



PTG Energy Company Limited  
Management Discussion and Analysis  
Quarter 2/2020

Executive Summary

PTG Energy Public Company Limited, “PTG”, the 4th decade, persists in dedication and determination of being Thailand’s leading full-service energy company, and continues to build its network in other related businesses. The aim is to build strong growth and sustainable returns by practicing good governance along with developing the society and the environment.

The 2Q/2020 was a period that the Thai economy was highly affected by the COVID-19 outbreak which the government declared the lockdown measure to reduce the pandemic of the virus. This resulted in a severe slowdown in economic activities and number of domestic travel. Consequently, the country's overall oil consumption dropped by 7.6% YoY and dropped by 5.6% QoQ. By looking at the product category, it was found that the consumption of gasoline products declined by as much as 11.4% YoY and 8.5%QoQ since it was the main oil product, commonly used in private vehicles for daily lives and travel. Meanwhile, the consumption of diesel products decreased by only 5.8% YoY and decreased by 4.3% QoQ because diesel product is mainly used in commercial vehicles for transportation and heavy equipment for agricultural activities, which diesel fuel is demanded for commercial purposes on a regular basis.

Oil consumption through service stations, which accounted for 75.9% of total oil consumption in 2Q/2020, also declined by 8.1% YoY and by 3.6% QoQ due to the impact of the COVID-19 outbreak. The change in oil consumption of each product category through service station was in line with the overall oil consumption of the country. In other words, the consumption of gasoline products dropped 11.9% YoY and dropped 8.2% QoQ. At the same time, diesel consumption was down 5.9% YoY and down 1.0% QoQ. LPG consumption through service stations had also been impacted by a decline in the number of tourists and domestic travel. The consumption decreased by 43.5% YoY and decreased by 28.0% QoQ.

However, PTG's oil sales volume did not decrease as much as the oil industry. In this quarter, PTG sold 1,205 million liters of oil, an increase of 0.3% YoY but a drop for only 1.0% QoQ. This was because PTG's main customer base is diesel users who consumes diesel for commercial purposes. For this reason, PTG's diesel sales volume accounted for 74.3% of the total oil sales volume. The Company's diesel sales volume increased by 2.7% YoY and increased by 1.1% QoQ. At the same time, PTG's gasoline sales volume declined by 6.2% YoY and declined by 6.4% QoQ. As a result, PTG still maintained the 2<sup>nd</sup> rank in market share of oil sales volume through all channels and increased the market share to 14.8%.

Meanwhile, PTG's oil sales volume through its service stations accounted for 95.6% of the total volume, or 1,152 million liters which increased by 2.9% YoY and by 0.5% QoQ. Although this quarter PTG did not increase the number of oil

stations due to the investment control policy in response to the COVID-19 pandemic, but the oil sales volume was not much affected because PTG's service stations spread across the country. The areas where the overall country's oil consumption through service stations had decreased significantly was Bangkok and its vicinities, where PTG's proportion of service stations in this region was only 8.0%. Besides, PTG provided social supporting programs for customers such as free COVID-19 sanitizer for PT Max Card members to ensure travel confidence for customers during the spread of COVID-19. Thus, PTG maintained its market share of oil sales volume through service stations in rank 2<sup>nd</sup> and increased its market share to 17.4%.

Fuel Sales Volume (Million Liters)	2Q/2020	1Q/2020	2Q/2019	%QoQ	%YoY	1H/2020	1H/2019	%YoY
<b>Sales by Channel</b>								
Retail Channel	1,152	1,148	1,120	0.5%	2.9%	2,301	2,165	6.3%
Wholesales Channel	53	69	82	-23.5%	-35.9%	122	146	-16.7%
<b>Total</b>	<b>1,205</b>	<b>1,217</b>	<b>1,202</b>	<b>-1.0%</b>	<b>0.3%</b>	<b>2,422</b>	<b>2,311</b>	<b>4.8%</b>
<b>Proportion of Sales by Channel</b>								
Retail Channel	95.6%	94.3%	93.2%			95.0%	93.7%	
Wholesales Channel	4.4%	5.7%	6.8%			5.0%	6.3%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>	

In addition to PTG's strong oil sales volume during the crisis, LPG sales volume through service stations had not dropped as much as the industry either. In this quarter, PTG's LPG sales volume was 28.2 million liters, down by 12.3% YoY. However, the LPG sales volume dropped by 27.8% QoQ, similar to the auto LPG industry due to the impact of the COVID-19 outbreak. As a result, PTG ranked 5<sup>th</sup> in market share of LPG through service stations at 10.6%.

