

## English Transcript for Analyst Meeting FY2024

Bangchak Corporation Public Company Limited

February 24, 2025

### **Opening:**

Good afternoon, all analysts and fund managers. It is a great honor to see everyone gathered here today. On behalf of Bangchak Corporation Public Company Limited, I would like to welcome you to 4Q24 Analyst Meeting. Despite the change of venue today, the atmosphere remains lively and warm, with all our executives present as always namely;

- Mr. Chaiwat Kovavisarach, Group Chief Executive Officer and President, Bangchak Corporation,
- Ms. Phatpuree Chinkulkitnivat, Chief Financial Officer and Senior Executive Vice President, Accounting and Finance,
- Mr. Bundit Hansapaiboon, Chief Operation Officer and Senior Executive Vice President, Refinery and Oil Trading Business Group, and
- Mr. Seri Anupantanan, Senior Executive Vice President, Marketing Business Group.

Now, I will pass the floor to our four executives on the stage.

For the first agenda, I would like to invite Mr. Chaiwat to deliver the opening remarks and welcome all analysts and fund managers.

### **Mr. Chaiwat Greeting:**

Hello everyone, as mentioned earlier that we have changed the venue, I am not sure if we have as many attendees as we usually do at M Tower.

Before the meeting starts, I believe you have just got a chance to try our new tea flavor earlier.

Speaking of DeepSeek, "AI's Sputnik Moment" of ChatGPT, Bangchak also have "97 Moment" of Inthanin.

Gasohol 97 is considered as Bangchak premium solution with well response from the market, which I will go through details shortly.

Inthanin's business plan has consistently been asked. Our answer would be similar to that of "97 Moment" in fuel products. Our new outlet is newly open at Hua Lamphong MRT Station under the name of "IG or Inthanin Green". Please feel free to visit and let us know about your feedback, as this is our first trial phase before an official launch.

I will walk you through 4-5 key slides, and our team will go deeper into specific details. If you have any questions, please feel free to ask at any time.

**Slide 3: 00.03.00**

I would like to reiterate that BCP's ESG standards have never been declined, on the contrary, they have improved over time. When I first joined the company, BCP was not even included in the Dow Jones Sustainability Indices (DJSI). Last year, not only did we remain in the DJSI, but we also ranked as the highest rank in the DJSI. For international recognition, we ranked in the Top first percentile with 85% score.

This confirms that whether it is E, S, or G, BCP has demonstrated strong performance in all aspects. We hope that this will help us to be widely recognized among investors, especially by ESG funds.

**Slide 4: 00.03.54**

Last year, revenue missed THB600 billion target of around THB11 billion due mainly to a significant drop in 4Q24 oil price. However, I believe our revenue growth was much higher compared to those of old economy companies.

Last year marked a challenging year for BCP, especially after an acquisition of Sriracha Refinery. A lot of activities were lined up in the pipelines such as an uplifting of Sriracha capacity, a logo change of over 800 service stations nationwide, and an integration of back-office SAP systems. These have caused us to book relatively high one-time expenses. However, with sustainable high figures of top-line, an improving margin shall be seen in the future.

In 2024, GRM marked a historical low. For the past 11 years that I have been with BCP, GRM typically reported low for two quarters, spiked in one quarter, and remained stable for the last one. However, in 2024, GRM remained low for all four quarters, making it quite a challenging year for us.

Despite all the headwinds, we have achieved several milestones, such as an upgrade of credit rating from A to A+ after the acquisition of Sriracha, an increase in crude run to 258 KBD, given the slowdown of Sriracha and a turnaround maintenance of Phra Khanong Refinery, an increase in retail market share to 28.9%, and a drastic growth in premium 97 and diesel market share.

Previously, premium 97 sales volume was approximately 300,000 liters per month, but significantly surged to 2.3 million liters per month last year. It was considered as high value product, with margins 5–6 times higher than regular fuel.

For E&P, production was initially projected at a little over 40 KBOEPD, but after divesting YME, which fetched a reasonable price, the final figure was recorded 37.4 KBOEPD. FY2024 marked a record-breaking year for OKEA, both for sales volumes and EBITDA.

