

# PTT Exploration and Production Public Company Limited

Q1 2015 Analyst Meeting  
Bangkok  
6 May 2015



MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM





**Safety**



**Industry Update**



**Q1 2015 Financial Results**



**Outlook**

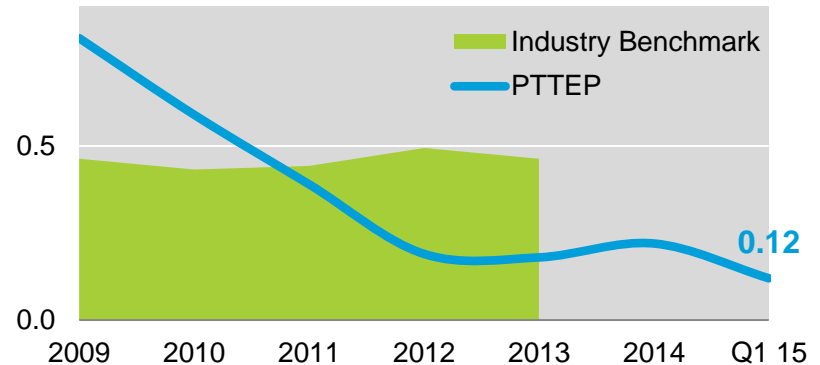
# Q1 2015 Safety Highlights

Emphasis on safety in all areas of operations underlines excellent track record



## Above Industry Average Safety Record

# of incidents per million man hours



*The safety of PTTEP employees and contractors in every aspect of our operations is the key success to achieve the goal of "Target Zero"*





**Safety**



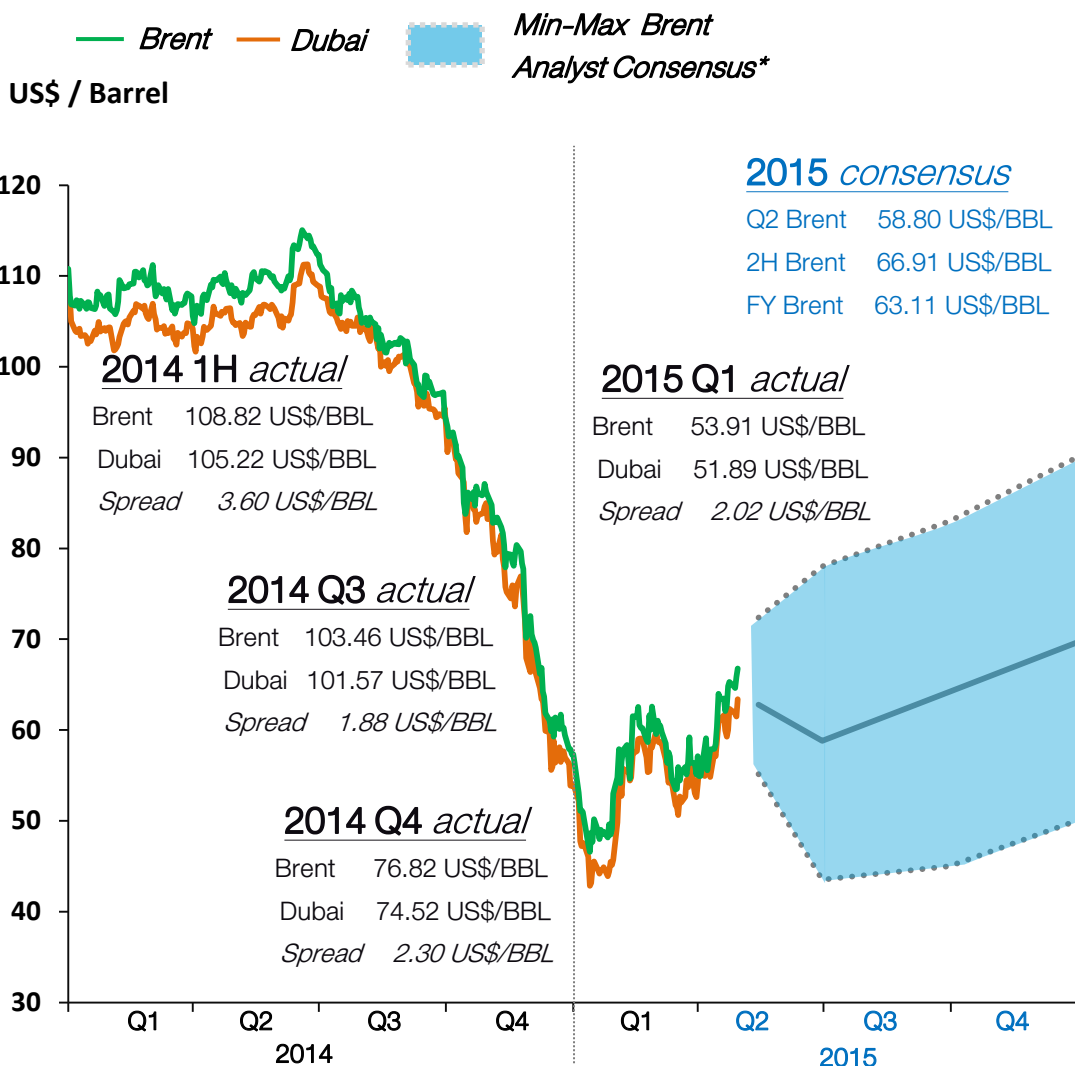
**Industry Update**



**Q1 2015 Financial Results**



**Outlook**



### Q1 Highlights

- ↓ - Uninterrupted shale production growth
- ↓ - Rising US Crude Inventory
- ↓ - Saudi Arabia's ramps up output
- ↑ - Libyan oil production disruptions
- ↑ - E&P spending cuts

### Factors for the remainder of 2015

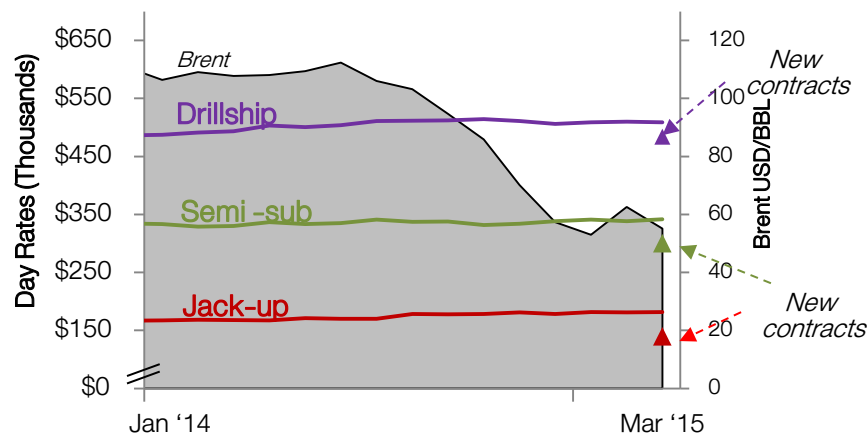
- ↓ - Oversupply conditions persist
- ↓ - Prospects of Iranian sanctions being lifted following a comprehensive deal with P5+1
- ↓ - USD currency appreciation as a result of Fed's rate hike
- ↑ - Slower pace of US Shale production growth
- ↑ - War in Yemen



