



PTTOR

2Q2023

Management Discussion & Analysis

Executive Summary

Financial Highlights

Unit : Million baht	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Total sales and services	211,431	197,414	187,708	(4.9%)	(11.2%)	388,722	385,122	(0.9%)
EBITDA	10,240	5,927	5,210	(12.1%)	(49.1%)	16,707	11,137	(33.3%)
Net Profit (Loss) for the periods*	6,568	2,975	2,757	(7.3%)	(58.0%)	10,413	5,732	(45.0%)
Earnings Per Share (Baht/share)	0.55	0.25	0.23	(8.0%)	(58.2%)	0.87	0.48	(44.8%)

* Net profit of OR (the parent company)

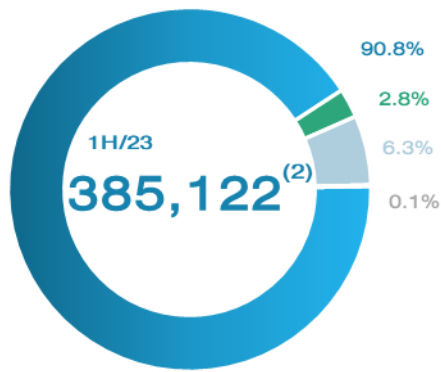
Performance 2Q/23

PTT Oil and Retail Business Public Company Limited and its subsidiaries ("OR") recorded **total sales and services** in the amount of THB 187,708 million, a decrease of THB 9,706 million (-4.9%) from the last quarter, mainly from the lower average selling prices following the lower global oil prices due to concerns over economic recession in countries. As a result, sales and services of the **Mobility business** decreased by 6.2%, and total sales volume decreased by 1.4%, mainly from the commercial market. While the **Lifestyle business's** revenue from sales and services increased by 5.9% from both F&B and other retail businesses. **Global business's** sales and services increased by 14.9%, mainly from the increase in overall sales volume in all countries by 29.4%.

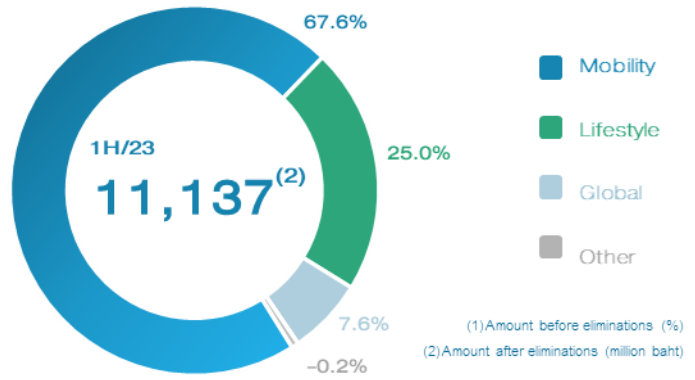
We recorded an **EBITDA** of THB 5,210 million in 2Q/23, a decrease of THB 717 million (-12.1%) compared to 1Q/23, from the lower gross profit per liter mainly from average gross profit per liter of aviation fuel of **Mobility business**. The EBITDA of our **Lifestyle business** slightly increased from both F&B and other retail businesses. The **Global business** grew in line with the overall gross profit according to higher sales volume mainly from the Philippines. Aggregate net operating expenses increased by 11.9% due to decreased other income mainly from PTT Group Supply Chain Collaboration. In addition, OR recorded a decline in the share of gain from investments. Despite this, there was a gain from netting foreign exchange gain and derivatives loss. In this quarter, OR recorded a net profit of THB 2,757 million, a decrease of THB 218 million (-7.3%), leading to earnings per share of THB 0.23.

Performance 1H/23 OR recorded a **net profit of THB 5,732 million**, a decrease of THB 4,681 million (-45.0%) from the first half of last year, mainly due to the reduction in both total sales and services and EBITDA by THB 3,600 million and THB 5,570 million, respectively, as a result of the lower average selling prices following the lower global oil prices which goes against the increase in sales volume, especially aviation fuel. For the gross profit per liter of **the Mobility** and **Global** business declined. Moreover, net operating expenses increased by 10.9%, mainly from variable expenses, in line with the increase in sales volume, such as outsourced and promotional expenses.

Sales & services ⁽¹⁾



EBITDA ⁽¹⁾



(1) Amount before eliminations (%)

(2) Amount after eliminations (million baht)

Our financial position as of June 30, 2023, recorded **total assets** of THB 215,094 million, a decrease of THB 10,410 million from December 31, 2022, due to lower other receivables from receiving repayment from the oil fund and trade accounts receivables following the lower global oil price. OR recorded **total liabilities** of THB 107,008 million, a decrease of THB 14,735 million, mainly from account payables and loan repayment as scheduled. **Shareholders' equity** registered at THB 108,086 million, an increase of THB 4,325 million primarily from net profit during the period offset by the dividend payment of the second-half performance in 2022, with THB 1,800 million or THB 0.15 per share.

