

## **PTTEP FY 2022 Analyst Meeting**

### **Edited Transcript**

**Venue:** Synergy hall, 6<sup>th</sup> Floor, Energy Complex building C  
31 January 2023  
10:30 – 12:00 PM

**Speakers:** Khun Montri Rawanchaikul  
*Chief Executive Officer*

Khun Khun Chayong Borisuitsawat  
*Executive Vice President – Strategy and Sustainable Growth*

Khun Sumrid Sumneing  
*Executive Vice President, Finance and Accounting Group*

*The slides of the presentation, as referenced throughout the transcript, can be found [here](#).*



## Introduction

### Moderator

Welcome to PTTEP's Analyst Meeting, featuring the announcement of the Company's operating performance in the fourth quarter of 2022. Before we begin, please allow me to introduce the executives who will be delivering the presentation today; 1) Khun Montri Rawanchaikul, Chief Executive Officer, who will share with us the operating performance in 2022, the Company's determination to establish energy security for the country, including social and environmental contribution and the Company's key focus areas in 2023 in accordance with the strategic pillars; Drive Value, Decarbonize and Diversify, 2) Khun Chayong Borisuitsawat, Executive Vice President – Strategy and Sustainable Growth, who is well equipped with knowledge and experiences in petroleum engineering, with work experiences in drilling operations and producing asset management. He was in charge of organizational transformation, which includes both digital and new business transformation. Afterwards, Khun Chayong took an engineering management role in the new asset development including the conceptual CCS for Arthit Project. Besides, Khun Chayong also has hands-on experiences in human resource management, GRC risk management, and stakeholder management for sustainability, for instance, initiatives under Decarbonize strategy. Today, Khun Chayong will discuss the market outlook for oil and LNG businesses, an update on key projects' milestones and the progress on the E&P and Beyond E&P businesses, as well as the progress on SD and ESG that the Company has been working on throughout 2022. and 3) Khun Sumrid Sumneing, Executive Vice President – Finance and Accounting Group, who will summarize PTTEP's key events that reflect upon the operating results of 2022, financial position, dividend and the operational outlook for the first quarter and 2023. Without further ado, please join me in welcoming our CEO to commence the presentation.

## PART 1: CEO Remarks

**Khun Montri Rawanchaikul,**  
Chief Executive Officer



Before we begin, I would like to say that it is such a great opportunity to be able to meet everyone in person again after 3 years. Today we also have Khun Chayong joining us for the first time, though he has been an EVP of PTTEP for a long time. With this, I will take this opportunity to share with you the recent management rotation and restructuring.

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### **Restructure to Focus on each Core Strategy:**

I believe all analysts are well aware of the issue concerning energy re-balance resulting from the tension between Russia and Ukraine, leading to oil and gas crisis at a global scale. The matter has been so intense that it also associates with climate change and transition to new energy. This scenario of energy balance is well recognized by PTTEP and global players. Currently, there is a certain degree of imbalance in energy, in terms of security, affordability and sustainability – producing green energy without causing impact on the climatic conditions. Common types of energy in use today are crude oil, natural gas and coal, in which we are trying to ensure security, otherwise there will be an impact on pricing. Going forward, we aim to achieve the balance point in terms of sustainability, affordability and security.

With that being said, PTTEP has been urged to adjust our strategy by 'Drive Value in E&P', with the objective of ensuring energy security from assets in Thailand and neighboring countries where our investments are based, while making sure that the unit cost is competitive.

With the ongoing energy transition and changes in climatic conditions, we see that gas is a significant transitional fuel before getting to a new type of energy in the future. Hence, we intend to increase the portion of gas in our portfolio accordingly, which is already quite high at 72%.

Moreover, the gas transportation from the production site to anywhere in the world for consumption is the agenda that we are closely monitoring, e.g. in the form of LNG.

