

Executive Summary

PTTEP has continued to execute our investment strategy to enhance petroleum reserves and production level in short and longer terms. Our effort has been succeeded through the recent acquisition of additional stake of 22.2222% in the Bongkot Project, a major natural gas field of the Company as well as for the Country. Upon the completion, it will immediately contribute petroleum reserves, cash-flow and daily sales volume of 35,000 barrel of oil equivalent per day (BOED). The Company has also focused on the exploration expansion into prolific areas, recent achievement included the winning of bidding on 2 deep-water blocks in Mexico where we have partnered with experienced operators and 2 shallow-water blocks in Malaysia with PTTEP as an operator. More importantly, the Company endeavors to strengthen our growth via M&A of producing or near-producing assets, acceleration of the Final Investment Decision (FID) of key pre-development projects, execution of the exploration drilling activities as well as the preparation to participate in the upcoming bidding of expiring concessions in both Bongkot and Erawan fields. The Company strongly believes that our solid financial position and concrete strategic plans will enable the Company to grow sustainably.

For the operational result in this quarter, the average selling price (ASP) was supported by rallied oil price leading to a 5% increase in ASP from 41.74 USD per barrel of oil equivalent (BOE) in Q4/2017 to 44.01 USD/BOE. Besides, the Company was able to sustain the competitive unit cost at 29.20 USD/BOE resulting from our cost management. The sales volume in this quarter dropped from 313,054 BOED to 293,099 BOED, mainly due to the prolonged low nomination in the Gulf of Thailand and lower crude sales of Montara field in Australia, however, the Company continues to uplift condensate volumes to compensate the missing sale volumes.

From the aforementioned performance, the Company reported net profit of 423 MMUSD, increased from previous quarter of 289 MMUSD, comprising of recurring net profit of 304 MMUSD and non-recurring gains of 119 MMUSD. The non-recurring gains were mainly attributed to gains and tax savings of 138 MMUSD, arising from the appreciation of the Thai Baht relative to the US Dollar during the quarter. In additions, the Company generated positive operating cash flow of 1,044 MMUSD with 74% EBITDA margin.

At the end of Q1/2018, the Company upheld its healthy financial position, with total assets amounting to 19,745 MMUSD, of which 5,095 MMUSD was cash and short-term investments; while total liabilities were reported at 7,816 MMUSD in which interest-bearing debt accounted for 2,866 MMUSD; and total shareholders' equity ended at 11,929 MMUSD.

Table of key financial results

(Unit: Million US Dollar)	Q4 2017	Q1 2018	Q1 2017	% Inc. (Dec.) QoQ	% Inc. YoY
Total Revenue	1,271	1,240	1,092	(2)	14
Sales Revenue	1,202	1,161	1,040	(3)	12
EBITDA	825	879	776	7	13
Profit (loss) for the period	289	423	349	46	21
Basic earnings (loss) per share from continuing operations (Unit: USD)	0.07	0.10	0.09	43	11
Profit (loss) from normal operation	240	304	211	27	44
Profit (loss) from non-recurring items	49	119	138	>100	(14)

Economic Overview in the first quarter of 2018

Crude Oil Prices

Crude oil prices are among the key determinants of the Company's performance. Dubai crude price continued to rally from 2017 level with the average of this quarter at 63.96 USD/BBL (Source: Platts). The improved oil price environment was supported by the high compliance on the production cut agreement between OPEC and Non-OPEC leading to the crude stock reduction in major countries which posted a good signal of global oil demand and supply rebalancing. Also, global oil demand ramped up following the worldwide economic recovery as well as the prolonged depreciation of the US dollar against a basket of major currencies from 2017. Another bullish factor was the sanction of Iran's Nuclear Program imposed by the US.

However, there were several bearish factors pressuring the oil price such as the rising US production, which reached the highest production above 10 million barrel per day (BPD) together with the higher drilling activities among the E&P companies as a result of the upward oil price trend.

Liquefied Natural Gas (LNG) Prices

The Asian Spot Price for Q1/2018 stayed at the similar level as previous quarter with the average price of around 9.7 USD/MMBTU (Source: Platts). The Asian Spot Price normally varies by global LNG demand, which is highly consumed in the winter season and slowing down during the summer time.

Thailand's Energy Demand

Thailand's energy demand from January to February of 2018 was reported at 2.17 million BOED, an increase of 1.7% relative to the same period of the previous year (Source: EPPO, The Ministry of Energy), driven by Thailand's economic expansion. Crude oil and conventional sources of natural gas continued to be the primary sources of the domestic energy supply. However, due to changes in electricity consumption behavior following technological advances, solar power and LNG imports are gradually being adopted as alternative sources of energy supply.

