



# PTTOR

## 1Q2023

Management Discussion & Analysis



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PTT Oil and Retail Business Public Company Limited

# Executive Summary

## Financial Highlights

Unit : Million baht	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
Total sales and services	177,291	206,268	197,414	(4.3%)	11.4%
EBITDA	6,467	1,254	5,927	>100%	(8.4%)
Net Profit (Loss) for the periods*	3,845	(744)	2,975	>100%	(22.6%)
Earnings Per Share (Baht/share)	0.32	(0.06)	0.25	>100%	(21.9%)

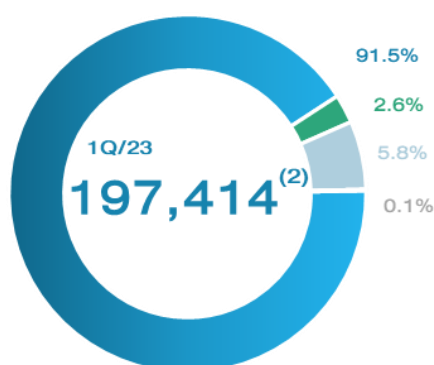
\* Net profit of OR (the parent company)

## Performance 1Q/23

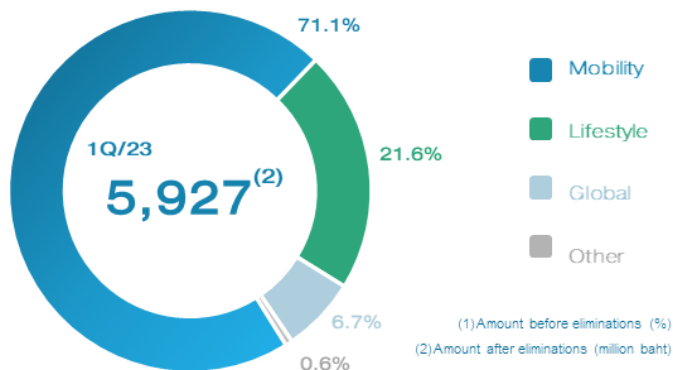
PTT Oil and Retail Business Public Company Limited and its subsidiaries ("OR") recorded **total sales and services** in the amount of THB 197,414 million, a decrease of THB 8,854 million (-4.3%) from the last quarter, mainly from the lower average selling prices following the lower global oil prices. The average global oil prices declined from concerns over a global recession. Meanwhile, the petroleum supply was still tight due to sanctions on Russia and oil production cuts from OPEC+. All of the mentioned factors resulted in a decrease in sales and services of all business segments. Both **Mobility and Global business's** sales and services decreased by 4.1%, mainly from lower average selling prices. The sales volume of the Mobility business was in line with the previous quarter. The **Global business's** sales volume increased by, 8.5% mainly from Cambodia and Laos. For the **Lifestyle business**, revenue from sales and services declined by 7.0%, mainly from the seasonal factor since the last quarter was a high season for both F&B businesses and other retail business.

We recorded an **EBITDA** of THB 5,927 million in 1Q/23, an increase of THB 4,673 million (+>100%) compared to 4Q/22, increasing in all business segments. The EBITDA of our **Mobility business** increased from the higher gross profit per liter of diesel and gasoline including sales volume and average gross profit per liter of aviation fuel increased. The **Global business** grew in line with the higher sales volume and average gross profit per liter in Cambodia and Laos. The EBITDA of our **Lifestyle business** slightly increased from both F&B businesses and other retail business. Aggregate net operating expenses decreased by -20.7% from advertising, promotional, repair and maintenance expenses. In addition, OR recorded an increase in the share of gain from investments. Therefore, this quarter OR recorded a net profit of THB 2,975 million (+>100%), leading to earnings per share of 0.25 baht.

**Sales & services** <sup>(1)</sup>



**EBITDA** <sup>(1)</sup>



(1) Amount before eliminations (%)  
(2) Amount after eliminations (million baht)

Our financial position as of March 31, 2023, recorded **total assets** of THB 217,034 million, a decrease of THB 8,470 million from December 31, 2022, due to lower other receivables from receiving repayment from oil fund and trade accounts receivables. OR recorded **total liabilities** of THB 110,351 million, a decrease of THB 11,392 million, mainly from account payables which varied according to the downtrend of global oil prices and from loan repayment. **Shareholders' equity** registered at THB 106,683 million, an increase of THB 2,922 million primarily from net profit during the period.

## Economic Overview 1Q/23

**The Thai economy** continuously expanded driven mainly by tourism and private consumption. The number of foreign tourists of almost all nationalities, has continued to increase, positively effecting employment and private consumption. Meanwhile, exports showed signs of recovery from a contraction in 4Q/22, in accordance with the economic growth of trading partners. Inflation was likely return to the target range as electricity costs and oil prices gradually eased. Though inflation risks passing on to higher costs, fluctuated baht driven by the Federal Reserve (Fed)'s uncertain policy and financial market volatility need to be closely monitored.

**The World economy** was still high uncertain due to persistently high inflation and tightening financial conditions following lower global demand and tightening monetary policies of most countries resulting in the weaker purchasing power of consumers, higher cost of the business sector, and lower confidence in the household and business. **The US economy** expanded at a slower rate. The Fed forecasted growth of 2.2% in 1Q/23, following a 2.6% expansion in the previous quarter, driven by a strong labor market, consumer spending, and an increase in demand for goods after China reopening. **China's economy** in the first quarter showed higher-than-expected GDP growth of 4.5%, supported by the reopening after a three-year of Zero-COVID Policy coupled with increased consumption and gradual recovery of the real estate sector.



