

PTTEP Q1 2020 Analyst Meeting

Edited Transcript (Financial Part)

Venue: Microsoft Team Meeting
8 May 2020
10:15 – 11:45 Hours

Speaker: Khun Sumrid Sumneing
Executive Vice President, Finance and Accounting Group

Note: Impact & Responses and Strategy part can be found in this [link](#).

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



PART 3: Financial Performance

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



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Q1 2010 Key Financial Performance

Soften net income from lower sales volume and price

The net income in Q1 2020 was recorded at 275 million USD (equivalent to 8,612 MMTHB), decreasing by 28% QoQ, as due to lower volume and average selling price as a result of low oil price situation in the late of the first quarter from impact of COVID-19. The sales volume stood at 363 KBOED, decrease by 8% from 395 KBOED in the fourth quarter of 2019 due to lower nomination from buyer in Gulf of Thailand projects such as Bongkot, Contract 4, MTJDA and lower crude sales in Malaysia Project.

With the drop in oil price from 62.03 \$/barrel to 50.41 \$/barrel in the first quarter of 2020, the average selling price slightly decreased from 48.28 USD/BOE to 44.81 USD/BOE as the gas price remains strong at 6.87 \$/MMBTU since there was some lagging time effect around 6-12 months in the gas price adjustment. Therefore, the gas price will not immediately be affected by falling oil prices. However, if the low oil price situation prolonged, gas price will be impacted from 2H 2020 onwards. Volume mix still be gas of 70%.

On the cost side, the unit cost in Q1 2020 was decreased to 30.95 USD/barrel, lower than Q4 2019 and 2019. The cash cost was around 15 \$/BOE, lower than PTTEP's average selling price.

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3M 2020 Cash flows and Financial Position

The beginning cash stood at approximately 3 billion USD. In the first quarter the Company has implemented liability management activities, continuing from 2019 by repaying some bonds and issuing the new one. So, with the cash inflows of around 1.1 billion USD and cash outflows from some repayment and CAPEX around 878 million USD, the ending cash stood at 3.2 billion USD which was more than enough to support our operations. The major upcoming outflows is dividend payment of around 480 million

USD and tax payment of around 800 million USD in May. After the payment, the amount of cash on hand is expected to remain healthy to support the operations.

With regards to the capital structure, the debt to equity ratio remains the same at 0.29x. The assets slightly increased from 22,202 million USD to 22,364 million USD QoQ, while the Equity was slightly drop from 11,841 million USD in Q4 2019 to 11,562 million USD in Q1 2020, despite the increase in net profit of 275 million USD, because there was a dividend announced amounted to about 480 million USD and a settlement of perpetual bond. All interest-bearing debts were denominated in USD with the decrease in weighted average cost of debt from 4.41% in Q4 2019 to 3.93% in Q1 2020 and having average maturity of 16.15 years.

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Credit Ratings and Outlooks

The credit ratings agencies have affirmed the credit ratings of the Company.

With regards to the guidance, the average sales volume in Q2/20 is expected to be around 349 KBOED and full year of 362 KBOED; lower from the previous guidance as a reflection of COVID-19 impact and low nomination impact from buyer. The average gas price will start to take impact of low oil price situation in 2H 2020 onwards. Full year gas price is expected to be around 6 USD/MMBTU. Lastly, the unit cost should remain pretty much unchanged at 30-31 USD/BOE, while the EBITDA margin is expected to be in the range of 65-70%.



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

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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.*