

English Transcript for Analyst Meeting FY2023

Bangchak Corporation Public Company Limited

March 06, 2024

Opening:

Good afternoon, analysts, fund managers and financial institution representatives, on behalf of Bangchak Corporation Public Company Limited, we would like to welcome you to our FY2023 Analyst Meeting.

We are honored by our executives to participate in this meeting namely:

Ms. Phatpuree Chinkulkitnivat, Chief Financial Officer and Senior Executive Vice President, Accounting and Finance

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

Mr. Seri Anupantanan, Senior Executive Vice President, Corporate Marketing Business Group

Now, I will pass the floor to the executives.

Greetings from Ms. Phatpuree

Good afternoon, everyone. As we just met recently, it is our pleasure to meet with you again today to wrap up our performance in the past year and to show you our future direction.

Slide 4: 00.01.05

Starting from the first slide, FY2023 was a remarkable year for business expansion, resulting in an all-time high net profit. Not only the financial figures were BCP proud of, but also the balancing of social, environment and good governance. For international rating, BCP still maintained Top 2 ranking in Oil & Gas Refinery and Marketing Industry from S&P Global, and AA rating, the highest rating in energy sector, for the fifth consecutive year from MSCI. For domestic ESG award, BCP still maintained our rating at AAA from SET for several consecutive years. In summary, we reiterate that our DNA is to emphasize both on business growth and the balancing of ESG.

Slide 5: 00.02.28

This slide shows BCP journey and what we have achieved, which consequently leads us to becoming pioneers in different businesses in the country.

In 2016, Bang-Pa-In plant was the first solar power plants in Thailand.

In 2017, we were the first player who invested in Lithium business in Thailand and have been investing in additional two projects in 2023. The first one is SAF plant, which is under construction, and expected to commercialize in 2025. It will become the first and only SAF plant in Thailand. The second project is BBGI's CDMO plant, which will make us become the first CDMO producer in ASEAN.

These are our pride as the pioneer in new technology and new products.

Slide 6: 00.03.49

As end of FY2023, EBITDA was a little over THB40bn, growing 3.5x of average EBITDA during 2015-2021. BCP were able to maintain EBITDA of over THB 40bn for two consecutive years. As such, we ensure that our accounting EBITDA will reach THB100bn in 2030 as planned.

Slide 7: 00.04.30

We confirm our strategic direction as shared at the end of last year. BCP will focus on 4 key business pillars.

First is E&P Business, that we will seek for new investment expansion in Asia Pacific and Norway where we already have operation.

As we significantly invested in various businesses in the past year and will continue to do so, synergy realization will be a key pillar for growth. Thus, return optimization from investment will become our second focus.

Third is platform for growth, which is categorized into 2 dimensions. The first dimension is the refinery support e.g. trading and logistic platform that can accommodate more than one refinery. The second is

shared-service platform for back-office operation that can support growth from new investment and our subsidiaries.

The last and important pillar is the commitment to become a Net-Zero company in 2050.

In conclusion, to achieve our strategic direction, we must have strong and healthy financial management to ensure stability and growth.

Slide 8: 00.06.29

BCP still has five major portfolios. From the slide, we group them into different colors. The orange represents the legacy portfolio, comprising two refineries, Sriracha and Phra Khanong, with total nameplate capacity of approximately 300KBD, and E&P Business or OKEA, with production capacity of around 35-40KBD.

The next portfolio is customer touchpoint. We have more than 2,200 service stations nationwide and ranks No. 1 in Bangkok and central region.

The other portfolio is BCPG or clean power business, that continuously delivers good return on investment. Currently, BCPG's production capacity is approximately 2,000 MW, of which 1,300 MW is commercialized and the rest of 700 MW is underway. BCPG is considered as a growing portfolio for BCP.

The last one is BBGI or bio-based portfolio, a leading biofuel producer with production capacity close to 2 ML/D.

I will pass the floor to other executives to walk you through the presentation.

Slide 9: 00.08.36

Good afternoon, everyone.

