



Esso (Thailand) Public Company Limited

Management Discussion and Analysis

Third Quarter 2021





**Management's Discussion and Analysis (MD&A)
for the Third Quarter of 2021 and the Nine-Month Period Ended September 30, 2021**

1. Financial and Operating Highlights

	3Q 2021	3Q 2020	9M 2021	9M 2020
Crude intake (Kbpd)	113	108	122	114
Paraxylene production (Ktons)	0	47	53	139
Average forex rate (Baht/US\$)	32.9	31.3	31.5	31.5
Gross refining margin (US\$/Bbl)	4.0	6.0	7.6	(6.7)
Revenue from sales (million Baht)	40,239	30,392	120,567	94,191
Gross profit (million Baht)	1,349	1,808	8,356	(6,580)
EBITDA (million Baht)	779	1,370	6,717	(8,472)
Profit (loss) for the period (million Baht)	46	467	3,694	(8,343)
Earnings (loss) per share (Baht) ⁽¹⁾	0.01	0.13	1.07	(2.41)

⁽¹⁾ 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	3Q 2021	3Q 2020	2Q 2021	9M 2021	9M 2020
Dubai	71.7	42.9	66.9	66.2	41.4
Gasoline (95 Ron)	83.4	47.4	76.8	75.8	46.0
Jet fuel / kerosene	77.0	42.2	71.4	70.6	44.0
Diesel (50 ppmS)	79.4	47.8	73.6	72.9	49.3
Fuel oil (180 cs)	66.7	39.5	59.7	60.5	36.7
LPG	57.0	31.0	45.4	51.1	34.7

Source: Mean of Platts Singapore and PCI

Dubai prices in the third quarter of 2021 averaged \$71.7/Bbl, an increase of \$28.8/Bbl from the same period last year, and \$4.8/Bbl compared to the second quarter of 2021. Crude prices continued to rise as a result of demand recovery from COVID-19 vaccine rollout in many countries, together with tight supply. The average monthly price for Dubai in September 2021 was \$72.6/Bbl, which was higher than the June 2021 average price of \$71.6/Bbl and higher than the December 2020 average price of \$49.8/Bbl.

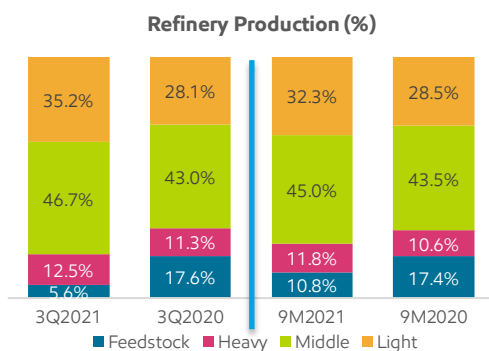
In tandem with crude oil prices, all product prices improved in the third quarter of 2021 when compared with the same period last year and the previous quarter as a result of demand recovery.

3. Production and Gross Margin

	3Q 2021	3Q 2020	+ / -	9M 2021	9M 2020	+ / -
Refining capacity (Kbpd)	174	174	0	174	174	0
Crude intake (Kbpd)	113	108	+5	122	114	+8
Paraxylene production (Ktons)	0	47	-47	53	139	-86
Gross Refining Margin (US\$/Bbl)	4.0	6.0	-2	7.6	(6.7)	+14.3
Total Fuel Product Sales (KBbl)	10,938	10,958	-20	34,763	33,697	+1,066
- LPG	645	552	+93	2,020	1,663	+357
- Gasoline	3,182	2,779	+403	9,374	8,337	+1,037
- Naphtha	270	425	-155	1,087	1,130	-43
- Jet Fuel/Kerosene	438	283	+155	1,317	1,794	-477
- Diesel	4,995	5,482	-487	16,515	16,699	-184
- Fuel Oil	955	1,012	-57	2,992	3,091	-99
- Asphalt	453	425	+28	1,458	983	+475

Refinery crude intake for this period was 113 KBD, higher than the same period last year reflecting the absence of scheduled maintenance shutdown. However, crude intake for this quarter was still lower than previous quarter reflecting country's low fuels demand from partial lockdown measures. Paraxylene production has been suspended since April 2021.

