



OR

3Q2023

Management Discussion & Analysis



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PTT Oil and Retail Business Public Company Limited

Executive Summary

Financial Highlights

Unit : Million baht	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance
				QoQ	YoY			YoY
Total sales and services	194,795	187,708	191,560	2.1%	(1.7%)	583,517	576,682	(1.2%)
EBITDA	2,647	5,210	7,546	44.8%	>100%	19,354	18,683	(3.5%)
Net Profit (Loss) for the periods*	701	2,757	5,170	87.5%	>100%	11,114	10,901	(1.9%)
Earnings Per Share (Baht/share)	0.06	0.23	0.43	87.0%	>100%	0.93	0.91	(2.2%)

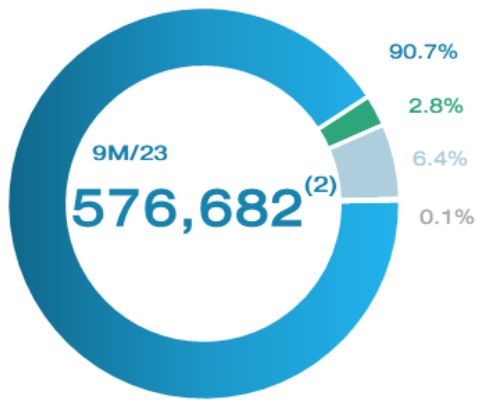
Performance 3Q/23

PTT Oil and Retail Business Public Company Limited and its subsidiaries ("OR") recorded **total sales and services** in the amount of THB 191,560 million, an increase of THB 3,852 million (+2.1%) from the last quarter, mainly from the increased average selling prices following the higher global oil prices due to the reduction in production capacity of oil exporting countries. As a result, sales and services of the **Mobility business** increased 2.6%, although total sales volume decreased, mainly from the seasonal factors in the retail market. While the **Lifestyle business's** sales and services decreased by 2.3% from other retail businesses. **Global business's** sales and services decreased by 6.0%, mainly from the decrease in sales volume in all countries. We recorded an **EBITDA** of THB 7,546 million in 3Q/23, an increase of THB 2,336 million (+44.8%) compared to 2Q/23, from the better average gross profit per liter of **Mobility business**. The **Global business** grew in line with the better gross profit from Laos. The EBITDA of our **Lifestyle business** decreased from both F&B and other retail businesses. Aggregate net operating expenses decreased by 11.9% due to increased 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 5,170 million, an increase of THB 2,413 million (+87.5%), leading to earnings per share of THB 0.43.

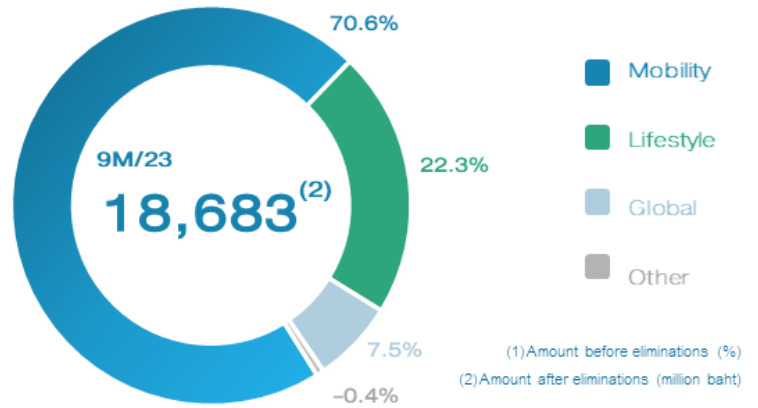
Performance 9M/23

OR recorded a **net profit of THB 10,901 million**, a decrease of THB 213 million (-1.9%) from 9M/22, mainly due to the reduction in both total sales and services and EBITDA by THB 6,835 million and THB 671 million, respectively, as a result of the lower average selling prices following the lower global oil prices which is less volatile than in 9M/22, even though our sales volume increased from the economic recovery of countries in the region, including the gradual return of the tourism sector, resulting in a significant increase in sales volume mainly from aviation fuel. The average gross profit per liter of the **Mobility** and **Global business** declined according to market conditions. Moreover, net operating expenses increased by 2.9%, mainly from variable expenses, in line with the increase in sales volume, such as outsourced utilities expenses. In addition, OR recorded foreign exchange gain as the Thai baht depreciated, and there was also a decrease in loss from derivatives. We also recorded higher financial costs as market interest rates increased. All mentioned above led to a softer performance in 9M/23, resulting in lower earnings per share at 0.91 baht, decreasing from 9M/22 of 2.2%.

Sales & services⁽¹⁾



EBITDA⁽¹⁾



Financial position as of September 30, 2023, OR recorded **total assets** of THB 227,166 million, an increase of THB 1,662 million from December 31, 2022, mainly from cash and cash equivalents, inventories, and trade accounts receivables following the higher global oil price. OR recorded **total liabilities** of THB 116,842 million, a decrease of THB 4,901 million, mainly from loan repayment. **Shareholders' equity** registered at THB 110,324 million, an increase of THB 6,563 million primarily from net profit during the period offset by the dividend payment of THB 4,800 million.