# Performance Results: OR and subsidiaries

Unit : Million Baht	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
<b>Total sales and services</b>	<b>177,291</b>	<b>206,268</b>	<b>197,414</b>	<b>(4.3%)</b>	<b>11.4%</b>
: Mobility	165,585	193,431	185,418	(4.1%)	12.0%
: Lifestyle	4,767	5,727	5,328	(7.0%)	11.8%
: Global	11,230	12,151	11,648	(4.1%)	3.7%
: Other	260	271	277	2.2%	6.5%
<b>Other income</b>	<b>847</b>	<b>1,027</b>	<b>1,218</b>	<b>18.6%</b>	<b>43.8%</b>
<b>Operating expenses</b>	<b>4,978</b>	<b>6,500</b>	<b>5,557</b>	<b>(14.5%)</b>	<b>11.6%</b>
<b>EBITDA</b>	<b>6,467</b>	<b>1,254</b>	<b>5,927</b>	<b>&gt;100%</b>	<b>(8.4%)</b>
: Mobility	4,763	(193)	4,239	>100%	(11.0%)
: Lifestyle	1,350	1,226	1,289	5.1%	(4.5%)
: Global	430	253	396	56.5%	(7.9%)
: Other	(24)	(21)	34	>100%	>100%
<b>Depreciation and amortization expenses</b>	<b>1,547</b>	<b>1,699</b>	<b>1,678</b>	<b>(1.2%)</b>	<b>8.5%</b>
<b>Operating profit</b>	<b>4,920</b>	<b>(445)</b>	<b>4,249</b>	<b>&gt;100%</b>	<b>(13.6%)</b>
: Mobility	3,825	(1,223)	3,211	>100%	(16.1%)
: Lifestyle	896	730	808	10.7%	(9.8%)
: Global	275	83	231	>100%	(16.0%)
: Other	(24)	(24)	30	>100%	>100%
<b>Share of profit (loss) from investments in joint ventures and associates</b>	<b>139</b>	<b>128</b>	<b>182</b>	<b>42.2%</b>	<b>30.9%</b>
<b>Gain (loss) on derivatives</b>	<b>(133)</b>	<b>(80)</b>	<b>(298)</b>	<b>&lt;(100%)</b>	<b>&lt;(100%)</b>
<b>Gain (loss) on exchange rate</b>	<b>81</b>	<b>(55)</b>	<b>244</b>	<b>&gt;100%</b>	<b>&gt;100%</b>
<b>Others</b>	<b>55</b>	<b>(549)</b>	<b>(336)</b>	<b>38.8%</b>	<b>&lt;(100%)</b>
<b>EBIT</b>	<b>5,062</b>	<b>(1,001)</b>	<b>4,041</b>	<b>&gt;100%</b>	<b>(20.2%)</b>
<b>Finance costs</b>	<b>271</b>	<b>353</b>	<b>321</b>	<b>(9.1%)</b>	<b>18.5%</b>
<b>Tax expenses (income)</b>	<b>943</b>	<b>(611)</b>	<b>744</b>	<b>&gt;100%</b>	<b>(21.1%)</b>
<b>Net Profit (Loss) for the periods*</b>	<b>3,845</b>	<b>(744)</b>	<b>2,975</b>	<b>&gt;100%</b>	<b>(22.6%)</b>
<b>Earnings Per Share (Baht/share)</b>	<b>0.32</b>	<b>(0.06)</b>	<b>0.25</b>	<b>&gt;100%</b>	<b>(21.9%)</b>

\* Net profit of OR (the parent company)

# Performance by Business Segment

## SEAMLESS MOBILITY

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## The Situation of Oil Prices

A report from the International Energy Agency (IEA) retrieved in April 2023 showed expected global oil demand in 2023 at 101.9 million barrels per day (MMBD), higher than an earlier forecast in January 2023 around 0.2 MMBD. This result was supported by the demand recovery in China which the global oil demand increased 810,000 barrels per day compared to the same period last year. However, the global oil demand in OCED countries fell from the same period last year due to weaker industrial activity and warmer temperatures.

Unit : USD/Barrel	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
Dubai	95.6	84.9	80.3	(5.4%)	(16.0%)
Gasoline	113.3	94.3	99.0	5.0%	(12.6%)
Gasoil/Diesel	115.1	124.2	105.5	(15.1%)	(8.3%)
Kerosene	111.8	118.3	106.8	(9.7%)	(4.5%)

**Dubai crude oil price of 1Q/23** averaged at US\$80.3 per barrel, falling from 4Q/22 at US\$84.9 per barrel, and falling from 1Q/22 at US\$95.6 per barrel. This resulted from (1) concerns over financial sector as two large U.S. banks and one large Switzerland's bank faced with financial stability problem. (2) the OECD demand was pressured from inflation situation, leading to economic slowdown. In addition, the higher temperature affected to less demand for heating oil than expected (3) The U.S. central bank announced to hike interest rate continuously. The latest U.S. interest rate was increased to 4.75-5.00% as inflation

in the U.S. remained at high level. Although the U.S inflation level slowed down, the inflation rate was still higher than target levels. However, supporting factors to oil prices came from the China reopening. This resulted in increased domestic and international travels. Demand of non-OECD has also increased. On the supply side, Russia announced production cut 500,000 barrels per day since March until end of the year. Moreover, Turkey has suspended crude oil shipments from Kurdistan via pipelines after an arbitration ruling confirming that Iraq's consent was required to transport oil. This impact accounted for about 0.5% of the global oil supply.

