



August 14, 2007 Vol. 1/2007

# IR Letter



Hello, this is the first edition of the IR Newsletter that Bangchak Petroleum Public Company Limited (Bangchak) hopes to use as a medium to communicate our company's information, both regarding operating results and major investments, to investors and interested persons.

The company hopes that this newsletter will enable investors to better understand the company and our operations. If you have any suggestion regarding this newsletter, please feel free to share your thought with us by submitting your comment to [ir@bangchak.co.th](mailto:ir@bangchak.co.th), thank you.

Mr. Watcharapong Saisuk  
Vice President - Corporate Planning and IR Office

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IR Letter : Quarterly Letter from Investor Relation  
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2<sup>nd</sup> Quarter Performance Summary

## Balance Sheet (Consolidated)

|                            | Jun 30, 2007 | Dec 31, 2006 | %Change |
|----------------------------|--------------|--------------|---------|
| Total Assets, MBt          | 39,951       | 37,987       | 5.2%    |
| Total Liabilities, MBt     | 20,763       | 19,338       | 7.4%    |
| Total Equity, MBt          | 19,188       | 18,649       | 2.9%    |
| Paid-up Share Capital, MBt | 1,119        | 1,119        | 0.0%    |
| D/E, Times *               | 0.63         | 0.68         | -7.4%   |
| Book Value, Bt/Share       | 17.15        | 16.66        | 2.9%    |

## Profit and Loss (Consolidated)

|                        | Q2,07  | Q1,07  | QoQ(%)   | Q2,07  | YoY(%) |
|------------------------|--------|--------|----------|--------|--------|
| Total Revenue, MBt     | 24,370 | 20,205 | 20.6%    | 25,166 | -3.2%  |
| EBITDA, MBt            | 1,483  | 290    | 411.4%   | 964    | 53.8%  |
| Net Profit (Loss), MBt | 881    | (42)   | 2,197.6% | 393    | 124.2% |
| Net Profit Margin, %   | 3.66   | (0.21) | 1,842.9% | 1.58   | 131.6% |
| EPS, Bt/Share          | 0.79   | (0.04) | 2,075.0% | 0.43   | 83.7%  |

\* Only Interest Bearing Debt

## EBITDA breakdown by BUs (Company only)

| (Million Baht)          | Q2,07 | Q1,07 | QoQ(%)   | Q2,07 | YoY(%)  |
|-------------------------|-------|-------|----------|-------|---------|
| EBITDA                  | 1,444 | 277   | 421.3%   | 958   | 50.7%   |
| - Refinery              | 1,362 | 86    | 1,483.7% | 1,190 | 14.5%   |
| - Marketing             | 82    | 191   | -57.1%   | (232) | -135.3% |
| Adjust inventory effect | (849) | 297   | -385.9%  | (358) | 137.2%  |
| Adjusted EBITDA         | 595   | 574   | 3.7%     | 600   | -0.8%   |

• During the 2<sup>nd</sup> quarter, global oil price remain high on concerns over supply shortage, disruption in major oil producing countries, and anticipation on increase oil demand. As a result, the average price of Dubai crude in 2<sup>nd</sup> quarter was US\$64.82/barrel, up 16.9% from US\$55.43/barrel in the 1<sup>st</sup> quarter.

• • In terms of production, the company increased refinery capacity to 73.8 KBD in 2<sup>nd</sup> quarter, up from 52.3 KBD in the 1<sup>st</sup> quarter, as the company has secured a contract to sell very low sulfur fuel oil to China. Moreover, fuel oil price had recently risen as the incident of Japanese nuclear power plant had to undergo maintenance shutdown, which resulted in higher demand for fuel oil as substitute energy.

• **Refinery Business:** 2Q07 EBITDA was at Bt1.36bn, up from Bt86m in 1Q07. The increased profits are mainly due to gains in oil inventory. The company record Bt849m gains on oil inventory in 2Q07, back from Bt297m losses in 1Q07. However, the base refinery margin is flat from 1Q07. The total refinery margin in 2Q07 is US\$6.27/barrel.

• • **Marketing Business:** 2Q07 EBITDA was at Bt82m, down from Bt191m in 1Q07. 2Q07 marketing margin (excluded lubricant products) stood at 27.4 satang/litre, down from 36.7 satang/litre in 1Q07. The decline was a result of rapidly rising global benzene prices, as the company could not adjust the retail prices to match rising cost.



Welcome shareholders, investors & analysts to join us at

### Opportunity Day \*

For attention the 2<sup>nd</sup> quarter performance  
as well as PQI progress by

**Mr. Patiparn Sukorndhaman**

Senior Executive Vice President Accounting and Finance

Wednesday 22 August 2007, 3.30-5.00 p.m.

at SET Building, 11<sup>st</sup> Floor-Room 1101

\* Will be conducted in Thai

Product Quality Improvement Project : PQI



Background

For long-term sustainable growth, Bangchak has implemented Bt15bn **Product Quality Improvement Project (PQI)**, which will transform low-yield fuel oil into higher-yield benzene or diesel to achieve higher revenue and profitability. The project will secure and strengthen company's financial status. The project has been initiated since 2006 and is under construction process. The company expects to commence a new operation in 3Q08.



