



Executive Summary

During the past 3 decades, PTG Energy Company Limited dedicates to be Thailand's leading full-service energy company, and continues to build its network in other related businesses. The aim is to build strong growth and sustainable returns by practicing good governance along with developing the society and the environment.

In 3Q/2018, PTG continues to maintain steady growth in oil and LPG auto sales volume, even though Thailand oil retail and LPG auto consumption decreased. In this regard, Thailand oil retail consumption dropped by 0.4% YoY and 5% QoQ since the grassroots economy was still affected by lower agricultural prices and there was an impact of seasonal factor led to a decline in agricultural and transportation activities. Nevertheless, PTG's sales volume was 935 million liters, up 17% YoY, as a result of the branch expansion and continuous improvement in PT brand. However, the oil sales volume dropped 5% QoQ due to the seasonal effects mentioned above. In 3Q/2018, PTG gained more market share in oil retail to 14% from 12% last year.

In addition to oil business, PTG's LPG sales volume also increased to 27 million liters, up 62% YoY, and 15% QoQ. The consistent growth of the sales volume is because of its image, service standard, and the effectiveness of PT Max Card loyalty program. Nevertheless, Thailand's LPG auto consumption continued to decline, down by 12% YoY and 2% QoQ. In 3Q/2018, PTG gained more market share in LPG auto to 5% from 3% last year.

Correspondingly, PTG continues to focus on expanding both oil and non-oil businesses in the potential large cities to deliver a variety of products and services in order to meet the needs of each consumer group. At the end of 3Q/2018, PTG operated a total of 1,859 stations which are 1,741 oil stations, 45 LPG stations, and 73 stations serving both oil and LPG.

In term of non-oil businesses, PTG had a total of 173 Punthai Coffee shops, 83 Coffee World shops, 2 Krua Phan Jit restaurants, 146 Max Mart branches, 13 Autobacs car maintenance and repair service centers, 7 Pro Truck commercial maintenance and repair service centers, and 1 Max Camp rest area.

For the financial results in 3Q/2018, PTG's revenue from sales and services was 26,745 million Baht, up 36% YoY. Main factors were 17% YoY growth in oil sales volume and 15% YoY growth in retail oil prices. As a result of accelerating in non-oil businesses to meet the needs of our customers, the revenue in non-oil businesses increased by 55% YoY. This rapid growth increase was mainly from LPG business and Max Mart convenience store. In this quarter, PTG has strongly focused on growing the non-oil business in the future. Therefore, PTG's gross profit proportion from non-oil has been continuously rising to 12% from 8% last year.

As a result of the Thai Government's appeal to the petroleum retailers to cooperate to cap the price of diesel to be at 30 baht per liter to ease the strain of the effects of the rapidly rising cost of petroleum products due to the skyrocketing international crude oil prices on its citizens, PTG's 3Q/2018 gross profit was 1,722 million Baht, an increase of 7.2% YoY, however, a decrease of 5.3% QoQ. In addition, there was an increase in selling and administrative expenses from the expansion of oil business and non-oil businesses. Thus, PTG obtained an EBITDA of 716 million Baht, down 11% YoY and 19% QoQ. Meanwhile, the net profit was 1 million Baht, dropped 100% YoY and 99% QoQ.

Nevertheless, PTG continues to focus on increasing its sales volume and expanding its revenue and profit channels by more efficiently employing and utilizing existing assets. At the same time, PTG remains to improve its cost management and to expand its service stations in the potential areas where non-oil businesses can be added on. This is to provide comprehensive services and to reduce the risk from relying only on the revenue from oil retail business. Meanwhile, PTG continues to extend the variety of privileges and benefits for customers through PT Max Card Membership.

Operational Guidelines for 4Q/2018 (Revised EBITDA Growth Forecast)

PTG focuses on expanding its service station in potential areas to be able to promote non-oil businesses along with the oil service station. The Company continues to expand its oil and LPG service stations to 1,900 stations, as well as to increase F&B business, CVS business and services business to 500 branches. The target of sales volume growth remains at 15-20% YoY through good customer relationship management and continuous brand improvement.

However, the world oil price is expected to remain volatile. In addition, the cap in diesel price at 30 Bath per liter may impact on the oil price adjustment in the country. As a result, PTG revised its EBITDA growth at 5-10%. Nevertheless, PTG will emphasize on expanding more non-oil businesses including F&B businesses and service businesses by partnering with strong partners to fulfill customers' needs in order to generate steady and consistent long-term cash flow.

