



Executive Summary

PTG Energy Company Limited aims to be Thailand's leading full-service energy company. PTG continues to expand its existing and other related businesses in order to build strong growth and sustainable returns by practicing good governance along while developing the society and the environment.

With our intention for continuous improvement and increasing our organization's value, PTG expands rapidly and invests with various leading partners in non-oil businesses in the interest of satisfying its customers' needs. Consequently, the Company invested in a non-oil business after the first quarter, which was a food and beverage business and joint investment in operating of petrol stations (see also in the Important Events after 1Q/2018 section). According to the expansion of non-oil businesses, PTG targets to increase its net profit proportion from non-oil businesses to grow more than oil business in the next four years.

Regarding the continuous expansion of oil and non-oil businesses, at the end of 1Q/2018, PTG had grown its network to 1,718 oil and LPG service stations, 136 branches of Punthai Coffee, 89 branches of Coffee World and other F&B brands, and 112 stores of Max Mart convenient stores. The increase in number of oil service stations and same store sales growth induced the total sales volume to 942 million liters, indicating a growth of 15% YoY. In addition, the sales volume in retail, PTG's major sales channel, was 890 million liters, up by 18% YoY. The retail channel accounted for 94% of the total sales volume.

Furthermore, PTG's retail oil sales growth (diesel and benzene¹) through service stations was greater than the growth of Thailand's fuel consumption, which increased only 3% YoY. This greater consumption growth resulted from the economic expansion, especially in Bangkok and Vicinity areas, driven by export and private sector investment. However, the grassroots economy of the country in provincial areas has not recovered since the household debt increased, therefore households have limited access to funds which caused a lower purchasing power of households. Besides the growth in oil sales volume, PTG's LPG sales volume consistently increased to 19 million liters, grew by 43% YoY unlike Thailand's LPG consumption which dropped by 11% YoY and seems to continue to decline in the future.

PTG's operational performance of 1Q/2018 suggested a continuity in its growth of revenue from sales and services which grew to 24,752 million Baht, reflecting an increase of 18% YoY and 10% QoQ as a result of the rise in sales volume both oil and gas, the increase in oil price, and the growth in non-oil businesses. In this quarter, the gross

¹ includes High Speed Diesel, Benzene 95, Gasohol 91, and Gasohol 95 (E20)

profit per liter also improved from the same period last year as a result of the balance adjustment of oil retail price to the increase in oil cost. The gross profit from non-oil business continuously increased. Consequently, the gross profit was at 1,903 million Baht, up by 37% YoY and 15% QoQ. Currently, PTG's non-oil gross profit proportion was at 8.4%, higher than last year at 7.1%. However, selling and administrative expenses continued to increase following the business expansion. Nevertheless, the growth of selling and administrative expenses increased in a slower rate.

Therefore, PTG's EBITDA was 948 million Baht, an increase of 46% YoY and 15% QoQ, and net profit was 269 million Baht, reflecting an increase of 49% YoY and 13% QoQ. PTG continues to enhance its revenues and profits by efficiently utilizing the strengths from existing businesses.

PTG's Important Events after 1Q/2018

1. Acquisition of Food and Beverages Business

Punthai Coffee Co., Ltd., a subsidiary in which PTG holds 99.99% stake, acquired 315,000 newly issued ordinary share of Jitramas Catering Co., Ltd. ("JTC"). JTC operates food and beverage business including producing chilled food and frozen food, and serving catering service for leading hotel in the country. The acquisition was made as PTG foresees the opportunity to grow JTC's business, and to support the Company's existing food and beverage business network to provide higher quality and standard food and beverage. Furthermore, PTG could increase the variety of products to satisfy the customers' needs.

2. The joint investment in operating of petrol stations and the establishment of a new subsidiary

The Board of Directors resolved to approve PTG and/or its subsidiaries to jointly invest with Bangkok Aviation Fuel Services Public Company Limited and/or its subsidiaries, in the establishment of a new subsidiary to operate petrol stations located in the front area of Pichit Depot, Lampang Depot, and Kampong Petch Booster Pump Station of Fuel Pipeline Transportation Company Limited.