On Decarbonize, we take part, as an upstream producer, in managing greenhouse gas emissions coinciding with our Net Zero target announcement by 2050. In 2022, we were ahead of the plan in terms of reducing greenhouse gas emissions, which is something that we take pride in. We are also pushing forward the Carbon Capture Storage (CCS) project. As a side note, approximately 95% of the greenhouse gas emitted from our production is carbon dioxide, so this project will serve as a tool to capture the emissions of carbon dioxide released from our processes. In the meantime, the successful implementation of CCS will allow us to use cleaner gas during the energy transition period. At the same time, we are looking into renewable energy and potential linkages to future energy. Another project that we emphasize on is Ocean for Life project to enhance the quality of marine ecosystems.

As for Diversify, many people wonder how PTTEP is going to diversify from E&P business. In our perspective, 'Diversify' is essentially about the technology and future energy, whereby we still position ourselves as an upstream energy producer. At this point, future energy is still somewhat unknown; whether it will be hydrogen, ammonia, or others. Given this, we have to explore this area further, leading to our organizational restructuring that became effective on January 1, 2023, changing from 'Strategy and Business Development' to 'Strategy and Sustainable Growth'. Meanwhile, we still emphasize on production assets that deliver energy security and revenue generation. This group is separated into domestic and international production assets, whereby international assets contribute about half of the revenue, for instance, from Malaysia and Oman.

One of the new function groups being set up is Technology and Carbon Solution, where Khun Natruedee has now been rotated to. Other than these, we have dedicated teams in engineering development, geosciences, subsurface, and exploration, which contribute to add value to our assets. The Operations Support Group remains the same, comprising of internal audit, legal, and most importantly safety. Going forward, we will focus more on branding to let the public know what we do and why we do them for. Last but not least, Corporate Secretary and Assurance is a newly established team to serve this new structure.

**Highlights 2022 & PTTEP's vital role in Energy Security:**

As you may have already reviewed the operating results released yesterday, after 38 years in business, 2022 is the year with record-high performance, both in terms of production and sales. These are not the results of what we did recently but rather the outcomes of the foundation we have continuously been building; the project acquisition and the operatorship in G1/61 Project. Speaking of which, this is one of the highlights that we are proud of in 2022, given its smooth transition despite the 2-year delay for site access. We also assumed operatorship in Yadana Project in July 2022 to serve national energy security as the natural gas from Yadana and Zawtika Projects in Myanmar contributes to 17% of the electricity generation in Thailand. Therefore, any interruptions in production will certainly impact our energy landscape. 60% of the energy consumption in Thailand today is sourced from the Gulf of Thailand and Myanmar, while 40% is from imported LNG. The gas price from the Gulf of Thailand and Myanmar has a resilient pricing formulas, so price fluctuations are not as severe as LNG, which is quite sensitive to global situations and can cause pooled gas price to increase. Hence, our intention is to ensure that production in the Gulf of Thailand is stable and reliable.

Due to the site access delayed of G1/61 Project, our production volume has somehow been affected. However, we completed installing 8 wellhead platforms, and now the drilling process and pipeline procedures are being expedited. We can expect to see an increase in production to 400 MMSCFD by the middle of 2023 and 600 MMSCFD by the end of the year, with the target of 800 MMSCFD by April 2024. At this point, 8 platforms may not be enough, so we are considering installing the other 4 platforms. With the delay and shortfall of G1/61 Project, we are looking at where we can expedite gas production from other assets. Arthit Project, one of our highlight assets, is now producing at approximately 300 MMSCFD, with the continuous plan to speed up.

In terms of revenue from international assets, we have Oman Block 61 Project, which 2022 was the 1st full-year recognition of sales volume, together with a first production of Algeria Hassi Bir Rekaiz Project (HBR). For exploration activities, we have identified new assets and discoveries, for instance, Abu Dhabi Offshore 2 Project in UAE, through facilitation of a good partner. We went back to the Middle East in 2019, specifically the UAE and Oman, and have been spending 3 years there as we see it as our important production base. In the meantime, we are in the process of developing Lang Lebah gas field in SK410B Project in Malaysia. At this point, we are pleased to announce that the government of Malaysia has already approved the gas holding area. In 2023, we are going to expedite our plan to develop this gas field in a timely manner and have expanded our investment to SB412 project as well.

