



Management Discussion & Analysis

1Q/24



02-1965038 | ir@pttor.com | pttor.com

PTT Oil and Retail Business Public Company Limited

Executive Summary

Financial Highlights

Unit : Million baht	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Total sales and services	197,414	192,542	177,867	(7.6%)	(9.9%)
EBITDA	5,927	2,523	6,173	>100%	4.2%
Net Profit (Loss) for the periods*	2,975	193	3,723	>100%	25.1%
Earnings Per Share (Baht/share)	0.25	0.02	0.31	>100%	24.0%

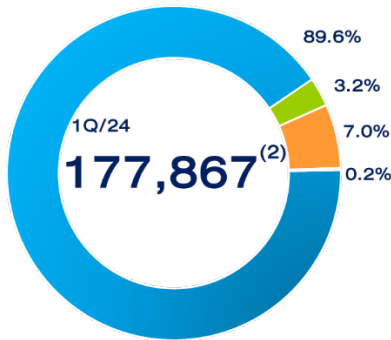
* Net profit of OR (the parent company)

Performance 1Q/24 PTT Oil and Retail Business Public Company Limited and its subsidiaries ("OR") recorded **total sales and services** in the amount of THB 177,867 million, a decrease of THB 14,675 million (-7.6%) compared to the previous quarter, mainly from the decrease in sale volume in retail and commercial markets of our Mobility business. As a result, this quarter, the sales and services of the **Mobility business** decreased by 8.6%, although the average selling price increased. The **Lifestyle business's** sales and services increased by 0.5%, mainly from other retail business. The **Global business's** sales and services increased by 10.9%, mainly from the increase in sales volume in the Philippines and Cambodia.

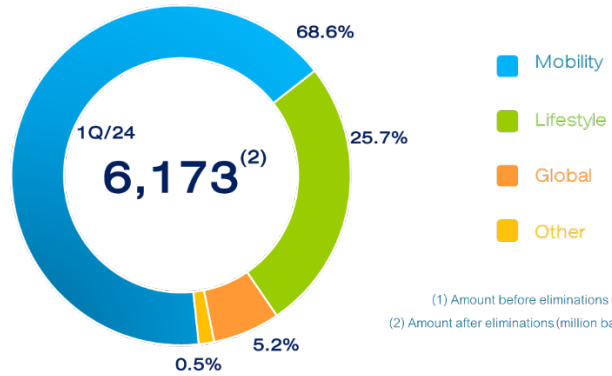
We recorded an **EBITDA** of THB 6,173 million in 1Q/24, an increase of THB 3,650 million (+>100%) compared to 4Q/23, increasing from all business segments. The **Mobility business** increased from the overall average gross profit per liter. The **Global business** also increased from the recovered average gross profit per liter in the Philippines. The EBITDA of our **Lifestyle business** increased from both the F&B and other retail businesses. Aggregate net operating expenses decreased, mainly from a decrease in advertising and public relations expenses. As for the Share of gain from investments, the overall result was negative due to an adjustment of exchange rate references in a joint venture in Myanmar. However, the share of gain from investments in other businesses slightly improved, mainly from Thai Petroleum Pipeline Company Limited (Thappline). In this quarter, the Thai baht depreciated against the US dollar, resulting in a gain from exchange rates. We recorded losses from derivatives, resulting in 1Q/24 OR recorded a net profit of THB 3,723 million, an increase from the previous quarter of THB 3,530 million (+>100%), leading to earnings per share of THB 0.31.

In addition, Pluk Phak Praw Rak Mae Public Company Limited (OKJ), which OR holds a 20% stake, has submitted a Filing with the Securities and Exchange Commission (SEC) for approval of its initial public offering (IPO). OKJ is a healthy food and beverage distributor and operator that operates under the concept of "Be Organic from Farm to Table." Focusing on growing vegetables and fruits using organic farming and offering food and beverages made from quality organic raw materials. The restaurant "Ohkaju" is a popular healthy restaurant in Thailand that supports organic fruits and vegetables sourced from farmers who practice organic farming. This approach creates income and opportunities for farmers to grow together with society and the community.

Sales & services ⁽¹⁾



EBITDA ⁽¹⁾



Financial position as of March 31, 2024, OR recorded **total assets** of THB 221,328 million, an increase of THB 1,092 million from the end of 2023, mainly due to increased inventories from higher volume and other receivables from the Oil Fuel Fund. OR recorded **total liabilities** of THB 107,395 million, a decrease of THB 3,333 million, mainly from loan repayments. **Shareholders' equity** registered at THB 113,933 million, an increase of THB 4,425 million primarily from net profit during the period.

Economic Overview 1Q/24

The Thai economy continues to expand, driven mainly by the tourist sector and private consumption as well as the service sector, which reflects the recovery in the labor market sector. Nonetheless, external risks to the Thai economy remain under surveillance, e.g., the delay in enacting the 2024 Budget Act and the slower-than-expected recovery in the export sector, particularly exports of goods potentially hindered by structural factors and gloomy global economic recovery. Inflation is likely to return to the target range partly due to a high base and supply pressure, especially for raw foods, due to surplus supply to the market and government assistance measures in the energy sector. Bank of Thailand expected the Thai economy to grow around 2% this quarter.