PTG's Important Event

Jointly Investment in the Business of Communication Equipment Development in Service Stations

In October 2018, the Board of Directors of PTG Energy Public Company Limited approved the Company to invest with Mr. Woottichai Preeputtarat to establish Innoligent Automation Company Limited ("INA") with the registered capital of 5.5 million Bath. The Company holds 60% of INA's total shares. The INA was established with the objective to develop customer information management and storage equipment within the service station. This will greatly

increase the efficiency and accuracy of the service station management. It also improves data processing to meet the needs of customers more comprehensive.

Financial Summary

Financial Summary (Baht million, unless stated)	3Q/2018	2Q/2018	3Q/2017	%QoQ	%YoY	9 months 2018	9 months 2017	%YoY
Revenue from sales and services	26,745	27,089	19,677	-1.3%	35.9%	78,586	62,030	26.7%
Cost of sales and services	(25,023)	(25,271)	(18,070)	-1.0%	38.5%	(73,143)	(57,437)	27.3%
Gross profit	1,722	1,818	1,607	-5.3%	7.2%	5,443	4,593	18.5%
SG&A	(1,715)	(1,628)	(1,345)	5.3%	27.5%	(4,901)	(3,848)	27.4%
Selling expenses	(1,451)	(1,389)	(1,101)	4.5%	31.8%	(4,194)	(3,189)	31.5%
Administrative expenses	(264)	(239)	(244)	10.5%	8.2%	(707)	(659)	7.3%
EBITDA	716	885	806	-19.1%	-11.2%	2,549	2,242	13.7%
Net profit	1	177	229	-99.4%	-99.6%	448	674	-33.5%
Gross profit margin	6.4%	6.7%	8.2%			6.9%	7.4%	
SG&A as a % of revenue	6.4%	6.0%	6.8%			6.2%	6.2%	
% Selling expenses	5.4%	5.1%	5.6%			5.3%	5.1%	
% Administrative expenses	1.0%	0.9%	1.2%			0.9%	1.1%	
Operating profit margin	0.3%	1.1%	1.7%			1.0%	1.5%	
EBITDA margin	2.7%	3.3%	4.1%			3.2%	3.6%	
Net profit margin	0.0%	0.7%	1.2%			0.6%	1.1%	
Earnings per share (Baht)	0.00	0.11	0.14			0.27	0.40	
Return on Equity	0.1%	14.2%	20.0%			11.7%	19.7%	
Return on Total Assets	0.0%	4.3%	6.8%			3.3%	6.6%	
IBD to equity ratio (x)	1.78	1.82	1.36			1.78	1.36	

9M/2018 Financial Summary

PTG's revenue from sales and services was 78,586 million Bath, up 27% YoY. The increase is a result of the rise in revenue from sales and service of oil business of 26% YoY due to two main factors: 1. The volume of oil sales increased to 2,865 million liters, up 14% YoY, as the PTG expanded the number of service station coverage, and 2. The retail oil price per liter escalated by an average of 10% YoY. In addition, PTG continued to obtain more revenue from non-oil businesses by 53% YoY. The growth of non-oil business revenue was from LPG business, food and beverage business, and convenience store business. This is due to the focus on utilizing existing assets by expanding the non-oil businesses in potential service stations. However, the portion of revenue from oil business accounted for 97% of the Company's total revenue from sales and services.

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On the other hand, cost of goods sales and services was 73,143 million Baht, an increase of 27% YoY. The rise in costs is also the result of two main factors: 1. The oil sales volume increased as mentioned earlier, and 2. The cost of sales per liter rapidly and steadily escalated as the WTI crude oil price rose from 49 dollar per barrel to 67 dollars per barrel, an increase of 36% YoY.

Regarding the situation of the rising in crude oil prices, consequently, the government sought cooperation from oil retailers to maintain the diesel price at 30 Baht per liter to diminish the burden of diesel users since diesel is used as fuel for agricultural activities and transportation of the country. As a result, PTG's gross profit was lower than expected. The Company's gross profit was 5,443 million Baht, up 19% YoY. Meanwhile, the gross profit proportion from non-oil business was up 10% from 7% last year. However, PTG will continue to focus on growing non-oil business to consistently improve its profitability, and to manage the risks from the oil price volatility.

The Company's SG&A expenses were 4,901 million Baht, up 27% YoY. This increase was a result of the expansion in the oil business and non-oil businesses in high potential areas to provide the integrated service for customers. The main SG&A expenses, including the employee expenses, rental and leasehold rights, and depreciation, increased to support the expansion mentioned above. Consequently, PTG's EBITDA was 2,549 million Baht, dropped 14% YoY, and net profit was 448 million Baht, dropped 34% YoY.

