



PTG Energy Company Limited  
Management Discussion and Analysis  
Quarter 3/2020

Executive Summary

PTG Energy Public Company Limited, “PTG”, the 4th decade, persists in dedication and determination of being 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.

The overall economy of Thailand in 3Q/2020 started to recover slowly after the effect of COVID-19 pandemic. As a result, the nation's overall all-channel oil consumption grew 4.7% YoY and grew 8.9% YoY, since the oil consumption in 2Q/2020 was affected by the lockdown measures to reduce the COVID-19 outbreak. By looking at the product category, gasoline consumption rose 7.4% YoY and rose 22.4% QoQ. This was because these types of oils are mainly used in the travel and daily activities of the people, which the consumption has returned to grow after the ease of lock-down measure and the increase in domestic tourism. Meanwhile, diesel fuel consumption, which accounted for 64.7% of total fuel, grew 3.7% YoY and grew 2.7% QoQ because diesel products are primarily used in commercial vehicles for transportation and heavy equipment for agricultural activities, which diesel fuel is demanded for commercial purposes on a regular basis.

The overall oil consumption through station channel, accounting for 79.0% of the total oil consumption, increased 7.7% YoY and increased 13.0% QoQ. This was due to the loosening of lockdown measure after the COVID-19 epidemic and the global oil price fell to 36.8 – 4.3 dollar per barrel from 51.1 – 62.9 dollar per barrel in the same period last year. If looking at the consumption by product category, it was found that the consumption growth was in the same direction as the country's oil consumption through all channels. Gasoline consumption increased 9.6% YoY and increased 25.7% QoQ. Concurrently, diesel fuel consumption rose 6.4% YoY and rose 6.1% QoQ. In addition, LPG sales through station channel have also recovered from the ease of the lock-down measure. As a result, the domestic travel began to return to normal. Although the consumption of auto LPG decreased 23.6% YoY, the consumption returned to increase 31.3% QoQ.

PTG's oil sales volume in 3Q/2020 totaled 1,232 million liters, a 9.1% increase YoY and a 2.2% increase QoQ in line with the recovery of the overall oil consumption of the country. However, PTG's diesel sales volume accounts for 70.6% of the total oil sales volume. The diesel sales volume grew 9.1% YoY but decreased 2.8% QoQ. On the other hand, gasoline sales volume increased 9.0% YoY and increased 16.7% QoQ. Consequently, PTG had a 13.9% market share of all channels oil consumption, ranked No. 2 in the country.

In terms of PTG's oil sales volume through service stations, it accounted for 95.9% of total oil sales volume or equal to 1,181 million liters, an 11.2% increase YoY and a 2.5% increase QoQ. This was a result from the service station expansion and the oil same store sales growth from the standardized service quality. In this quarter, PTG maintained its second-ranked in sales volume share through service stations with a 16.6%.

Fuel Sales Volume (Million Liters)	3Q/2020	2Q/2020	3Q/2019	%QoQ	%YoY	9M/2020	9M/2019	%YoY
<b>Sales by Channel</b>								
Retail Channel	1,181	1,152	1,062	2.5%	11.2%	3,482	3,227	7.9%
Wholesales Channel	51	53	67	-3.8%	-24.7%	172	213	-19.2%
<b>Total</b>	<b>1,232</b>	<b>1,205</b>	<b>1,130</b>	<b>2.2%</b>	<b>9.1%</b>	<b>3,654</b>	<b>3,441</b>	<b>6.2%</b>
<b>Proportion of Sales by Channel</b>								
Retail Channel	95.9%	95.6%	94.0%			93.8%	95.3%	
Wholesales Channel	4.1%	4.4%	6.0%			6.2%	4.7%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>	

In addition to the growth of oil sales volume, PTG's auto LPG sales volume have also returned to increase. In this quarter, the auto LPG sales volume were 41 million liters, up 22.7% YoY and 45.9% QoQ. This was due to the ease of the lock down measure after the COVID-19 epidemic and the expansion of number of LPG stations. As a result, PTG had market share of LPG through service stations at 10.6%, ranked No. 4 in the country.

