

# PTT Exploration and Production Public Company Limited

Q1 2015 Opportunity Day  
Stock Exchange of Thailand  
21 May 2015



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





**Safety**



**Industry Update**



**Q1 2015 Financial Results**



**Outlook**

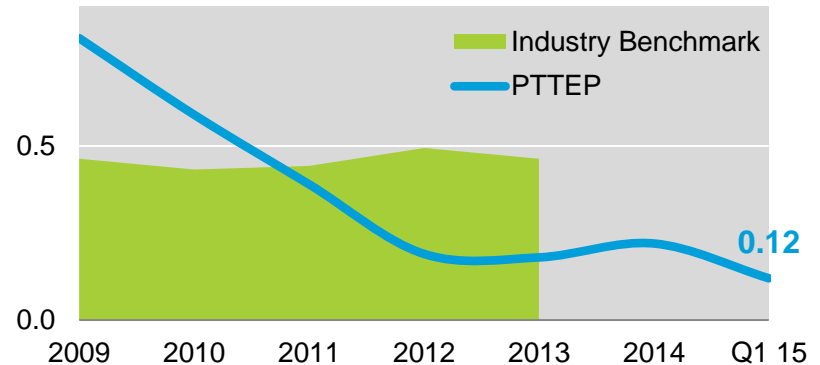
# Q1 2015 Safety Highlights

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**



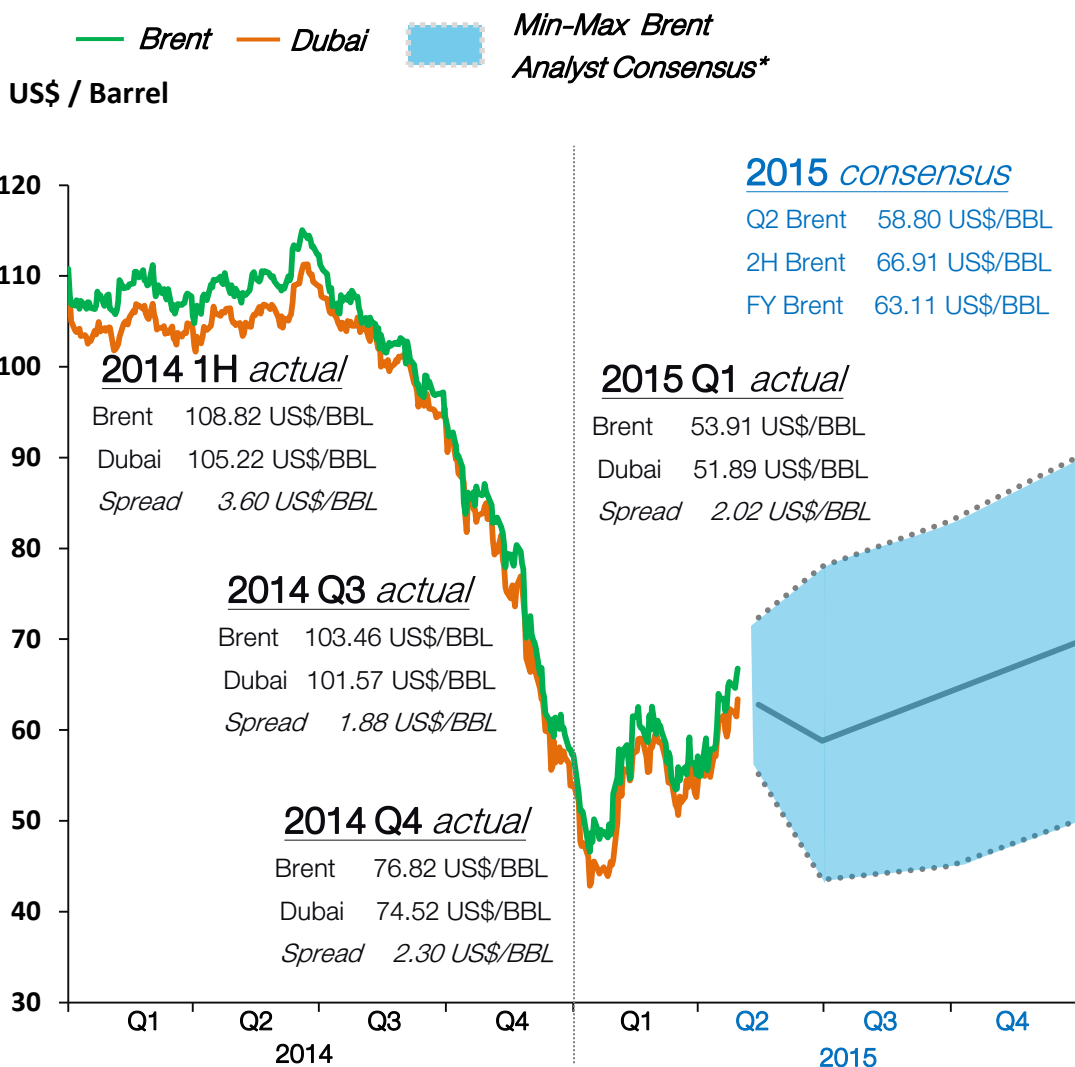
**Industry Update**



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### 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