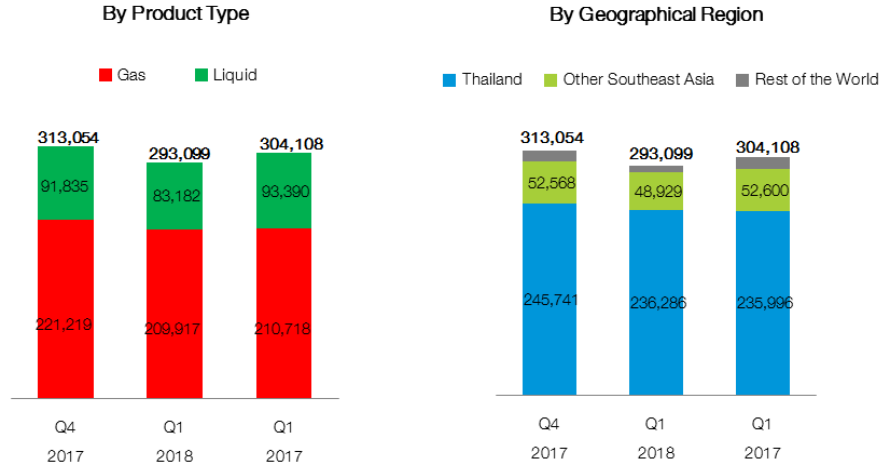
Exchange Rates (Thai Baht against US Dollar)

Because PTTEP's functional currency is the US Dollar whereas the tax filing currency is the Thai Baht, the THB:USD exchange rate is another factor affecting the Company's financial performance. For Q1/2018, the Thai Baht continuously appreciated against US Dollar due to several factors including the strong Thai economy supported by the growing export and tourism, the continued uncertainty of the US trade and fiscal policies along with the market expectation of the weakening US Dollar in spite of a FED interest rate hike. These factors led to heightened volatility in financial markets and fund flows. For this quarter, the THB:USD exchange rate closed stronger at 31.23 THB/USD, appreciating by 1.45 THB/USD from 32.68 THB/USD at the end of 2017, resulting in foreign exchange-related gains and tax savings for PTTEP.

 Financial Performance

Average Sales Volume and Selling Price

Unit: Barrels of Oil Equivalent per Day



Average selling price and Dubai crude oil price (Unit : US Dollar)	Q4 2017	Q1 2018	Q1 2017	% Inc. (Dec.) QoQ	% Inc. (Dec.) YoY
Average selling price (BOE)	41.74	44.01	38.00	5	16
Average Dubai crude oil price (BBL)	59.31	63.96	53.03	8	21

For First quarter of 2018 compared with Fourth quarter of 2017

In Q1/2018, the average sales volume of PTTEP and its subsidiaries (the “Group”) decreased to 293,099 BOED when compared with Q4/2017 of 313,054 BOED. The decrease was primarily from the Bongkot Project due to lower nomination from buyer, and from the PTTEP Australasia Project due to higher shutdown days for maintenance than Q4/2017. However, the average selling price in Q1/2018 increased to 44.01 USD/BOE (Q4/2017: 41.74 USD/BOE).

For First quarter of 2018 compared with First quarter of 2017

When compared the average sales volume for Q1/2018 to Q1/2017 of 304,108 BOED, the average sales volume decreased primarily from the Sinphuhorm Project due to lower nomination from buyer, and from the PTTEP Australasia Project due to higher shutdown days for maintenance than Q1/2017. However, the average selling price increased to 44.01 USD/BOE (Q1/2017: 38 USD/BOE).

Overall Operating Results

For First quarter of 2018 compared with Fourth quarter of 2017

In Q1/2018, the Group had a net profit of 423 MMUSD, an increase of 134 MMUSD or 46% from a net profit in Q4/2017 of 289 MMUSD. The increase was primarily due to a decrease in income tax expenses of 59 MMUSD mainly from the currency appreciation of Thai Baht against US Dollar and a decrease in depreciation, depletion and amortization expenses of 28 MMUSD mainly from a decrease of sales volume of the PTTEP Australasia Project. Besides, general and administrative expenses decreased by 49 MMUSD, while revenue from sales decreased by 41 MMUSD due to a decrease in sales volume.

