinery Margin was still at the low level. This has affected the performance of the petroleum related business.

However, demand for consumption of finished products see signs of recovering after passing through the bottom in April, which was the most affected. After various countries around the world started relaxing their lockdown policies and travel restriction. Combined with the government sector introducing stimulus packages, which would cause demand for fuel consumption in the industrial and transport sector to increase. Moreover, the excess of crude oil supply trends to decrease, after the OPEC and allies have jointly initiated production reduction in tandem to their agreement. This would result in improved oil price which will support oil related business to recover in the second half of 2020.

- 2) For the three-month period ended June 30, 2020, the Company Group earned revenue from sale of goods and rendering of services of THB 26,594 million, EBITDA of THB 1,131 million, whereas Operating EBITDA

of THB 2,645 million with Inventory Loss of THB 1,725 million (including reversal of losses on inventories devaluation (NRV) THB 1,635 million). And, due to the Company Group recording impairment loss of major trade account receivable, that went into business rehabilitation under the supervision of the Central Bankruptcy Court, THB 894 million, and the asset impairments incurred from the retail business restructuring of Bangchak Retail Co., Ltd. THB 135 million. Resulting a net loss attributable to owners of the parent was THB 1,911 million (EPS -1.50 THB). The Company Group's performance of each business group were summarized as follows;

- **Refinery and Oil Trading Business Group** generated EBITDA THB -785 million, whereas Operating EBITDA was THB 869 million. This quarter recorded Operating GRM of 3.93 \$/BBL which improved from the previous quarter due to the loss of oil demand during the COVID-19 outbreak result of crude premium to adjust downward with significance. However, with domestic demand for oil consumption lowering, the refinery had to adjust its production down to optimal level, average production rate was 89.3 KBD or 74% utilization rate. Also, due to severe declines in crude oil price since late Q1/2020 which continued into Q2/2020, especially in April. Resulting in this quarter, the refinery business recording Inventory Loss of THB 1,866 million (including reversal of losses on inventories devaluation (NRV)). As for the oil trading business, conducted by BCPT Trading Pte., Ltd., recorded increase in gross profit, mainly from rise in value of the Low Sulphur Fuel Oil product group, which the market has demand for adhering to the IMO measures. Despite the amount of trade and transaction of crude oil and finished product declining, mostly from the gasoline product which is a result of travel limitation policy during the COVID-19 outbreak.
- **Marketing Business Group** generated EBITDA of THB 725 million, whereas Operating EBITDA was THB 653 million. The performance improved YoY and QoQ due to this quarter experienced Inventory Gain in the amount of THB 72 million (including reversal of losses on inventories devaluation (NRV)). Despite total sales volume of the Marketing Business declining QoQ and YoY. Most of the decline can be attributed to sales of oil through the industrial channel, due to it still being affected by the COVID-19 outbreak, especially during April 2020 which the outbreak was at its peak. This led to the volume sold through the retail channel in April to decline by 17% compared to the average sales volume of the previous quarter. The sales volume returned to their former state in June after the various measures have been eased. Net marketing margin per unit increasing after proportion of retail channel sales adjusting upward, which itself earns higher margins than the industrial channel. The company's cumulative market shares of throughput per service station between the months of January – June 2020 at 15.6% (data from Department of Energy Business, Ministry of Energy). The company debuted its new Gasohol S EVO FAMILY, and simultaneously elevated its E20 S EVO to premium qualities under the same price. Furthermore, the innovative Digital Payment system was brought in to provide payment service that simultaneously allows for loyalty point collection through the Mobile EDC. Moreover, the company still retains its service station expansion strategy, despite easing on portions of the investment due to the contracting aggregate economy. Thus, the number of service stations as of the end of Q2/2020 was 1,212 locations.