In this regard, our deliverables in terms of 'Drive Value' have been quite solid. As for 'Decarbonize', we have announced our Net Zero target in March 2022 with a clear execution plan and we managed to reduce the greenhouse gas (GHG) emissions at a faster rate than our initial projection. We are going to implement

our first CCS Project in Thailand at Arthit, whereby the engineering design are in progress, with potentially 2 partners to work on this together. The capacity for the CCS at Arthit will be 700,000 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) per year, with the target to increase to 1 million tCO<sub>2</sub>e per year. To date, the amount of carbon emissions in Thailand is approximately 300 million tCO<sub>2</sub>e per year. So, the CCS at Arthit will be a pilot project to demonstrate the potential of the technology.

On 'Beyond E&P' or 'Diversify', the key focuses are ARV, power, CCUS, and future energy that we have been laying foundation on these areas in 2022. For ARV, it is moving into the fifth year in business with revenues generated in this year. Speaking of which, it takes time for the operating results to turn positive for this kind of business. In 2022, we laid foundations in future energy as well as in CCU with some projects in Singapore, and MOU signed with different institutions on CCS. So please stay tuned to what is going to happen next.

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### **Social & Environmental Contribution in 2022:**

Environmental, Social and Governance are commonly known in the industrial sector as ESG. Corporate governance is always at the heart of PTTEP's operations, from the Board of Directors down to the operational level. In 2022, we have contributed over 62,000 million baht to Thai Government in the form of income tax, royalties, production bonus, and other remunerations.

As addressed earlier, we have reduced GHG emissions of about 167,000 tCO<sub>2</sub>e in 2022. On social and environmental aspects, we have made 30% progress in creating the net positive impact on ocean biodiversity ecosystem. Regarding our CSR activity, our emphasis is on income generation for local communities. The focus area is in 17 provinces along the Gulf of Thailand where communities are encouraged to generate income from seafood products. So far, we have achieved 20% against the 50% target on income generation for focused communities. In terms of donations and sponsorship, we are ready to contribute in this matter, for instance, opening training courses in universities.

Apart from what the analysts see PTTEP from the outside, we can proudly say that we have been doing so many things from within and can fully advocate our good corporate citizenship. Our business is going to reach 40 years in 2 years' time, and we have put in place the plan to ensure sustainable growth.

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### **Key Focus Areas 2023:**

Our key focus areas in 2023 aligned with the 3 strategic pillars; Drive Value, Decarbonize, and Diversify. The key objective of 'Drive E&P value' is to maximize production and minimize GHG emissions. In response to this goal, we aim to ensure energy security for Thailand by ramping up production at G1/61 Project, and we have started to see some benefits of synergy among assets in the Gulf of Thailand, allowing for cost optimization, together with the FID of Lang Lebah and a number of new discoveries in Malaysia. Going

forward, it is our role to set out a concrete plan on how to develop these discoveries. One of the most important factors that everyone is interested in is the unit cost, which I believe we are still in the top quartile today.

With regards to 'Decarbonize', the EP Net Zero 2050 goal remains unchanged. We have set the FID timeline for Arthit CCS project, with the plan to establish a CCS hub in the upper part of the Gulf of Thailand. In being a 'hub', it means that carbon dioxide emitted from industrial estates and power plants in Map Ta Phut area will be captured, including liquefied carbon dioxide. As we operate as a commercial entity, there has to be some sort of a business model, which will be tied to the concept of carbon credit. This has become an inevitable matter due to the enforcement of CBAM (Carbon Border Adjustment Mechanism), with a similar concept as tax - meaning that products exported to Europe or elsewhere with no carbon offsetting will have to pay higher fees. So, we discuss a lot about CCS and we collaborate with many organizations, such as TGO, ONEP and many others of the need to join force in exploring the upper part of the Gulf of Thailand to see the potential of being a CCS hub. If this is feasible, it is going to be a mega-scale investment, whereby formats of operations will be determined later. Last but not least, the Ocean for Life strategy will continuously be executed, as half of our staff members operating in the Gulf of Thailand take pride in the fact that the ocean and the surrounding environment are clean, evidenced from whale sharks and other unusual marine creatures in the areas, reflecting an enhanced marine biodiversity.