Moreover, other non-oil businesses including food and beverage businesses and convenience store business were also affected by the COVID-19 pandemic. Especially, the food and beverage business under the brand Coffee World, which located in department stores, community malls, and airports, had been hit by the temporary closure of such places and a decline in foreign tourists affecting sales to drop up to 80% in April. On the other hand, Punthai Coffee, mostly located in PT service stations, were not much affected. The sales in April decreased only 10% YoY and returned to grow since May. Max Mart convenience store business, mostly located in PT service stations, was affected by shortening the operating hours during the curfew, bringing sales down 20% YoY in April and gradually recovering after the relaxation of the lock down measures.

Nevertheless, PTG has implemented a cost control policy and a strict investment policy during the uncertainty of the COVID-19 outbreak in order to maintain sufficient cash flow for its operations. As a result, the Company had a number of service stations and non-oil business branches in 2Q/2020 as follows:

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Business Unit	No. of Branch	Business Unit	No. of Branch
Oil Station	1,866	LPG Household Shop	73
LPG Station	198	Autobacs (Passenger Maintenance and Repair Service Center)	16
Punthai Coffee	260	Pro Truck (Commercial Maintenance and Repair Service Center)	9
Coffee World (Domestic and international)	69	Maxnitron Lube Change (Oil Lubricant Change Center)	47
Max Mart (Convenience Store)	201	Max camp (Rest Area)	11

As for financial performance in 2Q/2020, PTG's revenue from sales and services was 22,257 million baht, a decrease of 30.1% YoY and 23.6% QoQ, due to the decline in oil selling prices on an average of 30.7% YoY and 22.8% QoQ. However, after the world oil price has stabilized and PTG had not affected by the adjustment of the oil selling price at the service station, which fell faster than the cost of oil in the tank as in 1Q/2020, resulting in a better marketing margin in 2Q/2020. Therefore, the gross profit of this quarter was 2,745 million baht, which grew 8.5% YoY and grew 23.0% QoQ. However, PTG's gross profit portion from non-oil businesses slightly decreased to 8.5% from 10.9% in the same period of last year. This was because the non-oil business, which included the LPG business, food and beverage business, and Max Mart convenience store business, was affected by the COVID-19 pandemic. The proportion of non-oil gross profit can break down into 2.8% from LPG business, 1.9% from food and beverage business, and 3.8% from Max Mart convenience store business and other businesses.

On the other hand, the SG&A expenses were 1,879 million baht, a decrease of 4.4% YoY. This was a result of the adjusted financial report in accordance with the accounting standard no. 16 that the Company had to report depreciation from rights to use assets and interest expenses from liabilities under lease agreements, instead of recording the rental expense (further details can be found in page 8). If this new standard was not taken into the calculation, the SG&A expenses would have been 2,016 million baht, an increase of 2.6% YoY. However, SG&A expenses in the quarter fell 3.3% QoQ from the cost control and the strict investment policy. From the above mentioned information, PTG, therefore, had EBITDA of 1,646 million baht, an increase of 21.2% YoY and an increase of 36.2% QoQ. In addition, the net profit was 513 million baht, grew by 20.3% YoY and grew by 150.8% QoQ. Without taking into account results of the change in TFRS 16, the Company would have recorded a net profit of 574 million baht, an increase of 34.1% YoY.

However, PTG will continue to increase its revenue and profit channels by expanding the services, both oil and non-oil businesses, and effectively utilizing existing assets. The Company will also link its membership system with a variety

of partners to add more values to the cardholders. This could help to improve customer satisfaction while reduce costs in the long term.