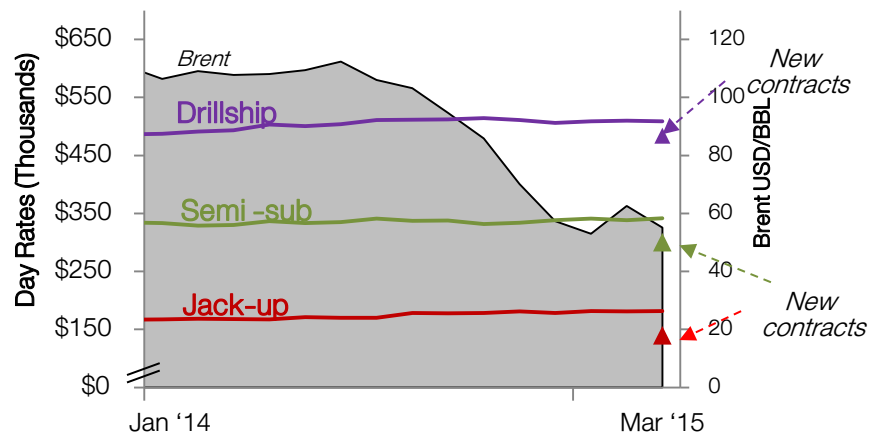


# Industry Response to low prices

## Emphasis on Efficiency and Value

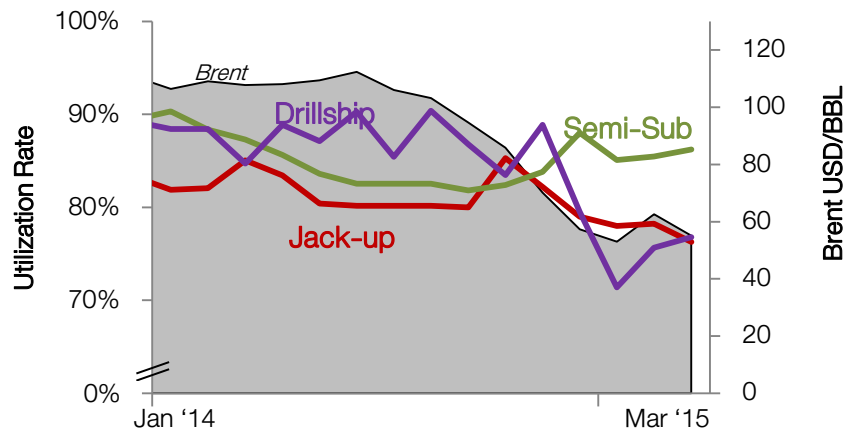


### Rig Rates (since 01/2014)



Source: Riglogix, Company Analysis

### Rig Utilization (since 01/2014)



Source: Riglogix, Company Analysis

### Emerging Trends

#### ✓ Headcount Reduction from service industry

**Schlumberger**

20,000 jobs



10,500 jobs



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

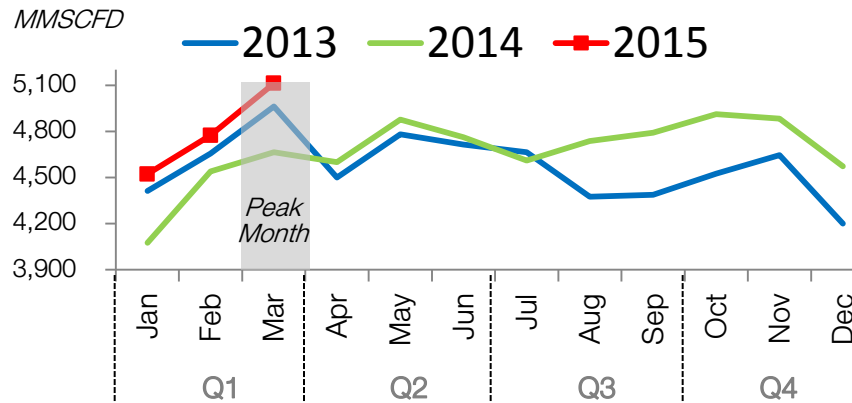
- ❖ Non-core asset divestment
- ❖ Delay of non-strategic projects
- ❖ Opportunistic M&A