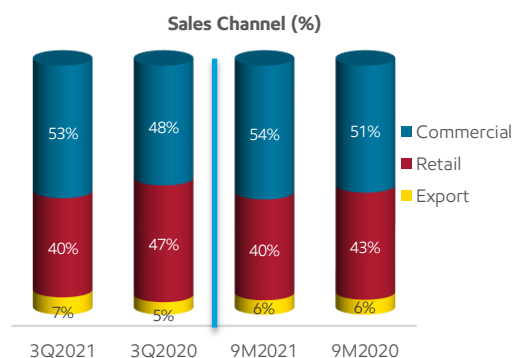
Comparing to the same period last year, Gross Refining Margin (GRM) in the third quarter of 2021 decreased from \$6.0/Bbl to \$4.0/Bbl, mainly from less favorable inventory effects.



Refinery production yields in the third quarter of 2021 reflected continued production adjustment in response to demand during COVID-19 pandemic. Comparing to the same period last year, lower feedstock yields reflected paraxylene production suspension from April 2021 onwards resulting in higher gasoline yield. Middle distillate production increased mainly from jet fuel in response to increasing demand.

Total product sales volume in the third quarter of 2021 was 20 KBbl lower than the same period of last year. Retail channel was impacted mainly by country's partial lockdown while Commercial channel continued capturing further growth opportunity in cross-border sales to neighboring countries and increasing jet fuel sales as a result of travel restriction lift.

For the nine-month period of 2021, Asphalt sales continued to maintain its record high in a decade.



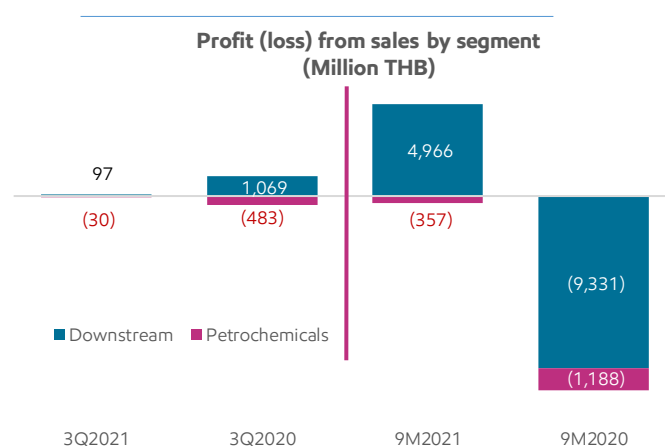
4. Financial Performance

Unit: million Baht	3Q 2021	3Q 2020	+ / -	9M 2021	9M 2020	+ / -
Revenue from sales	40,239	30,392	+9,847	120,567	94,191	+26,376
Cost of sales	(38,890)	(28,584)	-10,306	(112,211)	(100,771)	-11,440
Gross profit	1,349	1,808	-459	8,356	(6,580)	+14,936
Selling expenses	(1,225)	(1,142)	-83	(3,573)	(3,731)	+158
Administrative expenses	(57)	(80)	+23	(174)	(208)	+34
Profit (loss) from sales	67	586	-519	4,609	(10,519)	+15,128
Other income	9	6	+3	21	63	-42
Finance costs, net	(76)	(95)	+19	(233)	(267)	+34
Share of profit (loss) from an associate	43	67	-24	168	216	-48
Profit (loss) before income tax	43	564	-521	4,565	(10,507)	+15,072
Income tax (expense) credit	3	(97)	+100	(871)	2,164	-3,035
Profit (loss) for the period	46	467	-421	3,694	(8,343)	+12,037
Other comprehensive income	54	(101)	+155	189	(342)	+531
Total comprehensive income (loss) for the period	100	366	-266	3,883	(8,685)	+12,568

Revenue from sales for the third quarter of 2021 and for the nine-month of 2021 were higher than the same periods last year, largely due to higher product prices.