The world economy is still uncertain due to the geopolitical conflicts in the Middle East, pressure on the investment climate of most countries, and energy prices resulting in the weaker purchasing power of consumers and higher costs of the business sector. Concerns over the global economic slowdown, particularly production cut by OPEC+, extended to 2Q/24. Russia has also reduced the oil production output target by 9 MMBD. **The US** economy in 1Q/24 grew slower than in the previous period, reducing the amount of investment in inventory and slowing down consumption spending. However, the situation of liquidity crunch still pressures small-mid banks in the US. **China's** economy in 1Q/24 expanded 5.3% from export sector recovery, buoyed by a cyclical rebound in consumer demand overseas and the government's policy for encouraging high-technology goods export. However, there are risks from economic shrank and default in the real estate sector. Uncertainty on employment and household income and weak confidence in the business sector may hinder economic recovery in 2024.

OR Performance Results

Unit : Million Baht	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Total sales and services	197,414	192,542	177,867	(7.6%)	(9.9%)
: Mobility	185,418	179,254	163,788	(8.6%)	(11.7%)
: Lifestyle	5,328	5,878	5,905	0.5%	10.8%
: Global	11,648	11,624	12,894	10.9%	10.7%
: Other	277	281	285	1.4%	2.9%
Other income	1,218	1,075	1,051	(2.2%)	(13.7%)
Operating expenses	5,557	7,065	5,469	(22.6%)	(1.6%)
EBITDA	5,927	2,523	6,173	>100%	4.2%
: Mobility	4,239	1,230	4,254	>100%	0.4%
: Lifestyle	1,289	1,504	1,592	5.9%	23.5%
: Global	396	3	325	>100%	(17.9%)
: Other	34	(240)	28	>100%	(17.6%)
Depreciation and amortization expenses	1,678	1,747	1,795	2.7%	7.0%
Operating profit	4,249	776	4,378	>100%	3.0%
: Mobility	3,211	174	3,129	>100%	(2.6%)
: Lifestyle	808	988	1,087	10.0%	34.5%
: Global	231	(169)	161	>100%	(30.3%)
: Other	30	(243)	27	>100%	(10.0%)
Share of profit (loss) from investments in joint ventures and associates	182	106	(86)	<(100%)	<(100%)
: Mobility	196	168	192	14.3%	(2.0%)
: Lifestyle	23	11	9	(18.2%)	(60.9%)
: Global	(18)	(67)	(273)	<(100%)	<(100%)
: Other	(19)	(5)	(14)	<(100%)	26.3%
Gain (loss) on derivatives	(298)	(174)	(324)	(86.2%)	(8.7%)
Gain (loss) on exchange rate	244	(450)	864	>100%	>100%
Others	(336)	8	264	>100%	>100%
EBIT	4,041	266	5,096	>100%	26.1%
Finance costs	321	349	340	(2.6%)	5.9%
Tax expenses (income)	744	(277)	1,033	>100%	38.8%
Net Profit (Loss) for the periods*	2,975	193	3,723	>100%	25.1%
Earnings Per Share (Baht/share)	0.25	0.02	0.31	>100%	24.0%

* Net profit of OR (the parent company)

Performance by Business Segment

**SEAMLESS
MOBILITY**



The Situation of Oil Prices

A report from the International Energy Agency (IEA) retrieved in April 2024 showed **expected global oil demand in 2024** at 103.2 million barrels per day (MMBD), an increase of 1.6 MMBD from 1Q/23, lower than the earlier forecast. This resulted from the pressure on oil demand in OECD countries, including the increased efficiency of vehicles and the expansion of EVs.

Unit : USD/Barrel	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Dubai	80.3	83.6	81.3	(2.8%)	1.2%
Gasoline	99.0	96.1	99.2	3.2%	0.2%
Gasoil/Diesel	108.9	108.0	104.4	(3.3%)	(4.1%)
Kerosene	106.8	107.2	102.4	(4.5%)	(4.1%)

Dubai crude oil prices in 1Q/24 averaged US\$ 81.3 per barrel, falling from 4Q/23 at US\$ 83.6 per barrel. The downward trend in crude oil prices resulted from (1) An increase in the crude oil supply from the non-OPEC+ group, led by the United States. The IEA forecasts that crude oil supply from the non-OPEC+ group in 2024 will increase by up to 1.6 MMBD. (2) Concerns about China's economic growth plan. (3) The high level of inflation in U.S. However, supporting factors to oil prices came from the conflict between Israel and Hamas. Hamas has attacked oil shipping vessels in the Red Sea, resulting in a reroute to a longer shipping route for oil transportation. In addition, the OPEC+ group has reduced crude oil production and exports to support crude oil prices in the global market.

