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Subject: Clarification on Significant Changes in Operating Results for 1Q2020

To: President
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the Company") would like to clarify the changes in 1Q2020 Operating Results as compared with those in 1Q2019 as follows.

1Q2020 Business Overview

During the 1Q2020, the global economy faced with the challenging factors stemming from the Coronavirus outbreak (COVID-19) leading to the negative impact on the world economic activities. The slowdown of economies has also the profound effect on the global oil consumption which in turn caused oil prices to plunge in 20-year low.

However, the Company has also secured new projects, namely Koodaideri project in mining industry and additional work from Santos project in Gas industry, totaling value of 880 million Baht. Moreover, the Company also successfully delivered UPGN project to the client which expressed our capabilities and commitment to the client as one of the Company's business principles.

In the end of 1Q2020, the Company's backlog was 3.4 billion baht while the high potential projects on the Company's portfolio was over 16.0 billion baht under the current situation. The Company also continues to receive the invitation to bid from several different type of industries such as power plant, renewable energy, gas as well as mega-infrastructure projects. With high potential project bids, the Company expects to win some project bids in the future.

Revenue

Contracted Revenue



In 1Q2020, Contracted Revenue (excluding other revenue) was 719.9 million baht. Contracted Revenue increased by 88.7%, comparing with that of the same period of last year at 381.5 million baht due largely to the increased project activities.

Other Revenue

In 1Q2020, other revenue (excluding FX gain) was 13.3 million baht, decreasing from 14.7 million baht in 1Q2019 mainly caused by the decrease in interest income.

Expenses

Contracted Costs

Contracted Costs in 1Q2020 was 607.2 million baht, representing by 84.3% of Contracted Revenue comparing with 1Q2019 at 312.6 million baht, representing by 81.9% of Contracted Revenue. The increased Contracted Cost was due to the pre-preparation cost from new projects which were secured in 1Q2020.

Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 1Q2020 was 150.9 million baht, comparing with that in 1Q2019 at 46.9 million baht due mainly to the increase in transportation expense for a project.

Foreign Exchange (FX) Impact

In 1Q2020, the Company recognized FX gains by 139.3 million baht, increasing by 564.2% as compared with 1Q2019 FX loss at 30.0 million baht due to the ongoing depreciation of THB against US dollar.

Gross Profit and Net Profit

In 1Q2020, Gross Profit was 112.8 million baht, rising from 1Q2019 at 68.9 million baht. Gross Profit Margin was 15.7% as compared to 18.1%. The drop in Gross Profit Margin resulted from the pre-preparation cost for new projects. However, such Gross Profit Margin was also in line with the Company's target which has been set under the range between 15 and 20%.

Net Profit in 1Q2020 was 108.6 million baht as compared with that in 1Q2019 at 3.1 million baht. The Net Profit Margin increased from 0.8% in 1Q2019 to 12.4% in 1Q2020, due to the reasons as explained previously

Please be informed accordingly,

Best regards,
BJC Heavy Industries Public Company Limited

-Mr. Seung Woo Lee-

(Mr. Seung Woo Lee)
Director/Deputy Managing Director