



The Bangchak Petroleum Public Company Limited.

Management Discussion and Analysis of Business Operation

For the third quarter ended September 30, 2015



Summary of the Company and its subsidiaries' operating result in 3rd quarter, ended 30th September 2015.

In Q3/2015, the consolidated financial statement recorded revenue from sale of goods and rendering of services of Baht 35,203 million and Net Profit of Baht 423 million which was the Net Profit attributable to owners of the Company of Baht 432 million, or earning per share of 0.31 Baht.

EBITDA Structure of the Company and its subsidiaries.

							Unit: Million Baht	
	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ		9M2014	9M2015
Total Revenue	46,835	41,357	35,203	-25%	-15%		137,267	116,005
Total EBITDA	1,429	5,164	2,184	53%	-58%		6,418	9,681
<i>EBITDA Refinery</i>	173	3,404	764	342%	-78%		2,654	4,967
<i>EBITDA Marketing</i> ^{1/}	639	657	551	-14%	-16%		1,929	1,948
<i>EBITDA Solar Power</i> ^{2/}	709	735	692	-2%	-6%		1,832	2,140
<i>EBITDA Biofuel</i> ^{3/}	54	99	62	16%	-37%		204	242
<i>EBITDA Exploration and Production</i> ^{4/}	(12)	314	156	-	-50%		(12)	498
<i>EBITDA Others</i> ^{5/}	(134)	(45)	(41)	-69%	-9%		(190)	(114)
Profit attributable to owners of the Company	378	2,794	432	14%	-85%		3,198	4,263
Basic earnings per share (Baht)	0.27	2.03	0.31	14%	-85%		2.32	3.10

1/ EBITDA from Marketing Business and Bangchak Greenet Co.,Ltd

2/ EBITDA from Solar Power Plant Business, Bangchak Solar Energy Co.,Ltd. and its subsidiaries

3/ EBITDA from Bangchak Biofuel Co., Ltd. and share of profit/ (loss) from Ubon Bio Ethanol Co, Ltd

4/ EBITDA from Nido Petroleum Limited

5/ EBITDA from BCP Energy International Pte, Ltd. and others

Comparison of Q3/2015 and Q3/2014 operating results

In 3Q/2015, compared to Q3/2014, the company's total sales volume was increased by 7% (YoY), but the revenue from sale of goods and rendering of services was decreased by 25% (YoY), as a result of the declining crude oil price of more than 50%, compared to the same period of last year. (Average Dubai Price in Q3/2014: 101.45 \$/BBL, Q3/2015: 49.99 \$/BBL) The drop in crude oil price was due to the global oil oversupply, as the Petroleum Exporting Countries (OPEC) kept on rising its crude oil production in order to get back the market share from countries outside the OPEC group. This factor directly affect global crude oil demand. Further, in Q3/2015, oil products demand was influenced by the commissioning of new refineries in Saudi Arabia and United Arab Emirates, causing the decrease in oil products imports and hence the weaken oil product prices.

However, the company's total sales volume was increased from the higher crude run of the refinery, which continues to maintain at the highest level ever recorded, due to the high level of Market GRM, and also from the higher

domestic oil demand, as the retail oil price continued to decrease since the beginning of the year. Although Thai economy has not fully recovered, as seen from the export figure which continued to contract from the slowing down economy of the trading partners, the expansion of tourism sector at a satisfactory level, as Thai political situation eased up, was another factor which help boost the oil demand. Gross profit increased from the Market GRM which maintained its high level, as the spread between crude oil price and some types of oil products prices was wider.

However, in the quarter, the global oil price was lower than the previous quarter (Average Dubai Price in Q2/2015: 61.26 \$/BBL, Q3/2015: 49.99 \$/BBL), from the over-supply and over-production issues, while the nuclear agreement reached by Iran and major world powers caused market to anticipate for Iran to export its crude oil to the market. In consequence, refinery business recorded an inventory loss of Baht 1,415 million, when combined with its subsidiaries, the company recorded an inventory loss totaling of Baht 1,458 million.

Moreover in the quarter, there was the loss from crude and product oil price hedging contract of Baht 5 million. And as the Baht continued to weaken from the beginning of the year, the company and its subsidiaries recorded a loss from foreign currency forward contracts and loss on foreign exchange of Baht 321 million, comprised of realized gain of Baht 248 million, and unrealized loss of Baht 569 million. Also, there was an income from insurance claim of oil lost during transportation of Baht 76 million. As a result, in Q3/2015, the company recorded a total EBITDA increase of Baht 755 million (+53%), and Net Profit attributable to the owners of the company was increased by 14%.

Comparison of Q3/2015 and Q2/2015 operating results

Comparing to Q2/2015, the Company and its subsidiaries recorded a decrease in revenue from sale of goods and rendering of services by 15% (QoQ). The decline in revenue was proportionately less than the drop in crude oil price, which was decreased by 18% (QoQ). (Average Dubai Price in Q2/2015: 61.26 \$/BBL, Q3/2015: 49.99 \$/BBL) And also from the narrowed spread between crude oil and oil products, which was affected from the crude oil oversupply in the market and from the seasonal effect, even though the company's total sales volume remained at nearly the same level as the previous quarter.

The declined crude oil price in the quarter has led to the refinery's inventory loss of Baht 1,415 million, when combined with its subsidiaries, the company recorded an inventory loss totaling of Baht 1,458 million. Moreover, there was a loss from crude and product oil price hedging contract of Baht 5 million, a loss from foreign currency forward contracts and foreign exchange of Baht 321 million, and an income from insurance claim of Baht 76 million. Therefore, the company recorded a total EBITDA decreased by Baht 2,980 million (-58%), and a decrease of Net Profit attributable to the owners of the company by 85%.

The details of each business performance were as follow;

Refinery business continued to increase its average crude run, and had an average crude run for the quarter of 116.70 thousand barrel per day, which was the highest crude run ever recorded for Bangchak's refinery, due to the high level of Market GRM which induce the refinery to maximize and maintain its high crude run. However, Market GRM was decreased from the previous quarter to 7.90 \$/BBL, due to the oversupply of some types of oil products, and the seasonal effect which led to the diminished oil products demand. In addition, the lower crude oil price in the quarter had caused the refinery's inventory loss of Baht 1,415 million. By these reasons, the refinery's operating result was lower in the quarter.

