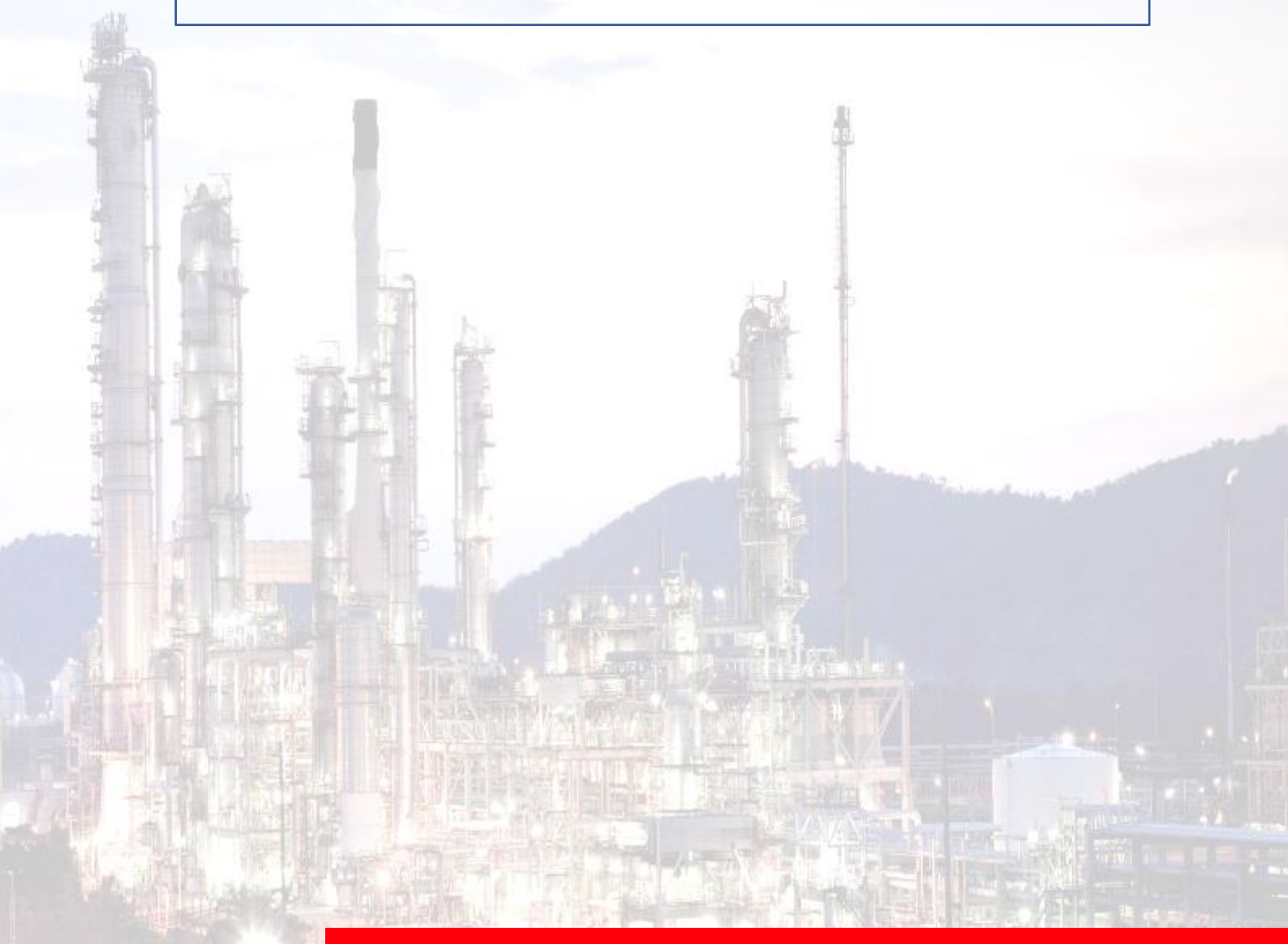




Esso (Thailand) Public Company Limited

Management Discussion and Analysis

Second Quarter 2022



**Management's Discussion and Analysis (MD&A)
for the Second Quarter of 2022 and the Six-Month Period Ended June 30, 2022**
1. Financial and Operating Highlights