Economic Overview 2Q/23

The Thai economy continuously expanded, driven mainly by tourism and private consumption. The number of foreign tourists for almost all nationalities has continued to increase, positively affected on employment and private consumption. Meanwhile, exports showed signs of recovery from a contraction at the end of 2022, in accordance with the economic growth of trading partners. Inflation was likely to return to the target range as supply pressure from electricity and oil prices gradually eased. The Bank of Thailand expected that Thai economic growth in this quarter would be 2-4%. Elevated inflation with upside risks from higher cost pass-through, 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 uncertainty 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 and higher cost of the business sector. Concerns over the global economic slowdown could put downward pressure on oil prices. Slower-than-expected manufacturing recovery in China amid production cuts by OPEC+, and geopolitical tensions impact investment. **The US economy**, Fed forecasted growth of 2.4% in the second quarter, following a 2.0% expansion in the previous quarter, driven by solid consumption, government and private spending. **China's economy** in the second quarter recovered 6.3% expansion, up from 4.5% in the first quarter yet lower than expected, supported by the regaining demand in the market, coupled with increased production supply, employment, personal income, and stable goods and services price.

OR Performance Results

Unit : Million Baht	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Total sales and services	211,431	197,414	187,708	(4.9%)	(11.2%)	388,722	385,122	(0.9%)
: Mobility	197,202	185,418	173,937	(6.2%)	(11.8%)	362,787	359,355	(0.9%)
: Lifestyle	5,293	5,328	5,645	5.9%	6.7%	10,060	10,973	9.1%
: Global	14,950	11,648	13,385	14.9%	(10.5%)	26,180	25,033	(4.4%)
: Other	265	277	278	0.4%	4.9%	525	555	5.7%
Other income	841	1,218	893	(26.7%)	6.2%	1,688	2,111	25.1%
Operating expenses	5,004	5,557	5,751	3.5%	14.9%	9,982	11,308	13.3%
EBITDA	10,240	5,927	5,210	(12.1%)	(49.1%)	16,707	11,137	(33.3%)
: Mobility	8,257	4,239	3,298	(22.2%)	(60.1%)	13,020	7,537	(42.1%)
: Lifestyle	1,452	1,289	1,501	16.4%	3.4%	2,802	2,790	(0.4%)
: Global	517	396	450	13.6%	(13.0%)	947	846	(10.7%)
: Other	6	34	(60)	<(100%)	<(100%)	(18)	(26)	(44.4%)
Depreciation and amortization expenses	1,599	1,678	1,701	1.4%	6.4%	3,146	3,379	7.4%
Operating profit	8,641	4,249	3,509	(17.4%)	(59.4%)	13,561	7,758	(42.8%)
: Mobility	7,289	3,211	2,241	(30.2%)	(69.3%)	11,114	5,452	(50.9%)
: Lifestyle	978	808	1,030	27.5%	5.3%	1,874	1,838	(1.9%)
: Global	360	231	281	21.6%	(21.9%)	635	512	(19.4%)
: Other	6	30	(64)	<(100%)	<(100%)	(18)	(34)	(88.9%)
Share of profit (loss) from investments in joint ventures and associates	121	182	136	(25.3%)	12.4%	260	318	22.3%
Gain (loss) on derivatives	(192)	(298)	(303)	(1.7%)	(57.8%)	(325)	(601)	(84.9%)
Gain (loss) on exchange rate	491	244	498	>100%	1.4%	572	742	29.7%
Others	(8)	(336)	(28)	91.7%	<(100%)	47	(364)	<(100%)
EBIT	9,053	4,041	3,812	(5.7%)	(57.9%)	14,115	7,853	(44.4%)
Finance costs	254	321	337	5.0%	32.7%	525	658	25.3%
Tax expenses (income)	2,232	744	718	(3.5%)	(67.8%)	3,175	1,462	(54.0%)
Net Profit (Loss) for the periods*	6,568	2,975	2,757	(7.3%)	(58.0%)	10,413	5,732	(45.0%)
Earnings Per Share (Baht/share)	0.55	0.25	0.23	(8.0%)	(58.2%)	0.87	0.48	(44.8%)

* Net profit of OR (the parent company)

Performance by Business Segment

SEAMLESS MOBILITY

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for seamless mobility



The Situation of Oil Prices

A report from the International Energy Agency (IEA) retrieved in July 2023 showed **expected global oil demand in 2023** at 102.1 million barrels per day (MMBD), higher than an earlier forecast in April 2023, around 0.2 MMBD. The demand recovery in petrochemical sector supported this result. The growth of global oil demand in 2023 will come mainly from China. However, the global macroeconomic situation is still under pressure, according to weak manufacturing indicators.

Unit : USD/Barrel	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Dubai	108.1	80.3	77.8	(3.1%)	(28.0%)	101.8	79.1	(22.3%)
Gasoline	143.0	99.0	94.4	(4.6%)	(34.0%)	128.2	96.7	(24.6%)
Gasoil/Diesel	151.2	105.5	92.3	(12.5%)	(39.0%)	133.1	98.9	(25.7%)
Kerosene	147.2	106.8	91.8	(14.0%)	(37.6%)	129.5	99.3	(23.3%)

Dubai Crude oil price in 2Q/23 averaged US\$77.8 per barrel, falling from 1Q/23 at US\$80.3 per barrel. This resulted from (1) Concerns about US debt defaults that were nearly hitting the debt ceiling, such concerns could affect the global economy. (2) China's economy grew less than expected despite the country's opening announcement. This was in line with economic indicators. (3) The Federal Reserve increased an additional interest rate to 5.00–5.25% as the U.S. inflation remained above the target level even if the U.S. inflation trend has slowed down continuously. However, oil prices were still supported by the OPEC+ announcement of crude oil production cuts. In April, OPEC+ announced an additional 1.16 MMBD cut in output through the end of the year, and Saudi Arabia announced in June about additional reductions of 1 MMBD for July production.