Slide 10: 00.08.44

Starting from conventional business, or refinery. FY2023 EBITDA was reported at THB14bn, lower than THB17bn last year. This was due to a declining GRM even though GRM was relatively high in 3Q23 and acceptable in 4Q23. Fortunately, a drop in GRM was offset by some hedging gain that I will address later.

For crude run, Phra Khanong refinery that having been running for almost 3.5 years, was shut down for turnaround in May 2023. However, overall crude run in 2023 remained at full capacity. As shown in the slide, crude run dropped to 97% in 3Q23, due to a shutdown for an upgrade of diesel quality to meet euro 5 standard. At present, all diesel in Thailand is qualified for euro 5 standard. BCP products have met Euro 5 standard earlier such as “Dust Reducing Fuel” or diesel with low Sulphur that we introduced to the market a few years back. This makes us to be the first company to reach Euro 5 standard, and a leader in environmentally friendly products.

For product yield, Phra Khanong refinery still maintained a high proportion of distillate yield in the past few years as its configuration is hydro cracker. This resulted in impressive earnings as diesel price was higher than that of gasoline.

GRM in FY2023 was approximately USD3/BBL lower than FY2022. Inventory loss was also recorded at year end due to a drop in oil price, but was partially offset by gain from hedging, which resulted in EBITDA of almost THB15bn in FY2023.

Crack spread continued to drop but started to gradually pick up to normal level. This demonstrates the competitiveness of refinery efficiency in the industry. The better refinery efficiency, the higher GRM it can generate.

Slide 11: 00.11.52

This slide shows BSRC performance during September-December 2023 since the acquisition, or 1 month in 3Q23 and the full quarter of 4Q23.

BSRC's EBITDA was recorded at high level in 3Q23 due to high GRM but drastically dropped in 4Q23 due to inventory loss. However, 4-month EBITDA was acceptable at approximately THB1bn. Previously, Exxon Mobile did not have hedging policy, resulted in pricing swing according to market condition. BSRC plans to implement hedging policy within this year.

Crude run was low at slightly over 30KBD due to a shutdown for efficiency improvement to meet euro 5 standard. The timing of shutdown was relevant to BCP's shutdown for diesel production improvement.

Not like BCP, BSRC's configuration is FCC or high gasoline. In 4Q23, gasoline was accounted for 33% of product yield. This helped BCP to no longer import benzene. Currently, several oil operators in Thailand still need to import gasoline. The higher BSRC crude run would help those operators to import less and consequently help improve the company GRM.

BSRC's sales volume was mainly for industrial customers while retail was considerably slim. This will challenge BCP to increase retail volumes as pricing for industrial customers and export was relatively low and it has become BCP strategic plan to improve product price for BSRC.

BSRC recorded inventory gain while BCP marked loss. This was due to mark to market of stock price in June 2023 during the acquisition time, resulting in positive price difference. However, GRM at year end was reported relatively low as BSRC did not have hedging activities. This allows BCP an opportunity to conduct hedging policy for BSRC to improve the GRM.

Slide 12: 00.15.47

For refining portfolio as of FY2023, total nameplate capacity was 294KBD, or 300KBD rounded up. Capacity of 120KBD, mainly distillate, belongs to Phra Khanong refinery, and 174KBD, mainly gasoline, belongs to Sri Racha refinery. Yields from both refineries are quite balance, as it can be seen as one refinery with two units of FCC and hydro cracker.

Crude source, however, is significantly different. Phra Khanong crude is mainly domestic and far east, while the rest is from other crude with high GRM. Sri Racha crude is mainly from middle east and far east. BCP group is currently seeking for new crude with high GRM for both Phra Khanong and Sri Racha refinery. We believe, the configurations of both refineries are appropriate.

As I previously mentioned, our logistic coverage is nationwide.

Phra Khanong has pipeline access from Bangkok to the north, passing Bang Pa-In, Pichit and Lampang province. Port terminals locate both in the east and the west, Sri-Chang island and Phetchburi province.

