

November

The Bangchak Petroleum Plc.



BCP

IR 2014/29
Newsletter



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We dedicated this issue to the 30th Years anniversary of Bangchak and we had Mr. Vichien to take us through the journey.

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Your comments and feedbacks are always welcome, please send it to 10th Fl., Building A Energy Complex, 555/1 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Thailand or via email at ir@bangchak.co.th

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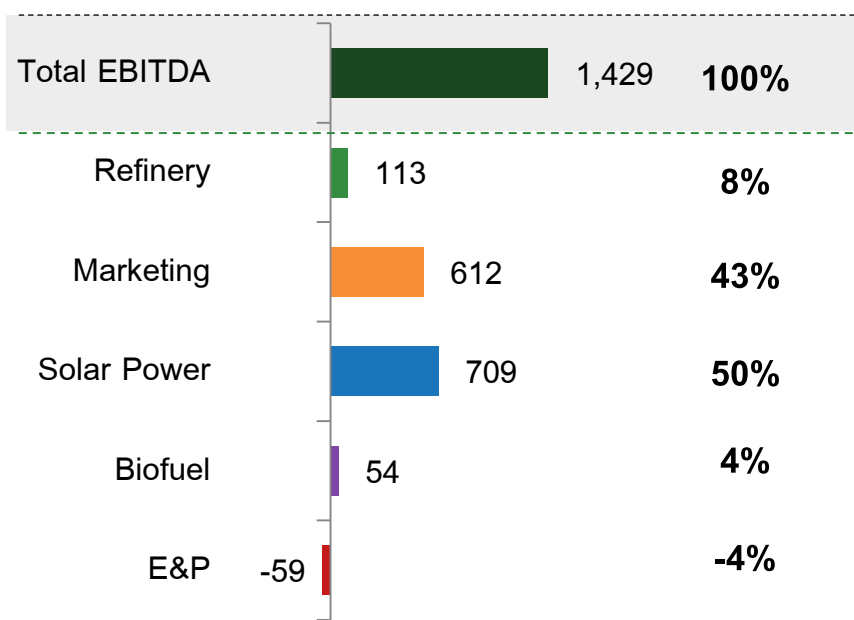
Q3/14

Quarterly Results

Quarterly Performance Results

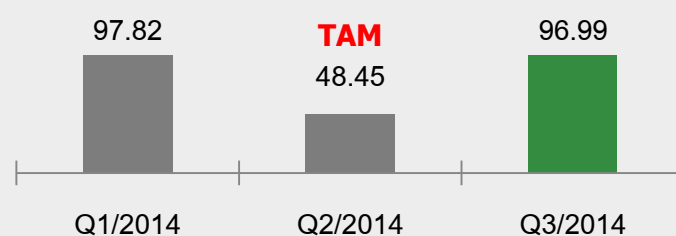
In Q3/2014, the Consolidated Financial Statement recorded a revenue from sale of goods and rendering of services of Baht 46,835 million, an EBITDA of Baht 1,429 million, a net profit of Baht 410 million, a net profit attributable to the equity owners of the Company amounted Baht 381 million and earnings per share of Baht 0.28 per share. In this quarter, BCP refinery had resumed its production after the Annual Turnaround Maintenance from May 1 to June 15, 2014. In addition, the Solar Power Plant Business was fully-generated its electricity of all three phases (PPA of 118 MW).