Moreover, China's central bank announced a 0.10% reduction in short- and long-term borrowing rates. This was the first reduction announcement in 10 months to stimulate the economy.

Petroleum products prices in 2Q/ 23. **Gasoline price** averaged US\$94.4 per barrel, decreasing from 1Q/ 23 at US\$99.0 per barrel. It was affected by concerns over China's announcement of an increase in the export quota of refined oil in the second round of this year. The total export quota for the year was 28 million tons, which was higher than the same period last year. In addition, the end of the Ramadan festival put pressure on gasoline demand. As a result, Indonesia postponed gasoline imports and continuously declined gasoline imports. However, gasoline price was supported by the refinery maintenance shutdown in the second quarter, which pressured the limited gasoline supply. In addition, India's domestic demand has continuously increased. **Diesel price** in 2Q/ 23 averaged US\$92.3 per barrel, downed from 1Q/ 23 at US\$105.5 per barrel, which fell significantly more than Dubai price. The pressure factors came from concerns about economic slowdown and industrial demand, especially OECD countries and Europe, and the diesel inventory levels in Europe that were still higher than the previous year. Moreover, China's manufacturing index was below 50, reflecting the economy contraction. However, the price was supported by decreasing China's export due to lower diesel refining margins. Furthermore, the cyclone affecting export ports affected diesel supply from India. Meanwhile, India's diesel demand continuously increased from the industrial, agricultural, and transportation sectors. **Jet/Kerosene price** in 2Q/ 23 averaged US\$91.8 per barrel, downed from 1Q/ 23 at US\$106.8 per barrel, dropping lower than Dubai price. This resulted from jet fuel supply in the region consistently rising from a by-product of diesel production. In addition, it has been pressured by the economic slowdown, which affected the overall demand for the air cargo sector since the beginning of the year. Moreover, China's international flights were still significantly lower than the pre-pandemic, despite the announcement of the country's reopening. Nonetheless, China's domestic flights have continued to recover, and the number of passengers in the U.S. is higher than the pre-pandemic.

Fuel consumption in Thailand, The Department of Energy Business reported that for the first half of 2023, Thailand's daily consumption of commercial jet fuel (Jet A-1) increased by 80.9%, and gasoline increased by 6.2% from the same period last year. However, diesel fuel decreased by 3.7%, and the LPG group declined by 1.4%.

Gasoline consumption averaged 31.6 million liters per day, which increased by 6.2% from the same period last year, mainly from an increase in gasohol 95 to 18.1 million liters per day and gasohol E20 to 5.9 million liters per day.

Commercial Aviation fuel (Jet A-1) consumption averaged 13.5 million liters per day, or 80.9% rose from the same period last year as an increase in air travel of tourists after the COVID-19 situation improved.

Diesel consumption averaged 72.3 million liters per day, which fell by 3.7% from the same period last year. The use of high-speed diesel B7 rose to 64.6 million liters per day, but normal high-speed diesel consumption decreased to 1.0 million liters per day, and high-speed diesel B20 with 0.16 million liters per day. The government continued the measures to support diesel prices by reducing excise tax rates on diesel fuel until July 20, 2023, together with the subsidy by the oil fuel fund to alleviate the impact of diesel price fluctuation.

Liquefied petroleum gas (LPG) consumption averaged 17.7 million kg per day, or 1.4% lower than the same period last year.

OR's market share



42.7%

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

Performance of Mobility Business Segment

Description	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Number of Station								
PTT Station*	2,103	2,168	2,183	15	80	2,103	2,183	80
EV Station PluZ**	112	197	410	213	298	112	410	298
LPG station***	234	231	236	5	2	234	236	2
Volume Sold (MML)								
Retail	3,395	3,191	3,222	1.0%	(5.1%)	6,712	6,413	(4.5%)
Commercial	3,464	3,811	3,683	(3.4%)	6.3%	6,871	7,494	9.1%
Total Volume Sold	6,859	7,002	6,905	(1.4%)	0.7%	13,583	13,907	2.4%
Volume Sold by Product (%)								
LPG	12.9%	12.8%	12.1%	-	-	13.3%	12.4%	-
Aviation fuel	8.3%	12.3%	12.1%	-	-	7.6%	12.2%	-
Diesel	45.6%	44.9%	46.1%	-	-	46.7%	45.5%	-
Fuel oil	9.5%	7.1%	5.5%	-	-	8.7%	6.3%	-
Gasoline	21.4%	20.8%	22.1%	-	-	21.3%	21.4%	-
Lubricant	0.7%	0.7%	0.6%	-	-	0.7%	0.7%	-
Others	1.6%	1.4%	1.5%	-	-	1.7%	1.5%	-
Total Volume Sold by Product	100.0%	100.0%	100.0%	-	-	100.0%	100.0%	-
Gross Profit: Baht/Litre	1.61	1.01	0.96	-	-	1.38	0.98	-
Mobility EBITDA Margin (%)	4.2%	2.3%	1.9%	-	-	3.6%	2.1%	-