Marketing business had a total sales volume of 1,272 million litres, an increase of 4% (YoY), due to the lower retail oil prices from the beginning of the year which support oil demand, but the sales volume decreased 9% (QoQ), from the decline in oil demand in the low season, especially in agricultural sector. However, the company continued to remain in the 2nd rank in market share position, maintained its priorities of selling the finished products through service stations, opening new and quality service stations, refurbishing its service stations to attract more customers. Total Marketing Margin in Q3/2015 remain at the level near the previous quarter at 0.70 baht per litre, from the decline in crude oil prices which reduced the company's crude oil cost, while an adjustment of retail prices was slower.

Solar Power business with PPA of 118 MW recorded a slight decrease in its revenue, as there were higher rainstorms by cause of the Southwest Monsoon and the tropical storm "Vamco" which moved into Thailand during September, resulted in the decrease in the solar irradiation of all 3 phases. Moreover, the electricity prices in this quarter was lower than in the previous quarter. As a result, the revenue from electricity sales was decreased.

Biodiesel Business had an average daily production rate of 366 thousand litres per day, an increase of 1% (YoY) but slightly decreased by 1% (QoQ), as the B100 sales volume to Bangchak, the major customer, has changed consistently with the company's higher or lower diesel sales volume. As a result, B100 sales volume rose 10% (YoY), but slightly decreased by 1% (QoQ). Revenue of Biodiesel Business was recorded at Baht 1,326 million.

Exploration and Production business recorded revenue of Baht 374 million, a decrease of 56% from Q2/2015, as the crude oil price declined from the oil oversupply, resulted in the lower selling price. Total sales volume was recorded at 200,998 barrels. In the quarter, Nido has completed its Independent Reserves and Resources assessment undertaken by Gaffney Cline and Associates ('GCA') on the mid-Galoc area of the Galoc oil field. The 2C Contingent Resource estimates as of 30 June 2015 are 9.5 million barrels (5.3 million barrels net to Nido), which NIDO and other stakes of Galoc field will use for further development of the field.

Total Sales Volume in each market category of the Company

						Unit: Million Litre		
Marketing Business	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ	9M2014	9M2015	
Retail	746	849	803	8%	-5%	2,239	2,434	
Industrial	475	555	469	-1%	-15%	1,433	1,586	
Total	1,221	1,404	1,272	4%	-9%	3,672	4,020	
Wholesale Business								
Petroleum traders in accordance with section 7	149	169	158	6%	-6%	360	500	
Export	283	219	342	21%	56%	627	806	
Total	432	388	500	16%	29%	986	1,306	
Total Sales Volume	1,654	1,792	1,773	7%	-1%	4,658	5,326	

Note: Total sales volume figures excluding the swap amount between petroleum traders in accordance with section 7 and the sales volume of crude

Analysis of the Consolidated Statement of Income

						Unit: Million Litre	
	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ	9M2014	9M2015
Revenue from sale of goods and rendering of services	46,835	41,357	35,203	-25%	-15%	137,267	116,005
Cost of sale of goods and rendering of services	(45,526)	(36,390)	(33,118)	-27%	-9%	(131,456)	(106,590)
Gross Profit	1,308	4,967	2,085	59%	-58%	5,811	9,415
Investment income and other income	107	139	201	88%	44%	819	444
Selling and administrative expenses	(1,005)	(1,314)	(1,133)	13%	-14%	(2,815)	(3,503)
Gain from crude and product oil price hedging contract	176	47	(5)	-103%	-111%	350	(94)
Gain (loss) from foreign currency forward contracts	5	(8)	(167)	-3,372%	2,001%	86	(180)
Gain (loss) on foreign exchange	175	(26)	(155)	-189%	490%	482	86
Reversal of allowance for loss/ (loss) from impairment of assets	3	0	(5)	-263%	1565%	4	5
Share of profit (loss) of associate	(10)	(1)	(2)	-81%	72%	(5)	9
Profit before finance costs and income tax expense	759	3,804	819	8%	-78%	4,732	6,181
Finance costs	(392)	(401)	(391)	0%	-3%	(1,024)	(1,203)
Profit/(loss) before income tax expense	367	3,403	429	17%	-87%	3,708	4,978
Income tax (expense) credit	38	(594)	(6)	-115%	-99%	(450)	(690)
Profit for the period	405	2,809	423	4%	-85%	3,258	4,288
Owners of the Company	378	2,794	432	14%	-85%	3,198	4,263
Non-controlling interests	27	15	(9)	-132%	-159%	60	25
Earnings per share (Baht per Share)	0.27	2.03	0.31	15%	-85%	2.32	3.10

Summary of the Company and its subsidiaries' performance by Business unit

Refinery and Marketing Business Performance

Crude Oil Price

Unit: \$/BBL

	Q3/2014	Q2/2015	Q3/2015			YoY	QoQ		9M2014	9M2015
	AVG	AVG	MAX	MIN	AVG	%	%		AVG	AVG
Dubai (DB)	101.45	61.26	61.90	42.81	49.99	-51%	-18%		103.97	54.38
Dated Brent (DTD)	101.93	61.88	61.67	41.86	50.47	-50%	-18%		106.52	55.31
DTD/DB	0.48	0.61	4.73	-3.15	0.48	0%	-21%		2.55	0.93

Crude Oil Price Situation

In Q3/2015, an average Dubai crude oil price decreased by 11.27 \$/BBL from the previous quarter. The crude oil market was still pressured by an over-supply and over-production issues. On the supply side, the nuclear agreement reached by Iran and major world powers back in July caused market to anticipate for the sanction posed on Iran to be lifted, which will allow Iran to export its crude oil to the market next year. While the crude oil production from the Petroleum Exporting Countries (OPEC) kept on rising and was unlikely to change their production policy in order to get back the market share from countries outside the OPEC group. U.S. oil inventories had been slowly declined compared to the previous quarter and remained at a level which was high above 5-years average around 100 million barrel. Crude oil price was still pressured by weak demand from refineries from the US, Europe and Asia as they were entering in to their maintenance period from September to October before winter. Moreover, the collapse of Chinese stock market weighed down crude oil market, as investors concerned the effect of the weak demand from China as Chinese economic indicators were worsen.