Lastly, regarding synergy realization, we initially targeted synergy value of THB3.0 billion while achieved at THB6.0 billion.

**Slide 5: 00.08.30**

The THB6.0 billion EBITDA synergy was 50% from Refinery business, THB800-900 million from Logistics and Marketing businesses, and approximately THB1.8 billion from back office.

A lot of synergy initiatives were implemented during the year thus, synergy values were not fully recognized on an annual basis. In addition, realized synergy value from Refinery of around THB3.321 billion was varied by GRM, of which recorded low at US\$3-4/ BBL in 2024. This means that we will be able to realize higher synergy value in 2025 as GRM has increased to US\$6-7/BBL in the first two month. In addition, configuration of Phra Khanong and Sriracha refinery has been improved to run more of higher product yield with better GRM. Logistic business will also recognize a full year of synergy in 2025.

In summary, THB6.0 billion EBITDA synergy was THB5.5 billion from recurring while THB500 million was from one-time activities. With all the mentioned factors, we believe our synergy EBITDA in 2025 will be higher than last year.

**Slide 6: 00.11.15**

Crude run this year will increase as Phra Khanong will operate at full capacity (120 KBD) while Sriracha aims to run at a little over 150 KBD.

There are signs of economic slowdown in 2025. For the first two months, retail market was reported flat or even experienced negative growth. In my opinion, GDP trends could be seen from traffics on the toll way after 9.00 p.m., which currently has been very light.

Our growth will be from new products which have been developed after Sriracha acquisition such as marine oil, which will help uplift GRM of Sriracha.

This morning, we have just introduced B24 Marine Biofuel, a marine oil with 24% biofuel content, making us the first company in Thailand to offer such a product. This shows that we have never stopped looking for new opportunities that will generate remarkable impact to BCP.

In 2025, over the past 45–50 days, our gross GRM has remained at around US\$7/BBL. Net GRM was around US\$5–6/BBL, which is relatively decent.

We have seen that many refineries globally cut production in response to low GRM at US\$3-4/BBL, and 2-3 refineries in China were shut down. This has helped improving supply-demand balance.

For OKEA, we are shifting from acquisition to self-exploration as cashflow is sufficient. Since the beginning of the year, we have explored three new wells, of which two have found hydrocarbons. This will contribute to organic growth, allowing us to reach 50 KBD production through self-exploration rather than only acquisitions.

**Slide 7: 00.15.00**

This restructuring plan was a recent announcement. We had been studying how to solely include Sriracha under BCP umbrella, such as Entire Business Transfer (EBT) and amalgamation. The most efficient and fastest method was a share swap as we announced. The goal was to consolidate Sriracha under BCP of around 98–99% ownership. This plan reduced redundant operating cost. For example, we could combine two sales team on the same route, i.e. Rama II and Bangna Trad road, to one team to streamline the operation. This is only an example of cost reduction, more activities are still underway.

In addition, BCP could exercise THB3.0 billion tax benefit from Sriracha, allowing us to enjoy tax saving of around THB600 million. This tax benefit would be useless if we chose to amalgamate or EBT.

The share swap ratio was designed to offer a slight premium to BSRC shareholders, encouraging them to exchange shares for BCP shares, which could be seen from a rise in BSRC stock price last Friday.

**Slide 10: 00.17.56**

For restructuring plan, highlights are as follows.

- Swap ratio between BCP to BSRC is 1 to 6.5 shares.
- AGM for transaction approval is set to be on April 9<sup>th</sup> for BSRC and April 11<sup>th</sup> for BCP.
- All the process including the delisting shall be done by end of 2025.
- BCP's newly issued shares are set to be around 97 million shares to swap with BSRC's shares of around 640 million shares.

**Slide 11: 00.18.46**

The restructuring process is quite simple. BCP will increase registered capital and offer new shares to BSRC's shareholders, which will allow all minor BSRC's shareholders to hold BCP's shares. For the transaction benefits, BSRC has refinery and retail service stations while BCP as a group will experience more growth opportunity. Swap ratio is calculated by various dimensions including market price, Discounted Cash Flow (DCF), and assessing book value.