**Petroleum products prices in 1Q/23.** **Gasoline price** averaged at US\$99.0 per barrel, increased from 4Q/22 at US\$94.3 per barrel. The increase contrasted to the price of Dubai crude oil price because China has continued to export gasoline less than the previous quarter. This result came from increased domestic demand in China as easing of the ZERO-COVID policy. Gasoline imports from Indonesia and Malaysia rose from upcoming Ramadan festival. Moreover, India's gasoline domestic demand tends to recover continuously. **Diesel price** in 1Q/23 averaged at US\$105.5 per barrel, down from 4Q/22 at US\$124.2 per barrel, which was fell significantly more than Dubai price. The pressure factors were concerns about economic recession and inflation that affect diesel demand and a slowdown in economic activities in OECD countries. Not only the high levels of diesel inventory in Europe but also higher-than-expected temperatures resulted in less use of diesel as fuel for heating. In addition, the G7 set price cap on Russian diesel higher than expected, easing concerns over Russian diesel supply. However, diesel price has been supported by a drop in China's export. This was in line with economic indicators that have tended to improve. Moreover, Singapore's diesel inventory levels remained below the 5-year average. **Jet/Kerosene price** in 1Q/23 averaged at US\$106.8 per barrel, down from 4Q/22 at US\$118.3 per barrel, which has dropped lower than Dubai price. This was resulted from a decrease demand in the air cargo sector due to economic concerns about inflation situations, especially developed countries. In addition, jet fuel supply was still sufficient which was in line with the high levels of jet fuel inventory in the U.S. and the West. Nevertheless, jet fuel demand was supported by a recovery in domestic flights, especially in Asia, which was close to those in pre-pandemic. China reopening supported international flights within Southeast Asia

**Fuel consumption in Thailand**, the Department of Energy Business reported that Thailand's daily consumption for three-months of 2023 was at 160.9 liters per day, which rose by 5.6% compared to last year. Commercial aviation fuel (Jet A-1) increased by 95.2%, fuel oil increased by 6.8%, gasoline increased by 6.6% and diesel fuel increased by 0.2%, while the LPG group decreased 2.6%. It is expected that consumption of all types of fuel in the second half of the year will increase, supported by the economic recovery in Thailand.

**Diesel** consumption averaged at 76.4 million liters per day, rising 0.2% from the same period last year, mainly from high-speed diesel B7 that rose to 66.7 million liters due to the reduction of excise tax rates together with subsidy by the oil fuel fund for diesel price to remain the price not to exceed 35.0 baht/liter. While high-speed diesel consumption decreased to 1.1 million liters per day and high-speed diesel B20 with a consumption of 0.2 million liters per day due to the same rate minimum proportion of biodiesel blending in all types of high-speed diesel fuel.

**Gasoline** consumption averaged at 31.8 million liters per day, which increased 6.6% from the same period last year.

**Commercial aviation fuel (Jet A-1)** consumption was at 14.0 million liters per day or 95.2% increase from the same period last year. This was resulting from the measures to support tourism in many countries.

**Liquefied petroleum gas (LPG)** consumption averaged 17.0 million kg per day or 2.6% lower than the same period last year, mainly due to a 10.7% drop in demand from the petrochemical sector.

## OR's market share



43.0%

Source: Department of Energy Business, Ministry of Energy  
from January to March 2023  
(calculation includes all products except FO-EGAT).



# Performance of Mobility Business Segment

Description	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
<b>Number of Station</b>					
PTT Station*	2,088	2,161	2,168	7	80
EV Station PluZ**	102	131	197	66	95
LPG station***	229	233	231	(2)	2
<b>Volume Sold (MML)</b>					
Retail	3,317	3,283	3,191	(2.8%)	(3.8%)
Commercial	3,407	3,696	3,811	3.1%	11.9%
<b>Total Volume Sold</b>	<b>6,724</b>	<b>6,979</b>	<b>7,002</b>	<b>0.3%</b>	<b>4.1%</b>
<b>Volume Sold by Product (%)</b>					
LPG	13.6%	13.6%	12.8%	-	-
Aviation fuel	7.0%	10.6%	12.3%	-	-
Diesel	47.7%	45.4%	44.9%	-	-
Fuel oil	8.0%	7.5%	7.1%	-	-
Gasoline	21.3%	21.1%	20.8%	-	-
Lubricant	0.8%	0.5%	0.7%	-	-
Others	1.6%	1.3%	1.4%	-	-
<b>Total Volume Sold by Product</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Gross Profit: Baht/Litre</b>	<b>1.14</b>	<b>0.48</b>	<b>1.01</b>	<b>-</b>	<b>-</b>
<b>Mobility EBITDA Margin (%)</b>	<b>2.9%</b>	<b>(0.1%)</b>	<b>2.3%</b>	<b>-</b>	<b>-</b>

\*Includes ptt station in Thailand and Myanmar \*\*Station in operation inside and outside service station

\*\*\*LPG Station located in ptt station is not included

## Performance 1Q/23 vs. 4Q/22

- Revenue from sales and services decreased by THB 8,013 million (-4.1%)**, mainly from a reduction in global oil price, while sales volume slightly increased by 23 mml (+0.3%). For the **commercial market**, sales volume increased by 115 mml (+3.1%), mainly from aviation fuel after the COVID-19 situation improved, causing more international traveling. Diesel and fuel oil slightly rose. On the **retail market** side, sales volume dropped by 92 mml (-2.8%) from diesel and gasoline due to 4Q/22 being high season and slower retail price adjustments during the New Year festival.

