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English Transcript for Analyst Meeting 1Q2024

Bangchak Corporation Public Company Limited

May 16, 2024

Opening:

Good afternoon analysts, fund managers, and financial institution representatives, on behalf of Bangchak Corporation Public Company Limited or BCP, we would like to welcome you to the 1Q24 Analyst Meeting. It is our honor to have Bangchak executives who will walk you through the presentation.

First is Ms. Phatpuree Chinkulkitnivat, Chief Financial Officer and Senior Executive Vice President, Accounting and Finance, and Mr. Thamarat Paryoonsuk, Senior Executive Vice President, Refinery Business Group

Now, I will pass the floor to our two executives.

Ms. Phatpuree Greeting:

Good afternoon, everyone. It is nice to meet with you again. Today I will update you with our progress and 1Q24 performance.

Slide 3: 00.00.52

Starting with Bangchak Business Portfolio, we still have five business segments. The first one is Refinery Business. Currently, there are two refineries operated by Bangchak group with a total capacity of 294 KBD. We have also expanded our business network to the logistic and oil trading business.

The second one is another legacy which is OKEA, a natural resource business or our upstream business in Norway with total capacity of around 35-40 KBD in 2024.

The third one is Touchpoint. Bangchak is recognized by customers through its marketing arms or Bangchak service stations. We currently have 2,217 stations nationwide.

Next is Green Platform Business, comprising two business operations. The first one is Bio-based products, mainly biodiesel, and ethanol, with total capacity of 1.85 ML/D, of which serve as feedstock to Bangchak service stations. The second one is Clean Power Business, a platform that has operations



in seven countries with four different types of technology e.g. solar, hydro, wind, and natural gas in the US, with total capacity of over 2,000 MW, both in operations and pipeline.

Slide 4: 00.02.56

This slide shows key focus areas related to our strategic growth direction in the next four to five years.

The first area is 'Energy Security' where Bangchak has been seeking an opportunistic investment in an upstream business. A fair amount of budget is already set for this investment.

The second area is 'Return Optimization'. Results from last year's investment will be discussed in detail shortly.

The third area is 'Platform for Growth' to accommodate both refineries and shared services of BCP and its subsidiaries.

The last one is 'Commitment to Net Zero'. We plan to reach Net Zero in 2050. Financial Discipline will play an important role in ensuring stability and growth as we have planned.

Slide 5: 00.04.15

Next is Group Performance. I will talk about the group snapshot first and will explore into details of each business segment later.

Slide 6: 00.04.28

1Q24 EBITDA was recorded at satisfied level of THB 15.308 billion, significantly surged QoQ and YoY. PAT and Core Profit also grew in the same direction.

EBITDA growth was resulted from last year investments e.g. an investment in Esso (Thailand), currently BSRC, a natural gas power plant in the US, and new oil fields of Statfjord by our E&P arm in Norway. Those investments in the past years have gradually started to generate EBITDA growth this year.

Slide 7: 00.05.32

This slide shows 1Q24 performance snapshots. Many business groups delivered record high performances in this quarter.



Starting from Refinery Business, crude run was recorded at 271 KBD, the highest in our history, thanks to the consolidation of Bangchak and BSRC.

For the Marketing Business, sales volumes also marked the highest numbers. Retail market share grew to 29.2%, improved from 28.5% when we first acquired BSRC. Both BCP and BSRC sales volumes improved YoY and QoQ.

For Clean Power Business, BCPG fully recognized significant share profits from the US natural gas power plant in this quarter, resulted in a drastic growth from this segment.

For Bio-Based Business, growth was mainly from an increase in sales volumes due to an additional supply of B100 to BSRC service stations, resulted in higher margins, EBITDA, and Net Profit.

For Natural Resources Business, all-time high numbers were from significant growth of production volumes to 42 KBD and sales volumes to 46 KBD, consequently resulted in growing EBITDA. However, EBITDA was pressured by negative impact from a drop in oil and natural gas price of around 26% QoQ. OKEA revised down production forecast of Statfjord due to dry well explored in late 2023. This resulted in an impairment loss of approximately THB 400 million, of which directly impacted Bangchak's PAT in 1Q24.

This is an overview of our performance highlights. I will pass the floor to Mr. Thamarat to walk you through details of Refinery Business.

Slide 8: 00.09.25

Good afternoon, everyone. Nice to meet you again. For the Refinery Business, it has been six months since we acquired Esso (Thailand) or BSRC in September 2023. I will update you with what we have done and the performance of this business.