#### **Significant events in 2Q/2020 and others**

##### **The decrease in number of a food and beverage shop under GFA Corporation (Thailand) Co., Ltd. (GFA)**

GFA Corporation (Thailand) Co., Ltd. (GFA) operates food and beverage businesses under various brands including a coffee shop under the brand “Coffee World”, a premium ice-scream shop under the brand “Cream & Fudge”, a high quality sandwich shop under the brand “New York 5th Av. Deli”, and a rice dish Thai style restaurant under the brand “Thai Chef Express”, where most branches are located in department stores, community malls, and airports. During 2Q/2020, the Company had to decrease number of branches due to the impact of the lockdown measures. Besides, PTG has a policy to reallocate the location of the branches of the GFA brands in order to meet customer needs more precisely. Consequently, GFA closed down underperforming 15 branches in 2Q/2020. However, PTG still aims to expand its service in the food and beverage business to provide the comprehensive services for all customer groups.

##### **The launch in "Max Service" 24-hour emergency road assistance service**

PTG launched 24-hour emergency road assistance service within a radius of 10 kilometers from the nearest PT service station called "Max Service", which provides emergency oil delivery services in Bangkok, vicinity areas and other provinces to customers for 4 liters per time with a delivery fee of 100 baht per time or 100 points per time for PT Max Card members. In addition, there is also an unlimited number of emergency roadside assistance services such as emergency vehicle towing services, emergency battery assistance, car repair service (in a case that it can be repaired immediately), key or tire assistance service, accident assistance service, and coordination service for moving the car to the auto repair center. The service fees will be charged at the actual service rate. Customers can contact for the service at 1614 press 2. Furthermore, PTG continues to develop new services to meet the needs of customer more accurately and thoroughly.

##### **PTG issued debentures amounting to 1,000 million baht to repay existing loans and debentures, and/or use as working capital**

The Company issued and offered debentures in the amount of 1,000 million baht, with 3-year maturity, at a fixed interest rate of 3.60% to repay the existing loans and debentures and/or use as working capital for the Company's operation. However, PTG continues to focus on a cost control policy and a strict investment policy to ensure sufficient cash for business operations.

### Operational guidelines for the second half of 2020 (adjusted)

During the first half of 2020, PTG's oil sales volume continued to grow at 4.8% YoY, although overall national oil consumption dropped 4.7% YoY, due to the impact of the COVID-19 outbreak in Thailand and around the world. Regarding the current situation in Thailand, the outbreak had been resolved and all businesses had been unlocked since the beginning of the second half. Therefore, it is expected that economic activity and domestic tourism will begin to return to normal in the last quarter of 2020.

As a result, PTG expects the domestic fuel consumption to begin to grow in the second half of the year. Meanwhile, PTG's oil sales volume in the second half of the year is expected to grow at 8 – 12% YoY, adjusting from the target growth of 15 – 17%. Consequently, the annual oil sales volume is forecasted to grow at 6 – 10% from last year, adjusting from the target growth of 10 – 12%. This is because the domestic economy will recover gradually, resulting in the country's oil consumption rebounds more slowly than expected. However, PTG emphasizes on increasing the same store sales by renovating its existing stations and adding more comprehensive services to the service station. The Company maintains the expansion target of 50 – 100 stations of oil and LPG stations, and 100 branches of non-oil business, with an investment budget of 3,000 – 3,500 million baht adjusted from 2,000 – 2,500 million baht.

In summary, oil sales volume is expected to grow at 6 – 10% YoY. The oil marketing margin has returned to normal level from 1Q2020, which was affected by the sharp and severe decline in world oil prices. Moreover, the non-oil business has started to recover, including the LPG sales through service stations, food and beverage business in both Punthai Coffee and Coffee World, Max Mart convenience store business, and Autobacs car repair and maintenance service center business. PTG also expects a share of the profit from Palm Complex, which the Company holds a 40% stake, around 240 – 260 million baht this year. As a result, PTG revised the EBITDA target growth in 2020 to be 6 – 10% YoY, adjusted from the original target of 10 – 12%. In this regard, the Company maintains the forecasted impact of the financial report adjustment in accordance with the accounting standard no. 16 from the calculation of the lease obligation lease and its renewing contracts at 160 – 180 million baht.