Sri Racha has pipeline access to the north-east, passing Lam Luk Ka, Saraburi and Khon Khaen province. It also has a deep-sea port terminal in Sri Racha.

BCP group also has joint terminals across Thailand e.g. in Surat Thani, Song Kla, Samut Sakhon, and every terminal where other oil operators use. It is fair to say that BCP has a complete channel to distribute fuels to service stations.

Slide 13: 00.18.16

This slide shows turnaround at Phra Khanong refinery during May 1-27, 2024. This will be the shortest turnaround of 27 days, which will last for 4 years until the next turnaround.

We determine to produce niche products at Phra Khanong refinery such as best grade solvent with lowest aromatic element. Market feedback is quite positive, being seen by an increase in sales volume.

Other niche product is converted oil, an initial raw material for the world's best lubricant. After the turnaround, we will improve production capacity from 60ML/MO to 100ML/MO. This will become high-valued products that help increase GRM at Phra Khanong refinery.

Slide 14: 00.19.29

SAF or Sustainable Aviation Fuel project, a project under investors' radar screen, is expected to COD at end of March 2025 with production capacity of 1ML/D. BCP is JV with the biggest Used Cooking Oil (UCO) supplier to secure feedstock. Currently, the volume of UCO and tallow received is at satisfied level. Examples of major food producers are shown on the left.

In addition, BBGI will supply waste from B100 production of around 15%. This will mutually ensure the security of raw material.

In the chart below demonstrates SAF price. Given volumes of 1ML/D, revenue shall be easily calculated. We can say that SAF project will become another pride of BCP refinery.

Next, please welcome Mr. Seri to Marketing Business.

Slide 15: 00.21.00

Good afternoon. For Marketing Business, FY2023 EBITDA grew 9% YoY. This was due mainly to higher sales volume from aviation fuel and high demand of ground fuel products coupled with an improvement of service stations.

4Q23 EBITDA significantly rose YoY due to higher sales volumes and additional service stations as well as new marketing campaigns.

FY2023 sales volume marked a record high at 6,490 ML. Sales volume through service stations, after Covid, gradually improved since 2021. 4Q23 sales volume grew drastically comparing to the past quarters.

By customer categories, total sales volume from retail and industrial, grew 9% YoY. This was driven by 27% growth from industrial customers, mainly from aviation fuel, and 3% from service stations, higher than that of industry average.

FY2023 marketing margin and net marketing margin were in-line with those of FY2022, which helped driven EBITDA and sales volume growth.

Slide 16: 00.23.39

For Marketing Portfolio, as of 2023, total service stations were 2,219 stations, comprising 1,389 stations from BCP and 830 stations from BSRC. BCP have conducted logo change and service stations renovation of around 300 stations by the end of 2023, and expect to complete all stations by end of 2024.

Total sales volume was reported at new level of approximately 8,600ML, of which around 6,400ML was from BCP and 2,100ML was from BSRC, based on 4-month basis. This has marked as new base of sales volume with significant growth and nationwide network coverage.

In term of market share, BCP recognized market share of 16.5% and BSRC of 12.3%, totaling as BCP group of more than 28%, representing strong network that can accommodate wide range of customers.

FY2023 lubricant market share, through service stations and direct sales was recorded at 10.9%, improving from 10.6% last year, and higher than industry average.

Inthanin outlets as end of 2023 was 1,020 outlets. We plan to continuously increase our outlets every year.

Slide 17: 00.25.36

We have expanded distribution of our premium products and Furio lube through BSRC service stations and industrial channel where we believe there are some room for sales improvement. Thus, an increase in sales volumes of fuels and lubricants is expected to be seen.

Since end of last year to the beginning of this year, BCP have continuously implemented various marketing campaigns for Bangchak Green Miles members and customers. Examples are as follows:

A campaign of one free M150 energy drink for every THB1,200 spending on diesel. This campaign just ended and we received good feedback from diesel customers. We plan to continue launching new campaigns for premium products such as premium 97, E-20, and high-octane diesel to capture all range of customers.