In terms of 'Diversify', we are going to add 2 more business units under ARV, making it 6 business units in total. We are going to explore CCUS, which features converting carbon into other formats, as well as future energy.

## PART 2: Business Update

**Khun Chayong Borisuitsawat,**  
Executive Vice President – Strategy and Sustainable Growth



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### Market Update:

Starting off from the global crude oil price scenario and the demand-supply situation, there was a sharp decline in crude oil price in the fourth quarter of 2022 due to lower-than-expected oil demand in China, together with Russian crude price ceiling taking effect in December 2022. However, we have forecasted a slight improvement in global oil demand in 2023 from China's re-opening. On the supply side, there will be excess production, which will encourage balance between demand and supply. In this regard, supply will continuously be impacted by the Russian crude price ceiling, which is likely to be more intense, however the OPEC+ will play a role in creating a supply balance. All in all, the projected crude oil price range will be between 75-90 USD/barrel in 2023.

LNG price had been fluctuating throughout the course of 2022 mainly due to the conflict between Russia and Ukraine, coupled with seasonality factor. LNG demand in 2023 is likely to increase due to free trade agreement and lower gas production capacity in many countries. However, LNG supply is slightly in excess of demand due to facility improvement in many production facilities. PTTEP's guidance on LNG price in 2023 should be in the range of 28-33 USD/MMBTU.

Other market factors that may affect the pricing situation is the tension between Russia and Ukraine that we have to see how it is going to develop into, as well as concerns over economic slowdown though it may not be as bad as we have thought, China's COVID-19 policy, SPR release program and other potential factors that may arise throughout the course of the year.

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### Business Update | E&P:

By the middle of 2023, G1/61 Project production will be ramped up to 400 MMSCFD and by the end of the year it should go up to 600 MMSCFD. By April 2023, we expect to see production reaching 800 MMSCFD. Meanwhile, we are preparing for the remaining transition of Block 16 and Block 17 for G2/61 Project to PSC, with the production capacity remaining unchanged. As for MTJDA Project, we have been granted an approval from the Malaysian government for an additional exploration area and PSC extension to 2039. With this, it is expected that an addition of 30 MMSCFD of gas can be supplied to Thailand.

PTTEP has participated in the 24th Gulf of Thailand bid round, and expected to see results in February. Meanwhile, we are seeking progress in the overlapping claims area (OCA) between Thailand and Cambodia to determine the potential outcomes.

For assets in Malaysia, we have won the bidding of Sabah SB412 Project, and the PSC has been signed, with the Geological and Geophysical processing in progress. The front-end engineering design for Lang Lebah is being executed, and the FID should be scheduled in the end of 2023 to the beginning of 2024. Also, we have made a new discovery at Paprika-1 well, which is in SK410B Project. Other projects that have been discovered are in the process of further development.

Moving on to Myanmar, there was a smooth transition of Yadana's operatorship since the middle of 2022 and the production has been executed as planned. Meanwhile, additional exploration and production wells have been drilled at Zawtika to maintain production and ensure a consistent gas supply to Thailand.

We have acquired 25% stake in the Sharjah Onshore Area A and Area C in the UAE, with the geological appraisals taking place to evaluate petroleum potential. The Abu Dhabi Offshore 2 Project made a successful discovery, with a sizable gas of about 2.5-3.5 TCF. Going forward, there is a plan for further drilling to confirm the petroleum potential and carry out development plan.

Algeria HBR Project started to realize revenue in the fourth quarter of 2022, with the first oil production of approximately 13 KBPD. For Mozambique Area 1 Project, the site's re-access is dependent on the security situation, where our operator expects to resume operations in the middle to the end of 2023. In terms of portfolio rationalization for Brazil and Angola, we are now in the process of negotiating with the buyers regarding divestment of these projects.