*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 2Q/23 vs. 1Q/23

- Revenue from sales and services decreased by THB 11,481 million (-6.2%)**, mainly from a reduction in global oil price and a slight drop in sales volume by 97 mml (-1.4%). For the **commercial market**, sales volume decreased by 128 mml (-3.4%), mainly from fuel oil sold to power plants. Owing to the decline in natural gas prices, customers returned to using lower fuel prices. In addition, the higher costs of bunker fuel led to high competition, resulting in lower sales volume. Aviation fuel dropped slightly. Diesel also decreased from sales to power plants but increased from sales to Supply sales customers; thus the overall sales volume rose. On the **retail market** side, sales volume grew by 31 mml (+1.0%) from gasoline due to long holidays during 2Q/23 causing higher travelling and promotional activity.
- EBITDA dropped by THB 941 million (-22.2%)**, mainly from the overall gross profit per liter decreased by THB 0.05. For the **commercial market**, the average gross profit per liter was reduced in aviation fuel from the effect of the M-1 selling price structure, where the reference price during 2Q/23 decreased gradually compared with the sharp decrease in the previous quarter. Diesel dropped from sales to power plants. Also the market situation was faced with the highly competitive market. For the **retail market**, the average gross profit per liter for diesel increased, but gasoline decreased slightly. For this period, OR had net operating expenses compared to 1Q/23, mainly from lower other revenue from PTT Group Supply Chain Collaboration. Also, there was higher advertising expense from promoting “Super power” premium products. As a result, the EBITDA margin was recorded at 1.9%, lower than the last quarter of 2.3%.

Performance 2Q/23 vs. 2Q/22

- **Revenue from sales and services decreased by THB 23,265 million (-11.8%)**, mainly from a decrease in global oil price, while overall sales volume increased by 46 mml (+0.7%). The **commercial market's** sales volume increased by 219 mml (+6.3%), mainly from aviation fuel due to more traveling. Diesel and gasoline increased from the economic recovery of neighboring countries; on the other hand, fuel oil dropped from rising costs affecting competition in the market. On the **retail market** side, sales volume decreased by 173 mml (-5.1%) from diesel due to slow retail price adjustments during 2Q/22, leading to extra sales volume, while gasoline sales volume was stable.
- **EBITDA dropped by THB 4,959 million (-60.1%)** from a reduction in overall average gross profit per liter by THB 0.65, mainly from the **retail market**; both diesel and gasoline had lower average gross profit per liter compared to the same period last year due to unusually high average gross profit per liter during 2Q/22. Also, the **commercial market** gross profit decreased. Diesel had a lower average gross profit per liter from the market returned to normal where there was high competition. Fuel oil dropped from higher costs, while aviation fuel increased due to the M-1 selling price structure. Compared to 2Q/22, this quarter had higher net operating expenses due to higher terminal service, utilities, and promotion expenses. As a result, the EBITDA margin was at 1.9% in 2Q/23, dropping from 4.2% in 2Q/22.

Performance 1H/23 vs. 1H/22

- **Revenue from sales and services decreased by THB 3,432 million (-0.9%)**, mainly from the global oil prices drop, although the overall sales volume increased by 324 mml (+2.4%). For the **commercial market**, sales volume increased by 623 mml (+9.1%), mainly from aviation fuel due to increasing air travel following the economic recovery. Diesel rose from sales to Supply sales to customers and neighboring countries, while fuel oil reduced from higher cost. On the **retail market** side, sales volume dropped by 299 mml (-4.5%), mainly from diesel, owing to the delay in retail price adjustments at the PTT Stations during 1H/22, causing excessive sales volume. Gasoline sales volume was constant. In addition, there were 80 new PTT Stations.
- **EBITDA decreased by THB 5,483 million (-42.1%)** from a softer average gross profit per liter that fell by THB 0.40, mainly from **the retail market**; the average gross profit per liter dropped from diesel and gasoline. Gross profit for the **commercial market** decreased, mainly from the lower average gross profit per liter of diesel resulting from the highly competitive market. Fuel oil dropped from higher cost, while aviation fuel rose from the effect of the M-1 selling price structure. Compared to 1H/22, this period had higher net operating expenses from utilities, promotion, and terminal service expenses. As a result, the EBITDA margin was recorded at 2.1% in 1H/23, a drop from 3.6% in 1H/22.

As of 30 June 2023, OR had installed "**EV Station PlusZ**" in 588 locations with 1,100 DC connectors, including 453 installed inside service stations (with 333 in operations) and 135 installed outside service stations (with 77 in operations). The charging station network covers 77 provinces nationwide, focusing on covering both main roads and secondary roads, large districts, and connecting to tourist attraction routes so as to facilitate, ensure users' confidence, and support aggressive demand of EV car soon. As for **Fit Auto**, there was a total of 91 outlets, opened four more branches from the previous quarter.

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Expansion of Lifestyle Business

Description	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Number of outlets								
Cafe Amazon *	3,728	3,947	4,007	60	279	3,728	4,007	279
Texas Chicken	98	104	107	3	9	98	107	9
Convenience Store**	2,092	2,155	2,172	17	80	2,092	2,172	80
Cafe Amazon total cups sold* (Million cups)	91	91	93	2.2%	2.2%	174	184	5.7%

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

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

In 2Q/23, the Lifestyle business has a combined network of 4,231 F&B business outlets, comprising 3,987 Cafe Amazon outlets in Thailand classified as 2,179 outlets located in PTT Stations and 1,808 outlets outside of PTT Stations, or 54.6% and 45.4%, respectively along with 20 Cafe Amazon outlets overseas, 107 Texas Chicken outlets, 117 outlets of other F&B comprising Pearly Tea and Pacamara Coffee Roasters and for Other retail business we recorded 2,172 convenience stores under the 7-Eleven and Jiffy brands in Thailand.

Cafe Amazon, under the F&B business in 2Q/23, recorded 93 million cups sold this quarter, an increase of 2 million cups (+2.2%) compared to 1Q/23 due to seasonal factors and higher demand from promotional activities.