## Financial Summary for 2Q/2020 and 1H/2020

Financial Summary (Baht million, unless stated)	2Q/2020	1Q/2020	2Q/2019	%QoQ	%YoY	1H/2020	1H/2019	%YoY
Revenue from sales and services	22,257	29,121	31,844	-23.6%	-30.1%	51,378	60,499	-15.1%
Cost of sales and services	(19,512)	(26,890)	(29,315)	-27.4%	-33.4%	(46,403)	(55,434)	-16.3%
<b>Gross profit</b>	<b>2,745</b>	<b>2,231</b>	<b>2,529</b>	<b>23.0%</b>	<b>8.5%</b>	<b>4,975</b>	<b>5,065</b>	<b>-1.8%</b>
SG&A	(1,879)	(1,944)	(1,966)	-3.3%	-4.4%	(3,823)	(3,841)	-0.5%
Selling expenses	(1,607)	(1,746)	(1,681)	-8.0%	-4.4%	(3,353)	(3,316)	1.1%
Administrative expenses	(272)	(198)	(285)	37.8%	-4.3%	(470)	(525)	-10.5%
Financial Cost	(268)	(272)	(82)	-1.6%	225.8%	(540)	(169)	219.7%
EBITDA	1,646	1,209	1,359	36.2%	21.2%	2,856	2,794	2.2%
<b>Net profit</b>	<b>513</b>	<b>204</b>	<b>426</b>	<b>150.8%</b>	<b>20.3%</b>	<b>717</b>	<b>945</b>	<b>-24.1%</b>
Gross profit margin	12.3%	7.7%	7.9%			9.7%	8.4%	
SG&A as a % of revenue	8.4%	6.7%	6.2%			7.4%	6.3%	
% Selling expenses	7.2%	6.0%	5.3%			6.5%	5.5%	
% Administrative expenses	1.2%	0.7%	0.9%			0.9%	0.9%	
Operating profit margin	4.2%	1.8%	1.9%			2.8%	2.2%	
EBITDA margin	7.4%	4.2%	3.3%			5.6%	4.6%	
Net profit margin	2.3%	0.7%	1.3%			1.4%	1.6%	
<b>Earnings per share (Baht)</b>	<b>0.31</b>	<b>0.12</b>	<b>0.26</b>			<b>0.43</b>	<b>0.57</b>	
<b>Return on Equity</b>	<b>31.7%</b>	<b>12.6%</b>	<b>36.5%</b>			<b>25.7%</b>	<b>11.8%</b>	
Return on Total Assets	6.6%	2.6%	10.3%			7.2%	3.2%	
IBD to equity ratio (x)	3.98	3.99	1.61			3.99	1.61	

### 1H/2020 Financial Summary

PTG's total revenue from sales and services was 51,378 million baht, a decrease of 15.1%YoY. The revenue can be divided into 1. The revenue from sales and services from the oil business declined by 15.6% YoY due to the fall in oil price of 19.5% YoY. Meanwhile, the oil sales volume in the 1H/2020 was 2,422 million liters or an increase of 4.8% YoY in line with the increased number of oil stations compared to the previous year. 2. The revenue from sales and services from non-oil business including food and beverage business, convenience store business, commercial area management business and other businesses increased by 8.1% YoY. The limit growth of non-oil revenue was due to the impact of the COVID-19 outbreak, which resulted in the lockdown and travel restrictions since the end of 1Q/2020 to reduce the spread of the virus. Consequently, revenue from non-oil business decreased in 2Q/2020 compared to the same period last

year. However, the revenue from the oil business accounted for 95.8% of total revenue from sales and services.

On the other hand, the cost of sales and services was 46,403 million baht, a decrease of 16.3% YoY. This was due to the lower oil cost from the lower crude oil price. For the first half of 2020, WTI crude averaged 37.73 dollar per barrel, down from 57.66 dollar per barrel in the same period last year, or an average decrease of 34.6% YoY. However, the sharp drop in retail oil price during March resulting in the lower marketing margin compared to the same period last year. Therefore, the gross profit was 4,975 million Baht, a drop of 1.8% YoY. The gross profit proportion from oil business and non-oil business were 89.6% and 10.4% respectively, a slight increase from 10.3% last year. Non-oil's gross profit was divided into the LPG business 3.7%, food and beverage business 2.6%, Max Mart convenience store business and other businesses 4.2%.

