



## English Transcript for Analyst Meeting 2Q2024

Bangchak Corporation Public Company Limited

August 9, 2024

### Opening:

Good afternoon analysts, fund managers, and commercial bank representatives, on behalf of Bangchak Corporation Public Company Limited or BCP, we would like to welcome you to our 2Q24 Analyst Meeting. BCP Group executives who are joining the meeting namely:

- Mr. Chaiwat Kovavisarach, Group Chief Executive Officer and President, Bangchak Corporation PCL
- Ms. Phatpree Chinkulkitnivat, Chief Financial Officer and Senior Executive Vice President, Accounting and Finance
- Mr. Thamarat Paryoonsuk, Senior Executive Vice President, Refinery and Oil Trading Business Group
- Mr. Seri Anupantanan, Senior Executive Vice President, Corporate Marketing Business Group

Now, I will pass the floor to Mr. Chaiwat.

### Mr. Chaiwat Greeting:

Hello everyone, I will start with an overview and will pass the presentation to our executives to walk you through the details.

### Slide 03: 00.01.06

Starting with the ESG awards and achievements, we ranked No. 2 in Thailand's Oil and Gas Refining and Marketing according to S&P Global, and No. 24 in Fortune Southeast Asia 500. We expect to rank in the Top 20 in 2025. We were awarded as the first Best Employers in Oil & Gas business in Thailand and were selected as 1 of 7 Thai Companies recognizing as Climate Leaders in Asia Pacific by Financial Times. Moreover, BCP were selected to become part of Thailand SET 50 Index in the second half of 2024.

**Slide 04: 00.01.47**

For 1H24 overview, several incidents occurred after the acquisition of Sriracha refinery such as a restructuring of sales distribution channels and an implementation of single LP, of which our executives will go through details later. This resulted in an achievement of our synergy realization target of THB 3.0 billion in 1H24, six months earlier than plan.

For our scheduled turnaround maintenance was occurred in May. Phra Khanong Refinery turnaround usually takes approximately 45-50 days with a turnaround period of every 18 months. The recent turnaround in May took less than 30 days. This has shown an improvement of BCP turnaround efficiency, of which we will implement this process and technology to Sriracha Refinery. Phra Khanong Refinery is forecasted to have the next turnaround in the next four years.

For the rebranding of Bangchak new logo in our service stations marked relatively good feedback from customers.

For subsidiaries, there were a capital recycling of BCPG and lastly, an increase in upstream capacity of OKEA of 40 KBD which have been on track as planned.

In summary, despite facing GRM pressure in 2Q24, BCP were able to deliver solid performance both for top line and management. Details will be presented by our executives accordingly.

**Slide 05: 00.04.10**

Next is what happened in 1H24.

**Slide 06: 00.04.16**

Overall, BCP were able to deliver what we had previously communicated, except some area that related to external factor such as GRM.

In 1H24, revenue grew 98% or almost double from last year. EBITDA was reported at slightly over THB 26 billion, up 48% YoY. Net profit was THB 4.261 billion, up 33% YoY while core profit was THB 3.460 billion.

**Slide 07: 00.05.06**

This slide demonstrates snapshot and what had happened in 1H24. Refinery, Marketing, and Bio-Based Businesses significantly grew due to an acquisition of BSRC in the past year.

Starting from the Refinery Business, Crude run jumped to 251 KBD while GRM softened to US\$4.47/BBL in 1H24.

For the Marketing Business, Sales volumes by Marketing Business substantially grew by over 100% from approximately 3,000 million liters to slightly over 6,900 million liters. 2Q24 Marketing margin was reported at THB0.91/liter.

For the Clean Power Business, in the past year, BCPG invested in several businesses and technology such as oil tank terminals and four projects of power plants in the US.

Hydro power plants in Laos also experienced a slight hiccup from a switching of electricity sales from Laos to Vietnam. However, the process was complete in 1H24. This resulted in an increase in 1H24 EBITDA to THB 2.424 billion.

BCPG also marked gain from Japan's assets divestment of THB 2.159 billion after tax, but this amount did not include in its EBITDA. BCPG's 1H24 EBITDA coupled with gain from divestment would offset an expiration of the last 40 MW adders of Thai Solar Power Plants in 2Q24. BCPG will no longer experience any adder expiration in the future.

For the Bio-Based Business benefited from an inclusion of BSRC to BCP's portfolio, resulted in an increase in 1H24 sales volumes of 62% compared to last year.

For the Natural Resources Business, production volumes grew 32% YoY from both organic and inorganic investment while gas price slightly dropped. This resulted in an increase in EBITDA of 43% when compared to the same period of last year.

**Slide 08: 00.08.44**

This slide demonstrates our financing activities in 2Q24. BCP, BSRC, and BCPG issued bond of totaling THB 16 billion.

BCP had initially planned to issue THB 5 billion bond, but demand made a new record high of eight times over subscription. Thus, BCP had decided to increase its bond size to THB 10 billion.

BSRC issued its first bond under BCP rating, amounted to THB 4 billion bond. BSRC's bond also made a record with fourfold over subscription over initial target at THB 2 billion. The use of fund of BSRC is to refinance existing debts.