Operating Guideline for 2018

PTG continues to focus on strengthening its network and expand its non-oil businesses in order to add more variety of products and services in service stations and to fulfill the needs of its customers. Moreover, PTG aims to differentiate its business with delivering fresh products, outstanding services, and providing privileges through loyalty program "PT Max Card" which can be linked with all products and services under PTG and partners' network. Additionally, PTG aims to extend its sales by 20-25% YoY. Due to more efficient cost management and driving high-margin businesses, PTG anticipated the EBITDA growth of 40-45% YoY. PTG also set the investment budget of 4,000 – 5,000 million Baht for the expansion of oil and non-oil businesses to establish sustainable and long-term value to the Company.

Financial Summary

Financial Summary (Baht million, unless stated)	1Q/2018	4Q/2017	1Q/2017	%QoQ	%YoY
Revenue from sales and services	24,752	22,595	20,896	9.6%	18.5%
Cost of sales and services	(22,849)	(20,934)	(19,508)	9.2%	17.1%
Gross profit	1,903	1,661	1,388	14.6%	37.2%
SG&A	(1,559)	(1,431)	(1,192)	8.9%	30.8%
Selling expenses	(1,354)	(1,286)	(989)	5.3%	36.9%
Administrative expenses	(205)	(145)	(203)	41.2%	0.6%
EBITDA	948	824	650	15.0%	45.8%
Net profit	269	239	181	12.9%	48.7%
Gross profit margin	7.7%	7.4%	6.6%		
SG&A as a % of revenue	6.3%	6.3%	5.7%		
% Selling expenses	5.5%	5.7%	4.7%		
% Administrative expenses	0.8%	0.6%	1.0%		
Operating profit margin	1.6%	1.4%	1.2%		
EBITDA margin	3.8%	3.7%	3.1%		
Net profit margin	1.1%	1.1%	0.9%		
Earning per share (Baht)	0.16	0.14	0.11		
Return on Equity	21.3%	19.7%	16.0%		
Return on Total Assets	6.8%	6.3%	6.3%		
IBD to equity ratio (x)	1.50	1.58	0.87		

1Q/2018 Financial Summary

- **Revenue from sales and services** was 24,752 million Baht, reflecting an increase of 19% YoY and 10% QoQ. This resulted from the growth in sales volume of 942 million liters, a rise of 15% YoY and 8% QoQ. Apart from the increase in the total sales volume, the same store sales escalated to 0.22 million liters from 0.20 million liters in the same quarter last year, and the retail oil price also rose. However, PTG's revenues are mainly from oil business which accounted for 97% of the total revenues.
- **Cost of sales and services** was 22,849 million Baht, reflecting an increase of 17% YoY and 9% QoQ. The main reason was the growth in sales volume which was mentioned above. However, an analysis of cost ratios suggested that the rise in cost is lower than the rise in revenue. The reasons were that the Company has effective supply chain management, as well as the balance adjustment of oil retail price to the increase in world oil cost. Thus, PTG's gross profit in 1Q/2018 was 1,903 million Baht, up by 37% YoY and 15% QoQ.

- **SG&A expenses** was 1,559 million Baht, reflecting an increase of 31% YoY and 9% QoQ. The increase was to support PTG's business expansion both oil and non-oil businesses. The main increasing components of SG&A were employee-related expenses, rental and leasehold right expenses, and depreciation expenses.
 - **Employee-related expenses** was 597 million Baht, reflecting an increase of 21% YoY and 18% QoQ. The rise of the expenses caused by the growth in number of employees to accommodate oil business, non-oil businesses expansion, including the support function.
 - **Rental and leasehold right expenses** was 309 million Baht, reflecting an increase of 47% YoY and 6% QoQ. The growth of the expenses was in line with the additional number of service station according to PTG's target. At the end of 1Q/2018, PTG operated 1,490 petrol and LPG stations with a focus on Bangkok and vicinity areas and major cities throughout the country.
 - **Depreciation expenses** was 257 million Baht, reflecting an increase of 50% YoY and 8% QoQ. This change caused by the expansion in both oil and non-oil businesses. Therefore, the Company and its subsidiaries hold more fixed assets. Consequently, depreciation expenses increased.
- **EBITDA and net profit**, EBITDA was 948 million Baht, reflecting a growth of 46% YoY and 15% QoQ. The increase resulted from the rise in oil sales volume and the expansion of number of service station and non-oil businesses. Furthermore, there were an increase in the efficiency of cost management, and the adjustment of retail oil price related with the world oil price. However, PTG has higher financial cost at 66 million Baht, indicating the increase of 29 million Baht from last year and 5 million baht from previous quarter, as a result of debenture issuance and loan from financial institutions. PTG considers each investment with carefulness and applies a variety of financial instruments to provide the most appropriate source of fund at to meet its financial needs.