# Industry Response to low prices

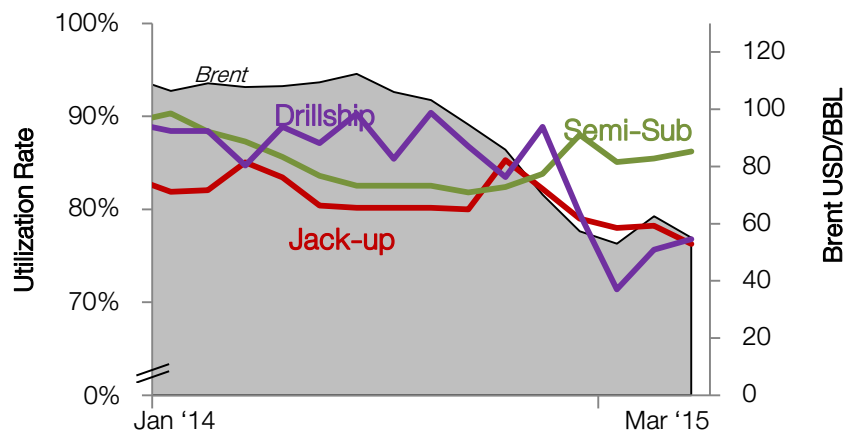
## Emphasis on Efficiency and Value

### Rig Rates (since 01/2014)



Source: Riglogix, Company Analysis

### Rig Utilization (since 01/2014)



Source: Riglogix, Company Analysis

### Emerging Trends

#### ✓ Headcount Reduction from service industry

**Schlumberger**

20,000 jobs

**BAKER  
HUGHES**

10,500 jobs

**Weatherford**

10,000 jobs

#### ✓ Corporate Cost Savings Initiatives:



**TOTAL**

4C&D

Change Culture,  
Compete on Costs  
& Deliver



**Statoil**

STEP

Statoil  
Technical  
Efficiency Program



**PTTEP**

SAVE to be SAFE

Reduce  
Remove  
Reschedule

#### ✓ Portfolio Management

- ❖ Non-core asset divestment
- ❖ Delay of non-strategic projects
- ❖ Opportunistic M&A

#### ✓ Contract re-negotiation

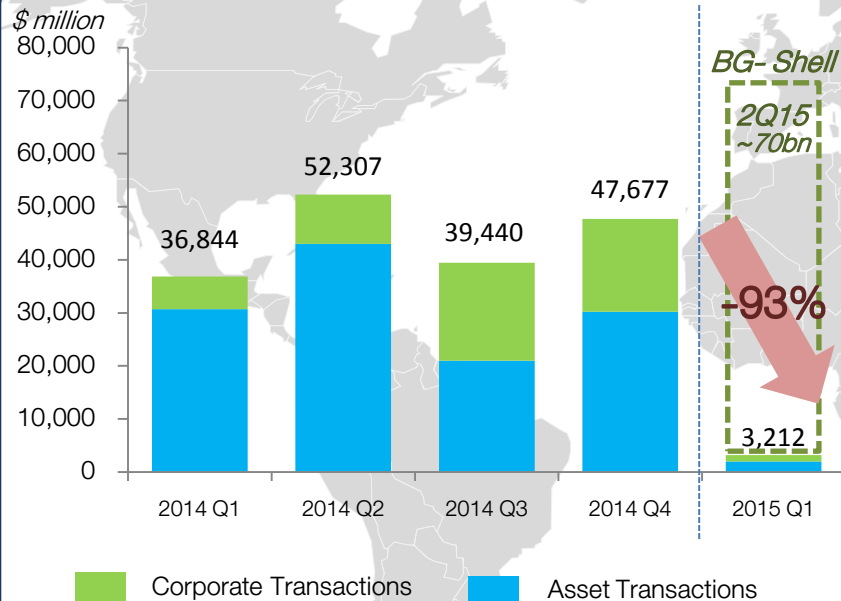
Source: Company disclosures, news

# 2015 Q1 M&A Recap

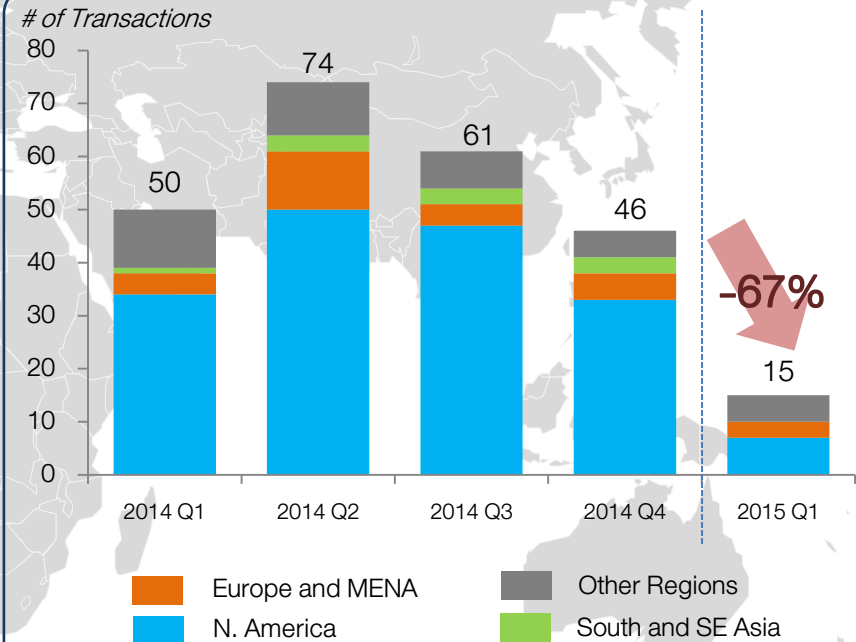
Uncertainty of oil price outlook creates disconnect between buyers and sellers



## Global Upstream M&A Transaction Value



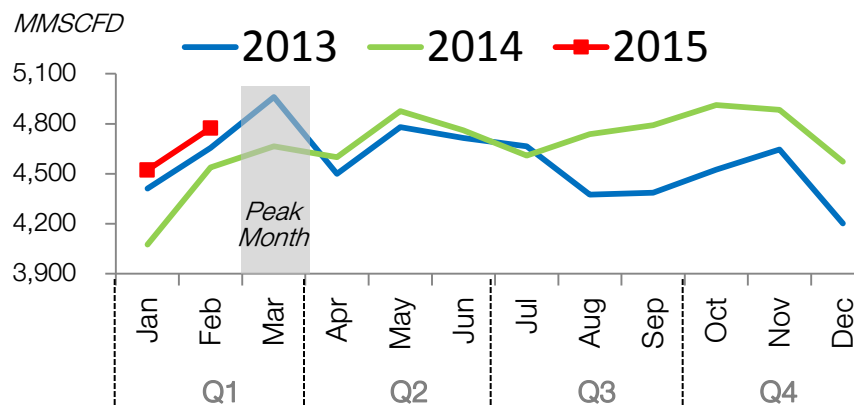
## Global Upstream M&A Deal Count



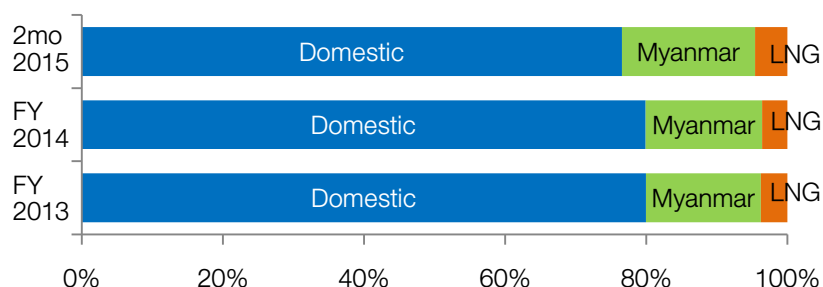
- Differing price expectations result in a limited number of transactions
- BG – Shell acquisition may signal a wave of forthcoming corporate consolidations

