

Management Discussion & Analysis

BBGI Public Company Limited

Earning Results

Year Ended December 31st, 2023



Executive Summary

	Q4/2023	Q4/2022	YoY	Q3/2023	QoQ	2023	2022	YoY
Ethanol Sale Volume (Million Liters)	50.11	37.60	33%	40.63	23%	144.58	141.17	2%
Average Ethanol Reference Price (Baht/Liter) *	30.21	29.53	2%	29.10	4%	29.38	27.38	7%
Biodiesel Sale Volume (B100) (Million Liters)	77.77	63.94	22%	66.95	16%	277.38	208.49	33%
Average B100 Reference Price (Baht/Liter) *	33.90	34.85	-3%	33.24	2%	33.84	46.34	-27%

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

THB Million	Q4/2023	Q4/2022	YoY	Q3/2023	QoQ	2023	2022	YoY
Sales revenue	4,240	3,270	30%	3,526	20%	13,757	13,374	3%
Gross profit	193	112	72%	116	66%	441	464	-5%
Profit (loss) attributable to owners of the Parent	79	15	427%	2	4,785%	10	20	-52%

The overall Thai economy in 2023 grew at a slower pace than expectation and drought having effects on rice, sugarcane, oil palm, and cassava. However, tourism started to recovery, private consumption continues to recover with improved labor market and consumer confidence, supported by stimulus and assistance packages from the government, such as visa-free travel for tourists and a reduction in electricity, diesel, and benzene fuel prices. Moreover, improving farm income from higher prices gave a push to purchasing power as well as improving exports.

The government's policy on biofuel promotion, the Committee on Energy Policy Administration (CEPA), announced that the blending ratio of biodiesel in high-speed diesel will be B7 throughout the year. Meanwhile, a plan to reduce the subsidy of gasohol E85 from the oil fund since Q4/2022 onwards has resulted in a decrease in demand for ethanol respectively.

For the performance Q4/2023, BBGI Public Company Limited ("the Company") and its subsidiaries recorded total revenue from sales of THB 4,240 million, increased by 30% YoY and increased by 20% QoQ with EBITDA of THB 253 million, increased by 75% YoY and increased by 50% QoQ, and net profit attribute to owners of the parent at THB 79 million. Performance of each business group are as follow:

▲ YoY	▲ QoQ
<p>(-) For the ethanol business, recognition of the lower gross profit due to an increase of the raw material costs. Even though sales volume increased by 33% from the same period last year.</p> <p>(+) For the biodiesel business (B100), recognition of the higher gross profit was due to an increase in the sale volume of biodiesel from the completion of the purchase of ESSO (Thailand) PLC's shares by Bangchak Corporation PLC, which later changed its name to Bangchak Sriracha PLC, or BSRC.</p> <p>(+) The distribution costs and administrative expenses decreased YoY due to reducing and controlling expenses effectively.</p>	<p>(+) For the ethanol business, recognition of higher gross profit was due to the increase in sale volume in accordance with the sale management plan.</p> <p>(+) For the biodiesel business (B100), recognition of the higher gross profit due to the increase in the sale volume of biodiesel from the completion of the purchase of ESSO (Thailand) PLC's shares by Bangchak Corporation PLC. Moreover, entering the tourism season as well as the harvest season.</p> <p>(+) The distribution costs and administrative similar to the previous quarter.</p>

For the performance 2023, BBGI Public Company Limited ("the Company") and its subsidiaries recorded total revenue from sales of THB 13,757 million, increased by 3% YoY with EBITDA of THB 667 million, increased by 9% YoY and net profit attribute to owners of the parent at THB 10 million. Performance of each business group are as follow:

