

# PTT Exploration and Production Public Company Limited

## Conference Call 2014 Year-end Financial Results

January 29, 2015



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



# Summary of 2014 Financial Results



Lower net income in 2014 mainly from Impairment loss on assets

Unit : MMUSD

Statements of Income	2014	2013	% YTD	Q3 14	Q4 14	Q4 13	% QoQ	%YoY
<b>Total Revenues</b>	<b>8,017</b>	<b>7,445</b>	8	<b>2,093</b>	<b>2,026</b>	<b>1,904</b>	(3)	6
Sales	7,496	7,172	5	1,959	1,807	1,816	(8)	(0)
Others	433	273	59	127	219	88	72	>100
Others (KKD Swap)	88	-	100	7	-	-	(100)	-
<b>Sales Volume (BOED)</b>	<b>321,886</b>	<b>292,629</b>	10	<b>325,248</b>	<b>347,295</b>	<b>299,716</b>	7	16
<b>Sales Price (US\$/BOE)</b>	<b>63.38</b>	<b>65.58</b>	(3)	<b>65.15</b>	<b>56.54</b>	<b>64.48</b>	(13)	(12)
<b>Total Expenses</b>	<b>7,340</b>	<b>5,598</b>	31	<b>1,616</b>	<b>2,765</b>	<b>1,665</b>	71	66
<b>Major Drivers:</b>								
Operating Expenses	857	827	4	175	192	226	10	(15)
Other Exp (KKD Swap)	41	-	100	-	-	-	-	-
Exploration Expenses	333	172	94	126	126	57	0	>100
DD&A	2,563	1,637	57	666	780	460	17	70
Impairment loss on assets	997	-	100	-	997	-	100	100
Income Tax Expense	1,095	1,516	(28)	268	250	441	(7)	(43)
Gain (Loss) on FX	(49)	(91)	46	(33)	(21)	(65)	(36)	(68)
<b>Recurring Net Income</b>	<b>1,538</b>	<b>2,114</b>	(27)	<b>426</b>	<b>183</b>	<b>393</b>	(57)	(53)
Non-recurring *	(861)	(267)	>(100)	51	(922)	(154)	>(100)	>(100)
<b>Net Income</b>	<b>677</b>	<b>1,847</b>	(63)	<b>477</b>	<b>(739)</b>	<b>239</b>	>(100)	>(100)

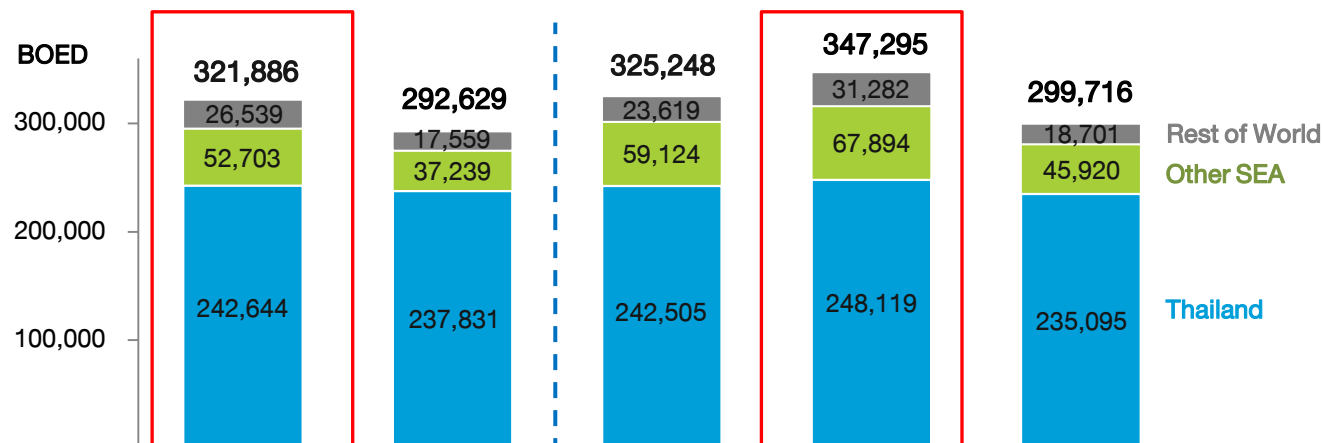
\* Includes Gain/(loss) on FX, Deferred tax from Functional currency, Current Tax from FX Revaluation, Gain/loss from Financial instruments, H1 incident Insurance Claim, Impairment loss on assets, and etc.