Petroleum products prices in 1Q/24. Gasoline price averaged US\$ 99.2 per barrel, which rose from 4Q/23 at US\$ 96.1 per barrel. The increase in gasoline prices contrasted with Dubai crude prices because gasoline demand in China surged during the Chinese New Year travel period. Additionally, Indonesia's gasoline imports have increased due to the Ramadan festive and elections, along with the continuous growth of domestic gasoline demand in India due to its strong economy. Furthermore, gasoline prices have been supported by Russia's announcement of a gasoline export ban since March for 6 months. **Diesel price in 1Q/24** averaged US\$ 104.4 per barrel, down from 4Q/23 at US\$ 108.0 per barrel, corresponding to the fall in Dubai price due to the decline in demand in Europe following the end of winter and economic weakness. The Red Sea crisis led to increased shipping costs and affected diesel exports from Asia to the West. Moreover, the new operations refineries in Oman, Kuwait, and Nigeria have increased diesel supply. Nevertheless, the Aisa refinery maintenance season could reduce diesel supply. **Jet/Kerosene price in 1Q/24** averaged US\$ 102.4 per barrel, down from 4Q/23 at US\$ 107.2 per barrel, significantly decreasing than Dubai price. This resulted in increased jet fuel supply from China, which China has emphasized in jet fuel export. This led to a 24% increase in exports in 1Q/24 compared to 1Q/23. Furthermore, the kerosene demand for heating demand in Japan decreased. However, jet fuel price was supported by the continuous recovery of global air transportation.

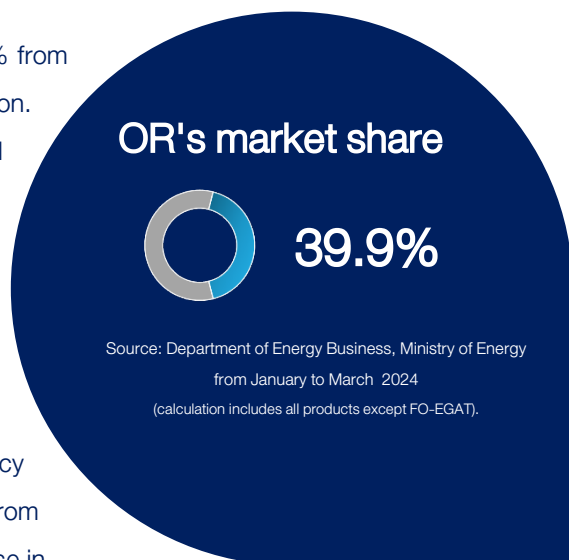
Fuel consumption in Thailand: the Department of Energy Business reported that the consumption in 1Q/24 averaged 156.7 liters per day. The consumption fell 2.6% compared to the same period last year; fuel oil decreased by 23.1%, diesel decreased by 6.9%, and followed by gasoline by 0.2%. However, commercial jet fuel (Jet A-1) consumption increased by 19.1%, and the LPG group rose by 0.4%.

Gasoline consumption averaged 31.7 mml per day, which fell 0.2% from the same period last year as price factors impact slightly decreased consumption. The decline is attributed to the drop in gasohol 95 consumption to 17.6 mml per day, gasohol E20 fell to 5.4 mml per day, gasoline 95 fell to 0.4 mml per day, and followed by 0.07 mml per day from gasohol E85. Meanwhile, gasohol 91 consumption rose to 7.9 mml per day.

Commercial Aviation fuel (Jet A-1) consumption averaged 16.7 mml per day, or a 19.1% increase from the same period last year. This resulted from the recovery of the tourism industry, coupled with the Thai government's policy of visa-free travel between Thailand and China, including India and Taiwan, from November 2023 to May 2024, which expected that there would be an increase in air travelers.

Diesel consumption averaged 71.1 mml per day, which fell 6.9% from the same period last year. The main decrease came from high-speed diesel B10, regular high-speed diesel, and high-speed diesel B20, which fell to 1.7 mml per day, 0.4 mml per day, and 0.2 mml per day, respectively. Meanwhile, high-speed diesel B7 consumption increased by 3.4% from the same period last year to 68.9 mml per day due to the fixing of diesel prices not exceeding 30 baht per liter, which will end by the end of March along with the reduction of the excise tax rate, effective until April 19th, to ease the burden of using diesel.

Liquefied petroleum gas (LPG) consumption averaged 17.1 million kg per day or 0.4% higher than the same period last year, mainly due to a 2.8% increase from the petrochemical sector to 6.9 million kg per day and a 1.9% increase from the transportation sector to 2.3 million kg per day. On the other hand, LPG usage in the industrial sector decreased by 4.0% to 2.0 million kg per day, and the household sector decreased by 1.4% to 5.8 million kg per day.