Performance of Lifestyle Business Segment

Description	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Sales and Services (Million Baht)								
Food & Beverage	3,479	3,587	3,815	6.4%	9.7%	6,637	7,402	11.5%
Other Retail Business	1,814	1,741	1,830	5.1%	0.9%	3,423	3,571	4.3%
Total sales and services	5,293	5,328	5,645	5.9%	6.7%	10,060	10,973	9.1%
Lifestyle EBITDA Margin (%)	27.4%	24.2%	26.6%	-	-	27.9%	25.4%	-

Performance 2Q/23 vs. 1Q/23

- **Revenue from sales and services increased by THB 317 million (+5.9%), F&B business** increased by THB 228 million (+6.4%), mainly from an increase in sales according to seasonal factors. **Other retail business** increased by THB 89 million (+5.1%), mainly from higher average sales per day per store of convenience store, which was the seasonal factor.
- **EBITDA increased by THB 212 million (+16.4%)** from higher gross profit following the higher sales and operating expenses also decreased mainly from outsourced expenses. EBITDA for the **F&B business** increased by THB 183 million (+22.1%), and the **Other retail business** increased by THB 29 million (+6.3%), resulting in an improved EBITDA margin from 24.2% last quarter to 26.6% in this quarter.

Performance 2Q/23 vs. 2Q/22

- **Revenue from sales and services increased by THB 352 million (+6.7%)**, due to economic activity recovery. The revenue from sales of the **F&B business** increased by THB 336 million (+9.7%), mainly due to increase in sales volume from the F&B business outlet expansion. **Other retail business's** revenue from sales increased by THB 16 million (+0.9%), mainly from network expansion and higher average sales per day per store of convenience stores.
- **EBITDA increased by THB 49 million (+3.4%)**, the EBITDA of the **F&B business** decreased by THB 82 million (+8.8%) from an increase in gross profit. While **Other retail business's** EBITDA decreased by THB 33 million (-6.3%). In addition, there were more expenses, mainly from outsourced, utilities, and promotional expenses. The EBITDA margin in this quarter decreased from 27.4% in 2Q/22 to 26.6% in 2Q/23.

Performance 1H/23 vs. 1H/22

- **Revenue from sales and services increased by THB 913 million (+9.1%)** due to economic activity recovery. The revenue from sales of the **F&B business** increased by THB 765 million (+11.5%), mainly due to increased sales volume from the F&B business outlet expansion. **Other retail business's** revenue from sales increased by THB 148 million (+4.3%), mainly from network expansion and higher average sales per day per store of convenience stores.
- **EBITDA decreased by THB 12 million (-0.4%)**; even though there was higher overall gross profit, operating expenses increased from outsourced, promotional, repair and maintenance expenses. The EBITDA of the **F&B business** decreased by THB 22 million (-1.2%). While **Other retail business's** EBITDA increased by THB 10 million (+1.1%). Resulting in a decrease in EBITDA margin from 27.9% in 1H/22 to 25.4% in 1H/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 due to a steady rebound in tourism, mainly from Chinese tourists, even though the numbers were still lower than pre-pandemic. It was expecting 4.5 million foreign tourists this year with improved domestic consumption alongside the recovery of the labor market and service sector. However, the global economic slowdown would inhibit exports and foreign direct investment (FDI). Moreover, the tightening monetary policy of the U.S. puts downward pressure on the borrowing cost and the unfavorable business loan, directly impact to real estate businesses. **Laos**, IMF expected the economy to grow by 4.0% in 2023, slowly rebound as buoyant tourism after China's reopening, which bolstered the number of tourist arrivals, and FDI gradually inflows focusing on the businesses related to the China-Laos high-speed railway and the connecting to other countries in SEA. However, Laos' economy remains fragile from high inflation, reflecting on high household debt and the cost of business, raising the labor cost and gradual cost to consumer prices. Meanwhile, low foreign reserves and weakening LAK could pressure on long-term economic growth. **Myanmar**'s economy is expected to recover slightly at 2.6% this year as economic activities gradually normalize after the political unrest, including the benefits from FDI from China. Nonetheless, the recovery remains limited because the Western nations have been imposing economic sanctions, worsening the business environment. **The Philippines**, IMF projected the economy to grow 6.0% in 2023, a remarkable recovery among the emerging market, caused by bolstered domestic consumption, higher household spending, and the continually declining inflation. However, the tightening monetary policy by the central bank of the Philippines to keep the high-interest policy rates could pressure economic growth.

Performance of Global Business Segment

Description	2Q/22	1Q/23	2Q/23	Variance		1H/22	1H/23	Variance
				QoQ	YoY			YoY
Number of PTT Station	370	396	387	(9)	17	370	387	17
Oil Volume Sold (MML)								
Philippines	207	175	271	54.9%	30.9%	393	446	13.5%
Cambodia	108	144	162	12.5%	50.0%	227	306	34.8%
Laos	69	75	77	2.7%	11.6%	139	152	9.4%
Total Volume Sold	384	394	510	29.4%	32.8%	759	904	19.1%
Cafe Amazon*								
Cafe Amazon Outlets	323	365	364	(1)	41	323	364	41
Cafe Amazon total cups sold (Million cups)	6.1	6.6	7.2	9.2%	18.2%	11.2	13.8	23.3%
Global EBITDA Margin (%)	3.5%	3.4%	3.4%	-	-	3.6%	3.4%	-

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

Performance 2Q/23 vs. 1Q/23

- **Revenue from sales and services increased by THB 1,737 million (+14.9%)**, mainly due to an overall increase in sales volume of 116 mml primarily due to higher sales volume in all countries, mainly from diesel for industrial customers in **The Philippines**. For **Cambodia** and **Laos**, we experienced higher sales volume in gasoline and diesel due to economic recovery. There was also an increase in Cafe Amazon's cups sold in all countries.
- **EBITDA increased by THB 54 million (+13.6%)**, mainly from an increase in gross profit mainly from higher sales volume in **the Philippines**. Despite gross profit per liter being lower in all countries. In this quarter, there were lower net operating expenses in the Philippines. As a result, the EBITDA margin for the quarter was 3.4%, similar to the previous quarter.

