

Management Discussion & Analysis

BBGI Public Company Limited

Earning Results

For the 3rd Quarter Period Ended September 30th, 2022



Significant Events

CEPA increased the proportion of biodiesel blend in high-speed diesel oil from B5 to B7.

The Committee on Energy Policy Administration (CEPA) has approved an increase in biodiesel blending in high speed diesel fuel from B5 to B7 commencing from October 10, 2022 to December 31, 2022. This will result in an increase in the demand for biodiesel in Q4, which is the high season for travel and tourism.

TRIS upgraded the company rating of BBGI to “A-” from “BBB+”, with a “stable” outlook.

TRIS Rating Co., Ltd. announced the credit rating upgrade of BBGI on October 27, 2022 to "A-" from “BBB+” with a "stable" outlook, reflecting the company's position as the leading biofuel company in Thailand, which has competitive advantages from the strength of the main shareholder group in terms of raw material procurement to distribution and strengthened liquidity after the IPO.

Established BSGF Company Limited.

On September 21, 2022, BBGI, Bangchak Corporation PLC. (BCP), and Thanachok Oil Light Co., Ltd. jointly established BSGF Co., Ltd. in the proportion of investment by BCP (51%), Thanachok Oil Light (29%), and BBGI (20%) to invest in the business of the production and distribution of Sustainable Aviation Fuel or SAF from used cooking oil, the first and only project of its kind in Thailand, with a production capacity of 1 million liters per day. It is expected to be ready to serve the aviation industry both domestically and internationally in the fourth quarter of 2024, helping to reduce greenhouse gas emissions from travel and air transport by approximately 80,000 tons of CO2 equivalent per year, in line with the BCG Economy Model.

Start selling “Oat & Soy Milk” under the brand “More Day”

BBGI starts selling “Oat & Soy milk” under the brand “More Day” for HoReCa entrepreneurs, including hotels, restaurants, and coffee shops / Cafés. More Day’s Oat & Soy milk are high in calcium, have equivalent protein content to cow’s milk, have low calories, and also have a taste and intensity close to cow’s milk. It is suitable for use in making various beverages. It will be sold as an alternative beverage menu for cow’s milk allergy at leading Inthanin stores nationwide from October 16, 2022 onwards.

Group Business Performance

THB Million	Q3/2022	Q3/2021	YoY	Q2/2022	QoQ	9M2022	9M2021	YoY
Sales revenue	2,951	3,158	-7%	3,413	-14%	10,104	10,094	0.1%
Cost of goods sold	(2,955)	(2,953)	0.1%	(3,376)	-12%	(9,751)	(9,291)	5%
Gross profit	(4)	204	-102%	37	-112%	352	803	-56%
Other income	7	11	-31%	19	-62%	34	28	20%
Distribution costs and administrative expenses	(72)	(68)	6%	(68)	5%	(225)	(192)	17%
Gain (loss) on fair value adjustment	-	612	-100%	-	-	-	612	-100%
Share of profit (loss) of associate and joint venture	(3)	21	-114%	(3)	-14%	(6)	43	-115%
Profit (loss) before finance costs and tax expense	(72)	780	-109%	(15)	-391%	156	1,294	-88%
Finance costs	(24)	(30)	-19%	(24)	-1%	(74)	(81)	-8%
Tax expense	7	(114)	-106%	8	-13%	(3)	(155)	-98%
Profit (Loss) for the period	(88)	636	-114%	(30)	-191%	78	1,058	-93%
Profit (loss) attributable to owners of the Parent	(69)	594	-112%	(56)	-23%	5	903	-99%
Basic earnings per share (in Baht)	(0.048)	0.586		(0.044)		0.004	0.892	

Note : Basic earnings per share for the period ended September 30, 2022 were calculated from profit attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year, after adjusting for the change in the number of ordinary shares as a result of reduction in par value on January 6, 2022 and the increase in paid-up capital on March 15, 2022, by using the weighted average method based on the number of issued ordinary shares.

As for performance in Q3/2022, the Company and its subsidiaries recorded EBITDA of THB 35 million and the net loss attributable to owners of the parent was THB 69 million, decreased by 112% YoY and 23% QoQ, representing loss per shares of THB 0.048.