Furthermore, PTG recorded loss from investments in a joint venture and associates totaling to 15 million Baht. That was because the joint venture Palm Complex was still in its pre-commissioning period. In addition, PTG recorded the decrease in profit sharing from its associate company, AMA Marine PLC. As the Company's profit affected by the stronger Baht against Dollar, and the increase in oil price. As a result, PTG reported the net profit of the quarter of 269 million Baht, indicating the growth of 49% YOY and 13% QoQ. The earning per share of this period equal to 0.16 Baht per share increased from 0.14 Baht per last quarter and from 0.11 Baht per share from the same quarter the previous year.

Financial Position (Baht million)	1Q/2018	%	4Q/2017	%	Amount changes	% changes
Cash and current investment	753	4%	926	5%	-168	-18%
Trade, other receivables, short-term lending	1,168	6%	994	6%	174	18%
Inventories	1,862	10%	1,989	11%	-127	-6%
Total current assets	3,788	20%	3,909	22%	-121	-3%
Investment properties	294	2%	278	2%	16	6%
Property, plant, and equipment	9,491	51%	8,865	49%	626	7%
Rental and leasehold rights	2,393	13%	2,311	13%	82	4%
Investment in a joint venture	685	4%	696	4%	-11	-2%
Investment in associate	782	4%	804	4%	-22	-3%
General investment	723	4%	723	4%	-	-
Intangible assets	203	1%	193	1%	10	5%
Goodwill	53	0%	53	0%	-	-
Others	175	1%	153	1%	22	14%
Total assets	18,587	100%	17,985	100%	602	3%
Trade and other payables	4,835	26%	4,520	25%	315	7%
Short-term loans & loans due within 1 year	4,503	24%	3,693	21%	810	22%
Others	119	1%	62	0%	57	93%
Total current liabilities	9,457	51%	8,275	46%	1,182	14%
Financial lease liabilities	526	3%	572	3%	-46	-8%
Long-term loans	3,040	16%	3,835	21%	-795	-21%
Deferred tax liabilities	57	0%	55	0%	2	3%
Other non-current liabilities	137	1%	130	1%	7	5%
Total liabilities	13,217	71%	12,867	72%	350	3%
Retained earnings	2,439	13%	2,171	12%	267	12%
Others	2,931	16%	2,948	16%	-16	-1%
Total equity	5,370	29%	5,118	28%	251	5%
Total liabilities and equity	18,587	100%	17,985	100%	602	3%

- **Financial Position** at the end of 1Q/2018, PTG had the total assets of 18,587 million Baht, reflecting an increase of 602 million Baht or 3% from the year end 2017. The growth was mainly caused by the rise in trade receivable, property, plant, and equipment, and pre-paid leasehold rights. This escalation of the underlying assets was due to the increase of oil sales volume, and expansion of oil and non-oil businesses such as Punthai Coffee, and Max Mart. For total liabilities, PTG had 13,217 million Bath liabilities, grew by

350 million Baht or 3% from 2017. The increase was mainly caused by the rise in trade payables as the amount of oil sales and income tax soared. However, the Company recorded interest bearing debt ratio of 1.50 which decreased from 2017 of 1.58.

