



Executive Summary

Market Summary and Business Performance in 2017

Year 2017 was a challenging year, with fuel consumption through service stations which grew only 3.50% from last year, a figure lower than the compound annual growth rate (CAGR) for years between 2015 - 2017 at 6.4% per year. This was the result of several factors such as severe flood in many areas in the nation, lower prices for agricultural products; especially livestock, and the increase in fuel prices, disturbing the rate of growth of fuel consumption of the country. With such disturbances in the industry however, the competition in the oil retail business continues, with player's in the industry establishing ambitious expansion plans to increase the number of service stations in year 2017, and launching of a variety of marketing campaigns such as points collection and prize draw competitions to attract more customers to their service stations. Moreover, oil retailers continue to provide more non-oil business services.

As a result of the aforementioned competition, the cost of renting new service stations is anticipated to increase, therefore it is imperative that PTG increases its stringency in considering its investments in constructing or renting new service stations in each area in accordance with the Company's policy to obtain the returns in line with its standard. By the end of year 2017, PTG had a total of 1,696 petrol and gas stations, less than the target set at the beginning of the year at 1,800 stations. However, the total sales volume must meet the target even though the expansion is less than expected. With the strength of PTG's COCO¹ service station expansion strategy in which PTG has been a leader over the past years, PTG has been able to rapidly and flexibly expand its non-oil business in the service station. The goal is to create a different service experience from other service providers. Non-oil business expansion under PTG's networks and strong partners are:

1. LPG service station of 86 stations,
2. Punthail Coffee of 129 branches,
3. Coffee World, Cream & Fudge, New York 5th Ave. Deli, and Thai Chef Express in total of 80 branches,
4. Max Mart of 101 branches,
5. Full commercial car service and maintenance center namely PRO TRUCK of 2 branches, and
6. Full passenger car service and maintenance center namely Autobacs of 9 branches

¹ Company Owned Company Operated (COCO) is the service that the Company solely owns and manages

Business Performance Summary in 2018

Currently, the oil business remains the core business of the Company. The total oil sales volume continues to grow to 3,377 million liters, or an increase by 18% YoY which is greater than the country's oil consumption growth. However, the rate of growth of sales through PT service station is even greater, with sales volume at 3,188 million liters, or an increase by 24% YoY. Retail sales accounted for 94% of total sales since the Company has a strategy to focus on sales through the retail market. The increase in sales volume is driven from to the continuous expansion of service stations. Hence, PTG has become the second largest service station in term of number of station in the country. In addition to the service station expansion, the same store sales continues to rise to 0.22 million liters per month per station or up by 5.1% YoY.

In addition to the growth in oil business, PTG's LPG business continues to increase exponentially. The sales volume grows to 62 million liters, or increased by 111% YoY. The increase in sales comes from the expansion of LPG station and from the growth of same store sales, similar to PTG's petrol service station.

The marketing margin in year 2017 is also lesser than the average in year 2016 as the result of the imbalance adjustment of oil retail price to the increase in oil price in Q1 and Q2 of 2017.

With reasons aforementioned above, PTG's revenue grows by 31% YoY as a result of the increase of sales volume and the rise of oil retail price of 10% YoY. The gross profit grows by 20%, while SG&A expenses increase by 29% as a result of a rise in the total number of employees and rental expenses. PTG's EBITDA is 3,067 million Baht, reflecting a 12% growth, and net profit is 913 million Baht, reflecting a 15% decrease.

Market Outlook in 2018

With anticipation to the recovery of the overall economy in the country, PTG expects the total fuel consumption in the country to increase accordingly. This would enhance PTG's market share in oil business since PTG has expanded its network and continued to build confidence in its products and services. PTG will focus on expanding its network in Bangkok and vicinity to reduce the impact of slow recovery in the fundamental economy of the country.

Nevertheless, PTG will focus on increasing its non-oil business revenue to reduce the risk of reliance on the oil business alone. PTG persists to focus on adding new products and services to its network and its new partners. The purposes are to create excellent experience for customers, and to increase the revenue from existing assets with a stronger customer base.