Other campaign for Bangchak Green Miles members, that helped support farmers to distribute agricultural products, as to spend THB300 on any kind of fuels, get one free bunch of red onion. This campaign already ended.

We have special campaign called long-term loyalty membership program that allow truckers and diesel users to collect points through club card and later exchange them for gold.

BCP and BSRC have partnered with other corporations to provide special discount or cash back to our customers through credit card program such as Lotus's e.g. the customers will get 3% cash back when using Lotus's credit card to pay for fuels at Bangchak service stations.

Slide 18: 00.30.50

New project that is underway is called 'The Chlorophyll Project', a flagship service station in Hua Hin. This project aims to provide green space with clean energy and landscape that suits visitor's lifestyles. The concept is to provide lifestyle food with Michelin restaurants, non-food products and EV pavilions

that can service 8 EV cars. Visitors can relax, use any services while charging EV cars, and enjoy green space in the middle of Hua Hin city. This project is expected to open for public before Songkran Festival. We will use this project as a prototype landmark for other upcoming projects in different route and location.

Slide 19: 00.31.00

Before we continue to other businesses, I would like to talk about EBITDA synergies. As mentioned earlier that we aim to generate EBITDA synergies of around THB3bn a year, I would like to update the status and details.

FY2023 actual expenses, one-time expenses, and corporate cost savings were better than what we had estimated. Actual net expenses were less than THB500mn. Operation savings, excluding one-time expenses, was mainly from the optimization of logistic management, which was able to realize promptly. Corporate cost saving was from the termination of Exxon Mobile back-office service, and replace them with our own one. These savings were immediately realized in FY2023. EBITDA synergies have gradually incurred as there are many activities to manage in the early years.

We maintain our EBITDA synergies target of more than THB2.5bn in 2024 and more than THB3bn in 2025 and onwards. After synergy values in January and February are realized, we believe that 1Q24 EBITDA synergies are on track.

Slide 20: 00.33.00

This slide shows the progress of our highlighted projects. Starting with the refinery business, major impact was from an increase in Sri Racha's crude run. Before the acquisition, Exxon Mobile crude run was around 130-140KBD. After the acquisition, BCP could increase it to 144KBD in December 2023 and around 150KBD in January 2024. This ensures that target crude run at 155KBD will be achievable.

Next is Single LP. It has taken some time to implement this program to optimize GRM and co-sourcing for crude. Our plan to go live is set to be in April.

It did not take long to kick off Logistic & Crude Supply project, through BCPT, our trading arm supplier. First crude co-loading started in December 2023 with larger vessel, resulted in cost reduction. Other activity that we have started since last December and plan to continue is logistic rezoning. As Mr. Thamarat has mentioned earlier, combined BCP and BSRC logistic coverage is nationwide i.e. pipeline access to the North and North-East, and both in-land and deep-sea port terminals. Thus, rezoning of these logistics will create cost optimization.

For Marketing Network, our focus at the end of last year was to rebrand our logo as fast as we could. We completed the rebranding activity or logo change at approximately 300 service stations and plan to complete all within this year. We have also completed the distribution of high-premium products e.g. premium 97 and Furio to BSRC service stations, however it shall take some time to realize the results.

For Corporate Cost Saving, we have started restructuring shared-service operations e.g. accounting, IT, and HR system. We are currently co-designing shared-service system for BCP, BSRC, and subsidiaries to enhance cost-efficiency of our service models.

Other activity that we can realize the values is the economy of scale of our procurement process that we can better negotiate for pool bidding.

These are the summary of our synergies. I will pass the floor to Mr. Thamarat for the next business, BBGI.

Slide 21: 00.37.11

In 2022, Bio-Based business was positively and negatively impacted by government policy. Bio-diesel was changed from B5 to B7, resulted in higher use of B100. On the contrary, the government seized E85 subsidy and switched to promote E20, resulted in lower consumption of ethanol.

Excluding a consolidation of BSRC, FY2023 Bio-Based EBITDA was better than last year. However, revenue was in line due to softening sales price while sales volume increased.