EBITDA Structure (THB Million)



Refinery Business

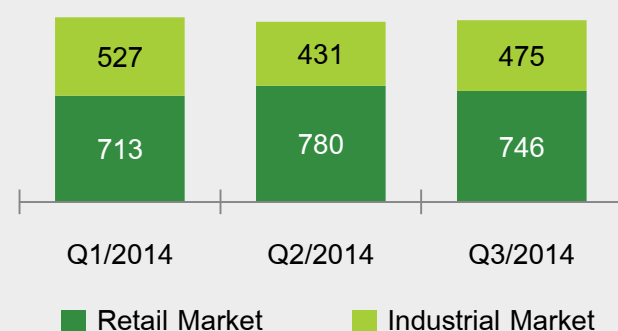
Average Crude Run (KBD)



	Q1	Q2	Q3
Total GRM (\$/BBL)	6.88	7.61	2.66
EBITDA (THB Million)	1,431	1,007	113

Marketing Business

Marketing Sales Volume (Million Litre)



	Q1	Q2	Q3
Total MKM (THB/Litre)	0.67	0.80	0.71
EBITDA (THB Million)	607	670	612

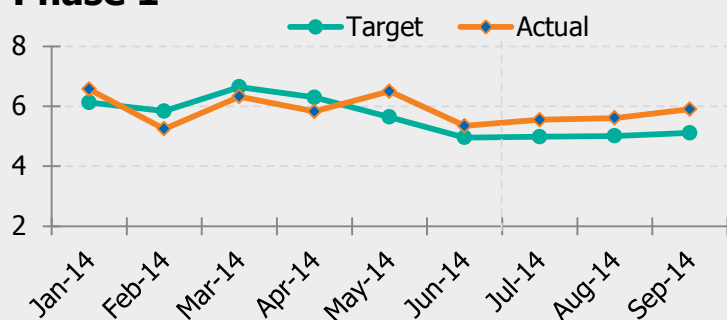
Q3/14

Quarterly Results

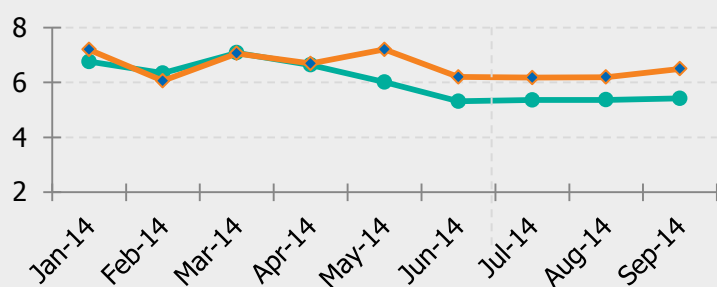
Solar Power Plant Business

Electricity Sales (Million kWh)

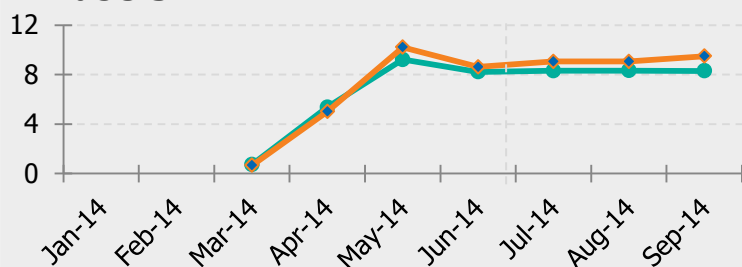
Phase 1



Phase 2



Phase 3



Q1 Q2 Q3

Sales Revenue

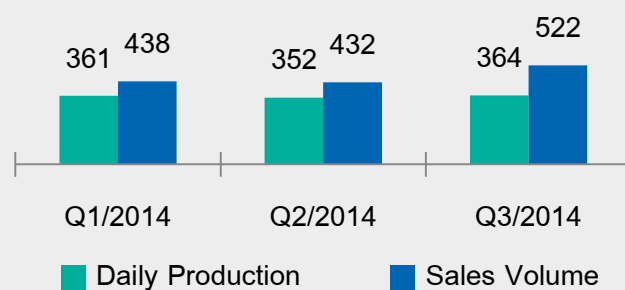
(THB Million) 456 712 743

EBITDA

(THB Million) 441 682 709

Biodiesel Business

Daily Production and Sales Volume (Thousand litre per day)