Existing non-oil businesses such as the LPG business is expected to continue to grow due to the continuous expansion in branches in potential areas and the accompanying marketing at petrol stations. In addition, the convenience store business and the food and beverage business will continue to develop its products and services to meet the needs of each customer

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group, especially Coffee World in which the brand has adjusted its image, marketing strategy, and all management procedures. After the investment of the Company in the third quarter of year 2017, Coffee World's business direction is clearer. Moreover, PTG's service businesses such as the commercial car service and maintenance center business (PRO TRUCK), the passenger car service and maintenance center business (AUTOBACS), and the lubricant oil change center business (PT MAXNITRON LUBE CHANGE), will be featured in more PT service stations this year, to give its customers more alternative for more standard, faster and cheaper services than other service centers. PTG plans to link all networks with PT Max Card and PT Application - Max Rewards for convenience and fast access to PTG's campaigns.

As for the renewable energy business such as the Palm Complex project, the production will commence in the first quarter of year 2018. In this business, PTG holds 40% of the total shares. The project will operate and generate 450,000 liters of biodiesel per day, as well as 200,000 liters of vegetable oil per day.

In year 2018, PTG expects the volume of oil sales to increase by 20-25% from the previous year. This, combined with cost management and the driving of high-margin business, would affect the projected EBITDA to increase by 40-45% from last year. The investment budget is expected to be 4,000-5,000 million Baht for business expansion and to create added value in the long run.

Operational Business Plan in 3-5 years

PTG's aim is to be a fully integral service provider. Therefore, PTG will not only expand its' core businesses, but also other related businesses which support the core business. PTG plans to increase its net profit margin to ensure stable long-term cash flow. For this reason, investment in new business must be cautiously taken to ensure that the target of non-oil portion of the net profit increase to 60% of the net profit.

Business Performance Summary in Q4/2017

The Company's current revenues are still derived from the oil business. Oil sales volume continued to grow at 875 million liters, or increased by 19% YoY and 10% QoQ. However, the proportion of oil sales through retail channels has increased continuously, accounted for 97% of total sales volume, as a result of the focus on sales through retail market channel.

Fuel Sales Volume (Million Liters)	Q4/2560	Q3/2560	Q2/2560	Q1/2560	Q4/2559	% QoQ	% YoY
Sales by Channel							
Retail Channel	849	771	811	757	700	10%	21%
Wholesales Channel	27	28	69	64	34	-4%	-21%
Total	875	799	880	821	734	10%	19%
Proportion of Sales by Channel							
Retail Channel	97.0%	96.5%	92.1%	92.2%	95.4%		
Wholesales Channel	3.0%	3.5%	7.9%	7.8%	4.6%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%		

Moreover, diesel is still the main selling product which represents 72% of the total sales volume. Nevertheless, PTG expects to increase the proportion of gasoline sales through the expansion of petrol and LPG stations in Bangkok and vicinity areas every year, and increase customers' confidence and trust in the PT brand. The increase in sales volume is driven from the continuous expansion of service stations, hence, PTG has become the second largest service station in terms of number of station in the country at 1,696 stations. In addition to the service station expansion, same store sales continue to rise to 0.22 million liters per month per station or up by 5.1% YoY and 11.2% QoQ. This corresponds to the higher growth of the country's oil consumption of 2.6%.

In Q4/2017, PTG's revenues from sales and services was 22,595 million Baht, reflecting an increase of 27% YoY and 15% QoQ. The growth came from the rise of sales volume of 19% YoY and 10% QoQ. This is because of the year's rainy season which lasted longer than usual, resulting in severe floods in many areas. Therefore, the use of oil slightly recovered in early fourth quarter. In addition, oil price increased by 5% YoY and 6% QoQ.

Cost of sales and services was 20,934 million Baht, reflecting an increase of 27% YoY and 16% QoQ. This was caused by the rising oil sales volume and oil price, with the gross profit of 1,661 million Baht, or an increase of 21% YoY and 3% QoQ. For this quarter, PTG's gross margin from non-oil business is at 9% which is more than the previous quarter, as well as the same quarter in the previous year, in which the gross margin was at 8% and 7% respectively. Nevertheless, the imbalance adjustment of retail oil price has resulted in the gross margin for the quarter to be 7.4%, dropped from 8.2% in last quarter, as a result of the unbalanced retail price adjustment earlier mentioned.

Selling and administrative expenses were Baht 1,431 million, reflecting an increase of 30% YoY and 6% QoQ. The costs were mainly from employee-related expenses, rental expenses, advertising and promotion expenses, and depreciation expenses

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as a result of the expansion of the oil business and non-oil business by the implementation of the COCO strategy. However, PTG foresees a higher gross margin trend for its non-oil business from the expansion of its existing service stations.