Performance of Mobility Business Segment

Description	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Number of Station					
PTT Station*	2,168	2,256	2,262	6	94
EV Station PluZ**	197	705	835	130	638
LPG station***	231	234	228	(6)	(3)
Volume Sold (MML)					
Retail	3,191	3,076	2,862	(7.0%)	(10.3%)
Commercial	3,811	3,903	3,616	(7.4%)	(5.1%)
Total Volume Sold	7,002	6,979	6,478	(7.2%)	(7.5%)
Volume Sold by Product (%)					
LPG	12.8%	12.7%	13.9%	-	-
Aviation fuel	12.3%	12.5%	16.8%	-	-
Diesel	44.9%	47.6%	41.3%	-	-
Fuel oil	7.1%	5.4%	6.3%	-	-
Gasoline	20.8%	20.1%	19.7%	-	-
Lubricant	0.7%	0.6%	0.8%	-	-
Others	1.4%	1.1%	1.2%	-	-
Total Volume Sold by Product	100.0%	100.0%	100.0%	-	-
Gross Profit: Baht/Litre	1.01	0.75	1.12	-	-
Mobility EBITDA Margin (%)	2.3%	0.7%	2.6%	-	-

*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/24 vs. 4Q/23

- Revenue from sales and services decreased by THB 15,466 million (-8.6%).** This was attributed to a reduction in sales volume of 501 mml (-7.2%). However, the average selling price increased slightly despite a minor decline in global oil prices. The **commercial market** saw a decrease in sales volume by 287 mml (-7.4%), primarily in diesel, because there was supply surplus management of domestic refineries in 4Q/23. Aviation fuel increased due to the high season and tourism support policy. Fuel oil increased from the marine sector. In the **retail market**, sales volume decreased by 214 mml (-7.0%) in gasoline and diesel, owing to fake news affecting customer confidence about the measurement standards of dispenser meters at PTT stations. In fact, OR has complied with related rules and regulations. The Office of Weights and Measures, Department of Internal Trade, Ministry of Commerce must certify all dispenser meters at

gas stations nationwide. Currently, sales volume has returned to normal. Additionally, 6 new PTT Stations were added this quarter.

- **EBITDA increased by THB 3,024 million (+>100%)**, primarily due to a rise in the average gross profit per liter, which increased by THB 0.37 according to the trend of oil prices. Also, OR has incurred increased costs from transitioning to EURO 5 standard fuel. In the **retail market**, the gross profit per liter for diesel and gasoline increased. On the **commercial market** side, the gross profit per liter also rose, mainly from diesel. Lubricants increased due to discounts offered to customers who achieved the target during the year-end of 2023. Fuel oil adjusted upwards due to appropriate cost management. Meanwhile, aviation fuel has experienced a decrease in the gross profit per liter due to an M-1 pricing structure, with the reference prices in 1Q/24 slightly adjusted upwards. For this period, OR had lower net operating expenses, mainly from a reduction in advertising and promotion expenses, outsourcing expenses, and service expenses for maintenance according to the annual plan. This led to an EBITDA margin of 2.6% for this quarter, higher than the 0.7% in the previous quarter.

Performance 1Q/24 vs. 1Q/23

- **Revenue from sales and services dropped by THB 21,630 million Baht (-11.7%)**, mainly due to overall sales volume decreasing by 524 mml (-7.5%) and global oil prices adjusting downwards. The **retail market**'s sales volume dropped by 329 mml (-10.3%) for diesel and gasoline due to the aforementioned fake news issue. As for the **commercial market**, sales volume decreased by 195 mml (-5.1%) for diesel and fuel oil because, during 1Q/23, there were sales to power plant groups due to the high price of natural gas. Meanwhile, aviation fuel increased due to increased international travel and sales to new customers.
- **EBITDA rose by THB 15 million (+0.4%)**, driven by an overall increase in the average gross profit per liter by THB 0.11. In the **retail market**, although the gross profit per liter increased for diesel and gasoline, the overall gross profit for gasoline slightly decreased due to reduced sales volume. For the **commercial market**, the average gross profit per liter decreased, mainly from asphalt, due to the high competition. Aviation fuel decreased because of the M-1 selling pricing structure, while lubricants increased due to price adjustments to align with market conditions. In this quarter, net operating expenses were similar. This resulted in an EBITDA Margin of 2.6% for 1Q/24, up from 2.3% in 1Q/23.

As of 31 March 2024, OR had installed **"EV Station Pluz"** in 931 locations with 1,748 DC connectors, including 736 installed inside PTT stations (with 651 in operations) and 195 installed outside PTT stations (with 184 in operations). As for **Fit Auto**, there was a total of 102 outlets, with 5 new outlets opened in this quarter.

ALL LIFESTYLES



Expansion of Lifestyle Business

Description	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Number of outlets					
Cafe Amazon *	3,947	4,181	4,221	40	274
Texas Chicken	104	100	101	1	(3)
Convenience Store**	2,155	2,227	2,241	14	86
Cafe Amazon total cups sold* (Million cups)	91	95	99	4.2%	8.8%

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

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

In 1Q/24, the Lifestyle business had a combined network of 4,447 F&B business outlets, comprising 4,196 Cafe Amazon outlets in Thailand are classified as 2,248 outlets located in PTT Stations and 1,948 outlets outside of PTT Stations, or 53.6% and 46.4%, respectively, along with 25 Cafe Amazon outlets overseas, 101 Texas Chicken outlets, and 125 outlets of other F&B comprising Pearly Tea and Pacamara Coffee Roasters. For the Other retail business, we recorded 2,241 convenience stores under the 7-Eleven and Jiffy brands in Thailand. Cafe Amazon, under the F&B business in 1Q/24, recorded 99 million cups sold, an increase of 4 million cups (+4.2%) compared to 4Q/23 due to outlet expansion and promotional activities.