Economic Overview 3Q/23

The Thai economy continuously expanded, driven mainly by private consumption following additional support from government policy. The tourism sector continues to recover, though it was slightly lower than previously estimated due to the slow recovery of Chinese tourists. Meanwhile, tourists from other nationalities are still recovering well. Due to geopolitical issues, exports recovered slower than expected following sluggish demand from China and global growth. Inflation returned to the target range partly from a high base, supply pressure, and government assistance measures. The Bank of Thailand expected that Thai economic growth in this quarter would be 2-3%. 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 highly 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, particularly China's slowdown, production cut by OPEC+ amid political tensions could put downward pressure on energy prices and investment climate. **The US economy** tends to expand better than expected. Fed forecasted growth of 5.0% in the third quarter, following a 2.1% expansion in the previous quarter, driven by solid consumption, government, and private spending. **China's economy** in the third quarter recovered 4.9% expansion, supported by government stimulus measures enhancing business activity recovery. However, a prolonged slump in China's housing market, employment, and household income, and weak confidence among some private firms are risk factors for economic growth.

OR Performance Results

Unit : Million Baht	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance
				QoQ	YoY			YoY
Total sales and services	194,795	187,708	191,560	2.1%	(1.7%)	583,517	576,682	(1.2%)
: Mobility	180,190	173,937	178,429	2.6%	(1.0%)	542,977	537,784	(1.0%)
: Lifestyle	5,295	5,645	5,514	(2.3%)	4.1%	15,355	16,487	7.4%
: Global	13,823	13,385	12,583	(6.0%)	(9.0%)	40,003	37,616	(6.0%)
: Other	265	278	272	(2.2%)	2.6%	790	827	4.7%
Other income	794	893	1,543	72.8%	94.3%	2,482	3,654	47.2%
Operating expenses	5,600	5,751	5,822	1.2%	4.0%	15,582	17,130	9.9%
EBITDA	2,647	5,210	7,546	44.8%	>100%	19,354	18,683	(3.5%)
: Mobility	1,084	3,298	5,669	71.9%	>100%	14,104	13,206	(6.4%)
: Lifestyle	1,210	1,501	1,383	(7.9%)	14.3%	4,012	4,173	4.0%
: Global	270	450	550	22.2%	>100%	1,217	1,396	14.7%
: Other	6	(60)	(54)	10.0%	<(100%)	(12)	(80)	<(100%)
Depreciation and amortization expenses	1,658	1,701	1,673	(1.6%)	0.9%	4,804	5,052	5.2%
Operating profit	989	3,509	5,873	67.4%	>100%	14,550	13,631	(6.3%)
: Mobility	83	2,241	4,644	>100%	>100%	11,197	10,096	(9.8%)
: Lifestyle	717	1,030	905	(12.1%)	26.2%	2,591	2,743	5.9%
: Global	106	281	384	36.7%	>100%	741	896	20.9%
: Other	6	(64)	(58)	9.4%	<(100%)	(12)	(92)	<(100%)
Share of profit (loss) from investments in joint ventures and associates	102	136	115	(15.4%)	12.7%	362	433	19.6%
Gain (loss) on derivatives	(663)	(303)	(241)	20.5%	63.7%	(988)	(842)	14.8%
Gain (loss) on exchange rate	595	498	732	47.0%	23.0%	1,167	1,474	26.3%
Others	29	(28)	305	>100%	>100%	76	(59)	<(100%)
EBIT	1,052	3,812	6,784	78.0%	>100%	15,167	14,637	(3.5%)
Finance costs	277	337	362	7.4%	30.7%	802	1,020	27.2%
Tax expenses (income)	74	718	1,252	74.4%	>100%	3,249	2,714	(16.5%)
Net Profit (Loss) for the periods*	701	2,757	5,170	87.5%	>100%	11,114	10,901	(1.9%)
Earnings Per Share (Baht/share)	0.06	0.23	0.43	87.0%	>100%	0.93	0.91	(2.2%)

* 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 October 2023 showed **expected global oil demand in 2023** at 101.9 million barrels per day (MMBD), lower than earlier forecast in July 2023, around 0.2 MMBD. The global oil demand was affected by slowing down economic growth, especially gasoline demand in the U.S., which has dropped to the lowest level in 20 years. Nevertheless, the support factors mainly came from China, India, and Brazil; China's demand growth accounted for 77.0% of total growth this year.

Unit : USD/Barrel	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance
				QoQ	YoY			YoY
Dubai	96.9	77.8	86.7	11.4%	(10.5%)	100.2	81.6	(18.6%)
Gasoline	110.1	94.4	105.7	12.0%	(4.0%)	122.2	99.7	(18.4%)
Gasoil/Diesel	132.1	92.3	113.6	23.1%	(14.0%)	132.8	103.8	(21.8%)
Kerosene	129.3	91.8	112.8	22.9%	(12.8%)	129.4	103.8	(19.8%)

Dubai Crude oil price in 3Q/23 averaged US\$86.7 per barrel, rising from 2Q/23 at US\$77.8 per barrel. This resulted from (1) OPEC+, which has announced a crude oil production cut from Saudi Arabia and an export cut of crude oil from Russia, totaling 1.3 MMBD until the end of 2023. (2) IEA reported global crude oil commercial stock in August 2023 dropped 64 million barrels along with the OECD oil reserve below the 5-year average at 105.3 million barrels. These reflected the global oil demand growth higher than the global oil supply and led to a deficit in the oil market. (3) The Chinese People's Bank announced a Reserve Requirement Ratio (RRR) reduction for all banks by 0.25% to stimulate the domestic economy. As a result, China's GDP in 3Q23 increased 4.9% YoY, which is higher than expected at 4.4%. However, oil prices were still pressured

by the effect of China's economy concerning the property sector and the youth unemployment rate. In addition, the central banks increased interest rates, led by the Fed which increased interest rates to 5.25 – 5.50% in the July meeting due to the inflation rate, which remained above target levels.