Meanwhile, SG&A expenses were 3,823 million baht, down 0.5%YoY. This was the result of a cost control policy and strict investment of the Company during the COVID-19 outbreak, which was to reduce unnecessary expenses such as employee expenses, advertising and public relations expenses, and investment in expanding the number of oil and LPG stations cautiously, to ensure the sufficient operating cash flow if the virus pandemic is prolonged. In addition, there was an adjustment in financial report in accordance with the accounting standard no. 16 that the Company had to report depreciation from rights to use assets and interest expenses from liabilities under lease agreements, instead of recording the rental expense. If the impact of the revised financial reporting under TFRS 16 was excluded, PTG would have had SG&A expenses of 4,107 million baht, an increase of 6.9%YoY.

As a result, PTG had EBITDA for 1H/2020 of 2,856 million baht, an increase of 2.2% YoY and net profit of 717 million baht, a decrease of 24.1% YoY. This was due to the lower marketing margin during the first quarter. However, without the impact of the revised financial reporting according to the accounting standard no. 16, the Company would have had a net profit of 820 million baht, a decrease of 13.4% YoY.

## 2Q/2020 Financial Summary

- **Revenue from sales and services** was 22,257 million baht, reflecting a decrease of 30.1% YoY, and 23.6% QoQ. This was mainly due to the drop in oil selling prices, which oil business was the main income of the Company accounted for 96.1% of total revenue of this quarter. The oil selling price dropped 30.7% YoY, and 27.8% QoQ. Meanwhile, PTG's total oil sales volume was 1,205 million liters, an increase of 0.3% YoY but down 1.0% QoQ. In addition, revenue from non-oil business declined 15.9% YoY, and 33.8% QoQ. This was due to the impact of the COVID-19 outbreak causing a nationwide lockdown measure, including temporary closure of shopping malls and airports, restrictions on inter-provincial travel, and limiting time of living outside the home. In this regard, the business operation of LPG business, food and beverage business, and convenience store business were affected.

- **Cost of sales and services** was 19,512 million baht, reflecting a decrease of 33.4% YoY, and a decrease of 27.4% QoQ, which mainly from the drop in cost per liter by 34.0% YoY and 26.8% QoQ. Nevertheless, in this quarter, the retail oil price adjusted more in line with the oil cost. As a result, the marketing margin returned to the normal level compared to the rapid world oil price drop in 1Q/2020, causing the oil selling price to drop faster than the oil cost in the tank. Thus, PTG's gross profit was 2,745 million baht, a rise of 8.5% YoY, and 23.0% QoQ. The gross profit proportion from the oil business was 91.5% and the non-oil business was 8.5%. The non-oil gross profit was divided into LPG business 2.8%, food and beverage business 1.9%, Max Mart convenience store business and other businesses 3.8%.
- **SG&A expenses** was 1,879 million baht, reflecting a decrease of 4.4% YoY, due to the reporting adjustment according to the accounting standard no. 16 by recording the present value of the right-of-use assets and liabilities that the Company has obligations under the lease and its renewing contracts in the statement of financial position. Therefore, PTG has to reconcile depreciation from rights-of-use assets and interest expenses from liabilities under lease agreements instead of recording the rental expense. The comparison of SG&A expenses before and after the effects of the adjustment of the income statement reporting according to the accounting standard no. 16 are as follows:

Expenses before the effects of accounting standards no.16	Baht million	Expenses after the effects of accounting standards no.16	Baht million
Rental expenses	420	Rental expenses	28
Service expenses	49	Service expenses	41
Depreciation expenses	422	Depreciation expenses	686
<b>Total SG&amp;A</b>	<b>2,016</b>	<b>Total SG&amp;A</b>	<b>1,879</b>

In which, if the effect of the change in accounting standard was excluded, SG&A expenses would have increased by 2.6% YoY, growing in line with the expansion of the oil and non-oil businesses. However, SG&A expenses decreased 3.3% QoQ, according to the Company's cost control policy and strict investment measure in this quarter during the COVID-19 pandemic. The main expenses were still from employee-related expenses and depreciation expenses.

- **Employee-related expenses** was 718 million baht, reflecting a decrease of 7.4% YoY, and a decrease of 7.3% QoQ, as a result of the cost control policy. In this regard, PTG had not reduced the number of its employees during the COVID-19 outbreak, but had a non-replacement employee policy and an adjusting welfare scheme. In addition, the Company implemented the strict investment measure to expand the oil business and non-oil business only in the potential areas.