**EBITDA rose by THB 4,432 million (+>100%)**, mainly from the overall gross profit per liter increased by 0.53 baht from the balance between demand & supply after the main domestic refineries started normal production compared to 4Q/22 which OR needed to import high volumes of petroleum products during the main domestic refineries shutdown. For the **retail market**, the average gross profit per liter for diesel and gasoline increased due to the lower pressure of the market situation. For the **commercial market**, the average gross profit per liter rose in aviation fuel from the effect of the M-1 selling price structure. Fuel oil also increased from supply constraints. For this period, there were lower net operating expenses compared to 4Q/22, mainly from lower annual repair and maintenance expenses as well as advertising, public relation, and promotion expenses. As a result, the EBITDA margin was recorded at 2.3%, higher than the last quarter of -0.1%.

## Performance 1Q/23 vs. 1Q/22

- **Revenue from sales and services rose by THB 19,833 million (+12.0%)**, mainly from a delay in retail price adjustment to alleviate the burden on Thai people leading to the lower base of the selling price in 1Q/22 contrasted to the downtrend of global oil prices in 1Q/23. Also, the overall sales volume rose by 278 mml (+4.1%) owing to the COVID-19 situation improved. For the **commercial market**, sales volume increased by 404 mml (+11.9%), mainly from aviation fuel due to an increase in air travel both domestic and internal routes. Diesel rose slightly from power plant sales. On the **retail market** side, sales volume was reduced by 126 mml (-3.8%), mainly from diesel due to a delay in retail price adjustment during 1Q/22 causing higher sales volume than normal level, while, the sales volume of gasoline rose from the lower retail selling price in 1Q/23.
- **EBITDA dropped by THB 524 million (-11.0%)** from a reduction in overall average gross profit per liter by 0.13 baht mainly from the **retail market**, both diesel and gasoline had a lower average gross profit per liter. While the **commercial market** gross profit increased from aviation fuel from the effect of the M-1 selling price structure. Compared to 1Q/22, this quarter had lower net operating expenses due to higher other revenues from PTT Group Supply Chain Collaboration. As a result, EBITDA margin was at 2.3% in 1Q/23, dropping from 2.9% in 1Q/22.

**As of 31 March 2023**, OR had installed "**EV Station PluZ**" in 452 locations with 846 DC connectors, including 348 installed inside service stations (with 169 in operation) and 104 installed outside service stations (with 28 in operation). OR continually expands EV charging stations in order to create future competitive advantages through many projects with various partnerships such as **cooperation with ONYX Hospitality Group** installing EV charging stations in 12 affiliated hotels nationwide, **cooperation with Mercedes-Benz** installing EV charging stations - quick charge format at 4 official dealerships, **joining hands with Phyathai-Paolo Hospital Group** to expand 11 EV charging stations. Moreover, OR has continued the **cooperation in Phase 2 with Mitsubishi Motors (Thailand) Co., Ltd. and Thailand Post Co., Ltd.** to study and test the use of EV for transporting goods and parcels on steep roads in Phuket and Chonburi. This emphasizes OR's goal to become carbon neutral by 2030.

OR has partnered with EVme to develop businesses promoting the use of EV and related services throughout the country. In this collaboration, **FIT Auto and EVme**, the largest provider of electric car rental platforms in Thailand, will jointly study and develop FIT Auto's services related to EV maintenance such as parts, spare parts, tires, and batteries. The objective of this project is to develop new capabilities and enhance EV maintenance services supporting the expansion of the EV market and the several needs of consumers as well as organizing activities and providing EV education materials that boost the confidence of EV users through the EVme digital platform. As of 31 March 2023, Fit Auto has 87 outlets.



# ALL LIFESTYLES

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for All Lifestyles



## Expansion of Lifestyle Business

Description	1Q/22	4Q/22	1Q/23	Variance		
				QoQ	YoY	
<b>Number of outlets</b>						
Cafe Amazon *	3,685	3,895	3,947	52	262	
Texas Chicken	95	107	104	(3)	9	
Convenience Store**	2,081	2,147	2,155	8	74	
<b>Cafe Amazon total cups sold* (Million cups)</b>	<b>83</b>	<b>90</b>	<b>91</b>	<b>1.1%</b>	<b>9.6%</b>	

\*Includes Cafe Amazon in Thailand, Myanmar, Japan, Oman, Malaysia and Saudi Arabia

\*\*Includes both Jiffy and 7-Eleven convenience stores in Thailand

In 1Q/23, the Lifestyle business has a combined network of 4,170 F&B business outlets, comprising 3,927 Cafe Amazon outlets in Thailand—classified as 2,155 outlets located in PTT Stations and 1,772 outlets outside of PTT Stations, or 54.8% and 45.2%, respectively—along with 20 Cafe Amazon outlets overseas, 104 Texas Chicken outlets, 119 outlets of other F&B comprising Pearly Tea and Pacamara Coffee Roasters and for Other business we recorded 2,155 convenience stores under the 7-Eleven and Jiffy brands in Thailand.

Cafe Amazon, under the F&B business in 1Q/23, recorded 91 million cups sold this quarter, an increase of 1 million cups (+1.1%) compared to 4Q/22 because of higher demand from the promotional activities.

# Performance of Lifestyle Business Segment

Description	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
<b>Sales and Services (Million Baht)</b>					
Food & Beverage	3,158	3,839	3,587	(6.6%)	13.6%
Other Retail Business	1,609	1,888	1,741	(7.8%)	8.2%
<b>Total sales and services</b>	<b>4,767</b>	<b>5,727</b>	<b>5,328</b>	<b>(7.0%)</b>	<b>11.8%</b>
<b>Lifestyle EBITDA Margin (%)</b>	<b>28.3%</b>	<b>21.4%</b>	<b>24.2%</b>	-	-

## Performance 1Q/23 vs. 4Q/22

- **Revenue from sales and services decreased by THB 399 million (-7.0%)** compared to 4Q/22. Revenue from sales of **F&B business** decreased by THB 252 million (-6.6%) mainly from the lower sales of raw materials, equipment and supply used according to seasonal factors. The revenue from sales of **Other retail business** decreased by THB 147 million (-7.8%), mainly from lower average sales per day per store of convenience store, which was the seasonal factor.
- **EBITDA increased by THB 63 million (+5.1%)**, although the gross profit decreased following the decline in sales. However, net operating expenses also decreased mainly from advertising and public relation expenses. EBITDA for the **F&B business** increased by THB 22 million (+2.7%) and the **Other retail business** increased by THB 41 million (+9.8%), resulting in an increase in EBITDA margin from 21.4% last quarter to 24.2% in this quarter.