### Gas Consumption

#### Monthly Gas Consumption by Year



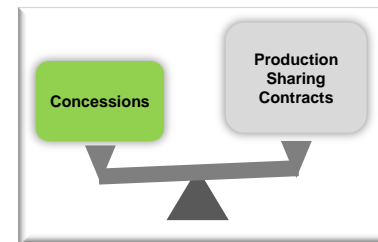
#### Annual Gas Consumption by Source



Source: EPPO

### Energy Reform

#### Fiscal Regimes



กระทรวงพลังงาน  
MINISTRY OF ENERGY

THAILAND  
**21st**  
PETROLEUM  
BIDDING ROUND

#### Progress:

*7 May 2015:* Public hearing on Petroleum Act and PITA

- Presentation of study results on the enforcement of the 1971 Petroleum Act and Petroleum Income Tax Act (PITA), by the Extraordinary Commission set up for this issue.
- Results of study open for public consultation

*Early June 2015:* Resumption of 21<sup>st</sup> Bidding Round

Source: Ministry of Energy Press Conference; 25 April 2015





**Safety**



**Industry Update**



**Q1 2015 Financial Results**



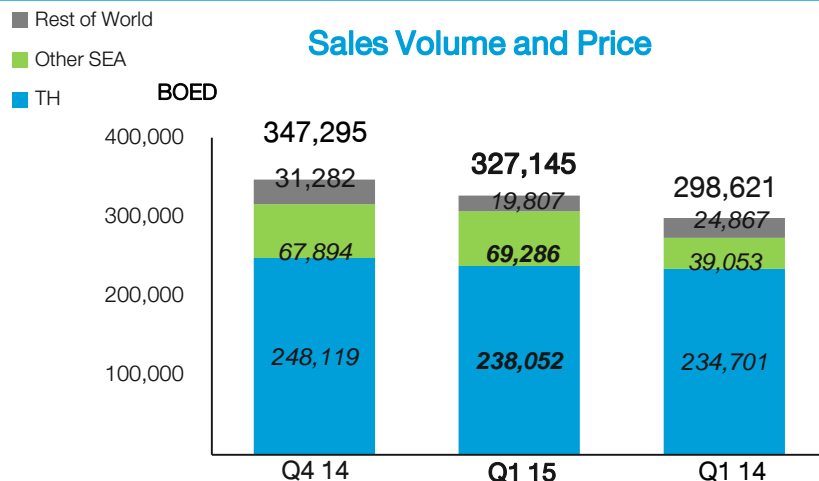
**Outlook**

# Sales Volume & Unit Costs

Strong gas price and healthy cash margin amidst low oil prices environment

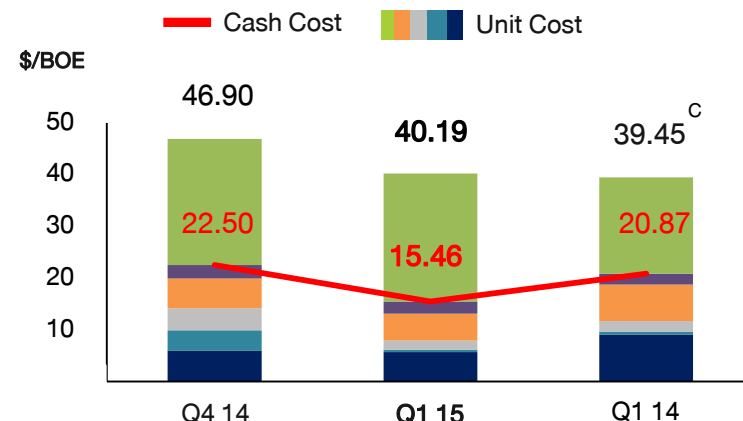


## Sales Volume and Price



Gas (\$/MMBTU)	8.06	<b>8.03</b>	7.79 <sup>A</sup>
Liquid (\$/BBL)	74.88	<b>50.12</b>	100.84
Weighted Avg. (\$/BOE)	56.54	<b>48.74</b>	64.92 <sup>B</sup>
Avg. Dubai (\$/BBL)	74.40	<b>51.89</b>	104.46
Avg. HSFO (\$/BBL) <i>High Sulfur Fuel Oil</i>	67.23	<b>48.90</b>	93.79
Volume Mix <i>(Gas:Liquid)</i>	69 : 31	<b>71 : 29</b>	66 : 34
Revenue Mix <i>(Gas:Liquid)</i>	59 : 41	<b>70 : 30</b>	47 : 53

## Unit Cost



DD&A	24.40	<b>24.73</b>	18.58
Finance Cost	2.57	<b>2.33</b>	2.10
Royalties	5.75	<b>5.18</b>	7.09
G&A	4.26	<b>1.82</b>	2.00
Exploration Exp.	3.93	<b>0.45</b>	0.60
Operating Exp. <sup>D</sup>	5.99	<b>5.68</b>	9.08 <sup>C</sup>
Lifting Cost <sup>E</sup>	4.76	<b>4.57</b>	5.35
Success Ratio <sup>E</sup>	8:18	<b>15:18</b>	9:10

A) If Vietnam 16-1 retroactive sales are excluded, gas price is 7.97 \$ for Q1 14

B) If Vietnam 16-1 retroactive sales are excluded, average selling price is 65.91 \$ for Q1 14

C) If exclude extra expense from Montara's Development well (H5) :