#### ✓ Contract re-negotiation

Source: Company disclosures, news

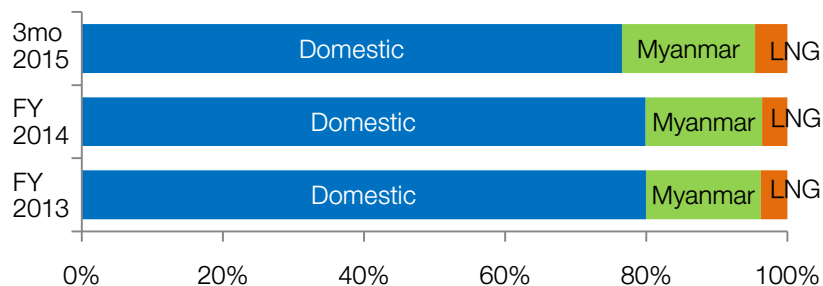
### Gas Consumption

#### Monthly Gas Consumption by Year



Source: EPPO

#### Annual Gas Consumption by Source



Source: EPPO

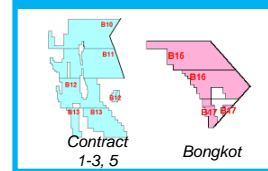
### Energy Reform

#### 21st Bidding Round



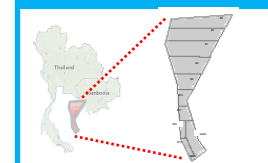
- Bidding round expected to resume later in 2015 after reaching a solution on an appropriate fiscal policy

#### Expiring Concessions



- NEPC announced basic principles to concession renewal
- Target for definitive solution within 2017
- Gas supply stability continues to be key consideration

#### Thai-Cambodian OCA



- Discussion resumes at the Government level to seek resolution on OCA

Source: MOE, DMF



**Safety**



**Industry Update**



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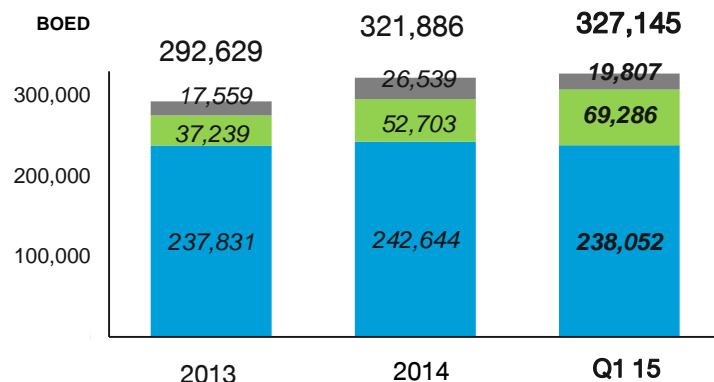
# Sales Volume & Unit Costs

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

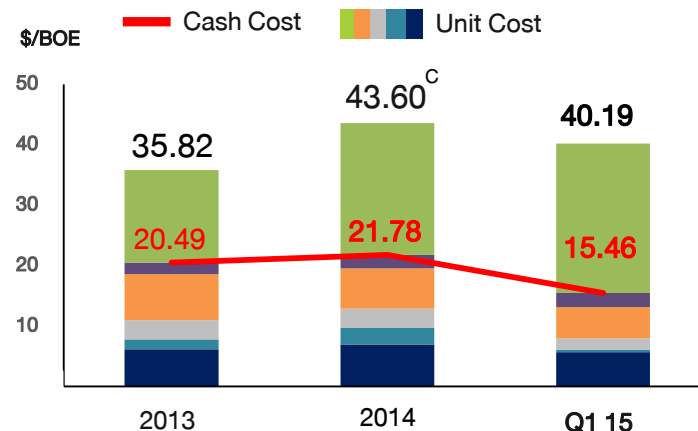


■ Rest of World  
■ Other SEA  
■ TH

Sales Volume and Price



Unit Cost



Gas (\$/MMBTU)	7.92 <sup>A</sup>	8.03 <sup>A</sup>	8.03
Liquid (\$/BBL)	100.15	94.91	50.12
Weighted Avg. (\$/BOE)	65.58 <sup>B</sup>	63.38 <sup>B</sup>	48.74
Avg. Dubai (\$/BBL)	105.54	96.60	51.89
Avg. HSFO (\$/BBL) <i>High Sulfur Fuel Oil</i>	97.52	86.74	48.90
Volume Mix <i>(Gas:Liquid)</i>	66 : 34	67 : 33	71: 29
Revenue Mix <i>(Gas:Liquid)</i>	47 : 53	51: 49	70: 30

DD&A	15.33	21.82	24.73
Finance Cost	1.88	2.21	2.33
Royalties	7.65	6.69	5.18
G&A	3.17	3.10	1.82
Exploration Exp.	1.61	2.83	0.45
Operating Exp. <sup>D</sup>	6.18	6.95 <sup>C</sup>	5.68
Lifting Cost	4.88	5.26	4.57
Success Ratio <sup>E</sup>	38:55	25 : 43	15:18

A) If Vietnam 16-1 retroactive sales are excluded, gas price is  
\$ 8.01 for 2013 and 8.07 \$ for 2014

B) If Vietnam 16-1 retroactive sales are excluded, average selling price is  
66.09 for 2013 and 63.59 for 2014