Performance 2Q/23 vs. 2Q/22

- **Revenue from sales and services decreased by THB 1,565 million (-10.5%)**, mainly due to a decrease in average selling prices in line with global oil prices. Sales volume in **the Philippines** increased from diesel sales for industrial customers. **Cambodia** and **Laos** increased from gasoline and diesel as a result of economic recovery. For Cafe Amazon, the volume of cups sold also improved in **all countries**.
- **EBITDA decreased by THB 67 million (-13.0%)**, mainly from the high average cost of petroleum products in **the Philippines** leading to lower gross profit. Although **Cambodia** improved from an increase in sales volume and **Laos** improved from higher average gross profit per liter. As a result, this quarter, EBITDA margin stood at 3.4% decreasing from 3.5% in 2Q/22.

Performance 1H/23 vs. 1H/22

- **Revenue from sales and services decreased by THB 1,147 million (-4.4%)**, mainly due to a decrease in average selling prices in line with global oil prices. Sales volume in **the Philippines** increased from diesel sales for industrial customers and aviation fuel, **Cambodia** increased from gasoline and diesel from an improvement in economic activity, and **Laos** slightly increased from diesel as a result of economic recovery. For Cafe Amazon, the volume of cups sold improved in **all countries**.

- **EBITDA decreased by THB 101 million (-10.7%),** mainly from lower gross profit in **the Philippines**. EBITDA in **Cambodia** and **Laos** improved from a higher average gross profit per liter. As a result, the EBITDA margin for 1H/23 was 3.4% decreasing from 3.6% in 1H/22.

Creating success and acceptance of Thai brands in the global market is one of our main goals; we aim to strive and bring a successfully integrated oil and non-oil business model in Thailand which combines Mobility, Lifestyle, and other businesses to the global market through OR SDG concept, S-Small, an opportunity for small people, D- Diversify, an opportunity for all forms of growth, and G-Green, an opportunity for a clean society. In this quarter, OR, together with K-Next Corporation, opened the first convenience self-service laundry store, **"Otteri Wash and Dry"** in Cambodia and launched **EV Station PluZ** in ptt stations in Cambodia, the country in which OR has been in business for more than ten years and we expect to expand the business and bring more Thai brands to other countries in the future.

OR INNOVATION

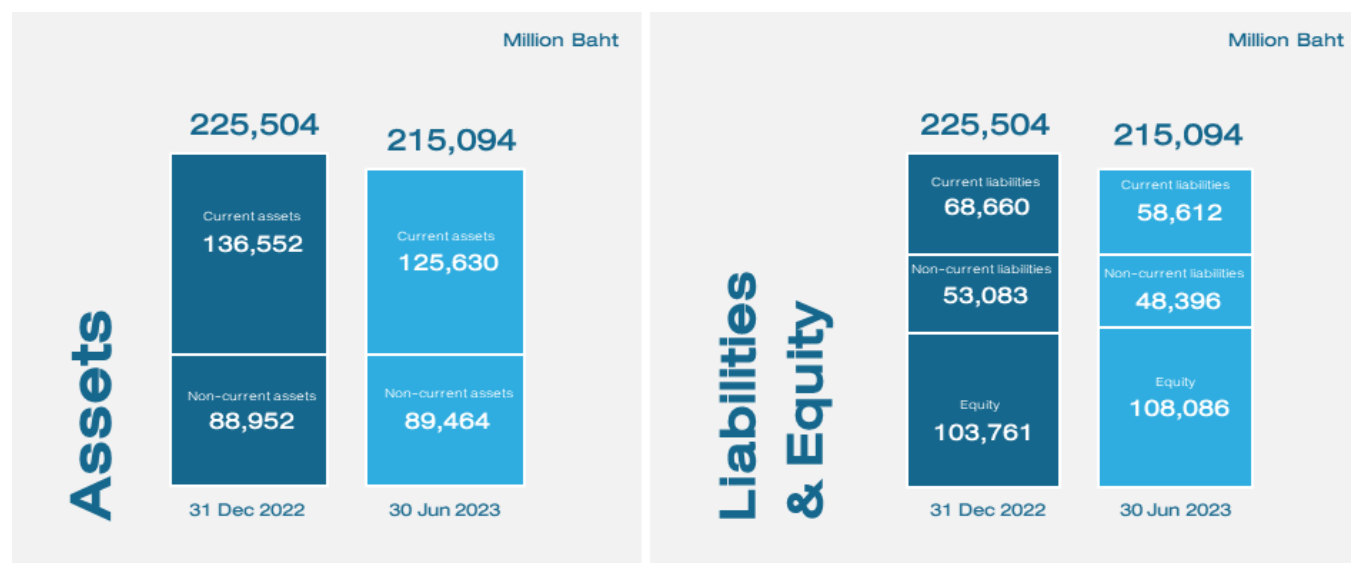
Solve Societal Problems
for OR Innovation



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 business 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 2Q/23, ORZON Ventures has invested in **12 startups**, all growing and aligned with OR's strategy, including freshket, GoWabi, CARSOME, PROTOMATE, Pomelo, Hangry, Hungry Hub, DezpaX, travelio, belanjaparts, APX, and Sleek EV.