▲ YoY
<p>(-) For the ethanol business, recognition of the lower gross profit was due to an increase in the raw material costs of both molasses and cassava.</p> <p>(+) For the biodiesel business (B100), recognition of the higher gross profit was due to an increase in the sale volume of biodiesel from the announcement of increasing the blending of biodiesel in high-speed diesel from B5 to B7 starting on October 10, 2022 onwards, and the completion of the purchase of ESSO (Thailand) PLC's shares by Bangchak Corporation PLC, which later changed its name to Bangchak Sriracha PLC, or BSRC.</p> <p>(-) The distribution costs and administrative expenses increased from the distribution costs in accordance with an increase in the sales volume of biodiesel. The administrative expenses increased because the ethanol production plant was temporarily shut down, the operating expenses related to the cessation of production were transferred to administrative expenses, and the subsidiary recorded the additional work expenses for the contractors. However, the subsidiary recorded other income from the additional work expenses as mentioned above, resulting in net income from the above expenses.</p>

Significant Events in Q4/2023

BBGI Fermbox Bio Company Limited organized a Ground-Breaking Ceremony, officially start construction.

On 25 December 2023, BBGI Fermbox Bio Co., Ltd. (BBFB), as a joint venture company between BBGI and Fermbox Bio, held a ground-breaking ceremony in Chachoengsao Province. Officially beginning construction of the Contract Development and Manufacturing Organization (CDMO), the first commercial advanced biotechnology factory in Thailand and Southeast Asia. Enzyme will be the first product, and we will also produce other synthetic biology goods (Synbio).

BBGI received SET ESG Ratings 2023 at the level of “AA”.

BBGI has received the results of the sustainable stock assessment, or SET ESG Ratings, for the year 2023 at the level of “AA” (total score 87) since the first year after the company was listed on the Stock Exchange of Thailand (SET). Reflecting the operations of the company has given importance to sustainable business development by considering the environment, social responsibility, and management according to the principles of corporate governance (ESG Model). Considering all stakeholders and the success of pushing sustainability policy into serious practice, this allows the company to be accepted and builds confidence among investors who want to continue investing according to the Responsible Investment Guidelines.

BBGI received a 5-star CGR rating of “Excellent” or “Excellent” for 2023.

BBGI has been evaluated according to the Corporate Governance Report of Thai Listed Companies 2023 (CGR 2023) from the Thai Institute of Directors Association (IOD) with support from the Stock Exchange of Thailand (SET), at the level of “Excellent” or 5 stars since the first year of entering SET in 2022. Reflect the company's business operations, which give importance to the continuous development of good corporate governance along with conducting business for the organization to grow sustainably. As a result, shareholders have confidence in the company's operations.

BBGI won the SET Awards 2023, the Sustainability Excellence Award group.

BBGI received the SET Awards 2023, Sustainability Excellence Award Group, at the Commended Sustainability Awards level, an honorary award for the success of the Thai capital market. It is considered to have received the award since the first year the company was listed on the Stock Exchange of Thailand (SET). BBGI and its subsidiaries adhere to the principles of environmentally friendly business operations and give importance to the concept of the ESG Model as a guideline for sustainable and continuous organizational development.

BBGI received a certificate of honor "Sustainability Disclosure Recognition 2023" from Thaipat Institute.

BBGI received a certificate of honor, "Sustainability Disclosure Recognition," as the 2023 Sustainability Disclosure Award from the Thaipat Institute. Reinforces outstanding sustainability by disclosing information on sustainability that is beneficial to the business's stakeholder groups.

Group Business Performance

THB Million	Q4/2023	Q4/2022	YoY	Q3/2023	QoQ	2023	2022	YoY
Sales revenue	4,240	3,270	30%	3,526	20%	13,757	13,374	3%
Cost of goods sold	(4,047)	(3,158)	28%	(3,410)	19%	(13,316)	(12,910)	3%
Gross profit	193	112	72%	116	66%	441	464	-5%
Other income	16	11	45%	6	151%	117	45	160%
Distribution costs and administrative expenses	(73)	(85)	-15%	(72)	1%	(349)	(310)	13%
Share of profit (loss) of associate and joint venture	(2)	(2)	-5%	(3)	32%	(11)	(8)	38%
Profit (loss) before finance costs and tax expense	135	36	271%	48	179%	198	192	3%
Finance costs	(18)	(20)	-11%	(20)	-9%	(78)	(95)	-18%
Tax expense	(5)	3	289%	(4)	19%	(20)	(0.3)	6,421%
Profit (Loss) for the period	112	19	498%	25	357%	101	97	4%
Profit (loss) attributable to owners of the Parent	79	15	427%	2	4,785%	10	20	-52%
Basic earnings per share (in Baht)	0.055	0.011		0.001		0.007	0.015	