BCPG issued Thailand's First Bond plus Carbon Credit, with bond size recorded at THB 2 billion, which gained satisfactory feedback from investors.

Bangchak group's creditability could be seen from the reaffirmation of credit rating of A (stable), coupled with high demand from bond investors. Our financial ratio was healthy with Debt/Equity of lower than 1.0x.

For balance sheet, cash on hand as end of 2Q24 was relatively high at roughly THB 45 billion from previous fund raising and Japanese assets divestment. Asset was recorded at THB 353 billion while debt marked at slightly over THB 100 billion. The last-four-quarter EBITDA was around THB 50 billion. This resulted in strong Debt/EBITDA of around 2x.

**Slide 09: 00.11.21**

Highlight of Refinery and Oil Trading Business in 2Q24 was Phra Khanong's major turnaround, after three-year of operation, for 27 days, the shortest time ever. Sriracha refinery ramped up its crude run during Phra Khanong's shutdown for turnaround, resulting in relatively high total crude run from both refineries at 230 KBD in 2Q24.

On the contrary, operating GRM, an uncontrollable external factors, drastically plunged more than 50% YoY to slightly above US\$2/BBL. An improving in operating efficiency, a positive hedging, and an inventory gain from both Phra Khanong and Sriracha refinery played important roles in helping refinery business to maintain EBITDA at acceptable level.



**Slide 10: 00.13.18**

For Refinery Operation, as stated earlier that we planned to gradually scale up Sriracha's crude run after the acquisition. At end of 2Q24, Sriracha's crude run marked a record high at 154 KBD. We were also able to implement co-loading with Suezmax since the first quarter of FY24. Synergy value was on track as Mr. Chaiwat has mentioned earlier with value of US\$0.89/BBL or THB 1.5 billion.

For Logistics, it shall take some time for boosting up the utilization of additional tank terminals and pipelines acquired from BSRC. In the meantime, we succeeded in terminal rezoning, in a relatively short period, with volumes of 708 million liters in 2Q24.

**Slide 11: 00.14.42**

This slide demonstrates Sustainable Aviation Fuel (SAF). Currently, plant construction progress is 55%, and expected to be completed by the end of March 2025. COD is forecasted to be in 2Q25.

The preparation of raw material or used cooking oil will be from "No Refry" projects, which have been implemented through our service stations nationwide. The feedback from customers is positive, as being seen by an increase in volumes of used cooking oil.

For the SAF mandate, several countries and airlines have gradually announced their mandates for SAF use. This will result in an increase in future SAF demand.

**Slide 12: 00.15.59**

For the Marketing Business, 2Q24 EBITDA was around THB 2.1 billion, up from THB 1.8 billion in 1Q24. Retail Marketing sales volumes slightly dropped QoQ due to seasonal effect while marketing margin improved.

Sales volumes were categorized into three key products i.e. Mogas or Benzine, Jet Fuel, and Diesel. We have adjusted portfolio management for our Retail and Industrial sales, which resulted in an improving marketing margin.



**Slide 13: 00.17.17**

As of 2Q24, BCP had 2,214 service stations nationwide, which could accommodate customers in every region.

Bangchak network coverage in Bangkok and the Central area ranked No.1. We plan to increase our service stations in high demand and high traffic areas within this and next year.

For lubricant market share was 12.2%, growing 14% from last year.

For premium products, high premium 97 and high premium diesel, market share was 12.7%, grew 4% from pre-integration. We recently launched “Purple Day” campaign for trial use of our premium products with lower price during the past holiday times.

Service stations market share was recorded at 28.8% in 2Q24, consistently improved from prior periods.

**Slide 14: 00.19.04**

This slide shows activity highlights for customers. The first program was members’ points transfer between Bangchak and partners. Currently we have seven million members under Bangchak loyalty program.

The second one was “Purple Day” campaign which has been mentioned earlier. The feedback from this campaign was quite positive, from a drastic rise in volumes sales of premium products during the 3-day period.

Next activity was free drinking water and Inthanin discount promotion for members of Bangchak loyalty program.

The last activity is a new retail experience that BCP have partnered with “Pet All My Love” to open pet shop in our service stations to accommodate pet lovers and pet owners while using service at our stations. We plan to open 10 branches of “Pet All My Love” in 2024 and will expand more within the next two years.



**Slide 15: 00.20.48**

This slide demonstrates synergy progress, starting with logo rebranding, both for BCP and BSRC. Currently, we have converted 67% of BSRC logo and expected to complete all within this year.

An additional distribution network from BSRC has caused retail market share to increase from 16.3% in 2Q23 to 28.8% in 2Q24, and lubricant market share from 11.5% in 2Q23 to 12.2% in 2Q24.

Premium products and non-Oil products also benefited from BSRC's sales network, of which Furio are sold under almost 779 service stations of BSRC.

Integration of BCP and BSRC sales promotion and loyalty program is underway.

With all mentioned activities, synergy benefits for marketing business improved to THB0.03/liter in 1H24.