Q1 14 : Operating Exp. : 6.77 \$/BOE / Unit cost : 37.14 \$/BOE

D) Exclude diluent cost for blending bitumen in KKD Oil Sands project

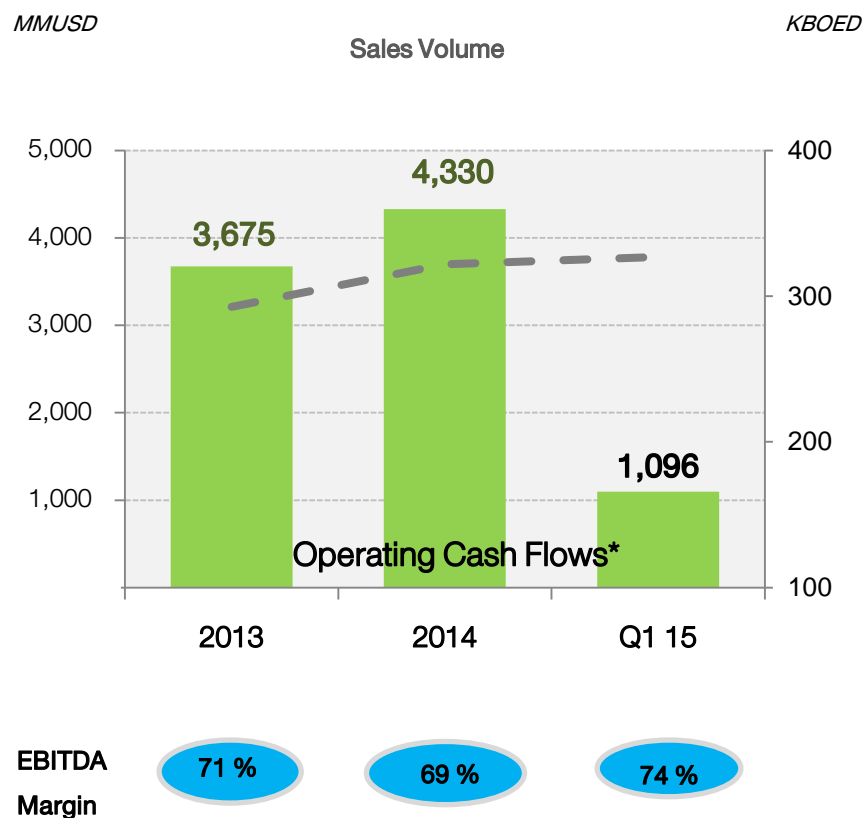
E) Exploration and Appraisal wells

# Cash Flow Performance

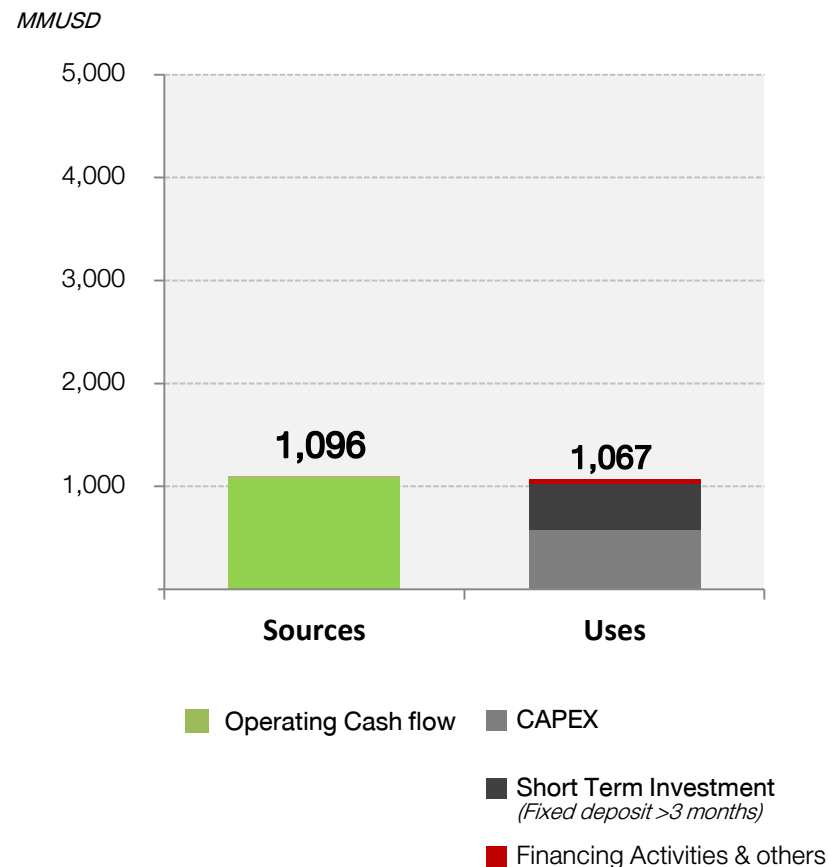
Robust liquidity to fund CAPEX and Debt Service



## Cash Flow Performance



## Source & Use of Funds in Q1 2015



\* Net of adjustment for the effect of exchange rate changes on cash and cash equivalents. Operating cash flows before exchange rate effect adjustment is:

2013 = 3,740 MMUSD ; 2014 = 4,320 MMUSD ,and Q1 2015 = 1,094 MMUSD

\*\* Operating cashflow included in Source of fund in Q1 2015 is shown net of adjustment for the effect of exchange rate changes on cash and cash equivalents 1,094 MMUSD

# Financial Position

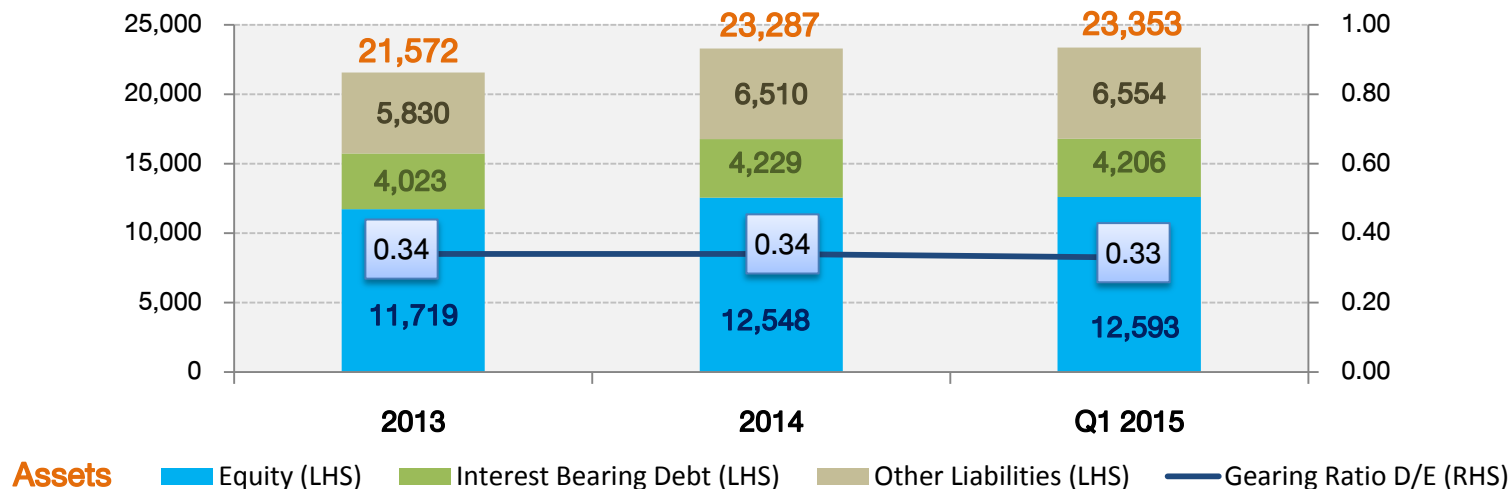
Strong Balance Sheet with Low Gearing



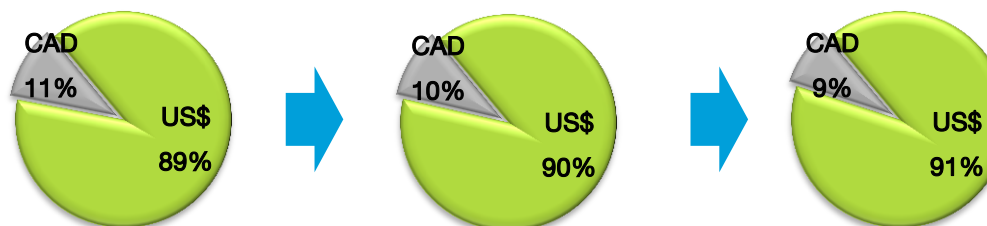
MMUSD

## Capital Structure

D/E Ratio



## Debt Profile \*



Weighted Average

Cost of Debt\* (%)

[Fixed : Floating]

Average Loan Life\*(Years)

3.99

[75 : 25]

6.81

4.14

[77 : 23]

7.05

4.13

[78 : 22]