As for performance in Q4/2023, the Company and its subsidiaries recorded total revenue from sales of THB 4,240 million, increased by 30% YoY and increased by 20% QoQ, recorded EBITDA of THB 253 million, increased by 75% YoY and increased by 50% QoQ, and the net profit attributable to owners of the parent was THB 79 million, representing earnings per share of THB 0.055. Each business area's performance is as follows:

○ Sales Revenue

The Company and its subsidiaries recorded total revenue from sales of THB 4,240 million, increased by THB 970 million or 30% YoY and increased by THB 714 million or 20% QoQ. Details are as follow;

- (1) Revenue from the production and distribution of ethanol business amounted to THB 1,519 million, increased by THB 370 million, or 32% YoY and increased by THB 350 million, or 30% QoQ, mainly due to an increase in the ethanol sales volume in accordance with the sales management plan.
- (2) Revenue from the production and distribution of biodiesel business amounted to THB 2,721 million, increased by THB 602 million, or 28% YoY and increased by THB 364 million, or 15% QoQ, mainly due to an increase in the biodiesel sales volume from the completion of Bangchak Corporation PLC's acquisition of the shares of ESSO (Thailand) PLC, which later changed its name to Bangchak Sriracha PLC, or BSRC from November 15, 2023 onwards. Moreover, entering the tourism season as well as the harvest season.

○ Gross Profit

The Company and its subsidiaries recorded gross profit of THB 193 million, which increased by THB 81 million, or 72% YoY and increased by THB 77 million, or 66% QoQ primarily due to an increase in sales volume of biodiesel.

○ Distribution costs and administrative expenses

The Company and its subsidiaries recorded distribution costs and administrative expenses of THB 73 million, which decreased by THB 13 million, or 15% YoY due to reducing and controlling expenses effectively. In addition, the QoQ distribution costs and administrative expenses were similar to the same quarter of the previous year.

○ Net Profit

The Company and its subsidiaries recorded net profit attributable to the parent company at the amount of THB 79 million, increased by THB 64 million or 427% YoY and increased by THB 77 million compared to the last quarter.

As for performance 2023, the Company and its subsidiaries recorded total revenue from sales of THB 13,757 million, increased by 3% YoY, recorded EBITDA of THB 667 million, increased by 9% YoY, and the net profit attributable to owners of the parent was THB 10 million, representing earnings per share of THB 0.007. Each business area's performance is as follows:

○ Sales Revenue

The Company and its subsidiaries recorded total revenue from sales of THB 13,757 million, increased 3% compared to 2022. Details are as follow;

- (1) Revenue from the production and distribution of ethanol business amounted to THB 4,256 million, increased by THB 291 million, or 7% YoY, primarily due to an increase in the average ethanol selling price.
- (2) Revenue from the production and distribution of biodiesel business amounted to THB 9,498 million, increased by THB 94 million, or 1% YoY, due to an increase in sales volume as a result of the announcement of increasing the blending of biodiesel in high-speed diesel from B5 to B7 from October 10, 2022 onwards. Moreover, the Bangchak Corporation PLC's acquisition of the shares of ESSO (Thailand) PLC, which later changed its name to Bangchak Sriracha PLC, or BSRC.

○ Gross Profit

The Company and its subsidiaries recorded a gross profit of THB 441 million, which decreased by THB 23 million, or 5% compared to 2022, primarily due to an increase in raw materials for ethanol production both molasses and cassava.