- **Power Plant Business Group** generated EBITDA of THB 863 million and recorded increase in total electricity sales 34% QoQ. Mainly from electricity sales by the Hydropower Plant in LAOS PDR and the Solar Power Plant projects in Japan. The projects in Laos PDR resulted from a transition of weather from El Nino to Neutral and the gradually entering high season in late of Q2/2020. Combined with this quarter being the first quarter to realize full performance of the Hydropower plant project, “Nam San 3B”. As for the projects in Japan, they benefited from seasonal factors during the second quarter of every year that the sky is clear, with lowered clouds and fog. Whereas, the electricity sales of the “Lom Ligor” project adjusted downward, due to the second quarter is an off-season period that has weaker wind speed sweeping pass the project location. As such, this quarter the company realized share of profit from its associate company THB 102 million, attributed to share of loss from the wind power plant business in the Philippines THB 15 million, and share of profit from the geothermal power plant business in Indonesia THB 118 million.
 - **Bio-Bases Products Business Group** generated EBITDA of THB 339 million which increased 150% YoY but decreased 34% QoQ. **The Biodiesel Production and Distribution Business** saw its performance declined QoQ, mainly from the B100 product price that decreased sharply from the previous quarter. In addition, the sales volume decreased due to demand for consumption of Biodiesel declining significantly during the COVID-19 outbreak, resulting in gross profit lowering. However, performance increased by YoY due to the selling price of B100 products increasing significantly. As a result of the government policy that announced B10 Diesel as the primary fuel grade and combined with other production costs lowering. Also with Glycerin price in the global market increasing, despite the sales volume of B100 products declining. As for **the Ethanol Production and Distribution Business**, saw performance increased YoY and QoQ as a result of average selling price of Ethanol products adjusting upward significantly, following the demand for Industrial Grade Ethanol to be used in the production of alcohol gel, and other disinfectant products permitted by the Excise Department. As for the sales volume of Ethanol products, it increased QoQ, but dropped slightly YoY due to the effects of COVID-19.
 - **Natural Resources Business Group** generated EBITDA THB 60 million, an increase of 105% QoQ. Due to the realization of share of profit from invested capital in the associate company, OKEA in this quarter. Whereas the previous quarter realized share of loss, despite this quarter, OKEA earned less revenue due to the effects of COVID-19 which caused the price of oil and gas to adjust downward. Furthermore, the scheduled turnaround maintenance of the Draugen field shifted from September to June, lowering volume sold. However, this quarter realized gain from foreign exchange rate, due to the Norwegian Krone appreciating against the US Dollar, and recorded lower impairment.
- 3) As of June 30, 2020, total Assets of the Company and its subsidiaries was at THB 139,133 million, increased by THB 11,345 million compared to the end of 2019. Total Liabilities of the Company and its subsidiaries were THB 87,563 million, increased by THB 18,590 million. Total equity was recorded at THB 51,570 million, decreased by THB 7,245 million. Total equity attributable to owners of the parent was THB 44,381 million. The Consolidated financial statement reported a book value of THB 25.36 per share (excluding perpetual subordinated debentures).

- 4) Due to the effects of COVID-19 which was spreading across countries around the world including Thailand. Despite the situation within the country reporting lower numbers of infected patients, and various lockdown measures ease announced by the government, the company group still puts the safety and health of its employees, customers, and related parties above all else. Measures were taken to prevent and control the spread of COVID-19 continuously. As for the operations side of the business, the situation is closely monitored and assessed to adjust its business plan accordingly, and complied the strict measures on cost reduction and capital expenditures in order to mitigate the impact. Combined with the management of adequate working capital. Anyway, the business of the company group has started recovering since June, cash flow from operation improved. Increasing the company's liquidity, allowing the business to progress continuously.

The Company, a listed company in the Stock Exchange of Thailand, has concentrated on transparent business operation harmonious with the good corporate governance practice. So as to enable investors to better understand the Company's financial status and business operations-apart from the sole financial data in financial statements, as well as to adequately access information for decision in a security investment so the Company herewith conducts Management's Discussion and Analysis of Business Operations for the three-month period and the sixth-month period ended June 30, 2020.

Please be informed accordingly.

Yours sincerely,

- Signed -

(Mr. Chaiwat Kovavisarach)

President and Chief Executive Officer

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