	2Q 2022	2Q 2021	1H 2022	1H 2021
Crude intake (Kbpd)	132	124	130	127
Paraxylene production (Ktons)	0	13	0	53
Average forex rate (Baht/US\$)	34.4	31.4	33.7	30.8
Accounting gross refining margin (US\$/Bbl)	26.9	7.0	24.9	9.4
Operating gross refining margin (US\$/Bbl) ⁽¹⁾	19.4	2.4	12.3	2.4
Revenue from sales (million Baht)	76,092	41,070	133,772	80,328
Gross profit (million Baht)	11,667	2,289	20,235	7,007
EBITDA (million Baht)	11,086	1,779	19,147	5,938
Profit (loss) for the period (million Baht)	8,299	859	14,199	3,647
Earnings (loss) per share (Baht) ⁽²⁾	2.40	0.25	4.10	1.05

⁽¹⁾ Reflects production volume at market reference price and crude consumption at current replacement cost basis

⁽²⁾ Based on current number of shares: 3,461 million shares

2. Benchmark Prices for Crude Oil and Refined Petroleum Products

Average Platts Singapore quoted prices for crude oil and refined products

Unit: US\$/Bbl	2Q 2022	2Q 2021	1Q 2022	1H 2022	1H 2021
Dubai	108.1	66.9	95.6	101.8	63.5
Gasoline (95 Ron)	143.0	76.8	113.3	128.2	72.0
Jet fuel / kerosene	147.2	71.4	111.8	129.5	67.4
Diesel (50 ppmS)	158.4	73.6	116.6	137.5	69.7
Fuel oil (180 cs)	102.4	59.7	85.2	93.8	57.5
LPG	75.2	45.4	70.7	72.9	48.1

Source: Mean of Platts Singapore and PCI

Dubai prices in the second quarter of 2022 averaged \$108.1/Bbl, an increase of \$41.2/Bbl from the same period last year. Crude prices continued in upward direction with an increase of \$12.5/Bbl from the first quarter of 2022 but remained volatile as a result of uncertainties in global crude supply and demand as well as growing concerns on the economic condition. The average monthly price for Dubai in June 2022 was \$113.2/Bbl, improved from March 2022 average price of \$110.9/Bbl by \$2.3/Bbl and from December 2021 average price of \$73.2/Bbl by \$40.0/Bbl.

In tandem with crude oil prices, all product prices significantly increased in the second quarter of 2022 when compared with the same period last year and the previous quarter as a result of rising demand and supply disruptions from the Russia-Ukraine war.

3. Production and Gross Margin

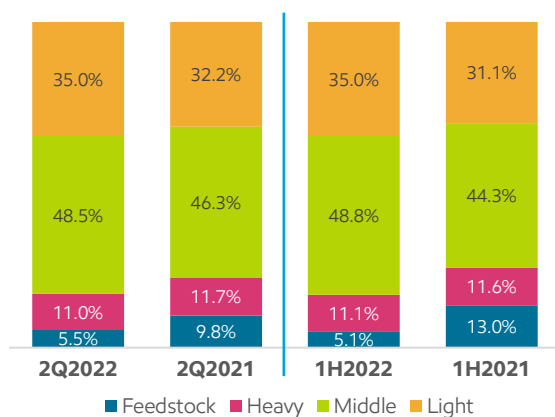
	2Q 2022	2Q 2021	+ / -	1H 2022	1H 2021	+ / -
Refining capacity (Kbpd)	174	174	0	174	174	0
Crude intake (Kbpd)	132	124	+8	130	127	+3
Paraxylene production (Ktons)	0	13	-13	0	53	-53
Accounting gross refining margin (US\$/Bbl)	26.9	7.0	+19.9	24.9	9.4	+15.5
Operating gross refining margin* (US\$/Bbl)	19.4	2.4	+17.0	12.3	2.4	+9.9
Total Fuel Product Sales (KBbl)	12,915	11,752	+1,163	25,104	23,825	+1,279
- LPG	674	669	+5	1,365	1,375	-10
- Gasoline	3,839	3,162	+677	7,328	6,192	+1,136
- Naphta	136	321	-185	260	817	-557
- Jet Fuel/Kerosene	521	415	+106	1,051	879	+172
- Diesel	6,345	5,578	+767	12,338	11,520	+818
- Fuel Oil	1,091	1,134	-43	2,018	2,037	-19
- Asphalt	309	473	-164	744	1,005	-261

(*) Reflects production volume at market reference price and crude consumption at current replacement cost basis

Refinery crude intake for this period was 132 KBD, higher than the same period of last year reflecting demand recovery from country's improved COVID-19 situation and relaxed control measures. Paraxylene production has been suspended since April 2021.

