

English Transcript for Analyst Meeting 1Q2023

Bangchak Corporation Public Company Limited

May 16, 2023

Opening:

Hello everyone, welcome to Bangchak Corporation Public Company Limited 1Q23 Analyst Meeting. We would like to introduce you our two executives who will walk you through the presentation.

First, Ms. Phatpuree Chinkulkitnivat, Senior Executive Vice President, Accounting and Finance, and Mr. Budit Hansapaiboon, Senior Executive Vice President, Strategic Synergy and Corporate Sustainability Development

Now, I will pass the floor to Ms. Phatpuree for the presentation.

Good afternoon, everyone, it has been a month and half since we last met, today I will update BCP performance and our ongoing projects and development.

Slide 2: 00.00.51

This first slide is BCP's key significant events in 2023. The first five months of 2023 have been relatively busy for BCP. Key development can be classified into three growth engines. First is BCP's acquisition of ExxonMobil. In order to close the transaction by the end of this year, BCP has been preparing for many CPs. One of the most important CPs is an approval from shareholders. On 11 April 2023, BCP's AGM has granted an approval for the acquisition and we are quite confident that the deal can be closed by the end of this year as planned. The second engine is new investments such as oil terminal in Petchburi province and an acquisition of 151 MW of two co-generation power plant deals in the US, which BCPG has started to recognize performance of the first deal in March 2023. The second deal totaling 426 MW is expected to be completed and BCPG can recognize income in mid-2023. The third engine is OKEA's continual M&A. Early this year, OKEA has announced its 28% acquisition in Statfjord Area from Equinor. This transaction will improve both production capacity and reserve for OKEA, and will reflect in BCP's performance late this year.

Slide 3: 00.03.35

Next is BCP's group performance and going forward development.

Slide 5: 00.03.50

1Q23 marked as a significant quarter. Revenue was reported at THB80 billion while EBITDA was THB11 billion and PAT was THB2.7 billion, considerably a high record for BCP.

EBITDA growth was 58% QoQ, driven by three portfolios i.e., Refinery Business, Marketing Business, and OKEA.

Refinery Business, crude run marked a record high at 125 KBD, coupled with high GRM and gain from oil hedging.

Marketing Business, marketing margin improved QoQ.

For OKEA, it recognized 44% EBITDA growth due to continuous investment since the end of last year that helps increase both production and sales volume.

The portfolio that contributed soften EBITDA such as Power and Bio-Based Business.

Operation of BCPG hydropower plant has been paused in preparation to sell its electricity to Vietnam, resulted in QoQ negative growth of EBITDA.

Bio-Based business, BBGI's EBITDA dropped approximately 26% mainly from lower sale volumes of ethanol while those of bio-diesel increased.

Slide 6: 00.06.23

Refinery and Oil Trading Business are still key drivers for BCP. In this quarter, our refinery marked a record high of production at almost 125 KBD while operating GRM slightly declined but was considerably high at USD11.44/BBL. This resulted in EBITDA of THB4 billion.

Production yield slightly changed from the previous quarter. However, Jet-fuel product yield increased QoQ due to the higher demand from airlines business as tourism industry has returned to pre-pandemic level. Thailand tourists were recorded at 40 million per year before Covid time and are forecasted to be 25 million this year. This has caused a rise in Jet-Fuel demand and that BCP needs to adjust our production for higher Jet-Fuel product yield. The other product portions need to be adjusted accordingly to optimize the outcome.

On the right-hand side bar chart, BCP was still able to maintain GRM at double digits, but marked a slight drop from the previous quarter. Inventory loss was USD4.41/ BBL, relevant to market situation, while hedging gain was USD3.13/BBL.

Slide 7: 00.09.15

As Khun Phatpuree has mentioned earlier, Marketing Business improved in this quarter with EBITDA of THB737 million. Despite a drop from the record-high quarter in 4Q22, sales volumes still marked at

relatively high level of 396 MO/ML. Marketing margin improved to THB0.79. Sale slates of Jet-Fuel also increased due to higher demand from airlines business.

Slide 8: 00.10.49

This slide shows new product of BCP, Gasohol Premium 97, the highest-octane grade in market with Euro 5 standard and sulfur of only 10 ppm. This product specification is also better than the Government standard. Additive packages such as injector cleaning and accelerating boost are also added and tested by car racers. This product can be claimed as the best gasohol product in the market and currently sold in 121 service stations. BCP has got very positive feedbacks from super car owners.

Slide 9: 00.12.46

Green Power Business, BCPG hydropower plants were paused in preparation to sell electricity to Vietnam, and is expected to resume operation in June. This has impacted BCPG performance in 4Q22, 1Q23, and partially the next quarter.

The solar and wind power plants in Thailand reported impressive output. BCPG started to recognize one-month share of profit from 151 MW gas-turbine power plants in the US in 1Q23 and will fully recognize this portion in 2Q23.