Other non-oil businesses, impacted by the COVID-19 outbreak, also returned to growth this quarter, including food and beverages business, and convenience store business. Firstly, Punthai Coffee, which mostly located in PT stations, had 14.2% YoY sales growth. Meanwhile, Max Mart convenience store, which also located in PT service stations, has returned to 1.7% sales growth YoY. However, the food and beverage business under the brand Coffee World, which located in department stores, community malls, and airports continued to show a drop in sales of 67.5% YoY from the closure of 18 branches, affected by the outbreak of COVID-19 this year. However, the same store sales had recovered to 60% of the sales before the impact of the COVID-19 outbreak.

Nevertheless, the Company still practices the cost control policy and the strict investment policy to maintain the sufficient cash flow for operations during the slow economy recovery due to the impact of the COVID-19 outbreak. As a result, PTG had the number of service stations and non-oil business branches in 3Q/2020 as follows:

Business Unit	No. of Branch	Business Unit	No. of Branch
Oil Station	1,877	LPG Household Shop	99
LPG Station	201	Autobacs (Passenger Maintenance and Repair Service Center)	16
Punthai Coffee	273	Pro Truck (Commercial Maintenance and Repair Service Center)	9
Coffee World (Domestic and international)	69	Maxnitron Lube Change (Oil Lubricant Change Center)	47
Max Mart (Convenience Store)	212	Max camp (Rest Area)	11

As for financial performance in 3Q/2020, PTG's revenue from sales and services was 25,315 million baht, a decrease of 11.1% YoY, due to the decline in oil selling prices on an average of 19.0% YoY. Nevertheless, the oil sales volume increased 9.1% YoY. The revenue from sales and services grew 13.7% QoQ, as a result of a 2.2% increase in oil sales volume and a 10.6% increase in retail oil prices from last quarter. However, in this quarter, the world oil prices were stable and the adjustment of retail oil prices were in line with costs. Therefore, the marketing margin was at the appropriate level. As a result, PTG posted gross profit of 2,720 million baht, an increase of 16.6% YoY, but a drop of 0.9%QoQ. The gross profit proportion from oil and non-oil businesses was 88.1% and 11.9%, respectively. The proportion of non-oil gross profit can breakdown into 4.7% from LPG business, 2.6% from food and beverage business, and 4.6% from Max Mart convenience store business and other businesses.

On the other hand, the SG&A expenses were 1,895 million baht, a decrease of 4.9% YoY. This was a result of the adjusted financial report in accordance with the accounting standard no. 16 that the Company had to report depreciation from rights to use assets and interest expenses from liabilities under lease agreements, instead of recording the rental expense (further details can be found in page 9). If this new standard was not taken into the calculation, the SG&A expenses would have been 2,031 million baht, an increase of 1.9% YoY from the expansion of service stations as mentioned above. However, the expense grew in the decreasing rate due to the cost control policy and the strict investment policy. Therefore, PTG had EBITDA of 1,654 million baht, an increase of 44.7% YoY and an increase of 0.4% QoQ. In addition, the net profit was 513 million baht, grew by 98.6% YoY, and 0.0% QoQ. Without taking into account results of the change in TFRS 16, the Company would have recorded a net profit of 580 million baht, an increase of 13.2% YoY.

However, PTG will continue to increase its revenue and profit channels by expanding the services, both oil and non-oil businesses, and effectively utilizing existing assets. The Company will also link its membership system

with a variety of partners to add more values to the cardholders. This could help to improve customer satisfaction while reduce costs in the long term.

#### **Significant events in 3Q/2020 and others**

**PTG issued debentures amounting to 1,000 million baht to repay existing loans and debentures and / or use as working capital**

The Company issued and offered debentures no. 2/2020 amounting to 1,000 million baht with 2 years and 6 months maturity at a fixed interest rate of 3.59% to repay existing loans and debentures and / or use as working capital for the Company's operation. Credit Rating of Debentures is at "BBB +" with Outlook "Stable" by TRIS Rating Co., Ltd., However, PTG still attaches great importance to the cost control policy and the strict investment policy to effectively manage cash flow for sufficient business operations.

**PTG increased shareholding proportion in SIAM AUTOBACS from 38.26% to 76.52%.**

The Company increased its stake in Siam Autobacs Co., Ltd. ("SIAM AUTOBACS"), which operates auto service and maintenance centers for passenger cars, by purchasing existing shares from the shareholders of SIAM AUTOBACS for 6,500,003 shares. As a result, PTG holds 13,000,003 shares or representing 76.52% from 6,500,000 shares or representing 38.26% in SIAM AUTOBACS. The source of funds used comes from the Company's internal working capital. This investment will enable PTG to designate the business direction more flexibly.