1Q24 total EBITDA from Phra Khanong and Sriracha refineries was THB 4.404 billion, up QoQ and YoY. Previously the crude run of BSRC was around 130 KBD. It grew to approximately 150 KBD in this quarter. We plan to gear up this run rate to accommodate an increasing demand from our Marketing Business. Total crude run in 1Q24 was significantly high at 272 KBD, reaching nameplate capacity and marking the record high.



GRM was back to normal level of around US\$7/BBL compared to that of GRM in 2019 but dropped from last year at US\$10/BBL. Phra Khanong refinery reported GRM at US\$7.29/BBL with minimal gain from hedging while Sriracha refinery's GRM slightly dropped in 1Q24.

Crude procurement at Sriracha refinery was previously managed by ExxonMobil. After we acquired Sriracha refinery, there is still room for improvement. Currently, Bangchak aims to improve Sriracha's GRM by sourcing crude from our trading arm in Singapore to properly match with the configuration of the refinery. Despite slight GRM pressure, Sriracha performed well on production capacity. Since the implementation of the hedging policy at Sriracha a few months back, Sriracha was able to deliver hedging gain in this quarter.

Crude run synergy between Phra Khanong refinery and Sriracha refinery has been implemented, details will be discussed later. In Q1/2024, Bangchak Group's GRM was slightly over US\$6/BBL which is in line with the regional and industry.

Slide 9: 00.13.22

This slide demonstrates details of each refinery. Phra Khanong's crude run was 121 KBD, exceeding nameplate capacity. The major product of Phra Khanong refinery is distillate or diesel. Product champion, the yellow bar of 8%, was Unconverted Oil (UO) that we exported to China and Korea to use as feedstock for lubricant oil.

On the contrary, regarding configuration of the Sriracha refinery, its main product is benzine, accounting for approximately 30%. As a result, Bangchak Group no longer needs to import benzine since we have additional benzine from BRSC.

Moreover, at Bangchak service stations, there is the latest product namely Hi Premium 97, which highlights the highest octane 97 in Thailand. Within three months of R&D in blending product components from the two refineries, Bangchak could introduce benzine with 97 octanes to the market without the material imported.

Total crude run from both refineries was recorded at 272 KBD.



Slide 10: 00.15.01

This slide demonstrates turnaround maintenance. At this moment, Phra Khanong refinery is under its turnaround of approximately 27 days. The timing of turnaround is decent as GRM is considered relatively low. Many foreign refineries have started to cut crude run due to a slightly oversupply condition. It is expected that GRM will gradually pick up after the turnaround is complete at the end of this month.

This turnaround is to change catalysts to extend the next turnaround timing and to increase the UO production to more than 100 ML/month. The next turnaround is set to be in the next four years while the additional demand of UO is already secured.

Slide 11: 00.16.39

This slide shows what we have done with Sriracha refinery as previously announced. During the past six months, we have increased its average crude run from 130 KBD to 150 KBD, maximum at 156 KBD. BCP team targets to improve Sriracha's crude run to be higher in the following quarters.

The other two highlights are crude co-loading and product optimization. We implemented co-loading with BSRC by switching to larger vessels from Alpha Max with capacity of around 100,000 ton to Suezmax, resulted in cost saving from lower freight cost from Singapore. The construction to turn Sriracha's port terminal to VLCC is expected to be complete within one year.

For production optimization, BCP are no longer import gasoline and able to produce premium gasoline octane 97 from our two refineries.

For logistic synergy, a rezoning plan for cost saving was implemented. Supply to the North and some to the North-East will be from BCP while BSRC will supply products to the North-East and the South. The rezoning process was completed in January, earlier than planned.

I will turn the presentation back to Ms. Phatpuree for Marketing Business.

Slide 12: 00.18.50

For Marketing Business, 1Q24 retail sales volumes both from BCP and BSRC grew QoQ, totaling 719 ML/MO. Commercial sales volumes also grew mainly driven by jet fuels demand. This resulted in total sales volumes from retail and commercial to 3,541 ML, or up 5% QoQ.

Despite an increase in sales volumes, 1Q24 EBITDA was relatively stable at THB 1.899 billion. This was due to a squeeze margin from higher cost of Euro 5, an inventory loss, a lower margin of BSRC from transferred price adjustment, and a slight decrease in asphalt margin. Overall 1Q24 Marketing margin was recorded at THB 0.85.

Slide 13: 00.21.38

After the acquisition, our marketing network significantly grew nationwide. Total service stations were reported at 2,217 stations, of which 1,388 stations operated by BCP and 729 stations under BSRC. Bangchak network coverage in Bangkok and the Central area ranked No.1, up 77% from pre-integration. Retail market share also rose to 29.3%, up 0.4% from 2023, mainly driven by the rebranding from Esso to Bangchak, resulted in positive feedback from customers.