From the operational performance mentioned above, the EBITDA for this quarter was 824 million Baht, reflecting an increase of 5% YoY and 2% QoQ. The net profit was 239 million Baht, reflecting a drop of 22% YoY, since PTG had the profit from dilution gains as the Company's associate (AMA Marine PLC) issued newly ordinary shares in Q4/2017.

2017 Financial Summary

Financial Summary (Baht Million, unless stated)	4Q/2017	3Q/2017	4Q/2016	%QoQ	%YoY	2017	2016	%YoY
Revenue from sales and services	22,595	19,677	17,794	14.8%	27.0%	84,625	64,591	31.0%
Cost of sales and services	(20,934)	(18,070)	(16,424)	15.9%	27.5%	(78,371)	(59,360)	32.0%
Gross profit	1,661	1,607	1,369	3.3%	21.3%	6,254	5,232	19.5%
SG&A	(1,431)	(1,345)	(1,102)	6.4%	29.9%	(5,278)	(4,106)	28.5%
Selling expenses	(1,286)	(1,101)	(894)	16.8%	43.9%	(4,475)	(3,356)	33.3%
Administrative expenses	(145)	(244)	(208)	-40.6%	-30.5%	(803)	(750)	7.1%
EBITDA	824	806	785	2.3%	5.0%	3,067	2,749	11.5%
Net profit	239	229	307	4.2%	-22.3%	913	1,073	-14.9%
Gross profit margin	7.4%	8.2%	7.7%			7.4%	8.1%	
SG&A as a % of revenue	6.3%	6.8%	6.2%			6.2%	6.4%	
% Selling expenses	5.7%	5.6%	5.0%			5.3%	5.2%	
% Administrative expenses	0.6%	1.2%	1.2%			0.9%	1.2%	
Operating profit margin	1.4%	1.7%	2.3%			1.5%	2.3%	
EBITDA margin	3.6%	4.1%	4.4%			3.6%	4.3%	
Net profit margin	1.1%	1.2%	1.7%			1.1%	1.7%	
Earning per share (Baht)	0.14	0.14	0.18			0.55	0.64	
Return on Total Assets	19.7%	20.0%	28.6%			18.8%	25.0%	
Return on Equity	6.3%	6.8%	12.1%			6.0%	10.6%	
IBD to equity ratio (x)	1.58	1.36	0.87			1.58	0.87	

- **Revenue from Sales and Services** was 84,625 million Baht, reflecting an increase of 31% YoY. The 97% of the total revenue from sales and services were from the oil business. The increase in revenue came from three main factors: 1.

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sales volume, which rose to 3,377 million liters or an increase of 18% YoY. However, PTG's sales volume through its service stations has increased to 3,188 million liters or up by 24% YoY. The retail sales accounted for 94% of the year's sales, reflecting an increase of 90% YoY. 2. Retail oil prices rose 10% from last year. And 3. Revenue from non-oil sales and services continued to grow. The revenue from this component increased 78% from last year.

- **Cost of sales and services** was 78,371 million Baht, reflecting an increase of 32% YoY correlating with the rise in volume of sales as mentioned above and the increase of cost by 11% YoY. In addition, the oil retail price adjustment is not balanced with the rise of oil price. As a result, the oil business gross margin was 7%, down from 8% last year. However, PTG foresees a continuous rising trend in gross margins of non-oil business. As a result, PTG is confident to expand its non-oil business to enhance the Company's gross margins. In 2017, PTG's gross margin was 6,254 million Baht, or rose by 20% YoY. However, non-oil gross margin accounted for 8% of total gross profit, or increased by 5% YoY.
- **SG&A expenses** was 5,278 million Baht, reflecting an increase of 29% YoY. This growth was from the higher selling expenses to support PTG's business expansion goals in both oil business and non-oil businesses.
 - **Employee-related expenses** was 2,030 million Baht, reflecting an increase of 24% YoY. The increase in costs is consistent with the increase in the number of service station and the accommodation of these new stations. However, PTG has a policy to manage its business by itself to control quality and standard to be in the same direction.
 - **Rental and leasehold right expenses** was 991 million Baht, reflecting a growth of 42% YoY, in correspondence with the increase in the number of COCO service stations, in which at the end of 2017, the number of COCO service station was 1,471 stations. With PTG's interest in renting service stations in potential areas in Bangkok and vicinity areas to support the company's non-oil business however, the decision to lease service stations in each area must be considered concisely and carefully, in order to obtain the returns determined by the Company.
 - **Depreciation expenses** was 822 million Baht, reflecting an increase of 49% YoY. This rise is caused by the expansion in both oil and non-oil business. Therefore, PTG and its subsidiaries hold more non-current assets. As a result, depreciation expenses surge.
- **EBITDA and Net Profit**, EBITDA was 3,067 million Baht, reflecting a growth of 12% YoY corresponding with the rise in sales volume. With the current speed of expansion to occupy more service station for future growth in non-oil businesses, there is also a corresponding increase in the selling and administration expenses during the beginning period. Nevertheless, PTG remains cautious while accelerating the process of maximizing revenue from the most cost-effective assets. As a result of the aforementioned reasons, PTG posted a net profit of 913 million Baht, or dropped by 15% YoY. The company's net profit per share was 0.55 Baht, decreased from 0.64 baht per share last year.