Petroleum products prices in 3Q/ 23. **Gasoline price** averaged US\$105.7 per barrel, increasing from 2Q/23 at US\$94.4 per barrel. Global gasoline demand increased due to the summer driving season in the Northern Hemisphere. Moreover, India's refinery maintenance also affected the limit gasoline supply in Asia. While gasoline inventory levels in the U.S. and Singapore continued to decline. However, monsoon season weighted gasoline prices in Asia countries, especially China and India, which reduced gasoline demand for the driving sector. **Diesel price** in 3Q/23 averaged US\$113.6 per barrel which increased from 2Q/23 at US\$92.3 per barrel, which rose significantly more than Dubai price. The support factors came from additional demand from Europe and the Middle East. Also, gasoil inventory levels continuously fell, which was the lowest level since the beginning of this year. As a result, European countries increased gasoil imports from Asia. While Asia refineries remained shut down in many countries and Europe refineries were affected by heat waves, leading to reduced refining capacity. On the other hand, diesel price was pressured by the effect of the monsoon season in Asia, especially China and India, which reduced gasoil demand in many sectors. As well as the overall Asia gasoil export in 3Q/23 rose from the previous quarter, mainly from China, as the announcement of additional 12 million metric tons of clean oil export quota. China was likely to increase diesel exports due to the high diesel refining margin. **Jet/Kerosene price** in 3Q/23 averaged US\$112.8 per barrel and rose from 2Q/23 at US\$91.8 per barrel, which increased higher than Dubai price due to increased demand during summer in the U.S., the West, and the Middle East. In addition, the number of flights and passengers on both China's domestic and international flights were likely to increase steadily, and domestic flights in India were higher than in the pre-pandemic period. On the other hand, jet fuel demand for the air cargo sector was still under pressure from the economic slowdown, in line with the continuous decline in China's exports.

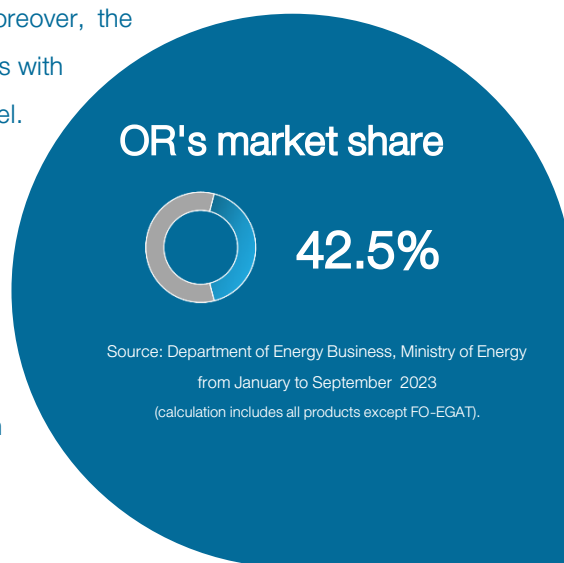
Fuel consumption in Thailand: The Department of Energy Business reported the consumption for January – September 2023, which was 153.5 million liters per day, increasing 1.9% from the previous year. Commercial jet fuel (Jet A-1) consumption increased by 66.5%, followed by gasoline by 4.3% and 0.5% for the LPG group from the prior year. However, diesel fuel consumption decreased by 4.5%.

Gasoline consumption averaged 31.7 million liters per day, which increased by 4.3% from the same period last year.

Commercial Aviation fuel (Jet A-1) consumption averaged 13.2 million liters per day, or 66.5%, a rose from the same period last year as tourism recovered after the COVID-19 situation. Moreover, the government announced a visa-free policy for China and Kazakhstan tourists with a 5-month period, which is expected to encourage more travel.

Diesel consumption averaged 69.2 million liters per day, which fell by 4.5% from the same period last year. The reduction of excise tax along with the fuel fund mechanism to maintain diesel prices lower than 30 bath/liter because global diesel prices have been affected by the fluctuation of economics and the U.S. dollar currency.

Liquefied petroleum gas (LPG) consumption averaged 18.2 million kg per day, 0.5% higher than the same period last year.



Performance of Mobility Business Segment

Description	3Q/22	2Q/23	3Q/23	Variance			9M/22	9M/23	Variance
				QoQ	QoQ	YoY			YoY
Number of Station									
PTT Station*	2,111	2,183	2,203	20	20	92	2,111	2,203	92
EV Station PluZ**	123	410	560	150	150	437	123	560	437
LPG station***	234	236	234	(2)	(2)	-	234	234	-
Volume Sold (MML)									
Retail	3,138	3,222	2,944	(278)	(8.6%)	(6.2%)	9,850	9,357	(5.0%)
Commercial	3,146	3,683	3,812	129	3.5%	21.2%	10,017	11,306	12.9%
Total Volume Sold	6,284	6,905	6,756	(149)	(2.2%)	7.5%	19,867	20,663	4.0%
Volume Sold by Product (%)									
LPG	14.6%	12.1%	12.9%	-	-	-	13.7%	12.6%	-
Aviation fuel	8.4%	12.1%	12.9%	-	-	-	7.9%	12.4%	-
Diesel	44.3%	46.1%	45.1%	-	-	-	45.9%	45.4%	-
Fuel oil	8.1%	5.5%	6.0%	-	-	-	8.5%	6.2%	-
Gasoline	22.7%	22.1%	21.0%	-	-	-	21.8%	21.3%	-
Lubricant	0.6%	0.6%	0.6%	-	-	-	0.7%	0.7%	-
Others	1.3%	1.5%	1.5%	-	-	-	1.5%	1.4%	-
Total Volume Sold by Product	100.0%	100.0%	100.0%	-	-	-	100.0%	100.0%	-
Gross Profit: Baht/Litre	0.68	0.96	1.26	0.00	-	-	1.16	1.08	-
Mobility EBITDA Margin (%)	0.6%	1.9%	3.2%	-	-	-	2.6%	2.5%	-