Q1 Q2 Q3

Sales Revenue

(THB Million) 1,422 1,116 1,243

EBITDA

(THB Million) 100 46 63

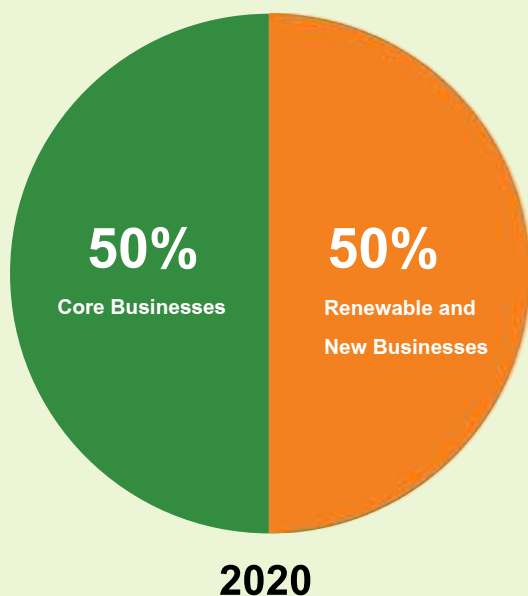
Exploration and Production Business (E&P)

- Company has expanded the business into exploration and production of petroleum business by entered into a share purchase agreement of Nido Petroleum Limited ("NIDO")
- NIDO is incorporated in Australia and its principal activities are the exploration and production of petroleum and natural gas.
- BCP acquired 81.41% of NIDO

QUESTIONS AND ANSWER

Q: What will be the earning structure of Bangchak in the future

A: As Bangchak business portfolio was known from its renewable businesses expansion, to diversify its core business risks, we also have plan to enhance our current businesses as well. We expected that in year 2020, our core businesses will accounted for 50% and the rest will be from Renewable and New Businesses.



Q: Did Bangchak interested in other investment regarding renewable business rather than solar power plant?

A: Currently, Bangchak has 3 renewable businesses; Biodiesel, Ethanol, and Solar Power Plant, nevertheless, we have been studying the possibility of investment in new frontier renewable energy like Biomass, Biogas, Wind, etc.

The questions that we always got from the investment communities were regarding our solar power plant expansion plan, the answer is that we need to wait for the government policy regarding such business, as incentive was needed in order to make the project feasible.

Q: What type of crude did Bangchak used? And where is it come from?

A: Bangchak uses light-sweet crude which we sourcing domestically for 50%, the rest we used crude from Far east.

Q: How many types of service station did Bangchak has, and how many of them?

A: Bangchak has 2 types of service station namely 1) Standard type and 2) Co-Operative type. The different between these two types were thruput per station, or the amount of oil sold per station. On average the Co-Operative type has lower thruput per station when compared to Standard type.

At the end of September, Bangchak total service station was 1,069 service stations; of which 445 service stations were Standard type and 624 service stations were Co-Operative type.

Q: What is the meaning of “Biofuel Business”

A: As for convenient, the word “Biofuel” was used to represent 2 businesses; Biodiesel Business (the business which produced B100 of which will be used for mixing with diesel as it was a mandate from government) and Ethanol Business (the business which produced ethanol as it was the raw material for creating what we known as “Gasohol Products”)

EXECUTIVE

Talk

“To be virtuous Knowledgeable And contributive to society”

Mr. Vichien Usanachote President



As it was the 30th anniversary for Bangchak, let's us talk about the brief history of Bangchak first.