C) If exclude extra expense from Montara's Development well (H5) :  
2014 Operating Exp. : 6.53 \$/BOE / Unit cost : 43.18 \$/BOE

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

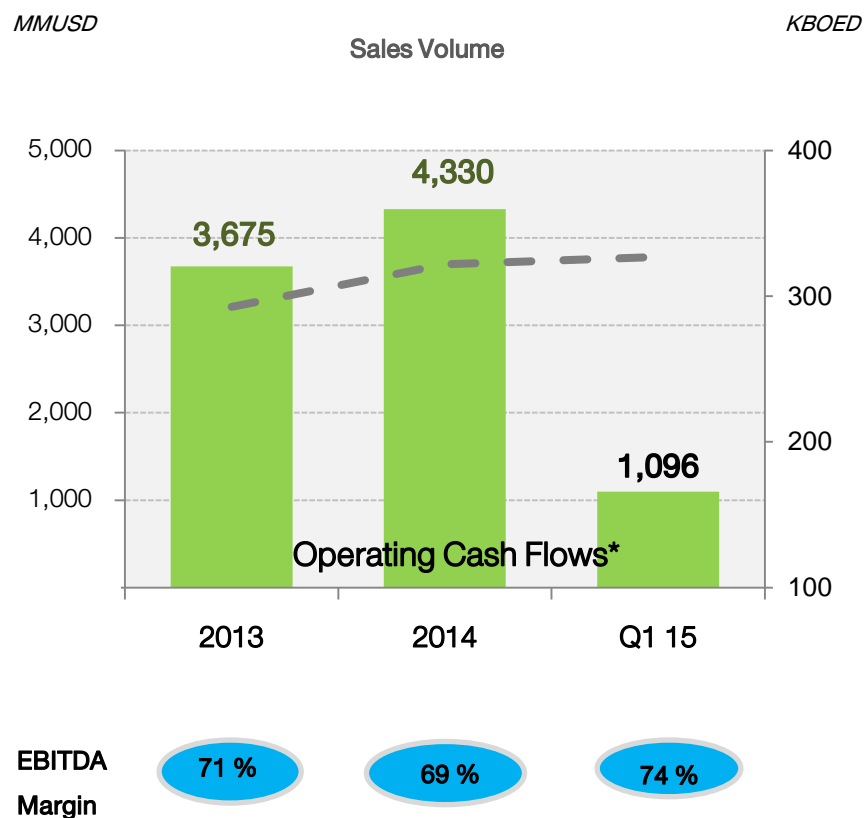
E) Exploration and Appraisal wells

# Cash Flow Performance

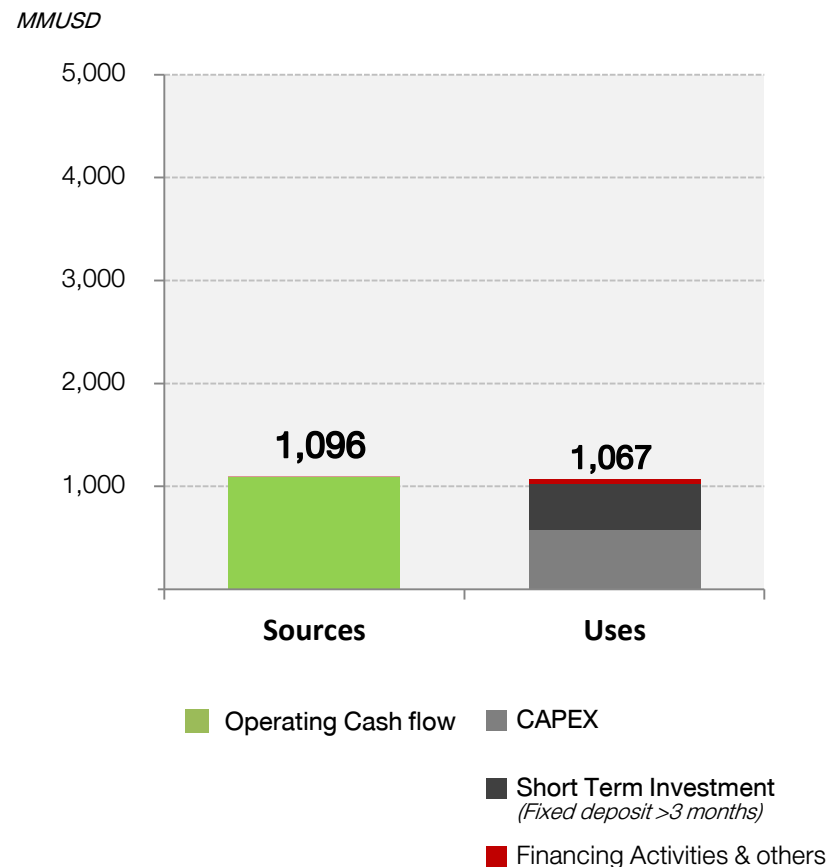
Robust liquidity to fund CAPEX and Debt Service