## Performance 1Q/23 vs. 1Q/22

- **Revenue from sales and services increased by THB 561 million (+11.8%)** due to the improving COVID-19 situation in Thailand. As a result, revenue from sales of the **F&B business** increased by THB 429 million (+13.6%), mainly due to an increase in sales volume from the F&B business outlet expansion and an increase of Cafe Amazon's selling price since October 2022. Revenue from sales of **Other retail business** increased by THB 132 million (+8.2%) mainly from network expansion and higher average sales per day per store of convenience stores.
- **EBITDA decreased by THB 61 million (-4.5%)**, the EBITDA of the **F&B business** decreased by THB 104 million (-11.2%) although there was an increase in gross profit, but there were more expenses varying with the increase in sales mainly from outsources and promotional expenses. The **Other retail business** increased by THB 43 million (+10.3%). The EBITDA margin in this quarter decreased from 28.3% in 1Q/22 to 24.2% in 1Q/23.



# GLOBAL MARKET

Scale Portfolio  
for the Global Market



## Overview of Global Business

**Cambodia**, The International Monetary Fund (IMF) projected the economy to grow at 5.8% in 2023, recovering in line with tourism and domestic demand. Cambodia is expected to attract 4 million foreign tourists this year. However, the global economic slowdown would inhibit exports and foreign direct investment (FDI). Cambodia needs to pay attention to the inflation impacts on debt service ability—particularly in the private sector, amid tightening financial conditions and current account deficits, which might result in higher currency volatility. In addition, other factors will boost the service sector this year: for example, hosting the forthcoming 32<sup>nd</sup> Southeast Asian (SEA) Games in May, the 12th ASEAN Para Games in June, the elections in July, and the opening of new international airport in Siem Reap in October this year. **Laos**, IMF expected the economy to grow by 4.0% in 2023 slowly rebound as high inflation and weakening LAK impaired households' purchasing power and fiscal stability. Still, there are supporting factors such as domestic demand, FDI after China's reopening, and the China-Laos railway, which helps cut transportation time for exports and traveling. In addition, Laos plans to build 5 more expressways. However, economic stability remains fragile both in terms of price and external stability. High inflation, low international reserves, and current account deficits will pressure the LAK to depreciate continuously and cool down the inflation. **Myanmar**, the economy is expected to recover slightly. IMF forecasted the economy to grow at 2.6% this year as economic activities gradually normalize after the political unrest. Nonetheless, the recovery remains fragile and below potential growth, with downside risks from global economic slowdown crushing exports and manufacturing. **The Philippines**, IMF projected the economy to grow at 6.0% in 2023, in line with the government's target 6.0-7.0% growth with the support from the return of the tourism sector and increased household spending.



# Performance of Global Business Segment

Description	1Q/22	4Q/22	1Q/23	Variance	
				QoQ	YoY
Number of PTT Station	365	390	396	6	31
<b>Oil Volume Sold (MML)</b>					
Philippines	186	176	175	(0.6%)	(5.9%)
Cambodia	119	124	144	16.1%	21.0%
Laos	70	63	75	19.0%	7.1%
<b>Total Volume Sold</b>	<b>375</b>	<b>363</b>	<b>394</b>	<b>8.5%</b>	<b>5.1%</b>
<b>Cafe Amazon*</b>					
Cafe Amazon Outlets	317	358	365	7	48
Cafe Amazon total cups sold (Million cups)	5.1	6.4	6.6	3.1%	29.4%
<b>Global EBITDA Margin (%)</b>	<b>3.8%</b>	<b>2.1%</b>	<b>3.4%</b>	<b>-</b>	<b>-</b>

\*Includes number of outlets / cups sold in the Philippines, Cambodia, Laos, Vietnam and China

## Performance 1Q/23 vs. 4Q/22

- **Revenue from sales and services decreased by THB 503 million (-4.1%)**, mainly due to the lower selling price according to the drop in global oil prices. Sales volume increased 31 mml primarily due to higher sales volume of diesel in **Cambodia** and **Laos** from the recovering economy. **The Philippines** had lower sales volume, mainly from a decrease in sales volume of diesel sold to industrial customers, although the sales volume of aviation fuel increased. There was also an increase in Cafe Amazon's cups sold in all countries except **Laos**.
- **EBITDA increased by THB 143 million (+56.5%)**, mainly from **Cambodia** and **Laos** with higher gross profit per liter and also a decrease in operating expenses in Cambodia, mainly from product promotional and public relations expenses, EBITDA margin for the quarter was 3.4%, improved from 2.1% in the previous quarter.