By considering a profit from non-recurring items of Q1/2018, the Group reported a profit of 119 MMUSD, an increase of 70 MMUSD when compared with Q4/2017 which reported a profit of 49 MMUSD. The increase was primarily due to a higher degree of appreciation of Thai Baht against US Dollar in Q1/2018 at 1.45 Baht per USD compared to Q4/2017 at 0.69 Baht per USD, resulting in a decrease in income tax expenses relating to changes in foreign exchange rate and an increase in gains from foreign exchange rate in total amount of 84 MMUSD. However, the Group recognized higher loss on financial instruments, which mainly derived from forward contract of 15 MMUSD.

For First quarter of 2018 compared with First quarter of 2017

When compared a net profit for Q1/2018 with the same period last year which reported a net profit of 349 MMUSD, the Group had an increase in net profit by 74 MMUSD or 21%. The increase was primarily due to an increase in revenue from sales by 121 MMUSD mainly from an increase of average selling price. However, the Group has a loss on financial instruments for 43 MMUSD, mainly from forward contracts in Q1/2018, while gain of 6 MMUSD in Q1/2017.

By considering a profit from non-recurring items of Q1/2018, the Group reported a profit of 119 MMUSD, a decrease of 19 MMUSD when compared with Q1/2017 which reported a profit of 138 MMUSD. The decrease was primarily due to the Group recognized a loss on financial instruments for 43 MMUSD in Q1/2018, while recognized a gain from such transaction for 6 MMUSD in Q1/2017. However, a higher degree of appreciation of Thai Baht against US Dollar in Q1/2018 at 1.45 Baht per USD compared to Q1/2017 at 1.38 Baht per USD resulted in a decrease of income tax expenses relating to changes in foreign exchange rate and an increase of gain on foreign exchange, totaling 33 MMUSD.

Operating Results by Segments

Net Profit (loss)	Q4 2017	Q1 2018	Q1 2017	% Inc. (Dec.) QoQ	% Inc. (Dec.) YoY
(Unit: Million US Dollar)					
Exploration and production	250	301	214	20	41
Thailand	264	296	198	12	49
Overseas	(14)	5	16	>100	(69)
- Other Southeast Asia	(4)	4	23	>100	(83)
- Australia	(8)	-	(4)	100	100
- America	(3)	(1)	-	67	>(100)
- Africa	1	2	(3)	100	>100
Pipeline transportation	63	64	43	2	49
Head office and others	(24)	58	92	>100	(37)
Total	289	423	349	46	21

For First quarter of 2018 compared with Fourth quarter of 2017

For Q1/2018, the Group reported a net profit of 423 MMUSD, an increase of 134 MMUSD or 46% when compared with a net profit in Q4/2017 of 289 MMUSD, primarily due to an increase in operating results of Head office and others segment of 82 MMUSD and Exploration and production segment in Thailand of 32 MMUSD.

Head office and others segment

For Q1/2018, the Head office and others segment reported a net profit of 58 MMUSD, an increase of operating results by 82 MMUSD or more than 100% when compared with a net loss in Q4/2017 of 24 MMUSD, mainly due to a decrease of income tax expenses from an appreciation of Thai Baht against US Dollar and general and administrative expenses.

Exploration and production segment

- Thailand

For Q1/2018, Thailand segment reported a net profit of 296 MMUSD, an increase of 32 MMUSD or 12% when compared with a net profit in Q4/2017 of 264 MMUSD, primarily due to no written-off exploration wells in Q1/2018 while there was written-off wells of L53/43 and L54/43 Project in Q4/2017. Moreover, revenue from sales increased from an increase of average selling price.

For First quarter of 2018 compared with First quarter of 2017

For Q1/2018, the Group reported a net profit of 423 MMUSD, an increase of 74 MMUSD or 21% when compared with a net profit in Q1/2017 of 349 MMUSD, primarily due to an improvement in operating results of exploration and production segment in Thailand for 98 MMUSD, while the Head office and others segment had a decrease in operating results by 34 MMUSD.

Exploration and production segment

- Thailand

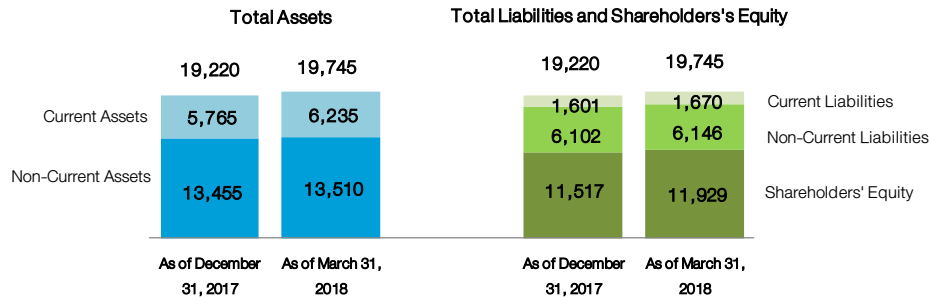
For Q1/2018, Thailand segment reported a net profit of 296 MMUSD, an increase of 98 MMUSD or 49% when compared with a net profit in Q1/2017 of 198 MMUSD, primarily due to an increase in sales revenue from an increase of average selling price, while income tax expenses increased from an increase of taxable profit due to operating results improvement.