*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 3Q/23 vs. 2Q/23

- Revenue from sales and services increased by THB 4,492 million (+2.6%)**, mainly from a surge in global oil price but a slight drop in sales volume by 149 mml (-2.2%). For the **retail market**, sales volume decreased by 278 mml (-8.6%) from diesel and gasoline due to the rainy season, which is the low season during 3Q/23, comparing to long holidays during 2Q/23, causing higher traveling than usual. In addition, there were 20 new PTT Stations in this quarter. On the **commercial market** side, sales volume increased by 129 mml (+3.5%), mainly diesel, aviation fuel increased from sales expansion, and fuel oil rose from competitive cost.
- EBITDA rose by THB 2,371 million (+71.9%)**, from the overall gross profit per liter increased by THB 0.30 partly due to better cost management. For the **retail market**, the average gross profit per liter for diesel and gasoline increased. For the **commercial market**, the average gross profit per liter rose from diesel and fuel oil, while aviation fuel reduced from the effect of the M-1 selling price structure, where the reference price during 3Q/23 increased gradually from 2Q/23. For this period, OR had lower net operating expenses from an insignificant increase, while there was higher other income from PTT Group Supply Chain Collaboration following the trading volume. As a result, the EBITDA margin was recorded at 3.2%, better than the last quarter of 1.9%.

Performance 3Q/23 vs. 3Q/22

- **Revenue from sales and services decreased by THB 1,761 million (-1.0%)**, mainly from a decrease in global oil price, while overall sales volume increased by 472 mml (+7.5%). The **commercial market**'s sales volume increased by 666 mml (+21.2%), mainly from diesel. Aviation fuel rose from economic recovery. Asphalt and lubricants sales volume also increased; however fuel oil dropped from high competition in the market compared to lower cost and expansion of the international bunker market in 3Q/22. For the **retail market**, sales volume declined by 194 mml (-6.2%) from diesel due to slow retail price adjustments during 3Q/22, leading to extra sales volume, while gasoline sales volume slightly dropped.
- **EBITDA rose by THB 4,585 million (+>100%)** from an increase in overall average gross profit per liter by THB 0.58 partly due to better cost management. For the **retail market**, diesel and gasoline had higher average gross profit per liter. On the **commercial market** side, gross profit per liter declined mainly from aviation fuel according to the effect of the M-1 selling price structure. In contrast, diesel, fuel oil, asphalt, and lubricants increased. For this quarter, OR had lower net operating expenses due to decreased transportation and promotional expenses but higher other income from PTT Group Supply Chain Collaboration. As a result, the EBITDA margin was at 3.2% in 3Q/23, rising from 0.6% in 3Q/22.

Performance 9M/23 vs. 9M/22

- **Revenue from sales and services dropped by THB 5,193 million (-1.0%)** from the global oil prices reduced, although the overall sales volume increased by 796 mml (+4.0%). The **commercial market**'s sales volume increased by 1,289 mml (+12.9%), mainly from aviation fuel due to the economic recovery and market expansion. Diesel and asphalt rose as well, while fuel oil dropped. On the **retail market** side, sales volume dropped by 493 mml (-5.0%), mainly from diesel, owing to the delay in retail price adjustments at the PTT Stations during 9M/22, causing excessive sales volume, while Gasoline sales volume remained stable. In addition, there were 92 new PTT Stations.
- **EBITDA decreased by THB 898 million (-6.4%)** from a softer average gross profit per liter that fell by THB 0.08. For the **commercial market**, the average gross profit per liter dropped mostly from diesel and fuel oil due to high competition according to market conditions. In contrast aviation fuel rose from the effect of the M-1 selling price structure. Asphalt and lubricants also increased. For **the retail market**, the average gross profit per liter of diesel dropped from higher competition while gasoline increased. Compared to 9M/22, this period had higher net operating expenses from utilities, promotion, and terminal service expenses. As a result, the EBITDA margin was recorded at 2.5% in 9M/23, a slight drop from 2.6% in 9M/22.

As of 30 September 2023, OR had installed "**EV Station PluZ**" in 606 locations with 1,144 DC connectors, including 461 installed inside service stations (with 439 in operations) and 145 installed outside service stations (with 121 in operations). The charging station network covers 77 provinces nationwide, covering both main roads and secondary roads, large districts, and connecting to tourist attraction routes to facilitate, ensure users' confidence, and support aggressive demand for EV cars soon. As for **Fit Auto**, there was a total of 93 outlets, opened two more branches from the previous quarter.

ALL LIFESTYLES

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Expansion of Lifestyle Business

Description	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance	
				QoQ	YoY			YoY	
Number of outlets									
Cafe Amazon *	3,786	4,007	4,065	58	279	3,786	4,065	279	
Texas Chicken	100	107	100	(7)	-	100	100	-	
Convenience Store**	2,095	2,172	2,186	14	91	2,095	2,186	91	
Cafe Amazon total cups sold* (Million cups)	93	93	92	(1.1%)	(1.1%)	267	276	3.4%	

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

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

In 3Q/23, the Lifestyle business has a combined network of 4,284 F&B business outlets, comprising 4,045 Cafe Amazon outlets in Thailand classified as 2,199 outlets located in PTT Stations and 1,846 outlets outside of PTT Stations, or 54.4% and 45.6%, respectively along with 20 Cafe Amazon outlets overseas, 100 Texas Chicken outlets, 119 outlets of other F&B comprising Pearly Tea and Pacamara Coffee Roasters and for Other retail business we recorded 2,186 convenience stores under the 7-Eleven and Jiffy brands in Thailand.