In the third quarter of 2021, profit from sales was Baht 67 million, compared to Baht 586 million in the same period of last year. The Downstream segment made a profit of 97 million, primarily driven by favorable inventory effects. The Petrochemical segment had a lower loss than the same period last year reflecting paraxylene production suspension.

Compared to the same period last year, net finance costs decreased by Baht 19 million in the third quarter of 2021, and decreased by Baht 34 million from the nine-month of 2020 primarily driven by lower interest rates.



5. Statement of Financial Position

<i>Unit: million Baht except for percentages</i>	30 Sep 2021	31 Dec 2020	+/-	+/- %
Assets				
- Current assets	31,830	22,921	+8,909	+39%
- Non-current assets	36,515	38,457	-1,942	-5%
Total assets	68,345	61,378	+6,967	+11%
Liabilities				
- Current liabilities	39,553	35,446	+4,107	+12%
- Non-current liabilities	10,551	11,573	-1,022	-9%
Total liabilities	50,104	47,019	+3,085	+7%
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 (deficits)	(4,388)	(8,081)	+3,693	+46%
- Other components of equity	514	325	+189	+58%
Non-controlling interests	7	7	0	0%
Total equity	18,241	14,359	+3,882	+27%
Total liabilities and equity	68,345	61,378	+6,967	+11%

Current assets as of September 30, 2021 increased by Baht 8,909 million from year-end 2020, mainly due to higher inventory balances and trade receivables from the increase in price. Non-current assets decreased by Baht 1,942 million mainly caused by the decrease in deferred income tax assets relating to tax loss carried forward.

Total liabilities of Baht 50,104 million, an increase of Baht 3,085 million, were primarily driven by higher crude payables from higher crude prices.

Total debt was Baht 28,652 million as of September 30, 2021 compared to Baht 28,203 million at year-end 2020. The company continued to maintain adequate financing sources to support payment obligations. At the end of September 2021, short-term loans increased to Baht 23,319 million, and long term loans decreased to Baht 5,333 million.

Total equity increased by Baht 3,882 million as a result of profits for the nine-month of 2021 and unrealized gain from the re-measurement of Bangkok Aviation Fuel Services Public Company Limited investment.



6. Statement of Cash Flows

Unit: million Baht	9M 2021	9M 2020
Cash flows from (used in) operating activities	547	(1,169)
Cash flows from (used in) investing activities	(566)	(841)
Cash flows from (used in) financing activities	93	2,085

Cash flows from operating activities was Baht 547 million for the nine-month period ended September 30, 2021, mainly reflected positive earnings in the period, partly offset by unfavorable working capital effects. Cash flows used in investing activities was Baht 566 million, mainly for refinery and retail projects, partly offset by dividends received from investments. Cash flows from financing activities was Baht 93 million, reflecting net proceeds from borrowings.



7. Financial Ratios

Profitability ratios

	3Q 2021	3Q 2020	2Q2021	9M 2021	9M 2020
Gross profit margin (%)	3.4%	5.9%	5.6%	6.9%	(7.0%)
Net profit margin (%)	0.1%	1.5%	2.1%	3.1%	(8.9%)
Interest coverage ratio (times)	10.2	14.3	23.4	28.6	(31.5)

Liquidity and debt to equity ratios

	30 Sep 2021	30 Jun 2021	31 Dec 2020
Current ratio (times)	0.8	0.8	0.6
Quick ratio (times)	0.2	0.2	0.2
Total debt to equity ratio (times)	1.6	1.5	2.0
Long term debt to equity ratio (times)	0.3	0.2	0.4
Net debt to equity ratio (times)	1.6	1.4	1.9

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
November 9, 2021