Sources and uses of funds statement for 1Q/2018			
(Baht million)			
Sources		Uses	
Cash from operations	1,088	Investment in leasehold rights and PP&E	1,149
Received from loans, net	47	Financial lease, interest, and tax paid	149
Received from loans and assets sold	1	Short-term loans for related business and other businesses, and deposit used as collateral	6
Cash decreases	168		
	1,304		1,304

Accreditation	
Credit rating	BBB+/Tris
CG score	Excellent : 5 Stars
CAC	Certified CAC

Long-term debt and debenture outstanding				
Year	Debentures (Baht mn)	Maturity (Baht mn)	Loans (Baht mn)	Maturity (Baht mn)
2558			641	36
2559	1,700		491	173
2560	1,700		1,200	384
2561			300	538
2562		1,700		665
2563		1,000		440
2564				199
2565		700		

2018 Management Outlook and Strategy

The overall economy is recovering slowly. PTG recognizes the increase in sales volume through PT service stations, especially in provincial areas. This indicates that the purchasing power of the grassroots economy is recovering. However, PTG has expanded its service stations in Bangkok and vicinity areas to balance and to support its expansion in non-oil businesses.

Apart from the overall economy as the most important business driver in the year 2018, PTG recognizes the continuity in competition in the retail oil business, especially among main retailers. These retailers are trying to maintain their customer base by conducting variety of marketing activities. However, PTG will continue to adhere to be the first in the Thai people mind in terms of providing fresh products, outstanding services, and the privileges under PTG and partners' network with PT Max Card. Nevertheless, PTG keeps expanding non-oil businesses to reduce the impact of the extensive competition and the government policy that affected the retail oil industry. However, PTG remains the target for the proportion of profit from non-oil at 8.4% to reach 60% by 2022. The progress of the Palm Complex and the guidelines for operation in 2018 are as follows.

- **The Palm Complex project** which PTG jointly invests 40% stake in Palm Complex with partners who specialize in palm oil business. The production will run 100% capacity in June 2018 with 450,000 liters of biodiesel per day and 200,000 liters of palm olein oil per day. This Complex is located in Bang Saphan Noi district in Prachuap Khiri Khan province.
- **Strengthening the network**, PTG believes in the expansion and strength its network in both the oil and non-oil businesses in order to provide integrated services and nationwide coverage. In addition, the Company emphasizes on efficient management of space by expanding the service of PTG and partners to meet the needs of customers as much as possible. PTG plans to increase its network to cover throughout the country

Moreover, PTG committed to diversify its businesses both inside and outside the service station including:

1. Increase in number of branches of food and beverage restaurants, such as Punthai Coffee, Coffee World, and Max Mart, 2. Expand more branches of PRO TRUCK and AUTOBACS maintenance centers, and rest areas under the name Max Camp. Besides, PTG plans to add a lubricant oil change center under the PT Maxnitron Lube Change brand, initially located in the PT service station., 3. Increase one to two businesses that can support the core business of the Company, meet the needs of customers, and generate sustainable returns and cash flows in the long-run.

After 1Q/2018, the Company has invested in food and beverage business to establish the central kitchen to support the PTG's existing food and beverage business. Moreover, the Company plans to launch the addition of restaurants in the PT service station PT soon. In addition, the Company jointly invested in

operating of petrol stations with Bangkok Aviation Fuel Services Public Company Limited and/or its subsidiaries.

- **Creating awareness and confidence in brand under PTG and to maximize PT Max Card benefits**, PTG committed to build relationships with customers through good service, and campaign directing more to the target customers. PT Max Card is also the hub for linking all products and services under the PTG network. Moreover, PTG plans to add benefits and privileges to each group of cardholders including the mobile application focusing on satisfying urban and new generation customers.
- **The forecast of PTG's operating result for the year 2018** PTG aims to increase its sales by 20-25% from the previous year by increasing the number of service stations and the volume of same store sales. Moreover, PTG expects to raise net profit margin from last year from non-oil business and joint venture in related businesses that will start to make more profit. The increase in revenue is from greater oil sales and higher non-oil revenues combined with cost management and the driving of higher gross-margin business. PTG anticipated the EBITDA growth rate will be 40-45% YoY. On the other hand, the investment budget is expected to be about 4,000-5,000 million Baht which comprises of existing business expansion and renovation of 3,000-3,300 million Baht, non-oil business expansion of 500-700 million Baht, and investment in new business of 500-1,000 million Baht to increase the value of the organization in the long run.