Performance of Lifestyle Business Segment

Description	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Sales and Services (Million Baht)					
Food & Beverage	3,587	4,099	3,992	(2.6%)	11.3%
Other Retail Business	1,741	1,779	1,913	7.5%	9.9%
Total sales and services	5,328	5,878	5,905	0.5%	10.8%
Lifestyle EBITDA Margin (%)	24.2%	25.6%	26.9%	-	-

Performance 1Q/24 vs. 4Q/23

- **Revenue from sales and services increased by THB 27 million (+0.5%).** The **F&B business** decreased by THB 107 million (-2.6%), mainly from franchisees having a high level of stock in the previous quarter due to seasonal factors. The **other retail business** increased by THB 134 million (+7.5%), mainly from the sale of drinking water.
- **EBITDA increased by THB 88 million (+5.9%)** due to decreased net operating expenses, mainly from advertising and public relations expenses. EBITDA for the **F&B business** increased by THB 32 million (+2.9%), and the **other retail business** increased by THB 56 million (+13.5%), causing the EBITDA margin to increase from 25.6% in the last quarter to 26.9% in this quarter.

Performance 1Q/24 vs. 1Q/23

- **Revenue from sales and services increased by THB 577 million (+10.8%)** due to the recovery of economic activities. The revenue from sales of the **F&B business** increased by THB 405 million (+11.3%), mainly due to increased sales volume from the expansion of the F&B business outlet. **Other retail business's** revenue from sales increased by THB 172 million (+9.9%), mainly from outlet expansion and the sale of drinking water.
- **EBITDA increased by THB 303 million (+23.5%),** the EBITDA of the **F&B business** increased by THB 294 million (+35.5%) from an increase in gross profit. **Other retail business's** EBITDA increased by THB 9 million (+2.0%). Additionally, expenses decreased mainly from advertising and public relations expenses. The EBITDA margin in this quarter increased from 24.2% in 1Q/23 to 26.9% in 1Q/24.

GLOBAL MARKET



Overview of Global Business

Cambodia, The International Monetary Fund (IMF) forecasts the strengthening of the economy, with a projected growth rate of 6.0% in 2024. This is supported by the recovery of the tourism sector and export sector. The tourism sector is expected to grow continuously throughout the year. The export sector recovered in line with the global trade recovery. Moreover, infrastructure investment is also a key to supporting the economy. However, risk factors persist for the economy both domestically and internationally, such as the increasing private debt levels and the slowing recovery of short-term FDI attributed to the impact of China's economic slowdown. Meanwhile, the real estate sector remains fragile. **Laos**, IMF expected the economy to grow by 4.0% in 2024. This is supported by a rebound in external demand and logistics infrastructure development projects. Consequently, it presents opportunities to attract foreign investment and boost foreign tourist arrivals, especially from China. However, The Lao economy remains fragile due to structural problems, high foreign public debt burden, low foreign reserves, high inflation level, and sharp kip depreciation. In addition, the rise in Value Added Tax has led to an increase in the cost of products and services. **The Philippines**, IMF projected the economy to grow 6.2% in 2024, a remarkable recovery among the emerging markets and developing Asian countries. This is supported by the continued high domestic private consumption in the household sector and the strong remittances from Filipino workers abroad. As well as the reforms to promote trade and investment through collaboration between the public and private sectors, facilitating significant infrastructure investments. Although inflation in the Philippines is still highly volatile and risk of agricultural and fishery products being affected by the El Nino phenomenon.

Performance of Global Business Segment

Description	1Q/23	4Q/23	1Q/24	Variance	
				QoQ	YoY
Number of PTT Station	396	396	402	6	6
Oil Volume Sold (MML)					
Philippines	175	167	226	35.3%	29.1%
Cambodia	144	130	151	16.2%	4.9%
Laos	75	75	73	(2.7%)	(2.7%)
Total Volume Sold	394	372	450	21.0%	14.2%
Cafe Amazon*					
Cafe Amazon Outlets	365	371	376	5	11
Cafe Amazon total cups sold (Million cups)	6.6	7.7	7.0	(9.1%)	6.1%
Global EBITDA Margin (%)	3.4%	0.0%	2.5%	-	-

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

Performance 1Q/24 vs. 4Q/23

- **Revenue from sales and services increased by THB 1,270 million (+10.9%)** due to a rise in overall sales volume by 78 mml, even though the average selling price decreased in line with global oil prices. The revenue increased primarily from **the Philippines**, where sales volume grew, especially in aviation fuel and diesel sold to industrial customers, as well as LPG, which also increased due to distribution to wholesalers. **Cambodia** generated higher revenue from increased sales volume across all products, particularly diesel. Meanwhile, **Laos** had lower revenue, resulting from reduced diesel sold to industrial customers in the construction sector. **Cafe Amazon** saw a decrease in cups sold primarily in Laos due to a selling price adjustment made earlier this year.
- **EBITDA increased by THB 322 million (+>100%)** across all three countries, mainly from **the Philippines**, with a better average gross profit per liter in all products. Moreover, other income from PTT Group Supply Chain Collaboration increased this quarter. EBITDA from **Cambodia** increased due to the growth of gross profit following sales volume. Also, EBITDA from **Laos** rose from a higher average profit per liter of gasoline and enhanced performance of **Cafe Amazon** due to a selling price adjustment. Additionally, net operating expenses decreased in every country. As a result, the EBITDA margin for this quarter was 2.5%, increasing from the previous quarter.

