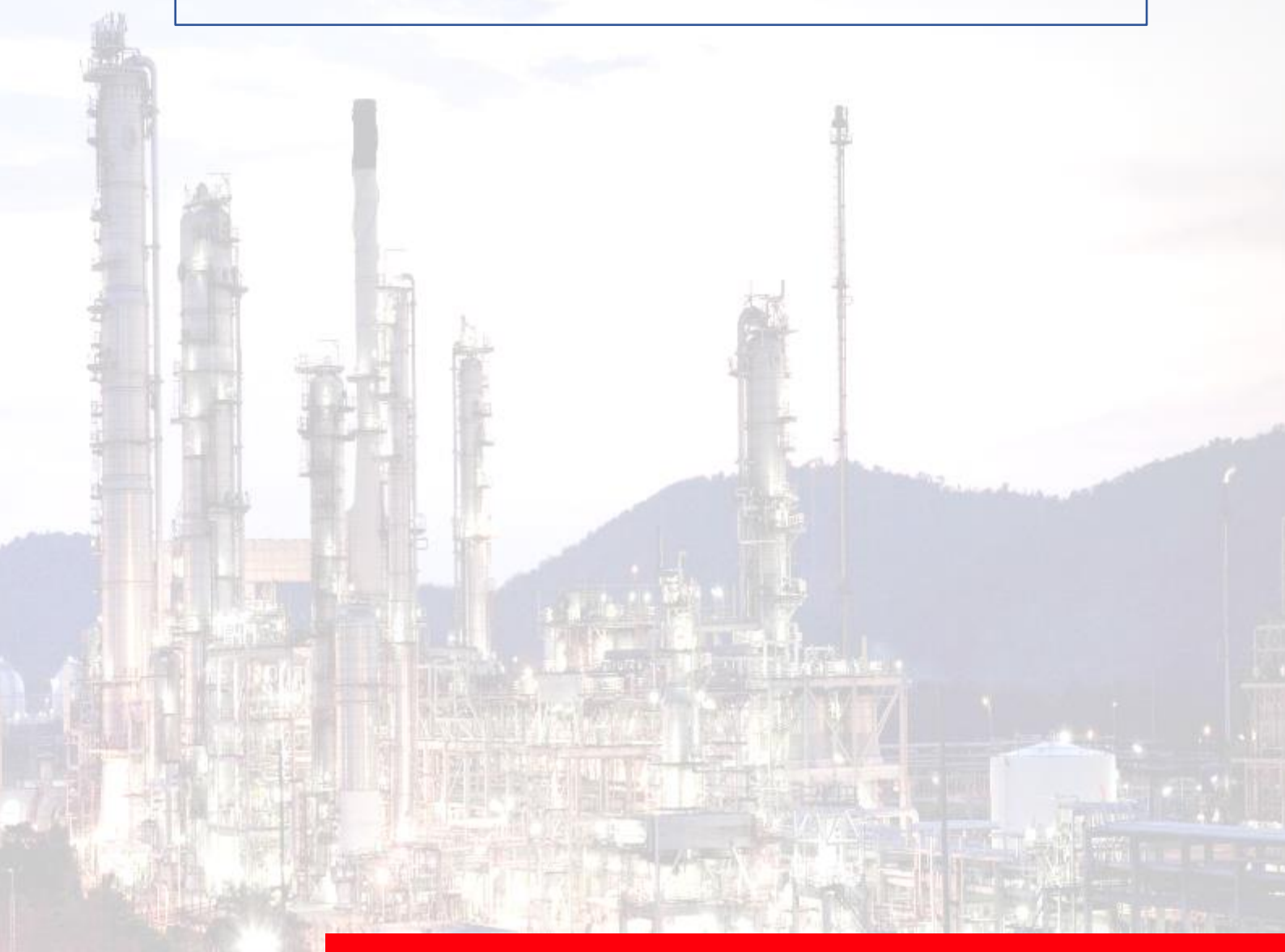




Esso (Thailand) Public Company Limited

Management Discussion and Analysis

Third Quarter 2022





**Management's Discussion and Analysis (MD&A)
for the Third Quarter of 2022 and the Nine-Month Period Ended September 30, 2022**