The Bangchak's refinery was used to be leased by foreign company since 1958 but after the crude oil prices crisis in 1980, the owner and operator of the refinery stopped the operation and seeking help from Thai government. At that time, Prime Minister Maj.-Gen. Prem Tinsulanon had decided to cease such lease and transferred the refinery to be under the control of Defence Energy Department. Back then, I had just started working with PTT in 1981 and responsible for finding crude for Bangchak refinery and after the crude was processed to be petroleum products, PTT will responsible for selling such products through its retail service station. During such period, Bangchak had an accumulated losses of around 4 billion baht and for a better and responsive management system, Maj.-Gen. Prem Tinsulanon had established the Bangchak Petroleum Public Company Limited on November 8, 1984. I had joined Bangchak in the year after which I was the 10th person who had joined the company together with Mr. Sophon Supapong who was the first president of Bangchak. At That time, the refinery was neglected and its condition was quite terrible and one aspect of being a refiner was about environment and safety therefore, we had emphasized on these things and as we believed that a happy work life lead to less accident and lost of life and property damages, we then fixed these first. Consequently, World Bank recognized our dedication and determination and agreed upon a loan for our refinery improvement program. At the beginning Bangchak was the state-owned enterprise of which Ministry of Finance, PTT, and Krung-Thai Bank were our major shareholders but for more responsive management system, the company was omitted from some state-owned enterprise rules in other words, although we had government as our shareholders but we managed our company like a private company.

“ As a Thai corporate, we should be able to do more than just an ordinary oil company ”

Can you share with us what was the management thoughts on company culture and value?

At the beginning, we have discussed about Bangchak's mission, and what would be our company culture among management team, Mr. Sophon said back then that “If we managed and operated the refinery like other private refiner companies, there would be no need for Bangchak Company establishment we could instead leasing out to foreigners . But as a Thai corporate, we should be able to do more than just an ordinary oil company” and this was the starting point and the purpose of Bangchak since then. We seek for a person who is virtuous, knowledgeable, and contributive to society because we believed that goddness could not be taught but we can certainly teach someone to be come smarter. To be knowledgeable means those who always seek for new things and exploring the opportunities and used those findings and knowledge to improve others and that is our company culture. Then, we have set out our company vision to create an energy business that is environmentally friendly for sustainable development. That is how we stand on environment and social development and it first started back 30 years ago.

What was the changing points during the past 30 years that is worth mentioning?

In the early days, the refined petroleum products were sold to PTT and the fact that PTT owned more than one refinery translated to various suppliers of refined petroleum products which, in turn, affected the stability of Bangchak and that is the point which we expanded into service station business. Our first service station was Co-Operative service station. It was initiated by our core culture of contributive to society, as such, on a monthly basis Bangchak's employees donated 500-1000 baht for "Lunch for children" campaign. Later on, there was agricultural community visited our refinery and heard of the campaign and wanted to be a part of it but what they have were rice and what we have were refined petroleum products but we both want to have rice for the kids, hence, the "Oil-for-Rice" campaign was initiated. The idea was later developed into a Co-Operative service station which Sri Prachan agricultural community in Saraburi province was our first Co-Operative service station.

Bangchak was currently ranked 2rd in service station market share. Not only that we sell oil-related products but we also offering non-oil products too like convenience store of which we had partnership with BigC, coffee shop – Inthanin, Car care services. By doing all of these, we do not only want to serve customer need but we also wanted to be able to capture the deeper needs and fulfill our customer soul. We also the first mover in offering the membership card (Gasohol and Diesel club card) which we have more than a million customer base.



As we all know, Bangchak's business was related to oil, what is the limitation of such business/es and what is Bangchak plan for business expansion?

For oil business, our cost was the crude that we used and its price was subjected to world oil price movement. This was also the same to the refined products price which moves as the world oil price move. Therefore, we cannot control both of our cost and sales prices, the only thing that we can do was to maintain our facility efficiency. When there was a sudden move or changes in world oil supply and demand, it effected our refinery margin directly and that arise an idea of extending and diversifying such risk to a more stable business, even though it would not be as profitable as oil business that is the reason why we expended into solar power business. Moreover, we expansion our business portfolio to ethanol business which we domestically rich of supply and at Bangchak, we believed that if the government support the use of ethanol, the farmer or agricultural community would become stronger, hence stronger country economy as Thailand was an agriculture based economy. We are the first who offer such renewable products (Gasohol and Biodiesel). That is why we only offered such products in our service station to represent our belief and our unique market position.