Cafe Amazon, under the F&B business in 3Q/23, recorded 92 million cups sold this quarter, a decrease of 1 million cups (-1.1%) compared to 2Q/23 due to seasonal factors.

Performance of Lifestyle Business Segment

Description	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance
				QoQ	YoY			YoY
Sales and Services (Million Baht)								
Food & Beverage	3,517	3,815	3,824	0.2%	8.7%	10,154	11,226	10.6%
Other Retail Business	1,778	1,830	1,690	(7.7%)	(4.9%)	5,201	5,261	1.2%
Total sales and services	5,295	5,645	5,514	(2.3%)	4.1%	15,355	16,487	7.4%
Lifestyle EBITDA Margin (%)	22.9%	26.6%	25.1%	-	-	26.1%	25.3%	-

Performance 3Q/23 vs. 2Q/23

- **Revenue from sales and services decreased by THB 131 million (-2.3%), F&B business** increased by THB 9 million (+0.2%), but **other retail business** decreased by THB 140 million (-7.7%), mainly from lower average sales per day per store of convenience store, which was the seasonal factor.
- **EBITDA decreased by THB 118 million (-7.9%)** from lower gross profit following the lower sales of **Other retail business** and an increase in net operating expenses mainly from outsourced expenses. EBITDA for the **F&B business** decreased by THB 52 million (-5.1%), and the **Other retail business** decreased by THB 66 million (-13.5%), causing the EBITDA margin to drop from 26.6% in the last quarter to 25.1 % in this quarter.

Performance 3Q/23 vs. 3Q/22

- **Revenue from sales and services increased by THB 219 million (+4.1%)**, due to the recovery of economic activities. The revenue from sales of the **F&B business** increased by THB 308 million (+8.8%), mainly due to increased sales volume from the F&B business outlet expansion. **Other retail business's** revenue from sales decreased by THB 89 million (-5.0%), mainly from a decrease in average sales revenue per store per day of convenience stores.
- **EBITDA increased by THB 173 million (+14.3%)**, the EBITDA of the **F&B business** increased by THB 176 million (+22.5%) from an increase in gross profit. In contrast, **Other retail business's** EBITDA decreased by THB 3 million (-0.7%). In addition, expenses decreased mainly from outsourced and promotional expenses. The EBITDA margin in this quarter increased from 22.8% in 3Q/22 to 25.1% in 3Q/23.

Performance 9M/23 vs. 9M/22

- **Revenue from sales and services increased by THB 1,132 million (+7.4%)** due to the recovery of economic activities. The revenue from sales of the **F&B business** increased by THB 1,072 million (+10.6%), mainly due to the F&B business outlet expansion. **Other retail business's** revenue from sales increased by THB 60 million (+1.2%), mainly from network expansion and higher average sales per day per store of convenience store.
- **EBITDA increased by THB 161 million (+4.0%)** following an increase in gross profit. But operating expenses increased mainly from outsourced, promotional, repair, and maintenance and utilities expenses. The EBITDA of the **F&B business** increased by THB 155 million (+5.9%). While **Other retail business's** EBITDA increased by THB 6 million (+0.4%). Resulting in a decrease in EBITDA margin from 26.1% in 9M/22 to 25.3% in 9M/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 5.6% 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 borrowing costs and unfavorable business loans, directly impacting real estate businesses. **Laos**, IMF expected the economy to grow by 4.0% in 2023, slowly rebound as improved 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 put pressure long-term economic growth. **Myanmar's** economy is expected to slightly recover 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 5.3% in 2023, a remarkable recovery among the emerging market, caused by bolstered domestic consumption, higher household spending, and the higher employment rate. However, the tightening monetary policy by the central bank of the Philippines, keeping the high interest rate policy, could put pressure economic growth.

Performance of Global Business Segment

Description	3Q/22	2Q/23	3Q/23	Variance		9M/22	9M/23	Variance
				QoQ	YoY			YoY
Number of PTT Station	373	387	391	4	18	373	391	18
Oil Volume Sold (MML)								
Philippines	210	271	219	(19.2%)	4.3%	603	665	10.3%
Cambodia	110	162	136	(16.0%)	23.6%	337	442	31.2%
Laos	55	77	65	(15.6%)	18.2%	194	217	11.9%
Total Volume Sold	375	510	420	(17.6%)	12.0%	1,134	1,324	16.8%
Cafe Amazon*								
Cafe Amazon Outlets	334	364	367	3	33	334	367	33
Cafe Amazon total cups sold (Million cups)	6.3	7.2	7.0	(3.4%)	10.5%	17.5	20.8	18.7%
Global EBITDA Margin (%)	2.0%	3.4%	4.4%	-	-	3.0%	3.7%	-

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

Performance 3Q/23 vs. 2Q/23

- **Revenue from sales and services decreased by THB 802 million (-6.0%)**, decreasing in all countries due to a shrink in sale volume from seasonal factors. An overall sales volume dropped by 90 mml, mainly from **the Philippines**, where diesel sold to industrial customers decreased, while aviation fuel increased. In **Cambodia**, diesel sales volume declined due to a pending construction. Gasoline decreased in accordance to the highly competitive market, as well as fuel oil, which fell slightly. **Laos**, sales volume decreased mainly from diesel. **Cafe Amazon's** cups sold slightly dropped, primarily in Cambodia.
- **EBITDA increased by THB 100 million (+22.2%)**, mainly from **the Philippines**, with a higher gross profit from a recovery of gross profit per liter in diesel. Moreover, there was other income from PTT Group Supply Chain Collaboration. Meanwhile, EBITDA in **Cambodia** and **Laos** decreased, resulting from lower gross profit. As a result, the EBITDA margin was at 4.4%, higher than the previous quarter of 3.4%.

