

PTG ENERGY PCL IR E-NEWSLETTER



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Hello investors. It's already passed the year 2019, another exciting year for PTG. This year, PTG has stepped up to be the number 2 in oil market share through service stations. This was a result from the continuous expansion to be the number 1 in number of service stations in Thailand (not including NGV stations), due to the increasing in trust from all customers who use the PT service station, PTG's total oil sales volume increased by 19.4% from 2018. In addition to the success in service station operations, PTG has also received awards at the ASEAN Business Awards (ABA) 2019 with one regional award and two national awards for improvement in business, performance, personnel, society and environment which PTG is committed to continuous development.

In this regard, PTG continuously focuses on customer services and customer needs. In the beginning of 2019, PTG launched the new PT Max Card that customers can collect points, redeem benefits, and transfer points with partners in various businesses. Moreover, PTG provides special privileges to PTG's loyal customers who use the service at petrol stations or LPG gas stations, and service at Punthai Coffee, Coffee World Coffee or Max Mart convenience store, at least once for 12 months by giving the PT Max Card Prestige which provide more benefits. However, PTG will not stop developing and providing services that fully meet the needs of customers. The Company also continues to strive for further growth in various businesses to grow sustainably and to become the top of mind brand for Thai people nationwide.



Executive View

Today, we are honored to welcome the Executive Vice President, Mr. Pumipat Sinachroen to talk about applying innovation to create sustainable growth for PTG.

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**Fail fast, learn fast,
move forward**”

1. How could innovation change PTG?

First, I would like to define “Innovation”. Innovation that we commonly known are Product Innovation and Process Innovation, which PTG has been doing. The results can be seen from the Kaizen Awards received for many consecutive years. However, another innovation that PTG is focusing on is called "Business Model Innovation" which aims to find a new S-curve for the organization.

The important thing is how to be courageous to explore new ideas by trial and error in order to create maximum value, but does not incur too much cost. Our company stick to the principle of **Fail Fast, Learn Fast, Move Forward**. If we look at PTG current business, the main portfolio is the oil retail business with clear plans, procedures and results. Meanwhile, what we are doing is building a new land, which no one knows what it is going to be. This requires different methods of management. At the beginning, it will be seen as a faint picture and will gradually become clearer until it successfully becomes a product or service to serve customers.

Many people may understand that a new S-curve is created when a company is in a downtrend, but PTG thinks differently because each company doesn't know when it will be disrupted. In the past, we were able to clearly identify the competitors as they are in the same industry. However, now the competitors can be anyone outside the industry. Therefore, **the business should start planning for the new S-curve while its company is still growing**. If we start a new S-curve business when we don't have enough money and time, the opportunity to success will be less. Therefore, we prepare for the next new S-curve, not because PTG is in the downtrend but because PTG is on the upswing. The business cycle of S-curve will look like J-curve in the initial period of investment, which may not return capital. However, we need to look in the long term that “if we do not invest, the organization may lose the opportunity or benefits, and if we want to invest, how much money should we invest for the Company to grow steadily in the long term?”. By anticipating fastest return for an investment is to look into a very short-term perspective. Nonetheless, the organization must be enduring success and growing steadily and sustainably for investors to look forward together.

2. How does the Company adjust itself to become an innovative organization?

PTG sees employees as the key to organizational development to become an innovative organization. In addition, PTG places great emphasis on "human resource development." Usually, employees are I-shaped professionals, they are highly versed in a specific area of expertise and experience. However, **PTG wants to build a T-shaped employee**, which means that each person has board skills and be more open to learn.

The PTG's framework in the big picture starts with creating a Business Model Innovation and passing it on to the work culture and become an organizational culture. This focuses on empowering employees to reach customers and enable a **customer centricity** using a process called Empathy, which is a change of mindset about the word "customer". In the past, we thought that customers refer to those who use the service at the petrol station, but today, we look at customers in a new way (Rephrase, Reframe). Customers are defined by how they use oil in their daily lives (Customer Journey) by adopting a process called "Design Thinking" to find what customers actually want. The aim is to change from creating customer experience to become customer centricity.

PTG's corporate culture encourages employees to work in an integrated and adaptable way to increase work efficiency, known as Agile. However, it is not necessary that everyone has to fully apply Agile. We consider on what roles need to go Agile because our organization background is from operation based process that requires work procedure to follow. PTG believes that the combination of both applications will enable us to run our core business while promptly and consistently delivering new service and product solutions to consumers.

3. How can innovation lead to sustainable growth?

We think of why some businesses get disrupted so quickly until they cannot keep up. Some businesses are being disrupted by someone that has never been in the business before. However, they can respond to the needs of the customers better than customer expectations. This is because those people look at the business from the eyes of customers with new business perspectives. Examples of such businesses are Airbnb and Grab. This shows that the old belief may be restricting the way of doing business that we have to overcome. Finally, the change in market, customers, and lifestyles will define the right business. However, having only an oil business is not enough to be an innovative organization. Therefore, PTG invests in non-oil businesses to grow along with the oil business and to expand the customer base to be more extensive and to identify the real needs of customers. In this regard, PTG considers customers into 2 groups.