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### **Business Update | Beyond E&P:**

The focus of AI and Robotics Venture in 2022 was mainly about the addition of products and services, and the extended collaboration with alliances and partners. ARV also received 'The National Innovation Awards' from Thailand's National Innovation Agency (NIA), and signed an MOU with AEROTHAI to develop and test data connectivity between ARV's unmanned aircraft systems, flight-operations and fleet management systems and AEROTHAI's UAS traffic management system. In 2022, ARV incorporated 2 new business units, making it 6 business units in total; 1) Rovula; subsea pipeline maintenance and inspection services, which operates in the Gulf of Thailand and the Gulf of Moattama, has constantly been generating revenue. The Nautilus is a fully-integrated pipeline maintenance robot system, which is now ready for commercial services. 2) Skyller; an industrial drone, whereby we have signed an agreement with

HMC Polymers for the inspection of flares and confined spaces (silo) for plastic pellets, using UAV technology and digital platforms. Meanwhile, the Digital Twin has been developed, integrating industrial drone and AI to work alongside one another in industrial plants. 3) Varuna; drones and AI technologies for agricultural sector; through a cooperation with PTT in research and development of carbon stock assessment technologies for the forestry sector. The data is collected and analyzed to determine carbon absorption in the forests, which can be turned into carbon credits. 4) Cariva; digital health screening tools and digital data collection solution. Currently, many hospitals are interested in this solution, for instance, an MOU was signed with Thammasat University Hospital to jointly develop this technology together. 5) Bind; national digital corporate identity (NCID) solution, which leverages innovations in digital-ID and e-documents, featuring collaboration with a number of private and public sector organizations in making transactions and document signages to strive towards a fully digital format. 6) Bedrock; a city data digital platform, which can be put to use in many applications, for example, integration of city data analytics that includes the forecasting, planning, monitoring, and problem solving of the cities. It is expected these 6 business units of ARV will continue to generate revenue in 2023 and beyond.

The Gas-to-Power project in Myanmar is currently in the preparation process, and the delay has been caused by the situation in Myanmar. Meanwhile, we have formed a collaborative effort with 5 multinational companies on the 'Green Methanol Value Chain Collaboration', which will be mainly used in the marine transportation sector as an alternative fuel. Furthermore, we are now conducting a feasibility study on CCS, with the objective of setting up a CCS hub for PTT Group and the industrial community in the areas, including the commercialization model of CCS as a Service, featuring a collaboration with INPEX and JGC to explore the potential of developing a CCS project in Thailand and the locations where carbon can be stored underground.

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### **Business Update | SD & ESG:**

Given our EP Net Zero 2050 goal, we have looked at our revenue-generating assets and determined that the amount of carbon emitted from them should be managed, while at the same time controlling operating costs. Meanwhile, we also aim to reduce greenhouse gas emissions from projects under execution, with a number of projects to minimize the amount of carbon from our production procedures.

The CSR, SD and ESG causes have been executed in response to PTTEP's business, for instance, the Ocean for Life project serves to offset the amount of carbon released by planting mangrove forests, in turn contributing to the EP Net Zero target achievement faster. Speaking of which, we aim to enhance marine fertility as it can help with carbon absorption.

We have been working with the Department of Fisheries on using petroleum platform jackets as artificial habitats in the Gulf of Thailand. And we have also renovated the Sea Turtle Exhibition and Hatchery Building for the Royal Thai Navy Sea Turtle Conservation Center in Sattahip. It has now become a major tourist attraction in the area.

We have signed an MOU with Mae Fah Luang Foundation and ARV to collaborate on preserving and restoring natural resources to increase forest density and increase carbon absorption rate of community forests.

Another key development is the Ocean Data Platform, which integrates the data on oceanography, hydrography, and marine biodiversity in one single platform with regular updates, aiming to serve the purpose of data collection and analyses for future causes. There are many institutions working together with us on this project, which we hope to integrate the AI technology to benefit other projects such as Ocean for Life and other government projects related to the ocean in making use of the data for different purposes in the future.