Nevertheless, crude oil price found some supports from Chinese's demand for their strategic reserves and the weakening of dollar as a result of U.S. Federal Reserve (Fed) delayed their policy rate hike and kept its policy interest rates at 0 – 0.25% due to the concerns on global economic condition. Additionally, the response of Russian government towards the Islamic state in Syria was also a factor supporting crude oil prices in the late quarter as well.

In comparison to Q3/2014 an average Dubai crude oil price decreased by 51.46 \$/BBL due to the over-supply issue caused by the production increase from OPEC as a way of getting back their market share from non-OPEC supply. While in the beginning of Q3/2014, crude oil price had been driven up by the unrest tension in the Middle East and concerns over the conflict between Russia and Ukraine which might affected the supply of crude oil. The crude oil price started to decline in the late months of the quarter as a concern of over-supply weighted into the market.

An average of Dated Brent/Dubai spread in Q3/2015 was decreased by 0.13 \$/BBL compared to the average spread in the previous quarter. During the earlier month of the quarter, the spread was pressured by over-supply issue, especially after the U.S. cut its light crude oil import from Africa, in which African crude oil possessed similar properties to U.S. shale oil, caused some leftover of West Africa Crude oil to the market. However, during the late month of the quarter, the demand of Africa's light crude was slightly picked up along with some positive supports for crude oil price from the interrupted shipment from Nigeria, couple with lower freight rate and advantage shipment cost for Asian refineries when procuring West Africa crude.

In comparison to Q3/2014 an average of Dated Brent/Dubai spread was stabilized at the level of 0.48 \$/BBL. The spread was mainly pressured by the over-supply issue and lower crude oil import from the U.S.

Crack Spreads Analysis

Crack Spreads Analysis										Unit: \$/BBL
	Q3/2014	Q2/2015	Q3/2015			YoY	QoQ		9M2014	9M2015
	AVG	AVG	MAX	MIN	AVG	%	%			AVG
UNL95/DB	13.24	19.78	22.18	14.83	19.35	46%	-2%		14.60	18.19
IK/DB	14.50	13.46	15.23	7.83	10.87	-25%	-19%		15.25	13.78
GO/DB	14.42	13.73	15.36	6.77	10.77	-25%	-22%		16.05	13.61
FO/DB	-8.39	-3.54	-6.29	-11.36	-8.05	4%	-127%		-9.14	-4.49

Crack Spreads Analysis

- ❖ An average Mogas/Dubai crack spread in Q3/2015 was 19.35 \$/BBL, compared to an average of 19.78 \$/BBL in the previous quarter. The spread had been driven up by an increase in demand of gasoline due to the driving season in the U.S. and the Muslim fasting month during June-July. Furthermore, Australia increased an import of refined petroleum products as some of its refineries were closed down in May. Also, Gasoline supply had been tighten as many refineries in Asia, Europe and the U.S. were undergoing maintenance in the late of the quarter. Additionally, unplanned shutdown of gasoline production in Singapore, Taiwan and the Middle East were also supported gasoline market during the quarter.

When compare the gasoline crack spread in Q3/2015 and Q3/2014, the spread was increased by 6.11 \$/BBL as a result of an increase in regional demand due to lower retail prices of gasoline, and a demand from India which they increased the gasoline import level since the beginning of the year.

- ❖ An average of Jet (Kerosene)/Dubai crack spread was 10.87 \$/BBL, compared to the average of 13.46 \$/BBL in the previous quarter. The spread was pressured by over-supply issue during the earlier month of the quarter as high refinery margin condition in Q2/2015 caused refiners to increase their production rate,. Moreover, there was a higher export volume from Chinese refiners while heating oil demand was weak during the summer.

When compare the Jet (Kerosene) crack spread in Q3/2015 and Q3/2014, the spread was decreased by 3.63 \$/BBL. This was due to the new commissioning of large refineries in Saudi Arabia and the United Arab Emirates.

- ❖ An average of Gas oil/Dubai crack spread was 10.77 \$/BBL, compared to the average of 13.73 \$/BBL in the previous quarter. During July-August, the spread had been under pressure by flooding of gas oil/diesel supply after the commissioning of a new refineries in Saudi Arabia and the United Arab Emirates. As a result of the new refinery capacity in the Middle East, they were self-sufficed in term of diesel production for the first time and had a spare capacity for exporting diesel cargoes to Asia and Europe. The middle distillate markets had been extremely weak during the quarter due to preference of refiners who increased their production rate to meet with growing gasoline demand and resulted in an excess volume of diesel which were then exported. Moreover, China also exported more diesel as there was a weakening in the domestic demand growth and fishery demand (banning season for fishery during August). However, the spread started to recover in

September due to refineries cut-run and some were entering into maintenance period, and also the unplanned shutdown of refineries in the region during September and October.

When compare the gas oil crack spread in Q3/2015 and Q3/2014, the spread was decreased by 3.65 \$/BBL. As a result of new commissioning of large refineries in Saudi Arabia and the United Arab Emirates.

- ❖ The average of Fuel Oil/Dubai crack spread was -8.05 \$/BBL, compared to the average of -3.54 \$/BBL in the previous quarter. The spread had been pressured by higher fuel oil supply in the region after Asian refineries ramp up their production rate. While demand was decreased especially from China after private refineries (Teapot) were allowed to import crude oil as feedstock. Furthermore, Japan demand was decreased and likely to continue to be so as nuclear power plant in the country started its operation for the first time after two years of improvement to meet with new standards required by the government.

When compare the fuel oil crack spread in Q3/2015 and Q3/2014, the spread was increased by 0.34 \$/BBL. As a result of a collapse in crude oil price. However, during Q3/2014, bunker fuel oil demand for vessel seen slower growth following the economic slowdown.