Tender offer will later execute and finally delist of BSRC. At the end, we expect BCP will have shareholding in BSRC close to 100%, up from currently 81.7%.

**Slide 12: 00.20.13**

This slide demonstrates shareholding structure. If tender offer is 100% complete, 18-19% of minor shareholders of BSRC will become BCP's shareholders, resulted in BCP dilution of around 6.6%. However, new shareholding structure would slightly change, only Vayupak fund's shareholding that will move up 2%, from currently below 20% to slightly over 20%.

**Slide 13: 00.21.20**

For timeline, as mentioned earlier, April 9<sup>th</sup> and April 11<sup>th</sup> will be AGM for BSRC and BCP respectively. Once AGM approves, filing for government bodies especially The Securities and Exchange Commission (SEC) will be taken, and follow by share swap and the delist of BSRC. All the process is expected to be complete by the end of this year.

**Slide 15: 00.21.53**

In term of performance, BCP 4Q24 EBITDA was recorded at THB7.16 billion while PAT was THB17 million. Excluded one-time items particular inventory loss, core profit would have been healthy at approximately THB1.7 billion.

**Slide 16: 00.22.35**

Starting with Refinery business, 4Q24 negative impact was from inventory loss of around US\$3/BBL while operating GRM was double from 3Q24 to US\$4.8/BBL.

For Marketing business, sales volume increased as 4Q24 generally marked as high season of traveling, but performance was affected by inventory loss, which resulted in slight impact in overall performance.

Clean Power business performance was impacted by hydro powerplant low electricity generation due to a transition from peak season in 3Q24 to 4Q24, and the U.S. plant shutdown. However, EBITDA relatively maintained at stable level.

For Bio-Based business, ethanol sales volumes picked up while spread softened. Bio-diesel spread, on the contrary, improved from 3Q24, resulted in acceptable EBITDA.

OKEA experienced a lot of changes in this quarter. Gas price drastically increased in 4Q24 and maintains momentum to 1Q25 while oil price slightly dropped. Production volumes was still acceptable but sales volumes decreased due to a shift in sales from December 28<sup>th</sup> to January 4<sup>th</sup> for tax planning purpose. This resulted in a slightly softening EBITDA in 4Q24.

**Slide 17: 00.25.27**

For FY2024 performance, despite weak GRM and inventory loss, BCP could deliver EBITDA at over THB40.0 billion for the three consecutive years. PAT was recorded at THB2.0 billion while core profit, excluding inventory loss and one-time items, remained healthy at around THB6.0 billion.

**Slide 18: 00.26.21**

For Refinery and Oil Trading Business in 2024, we were pressured by softening crack spread and oil price drop. However, we were able to deliver impressive synergy between the two refineries. Previously, Sriracha crude run was around 130 KBD, and went up to 148 KBD last year after full year of synergy. Phra Khanong crude run, on the contrary, was reported at 110 KBD due to plant turnaround. This resulted in total crude run of 258 KBD, significantly helped balancing Bangchak group's demand and supply. Previously, gasohol production was under supply, causing retail business to import more gasohol for sales. After the synergy, BCP no longer had to import gasohol as we could plan for higher production from Sriracha. This has caused BCP to plan for demand-supply optimization from the two refineries.

**Slide 19: 00.29.22**

For project update, the first one is a modification of Sriracha's Multi-Buoy Mooring (MBM) to accommodate larger vessels to Suezmax and further to Very Large Crude Carrier (VLCC), the largest vessel with capacity of 2-million barrel. This will help us to significantly reduce freight expenses and enhance us to select more variety of crude oil. Investment cost is set to be THB400 million. We plan to stop utilizing Thai Oil's SBM after the project is complete in 2Q25.