## PART 3: Financial Results

**Khun Sumrid Sumneing,**  
Executive Vice President – Finance and Accounting Group



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### 2022 Major Events:

The net profit in 2022 was reported at USD 1,999 million, exceeding the historical record high of USD 1,847 million, while production and sales volume were 580 KBOED and 468 KBOED respectively, with the average selling price of 54 USD/barrel.

Oman Block 61 Project which was acquired in March 2021, together with the first gas production of Malaysia Block H Project, allowed the Company to recognize full year of sales volume in 2022. In the meantime, G1/61 Project and G2/61 Project were started production in April 2022, bringing with them both the costs and volume. In this regard, Bongkot Project will be transferred to G2/61 Project. Algeria HBR Project's production started in June and sales volume was realized in the fourth quarter. Last but not least, with the operatorship transferred of Yadana Project, the volume contribution has increased accordingly.

Withdrawals and relinquishment of assets usually have some impact on financial statement as they involve asset write-offs, for instance, Yetagun Project in Myanmar as well as a block in Sinphuhorm Project.

For the Mozambique Area 1 Project, given the situation and assumption changed such as the delay, the impairment was finalized at approximately USD 190 million. Meanwhile, we have divested assets in Brazil and Angola, pending for the deal completion. The transaction have been booked as 'assets held for sales'.

Furthermore, we have booked an other income from a reversal of Oman Block 61 Project's contingent liability in the amount of USD 71 million, while the expense in relation to mediation of Montara lawsuit amounting to USD 129 million has been booked as well. With all of the items taken into account, the expense in the income statement was equivalent to approximately USD 450 million.

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### Financial Results | Q4/22 & FY2022:

Despite the increased volume in the fourth quarter from 478 KBOED to 500 KBOED, there was a slight drop in net profit QoQ due to a slight decrease in the average selling price resulting from lower crude oil price, while unit cost increased by 2%.

For the non-operating items in the fourth quarter, there was a slight of oil price hedging losses since oil price was at about the same level as in the third quarter. In addition, the impairment and mediation for Montara were both booked in the fourth quarter.

On the other hand, sales volume improved by 19% YoY, with an increase in the average selling price as a result of higher crude oil price. Compared to 2021, sales volume and selling price increased and unit cost slightly dropped. For non-operating items in 2022, the impairment for assets in Mozambique, Brazil, and Angola was booked, while there was an oil price hedging loss of USD 186 million, decreasing slightly from 2021.

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### Financial Results | Volume & Price:

Sales volume increased from 416 KBOED in 2021 to 468 KBOED in 2022, with volume contribution from Arthit, G1/61, and G2/61 Projects. There was a 12% volume increase for assets in Thailand, while overseas assets increased by approximately 14%, mainly from Oman Block 61, Algeria HBR and Malaysia Projects.

Sales volume in the fourth quarter was reported at 500 KBOED, with about 9 KBOED contributed from Algeria HBR Project that commenced crude loadings and first sales in the fourth quarter, together with increased volume from Bongkot, G2/61 and Arthit Projects.

With regards to the price, the average Dubai crude price increased from 78 USD/barrel in 4Q21 to 96 USD/barrel in 3Q22, before declining slightly in 4Q22 to 84 USD/barrel. In a yearly perspective, the average Dubai crude price increased from 69 USD/barrel in 2021 to 96 USD/barrel in 2022, which led to an increase in both gas and liquid prices. In this regard, we can notice an increase in gas price from 5.69 USD/MMBTU in 2021 to 6.27 USD/MMBTU in 2022. Meanwhile, liquid price is usually discounted from Dubai price by about 2-3 USD/barrel. However, there was 2-month lagged time of liquid price fixed for the projects in Middle East. When oil price moved downward in the third and fourth quarters, the liquid price, as a result, remained high compared to Dubai crude price.

The volume mix between gas and liquid in the fourth quarter was 72% and 28%, while the revenue mix changed from 50% and 50% to 54% and 46% in the fourth quarter, mainly due to high liquid prices.