# PTTEP Sales Volume and Average Product Price

Growing volume & strong gas price amidst low oil price environment



## Sales Volume

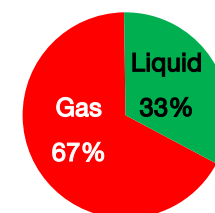


## Sales Price

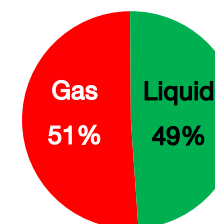
	2014	2013	Q3 14	Q4 14	Q4 13
Gas (\$/MMBTU)	*8.03	*7.92	8.13	8.06	*7.64
Liquid (\$/BBL)	<u>94.91</u>	<u>100.15</u>	<u>100.19</u>	<u>74.88</u>	<u>101.53</u>
Weighted Avg. (\$/BOE)	<b>**63.38</b>	<b>**65.58</b>	65.15	<b>56.54</b>	<b>**64.48</b>
Avg. Dubai (\$/BBL)	<b>96.60</b>	105.52	101.45	<b>74.40</b>	106.82
Avg. HSFO (\$/BBL) (High Sulphur Fuel Oil)	<b>86.74</b>	95.27	92.60	<b>67.23</b>	94.18

## 2014 Sales Volume By Product

### Volume Mix



### Revenue Mix

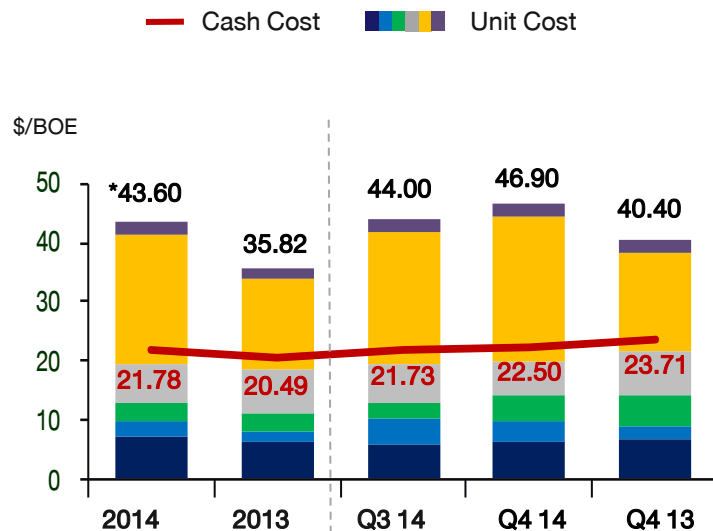


\* Gas price, if excludes Vietnam 16-1 retroactive sale recording, is 8.07 \$ for 2014 / 8.01 \$ for 2013 / 7.98 \$ for Q4 13

\*\* Average selling price, if excludes Vietnam 16-1 retroactive sale recording is 63.59 for 2014 / 66.09\$ for 2013 / 66.46 \$ for Q4 13

# Operating Performance

Higher unit cost mainly from DD&A of Montara



	2014	2013	Q3 14	Q4 14	Q4 13
Lifting Cost	5.26	4.88	5.20	4.76	5.26
Drilling Success Ratio ( Number of Successful wells : Total)					
Success Ratio ***	25 : 43	38 : 55	0 : 3	8 : 18	12 : 17

\*\*\* Exploration and Appraisal Wells

Finance Cost	2.21	1.88	2.09	2.57	2.24
DD&A	21.82	15.33	22.27	24.40	16.69
Royalties	6.69	7.65	6.86	5.75	7.34
G&A	3.10	3.17	2.74	4.26	5.24
Exploration Exp.	2.83	1.61	4.20	3.93	2.06
Operating Exp. **	*6.95	6.18	5.84	5.99	6.83