1) Refinery Business

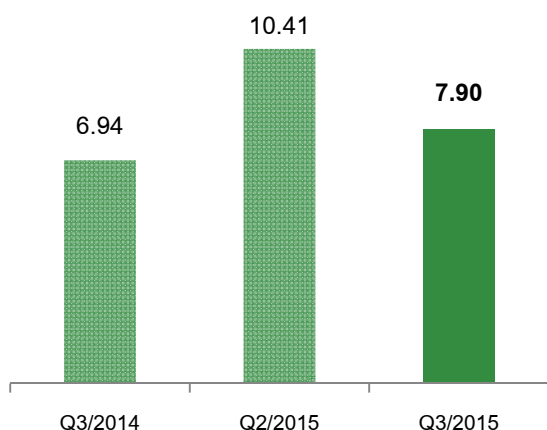
Refinery Business Performance

	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ		9M2014	9M2015
Average Crude Run (KBD)	96.99	111.93	116.70	20%	4%		81.09	112.45
Utilization Rate (%)	81%	93%	97%				68%	94%
Average FX (THB/USD)	32.25	33.41	35.40				32.55	33.87
(Unit: Million Baht)								
Market GRM	1,997	3,544	3,004	50%	-15%		4,551	9,816
GRM Hedging	176	47	(44)	-125%	-193%		350	(133)
Inventory Gain/ (Loss)	(1,408)	457	(1,415)	1%	-409%		(1,054)	(2,724) ^{1/}
Total GRM	766	4,048	1,546	102%	-62%		3,846	6,959
EBITDA	173	3,404	764	342%	-78%		2,654	4,967

Note: 1/ Inventory Gain/ (Loss) in 9M/2015 was included a reversal of LCM of Baht 992 million.

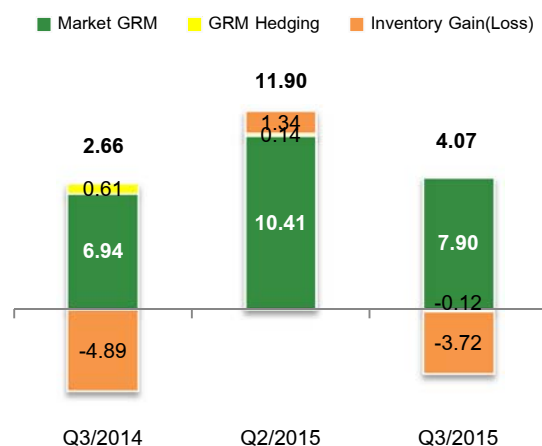
Market GRM

Unit: \$/BBL



Total GRM

Unit: \$/BBL



Comparison of Q3/2015 and Q3/2014 operating results

In Q3/2015, refinery had an average crude run of 116.70 thousand barrels per day, increased by 20% from the same period of last year, and equivalent to the utilization rate of 97%. The refinery continued to run at a high rate and break the new record of average crude run which was influenced by a strong Market GRM. Bangchak's refinery was able to increase its crude run to be higher than 120 thousand barrels per day for a certain period during the quarter, as refining economics permitted. Moreover, Bangchak's marketing business had also expanded its sales volume in order to support the refinery's higher crude run.

The company's market GRM was recorded at Baht 3,004 million (+50%) from the higher crude run, and from a significant increase in Gasoline/Dubai crack spread (UNL95/DB) which was driven up by regional demand increase after the retail price drop followed a declined in global crude oil price. As a result, the overall sales volume of refined products increased, especially those of gasohol products. Additionally, electricity cost of the refinery was decreased from of the purchase of the Cogeneration Power Plant with a capacity of 25 MW from PTT Public Company Limited (PTT) at the end of May 2015.

Nevertheless, the crude oil price declined during the quarter as over-supply issue was still pressured the market, notably, the nuclear agreement reached by Iran and major world powers back in July caused market to anticipate for the sanction posed on Iran to be lifted which will allow Iran to export its crude oil to the market next year. Accordingly, Refinery business recorded an Inventory loss of Baht 1,415 million. And as a result of increased average crude run in the quarter, total GRM was Baht 1,546 million (+102%), and an EBITDA of Baht 764 million (+342%).

Comparison of Q3/2015 and Q2/2015 operating results

Compared to Q2/2015, Bangchak's refinery continued to operate at an average crude run of over 110 thousand barrels per day and break the new record at an average crude run of 116.70 thousand barrels per day, increased by 4% when compared to the previous quarter, and equivalent to the utilization rate of 97%. Even though the crack spreads

were significantly contracted when compared to the previous quarter, the refinery still be able to maintain its high crude run, as refining economics permitted.

However, Gasoline/Dubai crack spread (UNL95/DB) continued to sustain its gap from the previous quarter. The spread stayed at around 19 \$/BBL since the beginning of the year, driven by an increase in demand of gasoline, especially, from the seasonal demand during the quarter; the Muslim fasting month during June-July, the driving season in the U.S., and supporting supply-related factor of refinery maintenance period in region and elsewhere.

The company recorded a decrease in Market GRM by Baht 540 million (-15%) due to a contraction in crack spreads of refined products, yet, the crude cost was decreased from the narrower spread between Dated Brent and Dubai which was on the average of 0.48 \$/BBL in the quarter (Q2/2015: 0.61 \$/BBL) due to the crude oil over-supply together with the supply outlook regarding the nuclear agreement reached by Iran and major world powers which pressured both crude oil benchmarks in the quarter, resulted in an Inventory loss of Baht 1,415 million.

Accordingly, Refinery business recorded a decrease in total GRM of Baht 2,502 million (-62%), and a decrease in an EBITDA of Baht 2,640 million (-78%).

2) Marketing Business and Bangchak Green Net Co., Ltd.

Sales volume of Marketing Business						Unit: Million Litre	
Marketing Business	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ	9M2014	9M2015
Retail (Service Stations)	746	849	803	8%	-5%	2,239	2,434
Industrial	475	555	469	-1%	-15%	1,433	1,586
Total	1,221	1,404	1,272	4%	-9%	3,672	4,020
Sales volume in each product category of Marketing Business							
LPG	16	13	25	53%	92%	48	48
Gasoline	12	11	5	-59%	-56%	36	31
Gasohol	363	373	379	4%	1%	1,031	1,115
Gasohol 91	143	154	156	9%	1%	403	459
Gasohol 95	92	97	103	12%	6%	262	297
Gasohol E20	82	79	81	-2%	1%	246	237
Gasohol E85	46	42	39	-15%	-7%	120	122
Jet Fuel	148	175	162	9%	-7%	476	497
Diesel	632	785	661	5%	-16%	1,920	2,187
Fuel Oil	39	35	31	-22%	-13%	122	109
Lubricant	11	11	10	-6%	-11%	37	32
Others	0	0	1	295%	191%	1	1
Total	1,221	1,404	1,272	4%	-9%	3,672	4,020

Details of Marketing Margin						Unit: Baht per Litre	
Marketing Margin	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ	9M2014	9M2015
Retail Margin (Service Stations)	0.98	0.87	0.97	-1%	12%	0.99	0.93
Industrial Margin	0.29	0.43	0.24	-17%	-44%	0.31	0.39
Total Marketing Margin	0.71	0.69	0.70	-1%	1%	0.73	0.72

Note: Marketing Margin figure was the attributable to the Company only.