The other project is logistic enhancement under Bangkok Fuel Pipeline and Logistics (BFPL). We have been partnership with Thai Pipeline Network Company Limited (TPN) to extend pipeline network to Khon Kaen province. Previously, fuel distribution to the Northeast from Phra Khanong would have been through pipeline to Bang Pa-in and then transported by trucks, while that of Sriracha would have gone through Tapline network to Saraburi and then transported by truck. Once utilizing TPN network, we can distribute fuel directly from Saraburi to Khon Kaen through pipeline network, causing us to reduce transportation cost of approximately Baht0.10/BBL.

**Slide 20: 00.34.30**

For SAF project, progress is 93% and pre-commissioning plan is set to be in 2Q25. Feedstock or Used Cooking Oil (UCO) supply has been secured, by utilizing our service stations as UCO purchase point. We have also collaborated with Bangkok Aviation Fuel Services Public Company Limited (BAFS) and Bafs Pipeline Transportation Limited (BPT) to deliver SAF to use at domestic and international airports.

**Slide 21: 00.36.22**

In 2024, Marketing Business marked record high EBITDA at THB5.5 billion. Retail Market sales volume was recorded at almost 700ML/MO. This was due to BCP network expansion coupled with incremental network from BSRC. Total sales volume from Retail and Industrial customers was reported at approximately 1,000ML/MO. Marketing margin, however, softened, but was offset by higher sales volume, resulted in EBITDA growth YoY.

**Slide 22: 00.37.44**

Retail market share in 2024 was recorded at approximately 29%, and is targeted to be higher in 2025. Market share of premium products, Hi-Premium 97 and Hi-Premium diesel, significantly grew YoY, from 3% to 13.8%. This was resulted from successful marketing and trial campaigns.

Today, we have prepared trial campaign for you who are joining the meeting, to get special points to exchange with discount for Hi-Premium 97 and Hi-Premium diesel at around THB2.0 per liter. These products will be used as engine cleansing and help improve its efficiency.

Commercial Market sales volume rose 15% YoY due to portfolio management between BCP and BSRC. BCP plan to expand approximately 100 service stations in 2025.

**Slide 23: 00.40.00**

Despite overall market stagnant, Lubricant market share grew to 11.8% in 2024. This was resulted from an expansion of lubricant and Furio distribution channels through 700 BSRC service stations, Fast-Fit stations, coupled with an uplift proportion of Automotive sales. We plan to develop more of high value products in 2025.

For Non-Oil business, as mentioned earlier, we have introduced Inthanin high premium products through the new outlet at Hua Lamphong MRT Station exit 4. You can add line to get free drink there. We also set up



a market, so called Talad Sodchuen, at our Srinakarin service station to support local operators with over 100 shops. We will continue to expand this model to increase traffics at other service stations. The Chlorophyll @ Hua Hin project will be complete and open for Songkran Festival. We have also collaborated with National Health Security Office (NHSO), under Innovative Healthcare Experience theme, to open healthcare clinics in our service stations. Key highlight of this clinic is the Hypoxemic oxygen therapy, a treatment that increases the amount of oxygen in the blood. Our first clinic was already opened last week and we plan to expand this service to our five service stations within this year and will expand more if the feedback is decent.

In 2025, Inthanin outlets expansion is set to be 1,400 outlets, up from 1,050 outlets currently. Non-Oil business shops are targeted to be 1,400 shops in our service stations.

**Slide 24: 00.44.02**

For Clean Power Business, 2024 marked as a challenging year for BCPG, as Thai adders continue to expire. The absence of adders resulted in lower EBITDA of around THB800 million. However, BCPG was able to maintain EBITDA growth of 24% YoY. This was due to a full year recognition of shares of profits from the U.S. power plants, an improve in hydropower production due to heavy rainfall causing by La Nina effect, and one-time items such as gain from asset divestment in Japan of around THB2.0 billion. This incremental EBITDA was partially offset by some impairment in 2024.

**Slide 25: 00.45.50**

BCPG has footprints in seven countries globally. Key milestone in this year is to develop investment in pipeline for operation. In 2025, an incremental revenue and EBITDA will be from a 600 MW wind farm in Laos that sells electricity to Vietnam, of which 290 MW belongs to BCPG, and a new 99 MW wind farm in Vietnam.