**PTG was approved by the Board of Directors meeting to establish 2 new subsidiaries**

The Company was approved by the Board of Directors Meeting No. 6/2020 to establish 2 new subsidiaries with details as follows: 1. Max Card Company Limited provides e-money service, electronic money transfer service, payment facilitating service, bill payment service with a registered capital of 200 million baht, divided into 2,000,000 ordinary shares with a par value of 100 baht. The Company holds 99.99% of shares and uses the Company's working capital for the establishment. 2. Max Solution Service Company Limited operates a business of providing support services for issuers or e-card recipient or merchandiser or commercial services with a registered capital of 1 million baht, divided into 10,000 ordinary shares with a par value of 100 baht. The Company holds 99.99% of shares and uses the Company's working capital for the establishment.

#### Operational guidelines for the 4Q/2020 (adjusted)

In the first nine months of 2020, PTG's oil sales grew 6.2% YoY, although overall national oil consumption declined 1.9% YoY from the impact of the outbreak of COVID-19, especially in the past 2 quarter. In the third quarter, the country's overall oil consumption began to grow. However, at the beginning of the fourth quarter, Thailand was affected by rainstorms that caused flooding in many areas, which this storms have come late than usual. As a result, the growth of oil consumption for commercial, transportation and agricultural activities in the fourth quarter could be lower than.

However, PTG still forecasts the Company's oil sales volume in the fourth quarter to grow 8 – 12% from the previous year and full-year oil sales volume to grow at 6 – 10% YoY, according to the original forecast. PTG maintains its target to expand oil and LPG stations by 50 – 100 stations and Non-Oil business touchpoints by 100 branches. Nevertheless, the Company adjusts its investment budget to 2,500 – 3,000 million baht from 3,000 – 3,500 million baht due to the strict investment policy.

In summary, oil sales volume is expected to grow in line with the target. The oil marketing margin maintains at the appropriate level. Moreover, the non-oil business, including the LPG business, food and beverage business in both Punthai Coffee and Coffee World, Max Mart convenience store business, and Autobacs car repair and maintenance service center business, has been continuously improving. In addition, the profit share from the Palm Complex, which the Company holds a 40% stake, is expected to contribute about 240 – 260 million baht this year. However, the Company adjusted the impact of the financial report adjustment in accordance with the accounting standard no. 16 from the calculation of the lease obligation lease and its renewing contracts to 220 – 240 million baht from 160 – 180 million baht, due to increasing the expansion of branches of oil and LPG service stations. As a result, PTG adjusted its EBITDA growth forecast for 2020 to be 10 – 15% YoY from the original forecast of 6 – 10%.

## Financial Summary for 3Q/2020 and 9M/2020

Financial Summary (Baht million, unless stated)	3Q/2020	2Q/2020	3Q/2019	%QoQ	%YoY	9M/2020	9M/2019	%YoY
Revenue from sales and services	25,315	22,257	28,484	13.7%	-11.1%	76,693	88,983	-13.8%
Cost of sales and services	(22,595)	(19,512)	(26,151)	15.8%	-13.6%	(68,998)	(81,585)	-15.4%
<b>Gross profit</b>	<b>2,720</b>	<b>2,745</b>	<b>2,333</b>	<b>-0.9%</b>	<b>16.6%</b>	<b>7,695</b>	<b>7,398</b>	<b>4.0%</b>
SG&A	(1,895)	(1,879)	(1,992)	0.9%	-4.9%	(5,718)	(5,833)	-2.0%
Selling expenses	(1,661)	(1,607)	(1,742)	3.3%	-4.7%	(5,014)	(5,058)	-0.9%
Administrative expenses	(234)	(272)	(250)	-13.8%	-6.4%	(704)	(775)	-9.2%
Financial Cost	(280)	(268)	(84)	4.4%	231.8%	(820)	(253)	223.8%
EBITDA	1,654	1,646	1,143	0.4%	44.7%	4,509	3,962	13.8%
<b>Net profit</b>	<b>513</b>	<b>513</b>	<b>258</b>	<b>0.0%</b>	<b>98.6%</b>	<b>1,230</b>	<b>1,204</b>	<b>2.2%</b>
Gross profit margin	10.7%	12.3%	8.2%			10.0%	8.3%	
SG&A as a % of revenue	7.5%	8.4%	7.0%			7.5%	6.6%	
% Selling expenses	6.6%	7.2%	6.1%			6.5%	5.7%	
% Administrative expenses	0.9%	1.2%	0.9%			0.9%	0.9%	
Operating profit margin	3.7%	4.2%	1.4%			3.1%	2.0%	
EBITDA margin	6.5%	7.4%	3.3%			5.9%	4.5%	
Net profit margin	2.0%	2.3%	0.9%			1.6%	1.4%	
<b>Earnings per share (Baht)</b>	<b>0.31</b>	<b>0.31</b>	<b>0.15</b>			<b>0.74</b>	<b>0.72</b>	
<b>Return on Equity</b>	<b>29.3%</b>	<b>31.1%</b>	<b>17.7%</b>			<b>23.5%</b>	<b>27.5%</b>	
<b>Return on Total Assets</b>	<b>6.6%</b>	<b>6.6%</b>	<b>5.0%</b>			<b>5.3%</b>	<b>7.7%</b>	
IBD to equity ratio (x)	3.84	3.98	1.57			3.84	1.57	