Comparison of Q3/2015 and Q3/2014 operating results

In Q3/2015, marketing business continued to expand its sales volume in order to support the refinery's higher crude run. The sales volume was 1,272 million litres, an increase of 51 million litres (+4%) when compared to Q3/2014, from the higher sales volume in the retail market, as the lower retail oil product prices from the decline in global oil price has boosted domestic oil demand. Diesel product sales volume was increased by 5% and gasohol products sales volume was increased by 4% from Q3/2014. Sales volume in the industrial market was slightly decreased by 1%, as the draught affected agricultural products and agriculture related industrial factories, and decreased its oil products demand.

The sales volume through retail market (service stations) was increased by 57 million litres (+8%), from the higher Diesel and gasohol products sales volume. This was due to the decline in oil price since the beginning of the year, which spur retail oil demand, especially in gasohol 95 and gasohol 91 products, as the price of these 2 products decreased almost 30% compared to the same period of last year.

Sales volume through industrial market was decreased by 6 million litres (-1%). Sales volume of Diesel product reduced from the effect of the draught during the year. While sales volume of Jet Fuel increased.

Total Marketing margin in Q3/2015 was 0.70 Baht per litre, slightly decreased compared to Q3/2014. As a result, marketing business recorded an EBITDA of Baht 551 million, a decrease of Baht 87 million (-14%).

Comparison of Q3/2015 and Q2/2015 operating results

Compared to Q2/2015, sales volume of retail market decreased by 132 million litres (-9%). The sales volume was decreased in both retail and industrial market, due to the weaker demand in the low season, especially in the agricultural sector. Sale volume of Diesel and Jet Fuel was decreased by 16% and 7% respectively, while sales volume of gasohol products was modestly increased.

The sales volume through retail market (service stations) decreased by 46 million litres (-5%) from the lower sales volume in Diesel product. As Q3/2015 was the rainy season which has lower oil usage in agricultural sector, Diesel sales volume through cooperative service stations was lower. In contrast, sales volume in gasohol products increased by 2%, especially in sales volume of gasohol 95 and gasohol 91 products, which continued to maintain its expansion from the beginning of the year.

The number of service stations at the end of Q3/2015 was 1,061 stations, increased from the previous quarter by 8 stations. The new service stations will highlight a modern image and include other non-oil businesses such as Inthanin coffee shops, minimarts, etc., in order to meet with customers' need. The company also improves quality and appearance of existing service stations to create thruput per service station growth.

The sales volume through industrial market was decreased by 86 million litres (-15%), partly from the draught which reduced the amount of agricultural products, and hence lower oil demand from agriculture related industrial factories and transportation. Another part was due to the lower oil demand from industrial factories as an effect of the slowdown Thai economy.

Total marketing margin increased by 0.01 Baht per litre (+1%), Retail margin increased by 0.10 Baht per litre (+12%), as the decreasing crude oil prices in the quarter reduced the company's crude oil cost, while an adjustment of retail prices was slower. In conclusion, EBITDA of marketing business has decreased by Baht 105 million (-16%) from Q2/2015.

Renewable Business Performance

3) Solar Power Business

Revenue and Electricity Sales of Solar Business

Unit: Million kWh

	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ		9M2014	9M2015
Revenue (Million Baht)	743	775	731	-2%	-6%		1,912	2,258
Electricity Sales								
Phase 1 (PPA of 38 MW)	17.06	18.14	17.64	3%	-3%		52.88	52.71
Phase 2 (PPA of 32 MW)	18.87	20.38	19.03	1%	-7%		59.28	58.49
Phase 3 (PPA of 48 MW)	27.57	29.64	27.21	-1%	-8%		52.07	86.01
Total	63.50	68.16	63.88	1%	-6%		164.23	197.21

Comparison of Q3/2015 and Q3/2014 operating results

In Q3/2015, Solar Power Business recorded a decrease in total revenue of Baht 13 million (-2%) from the same period of last year, despite the higher total electricity sales by 0.38 million kWh (+1%) from the average higher irradiation in the quarter compared to the same period of last year. The decline in revenue was a result of the lower electricity price in the quarter, as Electricity Regulatory Commission's announced the reduction in its electricity charges. Accordingly, in Q3/2015, Solar Power Business recorded an EBITDA of Baht 692 million, decreased by Baht 17 million (-2%).

Comparison of Q3/2015 and Q2/2015 operating results

In Q3/2015, total revenue from Solar Power Business was decreased by Baht 44 million (-6%), from the decline in total electricity sales by 4.28 million kWh (-6%), as in the previous quarter, there were less than usual rainstorms due to the El Niño phenomenon; in contrary, in this quarter, there were higher rainstorms by cause of the Southwest Monsoon and the tropical storm "Vamco" which moved into Thailand during September. As a result, the solar irradiation of all 3 phases was decreased. In addition, electricity price in this quarter was slightly lower than the previous quarter, according to the Electricity Regulatory Commission's announcements. Therefore, EBITDA of Solar Power Business was decreased by Baht 43 million (-6%).

4) Biofuel Business

In Q3/2015, Biofuel business recorded an EBITDA of Baht 62 million, which comprised of an EBITDA from Bangchak Biofuel Co, Ltd. of Baht 64 million and share of loss from Ubon Bio Ethanol Co, Ltd of Baht 2 million.