Performance 3Q/23 vs. 3Q/22

- **Revenue from sales and services decreased by THB 1,240 million (-9.0%)**, mainly due to a decrease in average selling prices in line with global oil prices, while sales volume increased from all countries by a total of 45 mml due to the economic recovery. Sales volume improved mainly in **Cambodia** in almost all products, especially aviation fuel and gasoline. **Laos** increased from gasoline and diesel. **The Philippines** slightly increased from aviation fuel as higher air travel, whereas diesel diminished. **Cafe Amazon**, the volume of cups sold improved in all countries due to a better economy and outlet expansion.
- **EBITDA increased by THB 280 million (+>100.0%)**, mainly from **the Philippines**, where other income increased from PTT Group Supply Chain Collaboration, and **Lao**, where average gross profits per liter improved for diesel and gasoline. On the other hand, in **Cambodia**, EBITDA was weakened from lower gross profit per liter and intense competition in the commercial market. EBITDA Margin for the quarter was at 4.4%, higher than the same quarter last year at 2.0%.

Performance 9M/23 vs. 9M/22

- **Revenue from sales and services decreased by THB 2,387 million (-6.0%)**, mainly from a decrease in global oil prices, even though sales volume increased in all countries as the economy recovered. **Cambodia** experienced increased sales volume in diesel, gasoline, and aviation fuel. Sale volume **in the Philippines** rose mainly due to aviation fuel, resulting from higher flights and travel. In addition, **Laos** recorded higher sales volume across all products. Moreover, the recovery in economic activities, together with outlet expansion, resulted in an improvement in **Cafe Amazon**'s cups sold in all countries, especially Cambodia.
- **EBITDA increased by THB 179 million (+14.7%)**, mainly from **Cambodia** and **Laos**, where the EBITDA was boosted owing to a higher gross profit by a better sales volume. However, EBITDA in **the Philippines** decreased from a weaker average gross profit per liter. The EBITDA margin for 9M/23 was recorded at 3.7%, increasing from 3.0% in the same period last year.

OR INNOVATION

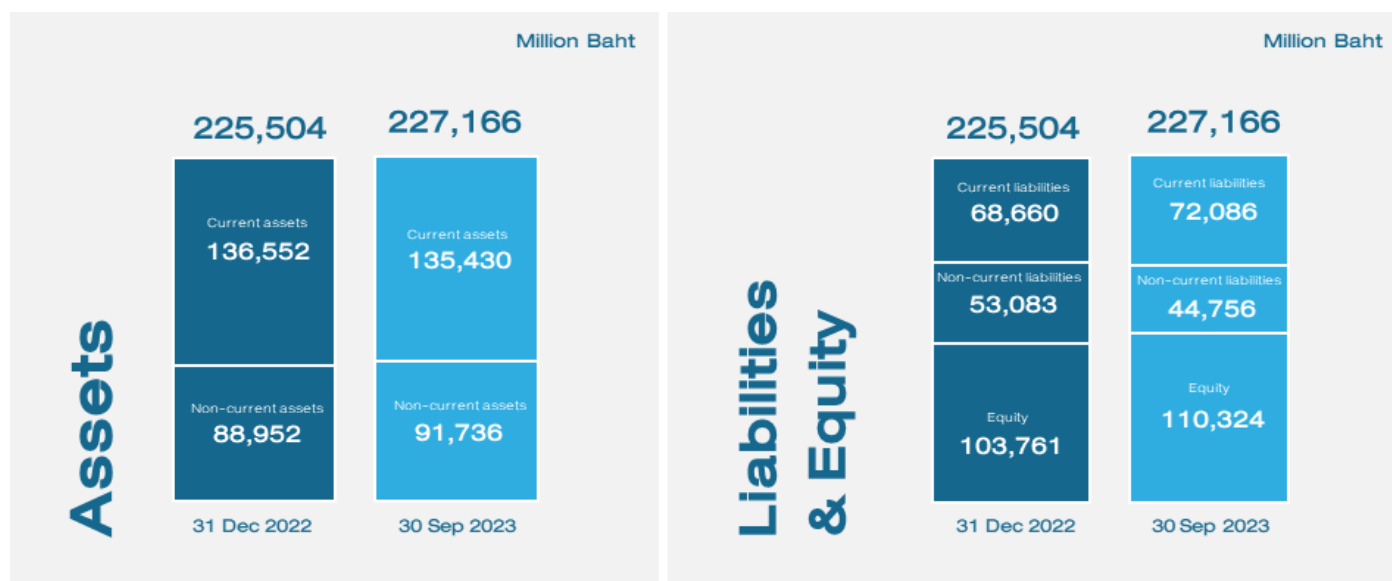
Solve Societal Problems
for OR Innovation



Digital to Revenue is one of OR's strategic directions. Therefore, **"xplore"** is one of OR's key strategic movements. It is a vital mechanism to enhance seamless O2O (Online to Offline) customer experience, driving online traffic to OR's offline stores and partners such as PTT Station, FIT Auto, Cafe Amazon, Jiffy, Ohkajhu, etc.

