

- TRANSLATION -

10000/007/2019

21 February, 2019

Subject : Submission of Audited Financial Statements and Performance Explanation for the year ended December 31, 2018

Attention : President of The Stock Exchange of Thailand

Attachment: A copy of audited financial statements of The Bangchak Corporation Public Company Limited and its subsidiaries Explanation for the year ended December 31, 2018 with a copy of English translation

Bangchak Corporation Public Company Limited (“the Company”) is pleased to submit financial statements and consolidated financial statements for the year ended December 31, 2018 which has been audited by the Company’s Auditor and the Audit Committee, details of which are as per attachment. The Company’s performance is summarized as follows;

- 1) For the year ended December 31, 2018, the Company and its subsidiaries (the Corporate group) recorded revenue from sales of goods and rendering of services of Baht 192,025 million, EBITDA of Baht 10,201 million, and a net profit of Baht 3,235 million. Non-controlling interests of Baht 772 million, the remaining net profit to attributable to the owners of the Company was Baht 2,463 million (EPS 1.79 Baht.)

The company groups’ 2018 performance declined significantly compared to the previous year, as the Refinery and oil trading business group was affected by the year round global oil price fluctuation, especially in the last quarter which oil price plunged drastically, resulting in the Inventory Loss. Moreover, the refinery recorded lower crude run due turnaround maintenance (TAM). The Company’s performance of each business is summarized as follows;

- **Refinery & Trading Business Group** generated EBITDA of Baht 3,928 million, a 48% decrease from 2017. The average crude run was 102.39 thousand barrels per day, due to its 45 days turnaround maintenance. However, average crude run for periods which there was no maintenance was at a high level in accordance with the target. Total GRM decreased 32%, from the reduced Market GRM, following the decline in refinery production volume, as well as a decrease in average Gasoline/Dubai crack spread and Fuel oil/Dubai crack spread, and the rise in crude oil cost compared to last year. Further, in 2018, crude oil price significantly drop during the year end, led to the Inventory Loss of THB 1,489 million (included

lower of cost or market (LCM)). However, the oil trading business by BCP Trading recorded a better performance from the higher transaction volume.

- **Marketing Business Group** generated EBITDA of Baht 2,177 million, a decrease of 5% from 2017. Total sales volume through marketing business was 5,945 million litres, a slight decrease of 1% YoY, mainly from the intensified competition of industrial market. On the other hand, retail market which is the company's main distribution channel recorded sales volume growth of 5% YoY. The number of service station as of the end of 2018 was 1,175 locations, with 74 new service stations. The company's retail sales market share was at the second rank, with the cumulative market share of 2018 at 15.8%, and continues to consistently thrive. Net marketing margin was within proximity of 2017 level.
- **Power Plant Business** which is currently under BCPG Plc., a subsidiary of the company, generated EBITDA of Baht 3,569 million, an increase of 25% from the prior year. Total electricity sales was increased from the commercial operation commencement of the government solar projects in collaboration with the War Veteran Organization (WVO) and Solar rooftop project (Total installed capacity 9.69 MW) in Thailand, and Gotemba project (installed capacity 4.4 MW) in Japan. However, there was also a sales of Nikaho and Nagi project (total installed capacity 27.6 MW) to the Infrastructure Fund in Japan, resulting in a profit from the sales before tax of Baht 793 million. This year, power plant business group recorded share of profit from associated companies of Baht 204 million, comprised of Baht 39 million from Wind power plant business in the Philippines, and Baht 164 million from geothermal power plant business in Indonesia.
- **Biofuel Business** generated EBITDA of Baht 692 million, an increase of 31% from the previous year. Biodiesel production and sales business recorded a performance improvements. B100 product sales volume increased, as the mandated B100 proportion in diesel was at 7% all year, and the better capability to procure raw material and manage inventory. Nevertheless, performance was affected by the all year round low crude palm oil price situation in the country. For ethanol production and sales business, performance was also better, as in 2018, KSL Green Innovation Co., Ltd.'s performance was realized for the full year, resulting in the total ethanol sales volume to increase. However, ethanol product price decreased, as domestic ethanol stock was in a high level, combined with the declined molasses price, which is the main material in domestic ethanol production.
- **Exploration and Production Business** generated EBITDA of Baht 117 million, a decrease of 59% from 2017, as there were no performance contribution from Galoc oil field in the latter half of 2018, after the company group sold its shares in Nido Production (Galoc) Pty. Ltd. to Tamarind Galoc Pte. Ltd. The transaction was completed in Q3/2018. Furthermore, Bangchak has established new subsidiaries to joint invest with the Seacrest Capital Group

in the petroleum fields Draugen Field and Gjøa Field from A/S Norske Shell, by means of subscribing new shares of OKEA AS in the amount of NOK 939 million (approximately THB 3,618 million). OKEA AS is considered an associated company to Bangchak.

- 2) As of December 31, 2018, total Assets of the Company and its subsidiaries was at Baht 117,369 million, increased by Baht 3,500 million compared to the end of 2017. Total Liabilities of the Company and its subsidiaries were Baht 67,831 million, increased by Baht 5,853 million. Total equity was recorded at Baht 49,538 million, decreased by Baht 2,352 million. Total equity attributable to owners of the Company was Baht 42,715 million. The Consolidated financial statement reported a book value of Baht 31.02 per share.

The Company, a listed company in the Stock Exchange of Thailand, has concentrated on transparent business operation harmonious with the good corporate governance practice. So as to enable investors to better understand the Company's financial status and business operations-apart from the sole financial data in financial statements, as well as to adequately access information for decision in a security investment so the Company herewith conducts Management's Discussion and Analysis of Business Operations for year ended December 31, 2018.

Please be informed accordingly.

Yours sincerely,

- Signed -

(Mr. Chaiwat Kovavisarach)

President and Chief Executive Officer

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