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### Financial Results | Unit Cost

The unit cost declined slightly YoY mainly due to volume effect. There was a significant decrease in the DD&A in 2022 resulting from the adjustment of Bongkot's decommissioning liabilities at the end of 2021, coupled with the addition of new reserves added from some assets. The operating expenses increased due to the acquisition of G1/61 and G2/61 Projects. All in all, the unit cost decreased from 28.52

USD/barrel to 28.36 USD/barrel. For the unit cost in the fourth quarter, it is usually high when compared to the previous quarter.

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### Financial Results | Cashflows & Financial Position

The cash flow increased from USD 2.5 billion to USD 3.5 billion in December 2022, with an increase of cash approximately USD 900 million, mainly from cash flow from operations of about USD 6.2 billion. Tax payment was equivalent to USD 1.6 billion, of which USD 800 million was the total amount of tax paid to the Thai government. Dividend payment was booked at USD 819 million, while debt repayment was USD 968 million, including the liability management. The ending cash stood at USD 3.5 billion, which is considerably healthy.

Assets also increased from about USD 23 billion to USD 25 billion in 2022, with a considerable increase in equity, mainly from higher net profit, offsetting with the tax expense of USD 817 million and the perpetual bond repayment of about USD 130 million.

The Debt to Equity ratio decreased from 0.33x to 0.28x in 2022, while the debt to EBITDA ratio was 0.56x. The average cost of debt is about 4%; slightly higher than in 2021. There was a loan outstanding totaling USD 600 million in 2021 with low interest rates and the interest rate of this loan is likely to go up. So, when cash became available, we decided to prepay that amount. With that, the average loan life was extended to 15.2 years. The loan currency is USD and the interest rate is currently 100% fixed rate. The available cash flow is essentially sufficient to support business operations. If M&A opportunities arise, we may consider additional funding as appropriate.

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### Financial Results | Dividends

From the dividend payment of 6 Baht per share in 2019, the Board of Directors have approved the rate of 9.25 Baht per share in 2022, whereby 4.25 Baht has already been paid. The XD and record dates will be on the upcoming February 14 and 15, 2023, respectively. The Board of Directors' meeting will be held on April 3, 2023, and the payment date will be on April 24, 2023.

## Results Guidance

The sales volume in the fourth quarter was approximately 500 KBOED, and we expect a slight decrease in the first quarter of 2023 to 472 KBOED due to higher-than-usual crude loaded from Algeria HBR Project in the previous quarter, and expect that it is likely to be back to normal level in the first quarter. Meanwhile, the balance of cost recovery for Oman Block 61 Project has been used up, leading to a decrease in the net entitlement or lower sales volume. Also, with G2/61 Project being a PSC in April 2023, the sales volume net entitlement will also be lower compared to the concession, hence we offer the projected whole-year sales volume of 470 KBOED.

Gas price should be about the same level as in the fourth quarter at 6.7 USD/MMBTU, before the price adjustment period in March and October. As the historical pricing of 6-12 months may take effect depending on the contracts, crude oil price will be the key determinant and affect gas price in the second and the fourth quarters accordingly. So, a slight decrease in gas price is expected following the lower oil price, with the full year forecast of 6.1 USD/MMBTU. Unit cost should be maintained in the range of 27-28 USD/barrel due to lower cost of G1/61 Project which parts of the PP&E were transferred from the previous concessionaire to the government and onto PTTEP to use in the operation as a PSC contractor. The EBITDA margin has been forecasted to be about the same at 70-75%.

## **PART 6: QUESTIONS & ANSWERS (Q&A)**

### **Question # 1**

Could you share your view on M&A potential given current oil price situation?

#### **Answer from PTTEP's management**

Our M&A strategy will focus in the core strategic areas that could sustainably add value to the company's portfolio. Given current oil price, it is likely to see more M&A deals in the market this year than the past two years where oil price was widely fluctuated.