Head office and others segment

For Q1/2018, the Head office and others segment reported a net profit of 58 MMUSD, a decrease of 34 MMUSD or 37% when compared with a net profit in Q1/2017 of 92 MMUSD. The decrease was primarily due to the recognition of a loss on financial instruments in Q1/2018, mainly derived from forward contracts, while there was a gain from financial instruments in Q1/2017. However, income tax expenses decreased from an appreciation of Thai Baht against US Dollar.

Financial Position

Unit: Million US Dollar



Assets

As at March 31, 2018, the Group had total assets in the amount of 19,745 MMUSD (equivalent to 616,662 MMTHB), an increase of 525 MMUSD from the total assets as of December 31, 2017 of 19,220 MMUSD (equivalent to 628,121 MMTHB), primarily due to;

(1) Current assets, which were primarily comprised of cash and cash equivalents, short-term investments and account receivable – parent company, increased by 470 MMUSD mainly due to an increase of 627 MMUSD in cash and cash equivalents and short-term investments, while account receivable – parent company decreased by 159 MMUSD.

(2) Non-current assets, which were primarily comprised of exploration and production assets in joint venture projects that are recognized as part of the property, plant and equipment, exploration and evaluation assets and goodwill. The increase of 55 MMUSD was mainly due to 1) an increase of 126 MMUSD in deferred tax assets, 2) an increase of 33 MMUSD in financial derivative assets, 3) an increase of 29 MMUSD in other non-current assets-others, while 4) property, plant and equipment decreased by 139 MMUSD due to depreciation, depletion and amortization expenses even though the Group had additional investment in exploration and production assets during the period.

Liabilities

As at March 31, 2018, the Group had total liabilities of 7,816 MMUSD (equivalent to 244,091 MMTHB), an increase of 113 MMUSD from total liabilities as at December 31, 2017 of 7,703 MMUSD (equivalent to 251,746 MMTHB), primarily due to;

(1) Current liabilities, which were primarily comprised of income tax payable, accrued expenses, current portion of debentures and account payables, increased by 69 MMUSD mainly due to an increase of income tax payable of 169 MMUSD, while current portion of debentures decrease by 76 MMUSD from a redemption of the unsecured and unsubordinated debentures on the maturity date and accrued expenses decrease by 38 MMUSD.

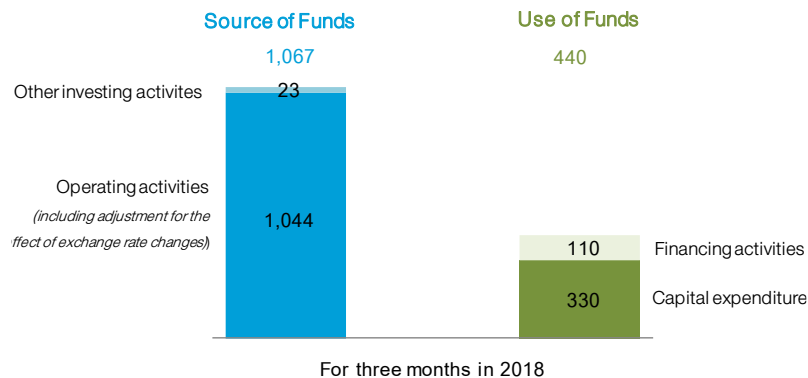
(2) Non-current liabilities, which were primarily comprised of provision for decommissioning costs, debentures, deferred tax liabilities and long-term loans from financial institution, increased by 44 MMUSD mainly from 1) deferred income increased by 36 MMUSD 2) debentures increased by 35 MMUSD 3) other non-current liabilities increased by 29 MMUSD, while 4) deferred tax liabilities decreased by 58 MMUSD.

Capital Structure

As at March 31, 2018, the capital structure comprised of equity in the amount of 11,929 MMUSD and total liabilities of 7,816 MMUSD, including the interest-bearing debts of 2,866 MMUSD with a weighted average cost of debt of 4.62% and the average maturity of 7.10 years. All interest-bearing debts are denominated in US Dollar currency. The proportion of the fixed interest rates to the floating interest rates is 80:20. In Q1/2018, the Group redeemed the unsecured and unsubordinated debentures on the maturity date for 76 MMUSD (equivalent to 2,500 MMTHB).