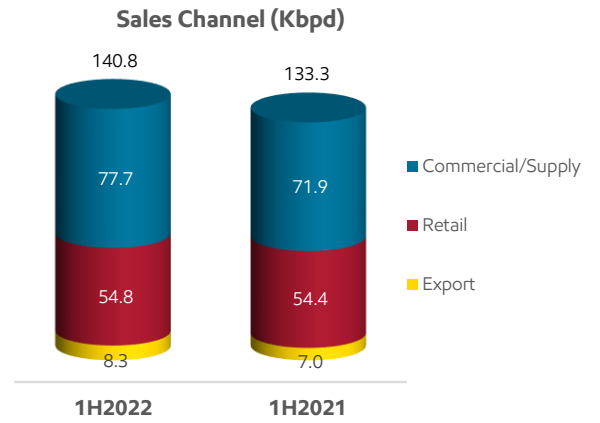
Accounting Gross Refining Margin (GRM) in the second quarter of 2022 was \$26.9/Bbl, \$19.9/Bbl higher than the same period of 2021 largely contributed by strong industry margins and favorable inventory effects. In line with accounting GRM, Operating Gross Refining Margin (GRM) in the second quarter of 2022 was \$19.4/Bbl, \$17.0/Bbl higher than that of 2021 as a result of higher industry margins partially offset by higher crude premium.

Refinery Production (%)



Refinery production yields in the second quarter of 2022 reflected production adjustment to capture strong margin opportunity and demand recovery from improved COVID-19 situation. Compared with the same period of last year, light and middle distillate production increased as a result of maximized gasoline and diesel production in response to improved margins and demand from resumed mobility and power generation industry. Lower feedstock yields from paraxylene production suspension continued to contribute in higher gasoline yields.

Total fuel product sales volume in the second quarter of 2022 was 10% higher than the same period of last year following the increase in diesel, gasoline, and jet fuel demand from improved COVID-19 situation. The overall sales growth was a result of the effort to optimize our sales among higher margin channels and capture growth opportunity in Commercial business domestically including power generation sector. Retail business achieved record high in June following demand recovery and marketing activities. The company continued to maintain market position and grow footprint via service station expansion. At the end of second quarter, there were 758 service stations nationwide, or net increase of 27 service stations from year-end 2021.



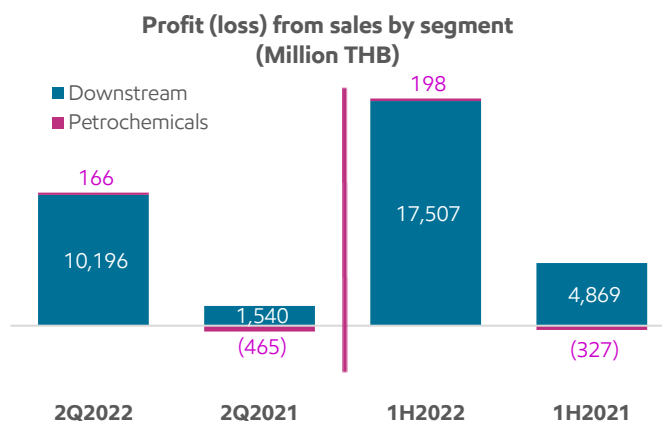
4. Financial Performance

Unit: million Baht	2Q 2022	2Q 2021	+ / -	1H 2022	1H 2021	+ / -
Revenue from sales	76,092	41,070	+35,022	133,772	80,328	+53,444
Cost of sales	(64,425)	(38,781)	-25,644	(113,537)	(73,321)	-40,216
Gross profit	11,667	2,289	+9,378	20,235	7,007	+13,228
Selling expenses	(1,249)	(1,155)	-94	(2,412)	(2,348)	-64
Administrative expenses	(56)	(59)	+3	(118)	(117)	-1
Profit (loss) from sales	10,362	1,075	+9,287	17,705	4,542	+13,163
Other income	4	3	+1	5	12	-7
Finance costs, net	(74)	(75)	+1	(147)	(157)	+10
Share of profit from an associate	75	55	+20	157	125	+32
Profit (loss) before income tax	10,367	1,058	+9,309	17,720	4,522	+13,198
Income tax expense	(2,068)	(199)	-1,869	(3,521)	(875)	-2,646
Profit (loss) for the period	8,299	859	+7,440	14,199	3,647	+10,552
Other comprehensive income	108	18	+90	117	135	-18
Total comprehensive income for the period	8,407	877	+7,530	14,316	3,782	+10,534

Revenue from sales for the second quarter of 2022 and for the first half of 2022 were higher than the same periods of last year, largely due to higher market prices and higher sales volume for most products.