"xplore" was officially launched in August 2023. As OR's main digital platform, other OR's standalone applications that create related customer experiences are integrated into **"xplore"** e.g., Blue Card and BlueCONNECT. Now, fundamental features of **"xplore"** have been established. More attractive features are in the pipeline to brighten up and expedite stickiness to the platform, together with reinforcing the capability of existing features. Presently, **"xplore"** services mainly in the Mobility and Food & Beverage sectors, which are OR's proficient industries. Aligning with OR diversification strategy, **"xplore"** will expand its service scope to OR's new targeted industries e.g., Lifestyle, Health & Wellness, Tourism etc. Furthermore, **"xplore"** is a crucial data engine of OR to perform Data Monetization, accomplishing Data to Revenue strategy in the forthcoming future.

Financial Position



Assets As of September 30, 2023, OR recorded total assets in the amount of THB 227,166 million, an increase of THB 1,662 million (+0.7%) from December 31, 2022, and can be categorized as follows:

Current assets decreased by THB 1,122 million (-0.8%), mainly from:

- Trade accounts receivable and other accounts receivable decreased by THB 15,476 million (-22.5%), from other accounts receivable decreased by THB 22,064 million (-54.2%), mainly from receiving repayment from the oil fund. However, trade receivable increased by THB 6,588 million (+23.5%) due to increased global oil prices.
- Inventories, materials, and supplies increased by THB 10,628 million (+38.7%) due to the higher inventory stock of around 235 mml (+29.6%), mainly from diesel and gasoline. Also, the average purchase price increased following the global oil prices trend.
- Cash and cash equivalents increased by THB 4,957 million (+13.1%), mainly from cash generated in operating activities and receiving repayment from the oil fund netting by long-term loan repayment, dividend payment and usage in investing activities.
- Current investments decreased by THB 1,000 million (-64.4%) from matured short-term investments.

Non-current assets increased by THB 2,784 million (+3.1%), mainly from:

- Property, plant, and equipment increased by THB 2,558 million (+5.8%), mainly from the network expansion.
- Investment increased by THB 650 million (+3.9%), mainly from investments in Buzzebees Co., Ltd* for THB 494 million and additional investment in Phnom Penh Aviation Fuel Service Company Limited (PPAFS)** for THB 93 million.

* Buzzebees Co., Ltd provides CRM & Digital Engagement Platform.

** Phnom Penh Aviation Fuel Service Company Limited (PPAFS) is a joint venture company, providing aviation refueling service system at the New Phnom Penh International Airport in Cambodia

Liabilities As of September 30, 2023, OR Group recorded total liabilities of THB 116,842 million, a decrease of THB 4,901 million (-4.0%) from December 31, 2022, from the following:

Current liabilities increased by THB 3,426 million (+5.0%), mainly from:

- Trade accounts payables and other accounts payables increased by THB 4,557 million (+8.1%) from an increase in global oil prices.
- Bank overdraft and short-term borrowings decreased by THB 1,695 million (-36.2%) from matured short-term borrowings repayment.
- Income tax payable increased by THB 428 million (>100%) from receiving repayment from the oil fund.

Non-current liabilities decreased by THB 8,327 million (-15.7%), mainly from:

- Long-term borrowings decreased by THB 7,182 million (-29.3%) from loan repayment.
- Deferred tax liabilities decreased by THB 1,858 million (-55.2%) from the lower of accrued oil fund compensation and excise tax offset by the usage of Tax Loss Carryforward.

Equity As of September 30, 2023, OR Group recorded a total equity of THB 110,324 million, an increase of THB 6,563 million (+6.3%) from December 31, 2022, primarily from net profit during the period offset by the dividend payment of THB 4,800 million (for the second-half performance in 2022 by THB 0.15 per share and the first-half performance in 2023 by THB 0.25 per share)

Cash Flow Statement ended September 30, 2023

	Million Baht
Net cash provided (used in) by operating activities	24,756
Net cash provided by (used in) investing activities	(4,109)
Net cash provided by (used in) financing activities	(16,120)
Unrealized gain (loss) foreign exchange rate	20
Currency translation differences	410
Net increase (decrease) in cash and cash equivalents	4,957
Cash and cash equivalents at beginning of periods	37,910
Cash and cash equivalents at end of periods	42,867

Net cash from operating activities amounted to THB 24,756 million, mainly from net income from operations before taxes in the amount of THB 13,617 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 22,278 million, an increase in account payables offset by an increase in inventories and account receivables.

Net cash used in investing activities was recorded in the amount of THB 4,109 million, mainly from the investments in land, buildings, and equipment, investment for the expansion of service stations, "EV Station PluZ", food and beverage outlets, warehouses, and investment in LPG cylinders and related equipment of the company amounting to THB 4,925 million, also the investments in other non-current financial assets at THB 574 million which offset by matured short-term investments in the amount of THB 1,000 million.

Net cash used in financing activities amounted to THB 16,120 million, mainly from short and long-term loan repayment of THB 8,880 million and dividend payments.

Financial Ratios

	9M/22	9M/23
Profitability Ratios		
1. Gross profit margin (%)	5.6	5.6
2. Net profit margin (%)	1.9	1.9
	Dec 31, 22	Sep 30, 23
Liquidity Ratios		
3. Current ratio (times)	2.0	1.9
Profitability Ratios		
4. Return on equity (%)	10.2	9.4
Operating Efficiency Ratios		
5. Return on total assets (%)	4.8	4.5
Financial Policy Ratios		
6. Net Interest bearing debt to equity (times)	0.0	(0.1)
7. Debt service coverage ratio (times)	4.1	3.5

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 economy continues expanding, driven mainly by private consumption. According to the Bank of Thailand (BOT), Thailand's economy is expected to grow 2.8% from factors including 1) private consumption, which is expected to increase as a result of improvement in the labor market thanks to the government stimulus measures; 2) a steady recovery in tourism with the expected number of foreign tourists around 28.5 million people and 3) a turnaround in merchandise exports in line with global demand recovery. However, Thai economy still faces **significant risks** from 1) a limping global economy as interest-rate increases weigh on export activity, 2) rising living costs and higher debt burden impacting the consumption capacity of the private sector and households more than expected, 3) Shifting geopolitics and fragmentation emerge and 4) the tendency of being hit by a drought from the effect of El Niño.