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

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

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

# Financial Performance : Income Statement

2014 profitability ratio primarily affected by impairment charges



	2014	2013	Q3 14	Q4 14	Q4 13
Sales Revenue* (MMUSD)	7,634	7,323	1,996	1,845	1,853
EBITDA (MMUSD)	5,295	5,168	1,409	1,209	1,223
Net Profit (MMUSD)	677	1,847	477	(739)	239
Earning Per Share (USD)	0.16	0.46	0.12	(0.20)	0.06
<b>Key Financial Ratios</b>					
EBITDA Margin (%)	69	71	71	66	66
Return on Equity (%) (LTM)	6	16	14	6	16
Return on Capital Employed (%) (LTM)	5	13	11	5	13
Simple Effective Tax Rate (%)	62	45	35	(51)	64

\* 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)	2014	2013	Q3 14	Q4 14	Q4 13
Total Assets (MMUSD)	23,298	21,572	23,015	23,298	21,572
- Cash & cash equivalents (MMUSD)	3,936	2,357	3,548	3,936	2,357
Total Liabilities (MMUSD)	10,751	9,853	9,698	10,751	9,853
- Interest bearing debt (MMUSD)	4,229	4,023	4,256	4,229	4,023
Equity (MMUSD)	12,547	11,719	13,317	12,547	11,719
<b>Key Financial Ratios</b>					
Total Debt to Equity (X)	0.34	0.34	0.32	0.34	0.34
Net Debt to Equity (X)	0.02	0.14	0.05	0.02	0.14
Total Debt / Capital (X)	0.25	0.26	0.24	0.25	0.26
Total Debt / EBITDA (X)	0.80	0.78	0.80	0.80	0.78
Net Debt / EBITDA (X)	0.06	0.32	0.13	0.06	0.32
EBITDA Interest Coverage (X)	28	32	28	28	32

\* Exclude Hybrid bonds

Weighted Average Cost of Debt \* : 4.14%

Average Loan Life \* : 7.05 years



# Cash Flows: Jan – Dec 2014

Strong cash position with over 4 billion USD generated from operations



Unit : MMUS\$

Operating	4,330
▪ Income before tax & non-cash adjustment	5,803
▪ Tax payment	(1,397)
▪ Changes in assets/ liabilities	(76)

+

CAPEX & Investment	(3,006)
▪ CAPEX (PP&E, Intangible asset)	(2,583)
▪ Investment	
• Acquiring Hess Thailand, net	(813)
• KKD asset swap settlement, net	388
• Others	2

Free Cash Flow
1,324

+

Finance	255
▪ Proceed from Hybrid Bonds	1,000
▪ Proceed from Bond	601
▪ Bond repayment	(360)
▪ Net cash payment - CCS	(29)
▪ Interest & finance cost paid	(221)
▪ Dividend Paid	(736)