The lubricant market share was 12.1%, up 1.2% YoY while that of Premium products, diesel and premium 97, was 13%, up 4% compared to pre-integration.

Slide 14 00.23.43

Several marketing activities were implemented since last year. The first one, during Songkran Festival, there was a soft opening of the first phase of Chlorophyll project, a flagship service station in Hua-Hin. The facilities comprise a gas station, lifestyle mall, minimal museum, and EV pavilion which is the largest EV charging station in the Southern area. The feedback from this project was quite satisfactory. The Chlorophyll second phase is underway with a bigger lifestyle mall to capture and facilitate more customers.

For premium products, Bangchak premium 97 is chosen by luxurious car dealers e.g. Bentley, Porche, and other undisclosed well-known brands, to be the first fill up fuel for their brand-new cars. Other marketing campaigns were also continuously implemented. These activities were key drivers for sales volumes growth.

Slide 15: 00.26.17

We have just announced our new exclusive partnership with RS Group to exclusively open pet shops in Bangchak service stations under the name “PET ALL MY LOVE.” We target to open 20 branches within this year and gear up to 50 branches in 2027. Locations will be in residential areas and major

cities. The pet shop size will vary from S, M, L, to XL, depending on available space and population in each area. The small branch will focus on food and vitamins supply for pets. It will expand to wellness, grooming, spas, and hotels for the medium branch and even scale up to pet hospital for the large one. This will benefit Bangchak service stations to become a destination for new generation and pet lovers, as well as to increase our retail space rent and profit sharing.

Slide 16: 00.28.12

This slide represents marketing synergy. After the integration, we have successfully rebranded Esso service stations to Bangchak stations of around 45%, better than anticipated, and targeted to complete all within this year.

Sales volumes grew by 32 ML/MO from pre-integration which basically calculated by summing up volumes of BCP and BSRC.

Premium products and lubricants e.g. Furio are placed in 722 BSRC service stations, roughly more than 90% coverage. Sales volumes will be reported accordingly.

Market share was already addressed while marketing campaigns were mostly integrated.

Slide 17: 00.29.49

In terms of EBITDA synergy, we have several internal teams to drive initiatives and track synergy performance and values. EBITDA synergy was targeted at THB 3,000 million/year, breaking down into Refinery and Logistics of THB 1,200 million/year, Marketing of THB 300 million/year, and Corporate Cost Savings from back office, under the theme "Involve to Evolve", of around THB 1,500 million/year.

Currently, we have more than 400 initiatives to create EBITDA synergy. We plan to achieve that of low-hanging fruit initiatives within this year and others in the coming year. We believe our target synergy value in 2024 of THB 2,500 million is achievable. In 1Q24, synergy value was recorded at THB 1,500 million, mainly from Refinery Business, and the rest was from Logistics Business, Marketing Business, and Corporate Savings that immediately recognized.

We plan to generate EBITDA synergy of more than THB 3,000 million/year in the future.

Slide 18: 00.32.33

Let us move to Clean Power Business, starting with project highlights and development in 2024.



The first one is project divestment in Japan. The transaction value is confirmed to be THB 10 billion, with target completion in 2Q24.

Next is the acquisition of a 13 MW solar farm. The 8 MW transaction will be complete in 2Q24. The rest of 5 MW will be complete in 2H24 as it takes quite some time to establish a new company and wrap up all the operating process.

The third one is a 469 MW solar farm in Taiwan. The construction progress is on track. COD is expected to be at the end of this year while revenue will be recognized at the beginning of next year.

Slide 19: 00.33.58

This slide is about Natural Resources Business or OKEA. Currently, BCP holds 45% in OKEA. In 2024, production capacity is forecasted to be 35-40 KBOEPD, while 42.1 KBOEPD was already reached in 1Q24. Growth was driven by an acquisition of Statfjord at the end of last year and an increase in volumes from COD of Hasselmus.

Slide 20: 00.34.42

This slide shows the major OKEA developments besides production volumes increase. OKEA is considered a successful E&P operator as it usually takes some time to finish E&P process, but OKEA can complete its operation quicker than average.

OKEA has operatorship in two assets, Draugen and Brage. The development progress of these two assets is relatively remarkable.

OKEA has taken operatorship in Draugen from Shell in 2018 while lifetime was approved until 2023. OKEA recently got an approval for Draugen lifetime extension to 2040, resulting in longer asset's reserve life of OKEA's asset. Also, Draugen's production efficiency was at 90% in 1Q24, up from 88% in the initial year that OKEA acquired the field. OKEA has been able to maintain production efficiency at around 90% for the past few years.