Table of biodiesel performance by Bangchak Biofuel. Co., Ltd

	Q3/2014	Q2/2015	Q3/2015	YoY	QoQ	9M2014	9M2015
Revenue (Million Baht)	1,243	1,430	1,326	7%	-7%	3,782	3,991
Utilization Rate (%)	101%	103%	102%			100%	101%
Average Daily Production Rate (Thousand litre per day)	364	371	366	1%	-1%	359	365
B100 Sales Volume (Million litre)	47	53	52	10%	-1%	126	142
EBITDA (Million Baht)	63	100	64	1%	-36%		
Average Sales Price							
B100 (Baht / Litre)	29.51	30.24	28.54	-3%	-6%		
Crude Palm Oil (CPO) (Baht / Kg.)	25.46	26.63	24.36	-4%	-9%		

*Source: Department of Energy Business, Ministry of Energy.

Comparison of Q2/2015 and Q2/2014 operating results

In Q3/2015, Biodiesel business recorded a revenue increase of Baht 83 million (+7%), due to an increase in B100 sales volume by 5 million litres (+10%), even though B100 average price was lower from the seasonal palm oil oversupply. The rise in B100 sales volume was a result of the higher purchase volume from Bangchak, the major customer, as Bangchak refinery raised its crude run, and the company's diesel sales volume increased. Therefore, the average daily production rate was higher at 366 thousand litres per day from 364 thousand litres per day in the same quarter of last year (+1%).

In Q3/2015, Gross Margin of Biofuel business was slightly decreased, although the average margin per unit of B100 was higher, as the cost of Crude Palm Oil decreased more than the B100 average price, but the average margin per unit of Glycerin (a byproduct of biodiesel production) was reduced. Moreover, there was an Inventory Loss of Baht 17 million and an allowance for loss on decline in value of inventories (LCM) of Baht 4 million. (Q3/2014 Inventory Loss was Baht 16 million) However, in this quarter, there was a decrease in Selling, General & Administrative Expense. As a result, Biofuel business recorded an EBITDA of Baht 64 million, an increase of Baht 1 million (+1%).

Comparison of Q2/2015 and Q1/2015 operating results

When compared to Q2/2015, Biodiesel business recorded a decrease in revenue by Baht 104 million (-7%) partly from the declined in B100 average price from the previous quarter, due to the seasonal palm oil oversupply. Another reason of the revenue decrease was from the lower B100 sales volume by 1 million litres (-1%), as the drought in the previous quarter caused the lower B100 demand from agricultural sector, both for farming and transporting agricultural products in this quarter. Furthermore, as Q3/2015 was a rainy season, which was the period before harvesting, there were less agricultural products to be harvested and transported during the season. As a result, the average daily production rate was 1% lower than the previous quarter.

In Q3/2015, Biodiesel business recorded a decrease of Gross Margin, from the lower B100 sales volume, and from the weaker average margin per unit of Glycerin (a byproduct of biodiesel production), regardless of the stronger average margin per unit of B100. Moreover, in this quarter, there was an Inventory Loss of Baht 17 million and an allowance for loss on decline in value of inventories (LCM) of Baht 4 million. (Q2/2015, there was an Inventory loss of Baht 12 million and a reversal of allowance for loss on decline in value of inventories (LCM) of Baht 23 million.) Therefore, Biofuel business recorded a decrease in EBITDA by Baht 36 million (-36%) from the previous quarter.

5) Exploration and Production Business

In Q3/2015, Nido Petroleum Limited (NIDO) recorded an EBITDA of Baht 156 million, a decrease of Baht 158 million compared to the previous quarter, from the decline in both sales volume and oil price. The important operating details are as follows:

In Q3/2015, Galoc oil field production was 562,160 barrels (314,132 barrels net to Nido), which has an average daily production of 6,110 barrels (average daily production of 3,414 barrels net to Nido). Nido & Matinloc oil field production was a total of 33,959 barrels (8,504 barrels net to Nido), which has an average daily production of 369 barrels (average daily production of 37 barrels net to Nido).

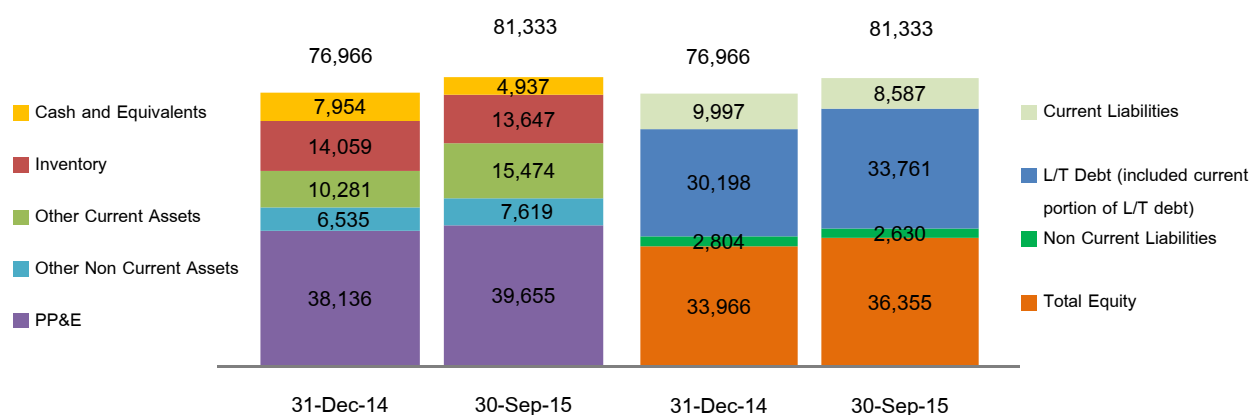
Exploration and Production Business recorded revenue of Baht 374 million, total of 200,988 barrels. The sales volume was decreased by 49% when compared to Q2/2015. the details of crude oil selling are as follows:

- ❖ Cargo of August totaling 347,916 barrels (194,415 barrels net to Nido) with FOB price of 49.84 \$/bbl.
- ❖ Nido & Matinloc oil field totaling 25,938 barrels (6,583 barrels net to Nido).

Moreover, Nido has informed Australian Securities Exchange (ASX) that it has completed its Independent Reserves and Resources assessment on the mid-Galoc area of the Galoc oil field, undertaken by Gaffney Cline and Associates ('GCA'). The 2C Contingent Resource estimates as of 30 June 2015 are 9.5 million barrels (5.3 million barrels net to Nido), which NIDO and other stakes of Galoc field will use for further development of the field.