In the second quarter of 2022, profit from sales was Baht 10,362 million, which was Baht 9,287 million higher than the same period of last year primarily from Downstream segment mainly due to improved refining margin, favorable inventory effects, and sales volume growth.

Compared with the same period last year, net finance costs are almost the same due to lower interest rate offset by higher average debt balance.



5. Statement of Financial Position

Unit: million Baht except for percentages	30 Jun 2022	31 Dec 2021	+/-	+/- %
Assets				
- Current assets	59,782	33,784	+25,998	+77%
- Non-current assets	34,072	36,271	-2,199	-6%
Total assets	93,854	70,055	+23,799	+34%
Liabilities				
- Current liabilities	54,153	42,008	+12,145	+29%
- Non-current liabilities	6,177	8,839	-2,662	-30%
Total liabilities	60,330	50,847	+9,483	+19%
Equity				
- Issued & paid-up share capital	17,075	17,075	0	0%
- Premium on share capital	4,032	4,032	0	0%
- Legal reserve	1,001	1,001	0	0%
- Unappropriated retained earnings	10,561	(3,638)	+14,199	+390%
- Other components of equity	848	731	+117	+16%
Non-controlling interests	7	7	0	0%
Total equity	33,524	19,208	+14,316	+75%
Total liabilities and equity	93,854	70,055	+23,799	+34%

Current assets as of June 30, 2022 increased by Baht 25,998 million from year-end 2021, mainly due to higher inventory balances and trade receivables from higher crude and product prices as well as oil fuel fund subsidy claims. Non-current assets decreased by Baht 2,199 million mainly from decrease in deferred income tax assets related to tax loss carried forward.

Total liabilities of Baht 60,330 million, an increase of Baht 9,483 million, were primarily driven by higher crude payables from higher crude prices and Baht depreciation.

Total debt was Baht 20,674 million (long term loans of Baht 1,333 million and short term loans of Baht 19,341 million) as of June 30, 2022, a decrease of Baht 8,316 million from Baht 28,990 million at year-end 2021, primarily from net cash flow as a result of strong earnings and one-time crude payment timing impact. The company continued to maintain adequate financing sources to support payment obligations.

Total equity increased by Baht 14,316 million as a result of profits for the first six months of 2022 and unrealized gain from the re-measurement of Bangkok Aviation Fuel Services Public Company Limited investment.

6. Statement of Cash Flows

Unit: million Baht	1H 2022	1H 2021
Cash flows from (used in) operating activities	9,636	2,201
Cash flows from (used in) investing activities	(564)	(308)
Cash flows from (used in) financing activities	(8,569)	(1,402)

Cash flows from operating activities was Baht 9,636 million for the six-month period ended June 30, 2022, mainly reflected positive earnings for the period, partly offset by unfavorable working capital effects. Cash flows used in investing activities was Baht 564 million, mainly for refinery and retail projects, partly offset by dividends received from investments. Cash flows used in financing activities was Baht 8,569 million, reflecting repayment of borrowings.

7. Financial Ratios

Profitability ratios

	2Q 2022	2Q 2021	1Q 2022	1H 2022	1H 2021
Gross profit margin (%)	15.3%	5.6%	14.9%	15.1%	8.7%
Net profit margin (%)	10.9%	2.1%	10.2%	10.6%	4.5%
Interest coverage ratio (times)	146.2	23.4	108.8	127.7	37.6

Liquidity and debt to equity ratios

	30 Jun 2022	31 Mar 2022	31 Dec 2021
Current ratio (times)	1.1	1.0	0.8
Quick ratio (times)	0.2	0.2	0.2
Total debt to equity ratio (times)	0.6	1.2	1.5
Long term debt to equity ratio (times)	0.0	0.1	0.2
Net debt to equity ratio (times)	0.6	1.2	1.5

Financial ratios calculation:

Gross profit margin	= Gross profit / Sales
Net profit margin	= Net profit / Sales
Interest coverage ratio	= EBITDA / Interest expense
Current ratio	= Current assets / Current liabilities
Quick ratio	= (Cash and cash equivalents + Short term investments + Trade receivables) / Current liabilities
Total debt to equity ratio	= Total debt / Total shareholders' equity
Long term debt to equity ratio	= Non-current borrowings / Total shareholders' equity
Net debt to equity ratio	= (Total debt – Cash and cash equivalents) / Total shareholder's equity

- Signed -

Adisak Jangkamolkulchai
 Chairman and Managing Director
 August 9, 2022