○ Distribution costs and administrative expenses

The Company and its subsidiaries recorded distribution costs and administrative expenses of THB 349 million, which increased by THB 40 million, or 13% compared to 2022, with increased distribution costs in accordance with an increase in sales volume of biodiesel and the administrative expenses increased because the ethanol production plant was temporarily shut down, the operating expenses related to the cessation of production were transferred to administrative expenses. In addition, the subsidiary recorded the additional work expenses for the contractors. However, the subsidiary recorded other income from the additional work expenses as mentioned above, resulting in net income from the above expenses.

○ Net Profit

The Company and its subsidiaries recorded net profit attributable to the parent company at amount of THB 10 million, decreased by THB 11 million or 52% compared to 2022.

Financial Position

Statement of Financial Position (THB Million)	31 December 2023	31 December 2022
Total Assets	13,635	14,106
Total Liabilities	3,699	3,825
Total Equity	9,937	10,281

○ Assets

As of 31th December 2023, the Company and its subsidiaries had total assets in the amount of THB 13,635 million, a decrease of THB 471 million or 3% compared to end of last year. The total assets at the end of December 2023 were separated into total current assets in the amount of THB 4,940 million, equivalent to 36% of total assets, and total non-current assets in the amount of THB 8,695 million, equivalent to 64% of total assets, in which the key change was cash and cash equivalent decreased by THB 374 million, investment in associate and joint venture increased by THB 428 million due to the capital increase in BSGF Company Limited, property plant and equipment decreased by THB 358 million due to depreciation expenses incurred in the period.

○ Liabilities

As of 31th December 2023, the Company and its subsidiaries had total liabilities THB 3,699 million, a decrease of THB 126 million or 3% compared to end of last year. The total liabilities at the end of December 2023 were separated into total current liabilities in the amount of THB 2,866 million, equivalent to 77% of total liabilities, and total non-current liabilities in the amount of THB 833 million, equivalent to 23% of total liabilities, in which the key changes in liabilities were short-term loans from financial institutions increased by THB 533 million for raw material procurement and working capital, and long-term loans from financial institutions decreased by THB 877 million from loan repayment.

○ Shareholders' Equity

As of 31th December 2023, the Company and its subsidiaries had total shareholders' equity THB 9,937 million, a decrease of THB 345 million or 3% compared to end of last year.

Cash Flow Statement

As of 31th December 2023, the Company and subsidiaries had cash and cash equivalents in the amount of THB 2,260 million, details are as follow;

Cash Flows (THB Million)	31 December 2023	31 December 2022
Net cash from (used in) operating activities	816	463
Net cash from (used in) investing activities	649	(1,615)
Net cash from (used in) financing activities	(619)	2,183
Net increase (decrease) in cash and cash equivalents	846	1,031
Cash and cash equivalents at 1 January	1,414	384
Cash and cash equivalents at 30 September	2,260	1,414

Net cash received from operating activities was THB 816 million. The main items were from profit for the period, depreciation and amortization, and finance costs in the amount of THB 647 million.

Net cash received from investing activities was THB 649 million, mainly from cash received from short-term investments due for bank deposits in the amount of THB 1,220 million, and cash payment for increasing capital in BSGF Company Limited in the amount of THB 400 million.

Net cash used in financing activities was THB 619 million, mainly from cash payment for repayment long-term loans from financial institutions THB 877 million, and cash received from short-term loans from financial institutions in the amount of THB 533 million.

Key Financial Ratios

	Q4/2023	Q4/2022	Q3/2023
Gross Profit Margin (%)	4.55%	3.42%	3.29%
Net Profit Margin (%)	2.64%	0.57%	0.70%
Return On Equity (ROE) (%)	0.10%	0.21%	-0.56%
Return On Assets (ROA) (%)	1.41%	1.26%	0.69%
Current Ratio (Times)	1.72	3.50	1.83
Interest Bearing Debt to Equity (IBD/E) (Times)	0.25	0.27	0.27

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