Analysis of Financial Position of the Company and its subsidiaries (Consolidated)

Unit: Million Baht



Assets

As September 30, 2015, Total Assets of the Company and its subsidiaries were Baht 81,333 million, an increase of Baht 4,367 million when compared to the end of 2014. The changes in assets were mainly from:

- ❖ Cash and cash equivalents was decreased by Baht 3,017 million. Details are stated under Analysis of the Cash Flow Statement.
- ❖ Current Investment was increased by Baht 8,394 million from the increase in the company's short term fixed deposits in financial institutions by Baht 9,000 million, and a decrease from Bangchak Solar Energy Co., Ltd. By Baht 608 million.
- ❖ Trade Accounts Receivable was decreased by Baht 1,176 million from lower sales value in September 2015, compared to December 2014, due to a decrease in both total sales volume and a price per unit.
- ❖ Other Accounts Receivable was decreased by Baht 675 million from the insurance compensation receivable of Baht 243 million in 2014, which was received in 2015, and others of Baht 16 million.
- ❖ Inventory was decreased by Baht 412 million as the company's inventory of crude oil value and finished oil products unit price at the end of Q3/2015 was lower when compared to the end of last year. Although the amount of inventory was increased by 114 million litres.
- ❖ Oil fuel fund subsidies receivable was decreased by Baht 568 million, as the company collected its oil subsidies.
- ❖ Other current assets was decreased by Baht 783 million, from the company's VAT refund of Baht 800 million receivable in 2014 which was received in 2015.
- ❖ Investment in subsidiaries increased by Baht 81 million, from additional investment in BCP Energy, and the establishment of BCPI and BCPG.
- ❖ Property, plant and equipment was increased by Baht 1,519 million, from an acquisition of an exploration and production of petroleum assets in Galoc Production Company WLL (GPC) of Baht 2,085 million, an investment in machinery and equipment of Baht 1,914 million, recognize an asset increase regarding the purchase of

Cogeneration Power Plant from PTT Public Company Limited (earlier was recorded as financial lease) of Baht 236 million, others of Baht 609 million, and depreciation of Baht 3,325 million.

- ❖ Intangible assets were increased by Baht 1,145 million, mainly from exploration and evaluation expenditure, as Nido Petroleum Limited acquired additional shares in Galoc Production Company WLL (GPC).
- ❖ Other non-current assets was decreased by Baht 211 million, mainly from a decrease in deferred tax expense by Baht 152 million.

Liabilities

As September 30, 2015, Total Liabilities of the Company and its subsidiaries was Baht 44,978 million, an increase of Baht 1,978 million when compared to the end of 2014. The change in liabilities was mainly from:

- ❖ Trade Accounts Payable was decreased by Baht 193 million, as the value of crude oil and finished oil products in September 2015 was lower than in December 2014.
- ❖ Other liabilities was decreased by Baht 753 million, mainly from the termination of electricity and steam purchasing agreement between the company and PTT Public Company Limited.
- ❖ Long-term loans from financial institutions (including current portion of long-term loans) was increased by Baht 564 million.
- ❖ Debenture was increased by Baht 2,998 million, from a Debenture Issuance of Baht 3,000 million, and debenture expense amortization of Baht 2 million.
- ❖ Other non-current liabilities was increased by Baht 745 million, mainly due to an increase in the Provision for the decommissioning cost of Baht 413 million from NIDO.

Equities

As of September 30, 2015, Total Equity attributable to owners of the Company was Baht 35,719 million, an increase of Baht 2,410 million, from Net Profit for the first nine months of the year of Baht 4,263 million, Dividend Payment of Baht 1,927 million, other component of equity (foreign currency translation differences for foreign operations) of Baht 74 million. The Consolidated book value was Baht 25.94 per share.

Analysis of the Cash Flows Statement of the Company and its subsidiaries (Consolidated)

In Q3/2015, the Company and its subsidiaries had net cash received from operating activities of Baht 11,337 million, net cash used in investing activities of Baht 14,281 million, net cash used from financing activities of Baht 169 million. As a result, the Company and its subsidiaries had a decrease in Cash and cash equivalents of Baht 3,113 million, as there was Cash and cash equivalents of Baht 7,954 million on January 1, 2015 and an effect of exchange rate changes on balances held in foreign currencies of Baht 96 million, resulting in Cash and cash equivalents as of September 30, 2015 at Baht 4,937 million.

Details of cash received and used are as follows:

Cash Flows		Unit: Million Baht	
Cash Flows	30 Sep 2014	30 Sep 2015	
Net cash received (used) from operating activities	2,217	11,337	
Net cash received (used) in investing activities	(7,335)	(14,281)	
Net cash received (used) in financing activities	6,389	(169)	
Net increase (decrease) in cash and cash equivalents	1,270	(3,113)	
Cash and cash equivalents at 1 January	6,527	7,954	
Effect of exchange rate changes on balances held in foreign currencies	8	96	
Cash and cash equivalents at 30 September	7,806	4,937	

Cash received and used details are as follows:

- 1) The Company and its subsidiaries had net cash received from operating activities of Baht 11,337 million, mainly from
 - ❖ Net cash received from operating activities of Baht 9,040 million which was from Net Profit of Baht 4,288 million added back Non-Cash Expenses of Baht 2,859 million, Finance Costs and Income Tax paid of Baht 1,893 million.
 - ❖ Cash used in the operating assets decreased by Baht 5,180 million, mainly from a decrease in Inventory of Baht 1,671 million, a decrease in Trade Accounts Receivable of Baht 1,202 million, a decrease in Other Receivables of Baht 945 million, and a decrease in Other Assets of Baht 1,362 million.
 - ❖ Cash used in operating liabilities decreased by Baht 2,275 million, mainly from a decrease in Trade Accounts Payable of Baht 422 million, a decrease in Other Payables of Baht 1,238 million and a decrease in Other liabilities of Baht 615 million.
 - ❖ Income Tax Paid of Baht 608 million.

- 2) Net Cash used in investing activities of Baht 14,281 million, mainly from
 - ❖ Investment in property, plant and equipment of Baht 3,249 million which were from a purchasing of Cogeneration Power Plant of Baht 1,329 million, an investment in plant machinery and equipment, marketing and office equipment, and others of Baht 1,920 million.