Recently we have stepped into Exploration and Production business by acquiring shares in Nido Petroleum Limited which is a medium size company listed in australian stock exchange. The reason behind such expansion was that nowadays, producers and exporters of crude oil had changed their business model from seller to be more of refiner themselves and if we do not response to such change, we might have to face supply shortage problem in the future.



KNOWLEDGE

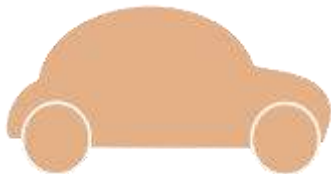
3 Easy ways

To lower your gas bill

1

Know before you go

Trip planning ensures that traveling is done with the shortest time spend on the road not only it reduces the distance you travel but it also improve your fuel consumption.



2

Drive smoothly

Aggressive driving wastes fuel. So accelerate smoothly, brake softer and earlier Not only do these driving techniques save fuel, they can also prolong the life of your brakes and tires.

3

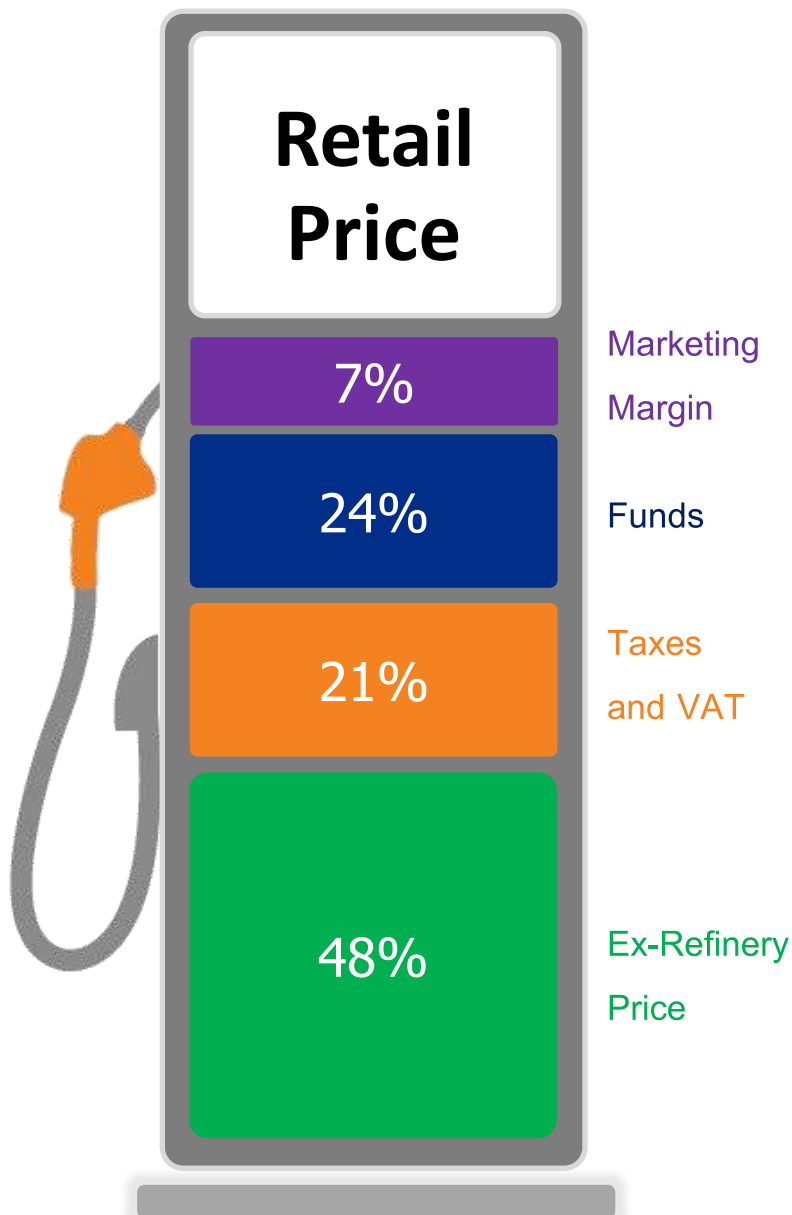
Keep your tires properly inflated

Properly inflated tires are safer, handle better, last longer, and get better fuel economy.