## Performance 1Q/23 vs. 1Q/22

- **Revenue from sales and services increased by THB 418 million (+3.7%)**, the increase was mainly due to the rise in sales volume of 19 mml despite the decrease in average selling prices which changed in line with global oil prices. **Cambodia** experienced increased sales volume in gasoline and diesel as a result of the recovery in economic activities. **Laos** saw a slight increase in diesel sales volume. Sales volume in **the Philippines** decreased in diesel due to the highly competitive market although there was an increase in aviation fuel sales volume from the increase in international flights. For Cafe Amazon, the volume of cups sold improved in **all countries** as the recovery of economic activities.
- **EBITDA decreased by THB 34 million (-7.9%)**, mainly from the high average cost of petroleum products in **the Philippines** leading to lower gross profit. Although **Cambodia** and **Laos** recorded better EBITDA due to higher gross profit per liter, resulting in a decrease in EBITDA margin from 3.8% in the same quarter last year to 3.4% in 1Q/23.

# OR INNOVATION

Solve Societal Problems  
for OR Innovation

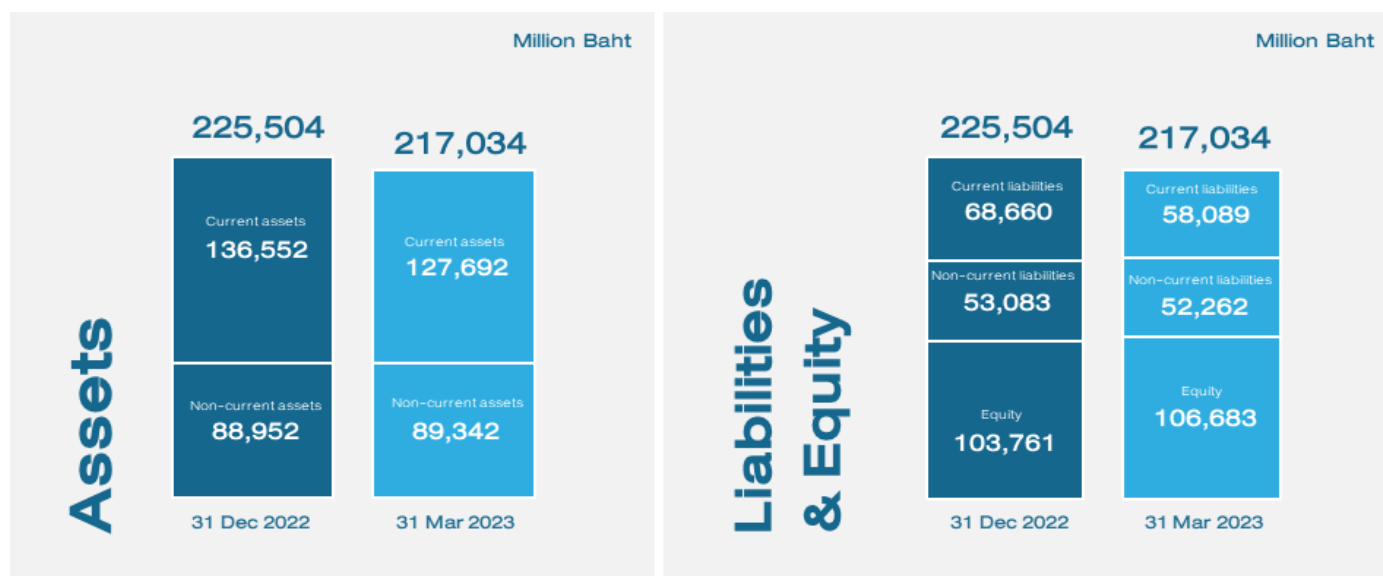


Collaboration between corporations and potential startups is one of the ways to find new businesses and create new innovations. Therefore, OR has a strategy to invest in venture capital (VC) in order to access new technologies or business models that will enhance the competitiveness of OR's business or improve new businesses expansion (New S-Curve) speedily and efficiently. Also, OR will receive financial returns from investing in venture capital.

ORZON Ventures, one of the venture capital that OR has invested in through a partnership with 500 startups, aim to invest in potential startups in Thailand and the ASEAN region, focusing on OR's targeted industries such as Mobility, Energy, Smart retail, F&B, Travel, Health and Wellness, and Information Technology. As of 1Q/23, ORZON Ventures has invested in 10 startups, all growing and aligned with OR's strategy, including freshket, GoWabi, CARSOME, PROTOMATE, Pomelo, Hangry, Hungry Hub, DezpaX, travelio, and belanjaparts.

**DezpaX**, an online platform offering food packaging solutions that meet customers' needs in the restaurant or food delivery business, is one of the startups that OR has invested in through ORZON Ventures. The outstanding service is that entrepreneurs can differentiate themselves with their own unique packaging in a small amount through online channels which is convenient and cost-saving. Currently, DezpaX has made packaging easy for more than 7,000 clients covering all 77 provinces nationwide. This investment is considered as an encouragement for Thai entrepreneurs to have the opportunity to grow with OR's business and in line with the OR's business direction which is Empowering All Toward Inclusive Growth. OR will improve DezpaX's distribution channels and expand DezpaX's customer base to franchise customers including the food and beverage business in the OR group. On the other hand, **DezpaX will fulfill the F&B portfolio of OR** in terms of research and development of packaging for restaurants under the umbrella of OR and products under the Thai Det project. Also, this partnership with DezpaX will allow SME restaurant access to high- quality packaging with modern- looking at reasonable costs. Essentially, the eco-friendly products of **DezpaX can help OR achieve the goal of creating a healthy environment.**

# Financial Position



**Assets** As of March 31, 2023, OR recorded total assets in the amount of THB 217,034 million, a decrease of THB 8,470 million (-3.8%) from December 31, 2022, and can be categorized as follows:

**Current assets** decreased by THB 8,860 million (-6.5%), mainly from:

- Trade accounts receivable and other accounts receivable decreased by THB 18,735 million (-27.2%), from other accounts receivable decreased by THB 14,174 million (-34.8%), mainly from repayment received from the oil fund. Also, trade receivable decreased by THB 4,561 million (-16.2%) due to reduced global oil prices.
- Current investments decreased by THB 1,500 million (-96.7%) from matured short-term investments.
- Cash and cash equivalents increased by THB 7,051 million (+18.6%), mainly from cash generated in operating activities and repayment from the oil fund netting by short-term and long-term loan repayment and usage in investing activities.
- Inventories, materials, and supplies increased by THB 4,473 million (+16.3%) due to the higher inventory stock of around 243 million liters (+30.6%), mainly from diesel and gasoline.