- ❖ Current investment increased by Baht 8,394 million.
- ❖ Long Term investment increased by Baht 57 million.
- ❖ Net cash outflow on acquisition of subsidiary of Baht 2,407 million. (Nido Petroleum Limited acquired the shares in Galoc Production Company WLL)
- ❖ Received cash from interest received of Baht 128 million.
- ❖ Received dividend of Baht 2 million.
- ❖ Leasehold right increased by Baht 227 million.
- ❖ Purchase of intangible assets increased by Baht 77 million.

3) Net cash used by financing activities of Baht 169 million, mainly from

- ❖ Received cash from debenture Issuance of Baht 2,996 million.
- ❖ Received cash from long-term loan from financial institutional of company's subsidiaries of Baht 913 million.
- ❖ Repayment of long-term loans from financial institutional of Baht 1,077 million.
- ❖ Dividend Payment of Baht 1,980 million.
- ❖ Financial costs of Baht 1,021 million.

Financial Ratios (Consolidated)

Profitability Ratios (%)

	Q3/2014	Q2/2015	Q3/2015	9M2014	9M2015
EBITDA Margin	3.05%	12.49%	6.20%	4.68%	8.35%
Profit Margin	0.87%	6.79%	1.20%	2.37%	3.70%
Return on Equity (ROE) ^{1/}	11.11%	4.72%	4.96%		
Return on Assets (ROA)	7.45%	3.72%	3.80%		

Liquidity and Financial Policy Ratios (times)

	30-Sep-14	31-Dec-14	30-Sep-15
Liquidity Ratios (times)			
Current Ratio	2.48	2.86	3.55
Quick Ratio	1.25	1.61	2.13
Financial Policy Ratios (times)			
Interest bearing Debt to Equity	0.85	0.92	0.93
Net Interest bearing Debt to Equity	0.64	0.67	0.54
	Q3/2014	Q2/2015	Q3/2015
DSCR	3.55	2.42	2.74

^{1/} Profit and Total equity attributable to owners of the Company

Financial Ratios Calculation

- EBITDA Margin (%) = $\frac{\text{EBITDA}}{\text{Revenue from sale of goods and rendering of services}}$
- Profit Margin (%) = $\frac{\text{Profit attributable to owners of the Company}}{\text{Revenue from sale of goods and rendering of services}}$
- Return on Equity (%) = $\frac{\text{Profit attributable to owners of the Company (Yearly)}}{\text{Total Equity attributable to owners of the Company (Average)}}$
- Return on Assets (%) = $\frac{\text{EBIT (Yearly)}}{\text{Total Asset (Average)}}$
- Current Ratio (times) = $\frac{\text{Current Asset}}{\text{Current Liabilities}}$
- Quick Ratio (times) = $\frac{(\text{Current Asset} - \text{Inventory})}{\text{Current Liabilities}}$
- DSCR = $\frac{\text{EBITDA (Yearly)}}{(\text{Paid for long-term debt} + \text{Finance cost})}$
- Interest bearing Debt to Equity (times) = $\frac{\text{Interest bearing Debt}}{\text{Total equity}}$
- Net Interest bearing Debt to Equity = $\frac{(\text{Interest bearing Debt} - \text{Cash and cash equivalents} - \text{Current investments})}{\text{Total equity}}$

Note:

1/ Average Total Equity attributable to owners of the Company

- Yearly = $\frac{(\text{Total Equity attributable to owners of the Company of the year before} + \text{Total Equity attributable to owners of the Company of this year})}{2}$
- Quarterly = $\frac{(\text{Total Equity attributable to owners of the Company of the quarter of the year before} + \text{Total Equity attributable to owners of the Company the quarter this year})}{2}$

2/ Average Total Assets

- Yearly = $\frac{(\text{Total Assets of the year before} + \text{Total Assets of the Company of this year})}{2}$
- Quarterly = $\frac{(\text{Total Assets of the Company of the quarter of the year before} + \text{Total Assets of the Company the quarter this year})}{2}$

3/ The numerator of ROE is defined as the Profit attributable to owners of the Company and have to be annualized.

4/ The numerator of ROA is defined as EBIT and have to be annualized.

5/ Interest Bearing Debt defined as Short-term loans + Long-term loans (including Current portion of long-term loans) + Debentures + Finance lease liabilities (including current portion of finance lease liabilities)

Environment Management Accounting (EMA)

Having the environmental concerns and social responsibilities, the Company has prepared the environmental management accounting report since 2005. The environmental cost accounting helps the Company to keep track with the information which is useful for enhancing the environmental management effectiveness, and resource utilization. The Environmental Cost Accounting report covers refinery business unit, Bangchak and Bang Pa-in Oil distribution Centre.

Environment Management Accounting : EMA

		Unit: Million Baht		
		Q3/2014	Q3/2015	Δ
Material Costs of Product Outputs				
	: Consist of crude oil, ethanol, bio-diesel, chemical, energy and utilities in production	34,753.90	23,945.53	(10,808.37)
Material Costs of Non-Product Outputs				
	: Consist of slop and sludge oil, waste water, chemical surplus	16.80	8.30	(8.50)
Waste and Emission Control Costs				
	: Consist of maintenance cost of environmental control equipment and depreciation and other fees	109.20	103.96	(5.24)
Prevention and Other Environmental Management Costs				
	: Consist of monitoring and measurement cost, environmental management system expenses	5.68	2.81	(2.87)
Total Expenses		34,886	24,061	(10,825)
Benefit from by-product and waste recycling				
	: The revenue realization from liquid sulfur, glycerin, waste paper	(2.48)	(5.88)	(3.40)

In Q3/2015, total Expenses related to environment decreased by Baht 10,828 million compared to the same period of last year. The main reason was due to the lower oil price by 40% compared to last year, resulted in the lower Material Costs of Product Outputs. Moreover, the higher refinery's crude run at 116.7 KBD has led to a lower slop and sludge oil in the quarter, consistent with a decrease in Material Costs of Non-Product Output, Waste and Emission Control Costs, as well as Prevention and Other Environmental Management Costs. At the same time, Revenue from by-products, such as liquid sulfur and glycerin was higher in this quarter.