## 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

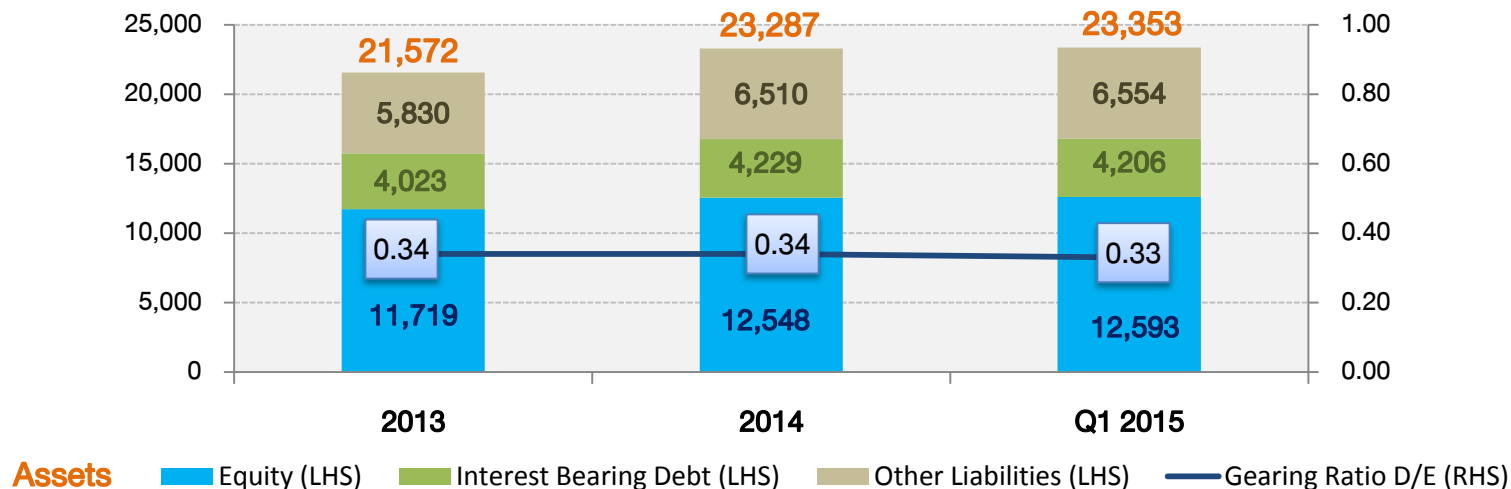
Strong Balance Sheet with Low Gearing



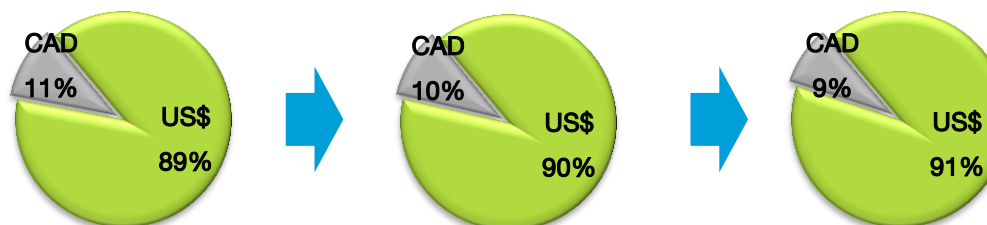
MMUSD

## 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



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**Outlook**

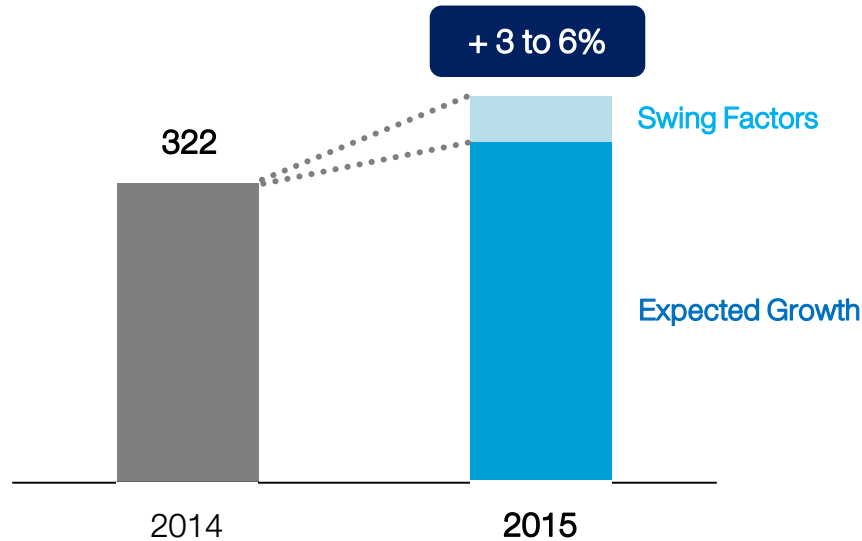