Cash In (Out)
1,579

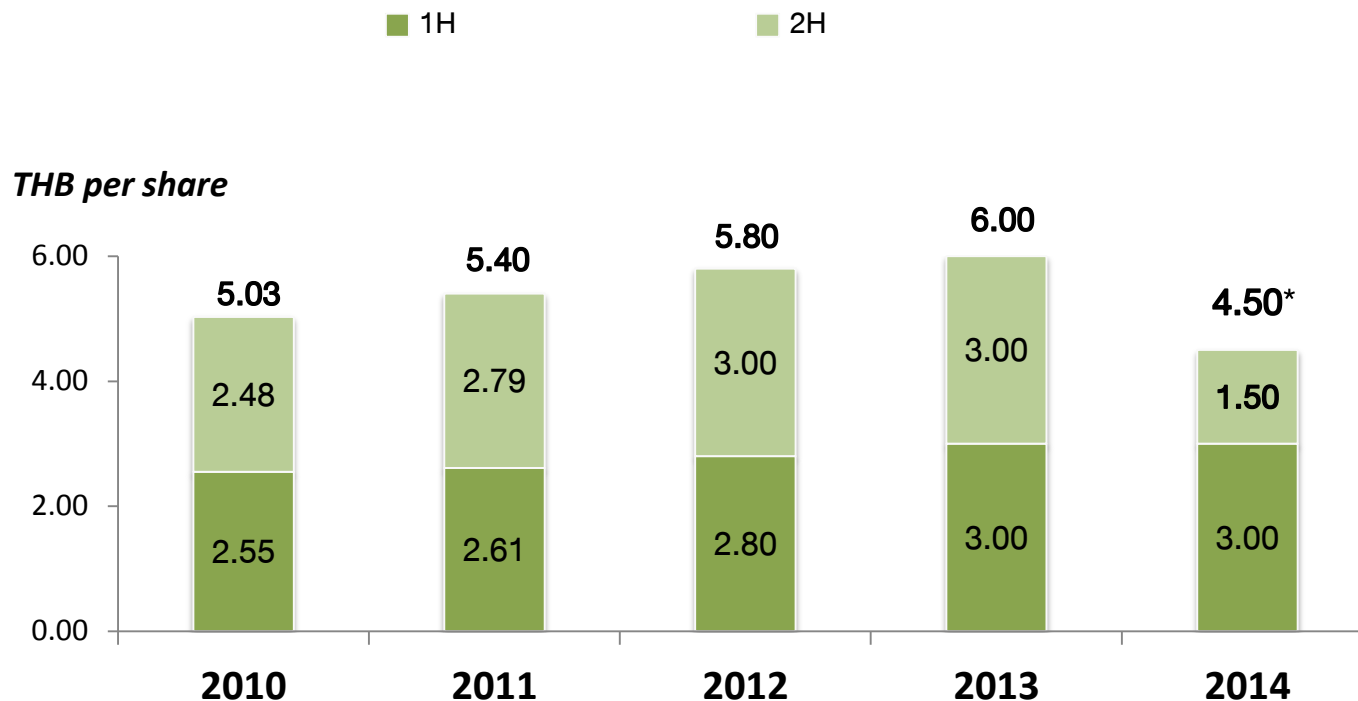
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Beginning Cash & Cash Equivalent
2,357