Cash Flows

Unit: Million US Dollar



As at March 31, 2018, the Group had cash and cash equivalents, including short-term investment in the form of bank fixed deposit with a maturity of more than three months, but within twelve months of 5,095 MMUSD, an increase of 627 MMUSD from cash and cash equivalents including short-term investment as at December 31, 2017 of 4,468 MMUSD.

Sources of funds in the amount of 1,067 MMUSD primarily came from Net cash received from operating activities as a result of the positive net cash flows from sales revenues, offset with cash payments for expenditures and income tax expenses.

Uses of funds in the amount of 440 MMUSD primarily came from Net cash used in additional investment activities for exploration and production assets, primarily for the Zawtika and Contract 4 Projects and Net cash used in financing activities which was mainly for the redemption of debentures on the maturity date and interest payment.

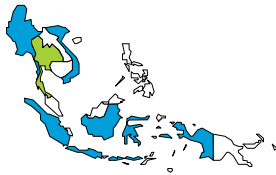
Key Financial Ratios

	Q4 2017	Q1 2018	Q1 2017
Profitability Ratio (%)			
EBITDA to revenue from sales	67.35	74.22	73.70
Return on equity	5.18	5.71	4.96
Net profit margin	13.12	14.28	12.90
Leverage Ratio (Times)			
Debt to equity	0.25	0.24	0.25
Debt to EBITDA	0.95	0.91	0.95

Remark:

- EBITDA to revenue from sales = Profit before deduction of interest, tax and depreciation to revenue from sales including revenue from pipeline transportation
- Return on equity = Net profit to weighted average shareholders' equity for the past 12 months
- Net profit margin = Net profit to total revenue for the past 12 months
- Debt to equity = Interest Bearing Debt to total shareholders' equity
- Debt to EBITDA = Interest Bearing Debt to profit for the past 12 months before deduction of interest, tax and depreciation

Operational Highlights



Thailand and Southeast Asia



America



Australia



Africa

As of the first quarter of 2018, PTTEP's domestic and international operations altogether sum to 38 projects in 10 countries, with key project highlights as follows;

Projects in Thailand

PTTEP currently has 16 projects in Thailand, the majority of which are in the *production phase*, which had average sales volume for this quarter of 236,286 BOED, accounting for 80% of PTTEP's total sales volume. These projects are located in both the Gulf of Thailand and onshore; including the **Bongkot Project**; the project achieved the production level as planned and currently is in the process of bidding preparation for the Bongkot concession, which will be expired in 2022-2023. The **S1 Project** has continuously drilled additional production wells in order to increase production levels in the future. Apart from production projects, **Ubon Field of the Contract 4 Project** is the process of negotiation with operator of the project on development preparation with expected first oil production by 2022 at planned capacity of 25,000-30,000 BPD.

Projects in Southeast Asia

PTTEP has 15 projects in this region which are located in the Republic of the Union of Myanmar (Myanmar), the Socialist Republic of Vietnam (Vietnam), Malaysia and the Republic of Indonesia (Indonesia). Sales volume for Q1/2018 from the projects in the Southeast Asian region amounted to 48,929 BOED, representing 17% of PTTEP's total sales volume.

The highlights of key projects in the *production phase* as follows. The **Zawtika Project**, located in the Gulf of Moattama, Myanmar, has maintained its production as planned and completed the construction of 4 production platforms in Phase 1C and the project also continues to carry out drilling activities. In Q1/2018, current natural gas sales volume averaged 281 MMSCFD (approximately 44,929 BOED). The **Vietnam 16-1 Project**, located offshore in the southeast of Vietnam, is preparing further production drilling plan aiming to maintain production plateau with crude oil and natural gas sales volume in Q1/2018 of 17,330 BPD and 4 MMSCFD (approximately 890 BOED), respectively.