Progress

As of June 2007, the project progress is at 34.1% completion, ahead of the planned progress of 33.6%. Most of long lead items that Bangchak ordered before construction commencement arrived the construction site already. The remaining portions are to be delivered. Bangchak has sent staff to inspect the equipment at the suppliers' domains to ensure that there will be no delay. The company is constructing foundation works to support the equipment. The progress is satisfactory and according to plan.



Construction Work



Cracking Reactor



LPG Line Installation

Activities



On May 29, 2007, Bangchak, with the cooperation from the Stock Exchange of Thailand (SET) and Thai Investors Association (TIA), arranged a company visit for local retail investors to visit Bangchak's refinery plant and listen to the company's progress. The company also arranged lunch between investors and company's executives, which was very well received by the investors

The company will arrange 2 more company visits on September 3, and November 23, 2007. Interested persons could sign up for the trip at [www.set.or.th](http://www.set.or.th) or the investor relation office at 02-335-4583



Solar-Cell Petrol Station, 1st of Thailand



Bangchak, the leader of renewable energy, opened the Thailand's first substitute energy operated gas station. The station uses solar energy to produce electricity to operate gasoline dispensers and lighting in the convenience store to substitute for electricity that is usually bought from the Metropolitan Electricity Authority (MEA). The solar energy could save fossil fuel energy and reduce global warming. The station has been opened since August 1, 2007 at Kaset Branch, Bangkok.

Bangchak, with the cooperation from Tourism Authority of Thailand (TAT), launched "Amazing Coupon for Thailand Tourism" campaign. For every Baht800 spent on gasohol, customers will receive an "Amazing Coupon for Thailand Tourism" worth Baht 50,000 for free. The coupons can be used to receive discount from many tourism-related service providers around Thailand. The customer can submit lucky draw to win a free Ford car, gasoline vouchers, Bangchak lubricants, etc. worth a total of over Baht 2,000,000. The campaign will last from July 23 - October 31, 2007 at participating Bangchak gas stations with the campaign sign.



Activities



Bangchak introduced a special program for customers to watch the movie "Harry Potter: The Order of The Phoenix" for Bangchak-Gasohol members and children under the Child Protection Foundation to watch the movie at Major Cineplex Ratchayothin. Dr. Anusorn Sangnimnuan, the President of Bangchak, gave Harry Potter books for the children, and Mr. Yodphot Wongrakmitr, Vice-President, dressed up in fancy dress to create friendly and memorable events for customers. The event was held on July 11, 2007.

"Bangchak confident in gasohol, guarantee carburetor engine friendly"



Bangchak introduce a campaign to guarantee the carburetor engines that have passed the test from Ministry of Energy to certify that they show no differences between gasohol and normal unleaded gasoline. The campaign is aimed to promote the use of gasohol 95 and 91 and enhance consumer's confidence. The program also aims help ethanol producers with excess capacities.



Bangchak arranged a contest to arrange an exhibition to introduce "Bio-Gassy" mascots under a topic "Biodiesel-Gasohol, Sufficiency Life for Thai Citizen" The participants are targeted at Grade 7-9 to demonstrate information about the substitute fuels in school and to honor King Bhumibol in his 80th birthday. Total prizes together worth more than Baht 2,000,000 with trophies and certificates.

## Q&amp;A



In this Q&A Section, we have gathered the frequently asked questions from IR Call Center and e-mail inquiries, which we believe should be useful to mention again in this IR Letter. Any interested person can find more Q&A in the website [www.bangchak.co.th](http://www.bangchak.co.th) under Investor Relation section.

**Q How is BCP-DR1 differs from BCP?**

**A** BCP-DR1 is the security base on the common stock of The Bangchak Petroleum Public Company Limited. Therefore, the holder of BCP-DR1 has equal rights with BCP shareholder as in the respect of voting right and right to dividend. But the difference is the Ministry of Finance has guaranteed BCP-DR1 at initial investment value of Baht13/share, which will mature in February 2, 2014. At maturity, the holder of BCP-DR1 can decide whether to exercise the depository receipt and receive Baht 13 cash or convert BCP-DR1 to BCP common share.

**Q Will holder of BCP-DR1 be entitled to dividend, and is that dividend be used as a tax credit?**

**A** BCP-DR1 holder will receive dividend as announced by the company through Siam DR Co., Ltd. The dividend received will considered a normal dividend, therefore cannot be used as a tax credit for personal tax purpose. However, the security holder does not need to include such dividend in the person income as it is already subjected to 10% withholding tax.

**Q How significantly can Product Quality Improvement project (PQI) improve company's performance?**

**A** PQI will enable the company to transform low-yield fuel oil into other higher yield products. Upon completion, fuel oil proportion should be reduced from 30% to only 9%, while the remaining will become higher-yield benzene and diesel. Therefore, the refinery margin will be improved from US\$2-3/barrel to US\$6-8/barrel, which should significantly improve company's performance. EBITDA should improve from Bt2.0bn to Bt6-8.0bn.



For further information, interested persons may contact Corporate Planning and Investor Relation Office at 02-3354583, 02-3354587, or [ir@bangchak.co.th](mailto:ir@bangchak.co.th)



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