B100 sales volume of 277 ML surged drastically in FY2023 due to BBF plant in Bang Pa-In running at full capacity, the highest of all time, to serve Phra Khanong and Sri Racha refinery's demand.

It is expected to see a significant change in Bio-Based Business in FY2024, that BBGI will a run at full capacity all year round. Despite the full capacity running, production volumes art not still sufficient, causing us to seek more supply to support crude run of around 300KBD for both refineries. Price shall not vary much from that of 4Q23, but volume shall increase significantly.

Slide 22: 00.39.47

This slide demonstrates our new business or CDMO. We have JV with our partner to establish a new company called BBGI Fermbox Bio or BBFB. It will become the first CDMO plant in Asia.

Production process of this business is to grow microorganism with glucose, and use it to decompose biomass products such as wood and pulp, and turn them into sugar, a different kind of sugar than that extracted from sugar cane or cassava. This kind of sugar will be used as feedstock in ethanol or food processing business.

We have joint-ventured with Fermbox Biotech, a leading company in India, to produce this microorganism and sell it as raw material for relevant production line. Sales price is expected to be 10x higher than cost and expenses. This plant has capacity of 2,000 tons/year, and is forecasted to COD on 1

January 2025, three months ahead of SAF. Shareholding structure is 75% BBGI and 25% Fermbox Biotech. This will become the new engine of our Bio-Based business.

Slide 23: 00.41.42

For Clean Power Business or BCPG, EBITDA in 4Q23 and FY2023 was THB1bn and roughly THB4bn respectively. FY2023 EBITDA decreased from last year due to two factors. The first one was the switching hydro power plant electricity sales from Laos to Vietnam, resulted in a temporary seizure of production in the beginning of FY2023. Currently, operation is back to normal and BCPG has already recognized revenue from the electricity generation. The second factor was an expiration of adders, which some will occur again in this year.

In addition, EBITDA from last year new investment of THB30bn such as co-gen power plant in the US, and Asia Link Terminal in Phetchaburi province, was not significantly recorded at year end, but will be fully recognized in this year.

Slide 24: 00.43.29

BCPG has operations in seven countries, with total capacity of 2,025 MW PPA, of which 1,250 MW PPA or 62% is in operation. BCPG needs to develop and commercialize the remaining of 750 MW PPA in pipeline, mainly in Laos and Taiwan, within this year to recognize more revenue.

Slide 25: 00.44.15

For FY2024 highlights, BCPG has conducted capital recycling by divesting Japanese portfolio of around THB10bn and plans to use the fund to reinvest in other opportunistic projects. We expect the divestment to be complete and recognized as one-time gain in 1Q24.

Next is a 13MW solar farm project in Thailand with investment cost of THB500mn. Target completion is set to be in this or next month. It will become an operating asset to drive revenue for BCGP.

The other significant project that heavily requires BCPG's solar expertise for development is a 469MW solar farm in Taiwan. BCPG plans to gradually commercialize this solar power plants starting from 2024 onwards.

Slide 26: 00.45.49

For Natural Resources Business or OKEA, FY2023 EBITDA and revenue grew YoY. This was driven by 75% increase in sales volume from 16.3KBOEPD to 28.8KBOEPD, resulted from an M&A of Wintershall in 4Q22. On the contrary, commodity price drastically dropped, especially natural gas price. It was peak at 138USD/BBL in 2022 after Russia & Ukraine war broke out, and plummeted 40% in 2023, demonstrating demand and supply balance of natural gas in Europe. Oil price also dropped 20%. In summary, despite higher sales volume, OKEA operation was significantly impacted by gas price as natural gas was accounted for 25% of portfolio.

Performance in the 4Q23 was impacted by Statfjord impairment that OKEA completed the deal at year end. At BCP consolidated level, impairment after-tax was recognized at THB2bn. In addition, OKEA was impacted by YME after-tax impairment of THB500mn from a drop in price and volume, resulted in total impairment impact of around THB2.5bn in FY2023.