Financial Position



Assets As of June 30, 2023, OR recorded total assets in the amount of THB 215,094 million, a decrease of THB 10,410 million (-4.6%) from December 31, 2022, and can be categorized as follows:

Current assets decreased by THB 10,922 million (-8.0%), mainly from:

- Trade accounts receivable and other accounts receivable decreased by THB 35,303 million (-51.3%), from other accounts receivable decreased by THB 27,855 million (-68.4%), mainly from receiving repayment from the oil fund. Also, trade receivable decreased by THB 7,448 million (-26.5%) 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 20,957 million (+55.3%), mainly from cash generated in operating activities and receiving 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 5,084 million (+18.5%) due to the higher inventory stock of around 310 million liters (+38.9%), mainly from diesel and gasoline. At the same time, the average purchase price decreased following the global oil prices trend.

Non-current assets increased by THB 512 million (+0.6%), mainly from:

- Investment increased by THB 534 million (+3.2%), mainly from investments in Buzzebees Co., Ltd for THB 494 million.
- Property, plant, and equipment increased by THB 389 million (+0.9%), mainly from the network expansion.

Liabilities As of June 30, 2023, OR Group recorded total liabilities of THB 107,008 million, a decrease of THB 14,735 million (-12.1%) from December 31, 2022, from the following:

Current liabilities decreased by THB 10,048 million (-14.6%), mainly from:

- Trade accounts payables, and other accounts payables decreased by THB 10,265 million (-18.2%) from a decrease in global oil prices.

- Bank overdraft & short-term borrowings decreased by THB 2,985 million (-63.6%) from matured short-term borrowings repayment.
- Income tax payable increased by THB 2,955 million (>100%) from receiving repayment from the oil fund.

Non-current liabilities decreased by THB 4,687 million (-8.8%), mainly from:

- Long-term borrowings decreased by THB 2,748 million (-11.2%) from loan repayment.
- Deferred tax liabilities decreased by THB 2,321 million (-69.0%) from the lower of accrued oil fund compensation and excise tax offset by the usage of Tax Loss Carryforward.

Equity As of June 30, 2023, OR Group recorded total equity of THB 108,086 million, an increase of THB 4,325 million (+4.2%) from December 31, 2022, primarily from net profit during the period offset by the dividend payment of the second-half performance in 2022, with THB 1,800 million or THB 0.15 per share.

Cash Flow Statement ended Jun 30, 2023

	Million Baht
Net cash provided (used in) by operating activities	31,216
Net cash provided by (used in) investing activities	(1,686)
Net cash provided by (used in) financing activities	(8,852)
Unrealized gain (loss) foreign exchange rate	4
Currency translation differences	275
Net increase (decrease) in cash and cash equivalents	20,957
Cash and cash equivalents at beginning of periods	37,910
Cash and cash equivalents at end of periods	58,867

Net cash from operating activities amounted to THB 31,216 million, mainly from net income from operations before taxes in the amount of THB 7,195 million, which was partially adjusted by non-cash items, such as depreciation and amortization, income tax expenses, and financial costs, also includes changes in operating assets and liabilities, mainly from a decrease in other account receivables due to the receiving repayment from the oil fund in the amount of THB 26,598 million, a reduction in account receivables, account payables, and other account payables. While there was an increase in inventories.

Net cash used in investing activities was recorded in the amount of THB 1,686 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 3,063 million, also investments in other non-current financial assets at THB 573 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 8,852 million, mainly from short and long-term loan repayment of THB 5,388 million and dividend payments.

Financial Ratios

	1H/22	1H/23
Profitability Ratios		
1. Gross profit margin (%)	6.4	5.3
2. Net profit margin (%)	2.7	1.5
	Dec 31, 22	Jun 30, 23
Liquidity Ratios		
3. Current ratio (times)	2.0	2.1
Profitability Ratios		
4. Return on equity (%)	10.2	5.3
Operating Efficiency Ratios		
5. Return on total assets (%)	4.8	2.6
Financial Policy Ratios		
6. Net Interest bearing debt to equity (times)	0.0	(0.2)
7. Debt service coverage ratio (times)	4.1	9.5

Financial Ratios' Calculations:

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

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

Outlook 2023

Thailand's economic continues expanding, 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), Thailand's economy is expected to grow by 3.6% from a better-than-expected recovery in tourism, reflecting an increase of foreign tourists from all nationalities. BOT forecasted foreign tourist arrivals to be 29 million. In addition, private consumption has continued to expand following the recovery of the tourism sector. As a result, employment and labor income have been improved and spread more, especially among employees in the service sector and self-employed. Moreover, exports have shown signs of recovery and were expected to recover obviously in the second half of the year in line with the economic growth of trading partners. However, Thailand's economy still faces **significant risks** from: 1) the domestic political uncertainties 2) slower-than-expected global economic recovery caused by high inflation and financial institution issues in significant economies, impacting on Thailand's exports 3) rising living costs and higher debt burden, affecting the consumption capacity of the private sector and households more than expected, 4) the tendency of being hit by a drought due to the effects of El Niño.