The *exploration phase* projects in this region are mainly located in onshore and offshore of Myanmar. The major highlights include the **Myanmar M3 Project**, is currently in the process of negotiation on commercial framework with the Government of Myanmar as well as in the process of Pre-FEED study. The Project expects to propose the Field Development Plan to the Government of Myanmar within Q2/2018. The **Myanmar MD-7 Project**, is in the process of assessing the fields' resource potential. The **Myanmar M11 Project**, is under drilling preparation of an exploration well and is seeking partner to manage the Project's risk. The **Myanmar MOGE 3 Project**, is under drilling preparation of an exploration well. The **Sarawak SK410B Project** in Malaysia, is currently assessing the fields' resource potential with a plan to drill exploration wells. The **SK417 Project** and **SK438 Project** are located offshore of Malaysia. The Company recently signed the Production Sharing Contract with PETRONAS Carigali on 30 March 2018 where the Company is an operator with 80% stake in both projects. The **Vietnam B & 48/95 Project** and the **Vietnam 52/97 Project** are located offshore of Vietnam. The projects have signed a letter of agreement between joint venture partners on wellhead gas prices and transportation costs in 2017 and are currently in the negotiation process on commercial terms in order to push forward the Final Investment Decision (FID) targeting first production by the end of 2021 with ramping up capacity to 490 MMSCFD in accordance with the Gas Sales Agreement.

Projects in the Americas

PTTEP has 3 projects in this region located in Canada and the Federative Republic of Brazil (Brazil). All projects are in the *exploration phase*. The **Mariana Oil Sands Project**, located in Alberta, Canada, is under the consideration of the project development plan to suit with current circumstance.

PTTEP has 2 projects in Brazil. The **Barreirinhas AP1 Project** is located in the Barreirinhas Basin, offshore to the northeast of Brazil, and the **Brazil BM-ES-23 Project**, located offshore in the Espirito Santo basin, east of Brazil, are currently studying the petroleum potential for future development plan.

Projects in Australia

PTTEP has 1 project in this region which is located in the Commonwealth of Australia (Australia), comprising 12 permits.

The **Montara Field** which is in the *production phase* with average sales volume for Q1/2018 of 6,131 BPD.

The **Cash Maple Field** is in the *exploration phase*. The project has completed the Pre-FEED study and is under the evaluation of appropriated development plan.

Projects in Africa

PTTEP has 3 projects in this region, located in the People's Democratic Republic of Algeria (Algeria) and the Republic of Mozambique (Mozambique).

The **Algeria 433a and 416b Project**, which is in *production phase*, and is located onshore in the eastern part of Algeria, has average production volumes for this quarter at 17,344 BPD.

The **Algeria Hassi Bir Rekaiz Project**, which is in the *exploration phase*, and is located onshore in the eastern part of Algeria. Currently, the project's development plans have been submitted to the Algerian government since December 2017 and is awaiting the approval. The project is expected to start production within 2019 with the first phase capacity of around 10,000-13,000 BPD. Subsequently, further investment will be considered to ramp up to full capacity at around 50,000 BPD. The **Mozambique Rovuma Offshore Area 1 Project**, which is a large gas project located in offshore Mozambique, the project has made a significant progress during Q1/2018 including the Government's approval of Plan of Development (POD) in Golfinho-Atum area and started the resettlement activity of LNG liquefaction plant construction area. The Project also successfully secured the LNG Sale and Purchase Agreement (SPA) of 1.2 Million tons per annum (MTPA) with EDF, a French company and also expedites the finalization of other SPAs. In parallel, the Project is negotiating for project finance with financial institutions in order to support the Final Investment Decision (FID), with planned first phase of production at 12 MTPA starting in 2023.

Company Strategy

The Company continuously carries out its operations through the **3Rs strategy** being “RESET REFOCUS RENEW” in order to cope with the changes in the industry landscape as well as to enhance our competitive advantages and sustainable growth.

RESET: The Company successfully reset our cost base reflecting the 30% reduction in unit cost during the past few years and continue our cost control effort with the objective to maintain competitive cost among peers in the industry through the efficiency improvement and operational cost management.

REFOCUS: The Company endeavors to add petroleum reserves in both near and longer terms by prioritizing the investment in strategic areas including Southeast Asia and Middle East. Recent achievement was the acquisition of additional 22.2222% stake in the Bongkot Project. The new investments apart from the Merger and Acquisition (M&A) include the following priorities;

- The participation in the bidding process of expiring concessions in Gulf of Thailand, including the Bongkot and Erawan concessions. With more than 20 years of operatorship in the Bongkot filed, the Company is well-positioned to continuously supply natural gas to the country in accordance with the Government's policy.
- The acceleration of the Final Investment Decision (FID) of pre-development projects including the Mozambique Rovuma Offshore Area 1 Project, the Algeria Hassi Bir Rekaiz Project, the Vietnam B & 48/95 Project and the Vietnam 52/97 Project as well as the Contract 4 (Ubon Field)
- The execution of exploration activities in the current projects, with particular focus on Thailand, Myanmar and Malaysia, while also seeking new opportunities in the Company's strategic regions. Recent achievements included the expansion of exploration portfolio with experienced partners in deep-water blocks in Mexico and shallow-water blocks in Malaysia.