- **Depreciation expenses** was 686 million baht, reflecting an increase of 75.2% YoY, due to the effect of the financial reporting adjustment as mentioned above. If there was no financial reporting adjustment, the depreciation would have been 422 million baht as shown in the table above, a growth of 8.0% YoY. The increase in the expense was from the continuous expansion of branches in high potential areas, such as Bangkok, vicinity areas and large cities in order to generate income from both oil and non-oil businesses. However, the depreciation increased from the previous quarter (which has adjusted according to the new accounting standards) only 2.4%, due to the expansion of only 7 LPG stations in 2Q/2020.

Regarding the rental expense shown in the income statement, it was the expense for the lease that does not meet the requirements of the accounting standard no. 16. If the reporting standards have not been adjusted, the rental expense would have been 420 million baht, an increase of 14.5% YoY, which grew according to the branch expansion of the oil and non-oil businesses.

- **Finance costs** was 268 million baht, reflecting an increase of 225.8% YoY, which was the impact of financial reporting adjustment no. 16 as mentioned above. However, if there was no adjustment in the reporting standards, finance costs would have been 70 million baht, a decrease of 15.2% YoY from the investment policy to match with the operating cash flow. However, if compared the expense with the last quarter (which has been adjusted in accordance with the accounting standard no. 16), financial costs decreased by 1.6% QoQ.
- **EBITDA and Net Profit**, EBITDA was 1,646 million baht, reflecting an increase of 21.2% YoY, and an increase of 36.2% QoQ. The growth in EBITDA was due to the improve in marketing margin from the retail oil price adjustment to be in accordance with oil cost. Moreover, PTG adjusted its financial reporting as described above. As a result, the net profit was 513 million baht, rose 20.3% YoY, and 150.8% QoQ, and net profit per share of the Company was 0.31 baht, an increase from the previous year of 0.26 baht and from the last quarter of 0.12 baht. However, without adjusting financial reporting, PTG would have had a net profit of 574 million baht, a growth of 34.1% YoY. In other words, the effect of the financial reporting adjustment in accordance with the accounting standard no. 16 equal to 61 million baht.

Summary of Financial Position (Baht million)	2Q/2020	%	2019	%	Amount changes	% changes
Cash and current investment	671	2%	1,038	5%	(367)	-56.0%
Trade, other receivables, short-term lending	719	2%	1,595	7%	(876)	-52.3%
Inventories	1,457	4%	2,217	10%	(760)	-33.5%
<b>Total current assets</b>	<b>2,847</b>	<b>7%</b>	<b>4,850</b>	<b>21%</b>	<b>(2,003)</b>	<b>-44.5%</b>
Investment properties	389	1%	363	2%	26	4.5%
Property, plant, and equipment	10,742	26%	11,458	51%	(716)	-6.4%
Right-of-use assets	23,645	58%	-	0%	23,645	n/a
Prepaid leasehold right and land rental	-	0%	3,153	14%	(3,153)	-100%
Investment in a joint venture	856	2%	688	3%	168	24.1%
Investment in associate	789	2%	796	4%	(7)	0.5%
Financial assets measured at fair value through other comprehensive income (General investment)	734	2%	723	3%	11	1.5%
Intangible assets	216	1%	214	1%	2	1.3%
Goodwill	53	0%	53	0%	(0)	0.0%
Other non-current assets	406	1%	354	2%	52	15.1%
<b>Total assets</b>	<b>40,677</b>	<b>100%</b>	<b>22,652</b>	<b>100%</b>	<b>18,025</b>	<b>77.6%</b>
Trade and other payables	4,693	12%	5,779	26%	(1,086)	-12.3%
Short-term loans & loans due within 1 year	5,840	14%	5,711	25%	129	1.9%
Other current liabilities	293	1%	125	1%	168	40.1%
<b>Total current liabilities</b>	<b>10,826</b>	<b>27%</b>	<b>11,615</b>	<b>51%</b>	<b>(789)</b>	<b>-4.8%</b>
Financial lease liabilities	18,767	46%	216	1%	18,551	8,420.9%
Long-term loans	3,689	9%	3,857	17%	(168)	-8.7%
Deferred tax liabilities	49	0%	40	0%	9	14.4%
Other non-current liabilities	235	1%	217	1%	18	7.2%
<b>Total liabilities</b>	<b>33,566</b>	<b>83%</b>	<b>15,945</b>	<b>70%</b>	<b>17,621</b>	<b>108.6%</b>
Retained earnings	4,057	10%	3,676	16%	381	5.6%
Others	3,054	8%	3,031	13%	23	1.3%
<b>Total equity</b>	<b>7,111</b>	<b>17%</b>	<b>6,707</b>	<b>30%</b>	<b>404</b>	<b>3.7%</b>
<b>Total liabilities and equity</b>	<b>40,677</b>	<b>100%</b>	<b>22,652</b>	<b>100%</b>	<b>18,025</b>	<b>77.6%</b>