6.83

\* Excludes Hybrid bonds



**Safety**



**Industry Update**



**Q1 2015 Financial Results**



**Outlook**



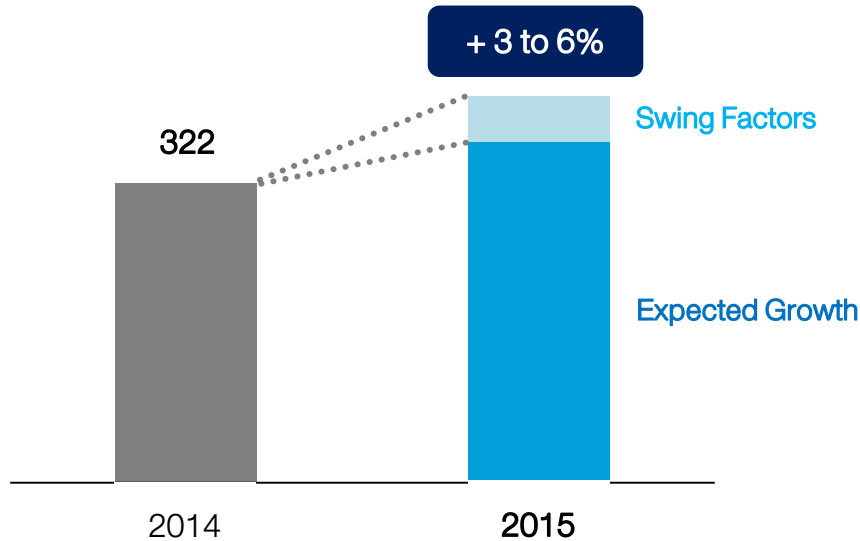
# 2015 Near-term Priorities Update

Reassess sales volume target and make progress on cost savings plan



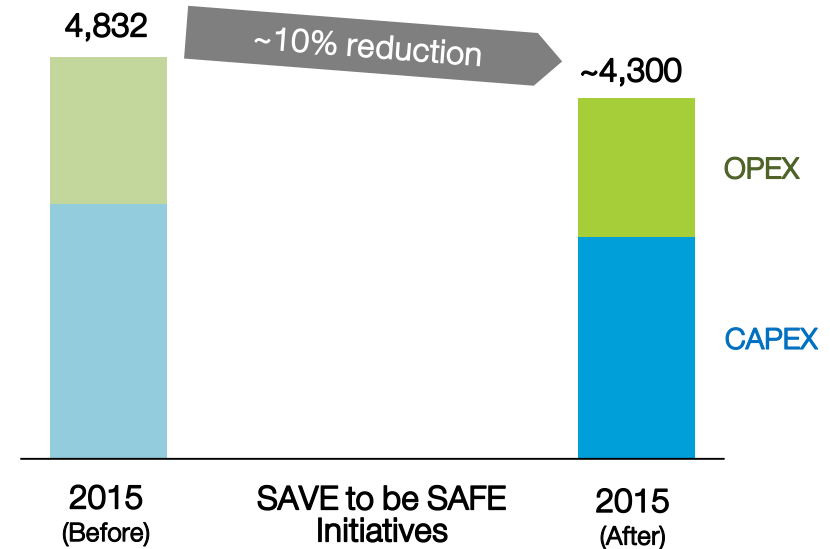
## Sales Volume Guidance

Unit : KBOED



## "SAVE to be SAFE" Cost Optimization Plan

Unit : MMUSD



### Expected Growth

### Swing Factors

- Full-year Zawtika
- Full-year Hess Thailand
- Algeria Bir Seba startup

- Domestic economy uncertainty

### Leaner CAPEX and OPEX

- ✓ Cut exploration budget  
*refocus to low-risk, proven basins*
- ✓ Portfolio management  
*e.g. relinquishment strategy for high-risk exploration areas*
- ✓ Well cost optimization
- ✓ G&A reduction
- ✓ Supply chain and inventory management

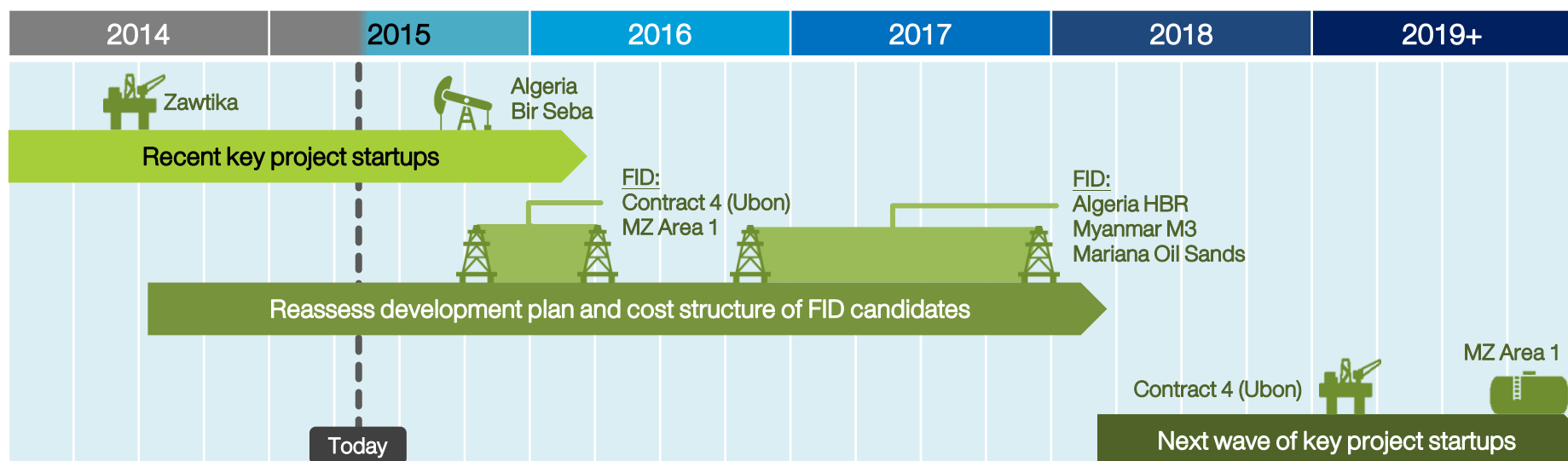


## Snapshot of what to expect in 2015

Average Annual Gas Sales Price*	~ 7.2 USD / MMBTU
Gas / Liquid Volume Mix %	~ 70:30
Expected EBITDA Margin*	~ 65%
Key Exploration and Appraisal	Myanmar (Zawtika and M3 appraisal, onshore exploration), Algeria HBR

\* Assume average Dubai price in 2015 at 55 USD/BBL

## Further down horizon : deliver near-term growth and reassess feasibility of medium-long term prospects





*Exploring new horizons, we take every step as learning*

For more information, please visit our website at

<http://www.pttep.com>


OR

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Call us at **+66 2 537 4000**

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- 1. Detailed Financial Information**
  - 2. Project Details**
  - 3. Organization Structure**
  - 4. Ratios & Formula**