For the performance of the first 9 months of 2022, BBGI Public Company Limited (the Company) and its subsidiaries recorded EBITDA of THB 469 million and the net profit attributable to owners of the parent was THB 5 million, decreased by 99% YoY, representing earnings per share of THB 0.004.

Sale Volume	Q3/2022	Q3/2021	YoY	Q2/2022	QoQ	9M2022	9M2021	YoY
Ethanol Sale Volume (Million Liters)	40.21	44.56	-10%	25.18	60%	103.58	128.22	-19%
Average Ethanol Reference Price (Baht/Liter)*	28.10	25.68	9%	26.46	6%	26.71	25.44	5%
Biodiesel Sale Volume (B100) (Million Liters)	46.89	53.51	-12%	46.59	1%	144.56	181.10	-20%
Average B100 Reference Price (Baht/Liter)*	39.26	38.68	1%	56.99	-31%	49.88	39.16	27%

*From Energy Policy and Planning Office (EPPO), Ministry of Energy

○ Sales Revenue

Performance in Q3/2022, the Company and its subsidiaries recorded total revenue from sales of THB 2,951 million, decreased by THB 207 million or 7% YoY and decreased by THB 463 million or 14% QoQ. Details are as follow;

- (1) Revenue from production and distribution of ethanol business amounted to THB 1,133 million, decreased by THB 24 million or 2% YoY primarily due to an annual maintenance shutdown of cassava ethanol plant of BBGI Bioethanol (Chachoengsao) Co., Ltd. in this quarter (but 2nd quarter in 2021), but increased by THB 437 million or 63% QoQ primarily due to the sales management plan in accordance with the higher ethanol price situation for the best benefit to the company.
- (2) Revenue from production and distribution of biodiesel (B100) business amounted to THB 1,816 million, decreased by THB 182 million or 9% YoY, mainly from an announcement of the Committee on Energy Policy Administration (CEPA) to reduce the biodiesel blending in high speed diesel from B7 to B5 from February 5, 2022 to September 30, 2022 for alleviation the pressure of the rising oil price and palm oil price situation. Meanwhile, in Q3/2021, the proportion of biodiesel blending was B10 as standard diesel type throughout the quarter, effecting a decrease of B100 sale volume. As well as, decreased by THB 901 million or 33% QoQ mainly due to a drop in B100 price in accordance with a drop in crude palm oil price because more products were consistently entering the market and Indonesia and Malaysia, two major producers, were pushing for more crude palm oil exports. However, CEPA has announced an increase in biodiesel blending in high speed diesel from B5 to B7 from October 10, 2022 to December 31, 2022. As a result, demand has begun to increase since the end of Q3.
- (3) Revenue from high-value bio-based products amounted to THB 1.2 million, came from the sale of food supplement products "ASTA-IMMU", "ASTA-VIS", and "Calcium-LT plus UC-II" under the brand B nature+ (B Nature Plus), distributed via online channels, including Facebook: BNaturePlus, Line official: @BNaturePlus, Shopee : BBGI Official Store, Lazada : BBGI Flagship Store and KONVY : B nature+ and also available through other leading stores such as Inthanin, 90 branches of Bangkok Drugstore and television channels via True Shopping.

○ Gross Profit

In Q3/2022, the Company and its subsidiaries recorded loss after deducting cost of goods sold of THB 4 million, decreased by THB 209 million or 102% YoY and decreased by THB 41 million or 112% QoQ. For the performance of the first 9 months of 2022, the Company recorded gross profit of THB 352 million, decreased by THB 450 million or 56% compared to the first 9 months of 2021.

○ Distribution costs and administrative expenses

For the period of Q3/2022, the Company and its subsidiaries recorded distribution costs and administrative expenses of THB 72 million, increased by THB 4 million or 6% YoY and increased by THB 4 million or 5% QoQ because the company has more expenses related to the promotion of high value bio-based products and development of new products. For the performance of the first 9 months of 2022, the Company recorded distribution costs and administrative expenses of THB 225 million, increased by THB 32 million or 17% compared to the first 9 months of 2021.

○ Net Profit

In Q3/2022, the Company and its subsidiaries recorded net loss attributable to parent company at amount of THB 69 million, decreased by THB 663 million or 112% YoY and decreased by THB 13 million or 23% QoQ. For the performance of the first 9 months of 2022, the Company recorded net profit attributable to parent company of THB 5 million, decreased by THB 898 million or 99% compared to the first 9 months of 2021. However, in the third quarter of the previous year, the Company and its subsidiaries recorded a net profit from the recognition of a gain on fair value adjustment in the amount of THB 500 million.