The global economy is likely to continue to recover from the service sector, especially the US, Eurozone, and China. At the same time, Asia will benefit from China's reopening and improving global manufacturing in the second half of the year. The IMF has revised its economic growth projection from 2.8% to 3.0% in 2023, mainly due to sustained disinflation and a resilient financial sector. However, policy tightening by central banks in response to inflation is still ongoing. **The U.S. economy** is expected to grow 1.8%, higher than the projection of 1.6% in April by the IMF, as a strong labor market supports purchasing power and consumer spending. **The Chinese economy's** economic activity gradually returned to normal after the Zero-COVID Policy was lifted. The IMF forecasted GDP at 5.2% in 2023 due to recovering consumption after reopening, normalizing business activity, and reviving domestic consumption. However, China still faces underperformed recovery and geopolitical risk, which drive market volatility during this period and the next phase. Also, the shrinking of the Chinese real estate sector remains a risk factor.

The trend of crude oil prices and petroleum products prices. World oil demand in 2023, as reported by the IEA as of July 2023, projected global oil demand in 2023 at 102.1 MMBD, up from 2022 at 2.2 MMBD. In contrast to the increase in the OECD countries, 70% of global demand growth or 1.6 MMBD will come from China.

Crude oil prices in 3Q/23 tend to have an average higher than 2Q/23 due to OPEC+ announcement to cut crude oil production in April. This is coupled with the announcement of the additional production cut by Saudi Arabia of 1 MMBD in July-August and a reduction of 0.5 MMBD in Russian crude oil exports in August. The IEA expects crude oil supply in 2023 to increase by only 1.6 MMBD compared to the previous year, while global oil demand is expected to grow by 2.2 MMBD of the prior year. This will affect the global oil balance deficit of 0.6 MMBD. In the first half of this year, oil supply exceeded demand by 0.65 MMBD. In contrast to the year's second half, global oil demand will increase more than supply by 1.69 MMBD. In addition, U.S. inflation tends to slow down, with inflation in June 2023 rising 3% from the last year. This was the lowest level in two years, leading to speculation that the Federal Reserve was nearing the end of the interest rate hike period soon. This aligns with the International Monetary Fund (IMF) raising global GDP growth forecast in 2023 from 2.8% to 3.0% as lower inflation and concerns over the financial sector. However, oil prices have been pressured by economic conditions affected by tightening monetary policy, especially in developed countries, and weakened demand in European, contributing to a slowdown in the manufacturing sector. **The average crude oil price in 2023 is expected to be \$77-80 per barrel.**

Petroleum products situation in 3Q/23. During this period, China's gasoline demand is expected to be supported by summer holidays, resulting in more travel and lower exports. As well as the U.S. driving season will support gasoline demand, including gasoline production may be affected by the hurricane season. In addition, Singapore's commercial gasoline inventory levels fell to a 15-month low. However, gasoline prices may be pressured by the monsoon season, causing flooding, especially in India. These will lead to less travel and more exports. Diesel prices will be supported by the low water level in the Rhine River, causing concerns about shipping transportation. As a result, there has been additional shipment, which could support diesel demand. Moreover, Europe's commercial diesel inventory hit the lowest levels since the beginning of the year, and the global heat wave impacts additional diesel demand for power generation. As a result, Europe may increase diesel imports from Asia. However, many Asian countries tend to increase exports with less domestic demand because the monsoon season may pressure diesel demand in the industrial, agricultural, and transport sectors. Jet fuel/kerosene has been supported continuously by the summer in China, Europe, and the U.S., resulting in increased travel. Also, travel in China and Asia has recovered. Consequently, these will be an essential factor driving the growth of global jet fuel demand this year. However, global international travel is still taking time to recover to the same levels as in the pre-pandemic period. Moreover, economic situations have been pressured by the financial sector affecting the slowdown in the air cargo sector.

Sustainability Management



Because of a belief that exclusive growth cannot make the business survive in the long term, OR has placed importance on operating the business under the vision of “Empowering All toward Inclusive Growth” over the past five years, making sure that people, communities, economies, environment grow together. For this year, OR strives to create a sustainable future through OR SDG under the concept of **“Real RISE of Opportunity”**, **joining together to create opportunities for every true growth**, which fulfills opportunities in various dimensions and reflects on the performance of various projects.

- **S – SMALL, offering opportunities for a better living** with a total of 12,809 communities through Thaidet project, Pun Suk Areas, and Cafe Amazon for Chance
- **D– DIVERSIFIED, providing opportunities for all forms of growth** through investing in and partnering with startups and small entrepreneurs, creating business opportunities to grow for more than 100 businesses
- **G – GREEN, creating clean societies** through EV Station PluZ expansion plan to meet 7,000 DC Connectors within 2023, the installation of Solar Rooftops at OR’s establishments, Yaek Laek Yim project in 2,012 PTT stations cultivating awareness and generating revenue from the waste of more than THB 28 million

In addition, respect for human rights is one of the OR’s fundamental practices. OR strictly complies with good corporate governance policy, business ethics, and human rights policy to ensure not to support violence and human rights violations from the operations of the Brighter Energy (BE) joint venture. Since there have been violence and unrest in Myanmar in 2021, OR, as a minority interest shareholder, has expressly declared our intention to suspend BE’s operations. Moreover, OR has stopped making additional capital injections since October 2022.