Performance 1Q/24 vs. 1Q/23

- **Revenue from sales and services increased by THB 1,246 million (+10.7%)**, driven by an increase in sales volume of 56 mml, mainly from **the Philippines**, where sales volume increased from diesel and LPG sold to wholesalers. In **Cambodia**, the sales volume increased, especially in gasoline from PTT station expansion, and diesel sold to industrial customers increased accordingly. On the other hand, in **Laos**, sales volume

decreased, primarily from diesel. **Cafe Amazon's** cups sold increased compared to last year's period, mainly from Cambodia, due to the outlet expansion.

- **EBITDA decreased by THB 71 million (-17.9%)**, mainly from Laos and Cambodia, despite some offset from increased EBITDA in the Philippines. In **Laos**, EBITDA dropped in line with the gross profit, resulting from the higher average cost of petroleum products. **Cambodia** saw decreased EBITDA due to a weaker average gross profit per liter in almost all products. Meanwhile, in **the Philippines**, EBITDA improved owing to a better average gross profit per liter of diesel, coupled with a decrease in net operating expenses. This resulted in an EBITDA margin of 2.5% for 1Q/24, lower than the 3.4% in 1Q/23.

OR INNOVATION



OR focuses on addressing social and environmental issues by leveraging its existing capabilities alongside potential partners with expertise, collaborating to solve problems and create new markets and businesses. This initiative aims to elevate OR towards innovation in the form of **OR Innovation**, allowing OR to grow sustainably alongside people and the environment.

The **xplore** application, OR's digital platform, has gathered all features that cater to user needs, forming part of enhanced consumer convenience in their daily lives. Currently, the **xplore** application has achieved over 1,000,000 downloads, demonstrating its success. Moreover, OR adapts business models to innovation within the OR framework through **Café Amazon for Chance**, which has opened 307 outlets as of 31 March 2024 to provide opportunities for marginalized individuals and promote social equality. Utilizing upcycling innovation repurposes coffee waste from roasting facilities and various leftover materials. Additionally, there's the **Thaidet** community project that opened 325 branches across the country, aiming to provide business opportunities and support products from community enterprises. Furthermore, OR is developing digital payment methods for goods and services with the aim of creating a seamless experience, meeting consumer expectations for speed, accuracy, security, and contactless capabilities.

Financial Position



Assets As of March 31, 2024, OR recorded total assets in the amount of THB 221,328 million, an increase of THB 1,092 million (+0.5%) from December 31, 2023, and can be categorized as follows:

Current assets increased by THB 433 million (+0.3%), mainly from:

- Inventories, materials, and supplies increased by THB 5,935 million (+17.9%) primarily due to the higher inventory, around 99 mml (+9.5%), mainly from diesel.
- Trade accounts receivable and other accounts receivable increased by THB 2,465 million (+6.0%), from other accounts receivable increased by THB 5,664 million (+40.2%), mainly from the Oil Fuel Fund. Additionally, trade receivable decreased by THB 3,199 million (-11.8%) due to reduced oil volume sold.
- Cash and cash equivalents decreased by THB 7,851 million (-15.3%), mainly from loan maturity repayment, including the usage in operating and investing activities.

Non-current assets increased by THB 659 million (+0.7%), mainly from:

- Investment increased by THB 377 million (+2.2%) from the higher of financial assets denominated due to the depreciation of the Thai baht and the profit sharing from the investments in associates.
- Property, plant, and equipment increased by THB 289 million (+0.6%), mainly from the network expansion, such as PTT Station, EV Station PluZ, and retail outlet.
- Right of use increased by THB 106 million (+0.8%) while deferred tax assets decreased by THB 107 million (-1.5%).

Liabilities As of March 31, 2024, OR Group recorded total liabilities of THB 107,395 million, a decrease of THB 3,333 million (-3.0%) from December 31, 2023, from the following:

Current liabilities decreased by THB 2,399 million (-3.5%), mainly from:

- Bank overdraft and short-term borrowings decreased by THB 1,726 million (-45.1%) from short-term borrowings maturity repayment.
- Trade accounts payables and other accounts payables decreased by THB 1,328 million (-2.4%) from a decrease in other accounts payables.

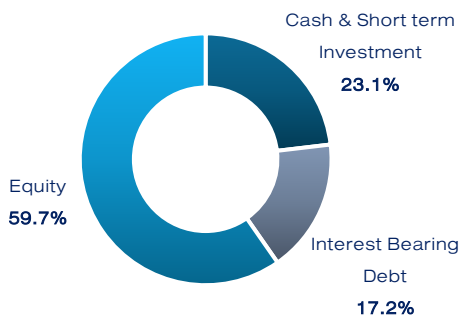
- Income tax payable increased by THB 681 million (+69.8%) from the increased performance results.