Slide 27: 00.48.46

This slide is OKEA outlook. In 2023, OKEA production was 24.6KBOEPD. There was on achievement of Hasselmus field, a tied-in field with Draugen, that never been shared. In October, Hasselmus could discover gas for total production of around 4.4KBOEPD, equivalent to 2.1KBOEPD or 45% at OKEA level. Even though Hasselmus is small assets, its discovery is the company's pride, as OKEA is an operator at Draugen field. Hasselmus was the first asset development that OKEA could achieve as planned, both for capital and timing.

In 2024, OKEA's production capacity will increase from Statfjord field, resulting in a rise in total production capacity of around 40KBOEPD or up almost double from 2023. This will ensure OKEA's revenue, EBITDA and net profit growth in FY2024.

Slide 28: 00.50.47

This year will mark as the 40th year of BCP. We are proud to deliver a record- high net profit in the year of 39th of THB13.233bn, of which were from different businesses that we have previously addressed. Thus, we would like to mention about other factors. Starting with gain on purchase of Exxon Thailand of THB7.389bn. On the contrary, we booked negative one-time items, mainly from impairment, totaling approximately THB4bn. This resulted in a healthy core profit of THB8.856bn, mainly driven by average operating GRM of around 9.5USD/BBL.

Slide 29: 00.52.25

Our investment plan is set to be THB150bn for the next 7 years, which will largely be allocated to three major businesses. The first 30% will be for E&P business, the next 30% will be for refinery and marketing business i.e. SAF project, an expansion of service stations, and maintenance CAPEX, and the last 30% will be for green power business or BCPG. The remaining 10% will be allocated to bio-based and new business. We still maintain investment CAPEX for FY2024 at THB50bn as planned.

Slide 30: 00.53.19

Our financial position at end of FY2023 was stronger than what we had anticipated at the beginning of the year. TRIS rating remained unchanged at A (stable). Net Debt/Equity was 0.9x, much lower than forecasted. This has caused us to be ready for future investment despite a heavy investment in FY2023 that geared up total consolidated debt to approximately THB100bn.

Slide 32: 00.53.59

This slide demonstrates our outlook. BCP will continue to build growth through synergies and new investment. We will also focus on maximizing return and recycling capital for opportunistic investment. Lastly, we target to be a net zero company in 2050.

Slide 33: 00.54.26

1Q24 outlook seems positive. Refinery Business will recognize higher run rate with improving QoQ GRM while middle distillate margin will be higher.

Growth in Marketing Business will be from higher volume after a full-quarter consolidation of BSRC, however, marketing margin will be slightly pressured due to higher transferred price from Euro 5 investment cost.

BCPG will recognize gain from asset divestment in Japan and recognize share profit from US investment, causing better performance in 1Q24 when compared to 4Q23 that experienced heavy turnarounds.

BBDI will recognize higher sales volume from BSRC while feedstock price continues to be under pressure.

For OKEA, sales volume will increase from Statfjord investment while gas price tends to drop significantly.

Slide 34: 00.56.00

This slide summarizes what will happen in 2024. Overall crude run will increase 72% while sales volume from marketing business will surge 60% due to a full year consolidation of BSRC. We continue to expand service stations with target of 40 stations and will be more selective for strategic locations.

BCPG's electricity production will be double from a recognition of investment in 2023.

BBGI's sales volume growth will be from BSRC and OKEA's will be from investment in the previous year.

Slide 35: 00.57.10

For dividend, today is the first day of XD. We have announced a full-year dividend payment at THB2.0 per share compared to EPS at THB9.27. Dividend yield is appropriate at a little higher than 5%. Payout ratio was calculated by using recurring net profit which excluded one-time items, resulting in DPS at THB2.0. We believe our dividend yield is better than peers.

Slide 36: 00.57.56

Even though BCP stock seems not stand out in the market, our 1-year, 3-year and 5-year Total Shareholder Return outperformed SET 50, SET100, and SET Energy. We determine to deliver good return and strive to outperform the market as before.

Thank you.