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## Statement of Financial Position as of ending 2Q/2020

As of ending 2Q/2020, PTG had the total assets of 40,677 million baht, reflecting an increase of 18,025 million baht or up by 79.6% from the end of 2019. The main reasons were as follows: 1. Right-of-use assets of 23,645 million baht from recording long-term lease agreements including the right to renew the lease in accordance with the accounting standard no. 16. 2. Investment in a joint venture of 856 million baht, increased by 168 million baht or 24.5% from last year, due to the profit reconciled from Palm Complex. The main assets that decreased were 1. cash and short-term investments decreased 367 million baht or 35.4% from last year, due to payment of trade payables, payments for short-term and long-term loans, and dividend payment to shareholders. 2. Trade accounts receivable, other receivables and short-term loans decreased by 876 million baht or 54.9% from last year, due to the decline in oil sales through industrial channels and the drop in oil prices. 3. Inventories decreased by 760 million baht or 33.5% from the previous year as a result of the lower oil price and the inventories management during the normal time. Lastly, 4. leasehold rights and prepaid land rentals decreased 100% from last year, due to the adjustment of reporting this asset to the right-of-use assets.

Meanwhile, PTG had total liabilities of 33,566 million baht, an increase of 17,621 million baht or 110.5% from the year end 2019. The main increase was due to 1. Liabilities under financial leases, rose by 18,551 million baht or 8,588.5% from the adjustment of financial reports in accordance with the accounting standard no. 16 as mentioned above. 2. Others, an increase of 168 million baht or a 134.4% from the previous year, due to an increase in income tax accrued. The main liabilities that decrease was from trade and other payables which reduced 1,086 million baht or 18.8% from last year, due to the decline in oil cost. In addition, PTG had shareholders' equity of 7,111 million baht, a growth of 404 million baht or 6.0% from the end of 2019 from the increase in net profit.

### Sources and Uses of Funds Statement for 6M2020 (Baht million)

Sources of Funds		Uses of Funds	
Cash from operations	2,420	Payment of interest and tax, net	580
Cash received from short-term investment, net	1	Investment in leasehold rights, PP&E, and intangible assets	1,167
Cash received from payment of loans from subsidiaries, joint ventures and associates	144	Cash lending	32
Cash received from dividend	25	Payment of loans, net	429
Cash received from selling assets	2	Payment to creditors under the financial lease agreement	416
Cash decrease	366	Payment of cash dividend	334
<b>Total</b>	<b>2,958</b>	<b>Total</b>	<b>2,958</b>

## Cash flow summary for 1H/2020

For the 1H/2020, PTG had net cash from operating activities of 1,840 million baht (after net deduction of interest and tax expenses of 580 million baht), up by 28.8% from last year. The main reason was from using less working capital than last year as a result of lower oil costs. Thus, there was an increase in cash flow from operations. Meanwhile, PTG had net cash used in investing activities of 1,027 million baht, a decrease of 51.6% from last year. This was due to cash payment for leasehold rights and prepaid land lease, a decrease of 721 million baht from last year, from the adjustment of accounting standard no. 16, and cash payment to purchase land, buildings and equipment which decreased by 441 million baht from the previous year in accordance with investment control policy and the strategy of selecting service stations in potential areas and in non-coverage areas. In addition, the net cash from financing activities was negative 1,179 million baht, a decrease of 240.2%, due to the repayment schedule of short-term and long-term loans from financial institutions. Therefore, net cash and cash equivalents decreased by 366 million baht, resulting in the net cash of 671 million baht at the end of 1H/2020.