=

Ending Balance
3,936

## Dividend Payment History ( Policy : No Less Than 30% of Net Income)

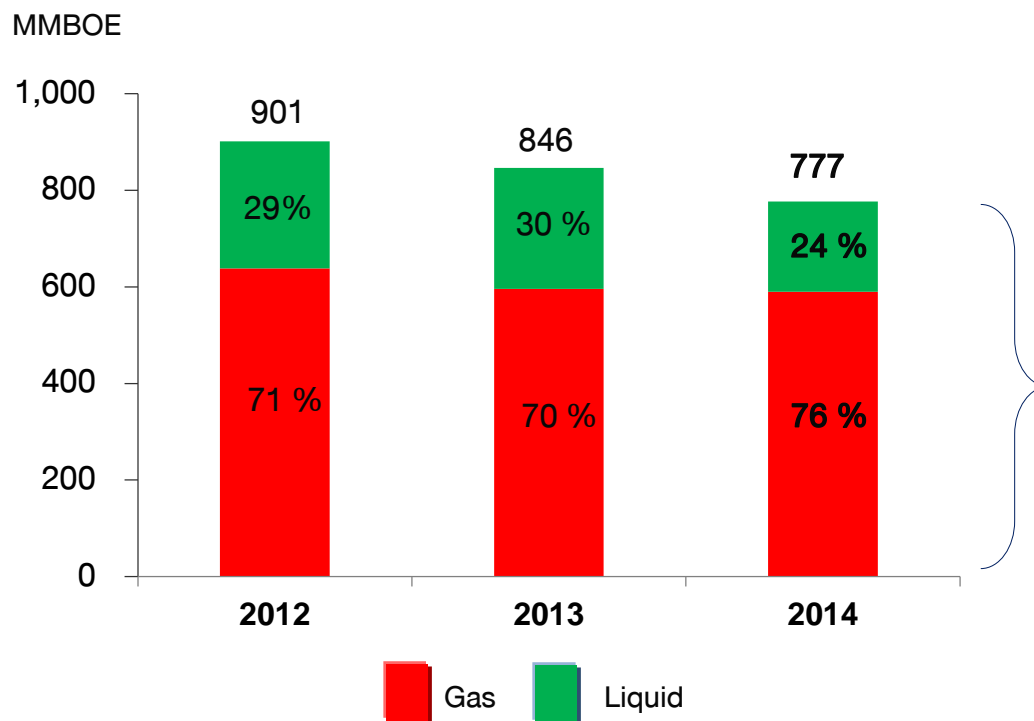


Payout Ratio (%)	40	40	38	40	82
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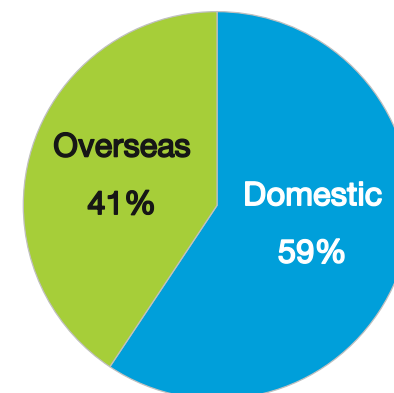
\* Subject to the 2015 Annual General Shareholders' Meeting approval



## By Product



## By Geography



2012

2013

2014

Reserves Replacement Ratio (X)

0.91

0.82

**0.45**

Reserves Life Index (Year)

8

7

**6**

## Summary of Statement of Profit and Loss :

Unit : MMUSD

	2014	2013	% YTD	Q3 14	Q4 14	Q4 13	% QoQ	%YoY
Recurring Net Income	1,538	2,114	(27)	426	183	393	(57)	(53)
Non-recurring *	(861)	(267)	>(100)	51	(922)	(154)	>(100)	>(100)
Net Income	677	1,847	(63)	477	(739)	239	>(100)	>(100)

- ✓ **Stronger volume** : Mainly from full year contribution of Montara , start up of Zawtika and Hess Acquisition
- ✓ **Resilient gas prices** : Gas price around 8 \$/MMBTU amidst lower oil price situation
- ✓ **Strong cashflow** : Strong operating cash flow at over 4 billion USD with positive free cashflow
- ✓ **Healthy Balance Sheet** : Ending cash around 4 billion USD with low gearing
- ✓ **Dividend** : Balancing shareholders' interest with dividend payout at 4.5 baht/Share for 2014

\* Includes Gain/(loss) on FX, Deferred tax from Functional currency, Current Tax from FX Revaluation , Gain/loss from Financial instruments , H1 incident Insurance Claim , Impairment loss on assets ,and etc.



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

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Ratio	Formula
Lifting Cost (\$/BOE)	(Operating Exp.) / Production Volume
Cash Cost (\$/BOE)	(Operating Exp. + Exploration Exp. + G&A + Royalties + Finance Cost ) / Sales Volume
Unit Cost (\$/BOE)	(Operating Exp. + Exploration Exp. + G&A + Royalties + Finance Cost + DD&A) / Sales Volume
Reserves Replacement Ratio	5-Yr Additional Proved Reserves / 5-Yr Production Volume
Reserves Life Index (Year)	Proved Reserves / Production Volume
Success Ratio	Number of wells with petroleum discovery / Total number of exploration and appraisal wells
Sales Revenue	Sales + Revenue from pipeline transportation
EBITDA	(Sales + Revenue from pipeline transportation) - (Operating expenses + Exploration expenses + Administrative expenses + Petroleum royalties and remuneration + Management's remuneration)
EBITDA Margin	EBITDA / Sales Revenue
Return on Equity	Trailing-12-month net income / Average shareholders' equity between the beginning and the end of the 12-month period
Return on Capital Employed	(Trailing-12-month net income + Trailing-12-month Interest Expenses & Amortise Bond Issuing Cost) / (Average shareholders' equity and average total debt between the beginning and the end of the 12-month period)
Simple Effective Tax Rate	Income tax expenses / Income before income taxes
Total debt	Short-term loans from financial institution + Current portion of long-term debts + Bonds + Long-term loans from financial institution
Net debt	Total debt – Liquidity
Debt to Equity	Total debt / Shareholders' equity
Net Debt to Equity	Net debt / Shareholders' equity
Total Debt to Capital	Total debt / (Total debt + Shareholders' equity)
Total Debt to EBITDA	Total debt / Trailing-12-month EBITDA
Net Debt to EBITDA	Net debt / Trailing-12-month EBITDA
EBITDA Interest Coverage Ratio	Trailing-12-month EBITDA / Trailing-12-month Interest Expenses & Amortize Bond Issuing Cost