**Non-current assets** increased by THB 390 million (+0.4%), mainly from:

- Investment increased by THB 647 million (+3.9%), mainly from investments in Buzzebees Co., Ltd for THB 494 million.
- Property, plant, and equipment decreased by THB 202 million (-0.5%), mainly from transfer assets in construction to intangible assets.



**Liabilities** As of March 31, 2023, OR Group recorded total liabilities of THB 110,351 million, a decrease of THB 11,392 million (-9.4%) from December 31, 2022, from the following:

**Current liabilities** decreased by THB 10,571 million (-15.4%), mainly from:

- Trade accounts payables and other accounts payables decreased by THB 7,630 million (-13.5%) from lower purchasing volumes and a decrease in global oil prices.
- Bank overdraft & short-term borrowings decreased by THB 3,031 million (-64.6%) from matured short-term borrowings repayment.

**Non-current liabilities** decreased by THB 821 million (-1.5), mainly from:

- Long-term borrowings decreased by THB 1,521 million (-6.2%) from loan repayment.
- Deferred tax liabilities increased by THB 452 million (+13.4%) from the usage of tax losses carried forward offset by a decrease in accrued oil fund compensation and excise tax.

**Equity** As of March 31, 2023, OR Group recorded total equity of THB 106,683 million, an increase of THB 2,922 million (+2.8%) from December 31, 2022, primarily from net profit during the period.

## Cash Flow Statement ended Mar 31, 2023

	Million Baht
Net cash provided (used in) by operating activities	13,521
Net cash provided by (used in) investing activities	(986)
Net cash provided by (used in) financing activities	(5,532)
Unrealized gain (loss) foreign exchange rate	(25)
Currency translation differences	73
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,051</b>
Cash and cash equivalents at beginning of periods	37,910
<b>Cash and cash equivalents at end of periods</b>	<b>44,961</b>

**Net cash from operating activities** amounted to THB 13,521 million, mainly from net income from operations before taxes which was partially adjusted by non-cash items, such as depreciation and amortization, income tax expenses, and financial costs in the amount of THB 5,149 million, also includes changes in operating assets and liabilities, mainly from a decrease in other account receivables and other account receivables in the amount of THB 8,372 million.

**Net cash used in investing activities** was recorded in the amount of THB 986 million, mainly from the investments in land, buildings, and equipment, investment for the expansion of service stations, food and beverage outlets, warehouses, and investment in LPG cylinders and related equipment of the company amounting to THB 1,718 million, also investments in other non-current financial assets at THB 505 million which offset by matured short-term investments in the amount of THB 1,500 million.

**Net cash used in financing activities** amounted to THB 5,532 million, mainly from short and long-term loan repayment of THB 4,615 million.

# Financial Ratios

	1Q/22	1Q/23
<b>Profitability Ratios</b>		
1. Gross profit margin (%)	6.0	5.2
2. Net profit margin (%)	2.2	1.5
	Dec 31, 22	Mar 31, 23
<b>Liquidity Ratios</b>		
3. Current ratio (times)	2.0	2.2
<b>Profitability Ratios</b>		
4. Return on equity (%)	10.2	9.0
<b>Operating Efficiency Ratios</b>		
5. Return on total assets (%)	4.8	4.3
<b>Financial Policy Ratios</b>		
6. Net Interest bearing debt to equity (times)	0.0	(0.1)
7. Debt service coverage ratio (times)	4.1	4.6

## Financial Ratios' Calculations:

- Gross profit margin = Gross profit (loss) / Sales and service incomes x 100
- Net profit margin = Net Profit (loss) / Sales and service incomes x 100
- Current ratio = Current assets / Current liabilities
- Return on equity = Net Profit (loss) / Average equity x 100
- Return on total assets = Net Profit (loss) / Average total assets x 100
- Net Interest-bearing debt to equity = Interest bearing debt\* - (Cash and cash equivalents + Current investments) / Equity
- Debt service coverage ratio (times) = EBITDA + Cash and cash equivalents + Current investments / Proceeds from (repayment of) bank overdrafts and short-term loans + Repayment of long-term loans + Repayment of finance lease installments + Finance costs paid

\*Interest bearing debt = Bank overdraft & ST borrowings + Current portion of long-term borrowings + Long-term borrowings + Lease liabilities

# Outlook 2023

**Thailand's economic** tends to expand, driven mainly by tourism and private consumption. Exports are recovering from the contraction previously and are expected to gain strength in the second half of this year. According to the Bank of Thailand (BOT), the economy is expected to grow by 3.6% from the recovery in tourism better than expected, reflecting an increase of foreign tourists for all nationalities. BOT forecasted foreign tourist arrivals to be 28 million, up from 25.5 million in the previous projection. In addition, employment and labor income are improved, especially for employees in the service sector and self-employed who increased in line with the recovery of the tourism sector resulting in continuing support for private consumption. Also, exports begin to show a sign of recovery and are expected to recover obviously in the second half of the year in line with the economic growth of trading partners. However, the Thai economy still faces **significant risks** from: 1) the increase in global economic uncertainty from continuing high inflation and tightening global financial conditions 2) the higher cost pass-through from consistently high costs and pressure on inflation from an increase demand following economic recovery 3) the rising living costs and higher debt affecting the consumption capability of the private sector and households more than expected. Thailand's household debt is approximately 80-90% of GDP.