1. Financial and Operating Highlights

	3Q 2022	3Q 2021	9M 2022	9M 2021
Crude intake (Kbpd)	134	113	131	122
Paraxylene production (Ktons)	0	0	0	53
Average forex rate (Baht/US\$)	36.4	32.9	34.6	31.5
Accounting gross refining margin (US\$/Bbl)	(7.4)	4.0	13.3	7.6
Operating gross refining margin (US\$/Bbl) ⁽¹⁾	4.5	2.0	9.6	2.3
Total revenue (million Baht)	65,591	40,239	199,363	120,567
Gross profit (million Baht)	(2,638)	1,349	17,597	8,356
EBITDA (million Baht)	(3,286)	779	15,862	6,717
Profit (loss) for the period (million Baht)	(3,127)	46	11,072	3,694
Earnings (loss) per share (Baht) ⁽²⁾	(0.90)	0.01	3.20	1.07

⁽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	3Q 2022	3Q 2021	2Q 2022	9M 2022	9M 2021
Dubai	96.9	71.7	108.1	100.2	66.2
Gasoline (95 Ron)	110.1	83.4	143.0	122.2	75.8
Jet fuel / kerosene	129.3	77.0	147.2	129.4	70.6
Diesel (50 ppmS)	137.3	79.4	158.4	137.4	72.9
Fuel oil (180 cs)	72.9	66.7	102.4	86.8	60.5
LPG	59.4	57.0	75.2	68.4	51.1

Source: Mean of Platts Singapore and PCI

Dubai prices in the third quarter of 2022 averaged \$96.9/Bbl, an increase of \$25.2/Bbl from the same period last year but a decrease of \$11.2/Bbl compared to the second quarter of 2022. Crude prices continued to recover from the same period last year, mainly due to improved demand from the relaxation of COVID-19 control measures and impacts from the Russia-Ukraine conflict. However, crude prices moved in downward trend from the previous quarter and remained volatile as a result of growing concerns on the global economy as well as demand and supply uncertainties. The average monthly price for Dubai in September 2022 was \$90.9/Bbl, which was lower than the June 2022 average price of \$113.2/Bbl by \$22.3/Bbl, but still higher than the December 2021 average price of \$73.2/Bbl by \$17.7/Bbl.

In tandem with crude oil prices, all product prices improved in the third quarter of 2022 when compared with the same period last year as a result of rising demand from resumed mobility and relaxed travel restrictions as well as gas-to-liquid switching in power generation industry.

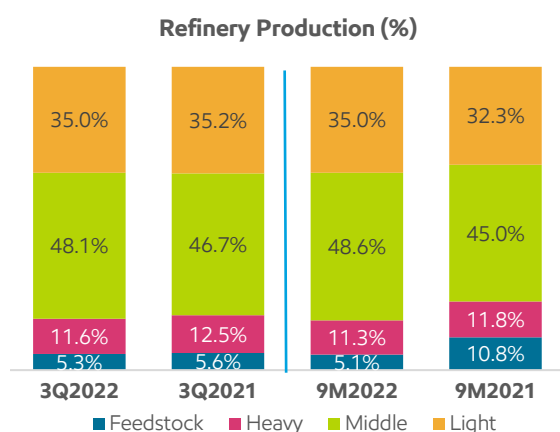
3. Production and Gross Margin

	3Q 2022	3Q 2021	+ / -	9M 2022	9M 2021	+ / -
Refining capacity (Kbpd)	174	174	0	174	174	0
Crude intake (Kbpd)	134	113	+21	131	122	+9
Paraxylene production (Ktons)	0	0	0	0	53	-53
Accounting gross refining margin (US\$/Bbl)	(7.4)	4.0	-11.4	13.3	7.6	+5.7
Operating gross refining margin* (US\$/Bbl)	4.5	2.0	+2.5	9.6	2.3	+7.3
Total Fuel Product Sales (KBbl)	12,884	10,938	+1,946	37,988	34,763	+3,225
- LPG	711	645	+66	2,076	2,020	+56
- Gasoline	3,867	3,182	+685	11,195	9,374	+1,821
- Naptha	51	270	-219	311	1,087	-776
- Jet Fuel/Kerosene	663	438	+225	1,714	1,317	+397
- Diesel	6,073	4,995	+1,078	18,411	16,515	+1,896
- Fuel Oil	1,178	955	+223	3,196	2,992	+204
- Asphalt	341	453	-112	1,085	1,458	-373

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

Refinery crude intake for this period was 134 KBD or 77% utilization rate, higher than the same period last year in response to demand recovery from country's improved COVID-19 situation and resumed mobility. Paraxylene production has been suspended since April 2021.