Non-current liabilities decreased by THB 934 million (-2.2%), mainly from:

- Long-term borrowings decreased by THB 1,243 million (-7.6%) from loan repayment.
- Deferred tax liabilities increased by THB 89 million (+19.4%) from accrued excise tax.

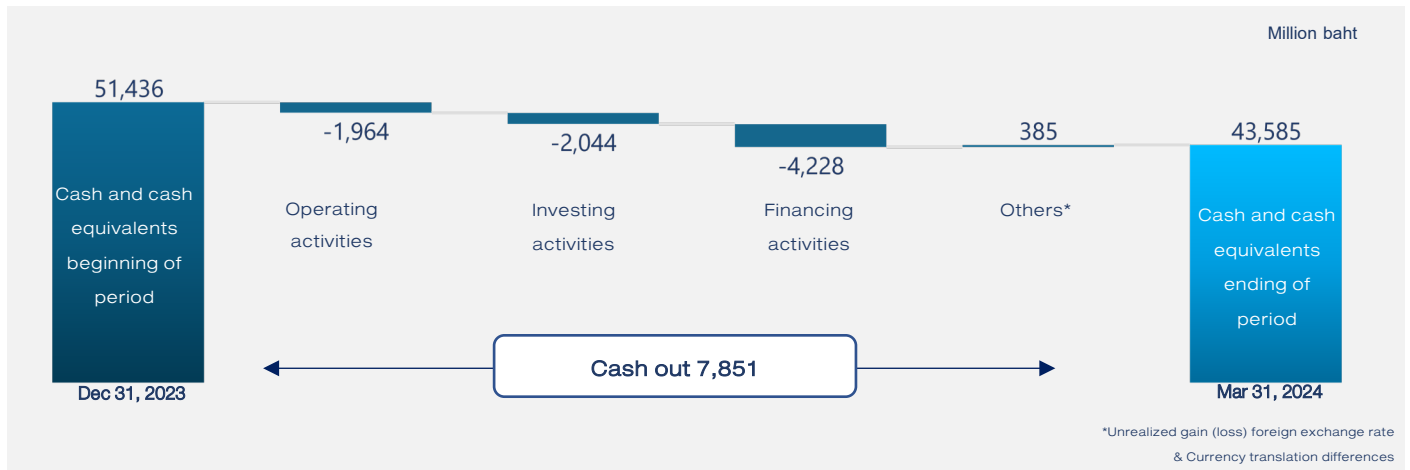
Equity As of March 31, 2024, OR recorded a total equity of THB 113,933 million, an increase of THB 4,425 million (+4.0%) from December 31, 2023, primarily from net profit during the period.

Capital Structure as of March 31, 2024



OR implements effective financial management strategies to enhance efficiency and maintain a capital structure that is proportionate and comparable to industry standards. This includes managing various risks appropriately and aligning with the condition. As outlined in our financial policy, we have established thresholds for interest-bearing debt to shareholders' equity and EBITDA, which are remain below 1 and 2, respectively.

Cash Flow Statement 1Q/24



Net cash used in operating activities amounted to THB 1,964 million, mainly from operational net income before taxes in the amount of THB 4,755 million, which was partially adjusted by non-cash items, such as depreciation and amortization, income tax expenses totaling THB 1,509 million, also includes using in operating assets and liabilities in the amount of THB 8,122 million, primarily from an increase in inventories and other accounts receivable at THB 11,104 million, offset by a decrease of other accounts payable at THB 1,616 million.

Net cash used in investing activities amounted to THB 2,044 million, mainly from the investments in land, buildings, and equipment, investment for the expansion of PTT Station, EV Station PluZ, retail outlet, warehouse, and investment in LPG cylinder and related equipment of the company amounting to THB 1,888 million, also the investments in joint ventures at THB 114 million.

Net cash used in financing activities amounted to THB 4,228 million, mainly from short and long-term loan repayments.

Financial Ratios

	1Q/23	1Q/24
Profitability Ratios		
1. Gross profit margin (%)	5.2	5.9
2. Net profit margin (%)	1.5	2.1
	Dec 31, 23	Mar 31, 24
Liquidity Ratios		
3. Current ratio (times)	1.9	2.0
Profitability Ratios		
4. Return on equity (%)	10.4	10.7
Operating Efficiency Ratios		
5. Return on total assets (%)	5.0	5.4
Financial Policy Ratios		
6. Net Interest bearing debt to equity (times)	(0.1)	(0.1)
7. Debt service coverage ratio (times)	6.1	5.9

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 2024

Thailand's economy continued to expand, driven mainly by tourist sectors and private consumption. According to the Bank of Thailand (BOT), Thailand's economy is expected to grow by 2.7% due to factors including 1) private consumption, which is expected to increase; 2) a steady recovery in tourism and higher spending per head. Meanwhile, export recovery is expected to be gradual. However, the Thai economy still faces **significant risks** and challenges from 1) a limping global economy which weighs on export activity; 2) rising living costs and higher debt burden impacting the consumption capacity of the private sector and households, 3) Shifting geopolitics and fragmentation emerge that could trigger pressure on global energy prices.