The global economy will likely to continue to recover from the service sector, especially in 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 China's slower growth as the real estate market remains a drag and will put pressure on global growth. Moreover, policy tightening by central banks in response to inflation is still ongoing. **The U.S. economy** is expected to grow 2.1%, higher than the projection, as a strong labor market supported by 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 5.0% in 2023 due to recovering consumption after reopening, normalizing business activity, and reviving domestic consumption. However, China still faces underperforming 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 October 2023, projected global oil demand in 2023 at 101.9 MMBD, up from 2022 at 2.3 MMBD. 97% of global demand growth will come from non-OECD countries, mainly China. Global oil demand growth in 2024 is expected to increase to only 0.9 MMBD from 2023. The slowdown in demand growth will result from the energy efficiency improvements and economic contraction, which could put pressure oil demand. Including, the post-pandemic economic recovery in China will slow down. The IMF forecasts global GDP growth to slow from 3.5% in the previous year to 3.0% this year, and global GDP growth will decline to 2.9% in 2024.

Crude oil prices in 4Q/23 tend to have an average higher than 3Q/23 due to the extension of the voluntary production cuts from Saudi Arabia, and export cut from Russia, totaling 1.3 MMBD until the end of this year, which supply may be insufficient to demand. The IEA expects crude oil supply in 2023 to increase by only 1.5 MMBD compared to the previous year. In contrast, global oil demand is expected to grow to 2.3 MMBD. Furthermore, crude oil prices will be supported by ongoing conflict in the Middle East since October 2023. Hamas attacks on Israel led to crude oil rising as concern over the crude oil supply, even if the IEA forecasted that this attack would not directly impact to the crude oil supply. The U.S. economic expansion remains strong in 2023 due to a robust labor market. However, oil demand will be affected by high interest rates, including China, which is facing several difficult situations such as weak manufacturing, sluggish real estate sector, and low interest rates. **The Approximate average crude oil price in 2023 will be around \$78-88 per barrel.** The economic outlook in 2024 still faces risk situations in many areas.

Petroleum products situation in 4Q/23. The gasoline fundamentals could be supported during China's National Day Golden Week holiday, which leads to an increase in domestic traffic. China's gasoline exports could decline until January 2024 because of the declining export margins and additional demand in Chinese New Year at the beginning of the next year. Aligning with Singapore's commercial gasoline inventories, levels tend to be lower than five years on average. Nonetheless, gasoline demand is weighted on the decline of the U.S. driving season in the winter and rising retail gasoline prices, which will affect driving activity in several countries. Diesel prices are supported by European demand during winter and the Middle East refineries maintenance, which could lead to additional gasoil import from Asia. In accordance with the Europe's commercial diesel inventories, they remain at a low level. However, diesel may be pushed down by the higher temperature due to the global heat wave situation, which could be pressured gasoil for heating oil demand this winter. The diesel supply in Asia has remained high, mainly from China. China is likely to export more diesel as the high export margin that China's refineries focus on diesel exports more than other products. The global Jet fuel/kerosene demand is likely to recover, especially the increasing tourist demand in South Korea and domestic and international travel in China during the national holiday in October. Contrary to air travel in Europe, it will be expected to decline after the end of summer. Moreover, Japan's kerosene demand for heating oil would decrease because of above-average temperatures from long lasting El Nino's effects throughout the winter.

Sustainability Management



OR believes that doing business in the present day cannot thrive in isolation. People, communities, the economy, and the environment must grow together. Therefore, OR conducts business with the vision of “Empowering

All toward Inclusive Growth”, filling opportunities for mutual growth through various projects. Currently, Cafe Amazon has the 'Community Coffee Sourcing' (CCS) project, which involves assisting farmers from the cultivation stage to the purchase of coffee beans from those sources. This supports farmers and community cooperatives in developing knowledge and vocational skills to produce high-quality coffee according to

sustainable natural resource conservation standards. It also serves as

a channel for purchasing local coffee beans at fair prices in order to improve the farmers' income and well-being. To ensure that the CCS project achieves its objectives and meets the needs of the target groups, a social impact assessment (SIA) and a social return on investment (SROI) analysis were conducted by specialist researcher team from Puey Ungphakorn School of Development Studies, Thammasat University with participating farmers in Chiang Rai through Focus-group interviews involving nine coffee-growing groups.

From these interviews, the benefits of the CCS project can be summarized as follows: 1) Generates community income, income stability, and returns labor to the community. 2) Reduces the government budget burden. 3) Establishes negotiation power in the market. 4) Reduces household expenses. 5) Supports and strengthens community cohesion. 6) Promotes forest conservation 7) Persistence of the watershed forest ecosystem and ecosystem services in the watershed forest area. 8) Shifts behavior from 'burning' to 'no burning,' resulting in forest fire prevention, smoke, and particulate matter 2.5 (PM 2.5) mitigation. 9) Reduces externalities from chemical pesticide use in crop cultivation. The study found that the CCS project currently produces social and environmental benefits.