

## English Transcript for Analyst Meeting Q2/2022

Bangchak Corporation Public Company Limited

AUG 17, 2022

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### Opening:

On behalf of Bangchak Corporation Public Company Limited or BCP, we would like to welcome you to 2Q22 Analyst Meeting. Today, we have our executives who are joining us namely:

Mr. Thamarat Paryoonsuk, Acting Senior Executive Vice President, Refinery Business Group, and

Ms. Saowapap Sumeksri, Executive Vice President-Financial Controller, who will walk you through the presentation, and You can download the presentation via QR Code shown on the presentation screen or via link on chat screen. Now, I'll pass the floor to Ms. Saowapap.

### Slide 2: 00.00.55

Good afternoon analysts, understand that you have already acknowledged BCP financial information submitted to the Stock Exchange of Thailand. Today, we will highlight some significant information.

This slide is key events in 2Q22.

In April, BCPG started COD 20 MW power plants in Japan. BBGI jointly invested in Synthetic Biology Technology through BIOM Co., Ltd. a syn-bio business. OKEA announced an acquisition of new assets, which enlarged its portfolio.

In May, BCP redeemed THB1 billion bond, and another THB3 billion in June. BCP and BCPG also announced 1H22 dividend payment of THB1.00 per share and THB0.17 per share respectively.

In June, both BBGI and OKEA announced their first dividend payment after IPO of THB0.15 per share and NOK0.90 per share respectively.

In July, BCP received International Sustainability and Carbon Certification.

These are our key events in 2Q22.

### Slide 3: 00.03.10

For 2Q22 performance highlights, sales revenue was THB83,796 million, PAT was approximately THB5.4 billion and EBITDA was approximately THB12.5 billion. For revenue breakdown by businesses, Refinery and Oil Trading Business was accounted for 51% followed by Natural Resources, mainly from OKEA, of 28%.

In terms of numbers, Refinery and Oil Trading Business reported EBITDA of approximately THB6.5 billion. This was due mainly to crude run that exceeded 120 KBD, details will be discussed shortly, efficient crude mix management, and high margin.

For Marketing Business, EBITDA was approximately THB1.5 billion. This was due to higher retail sales volume, even better than that of pre-covid level, an improving marketing margin both QoQ and YoY, and more partnership with various famous local brands in BCP gas stations.

For Bio-Based Product Business, EBITDA was THB93 million, which was pressured by higher price of bio-based cost and decreasing sales volume.

For Green Power Plant Business, EBITDA increased to THB 1,112 million, resulted from improving irradiation of solar business and COD of Japan power plants.

For Natural Resources or OKEA, EBITDA was reported at approximately THB3.5 billion this quarter performance involved pricing and the new acquisition. It is, however, considered as a good performance in this quarter, even the gas price declined QoQ.

Next will be the Refinery and Oil Trading Business, I would like to pass the presentation to Mr. Thamarat.

#### **Slide 4-5: 00.06.04**

Hello everyone, for Refinery and Oil Trading Business, as investors and analysts may know that 2Q22 marked as a high margin quarter of refinery business, BCP also performed crude run at 123 KBD, over our 120 KBD nameplate capacity or 102% of maximum capacity, resulted in EBITDA of approximately THB 6.5 billion. The Company was trying to crack crude oil for high-yield products, particularly diesel. BCP also performed other activities such as logistics business through our subsidiary, BFPL, to improve logistic efficiency by switching crude oil storage from oil vessels in Sriracha, that have higher cost, to oil tanks terminal in June.

Inventory gain was insignificant. The graph on the right-hand side was showing crack spread, which BCP tried to crack more of gas oil as GRM was relatively high, relevant to current market situation.

#### **Slide 6: 00.07.39**

For other activities, we performed crude run at maximum capacity. The next major turnaround maintenance (TAM) will be in late 2024. Our strategic plan is to expand maintenance schedule by efficiency improvement and redundant equipment installation, then another TAM will be pushed forward to 2028. In the meantime, we are in the process of getting an approval from the Board of Directors to produce sustainable Jet-Fuel from biofuel, and shall update the project progress in the next quarter.

### Slide 7: 00.08.49

For Marketing Business, EBITDA improved QoQ and YoY, mainly driven by higher RM sales volume in the chart on the right-hand side. Sales volume was relatively high at 390 ML/month, up from pre-covid time at 360 ML/month. This has shown that the market has started to get back to normal with higher oil consumption.

For Sales volume by customer on the right-hand side chart, we will see that both retail and industrial consumption increased, proven that the market demand was back.