The global economy will likely remain remarkably resilient in recovery and developing economies despite many challenges that lie ahead. IMF has revised its global economic growth projection to 3.2% in 2024, highlighting that the United States and Europe's economies are expected to rebound. Nevertheless, the overall economy still faces risks, and China's slower growth will pressure global growth. **The U.S. economy** in 2024 is expected to grow by 2.7% as a strong labor market supported by purchasing power and consumer spending. Although the recent strong performance reflects robust productivity and employment growth, strong demand can cause economic overheating and risk rising inflation, as well as fluctuating expectations of interest rate cuts. In 2024, economic activity in **the Chinese economy** gradually returned to normal. The IMF forecasts China's GDP at 4.6%. However, China's economy still faces the effect of the continued downturn in its property sector, underlying underperformed recovery in domestic demand and geopolitical risk.

The trend of crude oil prices and petroleum products prices, world oil demand in 2024, as reported by the IEA as of April 2024, projects that global oil demand in 2024 at 103.2 MMBD, up 1.2 MMBD from 2023. The main contribution to global oil demand growth this year comes from non-OECD countries, particularly China, which is estimated to grow by 1.3 MMBD. In contrast, growth in OECD countries is expected to slow down to 0.06 MMBD from the previous year.

Crude oil prices in 2Q/24 tend to have an average higher than 1Q/24 due to the OPEC+ announcement to cut crude oil production from May until June, leading to a deficit oil market in 2Q/24. Additionally, Russia has adjusted its export reduction plans. Furthermore, tension from the geopolitical situation between Israel and Iran has impacted crude oil prices. The U.S. may consider reimposing sanctions on Venezuela, which could affect global crude oil supplies. However, crude oil prices face pressure from the increasing production capacity of the non-OPEC+ group. Additionally, the inflation situation in the U.S. is trending upward and remains above the target set by the U.S. central bank. **The approximate average crude oil price in 2024 will be around \$79-89 per barrel.**

Petroleum products situation in 2Q/24. The **gasoline** demand is expected to continue growth, particularly in developing countries. Furthermore, the upcoming summer in Western countries supports gasoline demand, aligning with a continuous decline in U.S. commercial gasoline inventories. However, gasoline supply could face pressure from increased production refineries in the Middle East, along with the expansion of EVs. **Diesel** fuel continues to face pressure from increasing supply in the region, and refineries in the Middle East could ramp up production after refinery maintenance seasons. Additionally, commercial diesel inventories in the West and Singapore remain high. However, diesel demand in Asia will increase, especially in India, which is supported by agricultural and industrial activities. Moreover, diesel supplies in Asia may tighten during refinery maintenance seasons. **Jet fuel/kerosene** demand has been supported by the upcoming summer season in Western countries. Additionally, China has plans to increase domestic air travel routes. However, jet fuel could be pressured by reduced demand in Japan due to mild weather conditions. Moreover, China may increase its refined oil export quotas, and refineries in the Middle East may also return from maintenance seasons, which could result in an increase in jet fuel supply.

Sustainability Management

Climate Change is intensifying every day, causing impacts on human life in social, economic, and environmental dimensions. OR sets goals for reducing greenhouse gas emissions and aiming for **Carbon Neutrality** by 2030 and **Net Zero emissions** by 2050. This will be achieved through the implementation of the 3R strategy.

1. **Reduce** (Own Greenhouse Gas Emissions) involves focusing on increasing the proportion of renewable energy use. This includes installing Solar Rooftop systems in business facilities and improving energy efficiency in office spaces. Additionally, purchasing Renewable Energy Certificates (RECs) is also part of this strategy.
2. **Remove** (Residual Greenhouse Gas Emissions) involves natural carbon sequestration through reforestation efforts in collaboration with the Department of Forestry and the Mae Fah Luang Foundation. The goal is to plant 10,000 Rais of forest by 2030, with over 9,600 Rais already planted as of March 31, 2024. This also includes the development and application for Carbon Credit certification from projects like **Green Travel with Biofuel**, which promotes the use of biofuels, and the installation of solar rooftops in 50 locations.
3. **Reinforce** (GREEN Portfolio of Business and Investment) involves expanding green business and investment ventures, including: 1) Expanding EV Station PluZ coverage to 77 provinces. 2) Installing Solar Rooftops for dealers and customers both inside and outside PTT Stations. 3) Developing PTT Station Flagship Vipawadee 62 as a model environmentally conscious station, utilizing 100% renewable energy, reflecting sustainable business practices. and 4) Piloting the transportation of raw coffee beans from Mae Wang district, Chiang Mai province, to Wang Noi district, Ayutthaya province, using electric trucks, known as the **Green Logistics for Cafe Amazon Project**. If successful, this project will be expanded. Additionally, it emphasizes innovation in clean energy, such as servicing battery swapping stations for electric motorcycles at PTT Stations, launching pilot stations for hydrogen fuel for fuel cell electric vehicles in Chonburi province, and testing Sustainable Aviation Fuel (SAF) for airlines.

For an analysis of factors impacting the future operations of the company, you can find further details at <https://www.pttor.com/th/sustainability>.