### 9M/2020 Financial Summary

PTG's total revenue from sales and services was 76,693 million baht, a decrease of 13.8% YoY. The revenue can be divided into 1. The revenue from sales and services from the oil business declined 14.3% YoY due to the fall in retail oil price of 19.4% YoY. Meanwhile, the oil sales volume in the first nine-month of 2020 was 3,654 million liters, or an increase of 6.2% YoY. The increase was driven mainly by the oil service stations expansion compared to the previous year. Moreover, the oil sales volume increased because of the improvement in oil consumption after the government eased lockdown measures, including eased travel restrictions, and the implementation of several measure to boost the

For more information, please contact Investor Relations at [ir@pt.co.th](mailto:ir@pt.co.th)

Tel: +66 2168 3377 ext. 260 and 274

economy and the consumption after the COVID-19 pandemic, impacted to overall oil consumption.

2. The revenue from sales and services from non-oil business including LPG business, food and beverage business, convenience store business, commercial area management business, and other businesses increased by 8.5% YoY. The non-oil revenues recovered and returned to positive growth after the effects of COVID-19 outbreak since March. In this regard, the revenue from the oil business and non-oil business accounted for 95.7% and 4.3% of total revenue from sales and services, respectively.

On the other hand, PTG recorded total cost of sales and services of 68,998 million baht, a decrease of 15.4% YoY. This was due to the lower oil cost due the drop in crude oil price. For the first nine-month of 2020, WTI crude oil price averaged 38.79 dollar per barrel, down from 57.22 dollar per barrel in the same period last year, or an average decrease of 32.2% YoY. Meanwhile, the movement of oil price in the 3Q/2020 was quite stable, which allowed the Company to manage and control supply chain efficiently. However, in the first 9 months of the year, there was an effect of the fluctuation of world oil prices, which fell heavily in the first quarter. As a result, the marketing margin in the first nine months of the year was slightly lower than the same period last year. Nevertheless, PTG had gross profit of 7,695 million baht, an increase of 4.0% YoY, due to the growth of oil sales volume, although the oil sales volume was affected by the COVID-19 outbreak in the second quarter. The gross profit proportion from oil business and non-oil business were 89.0% and 11.0%, respectively. Non-oil gross profit can be divided into the LPG business 4.0%, food and beverage business 2.7%, Max Mart convenience store business and other businesses 4.3%.

Meanwhile, SG&A expenses were 5,718 million baht, a decrease of 2.0% YoY. This was because an adjustment in financial report in accordance with the accounting standard no. 16 that the Company had to report depreciation from rights to use assets and interest expenses from liabilities under lease agreements, instead of recording the rental expense. If the impact of the revised financial reporting under TFRS 16 was excluded, PTG would have recorded SG&A expenses of 6,137 million baht, an increase of only 5.2%YoY, due to the expansion of oil service stations and non-oil businesses. However, PTG focuses on maintaining the cash flow and liquidity of the Company through the cost control policy, the slowdown investment plans in new businesses, and the appropriate capital structure adjustment.

As a result, the Company posted EBITDA of 4,509 million baht, an increase of 13.8% YoY, and net profit of 1,230 million baht, an increase of 2.2% YoY, for the first nine-month of 2020. This was due to the increase of oil sales volume of 6.2% YoY. However, without the impact of the revised financial reporting

according to the accounting standard no. 16, the Company would have had a net profit of 1,404 million baht, an increase of 16.7% YoY.