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Financial Position (Baht million)	2017	%	2016	%	Amount changes	% changes
Cash and current investment	911	5%	637	5%	274	43%
Trade, other receivables, short-term lending	1,009	6%	679	5%	331	49%
Inventories	1,989	11%	1,525	12%	464	30%
Total current assets	3,909	22%	2,841	23%	1,068	38%
Investment properties	278	2%	209	2%	68	33%
Property, plant, and equipment	8,865	49%	5,800	46%	3,065	53%
Rental and leasehold rights	2,311	13%	1,404	11%	907	65%
Investment in a joint venture	696	4%	644	5%	52	8%
Investment in associate	804	4%	757	6%	47	6%
General investment	723	4%	723	6%	0	0%
Intangible assets	193	1%	80	1%	113	143%
Goodwill	53	0%	-	0%	53	0%
Other non-current assets	154	1%	69	1%	85	124%
Total assets	17,985	100%	12,527	100%	5,459	44%
Trade and other payables	4,520	25%	3,654	29%	867	24%
Short-term loans & loans due within 1 year	3,693	21%	1,325	11%	2,368	179%
Other current liabilities	62	0%	99	1%	-37	-38%
Total current liabilities	8,275	46%	5,078	41%	3,197	63%
Financial lease liabilities	572	3%	314	3%	258	82%
Long-term loans	3,834	21%	2,370	19%	1,463	62%
Deferred tax liabilities	55	0%	75	1%	-20	-26%
Other non-current liabilities	130	1%	100	1%	30	30%
Total liabilities	12,867	72%	7,937	63%	4,930	62%
Retained earnings	2,171	12%	1,636	13%	536	33%
Others	2,947	16%	2,953	24%	-6	0%
Total equity	5,119	28%	4,589	37%	529	12%
Total liabilities and equity	17,985	100%	12,527	100%	5,459	44%

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Statement of Financial Position

Assets

Total assets were 17,985 million Baht in year 2017, reflecting an increase of 5,459 million Baht or 44% from 2016. The growth is mainly from

Current asset which increased by 3,909 million Baht or 38% in. The main components are:

- **Trade, other receivables, and short-term lending** increased by 331 million Baht as the sales volume and average cost price rose
- **Inventories** increased by 464 million Baht which was mainly from station expansion

Property, plant, and equipment increased by 3,065 million Baht which was caused by the expansion of oil business and other businesses.

Rental and leasehold rights increased by 907 million Baht. This was mainly from the expansion of service stations in potential areas in major districts including Bangkok and vicinity areas.

Investment in a joint venture increased by 52 million Baht. The increase was from investing in Siam Autobacs Co., Ltd., of 38% proportion. In addition, with PPP Green Complex Co., Ltd. not in operation, the Company therefore absorbed the losses as it holds 40% shares.

Investment in associate increased by Baht 47 million. The increase was from profit gains in AMA Marine Co., Ltd., of 24% proportion, investments in Sammitr PTG Protruck Solution Center Co., Ltd., of 40% proportion, and Palangngan Pattana 5 Co., Ltd., of 51%.

Intangible assets increased by 113 million Baht. This was mainly from the Company's investment in software in order to improve efficiency of data analysis and Goodwill obtain from the acquisition of GFA Corporation (Thailand) Limited of 54 million Baht.