3Q/2018 Financial Summary

- **Revenue from sales and services** was 26,745 million Baht, reflecting an increase of 36% YoY, but a decrease of 1% QoQ. This was a result of a rise in revenue from sales and services from oil business of 35% YoY due to an increase in sales volume to 937 million liter, or 17% YoY, and an increase in retail oil price 15% YoY. However, the revenue fell 2% QoQ due to the seasonal effect led to a 5% QoQ drop in total oil sales volume which was less than the fall in the past years. Anyhow, the decline in sales volume was offset by a 3% increase in retail oil prices per liter from the previous quarter due to the word oil price volatility.

In addition, PTG continues to obtain growth in revenue from sales and services from non-oil oil businesses, an increase of 55% YoY and 12% QoQ. The revenue growth is a result of the expansion of non-oil businesses to serve the needs of customers with excellent quality of products and services. The non-oil businesses include LPG business, convenience store business, lubricant oil business, food and beverage business, and other businesses. Regarding food and beverage business, PTG received additional revenue from the investment in Jitramas Catering Co., Ltd. in 2Q/2018. Nevertheless, the revenue portion from oil business accounted for 97% of total revenue from sales and service.

- **Cost of sales and services** was 25,023 million Baht, reflecting a rise of 39% YoY, but a fall of 1% QoQ. The movements are primarily from two factors: 1. The increase and decrease in the Company's oil sales volume as mentioned above. 2. The cost of oil sales per liter surged by 18% YoY and 4% QoQ. Due to the sharply increase in the world oil prices, the Thai Government's appeal to the petroleum retailers to cooperate to cap

the price of diesel to be at 30 baht per liter while the cost rapidly rose. As a result, the growth of Company's gross profit was lower than expected at 1,722 million, up 7% YoY, but down 5% QoQ.

- **SG&A expenses** was 1,715 million Baht, reflecting an increase of 28% YoY and 5% QoQ. This was a result of the expansion of the number of oil service stations and oil business which aligned with the Company's goal. In addition, the main expenses were the employee related expenses, rental and leasehold rights, and depreciation expenses.
 - **Employee-related expenses** was 625 million Baht, reflecting a growth of 21% YoY and 7% QoQ. This was a result of an increase in the number of employees to accommodate branch expansion in the oil business, non-oil business, and supporting department.
 - **Rental and leasehold right expenses** was 337 million Baht, reflecting an increase of 29% YoY and 6% QoQ. This rise is in line with the Company's branch expansion strategy by renting the service station to be the operator of the service station. Currently, PTG owned and operated 1,624 oil and LPG service stations with a focus on expansion in potential areas in Bangkok, its vicinities and major cities across the country to be able to add more non-oil services to the existing service station.
 - **Depreciation expenses** was 321 million Baht, reflecting a growth of 47% YoY and 12% QoQ. This was a result of the continuous expansion in number of branches focusing on the expansion of new model in Bangkok, its vicinities, and major cities to provide the integrated service for customers.
- **EBITDA and net profit.** In 3Q/2018, the gross profit per liter decreased according to the appeal from the Thai Government as mentioned above and the increase in SG&A expenses from the oil and non-oil businesses expansion. Consequently, EBITDA was 716 million Baht, reflecting a decline of 11% YoY and 19% QoQ. Meanwhile, net profit was 1 million Baht decreased 100% YoY and 99% QoQ. In addition, financial cost was 75 million Baht, an increase of 27 million Baht YoY and 4 million Baht QoQ. The main factor of the increase was the growth in loans from financial institutions to invest in the oil business and other related businesses. However, PTG considers the investment in the business carefully and cautiously, and uses a variety of financial instruments to provide a source of funding at an appropriate interest rate and meet the needs of the Company.