RENEW: The Company looks into transforming ourselves to bring our operational and technical efficiency to a new level as well as to closely assess disruption trends for their impact and capture of new business opportunities relating to E&P activities plus other potential business opportunities such as the decommissioning business, expansion on “Gas Value Chain” and renewable energy.

Capital Management

PTTEP focuses on ensuring effective financial management by maintaining a robust capital structure. As of the end of Q1/2018, the Company maintained a strong liquidity position with cash on hand of approximately USD 5.1 billion and debt-to-equity ratio of less than 0.3x, which is in line with the Company financial policies and also provides adequate liquidity in order to fund capital expenditure to maintain production, develop future projects in the pipeline, and carry out exploration activities as well as to support new investment opportunities through Merger and Acquisitions (M&A).

The Company has closely monitored the financial market environment along with evaluated the Company's investment plan and considered to prepay the outstanding 575 million USD loans in April 2018. After the completion, this transaction would reduce the interest burden of the Company.

Cost Management

The Company continues its focus on cost control through the SPEND SMART to Business Sustainability campaign with the theme “Think Smart, Work Smart for Better Efficiency” emphasizing on efficient cost management and productivity gains such as the reduction of drilling days and cost optimization of wellhead platform design, contract renegotiations on current and future equipment rental and services, and logistical optimization through reducing number of supply boats as well as optimizing inventory management. In consequence, the Company's unit cost was successfully maintained at 29.20 USD/BOE in Q1/2018.

Sustainable Development

PTTEP's Sustainable Development is aligned with global principles and UN's Sustainable Development Goals (SDGs) as reflected through its activities in the first quarter of 2018, covering three areas: business, social, and environment, as follows.

Business In 2018, PTTEP allocated a budget of 14 MMUSD for technology development, accounting for 2.4% of its 2017 net profit. The area of development focuses on 4 objectives and the key activities in the first quarter of 2018 are as follows:

- **Increase Exploration Success** i.e. Seismic-while-drilling and Advanced Structural geology model.
- **Enhance Production** i.e. In-House Simulation Software for Production Scheduling, which has already been implemented in Bongkot, Arthit and Zawtika fields.
- **Green Practice** i.e. Diesel consumption reduction, Greenhouse gas (GHG) reduction and CO₂ utilization.
- **Petroleum Related Technology** i.e. Autonomous Underwater Vehicle (AUV), In-pipe Inspection Robot and Decommissioning technology

Social PTTEP is committed to carrying out its business operations in a socially responsible manner, and is focused on four development areas: fundamental needs, education, environment and culture. Key activities in the first quarter of 2018 included training in agricultural business for 3 schools under the School-Based Integrated Rural Development (School-BIRD) project, expanding the Waste-to-Energy project to Wat Pai Mung school in Suphanburi province, supporting the Yacht Racing Association of Thailand in the developing of athlete's performances, and arranging the forest volunteers for environmental protection training, apart from the Reforestation project in Mae Hong Son and Phrae provinces.

Safety, Security, Health and Environment PTTEP has an environmental management system which encompasses a project's entire life cycle, and is a subset of PTTEP's Safety, Security, Health and Environment Management System (SSHE MS). In the first quarter of 2018, PTTEP had a Lost Time Injury Frequency (LTIF) score of 0.14 and a Total Recordable Incident Rate (TRIR) score of 0.85. The Company's performance on both safety indicators is comparable to the average of the members in the International Association of Oil and Gas Producers (IOGP). Moreover, PTTEP aims to become a Low Carbon Footprint organization, and has revised a goal to reduce its GHG emissions by a minimum 25% by the year 2030 versus its 2012 base year figure.

 **Future Business Outlook****Oil Price Outlook**

PTTEP expects Dubai crude prices in Q2/2018 will be in a range between 60-70 USD/BOE even though there is a pressure from rising US crude supply with current output of over 10 million BPD. Bullish factors include the strong commitment on production cut agreement from OPEC and Non-OPEC with market speculation on the agreement's extension beyond 2018. The extension is in line with the latest Aramco's IPO timeline target in 2019, where the accurate plan will be discussed in the upcoming OPEC meeting in June 2018. Besides, the downward trend output from Venezuela driven by its economic instability and the news on the negotiation between Saudi Arabia and Russia to pursue long-term (10-20 years) output cut agreement will also support the oil price. Others factors are the sanction on Iran's Nuclear Program led by the US and the Syria chemical attack.