1. Existing Customers, divided into 2 views

- to solve customers' problems in the existing business to create brand loyalty.
- to beyond customer expectations to help expand and generate new revenue from the existing customer base.

2. New Customers, we use core competency and core strength that we have to attract new customers. For example, we have the highest number one in term of number of service stations in Thailand (excluding NGV service stations). In addition, we have over 12 million PT Max Card members, and we hold market share in secondary and in provincial areas. These advantages could be used to benefit the Company.

PTG is currently working on more than 12 **integrated incubation projects**, using design thinking mixed with other models to create for incorporate with PTG's existing businesses.

Now, the oil industry is relatively stable. However, over the past year we have seen some movements of companies in this industry and the movement is quite fast, even though the market margin is not at a high level. We believe that every organization must develop for its sustainability. Therefore, PTG must have a solid base and expand quickly to become **more than just an oil business operator**.

Important Events in the Second Half of 2019

Launched the partnership of PT Max Card with AOT AIRPORTS

In 2019, PTG placed the importance of expanding a wider customer base from only customers who use commercial vehicles to be in line with the strategy that focuses on opening service stations in potential areas such as Bangkok, vicinity areas and major cities. This helps PTG to generate appropriate value for investment and increase the return per service station. In this regard, PTG are pleased to be an exclusive partner with Airports of Thailand Public Company Limited or "AOT", as AOT launched AOT AIRPORTS application which helps facilitate airport users.



In addition, PT Max Card members can redeem the points for various benefits at the airport, such as using the Miracle Lounge service, and booking parking space at the airport. Furthermore, customers can search for PT service stations from the AOT AIRPORTS application as well. Being an exclusive partner with AOT helps PTG to expand its customers to those who travel regularly with a different lifestyle from the existing customers and also to increase brand awareness to the wider customer base.

PTG launched the PT Max Card Prestige

PT Max Card Prestige is a membership card that provides additional privileges from the PT Max Card for PTG's loyal customers. This card will be given to PT Max Card members who use more than 2 services in the PTG network per month for 1 year. PTG wants to give more privileges to customers who use the service on the PTG network regularly and aims to develop the service by increasing benefits and services to meet customers' needs more comprehensively.



Changed in Investment Proportion in Food and Beverage Business



In 2018, PTG approved Punthai Coffee Company Limited ("PUN") to purchase Jitramas Catering Company Limited ("JTC") shares of 69.99%. JTC has operated the business of catering services, instant food production and Krua Phan Jit restaurant to provide food service in the PT service station. To be able to set the direction of operations more flexible, **PTG changed the shareholding proportion of PUN in JTC from 69.99% to 99.99%.** Currently, JTC is in the process of adjusting the business model to strengthen the food and beverage business of PTG and to grow sustainably by diversifying its investment to the non-oil businesses.



PTG received 3 awards at the ASEAN Business Awards (ABA) 2019

The Thai Chamber of Commerce together with the Federation of Thai Industries, the Thai Bankers Association and the ASEAN Business Advisory Council (ASEAN-BAC) organized the ASEAN Business & Investment Summit (ABIS) and the ASEAN Business Awards (ABA) for the year 2019 to promote and support ASEAN companies that have roles in creating growth in the ASEAN economy.

In this event, PTG received 3 awards which are:

1 The Winner under the category of 17 Priority Integration Sectors: Energy (Large-Tier),

awarded to companies with outstanding performance at the ASEAN level and was accepted by the same industry in ASEAN in which PTG has continuously developed its operations for growth and progress.

2 Outstanding Business Award in Human Resource Development or

The Country Winner, Skills Development (Large-Tier),

PTG recognizes the importance of the employees who are the main factors driving the organization. Therefore, the Company developed various trainings in different fields concerning the safety in working environment. PTG does not promote only its employees but also develop social and create innovations that lead as a guideline for society.

3 Outstanding Business Award for Sustainable Society or

The Country Winner, Sustainable Social Enterprise (Large-Tier),

awarded to companies with continuous growth in financial performance, society benefit creation, community development for people to access employment and training, and environmental preservation. In the 2019, PTG recorded a net profit of 1,563 million baht or 150.7% growth, while also setting operational goals with sustainability strategies in order to achieve international management standards.

The award represents PTG's regional success. However, PTG will continue to focus on improving both performance and profitability in parallel with the development of society and the environment.



PTG received Outstanding Investor Relations Awards at SET Awards 2019

PTG received Outstanding Investor Relations Awards at the SET Awards 2019. This award is given to listed companies with outstanding in Investor Relations Activities. However, PTG will still determine to communicate information with all stakeholders with equality and transparency by adhering to the principles of good corporate governance.



PTG listed in Thailand Sustainability Investment (THSI) for 2 consecutive years

PTG was selected on the list 'Thailand Sustainability Investment' (THSI) organized by the Stock Exchange of Thailand. The Company was listed in the THSI for two consecutive years.



