



Esso (Thailand) Public Company Limited

Management Discussion and Analysis

First Quarter 2023



**Management's Discussion and Analysis (MD&A) for the First Quarter of 2023****1. Financial and Operating Highlights**

	1Q 2023	1Q 2022
Crude intake (Kbpd)	138	128
Average forex rate (Baht/US\$)	33.9	33.1
Accounting gross refining margin (US\$/Bbl)	4.3	22.7
Operating gross refining margin (US\$/Bbl) ⁽¹⁾	8.7	4.9
Total revenue (million Baht)	59,727	57,680
Gross profit (million Baht)	2,351	8,568
EBITDA (million Baht)	1,722	8,063
Profit for the period (million Baht)	824	5,900
Earnings per share (Baht) ⁽²⁾	0.24	1.70

⁽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	1Q 2023	1Q 2022
Dubai	80.3	95.6
Gasoline (95 Ron)	99.0	113.3
Jet fuel / kerosene	106.8	111.8
Diesel (50 ppmS)	108.4	116.6
Fuel oil (180 cs)	62.6	85.2
LPG	62.4	70.7

Source: Mean of Platts Singapore and PCI

1Q 2023 versus 1Q 2022

Dubai price in the first quarter of 2023 averaged \$80.3/Bbl, a decrease of \$15.3/Bbl compared with that of the first quarter of last year. Crude prices remained volatile mainly due to concerns over recession following banking crisis while Russian-Ukraine conflicts had less impact on price volatility.

Following the same trend as crude prices, all product prices moved down in the first quarter of 2023 when compared with the same period of last year despite demand recovery from overall improved COVID-19 situation and easing of travel restrictions.

3. Production and Gross Margin

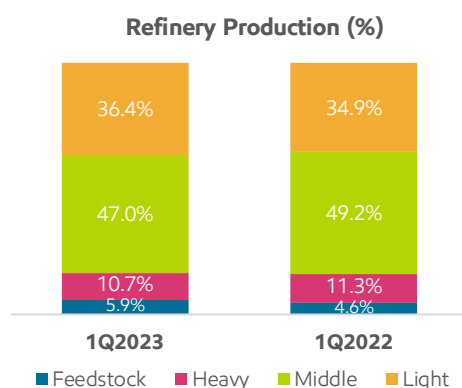
	1Q 2023	1Q 2022	+ / -
Refining capacity (Kbd)	174	174	0
Crude intake (Kbd)	138	128	+10
Accounting gross refining margin (US\$/Bbl)	4.3	22.7	-18.4
Operating gross refining margin* (US\$/Bbl)	8.7	4.9	+3.8
Total Fuel Product Sales (KBbl)	12,924	12,189	+735
- LPG	750	691	+59
- Gasoline	4,178	3,489	+689
- Naptha	95	124	-29
- Jet Fuel/Kerosene	684	530	+154
- Diesel	5,965	5,993	-28
- Fuel Oil	813	927	-114
- Asphalt	439	435	+4

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

Production 1Q 2023 versus 1Q 2022

Refinery crude intake for the first quarter of 2023 was 138 Kbd or 79% utilization, higher than the same period of last year by 10 Kbd mainly due to improved demand from full country re-opening.

Accounting Gross Refining Margin in the first quarter of 2023 was \$4.3/Bbl, \$18.4/Bbl lower than that of the same period of 2022, largely contributed by unfavorable inventory effects. Operating Gross Refining Margin in the first quarter of 2023 was \$8.7/Bbl, \$3.8/Bbl higher than that of the same period of last year, primarily driven by stronger product crack spreads and production adjustment to capture margin opportunity partially offset by higher crude premium.



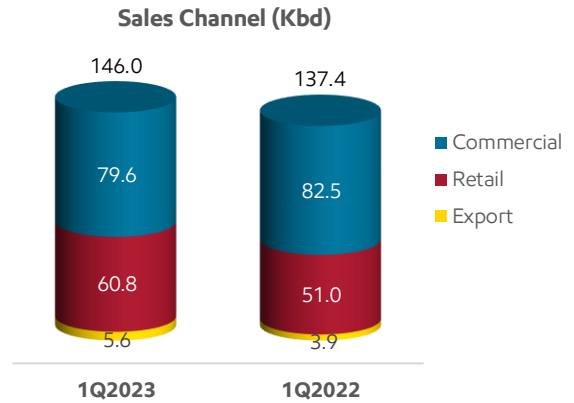
Refinery production in the first quarter of 2023 reflected rising demand from resumed economic activities. Compared with the same period of last year, light product volume increased 12% mainly from higher gasoline production in response to resumed mobility. Middle distillate volume also increased following improved demand of jet fuel from the lifting of travel restrictions. Refinery also achieved Asphalt production in March at 5.7 Kbd which was record high since 2011.

Marketing Performance 1Q 2023 versus 1Q 2022

Total fuel product sales volume in the first quarter of 2023 was 146 Kbd, or 6% higher than that of the same period of last year mainly from gasoline and jet fuel from Retail sales growth and the effort to expand energy supplies to meet growing country demand.