Liabilities

At the year end of year 2017, PTG processed the total liabilities of 12,867 million Baht, reflecting an increase of 4,930 million Baht which was mainly from:

- **Short-term loans & loans due within 1 year** increased by 2,368 million Baht
- **Trade and other payables** increased by 867 million Baht, which was mainly from trading and buying of oil products

- **Long-term loans** increased by 1,463 million Baht, which was mainly from long-term loans from financial institutions and debenture issuance

Shareholders' Equity

At the year end of year 2017, shareholders' equity increased by 529 million Baht, which was mainly from the increase of retained earnings of 536 million Baht. However, the net profit for the year 2017 was 913 million Baht, but allocated to be dividend of 344 million Baht.

Sources and uses of funds statement for 2017			
(Baht million)			
Sources		Uses	
Cash from operations	3,336	Investment in leasehold rights and PP&E	5,400
Received from loans, net	3,797	Invested in a joint venture, and an associate	337
Received from dividend, interest, and loans for related business	36	Dividend payment	334
Received from assets sold	11	Financial lease paid	281
		Interest paid, and tax payment	554
		Cash decreases	274
	7,180		7,180

For the year 2017, PTG had net cash flow from operations of 2,790 million Baht, net cash flow from investing activities of 5,698 million Baht, and net cash flow from financing activities of 3,182 million Baht. As a result, PTG increased its cash and cash equivalents by 274 million Baht. With the beginning cash on January 1, 2017 of 637 million Baht, therefore PTG had net cash of 911 million Baht as on December 31, 2017.

Accreditation	
Credit rating	BBB+/Tris
CG score	Very Good: 5 Stars
CAC	Certified CAC

Long-term Debt and Debenture Outstanding				
Year	Debentures (Baht mn)	Maturity (Baht mn)	Loans (Baht mn)	Maturity (Baht mn)
2015			641	36
2016	1,700		491	173
2017	1,700		1,200	384
2018				729
2019		1,700		607
2020		1,000		441
2021				199
2022		700		

Management Outlook and Strategy in 2018

With anticipation to the recovery of the overall economy in the country, PTG expects overall fuel consumption to increase accordingly. This could induce PTG's market share in the retail oil business to grow because of the rapid and broad expansion of PTG service station. However, PTG aims to increase its number of service stations in Bangkok and vicinity areas to support its expansion of non-oil business and to diversify the risk of slow recovery in the agriculture sector.

- Strengthening the network** Both oil and non-oil businesses will continue to operate in 2018 to provide integrated services nationwide. However, PTG focuses on more efficient service station space management by increasing the services provided by PTG and partners to meet the needs of customers. PTG plans to add 2,000 petrol and gas stations, as well as diversifying services both inside and outside the service stations including Coffee World, Max Mart, auto care and maintenance service namely PRO TRUCK and AUTOBACS, and rest areas under the name of Max Camp. In addition, PTG plans to add a lubricant oil change center under the PT Maxnitron Lube Change brand, initially located mainly in the PT service station.

Furthermore, PTG persists to set a target of adding two to three new businesses a year that can support the company's core businesses, to meet with the needs of customers, and to generate stable long-term returns and cash flow.

- Palm Complex Project** PTG jointly invests in Palm Complex with partners who specialize in palm oil business and holds 40% of the total shares. The production will start in the first quarter of 2018, with 450,000 liters of biodiesel per day and 200,000 liters of vegetable oil per day. This Palm Complex is located in Bang Saphan Noi district, Prachuap Khiri Khan Province.

- **Creating brand awareness and confidence, and add benefits to PT Card Max** PTG focuses on building customer relationships through good service, and marketing campaign which yields valuable returns and matches with the target customer. In addition, PT Max Card can also be the link center of all products and services under the PTG network. However, PTG plans to increase the benefits for cardholders in each group and adds mobile application in response to more urban new generation lifestyle.
- **Business Performance Forecast for 2018** PTG aims to extend its sales by 20-25% from last year by increasing the number of service station and the volume of same store sales. The Company aims to raise net profit margin from last year. However, non-oil business and joint venture in related businesses will start to make more profit. The increase in revenue is from greater oil sales and higher non-oil revenues combined with cost management and the driving of high gross-margin business. PTG anticipated the EBITDA growth rate will be 40-45% YoY. On the other hand, the investment budget is expected to be 4,000-5,000 million Baht. This investment budget can be divided into budget for expansion and renovation the core business of 3,300-3,500 Million Baht, non-oil business of 500-700 million Baht, and new business of 500-1,000 million Baht to increase the value of the organization in the long run.