### 3Q/2020 Financial Summary

- **Revenue from sales and services** was 25,315 million baht, reflecting a decline of 11.1% YoY. This decrease was mainly from oil business which declined 11.7% YoY, due to the drop in oil selling price of 19.5% YoY. However, revenue from non-oil business increased 5.4% YoY from the expansion of LPG business, food and beverage business, convenience store business, commercial space business and other business. Simultaneously, the revenue from sales and services increased 13.7% QoQ as the oil sales volume was rebounded after the impact of the COVID-19 pandemic during the second quarter, which the government implement the lockdown measure including the closure of department stores and airports, and travel restrictions to reduce the spread of disease. Meanwhile, revenue from sales and services of the non-oil business grew 34.5% QoQ from the growth of the LPG business, food and beverage business, and convenience store business.
- **Cost of sales and services** was 22,595 million baht, reflecting a decrease of 13.6% YoY, but an increase of 15.8% QoQ. This was mainly from the drop in cost per liter by 21.2% YoY, but the increase of 12.9% QoQ. Nevertheless, in this quarter, world oil prices were quite stable and the retail oil prices was adjusted consistent with costs, resulting in the appropriate marketing margin. Therefore, PTG's gross profit was 2,720 million baht, a rise of 16.6% YoY, but have slightly decrease of 0.9% QoQ. The gross profit proportion from the oil business was 88.1% and the non-oil business was 11.9%. The non-oil gross profit was divided into LPG business 4.7%, food and beverage business 2.6%, Max Mart convenience store business and other businesses 4.6%.
- **SG&A expenses** was 1,895 million baht, reflecting a decrease of 4.9% YoY, due to the reporting adjustment according to the accounting standard no. 16 by recording the present value of the right-of-use assets and liabilities that the Company has obligations under the lease and its renewing contracts in the statement of financial position. Therefore, PTG has to reconcile depreciation from rights-of-use assets and interest expenses from liabilities under lease agreements instead of recording the rental expense. The comparison of SG&A expenses before and after the effects of the adjustment of the income statement reporting according to the accounting standard no. 16 are as follows:



Expenses before the effects of accounting standards no.16	Baht million	Expenses after the effects of accounting standards no.16	Baht million
Rental expenses	379	Rental expenses	34
Service expenses	118	Service expenses	64
Depreciation expenses	439	Depreciation expenses	702
Other SG&A expenses	1,095	Other SG&A expenses	1,095
<b>Total SG&amp;A</b>	<b>2,031</b>	<b>Total SG&amp;A</b>	<b>1,895</b>

In which, if the effect of the change in accounting standard was excluded, SG&A expenses would have increased 8.1% YoY, growing in line with the expansion of the oil and non-oil businesses. However, SG&A expenses slightly increased only 0.9% QoQ, according to the Company's cost control policy and strict investment measure during the COVID-19 pandemic since the second quarter to be aligned with the current situation and economic environment. This is to ensure the liquidity adequacy and the sufficient cash flows at the appropriate levels. In this regard, the main expenses were still from employee-related expenses and depreciation expenses.

- **Employee-related expenses** was 743 million baht, reflecting a decrease of 1.8% YoY as a result of the cost control policy. In this regard, PTG had not reduced its employees during the COVID-19 outbreak, but had a non-replacement employee policy and an appropriate welfare scheme adjustment. However, employee-related expenses increased 3.5% QoQ, from increasing the number of employees at oil and LPG service stations, and the non-oil business branches as the number of branches increased. However, the Company still has a careful investment strategy by expanding branches of oil and non-oil businesses in potential areas only.
- **Depreciation expenses** was 702 million baht, reflecting an increase of 73.3% YoY, due to the effect of the financial reporting adjustment as mentioned above. If there was no financial reporting adjustment, the depreciation would have been 439 million baht, as shown in the table above, a growth of 8.4% YoY. The increase in the expense was from the continuous expansion of branches in high potential areas to support population growth, such as Bangkok, vicinity areas and large cities. This is to enhance the coverage across Thailand with a full range of oil service solution. However, the depreciation increased from the previous quarter (which has adjusted according to the new accounting standards) only 2.4%, due to the expansion of 12 COCO oil and LPG stations, 2 branches in Punthai Coffee and 4 branches in Max Mart Convenience store in 3Q/2020.