For By Products, diesel and gasoline increased while jet-fuel was relatively stable relevant to traveling traffics.

Marketing Margin improved to THB0.94 per liter in 2Q22, coupled with high volume, this resulted in higher EBITDA in this quarter.

### Slide 8: 00.10.17

Updates on gas stations, market share as of June was 16.2%, increasing YoY. As of June, BCP has 1,300 stations and targets to increase to 1,350 stations by the end of this year, which could be achievable as the construction progress is on plan.

Inthanin is a key indicator of non-oil business due to a continuous increase in numbers of sites. As of June, Inthanin sites were 886 sites, both inside and outside BCP gas station. BCP has planned to expand Inthanin sites to 1,000 sites nationwide by the end of this year. Inthanin is considered as a major contribution to non-oil business.

For non-oil marketing, BCP is trying to partner with leading local and global consumer brand operators. Recently, BCP have partnered with the Jones' Salad, Gateux House, and Je-Dang, all of them are gradually opening up new stores, which we believe would help increase traffic to BCP gas stations as they are famous operators.

Regarding Digital Business, BCP has invested in Data Café, a start-up company doing data analytics. Data Café could analyze behaviors of 5 million card members of BCP club and create marketing campaign to match with each customer group and jointly provide services with other operators such as AIS to increase mutual sales volume. BCP will announce promotions or programs with other operators in the near future.

### Slide 9: 00.13.12

Green Power Plants Business or BCPG, EBITDA decreased from last quarter due to gain from divestment of geothermal plants in 1Q22. Excluded this extraordinary item, EBITDA improved both YoY and QoQ. The improvement was mainly from an increase in 20 MW of solar power plant in Japan, higher irradiation of Thai solar power plants, and hydro powerplants in Lao PDR from seasonal factor. However, the Philippines power plant contributed weaker EBITDA due to seasonal factor, but only accounted for only 1% of 2Q22 EBITDA. In summary, major contribution was from solar power plants and hydro power plant in Lao PDR.

For power plants business update, construction of transmission from Lao PDR to Vietnam is on plan and expected to complete by September this year. Solar power projects in Taiwan of approximately 470 MW will gradually COD and will complete full operation in 2025.

BCPG also has prepared CAPEX for new investment and M&A. The details will be announced later.

### Slide 10: 00.15.13

For Bio-Based Products Business, EBITDA softened due to higher cost, both B100 and ethanol, lower sales volume resulted from the change from the mandatory B7 to B5 biodiesel formular. In summary, both higher cost and low sales volume led to weaker EBITDA in this quarter. However, EBITDA of Bio-Based Products was not significant portion to Group's EBITDA, causing slight impact to overall performance.

### Slide 11: 00.15.52

For Natural Resources Business mainly from OKEA, a drop in EBITDA was resulted from gas price but still relatively high when compared to last year EBITDA. It is expected that OKEA's portfolio after new assets acquisition will help increase sales volume in this year.

### Slide 12: 00.16.21

Overall OKEA portfolio is larger from new acquisition, showing on the right-hand side chart. In term of KBD, new acquisition is accounted for 7 KBD more to the production, and 7% increase in overall 2P reserves. For gas price in the bottom right chart, as you can see price was softened in 2Q22, but it has picked up in July and August. OKEA announced dividend payment of NOK0.9 per share in 2Q22, and plans to pay NOK0.1 per share in September 3Q22.

### Slide 13: 00.17.27

For this quarter financial statement, there were no extraordinary items.

**Slide 14: 00.17.35**

Revenue increased as well as gross profit due to better GRM, and an improving overall performance both volume and margins.

Loss from derivatives was mainly from unrealized mark-to-market of oil hedging while FX loss was from the weakening of Thai Baht.

**Slide 15: 00.18.08**

Assets increased mostly from cash and short-term investment (more than 3-month bank deposit). Account receivables grew from higher average selling price. Non-current assets dropped from divestment of BCPG's geothermal power plants while PP&E slightly declined.

**Slide 16: 00.18.55**

Liabilities increased. Current liabilities increased resulted from an unrealized loss of mark-to-market derivatives. Loan repayment was approximately THB7 billion in the past six months resulted in lower loan and debentures. Equity increased from increasing net profit.

**Slide 17: 00.19.40**

Cashflow as end of June was recorded at THB34 billion, mainly from an improving performance as presented earlier.

That's all summary of this quarter presentation.

Host

Thank you everyone. See you again in November.