Financial Position (Baht million)	30 Sep 2018	%	31 Dec 2017	%	Amount changes	% changes
Cash and current investment	1,107	5%	926	5%	181	20%
Trade, other receivables, short-term lending	1,224	6%	994	6%	230	23%
Inventories	1,705	8%	1,989	11%	-284	-14%
Total current assets	4,036	20%	3,909	22%	127	3%
Investment properties	352	2%	278	2%	74	27%
Property, plant, and equipment	10,511	52%	8,865	49%	1,646	19%
Rental and leasehold rights	2,839	14%	2,311	13%	528	23%
Investment in a joint venture	683	3%	696	4%	-13	-2%
Investment in associate	790	4%	804	4%	-14	-2%
General investment	723	4%	723	4%	-	0%
Intangible assets	207	1%	193	1%	14	7%
Goodwill	53	0%	53	0%	-	0%
Other non-current assets	185	1%	153	1%	32	21%
Total assets	20,379	100%	17,985	100%	2,394	13%
Trade and other payables	5,455	27%	4,520	25%	935	21%
Short-term loans & loans due within 1 year	5,805	28%	3,693	21%	2,112	57%
Other current liabilities	7	0%	62	0%	-55	-89%
Total current liabilities	11,267	55%	8,275	46%	2,992	36%
Financial lease liabilities	434	2%	572	3%	-138	-24%
Long-term loans	3,175	16%	3,834	21%	-659	-17%
Deferred tax liabilities	56	0%	55	0%	1	2%
Other non-current liabilities	144	1%	130	1%	14	11%
Total liabilities	15,076	74%	12,866	72%	2,210	17%
Retained earnings	2,305	11%	2,171	12%	134	6%
Others	2,998	15%	2,948	16%	50	2%
Total equity	5,303	26%	5,119	28%	184	4%
Total liabilities and equity	20,379	100%	17,985	100%	2,394	13%

- **Financial position** at the end of 3Q/2018, PTG obtained total assets of 20,379 million Baht which grew by 2,394 million Baht or 7% from 4Q/2017. The rise of total assets was mainly from the increase of investment properties, PP&E, and pre-paid of rental and leasehold right. These were results of the expansion of oil business, and non-oil business focusing on Bangkok and vicinity areas, and major cities throughout the country. Meanwhile, total liabilities were 15,076 million Baht, reflecting a growth of 2,210 million Baht or

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17% from 4Q/2018. The increase is mainly caused by the growth of short-term loans and liabilities settled within one year for working capital in oil business and other related businesses. Shareholders' equity was 5,303 million Baht, up 184 million Baht or 4% from the year end 2017.

Sources and uses of funds statement for 3Q/2018 (Baht million)			
Sources		Uses	
Cash from operations	3,596	Investment in leasehold rights, PP&E, and intangible assets	4,085
Cash received from loans, net	1,521	Investment in subsidiaries, associates, and joint-ventures	3
Cash received from short-term investment and dividend, net	23	Dividend payment	284
Cash received from short-term lending and deposit used as collateral	1	Payments for interest and income tax, net	376
Cash received from selling assets	1	Payments for leasehold right and land rental	211
Cash increased			183
5,142		5,142	

Accreditation	
Credit rating (Tris)	BBB+
CG score	Very Good: 5 Stars
CAC	Certified CAC

Debentures Maturity and Long-term Liabilities		
Maturity Year	Debentures (Baht mn)	Loans (Baht mn)
4Q18		237
2019	1,700	960
2020	1,000	744
2021		406
2022	700	147

Executive View and Business Direction for 2018

2018's target

✓	Number of Branches	
	○ Oil	1,900 stations
	○ Non-oil (F&B, CVS, Services)	500 branches
✓	Oil Sales Volume Growth	15-20%
✓	EBITDA Growth	5-10% (adjusted from 15-20% in 2Q/2018)

The expansion of oil and non-oil businesses will focus on areas with high economic growth, serving customers thoroughly, and accomplishing full-service of non-oil business. We have revised the number of branches of oil and LPG stations to 1,900 and 500 branches of the non-oil business, including Max Mart convenience store, Punthai Coffee shop, Coffee World coffee shop, Krua Phan Jit restaurant, Pro Truck commercial truck maintenance and repair service center, and Autobacs passenger maintenance and repair service center. However, PTG will continuously expand its business by renting existing service stations and add the service of non-oil businesses to maximize the utilization of the station space.

The economy in the provinces outside Bangkok and vicinity areas continues to recover slowly. Therefore, the Company expected that the oil sales volume growth to be 15% to 20%. This is because of low agricultural product prices and the slowly recovery of the economy. However, PTG will continue to build good customer relationships through great service and add value to customers continuously, using PT Max card membership. In addition, The Company will expand its branches in Bangkok, its vicinity, and major cities to balance the distribution of service stations and to support the continued expansion of non-oil business.

The country retail oil price adjustment with the fluctuation world market price is still a challenge in the 4Q/2018. Consequently, the forecast of EBITDA growth is revised to be 5% to 10%. However, PTG is aiming for the non-oil business to generate steady and consistent long-term cash flow and reduce the risk of having income only from oil business. Currently, the non-oil proportion of total gross profit in 3Q/2018 continues to increase to 12% from 8% in last year. The Company forecasts that the non-oil gross profit proportion will be 15% to 20% of total gross profit in 4Q/2018. In addition, PTG will continuously expand its business partnerships to fully meet the needs of customers.