# 2015 Near-term Priorities Update

Reassess sales volume target and make progress on cost savings plan



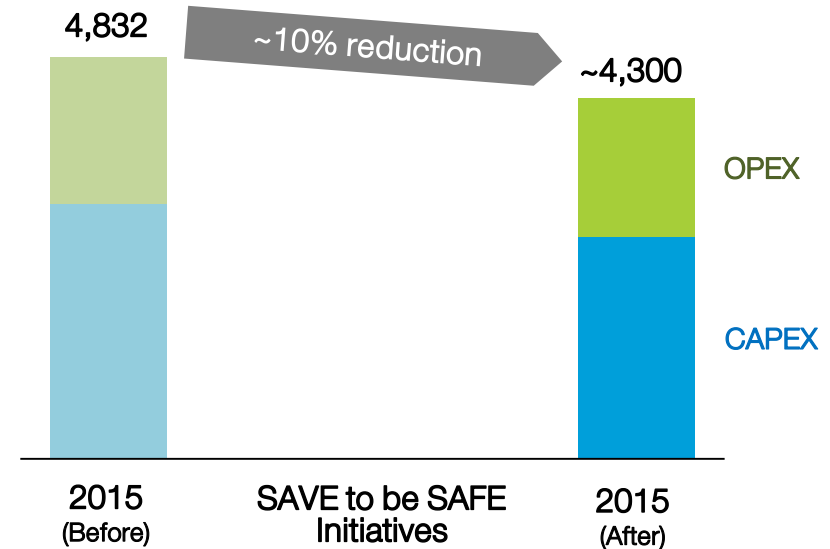
## Sales Volume Guidance

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

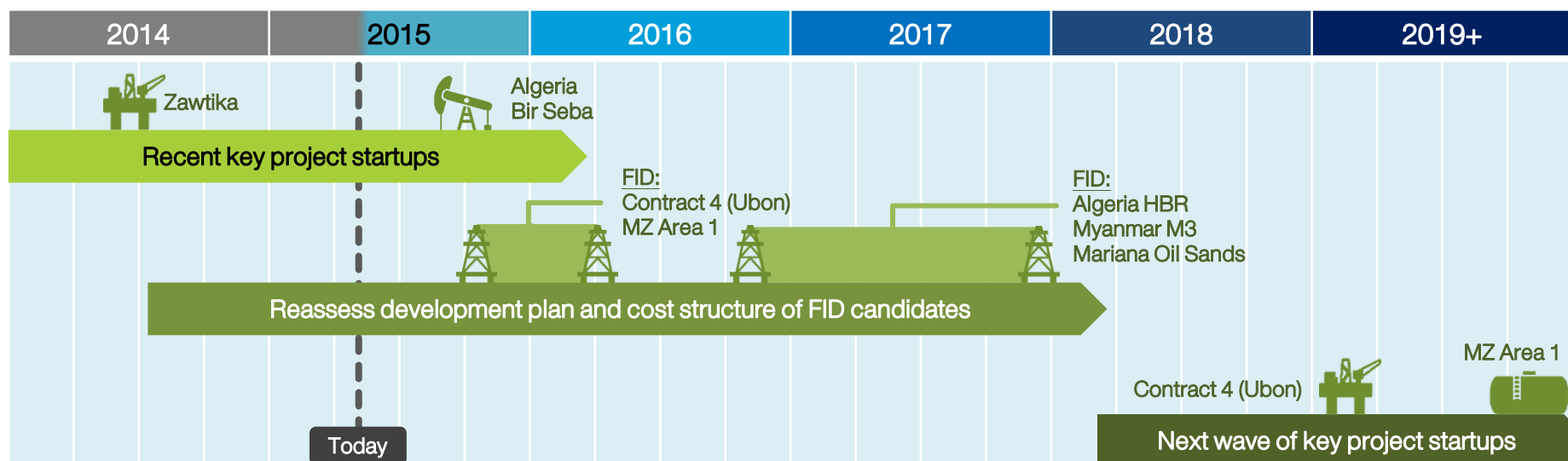


## Snapshot of what to expect in 2015

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

Contact us via email address at

[IR@pttep.com](mailto:IR@pttep.com)