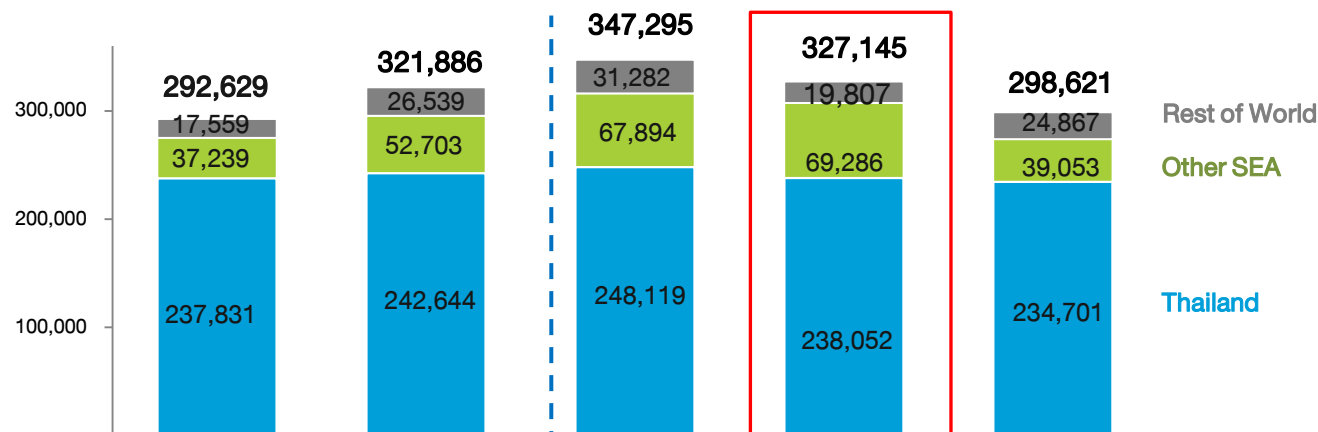
# PTTEP Sales Volume and Average Product Price

Resilient gas price amidst low oil price environment



## Sales Volume

BOED

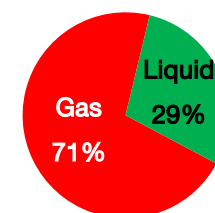


## Sales Price

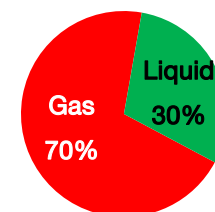
	2013	2014	Q4 14	Q1 15	Q1 14
Gas (\$/MMBTU)	*7.92	*8.03	8.06	8.03	*7.79
Liquid (\$/BBL)	100.15	94.91	74.88	50.12	100.84
Weighted Avg. (\$/BOE)	**65.58	**63.38	56.54	48.74	**64.92
Avg. Dubai (\$/BBL)	105.52	96.60	74.40	51.89	104.46
Avg. HSFO (\$/BBL)	95.27	86.74	67.23	48.90	93.79
(High Sulphur Fuel Oil)					

## Q1 2015 Sales Volume By Product

### Volume Mix



### Revenue Mix



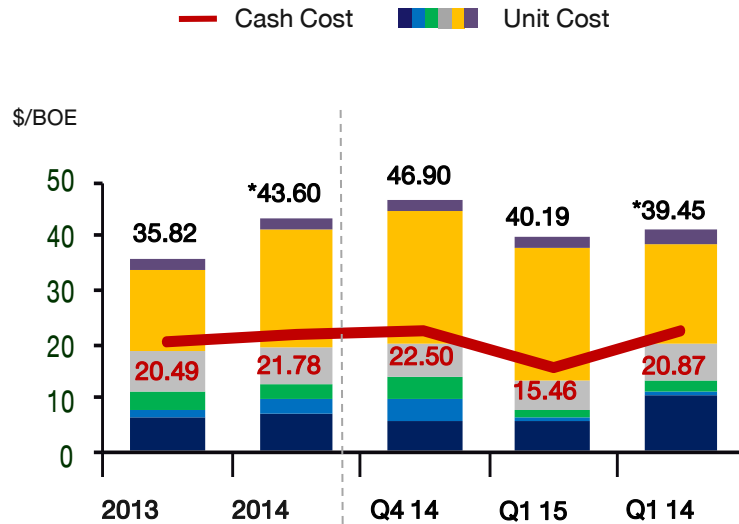
\* Gas price, if excludes Vietnam 16-1 retroactive sale recording, is 8.07 \$ for 2014 / 8.01 \$ for 2013 / 7.97 \$ for Q1 14

\*\* Average selling price, if excludes Vietnam 16-1 retroactive sale recording is 63.59 for 2014 / 66.09\$ for 2013 / 65.91 \$ for Q1 14



# Operating Performance

Improved cash cost & unit cost from lower exploration and G&A expenses



	2013	2014	Q4 14	Q1 15	Q1 14
Lifting Cost	4.88	5.26	4.76	4.57	5.35
Drilling Success Ratio ( Number of Successful wells : Total)					
Success Ratio ***	38 : 55	25 : 43	8 : 18	15 : 18	9 : 10

\*\*\* Exploration and Appraisal Wells

Finance Cost	1.88	2.21	2.57	2.33	2.10
DD&A	15.33	21.82	24.40	24.73	18.58
Royalties	7.65	6.69	5.75	5.18	7.09
G&A	3.17	3.10	4.26	1.82	2.00
Exploration Exp.	1.61	2.83	3.93	0.45	0.60
Operating Exp. **	6.18	*6.95	5.99	5.68	*9.08

\* If excluded extra expense from Montara's Development well (H5) :  
 2014 ; Operating Exp. : 6.53 \$/BOE / Unit cost : 43.18 \$/BOE  
 Q114: Operating Exp. : 6.77\$/BOE / Unit cost : 37.14 \$/BOE

\*\* Excludes diluent cost for blending bitumen in KKD Oil Sands project

Note : The formulas for calculating ratios are provided in the supplementary section for your reference

# Financial Performance : Income Statement

## Improved EBITDA Margin



	2013	2014	Q4 14	Q1 15	Q1 14
Sales Revenue* (MMUSD)	7,323	7,634	1,845	1,470	1,813
EBITDA (MMUSD)	5,168	5,295	1,209	1,084	1,268
Net Profit (MMUSD)	1,847	677	(739)	264	380
Earning Per Share (USD)	0.46	0.16	(0.20)	0.07	0.10
<b>Key Financial Ratios</b>					
EBITDA Margin (%)	71	69	66	74	70
Return on Equity (%) (LTM)	16	6	6	5	14
Return on Capital Employed (%) (LTM)	13	5	5	4	11
Simple Effective Tax Rate (%)	45	62	(51)	6	48

\* Includes revenue from pipeline transportation

# Financial Performance : Balance Sheet

Healthy balance sheet with low gearing ratio



Credit Ratings : BBB+ (S&P) , Baa1 (Moody's) , AAA (TRIS)	2013	2014	Q4 14	Q1 15	Q1 14
Total Assets (MMUSD)	21,572	23,287	23,287	23,353	22,086
- Cash & cash equivalents (MMUSD)	2,357	3,930	3,930	3,959	3,071
Total Liabilities (MMUSD)	9,853	10,739	10,739	10,760	10,397
- Interest bearing debt (MMUSD)	4,023	4,229	4,229	4,206	4,014
Equity (MMUSD)	11,719	12,548	12,548	12,593	11,689
<b>Key Financial Ratios</b>					
Total Debt to Equity (X)	0.34	0.34	0.34	0.33	0.34
Net Debt to Equity (X)	0.14	0.02	0.02	0.02	0.08
Total Debt / Capital (X)	0.26	0.25	0.25	0.25	0.26
Total Debt / EBITDA (X)	0.78	0.80	0.80	0.82	0.79
Net Debt / EBITDA (X)	0.32	0.06	0.06	0.05	0.19
EBITDA Interest Coverage (X)	32	28	28	27	31
Weighted Average Cost of Debt * : 4.13 %					
Average Loan Life * : 6.83 years					