Accreditation		Long-term liabilities and outstanding debentures (Million Baht)				
Credit rating (Tris)	BBB+	Year	Debentures	Maturity	Loans	Maturity
CG score	Excellent: 5 Stars	Jul – Dec 2020	1,000	1,000	599	761
CAC	Certified CAC	2021				1,183
ESG Index	THSI	2022		2,100		529
		2023		1,000		419
		2024				121
		2025				40

## Executive view and business direction for the second half of 2020

2020's target (adjusted)

- ✓ Number of Branch
  - Oil Station 1,900 stations (maintained)
  - LPG and Mix Station 230 stations (maintained)
  - Non-oil (F&B, CVS, Services) 700 branches (maintained)
- ✓ Oil Sales Volume Growth 8 – 12% (adjusted from 10 – 12%)
- ✓ EBITDA Growth 8 – 12% (adjusted from 10 – 12%)
- ✓ Investment Budget 3,000 – 3,500 million baht (adjusted from 2,000 – 2,500 million baht)

**The oil sales volume returns to grow in the second half of the year.** After the situation of the COVID-19 virus began to resolve, the government had unlocked down all businesses in various sectors, the domestic economic activity had begun to return to normal, and more people started to travel in the country, causing the trend of oil consumption to increase as well. Meanwhile, PTG's oil sales volume have returned to double-digit growth since the beginning of 3Q/2020. However, oil sales volume growth is still below the PTG's 2H/2020 original target of 15-17% due to a gradual recovery in the country's overall oil demand and seasonal effects in the third quarter, which is the rainy season, causing the activity of transportation and the use of agricultural machinery to decline. Therefore, PTG expects its oil sales volume growth in 2H/2020 to be approximately 8 – 12% from the previous year. As a result, the full-year oil sales volume growth forecast is adjusted to 6 – 10% YoY from the original forecasted growth of 10 – 12% YoY.

Nevertheless, PTG still maintains the target expansion of oil and LPG stations at 50 – 100 stations. This is because the Company continues to focus on cost control and strict investment policy. In this regard, PTG focuses mainly on increasing the same store sales with the strategy of by renovating its existing stations and adding more comprehensive services to the service station. In addition, the Company will continue to expand its non-oil business branches by 100 branches to reach 700 branches by 2020. Besides, PTG revised the investment budget to 3,000 – 3,500 million baht from 2,000 – 2,500 million baht.

**An EBITDA growth target of 6 - 10%.** The growth of oil sales volume in the second half is expected to grow at 8 – 12% YoY. As a result, the forecast oil sales volume growth is 6-10% YoY in 2020. Besides, the oil marketing margin has returned to normal levels since the beginning of the second quarter. Non-Oil businesses, which were affected by the COVID-19 virus outbreak in April and May, also began to recover since June. In addition, PTG still emphasizes on the cost control policy. PTG also expects a share of the profit from Palm Complex at the same target. Moreover, the Company expects the impact of the financial report adjustment in accordance with the accounting standard no. 16, based on the calculation of the Company's obligations under the lease and its renewing contracts, to be approximately 160 – 180 million baht. Therefore, PTG revised its EBITDA growth forecast at 6-10%.

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**Continuously develop and expand services for both oil business and non-oil business.** Since 1H/2020, PTG has continuously developed services in both the oil business and the non-oil business, such as expanding service for the LPG household, and adding delivery channel for Punthai Coffee and Coffee World. Moreover, in July, PTG launched 24-hour emergency road assistance service within a radius of 10 kilometers from the nearest PT service station. This service provides emergency oil delivery services in Bangkok, vicinity areas and other provinces to customers for 4 liters per time with a delivery fee of 100 baht per time or 100 points per time for PT Max Card members. In addition, there is a 24-hour general roadside assistance service such as emergency vehicle towing services, emergency battery assistance, and car repair service. Nevertheless, PTG continues to strive to develop products and services to better serve the needs of customers, so that PTG will become the first brand in mind of customers.