OR

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



**1. Industry**

**2. Detailed Financial Information**

**3. Project Details**

**4. Organization Structure**

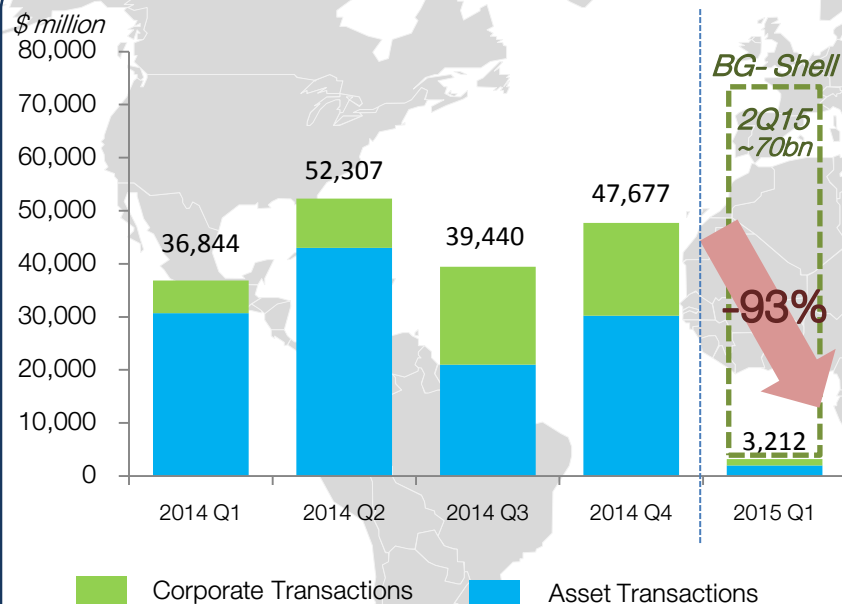
**5. Ratios & Formula**

# 2015 Q1 M&A Recap

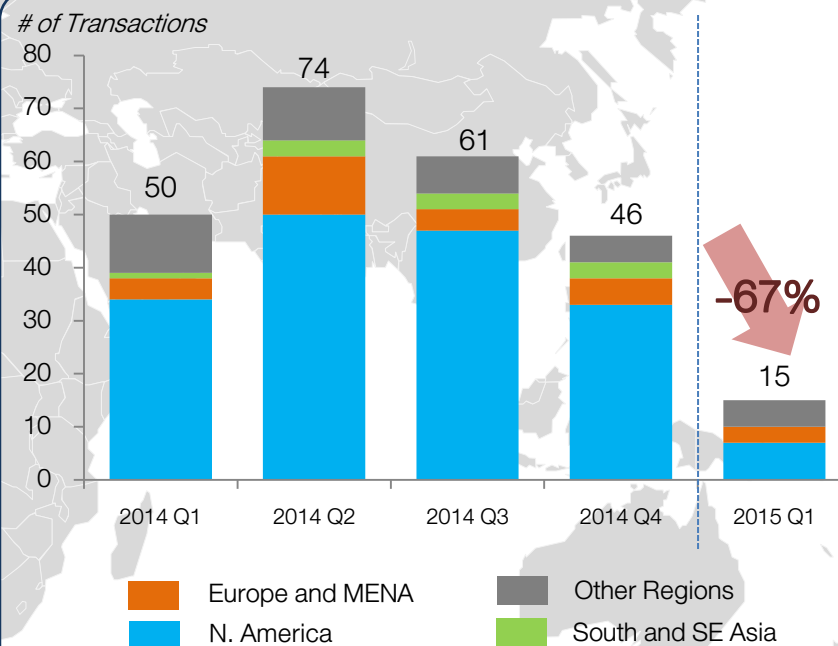
Uncertainty of oil price outlook creates disconnect between buyers and sellers



## 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

Source: IHS

Note: \* Includes transactions where value > US\$100 million

# 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	Status*	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	OP	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	OP	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	OP	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	OP	100%			-	Crude: 53 BPD	<ul style="list-style-type: none"><li>Drill Exploration Wells</li></ul>
11	PTTEP1	OP	100%			-	Crude: 348 BPD	<ul style="list-style-type: none"><li>Drill Appraisal / Development wells</li><li>Perform waterflood activities</li></ul>
12	S1	OP	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	OP	55%	Apico ExxonMobil	35% 10%	120 MMSCFD	Condensate: 456 BPD	<ul style="list-style-type: none"><li>Drill development wells</li></ul>
14	MTJDA	JOC	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	OP	100%			-	Crude: 134 BPD	<ul style="list-style-type: none"><li>Drill Exploration / Appraisal / Development wells</li></ul>

\*Status: OP = PTTEP operatorship / JOC = PTTEP joint operatorship

\*\* Sales volume stated at 100% basis. \*\*\* DCQ = Daily Contractual Quantity



	Project	Status*	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	OP	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	JOC	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	JOC	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)	OP	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)	OP	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>

\* Status: OP= PTTEP operatorship / JOC = PTTEP joint operatorship

\*\* Sales volume stated at 100% basis

	Project	Status*	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Development Phase :</b>					
<b>Overseas</b>					
24	Algeria 433a & 416b (Bir Seba)	JOC	35%	PetroVietnam Sonatrach 40% 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	Status*	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Exploration Phase</b>					
<b>Thailand and JDA</b>					
25	G9/43	OP	100%		<ul style="list-style-type: none"> <li>Acquire 3D seismic</li> <li>Drill Exploration / Appraisal wells</li> </ul>
26	L28/48	OP	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	OP	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, ENH, Bharat Petroleum, BREML, OVL 26.5%,20%, 15%,10%, 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	OP	24.5%	CNOOC Sonatrach 24.5% 51%	<ul style="list-style-type: none"> <li>Drill Appraisal wells</li> </ul>