\* Exclude Hybrid bonds

# Project Information 1/4

## Production Phase: Thailand and JDA



	Project	PTTEP's Share	Partners (as of Q1 2015)		Q1 2015 Average Sales Volume *		2015 Key Activities
					Gas	Oil and Other	
Production Phase							
Thailand and JDA							
1	Arthit	80%	Chevron MOECO	16% 4%	208 MMSCFD	Condensate: 9.5 k BPD	<ul style="list-style-type: none"><li>• Ensure gas deliverability level at DCQ**</li><li>• Drill Exploration / Appraisal wells/ Development wells</li><li>• Install wellhead platforms</li></ul>
2	B6/27	60%	JX NOEX	40%	N/A	N/A	<ul style="list-style-type: none"><li>• Evaluate further potential of reservoir</li></ul>
3	B8/32 & 9A	25%	Chevron MOECO KrisEnergy PSTL	51.66% 16.71% 4.63% 2%	93 MMSCFD	Crude: 26 k BPD	<ul style="list-style-type: none"><li>• Drill development wells</li></ul>
4	Bongkot	44.4445%	TOTAL British Gas	33.3333% 22.2222%	863 MMSCFD	Condensate: 28.2 k BPD	<ul style="list-style-type: none"><li>• Ensure gas deliverability level at DCQ**</li><li>• Drill Exploration / Appraisal / Development wells</li><li>• Install wellhead platforms</li></ul>
5	Contract 3 (Formerly Unocal III)	5%	Chevron MOECO	71.25% 23.75%	550 MMSCFD	Crude: 21.5 k BPD Condensate: 19.8 k BPD	<ul style="list-style-type: none"><li>• Drill Exploration / Appraisal / Development wells</li><li>• Install wellhead platforms</li></ul>
6	Contract 4 (Formerly Pailin)	60%	Chevron MOECO	35% 5%	297 MMSCFD	Condensate: 14.5 k BPD	<ul style="list-style-type: none"><li>• Ensure gas deliverability level at DCQ**</li><li>• Drill Exploration / Appraisal / Development wells</li><li>• Install wellhead platforms</li><li>• Review development plan of Ubon field</li></ul>
7	E5	20%	ExxonMobil	80%	12 MMSCFD	-	
8	G4/43	21.375%	Chevron MOECO PSTL	51% 21.25% 6.375%	4 MMSCFD	Crude: 7.2 k BPD	<ul style="list-style-type: none"><li>• Drill Exploration / Development wells</li><li>• Install wellhead platform</li></ul>
9	G4/48	5%	Chevron MOECO	71.25% 23.75%	6.6 MMSCFD	-	
10	L53/43 & L54/43	100%			-	Crude: 53 BPD	<ul style="list-style-type: none"><li>• Drill Exploration Wells</li></ul>
11	PTTEP1	100%			-	Crude: 348 BPD	<ul style="list-style-type: none"><li>• Drill Appraisal / Development wells</li><li>• Perform waterflood activities</li></ul>
12	S1	100%			27 MMSCFD	Crude: 26.7 k BPD	<ul style="list-style-type: none"><li>• Continue Exploration appraisal and development activities</li></ul>
13	Sinphuhorm	55%	Apico ExxonMobil	35% 10%	120 MMSCFD	Condensate: 456 BPD	<ul style="list-style-type: none"><li>• Drill development wells</li></ul>
14	MTJDA	50%	Petronas-Carigali	50%	341 MMSCFD	Condensate: 9.4 k BPD	<ul style="list-style-type: none"><li>• Drill Exploration / Appraisal / Development wells</li><li>• Install wellhead platforms</li></ul>
15	L22/43	100%			-	Crude: 134 BPD	<ul style="list-style-type: none"><li>• Drill Exploration / Appraisal / Development wells</li></ul>

\* Sales volume stated at 100% basis.

\*\* DCQ = Daily Contractual Quantity

	Project	PTTEP's Share	Partners (as of Q1 2015)	Q1 2015 Average Sales Volume *		2015 Key Activities
				Gas	Oil and Other	
Production Phase						
Overseas						
16	Oman 44	100%		23 MMSCFD	-	<ul style="list-style-type: none"><li>Drill Exploration / Appraisal / Development wells</li><li>Maintain production rate</li></ul>
17	Vietnam 9-2	25%	PetroVietnam 50% SOCO 25%	15 MMSCFD	Crude: 3.3 k BPD	<ul style="list-style-type: none"><li>Drill development wells</li><li>Explore new reservoirs</li></ul>
18	Yadana	25.5%	TOTAL 31.24% Chevron 28.26% MOGE 15%	797 MMSCFD	-	<ul style="list-style-type: none"><li>Drill Exploration / Appraisal wells</li></ul>
19	Yetagun	19.3178%	Petronas- 30.00140% Carigali MOGE 20.4541% Nippon Oil 19.3178% PC Myanmar 10.90878% (Hong Kong)	331 MMSCFD	Condensate: 7.5 k BPD	<ul style="list-style-type: none"><li>Reservoir Management</li><li>Well Intervention</li></ul>
20	Vietnam 16-1	28.5%	PetroVietnam 41% SOCO 28.5% OPECO 2%	16 MMSCFD	Crude: 31.3 K BPD	<ul style="list-style-type: none"><li>Drill development wells</li><li>Complete H5 development project</li></ul>
21	PTTEP Australasia (PTTEP AA)	20%-100% (varied by permits)		-	Crude: 15.6 k BPD	<ul style="list-style-type: none"><li>Drill an exploration well</li><li>Assess resource potential of exploration permits</li></ul>
22	Natuna Sea A	11.5%	Premier Oil 28.67% KUFPEC 33.33% Petronas 15% Pertamina 11.5%	199 MMSCFD	Crude: 1.7 k BPD	<ul style="list-style-type: none"><li>Drill Exploration / Appraisal / Development wells</li><li>Maximize gas exports</li></ul>
23	Zawtika (M9 & a part of M11)	80%	Myanma Oil and Gas Enterprise (MOGE) 20%	309 MMSCFD	-	<ul style="list-style-type: none"><li>Maintain production rate</li><li>Drill Exploration / Appraisal wells</li><li>Install wellhead platforms</li></ul>