Regarding the rental expense shown in the income statement, it was the expense from the lease that does not meet the requirements of the accounting standard no. 16. If the reporting standards have not been adjusted, the rental expense would have been 379 million baht, a decrease of 3.0% YoY, because the area owners of the oil stations reduced the rent to mitigate the effects of the COVID-19 outbreak.

- **Finance costs** was 280 million baht, reflecting an increase of 231.9% YoY, which was the effect of financial reporting adjustment no. 16 as mentioned above. However, if there was no adjustment in the reporting standards, finance costs would have been 77 million baht, a decrease of 9.2% YoY from a reduction in remaining balance of car leasing and a proper management of working capital. However, if compared the expense with the last quarter (which has been adjusted in accordance with the accounting standard no. 16), financial costs increased 4.4% QoQ.
- **EBITDA and Net Profit**, EBITDA was 1,654 million baht, reflecting an increase of 44.7% YoY, and an increase of 0.4% QoQ. The growth in EBITDA was due to the improvement in marketing margin from the retail oil adjustment in line with oil cost. Moreover, PTG adjusted its financial reporting as described above. As a result, the net profit was 513 million baht, an increase of 98.6% YoY, and have slightly decreased 0.004% or 0.01 million baht QoQ. The net profit per share of the Company for this quarter was 0.31 baht increased from the previous year of 0.15 baht and an equal to the last quarter of 0.31 baht. However, without the adjusting financial reporting, PTG would have had a net profit of 581 million baht, a growth of 124.8 % YoY. In other words, the effect of the financial reporting adjustment in accordance with the accounting standard no. 16 equaled to 68 million baht.

Summary of Financial Position (Baht million)	3Q/2020	%	2019	%	Amount changes	% changes
Cash and current investment	555	1.4%	1,038	4.6%	(483)	-46.6%
Trade, other receivables, short-term lending	835	2.0%	1,595	7.0%	(760)	-47.6%
Inventories	1,374	3.4%	2,217	9.8%	(843)	-38.0%
<b>Total current assets</b>	<b>2,764</b>	<b>6.8%</b>	<b>4,850</b>	<b>21.4%</b>	<b>(2,086)</b>	<b>-43.0%</b>
Investment properties	384	0.9%	363	1.6%	21	5.9%
Property, plant, and equipment	10,726	26.4%	11,458	50.6%	(732)	-6.4%
Right-of-use assets	23,623	58.2%	-	0.0%	23,623	n/a
Prepaid leasehold right and land rental	-	0.0%	3,153	13.9%	(3,153)	-100.0%
Investment in a joint venture	875	2.2%	688	3.1%	187	27.1%
Investment in associate	813	2.0%	796	3.5%	17	2.1%
Financial assets measured at fair value through other comprehensive income (General investment)	734	1.8%	723	3.2%	11	1.5%
Intangible assets	213	0.5%	214	0.9%	(1)	-0.5%
Goodwill	53	0.1%	53	0.2%	(0)	0.0%
Other non-current assets	433	1.1%	354	1.6%	79	22.5%
<b>Total assets</b>	<b>40,618</b>	<b>100.0%</b>	<b>22,652</b>	<b>100.0%</b>	<b>17,966</b>	<b>79.3%</b>
Trade and other payables	3,254	8.0%	5,779	25.5%	(2,525)	-43.7%
Short-term loans & loans due within 1 year	4,733	11.7%	5,711	25.2%	(978)	-17.1%
Other current liabilities	136	0.3%	125	0.6%	11	9.2%
<b>Total current liabilities</b>	<b>8,123</b>	<b>20.0%</b>	<b>11,615</b>	<b>51.3%</b>	<b>(3,492)</b>	<b>-30.1%</b>
Financial lease liabilities	18,848	46.4%	216	0.9%	18,632	8,625.7%
Long-term loans	5,710	14.1%	3,857	17.0%	1,853	48.0%
Deferred tax liabilities	52	0.1%	40	0.2%	12	30.6%
Other non-current liabilities	252	0.6%	217	1.0%	35	16.2%
<b>Total liabilities</b>	<b>32,985</b>	<b>81.2%</b>	<b>15,945</b>	<b>70.4%</b>	<b>17,040</b>	<b>106.9%</b>
Retained earnings	4,566	11.2%	3,676	16.2%	890	24.2%
Others	3,067	7.6%	3,031	13.4%	36	1.2%
<b>Total equity</b>	<b>7,633</b>	<b>18.8%</b>	<b>6,707</b>	<b>29.6%</b>	<b>926</b>	<b>13.8%</b>
<b>Total liabilities and equity</b>	<b>40,618</b>	<b>100.0%</b>	<b>22,652</b>	<b>100.0%</b>	<b>17,966</b>	<b>79.3%</b>