Slide 10: 00.13.47

In 1Q23, BCPG reversed impairment provision of Chiba II power plant in Japan of approximately THB250million. The impairment was taken under the risk of project success from an uncertainty of license approval. Currently, the construction has started and COD is targeted to be in 2024.

BCPG has started to recognize profits from new acquisition, South Field, and Carroll County Energy with total capacity of 151 MW (number 1 and 2 in the slide) in March. Hamilton Liberty and Hamilton Patriot projects, totaling capacity of 426 MW (number 3 and 4 in the slide), is under a closing process, and targeted to be completed in early 3Q23. Share of profit from this investment is forecasted to be in 2H23.

Slide 11: 00.15.29

Bio-Base Business or BBGI, EBITDA dropped QoQ to THB107 million. Revenue also softened QoQ. B100 sales volume improved since a change of B7 in 4Q22 to 1Q23, while ethanol sales volume declined QoQ due to optimal sale management plan, both spread and raw material.

BBGI's EBITDA was impacted by higher SG&A due to temporary ethanol plant shutdown in Khon Kaen province and a rise in R&D expenses.

Slide 12: 00.16.55

Natural Resources Business or OKEA, EBITDA and revenue significantly rose QoQ at 40% and 80% respectively. Sales volume was a key driver as it grew twofold from 16.3 KBOEPD in 4Q22 to almost 40 KBOEPD in this quarter. This was from a full recognition of Wintershall acquisition which was completed in November 2022, contributing additional 45% - 50% production capacity coupled with an over lifting position, a sale over production position, of Draugen field. These two factors added more than 100% sales growth. On the contrary, oil price was softened QoQ while gas price slightly changed.

Slide 13: 00.18.57

This slide demonstrates six assets of OKEA portfolio. OKEA owns two operating assets, Draugen and Brage, and 28% of four assets in Statfjord Area that OKEA has recently acquired from Equinor with investment cost of USD220million. OKEA expects the deal to be closed and recognize share of profits in October/ November 2023.

The bottom graphs show an increase in almost twofold of production target and 2P reserve. The grey bar-chart is production target in 2022 of 16-17 KBOEPD, including Wintershall, production target was up almost 50%, and after the Statfjord acquisition of 13-15 KBOEPD, production target will grow 90%, resulted in a total production growth of 140%. Total reserve will also grow 107% from last year.

Slide 14: 00.21.10

BCP's financial status in this quarter slightly changed from end of 2022. BCP has reserved cash to almost THB50 billion in this quarter, mainly to use for new investment. Net Debt to Equity was 0.4x while Net Debt to EBITDA was 0.7x. Investment plan remains unchanged at THB200billion during 2023-2030, and budgeted to be THB90billion in 2023 mainly for ExxonMobil acquisition, BCPG, and OKEA investment.

For ExxonMobil project, major funding will be from cash on hand while debt will be less. This can ensure investment community that BCP's financial position still remains strong after the acquisition.

Slide 16: 00.23.01

This slide shows the summary of BCP Group 2023 going forward.

For Refinery Business, as refinery margin is challenging, BCP will focus more on crude sourcing and run rate as well as to closely monitor market situation.

For Marketing Business, Jet-fuel sales volume is expected to improve. Marketing margin is also expected to be positive due to an ease of the Government price-cap regulation. Service stations and Inthanin stores expansion plans are also underway as planned.

For BCPG, most of investments in the pipeline are in progress such as the new Co-Gen power plants in the US. Asia Link terminal is targeted to complete in late 2Q23 or early July. Transmission line of 3A and 3B hydropower plants is expected to switch to sell electricity to Vietnam next month. CHIBA II project is expected to COD in 2024. BCPG has recently signed contract with ATL or Xiamen Ampace Technology Limited to jointly develop battery for 2–3-wheel electric motorcycle and to ultimately set up a battery manufacturing company in Thailand. The progress shall be updated accordingly.

For OKEA, as mentioned earlier, growth driver is from production volume. It is forecasted that production volume and reserve will grow as planned and generate higher revenue and EBITDA.

For BBGI, it has jointly partnered with Conagen to develop high grade of bio-based products. The progress will be updated shortly.

Slide 17: 00.25.48

This slide demonstrates an update of Esso's acquisition price with the latest 1Q23 financial statement numbers. This calculation, however, is only an initial guideline based on available public information. The final price requires some other updated figures before closing. The best estimated purchase price, based on 1Q23 financial statement, will be THB9.94 per share, slightly up as Esso's EBITDA and free cash flow improved in 1Q23. The estimated prices calculated during 2Q2022 to 2Q2023 were THB8-10 per share, falling within the range of our anticipated final price.

Slide 18: 00.27.29

Since SPA was signed on 11 January and BCP's AGM granted an approval for the transaction on 11 April, next step is to complete all CPs.

BCP has already applied to the Office of Trade Competition Committee for the anti-trust CP and the case is now under consideration. Once the anti-trust is approved, the last CP of final purchase price will be conducted and jointly agreed with ExxonMobil. This process is expected to be done in 2H23, then tender offer will be launched. We expect to completely close the deal within this year.