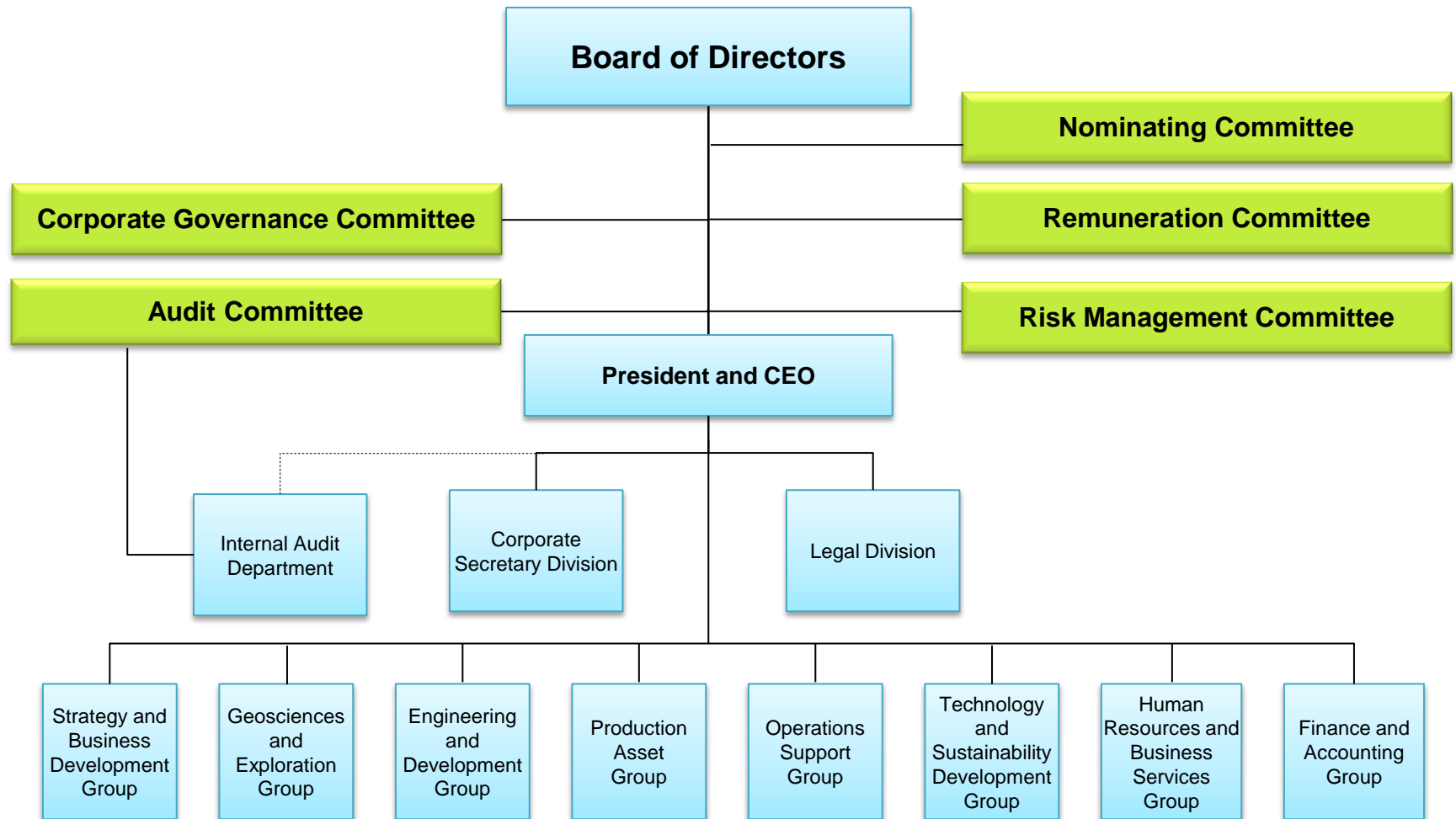
	Project	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Development Phase :</b>				
<b>Overseas</b>				
24	Algeria 433a & 416b (Bir Seba)	35%	PetroVietnam 40% Sonatrach 25%	<ul style="list-style-type: none"> <li>Continue Engineering, Procurement &amp; Construction (EPC) work</li> <li>First oil expected in 2H of 2015</li> </ul>

	Project	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Exploration Phase</b>				
<b>Thailand and JDA</b>				
25	G9/43	100%		<ul style="list-style-type: none"> <li>Acquire 3D seismic</li> <li>Drill Exploration / Appraisal wells</li> </ul>
26	L28/48	70%	Resourceful Petroleum (Thailand) 30%	<ul style="list-style-type: none"> <li>In process of plug and abandon (P&amp;A) Ratana-1 and Ratana-2 well</li> <li>G&amp;G Studies</li> </ul>
<b>Overseas</b>				
27	Myanmar M3	80%	MOECO 20%	<ul style="list-style-type: none"> <li>Drill 5 appraisal wells</li> <li>Conduct Pre development Study</li> </ul>
28	Mozambique Rovuma Offshore Area 1	8.5%	Anadarko, Mitsui, 26.5%, 20% ENH, Bharat Petroleum, 15%, 10%, BREML, OVL 10%, 10%	<ul style="list-style-type: none"> <li>Drill Appraisal wells for reserves certification</li> <li>Prepare for Final Investment Decision (FID)</li> </ul>
29	Algeria Hassi Bir Rekaiz	24.5%	CNOOC 24.5% Sonatrach 51%	<ul style="list-style-type: none"> <li>Drill Appraisal wells</li> </ul>

	Project	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Exploration Phase (con't)</b>				
<b>Overseas (con't)</b>				
30	Indonesia South Mandar*	34%	Talisman TOTAL 33% 33%	• G&G studies
31	Indonesia Malunda	100%		• G&G studies
32	Myanmar M11	52.9412 %	TOTAL 47.0588%	
33	Vietnam B & 48/95	8.5%	Chevron 42.38% MOECO 25.62% PVEP 23.5%	• Negotiate a GSA with the Vietnamese government
34	Vietnam 52/97	7%	Chevron 43.4% PVEP 30% MOECO 19.6%	• Negotiate a GSA with the Vietnamese government
35	Myanmar PSC-G and EP-2	90%	WinPreciousResources 10%	• Drill 4 exploration wells (2 wells in PSC G & 2 wells in EP 2)
36	Mozambique Rovuma Onshore	10%	Anadarko, Maurel&Prom, 35.7%,27.7% ENH, Wentworth Resources 15%,11.6%	• Drill an exploration well
37	Kenya L10A	31.25%	BG, Pan Cont. 50%,18.75%	• Conduct G&G studies
38	Kenya L5, L7, L11, L11B, L12	10%	Anadarko, Total 50%,40%	• Conduct G&G Studies
39	Myanmar MD 7 and MD 8	100%		• Acquire 3D seismic
40	Mariana Oil Sands	100%		• Conduct Winter Delineation Program • Prepare regulatory application to submit to the government of Alberta for Thornbury Phase 1 development
41	Barreirinhas AP1	25%	BG Brasil 75%	• Prepare EIA in preparation for 3D seismic survey
42	MOGE 3	85%	Palang Sophon Offshore 10% WinPreciousResources 5%	• Submit EIA in preparation for 2D&3D seismic survey
43	Brazil BM-ES-23	20%	Petrobras 65% INPEX 15%	• Drill 2 exploration wells

# Organizational Structure

Ensuring Transparency, Integrity, and Good Corporate Governance practices



Ratio	Formula
Lifting Cost (\$/BOE)	$(\text{Operating Exp.} - \text{Transportation Cost} - \text{Stock Variation} - \text{Other expense not related to lifting}) / \text{Production Volume}$
Cash Cost (\$/BOE)	$(\text{Operating Exp.} + \text{Exploration Exp.} + \text{SG\&A} + \text{Royalty \& SRB} + \text{Interest Expense}) / \text{Sales Volume}$
Unit Cost (\$/BOE)	$(\text{Operating Exp.} + \text{Exploration Expense} + \text{SG\&A} + \text{Royalty} + \text{DD\&A}) / \text{Sales Volume}$
Success Ratio	Number of wells with petroleum discovery / Total number of exploration and appraisal wells
EBITDA	$(\text{Sales} + \text{Revenue from pipeline transportation}) - (\text{Operating expenses} + \text{Exploration expenses} + \text{Administrative expenses} + \text{Petroleum royalties and remuneration} + \text{Management's remuneration})$
EBITDA Margin	$\text{EBITDA} / \text{Sales Revenue}$
Total Interest Bearing Debt	Short-term loans from financial institution + Current portion of long-term debts + Bonds + Long-term loans from financial institution
Total Debt to Equity Ratio	$\text{Total interest bearing debt} / \text{Shareholders' equity}$
Total Debt to EBITDA Ratio	$\text{Total interest bearing debt} / \text{Trailing-12-month EBITDA}$