For more information, please contact Investor Relations at [ir@pt.co.th](mailto:ir@pt.co.th)

Tel: +66 2168 3377 ext. 260 and 274

11/16

## Statement of Financial Position as of Ending 3Q/2020

As of ending 3Q/2020, PTG had the total assets of 40,618 million baht, reflecting an increase of 17,966 million baht or up 73.9% from the year end 2019. The main reasons were as follows: 1. Right-of-use assets of 23,623 million baht from recording long-term lease agreements including the right to renew the lease in accordance with the accounting standard no. 16. 2. Investment in a joint venture of 875 million baht, increased 187 million baht or increased 27.1% from last year mainly due to the profit reconciled from the Palm Complex. The main assets that decreased were 1. cash and short-term investments decreased 483 million baht or 46.6% from last year, due to payment of trade payables, payments for short-term and long-term loans, and dividend payment to shareholders. 2. Trade accounts receivable, other receivables and short-term loans decreased by 760 million baht or 47.6% from last year, due to the decline in oil sales through industrial channels and the drop in oil prices. 3. Inventories decreased by 843 million baht or 38.0% from the previous year, as a result of the lower oil price and the suitable inventory management. 4. Property, plant and equipment decreased by 732 million baht or 6.4% from the strict investment policy. This year, PTG aims to expand its service stations at a level of approximately 50 – 100 stations. Lastly, 5. leasehold rights and prepaid land rentals decreased 100% from last year, due to the adjustment of reporting this asset to the right-of-use assets.

Meanwhile, PTG had total liabilities of 32,985 million baht, an increase of 17,040 million baht or 106.9% from the year end 2019. The main increase was due to 1. Liabilities under financial leases, rose by 18,848 million baht or 8,625.7% from the adjustment of financial reports in accordance with the accounting standard no. 16 as mentioned above. 2. Long-term liabilities increased 1,853 million baht or 48.0% by issued 2 series of debentures per following details. (1) Debentures amounting to 1,000 million baht, with 3-years maturity, at a fixed interest rate of 3.6% and (2) Debentures amounting to 1,000 million baht, with 2-years-6-month maturity, at a fixed interest rate of 3.59% aims to repay existing loans and debentures and / or use as working capital for the Company's operation. The decrease in total liabilities was mainly from 1. trade and other payables which reduced 2,525 million baht, or 43.7% from last year, due to the decline in oil cost and the payment cycle of trade and other payables in accordance with payment term. 2. Short-term loans and loans due within 1 year dropped 978 million baht or 17.1% from the debentures due in September. In addition, PTG had shareholders' equity of 7,633 million baht, a growth of 926 million baht, or 13.8% from the year end 2019 from the increase in net profit.

Sources and Uses of Funds Statement for 9M2020 (Baht million)			
Sources of Funds		Uses of Funds	
Cash from operations	2,667	Payment of interest and tax, net	1,589
Cash received from short-term investment, net	1	Investment in leasehold rights, PP&E, and intangible assets	1,150
Cash received from payment of loans from subsidiaries, joint ventures and associates	157	Cash lending to subsidiaries, joint ventures and associates	121
Cash received from dividend	25	Payment to creditors under the financial lease agreement	617
Cash received from selling assets	2	Payment of cash dividend	334
Proceeds from loans, net	476		
Cash decrease	483		
<b>Total</b>	<b>3,811</b>	<b>Total</b>	<b>3,811</b>

#### Cash Flow Summary for 9M/2020

For the first nine-month of 2020, PTG had net cash from operating activities of 1,517 million baht (after net deduction of interest and tax expenses of 383 million baht), a drop of 25.3% from last year. The main reason was from 1. the decrease of payment of trade payables from the lower oil cost. 2. payment for leasehold rights and prepaid land lease from the adjustment of accounting standard no. 16. PTG had net cash flow from investing activities of 1,525 million baht, a drop of 52.9% from the previous year. This was due to 1. a decrease in cash payment for leasehold rights and prepaid land lease by 1,178 million baht from the last year, from the adjustment of accounting standard no. 16 and 2. a decrease in cash payment to purchase land, buildings and equipment by 511 million baht from the previous year, in accordance with investment control policy and the strategy of selecting service stations in potential areas and in non-coverage areas. In addition, the net cash from financing activities was negative 475 million baht, a decrease of 159.2%, due to the repayment schedule of short-term and long-term loans from financial institutions. PTG still aims to maintain sufficient cash flow for its operations and investment. Therefore, net cash and cash equivalents decreased by 483 million baht, resulting in the net cash of 555 million baht at the end of first nine-month.