Another successful story is Hasselmus, a petroleum field that tied-in with Draugen platform. In 2024, Hasselmus has started to develop production of 1.96 KBOEPD, adding production volumes and reserves to Draugen platform.



OKEA has an operatorship in Brage since 2022 and has been able to improve production efficiency to reach 96% in 1Q24. Currently, OKEA is in the process of Final Investment Decision (FID) for Bestla, a field that will be tied-back to Brage. Bestla will increase OKEA's 2P Reserves by around 10% equivalent 9.4 MBOE. COD is targeted to be in 1H27 with expected first production volumes of 10 KBOEPD. This investment will uplift OKEA's production and reserves in 2027.

In summary, OKEA's 2P reserves have grown 55% from 2022 to 2024 from both M&A and organic growth.

Slide 21: 00.39.15

I will pass the floor to Mr. Thamarat for the New Business Update.

Slide 22: 00.39.25

Previously, you may have seen that we have several projects in the pipeline, I would like to take this opportunity to wrap up what we are planning to do looking forward. You can be assured that an acquisition of Esso (Thailand) is not our last project as we are always seeking for new growth.

This slide shows Fuel Generation, a fundamental factor we have always used to set up our strategy.

Starting with Fossil Fuel, a generation of refinery where Bangchak have an experience for more than 20 years.

Next is the 1st Generation of Biofuel. Bangchak is the first company to introduce ethanol and B100 to use as fuel to Thailand, becoming the leader in renewable energy. At present, there are several biodiesel and ethanol products in the market.

The last one is the 2nd Generation of Biofuel. We stepped into this generation in 2024. Examples of products for this generation are SAF (Sustainable Aviation Fuel), HVO (Hydrotreated Vegetable Oil), and Synthetic Fuel. Details of our SAF plant will be discussed shortly. HVO is a drop-in fuel that can replace diesel in the future. We can 100% fill up our tank with HVO without any modification. Synthetic Fuel is a fuel that turns plastic waste into benzine. Our team is under study and will step into investment when the timing is appropriate.

This confirms that Bangchak is the energy transition leader as its operations have come to the last fuel generation and we have never missed any generations along the journey.



Slide 23: 00.42.05

This slide is about SAF. For aviation business, battery can be used as fuel source for airplanes, but its weight is not economical. Thus, SAF will become an alternative fuel, which as well can help lower carbon according to ICAO's standard. Other factors to reduce fuel use and lower carbon depend on airline operations such as shorter time of flying and landing, and a balancing of passenger seats.

SAF can be produced from two technologies. The first one is from Used Cooking Oil (UCO), of which Bangchak have production volumes of 1.0 ML/day. The second technology is Alcohol to Jet (ATJ). ATJ is under study by our team as well. At present, one company in the US starts to produce ATJ using imported alcohol from Brazil. In summary, we have stepped into the first technology of SAF using UCO and are preparing for the second one or ATJ.

From the chart below, spread of SAF and UCO is quite significant.

Slide 24: 00.44.02

Construction progress of Bangchak's SAF plant is 27%. Expected completion will be on 31 March 2025. It will take approximately 18 months to complete the construction.

Regarding the raw material for SAF production, we have secured UCO from major food operators, totaling 400,00 ML/day already. There are also some TikTokers and environmentalists who help us promote the "Fry to Fly" campaign, to engage the public to sell UCO at THB 20/kg at Bangchak service stations which help us collect UCO as well.

We also have expanded "No Refry" campaign with the Ministry of Health to reduce polar compounds for better health. We expect to have additional UCO from this campaign.

Our SAF plant with a capacity of 1.0 ML/day is the largest plant in Asia. We plan to use feedstock that we secured from local partners of around 500,000-600,000 ML/day. The rest of around 400,000-500,000 ML/day will be from other operators e.g. UCO from China, Vietnam, and Korea. They will supply UCO to Bangchak and purchase back SAF. I will update the production and sales of SAF in the next quarter meeting.



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Slide 25: 00.46.41

This slide demonstrates the 2nd Fuel Generation under BBGI's new technology with Fermbox. This technology is to produce sugar from fermented enzymes derived from biomass substances and use it to produce ethanol or other sugar related products. BBGI holds 75% in BioFermbox. The plant is expected to be completed in 2Q25. This is the new energy transition, from turning biomass products into sugar.

Slide 26: 00.47.49

Lastly, we would like to reiterate that Bangchak is the leader in energy security and energy transition. We commit to crafting a sustainable world with evolving greenovation.

Thank you.