Financial Position

Statement of Financial Position (THB Million)	30 Sep 2022	31 Dec 2021
Total Assets	15,639	12,907
Total Liabilities	4,668	6,003
Total Equity	10,971	6,904

○ Assets

As of the 30 September 2022, the Company and its subsidiaries had total assets in the amount of THB 15,639 million, an increase of THB 2,732 million or 21% compared to end of last year. The total assets at the end of September 2022 were separated into total current assets in the amount of THB 5,940 million equivalent to 38% of total assets and total non-current assets in the amount of THB 9,698 million equivalent to 62% of total assets, in which key changes were from an increase in cash and cash equivalents and current investment THB 3,373 million mainly from IPO and an increase in inventories THB 329 million due to an increase in cost of raw material and ethanol product.

○ Liabilities

As of the 30 September 2022, the Company and its subsidiaries had total liabilities THB 4,668 million, a decrease of THB 1,335 million or 22% compared to end of last year. The total liabilities at the end of September 2022 were separated into total current liabilities in the amount of THB 2,137 million equivalent to 46% of total liabilities and total non-current liabilities in the amount of THB 2,530 million equivalent to 54% of total liabilities, in which key changes in liabilities were short-term and long-term loans from financial institutions decreased by THB 898 million.

○ Shareholders' Equity

As of the 30 September 2022, the Company and its subsidiaries had total shareholders' equity THB 10,971 million, an increase of THB 4,067 million or 59% compared to end of last year. Mainly from an increase in paid-up share capital and share premium from IPO.

Cash Flow Statement

As of 30th September 2022, the Company and subsidiaries had cash and cash equivalents in the amount of THB 1,837 million, details are as follow;

Cash Flows (THB Million)	9M2022	9M2021
Net cash from (used in) operating activities	481	1,129
Net cash from (used in) investing activities	(2,240)	(72)
Net cash from (used in) financing activities	3,212	(212)
Net increase (decrease) in cash and cash equivalents	1,453	845
Cash and cash equivalents at 1 January	384	157
Cash and cash equivalents at 30 June	1,837	1,002

Net cash received from operating activities was THB 481 million. The main items that affected an increase in cash were derived from profit for the period, depreciation and amortization, and finance costs in the amount of THB 466 million.

Net cash used in investing activities was THB 2,240 million primarily due to the payment for the construction to expand the production of the ethanol plant of BBGI Bioethanol PLC. at Khon Kaen province and the construction of BBGI Utility and Power Co., Ltd. of THB 299 million, the payment for subscription of shares in Biom Co., Ltd. of THB 30 million, and deposits cash in fixed deposit account THB 1,920 million,

Net cash received from financing activities was THB 3,212 million, mainly from net cash received from IPO by THB 4,464 million, cash received from long-term loans from financial institutions by THB 310 million, cash used for repayment short-term and long-term loans of subsidiaries by THB 1,208 million, and dividend payment by THB 289 million.

Key Financial Ratios

	Q3/2022	Q3/2021	Q2/2022
Gross Profit Margin (%)	-0.15%	6.47%	1.08%
Net Profit Margin (%)	-3.00%	20.14%	-0.89%
Return On Equity (ROE) (%)	0.69%	19.11%	8.86%
Return On Assets (ROA) (%)	2.04%	13.52%	7.91%
Current Ratio (Times)	2.78	1.40	3.17
Interest Bearing Debt to Equity (IBD/E) (Times)	0.31	0.68	0.30

Note: Gross Profit Margin (%)	=	Gross Profit / Total Revenue
Net Profit Margin (%)	=	Net Profit / Total Revenue
Return on Equity (ROE) (%)	=	Profit Attributable to Owners of the Parent (Yearly) / Total Equity Attributable to Owners of the Parent (Average)
Return on Assets (ROA) (%)	=	EBIT (Yearly) / Total Asset (Average)
Current Ratio (Times)	=	Current Assets / Current Liabilities
Interest Bearing Debt to Equity (IBD/E) (Times)	=	Interest Bearing Debt / Total Equity