Despite a divestment of Japanese assets, BCPG currently has overall production capacity of around 2,000MW, of which 1,100MW is in operation while the rest is under development.

**Slide 26: 00.47.23**

4Q24 Bio-Based Business performance improved YoY and QoQ. In 2024, BBGI's performance was benefited by captive demand from BCP and BSRC and sales volumes from other customers. BBGI also performed well in raw material management, mainly molasses and cassava, resulted in competitive cost of production.

**Slide 27: 00.49.30**

In 2024, as mentioned earlier, because of captive demand from both BCP and BSRC and other customers, biodiesel plant ran at full capacity while ethanol plant operated at relatively high utilization compared to the industry as Thailand biofuel situation was oversupply. Thus, BBGI is well-recognized for maximizing its utilization.

On the right hand demonstrates new business for BBGI or BBGI Fermbox project, of which Synbio product is expected to start COD soon.

**Slide 28: 00.50.55**

Natural Resources Business or OKEA, performance grew despite pricing pressure. In 2024, oil and gas price dropped 4% and 18% respectively. A rise in 26% EBITDA was mainly from 30% production growth compared to last year. This was resulted from a continuous acquisition, particular a Statfjord field that OKEA had invested in the past year, and a rise in production volumes of of Brage and Hasselmus.

**Slide 29: 00.52.09**

For FY2025 outlook, production volume is targeted to be 28-32 KBOEPD. Growth opportunity will be from M&A and a progress in exploration and development e.g. a grant of new production licenses around Draugen, of which OKEA has got 8 licenses out of 20. In addition, developing project progress, especially Bestla, is on planned. Bestla net production is expected to be 10 KBOEPD, while reserves are 9.4 MBOE. COD is targeted to be in 2027. Thus, during 2025-2027 production from Bestla will be gradually added to OKEA portfolio.

Figure on the right-hand side demonstrates new drill targets. OKEA plans to have four exploration wells per year. Should the drilling be successful, we will see an adding up of production in the next 4-5 years.

**Slide 30: 00.54.35**

As end of 2024, BCP recorded assets of approximately THB300 billion with debt of around THB127 billion. Cash on hand was around THB30 billion, and EBITDA was THB40 billion. Net Debt/ EBITDA was relatively healthy while Net IBD/Equity was 1.1x, leaving us much more room for further investment.

EPS was relatively low at THB1.30 due to pricing pressure and inventory loss. With payout ratio at 81%, the dividend for FY2024 was announced at THB1.05 per share, comparable to peers.

**Slide 31: 00.56.05**

FY2025 CAPEX plan is set to be THB50 billion, of which 50% is for M&A. Major M&A will be allocated to Green Power and Natural Resources Business. The rest of CAPEX will be for maintenance and investment in pipeline.

Refinery and Oil Trading business CAPEX will be for maintenance and SAF investment while Marketing Business will use CAPEX for maintenance and new service stations expansion.

Green Power Business CAPEX is set to be THB20 billion, of which THB10 billion will be for M&A and the rest will be for investment in pipeline e.g. Wind Farm in Vietnam, where CAPEX is forecasted to be THB1.8 billion in FY2025.

Bio-Based Business CAPEX of THB1.0 billion will be mainly for SAF project.

Natural Resources Business CAPEX is set mainly for M&A in OKEA or investment in Asia Pacific.

New Business CAPEX is set to be THB1.5-1.6 billion. The new business that we have recently announced is Potash Mine that we plan to hold 65% stakes. Total production capacity is 434 KT/Y, broken down into two phases of 134 KT/Y and 300 KT/Y respectively. The first phase will start construction in 1Q25 while COD and revenue recognition is targeted to be in 4Q28. As we held 65% stakes in this investment, CAPEX will be injected proportionately, while debt burden will not be consolidated. We plan to inject equity of THB500 million for this project within this year.

**Closing:**

Thank you everyone for attending our Analyst Meeting.