Accreditation	
Credit rating (Tris)	Credit rating (Tris)
CG score	CG score
CAC	CAC
ESG Index	THSI

Long-term liabilities and outstanding debentures (Million Baht)				
Year	Debentures	Maturity	Loans	Maturity
Oct – Dec 2020	2,000		1,000	390
2021				1,269
2022		2,100		614
2023		2,000		505
2024				207
2025				69

## Executive view and business direction for 2020

2020's target (adjusted)

✓ Number of Branch	
○ Oil Station	1,900 stations (maintained)
○ LPG and Mix Station	230 stations (maintained)
○ Non-oil (F&B, CVS, Services)	700 branches (maintained)
✓ Oil Sales Volume Growth	6 – 10% (maintained)
✓ EBITDA Growth	10 – 15% (adjusted from 6 – 10%)
✓ Investment Budget	2,500 – 3,000 million baht (adjusted from 3,000 – 3,500 million baht)

**Oil sales in the fourth quarter continues to grow**, although at the beginning of the quarter, oil sales grew lower than expected due to the effects of a late storm this year. The aforementioned rainstorms resulted in flooding in many areas which affected oil consumption for commercial, transport and agricultural activities. However, PTG expects oil sales volume to increase at 8 – 12 % YoY in fourth quarter due to the high season. As a result, the full-year oil sales volume growth forecast will be at 6 – 10% from last year.

As for the expansion of oil and non-oil businesses, PTG continues to expand the number of branches in line with the target. There will be an additional oil and LPG service stations expansion of 50 – 100 branches and non-oil business branches expansion of 100 branches. The investment budget this year was adjusted to be 2,500 – 3,000 million baht from 3,000 – 3,500 million baht, as a result of PTG's emphasis on appropriate investment considerations during the COVID-19 outbreak.

**Adjusted EBITDA growth target to 10 – 15% YoY from 6 – 10% YoY.** This is due to the forecast for full-year oil sales volume growth of 6 – 10% YoY, plus the appropriate marketing margin since the second quarter and the non-oil business recovery after being hit by the COVID-19 outbreak in the second quarter. In addition, the profit share from the Palm Complex is expected to contribute in accordance with the target. However, the Company adjusted the impact of the financial report adjustment in accordance with the accounting standard no. 16 from the calculation of the lease obligation lease and its renewing contracts to 220 – 240 million baht from 160 – 180 million baht, due to increasing in number of oil and LPG service stations expansion. Therefore, PTG revised its EBITDA earnings growth forecast for 2020 to be 10 – 15% from last year.

**Continue to drive the non-oil business to generate consistent returns over the long term.** With PTG's aim to increase profit proportion from non-oil businesses, the Company has continuously pushed the non-oil business. This year,

For more information, please contact Investor Relations at [ir@pt.co.th](mailto:ir@pt.co.th)

Tel: +66 2168 3377 ext. 260 and 274

Palm Complex, which operates the business of producing and distributing fully-integrated palm oil products that PTG holds 40% stake, has been fully operate for the first year. In addition, since the beginning of this year, PTG has expanded its LPG business to the household sector to be able to provide comprehensive LPG services. Currently, there are 99 LPG household service points in Bangkok and metropolitan areas and the Company aims to expand its service throughout the country. In this October, PTG had just increased its shareholding structure in Siam Autobacs Co., Ltd., which operates a service and maintenance center for cars under the Autobacs brand, from 38.26% to 76.52% in order to set the operating direction more flexibly. Moreover, PTG plans to increase Autobacs branches coverage in order to provide comprehensive customer service. Regarding other non-oil businesses, such as convenience store businesses and food and beverage business, PTG still attaches importance and plans to expand branches continuously. However, the Company continues great to strive to expand into new businesses that fully meet the needs of customers.