Investor Relations Activities

Mr. Pitak Ratchakitprakarn (CEO) together with the investor relations team joined Thailand Focus 2019

On August 30, 2019, Mr. Pitak Ratchakitprakarn, President and Chief Executive Officer, together the investor relations team participated in Thailand Focus 2019 to meet leading institutional investors both domestically and internationally.

THAILAND
Focus2019

August 28–30, 2019, Bangkok, Thailand

Right Protection Volunteer Club of Thai Investors Association visited PTG and attended the seminar “PTG from Crisis to Opportunity” presented by Mr. Pitak Ratchakitprakarn.



Corporate Social Responsibility

PT Delivered Happiness and Dreams for Youngsters

PTG in collaboration with AFC 'C' Coaching Prachuab Khiri Khan, organized the activity with the aim of providing opportunity in football profession for students in rural or under privileged areas that need support every year. Members of the group are Coach Pansa Meesattham, Mr. Adul Muensaman, Mr. Sompop Nilawong, Mr. Natthakrit Chinbutr, Mr. Pakkapol Sitanrasam, etc. The target areas for this activity are 3 locations in Mae Sai district of Chiang Rai province, to be held during November 2-3, 2019. The "Physical Happiness" activity of C License group aimed to evoke inspiration in football for students, featuring techniques and knowledge to instill interest in sports and enhance physical and mental fitness. Moreover, the sports equipment was sponsored sports equipment by Ziko Foundation to give to the foundation and the school. For "Mental Happiness" project, the Company invited volunteer staff members to participate in the heart-to-heart sharing activity by attaching postcards on football shirts to send good spirits to students. Every shirt carried meaning in itself as there was heartfelt goodwill attached on it from the giver.

Provision of Daily Essentials to Pakkret Babies Home

The Company foresaw the importance of children growing up among inequality in opportunities, the Company encouraged volunteer staff members to donate of goods and financial aids to facilitate the Home's operations, and also gave away daily essentials for children under the care of the Home.

PT Offering Help in the Flood Crisis at Baan Tha Siaw (Kanchana Upathum) School, Roi-Et

The team surveyed the site and selected the school to conduct this activity, considering the needs and condition of the school as primary factors. Teachers, guardians, students, community leaders, and volunteer staff members gave away school uniforms, stationery, and sports equipment after the major flooding crisis in the northeast of Thailand. On this occasion, the Company's representative staff members gave away the financial aid of 10,000 Baht to refurbish the building and purchase learning equipment.



PT Unite to Build Check Dam at Tub Lan National Park, Nakhon Ratchasima

The Company sponsored the building of check dam, according to the royal direction based on the concept that “Check Dam” is a structure made to obstruct the waterways or streams at the mouth of the river or the upstream area, or steep areas to hold the sediment and slow down the flow of the river as the sediment is not going to build up at the downstream area. It is considered as the soil and water source conservation method. When the rain falls, the dam will help slow down the water flow, allowing the area to be fertile, and the water to be held up in the soil, enabling trees to grow better, enhancing the overall environment, which coheres with HM King Rama 9’s notion regarding forest development and revival, using facilitative resources and taking advantage of mutual relationships and maximum benefits.



“Fun Run for the Ocean” Project

The activity was held by the Faculty of Fisheries Alumni Association, Kasetsart University, providing sponsorship of 300,000 Baht for 1) Rescue team for natural resources and marine environment project 2) the knowledge sharing and fostering awareness on natural resources and marine environment conservation activity. In this regard, runners could benefit from both physical and mental well-being. There was an exhibition presenting about marine waste, environmental impact, management and solutions, as well as an art exhibition.





SSI x PT Football Clinic Project

PTG Energy PCL and PT Prachuab FC, in collaboration with Saha Viriya Steel Industry PCL or SSI, organized SSI x PT Football Clinic for 70 students from 39 schools in Bang Saphan district, with the coach from Bayern Munich; Mr. Ronald Boretti (Director of Coaching), with football players of Prachuab FC, led by Coach Pansa Meesattham. The football techniques activity was categorized into physical practice by fitness coaches and skill practices consisting of 5 sub-activities, combination training and mini game, whereby participants would receive the training certificate afterwards. These activities contributed to offer opportunities in football to local students and enhance football skills for students in Bang Saphan area, as well as encourage students to use their time wisely with exercise.



“Hero Run Wing 5 RTAF” No. 2/2019 Project

The activity was held to commemorate the bravery of the air force who sacrificed their lives to protect the country from the invasion (Japanese Army) in the Great East Asian War on December 8, 1941, in order to generate additional income to improve the landscape in Wing 5 area, build the great pagoda at Klong Wan Temple, which is the royal temple and to build a large statue of Luang Por Piam with the base at Koh Lak Royal Temple, Muang district, Prachuab Khiri Khan province, and to aid charitable activities that contribute benefits to the public and to provide financial aid to bring up those without any guardians at the Center of the Homeless Prachuab Khiri Khan (Ban Prachuabchoke), Muang district, Prachuab Khiri Khan. On this occasion, the Company donated 30,000 Baht and 8,000 bottles of drinking water.

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