KNOWLEDGE



Petroleum Price Structure

“Expensive Oil price” was an rumbling accusation on the street towards oil company in Thailand, and why does it has to be like that? let me show you

About half of the retail price of petroleum that we paid were for taxes and funds, that is somewhat explain the “Expensive” part of the price.... Now you know

The percentage was calculated by using ULG price according to Energy Policy and Planning Office as of November 25, 2014



ACTIVITIES



SET in the city

The Bangchak Petroleum Plc. participated in SET in the city at Royal Paragon Hall, on November 20, 2014



The Best Sustainability Report Award

The Bangchak Petroleum Plc. had awarded The Best in Sustainability Report Award organized by CSR Club Thai Listed Companies Association and Thaipat Institute



CSR Recognition 2014

The Bangchak Petroleum Plc. received CSRI Recognition 2014 award organized by SET

Dubai Crude Price Outlook (Unit: \$/BBL)



Demand

Bullish

- Stockpiling for winter and refineries ramp up their runs
- Optimistic on global economic recovery in 2015, and an improvement in U.S. economic
- New demands from additional capacities (China and ME)

Bearish

- Strong U.S. dollar currency with QE ended and interest rate possibly raising around 3Q2015
- EU economic slowdown (deflation) and sanction on Russia
- IEA revised down global oil demands
- Resuming operation of Nuclear power plants was likely by the end of 2014

Supply

Bullish

- Uncertainty on unrests in Iraq, Libya, Russia/Ukraine

Bearish

- High production of shale oil in U.S.
- Abundant of crude supplies in Atlantic Basin and West Africa
- No sign from Saudi and OPEC to cut its production or exports until Jun'15

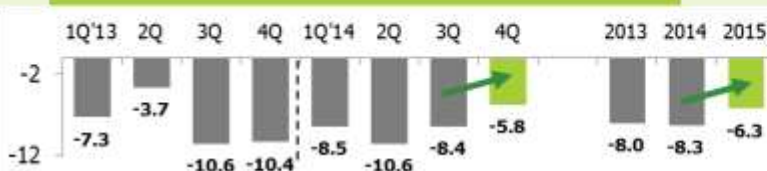
Gasoline 95 - DB (Unit: \$/BBL)



Gas oil 0.05%S - DB (Unit: \$/BBL)



Fuel oil 3.5%S - DB (Unit: \$/BBL)



Key driving factors in 4Q2014 – 1Q2015

- ▲ Higher 92Ron demands from Indonesia due to subsidy of 88Ron, Sport demands from ME
- ▲ Australian driving season
- ▼ Weaker demands in winter season.
- ▼ Refineries returning from maintenance and additional capacities from Middle East
- ▼ Lower demands from Vietnam
- ▲ Heating demands for winter
- ▲ Australian driving season
- ▲ Lower Japan's gasoil export as refineries switch yield to kerosene
- ▼ Lower demands from Indonesia and Malaysia
- ▼ Additional diesel supplies from Middle East and diesel exports from China
- ▲ Power generating demands in North Asia during winter
- ▲ Expected lower supply from Middle East
- ▲ OW bunker bankruptcy, concerning on supply shortage
- ▲ Delayed arbitrage from the west
- ▼ Teapot demands in China remains weak
- ▼ Japan's nuclear is likely to restart by end of 2014

Source: Prism Outlook and BCP outlook in Dec 2014

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