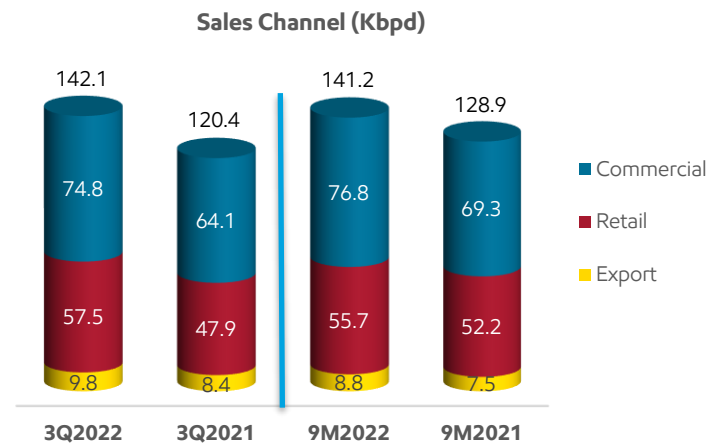
Accounting Gross Refining Margin (GRM) in the third quarter of 2022 was negative \$7.4/Bbl, \$11.4/Bbl lower than the same period of 2021, largely contributed by unfavorable inventory effects. While Operating Gross Refining Margin (GRM) in the third quarter of 2022 was \$4.5/Bbl, \$2.5/Bbl higher than the same period of last year as a result of higher industry margins partially offset by higher crude premium.



Refinery production yields in the third quarter of 2022 reflected production adjustment to capture margin opportunity and demand recovery from improved COVID-19 situation and relaxed travel restrictions. Compared with the same period of last year, total production volume increased 20% mainly from light and middle distillates as a result of maximized gasoline and diesel production in response to improved demand from resumed mobility and power generation industry.



Total fuel product sales volume in the third quarter of 2022 was 18% higher than the same period of last year following the increase in jet fuel, gasoline and diesel demand from relaxed travel restrictions. The overall sales growth was a result of the effort to optimize our sales through higher margin channels and network growth. Commercial channel continued to capture growth opportunity in domestic sales including power generation industry, while Retail business continued to grow volume supported by marketing activities.



The company continued to maintain market position and grow footprint via service station network expansion. At the end of third quarter, there were 780 service stations nationwide, or net increase of 49 sites from year-end 2021.

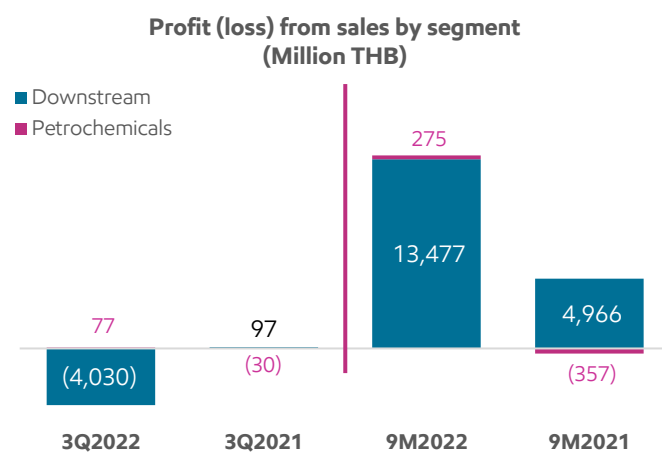
4. Financial Performance

Unit: million Baht	3Q 2022	3Q 2021	+ / -	9M 2022	9M 2021	+ / -
Total revenue	65,591	40,239	+25,352	199,363	120,567	+78,796
Cost of sales	(68,229)	(38,890)	-29,339	(181,766)	(112,211)	-69,555
Gross profit	(2,638)	1,349	-3,987	17,597	8,356	+9,241
Selling expenses	(1,258)	(1,225)	-33	(3,670)	(3,573)	-97
Administrative expenses	(57)	(57)	0	(175)	(174)	-1
Profit (loss) from sales	(3,953)	67	-4,020	13,752	4,609	+9,143
Other income	9	9	0	14	21	-7
Finance costs, net	(63)	(76)	+13	(210)	(233)	+23
Share of profit (loss) from an associate	77	43	+34	234	168	+66
Profit (loss) before income tax	(3,930)	43	-3,973	13,790	4,565	+9,225
Income tax (expense) credit	803	3	+800	(2,718)	(871)	-1,847
Profit (loss) for the period	(3,127)	46	-3,173	11,072	3,694	+7,378
Other comprehensive income	115	54	+61	232	189	+43
Total comprehensive income (loss) for the period	(3,012)	100	-3,112	11,304	3,883	+7,421