**The global economic** is expected to recover from the service sector, especially in the US, Eurozone and China, while Asia will benefit from China's reopening and improving global manufacturing in the second half of the year. IMF has revised its economic growth projection for 2023 from 2.9% to 2.8%, mainly due to weaker economies in some large economic countries, and expected further tightening financial policy to combat persistent inflation. **The U.S. economy** is expected to grow 1.6% higher than the projection of 1.4% in January by the IMF as a strong labor market supports the purchasing power and consumer spending. Demand for goods has increased after the China's reopening boosting the US manufacturing sector. Nevertheless, the bank run cases in the US has shaken confidence in the banking sector. Still, the risk of the situation escalating into a global financial crisis like in the past is limited. **The Chinese economy**, economic activity has gradually returned to normal after the Zero-COVID Policy is lifted. The government targeted growth at 5.5% while IMF forecasted GDP at 5.2% in 2023 as a result of recovering consumption after reopening, normalizing business activity, and reviving domestic consumption. However, China still faces geopolitical risk, which drives market volatility during this period and the next phase.

**The trend of crude oil prices and petroleum products prices.** World oil demand in 2023, as reported by the IEA as of April 2023, projected global oil demand in 2023 at 101.9 MMB/D, up from 2022 at 2.0 MMB/D. The 87% of global demand growth comes from China and non-OECD countries. On the other hand, oil demand in OECD remains under pressure from sluggish industrial activity.

**Crude oil prices** in 2Q/23 tend to have an average higher than 1Q/23 due to OPEC+ announcement to further cut crude oil production from May until the end of the year by about 1.16 MMB/D. The IEA forecasts that crude oil supply in 2023 will only increase by 1.2 MMB/D which compared to an increased supply of 4.6 MMB/D in the previous year. The increased supply comes from Non-OPEC+ countries led by the U.S. and Brazil. In addition, China's demand growth accounts for more than half of the global demand growth. This corresponds to China's first-quarter GDP, which increased 4.5% from the previous year. However, oil prices may be pressured by crude oil exports from Russia's port, which hit a 4-year high. As a result, the price cap on Russian crude oil from the G7 group does not significantly affect. In addition, the IMF has revised down 2023 global GDP growth forecast to 2.8%, down 0.1% from the previous forecast. This came from the rising interest rate policy to slow down inflation and pressure from the financial sector. **The average crude oil price in 2023 is expected to be \$80-\$86 per barrel.**



**Petroleum products** situation in 2Q/23. The fundamentals of gasoline are expected that Asian demand from China and India will be a supporting factor in Asia Region. Moreover, the Ramadan festival in many countries, including the upcoming driving season and holidays will increase gasoline demand. Gasoline supply may increase as producers tend to increase their gasoline production to replace diesel, which China tends to increase gasoline export. Demand for diesel continues to be pressured by inflation, which affects economic and manufacturing activities in many countries. In addition, diesel inventory levels in the West remained high due to higher-than-normal temperatures. As a result, diesel exports from Asia to the West tend to be lower. The expectation about China's oil export quota in the second round will be increased from the previous year, which affects supply within Asia. However, diesel demand in Asia is still growing, especially from China's reopening affecting demand in the construction sector and economic growth. In addition, Asia refineries are approaching the maintenance season which may limit diesel supply in Asia. Furthermore, Singapore's diesel inventory level is still low. The kerosene demand for heating fuel tends to decline seasonally as the increasing temperature in Japan. Nevertheless, jet fuel demand is expected to increase due to rising domestic flights, which is higher than those in the pre-pandemic led by China and Southeast Asia. China's international flights tend to increase steadily from the reopening country. As summer approaches in the US and Europe, travel will be boosted.



# Sustainability Management

OR has been selected by S&P Global to be included in **“The Sustainability Yearbook 2023” (Top 15%) in the retailing business category** after participating in the respective global sustainability assessment for the first time, the result of which bolsters confidence and acceptance of investors, as well as stakeholders at the international level. Moreover, OR has also been selected by The Stock Exchange of Thailand (SET) to be on the list Thailand Sustainability Investment or **THSI Rating AA list in the resources industry group**. This resulted from a continuous focus on sustainable business operations. In 2023, OR is determined to become a member of the Dow Jones Sustainability Indexes or **DJSI (Top 10%)** in the retailing business group, as well as to be listed on **THSI at rating AAA level in the resources Industry group**.

Recognizing the importance of reducing greenhouse gas emissions to slow down and combat climate change, OR has set a goal to reduce greenhouse gas emissions by 1/3 and aim to achieve Carbon Neutrality by 2030 and net zero emissions by 2050. OR has established action plans to achieve the goals as follows:

- **Reducing energy utilization and focusing on renewable energy** to enhance energy efficiency and to reduce greenhouse gas emissions through the installation of Solar Rooftops at OR’s establishments such as petroleum terminals, factories within the lifestyle business center, PTT stations, Cafe Amazon, Texas Chicken branches, distribution centers, and other OR’s workplaces
- **Reforestation target areas** of 10,000 rai to increase carbon absorption areas and to maintain biodiversity
- **Developing various T-VER Carbon Credit projects** such as Solar Rooftops, Green Travel with Biofuel and EV Charging Station

OR strives to contribute to the reduction and offsetting of greenhouse gas emissions both at the corporate and national levels to achieve a low-carbon society efficiently and sustainably.