On the other hand, there are several factors that still pressure the global crude price including the US trade and fiscal policy such as the interest rate hike by FED and the US import tax, mainly with China, this may lead to the US-China trade war and subsequently create the adverse effect on the stock market and economic growth.

LNG Market

It is forecasted that global LNG oversupply situation will be prolonged with total capacity of existing and upcoming LNG projects growing by 3% to 320 million ton, while demand side is expected to stabilize at 310 million ton as well as the global LNG price to remain steady compared to the previous year. The 2018 Average Asian Spot LNG price is predicted to be in a range bound of 6.5-7.6 USD/MMBTU (Source: IHS, Wood Mckenzie, PIRA and FGE). However, the global LNG price could vary depending on other factors including bearish factor from increasing LNG supply from new project sanction and bullish factors such as disruption in existing LNG projects, better-than-expected demand in Asian Markets especially China and India coupled with Energy policy from the governments. Nonetheless, the market foresees that LNG demand-supply tend to rebalance after 2022.

Thai Economy and Foreign Exchange Outlook

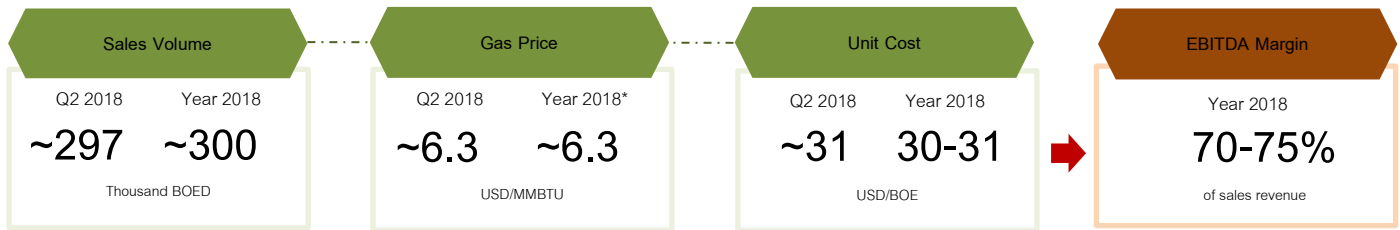
The Bank of Thailand expects the economy to expand at around 4.1% in 2018, driven mainly by Thailand economic expansion following the export and tourism growth reflecting the recovery in global economy, increasing private spending, and continual fiscal stimulus in the form of spending and investments.

The THB:USD exchange rate continues to embed a high degree of uncertainty and volatility. THB tends to strengthen against USD as a result of strong domestic economy, uncertainty around the global economy and the movement of major currency fund flows, mainly driven by the implementation of the US Tax Reform, the trade policy negotiation among US and its trading partners with surplus balance of trade such as China and the policy on the import tax on some products e.g. steel and aluminum, which will be eventually linked to the global trade system. For Europe, the European Central Bank (ECB) tends towards the possibility of the end of quantitative easing monetary policies due to a sign of economic recovery. The THB:USD exchange rate for 2018 is projected to be around 31.30 THB/USD (Source: Bloomberg).

PTTEP's financial performance will be affected by THB:USD exchange rate fluctuations mainly through income tax. The effect arises because the Company adopts two different functional currencies, the THB for tax purposes and the USD for accounting. The effects mainly, however, do not impact the Company's cash flows. Moreover, the possibility of increased interest rates is expected to not have any impact on the Company's financial performance as the Company's total interest-bearing debt is fixed-rate.

PTTEP's performance outlook for 2018

PTTEP's performance depends on three major factors including Sales volumes, Selling price and Unit cost with the guidance summary as follows;



*based on average Dubai price assumption of 63 USD/BBL for 2018

Sales volume:

PTTEP focuses on maintaining the production level in Thailand with the estimated sales volume for Q2/2018 and full-year 2018 of approximately 297,000 BOED and 300,000 BOED, respectively.

Sales price:

- PTTEP's liquid prices will fluctuate relative with global crude prices.
- PTTEP's gas prices are linked via a price formula with 6-12 months lag-time to referenced global oil prices indices. Average gas price for Q2/2018 and full-year 2018 are estimated at approximately 6.3 USD/MMBTU reflecting the upturn in oil price environment. (Based on average Dubai price assumption for full-year 2018 of 63 USD/BBL)

Unit Cost:

PTTEP expects the unit cost for Q2/2018 will slightly increase to around 31 USD/BOE and be in a range between 30-31 USD/BOE for the full-year 2018.