The overall sales growth was supported by the effort to optimize sales volume through higher margin channels. Retail business achieved sales volume in March of 62 Kbd which was record high since 2012 resulting from effective marketing programs, improvement of brand awareness, network expansion and enhancement of customer experience including ESSO smiles upgrade to virtual card. Commercial channel continued to capture growth opportunity in domestic sales despite lower diesel demand from power generation industry as a result of declining natural gas prices. Commercial business also achieved Asphalt sales volume in March of 6.1 Kbd which was record high over a decade.

The company continued to grow footprint via service station expansion. At the end of first quarter, there were 820 service stations nationwide, or net increase of 18 service stations from year-end 2022.



4. Financial Performance

Unit: million Baht	1Q 2023	1Q 2022	+ / -
Total Revenue	59,727	57,680	+2,047
Cost of sales	(57,376)	(49,112)	-8,264
Gross profit	2,351	8,568	-6,217
Selling expenses	(1,238)	(1,163)	-75
Administrative expenses	(68)	(62)	-6
Profit from sales	1,045	7,343	-6,298
Other income	1	1	0
Finance costs, net	(142)	(73)	-69
Share of profit from an associate	100	82	+18
Profit before income tax	1,004	7,353	-6,349
Income tax expense	(180)	(1,453)	+1,273
Profit for the period	824	5,900	-5,076
Other comprehensive income	(7)	9	-16
Total comprehensive income for the period	817	5,909	-5,092

1Q 2023 versus 1Q 2022

Total revenue of the first quarter of 2023 was higher than that of the same period of last year, mainly due to higher sales volume as a result of overall effort to increase sales and demand recovery.

In the first quarter of 2023, profit from sales was Baht 1,045 million, which was Baht 6,298 million lower than the same period of last year mainly due to unfavorable inventory effects.

Compared with the same period of last year, net finance costs increased by Baht 69 million in the first quarter of 2023 primarily driven by higher interest rates.

5. Statement of Financial Position

<i>Unit: million Baht except for percentages</i>	31 Mar 2023	31 Dec 2022	+/-	+/- %
Assets				
- Current assets	48,472	51,922	-3,450	-7%
- Non-current assets	33,689	33,619	+70	0%
Total assets	82,161	85,541	-3,380	-4%
Liabilities				
- Current liabilities	46,347	49,624	-3,277	-7%
- Non-current liabilities	7,793	8,713	-920	-11%
Total liabilities	54,140	58,337	-4,197	-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	1,254	1,254	0	0%
- Unappropriated retained earnings (deficits)	5,001	4,145	+856	+21%
- Other components of equity	652	691	-39	-6%
Non-controlling interests	7	7	0	0%
Total equity	28,021	27,204	+817	+3%
Total liabilities and equity	82,161	85,541	-3,380	-4%

Current assets as of March 31, 2023 decreased by Baht 3,450 million from year-end 2022, mainly from lower oil fuel fund subsidy claims partially offset by higher inventory balance.

Total liabilities of Baht 54,140 million, a decrease of Baht 4,197 million, were primarily driven by lower short-term loans partly offset by higher crude payables.

Total debt was Baht 25,424 million (long term loans of Baht 3,332 million and short term loans of Baht 22,092 million) as of March 31, 2023 compared with Baht 35,935 million at year-end 2022 mainly due to favorable working capital effects from collection of oil fuel fund subsidy claims and favorable crude payment timing. The company continued to maintain adequate financing sources to support payment obligations.

Total equity increased by Baht 817 million as a result of profits for the first three months of 2023 partly offset by unrealized loss from the re-measurement of financial assets.



6. Statement of Cash Flows

<i>Unit: million Baht</i>	1Q 2023	1Q 2022
Cash flows from (used in) operating activities	11,696	(1,251)
Cash flows from (used in) investing activities	(892)	(517)
Cash flows from (used in) financing activities	(10,634)	1,374

Cash flows from operating activities was Baht 11,696 million for the three-month period ended March 31, 2023, which reflected positive earnings for the period and favorable working capital effects. Cash flows used in investing activities was Baht 892 million, mainly for retail and refinery projects including investment for Euro 5 compliance. Cash flows used in financing activities was Baht 10,634 million, reflecting net payments on borrowings.

7. Financial Ratios

Profitability ratios

	1Q 2023	1Q 2022
Gross profit margin (%)	3.9%	14.9%
Net profit margin (%)	1.4%	10.2%
Interest coverage ratio (times)	12.1	108.8

Liquidity and debt to equity ratios

	31 Mar 2023	31 Dec 2022
Current ratio (times)	1.0	1.0
Quick ratio (times)	0.2	0.2
Interest-bearing debt to equity ratio (times)	0.9	1.3
Long term debt to equity ratio (times)	0.1	0.2
Net debt to equity ratio (times)	0.9	1.3

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
Interest-bearing debt to equity ratio	= Total interest-bearing 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 -

Ratrimani Pasiphol
 Managing Director and
 Designated CFO

May 5, 2023