### **Question # 2**

For short-term energy security in Thailand, does PTTEP foresee any risks of G1/61 Project ramping up?

#### **Answer from PTTEP's management**

The potential risk of ramping up G1/61 Project is operational risk from installing total 11 wellhead platforms where we have to put priority on safety matter. Our ramp up targets are to reach 400 MMSCFD by mid-2023 and 600 MMSCFD by the end of this year.

### **Question # 3**

What could be the potential obstacles for G1/61 Project to reach the said ramp-up milestones?

#### **Answer from PTTEP's management**

Operationally, if wellhead platform installation and drilling activities are successful as planned, as well as no monsoon that will impact to operations, we are confident that the ramp up target can be achieved.

### **Question # 4**

Regarding current production rate of Bongkot Project that exceeds DCQ and CAPEX spent on sole investment, can PTTEP prolong this high production rate to compensate the (Erawan Project) shortfall?

#### **Answer from PTTEP's management**

The commitment of G2/61 Project is 700 MMSCFD and the current production rate of Bongkot Project is more than 800 MMSCFD. We believe that Bongkot Project still has the potential in the long-run and we have put our best effort to maintain production from this field.

### **Question # 5**

In longer term, is there any potential capacity for pipe gas in Thailand or Southeast Asia region? Could you also please share more colors on OCA development and its production opportunity?

**Answer from PTTEP's management**

The company focus is on organic growth, putting our effort to expedite the monetization of discovery projects in both Thailand and Malaysia. The OCA is still pending the mutual settlement of overlapping claimed areas between government of the two countries. Though there had not been any exploration works done in the area, we believe that the subsurface structure should be similar to Erawan and Arthit Projects which are adjacent to the OCA field, likely to be gas. Once the mutual agreements have been reached, it might take another 5-10 years from exploration activities to be undertaken until the production start-up.

**Question # 6**

In the Gulf of Thailand, how much of petroleum reserves were produced?

**Answer from PTTEP's management**

Most of the reserves in Gulf of Thailand (GoT) were already lifted. We are in close coordination with the government to pursue the un-explored areas that are close to our existing fields where we could be able to share the facilities among projects.

**Question # 7**

Other than CCS pilot project at Arthit, does PTTEP plan to implement CCS at Bongkot and Erawan Projects in the future as well?

**Answer from PTTEP's management**

Currently, we focus on CCS at Arthit. If this is successful, we would push forward to implement at Bongkot and Erawan Projects as well. It is in our plan to study CCS at Bongkot and Erawan Projects.

**Question # 8**

Could you please share about Reserves Replacement Ratio for 2022?

**Answer from PTTEP's management**

Average 5-Year RRR as of 2022 stood at 2.0x, which is 0.1x increase from previous year, mainly from reserve booking of G1/61 Project.



You can reach the Investor Relations team for more information and inquiry through the following channels:

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## DISCLAIMER

### Forward-looking Information

The information, statements, forecasts and projections contained herein reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risks. No assurance is given that these future events will occur, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

### Petroleum Reserves and Resources Information

In this transcript, the Company discloses petroleum reserves and resources that are not included in the Securities Exchange and Commission of Thailand (SEC) Annual Registration Statement Form 56-1 under "Supplemental Information on Petroleum Exploration and Production Activities". The reserves and resources data contained in this transcript reflects the Company's best estimates of its reserves and resources. While the Company periodically obtains an independent audit of a portion of its proved reserves, no independent qualified reserves evaluator or auditor was involved in the preparation of reserves and resources data disclosed in this transcript. Unless stated otherwise, reserves and resources are stated at the Company's gross basis.

This transcript may contain the terms "proved reserves", "probable reserves", and/or "contingent resources". Unless stated otherwise, the Company adopts similar description as defined by the Society of Petroleum Engineers.

**Proved Reserves** - *Proved reserves are defined as those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations.*

**Probable Reserves** - *Probable reserves are defined as those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable.*

**Contingent Resources** - *Contingent resources are defined as those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable. The reasons for non-commerciality could be economic including market availability, political, environmental, or technological.*