**Slide 16: 00.22.16**

This slide exhibits a summary of EBITDA synergies. We have targeted to generate EBITDA synergies of not less than THB 2.5 billion in FY2024, however, we were able to deliver EBITDA synergies of THB 3.0 billion as end of 1H24, exceeding and faster than plan.

The THB 3.0 billion synergies were derived from each business as follows:

First, the Refinery synergy was reported at THB 1.5 billion, better than the target at THB 1.0 billion for the full year of 2024, driven by utilization improvement, product optimization and crude co-loading between Phra Khanong and Sriracha refineries.

For Logistic synergy was previously targeted at THB 200 million per year but was recorded higher than plan at THB 250 million as end of 1H24. The success was mainly driven by logistic-rezoning and trading growth from BCP Trading Pte Ltd (BCPT) and Bangkok Fuel Pipeline and Logistics Company Limited (BFPL).

For Marketing Network synergy was set at THB 200-300 million per year. 1H24 synergy was reported at THB 370 million. This higher than the plan was driven by all marketing activities from Oil and Non-Oil businesses.

Lastly, Corporate Cost Saving synergy was set at THB 1.5 billion per year. It was reported on-track at THB 880 million in 1H24, mainly from contracts change from ExxonMobil (EM) to BCP.



In summary, we have achieved EBITDA synergies of THB 3.0 billion as end of 1H24, and will update the 2H24 value in the next meeting. Most of synergy values are recurring EBITDA, only a few that were categorized as one-time such as synergy value during Phra Khanong shutdown for turnaround of around THB 200 million in 1H24.

**Slide 17: 00.24.57**

2Q24 EBITDA of Clean Power Business was reported at THB 1.0 billion, dropping 28% QoQ.

The nature of Clean Power Business is quite seasonal. The second quarter was predictable to be a low performance quarter. This was due to less water period of hydro power plant and maintenance shutdown period of the US power plants during low season. Peak season of the US power plants will be in summer and winter. In addition, adders of 40 MW Thai solar power plants were expired in this quarter.

BCPG recognized gain from assets divestment in Japan of around THB 2.159 billion, or THB 1.248 billion at BCP level. In 2Q24, impairment from Thai solar power plants due to plan adjustment and impairment from Taiwan investment were recorded at approximately THB 500 million, accounted for THB 350 million at BCP level.

**Slide 18: 00.26.50**

Previously, BCPG had footprints in seven countries. After the divestment of Japanese assets, footprints are down to six countries with total production capacity of 1,959 MW, of which over 1,100 MW are in operation and the rest are in developing pipelines.

**Slide 19: 00.27.23**

For Bio-Base Business, 2Q24 production capacity was double compared to the same period of last year due to an incremental supply to BSRC. EBITDA was a slightly over THB 200 million, almost doubled that of 2Q23, but dropped from 1Q24 due to a soften margin between product price and raw material costs.

2Q24 revenue and sales volumes were reported at approximately twofold compared to those of 2Q23. BBGI maintained B100 production at maximum capacity while doubled ethanol production capacity from higher sourcing of molasse supply.



**Slide 20: 00.28.29**

For the construction progress of CDMO plant is on track at 40%. It is expected to COD in 1Q25. CDMO will become a new business engine for BBGI, beside Bio-Based and Ethanol businesses.

The next highlight was the successful acquisition of 30% shares in BBGI-BI from UAC Global Public Company Limited (UAC) at an acceptable price. This enhances BBGI to hold 100% in B100 production plant and freely improve production efficiency as needed.

**Slide 21: 00.29.31**

For Natural Resources Business reported 2Q24 EBITDA of THB 5.670 billion, dropping from 1Q23 due to lower production and sales volumes from Statfjord's 60-day scheduled maintenance shutdown in 2Q24 while EBITDA in 1Q24 was slightly overlifting.

Moreover, 2Q24 overall price was impacted by a slight drop in oil price while gas price improved. However, OKEA performed better than the market due to forward pricing agreements, resulting in a positive impact of 19% rise in selling gas price when compared to that of 1Q24.

**Slide 22: 00.30.46**

For the Outlook of 2H24.

**Slide 23: 00.30.51**

Starting with the Refinery Business, 2H24 crude run volumes are expected to be higher than the first half as there will be no plant shutdown during this period. QTD Singapore GRM is approximately US\$4.5/BBL, significantly improves from 2Q24. Driving and winter seasons in 2H24 will also ensure an increase of GRM.

For Marketing Business is forecasted to improve due to seasonal effects. 3Q24 is considered a driving/travelling season while 4Q24 is holidays season. Sales volumes are expected to rise 2% in 2H24.

For Clean Power Business, power production is forecasted to increase 8-10% in 2H24 due to 3Q24 high season of hydro power plant in Laos and peak season of power plants in the US, while plant shut down for maintenance will be less in 4Q24.



For Bio-Based Business, sales volumes are forecasted to improve in accordance with a rise in marketing sales volumes.

For Natural Resources Business, the important mechanism for this business is forward pricing that linked to market price. 2H24 gas forward price is forecasted to pick up while oil price shall remain at the same level. In summary, an uncertainty from price change will likely impact Natural Resources Business in 2H24.

**Closing:**

Thank you everyone for joining our Analyst Meeting.