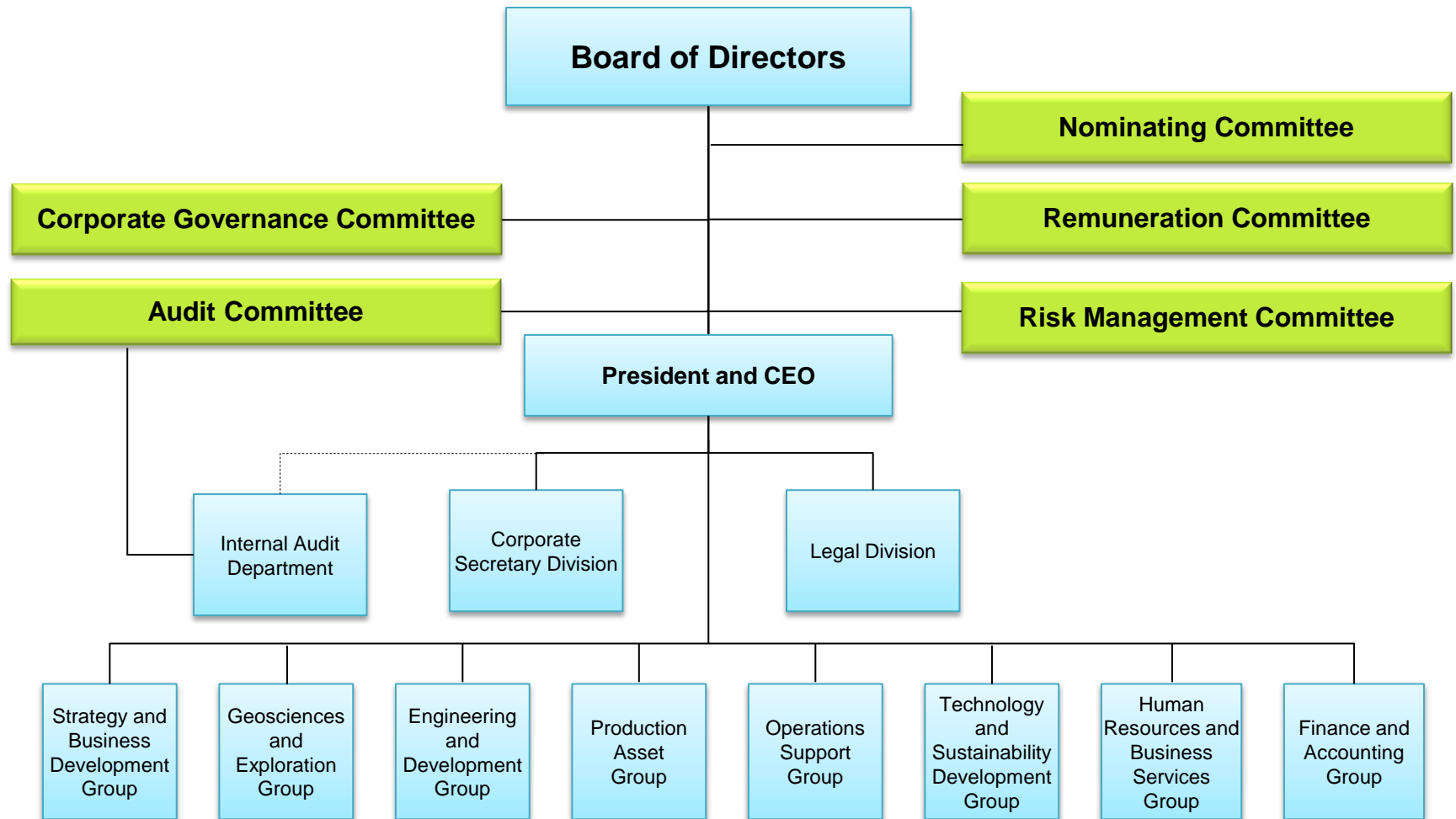
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	Project	Status*	PTTEP's Share	Partners (as of Q1 2015)	2015 Key Activities
<b>Exploration Phase (con't)</b>					
<b>Overseas (con't)</b>					
30	Indonesia South Mandar	OP	34%	Talisman TOTAL 33% 33%	• G&G studies
31	Indonesia Malunda	OP	100%		• G&G studies
32	Myanmar M11	OP	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	OP	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 15%, 11.6% Resources	• 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	OP	100%		• Acquire 3D seismic
40	Mariana Oil Sands	OP	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	OP	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

\* Status: OP= PTTEP operatorship / JOC = PTTEP joint operatorship

# 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	Total interest bearing debt / Shareholders' equity
Total Debt to EBITDA Ratio	Total interest bearing debt / Trailing-12-month EBITDA