Total revenue for the third quarter of 2022 and for the nine-month of 2022 were higher than the same period last year, largely due to higher selling prices and sales volume of products

In the third quarter of 2022, loss from sales was Baht 3,953 million, which was Baht 4,020 million lower than the same period of last year mainly from unfavorable inventory effects.

Compared with the same period last year, net finance costs decreased by Baht 13 million in the third quarter of 2022 primarily driven by lower average borrowings.



5. Statement of Financial Position

<i>Unit: million Baht except for percentages</i>	30 Sep 2022	31 Dec 2021	+/-	+/- %
Assets				
- Current assets	62,064	33,784	+28,280	+84%
- Non-current assets	33,753	36,271	-2,518	-7%
Total assets	95,817	70,055	+25,762	+37%
Liabilities				
- Current liabilities	57,285	42,008	+15,277	+36%
- Non-current liabilities	9,751	8,839	+912	+10%
Total liabilities	67,036	50,847	+16,189	+32%
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	5,826	(3,638)	+9,464	+260%
- Other components of equity	840	731	+109	+15%
Non-controlling interests	7	7	0	0%
Total equity	28,781	19,208	+9,573	+50%
Total liabilities and equity	95,817	70,055	+25,762	+37%

Current assets as of September 30, 2022 increased by Baht 28,280 million from year-end 2021, mainly due to higher inventory balances from higher prices of crude and product as well as higher Oil Fuel Fund subsidy claims. Non-current assets decreased by Baht 2,518 million mainly from a decrease in deferred income tax assets related to tax loss carried forward.

Total liabilities of Baht 67,036 million, an increase of Baht 16,189 million, were primarily driven by higher crude payables from higher crude prices, purchase volume and Baht depreciation.

Total debt was Baht 36,437 million (long term loans of Baht 4,999 million and short term loans of Baht 31,438 million) as of September 30, 2022, an increase of Baht 7,447 million from Baht 28,990 million at year-end 2021 due to unfavorable net working capital impacts from higher inventories and higher Oil Fuel fund subsidy claims. The company continued to maintain adequate financing sources to support payment obligations.

Total equity increased by Baht 9,573 million as a result of profits for the nine-month period of 2022 as well as unrealized gain from the re-measurement of Bangkok Aviation Fuel Services Public Company Limited (BAFS) investment.

6. Statement of Cash Flows

Unit: million Baht	9M 2022	9M 2021
Cash flows from (used in) operating activities	(6,304)	547
Cash flows from (used in) investing activities	(745)	(566)
Cash flows from (used in) financing activities	7,091	93

Cash flows used in operating activities was Baht 6,304 million for the nine-month period ended September 30, 2022, reflected positive earnings for the periods offset by unfavorable working capital effects and income tax paid. Cash flows used in investing activities was Baht 745 million, mainly for retail and refinery projects including investment for Euro 5 compliance, partially offset by dividends received and proceeds from disposal of a portion of equity investments. Cash flows from financing activities was Baht 7,091 million, mainly derived from net proceeds from borrowings.

7. Financial Ratios

Profitability ratios

	3Q 2022	3Q 2021	2Q2022	9M 2022	9M 2021
Gross profit margin (%)	(4.0%)	3.4%	15.3%	8.8%	6.9%
Net profit margin (%)	(4.8%)	0.1%	10.9%	5.6%	3.1%
Interest coverage ratio (times)	(51.7)	10.2	146.2	74.3	28.6

Liquidity and debt to equity ratios

	30 Sep 2022	30 Jun 2022	31 Dec 2021
Current ratio (times)	1.1	1.1	0.8
Quick ratio (times)	0.2	0.2	0.2
Total debt to equity ratio (times)	1.3	0.6	1.5
Long term debt to equity ratio (times)	0.2	0.0	0.2
Net debt to equity ratio (times)	1.2	0.6	1.5

Financial ratios calculation:

Gross profit margin	= Gross profit / Total revenue
Net profit margin	= Net profit / Total revenue
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 8, 2022