

# PTT Exploration and Production Public Company Limited

## Conference Call 2015 Year-end Financial Results

28 January 2016



**PTTEP**

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



# Summary of 2015 Financial Results

Full year earnings is at net loss mainly due to Q3 impairment charges



Unit : MMUSD

Statement of Income	2014*	2015	% YTD	Q3 15*	Q4 15	% QoQ	Q4 14*	% YoY
<b>Total Revenues</b>	7,834	<b>5,654</b>	(28)	1,473	<b>1,337</b>	(9)	1,974	(32)
Sales	7,319	<b>5,326</b>	(27)	1,323	<b>1,213</b>	(8)	1,758	(31)
Others	515	<b>328</b>	(36)	150	<b>124</b>	(17)	216	(43)
Sales Volume (BOED)	312,569	<b>322,167</b>	3	320,795	<b>336,363</b>	5	335,595	0
Sales Price (USD/BOE)	63.71	<b>45.29</b>	(29)	44.83	<b>39.18</b>	(13)	56.95	(31)
<b>Total Expenses</b>	7,157	<b>6,508</b>	(9)	2,757	<b>1,205</b>	(56)	2,713	(56)
<b>Major Expenses:</b>								
Operating Expenses	857	<b>710</b>	(17)	183	<b>178</b>	(3)	191	(7)
Exploration Expenses	333	<b>184</b>	(45)	78	<b>53</b>	(32)	126	(58)
DD&A	2,562	<b>2,720</b>	6	653	<b>612</b>	(6)	779	(21)
Impairment loss on assets	997	<b>1,385</b>	39	1,385	-	(100)	997	(100)
Income Tax Expense	1,095	<b>489</b>	(55)	216	<b>119</b>	(45)	250	(52)
(Gain)/Loss on FX	49	<b>69</b>	41	20	<b>(4)</b>	(>100)	21	(>100)
<b>Net Income</b>	<b>677</b>	<b>(854)</b>	<b>(&gt;100)</b>	<b>(1,284)</b>	<b>132</b>	<b>&gt;100</b>	<b>(739)</b>	<b>&gt;100</b>
Recurring Net Income	1,538	<b>718</b>	(53)	264	<b>13</b>	(95)	183	(93)
Non-recurring**	(861)	<b>(1,572)</b>	(83)	(1,548)	<b>119</b>	>100	(922)	>100

\* Restated

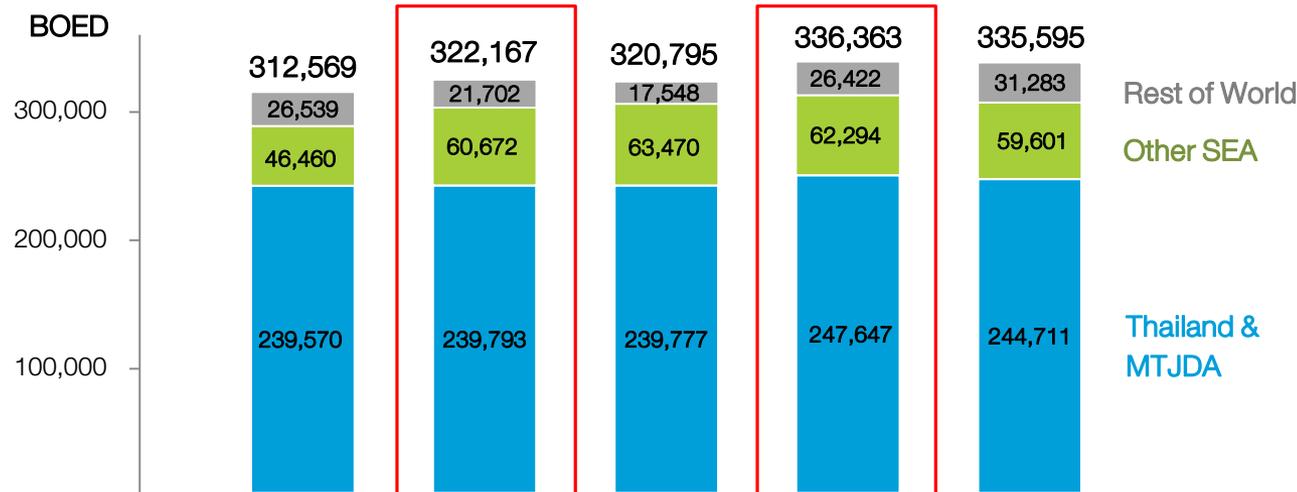
\*\* Includes Gain/(Loss) on FX, Deferred tax from Functional currency, Current Tax from FX Revaluation, Gain/(Loss) from Financial Instruments, Impairment Loss on Assets, and etc.

# PTTEP Sales Volume & Average Selling Price



Sales volume increased per 3% target; while ASP decreased from lowered oil prices

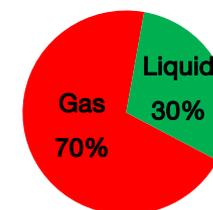
## Sales Volume



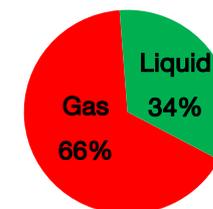
Sales Price	2014	2015	Q3 15	Q4 15	Q4 14
Gas (\$/MMBTU)	8.06	7.20	7.16	6.29	8.12
Liquid (\$/BBL)	94.82	50.05	49.33	42.22	74.84
Weighted Avg. (\$/BOE)	63.71	45.29	44.83	39.18	56.95
Avg. Dubai (\$/BBL)	96.60	50.91	49.74	40.71	74.40
Avg. HSFO (\$/BBL) (High Sulphur Fuel Oil)	86.74	44.86	40.69	33.39	67.23

## 2015 Sales Volume By Product

### Volume Mix

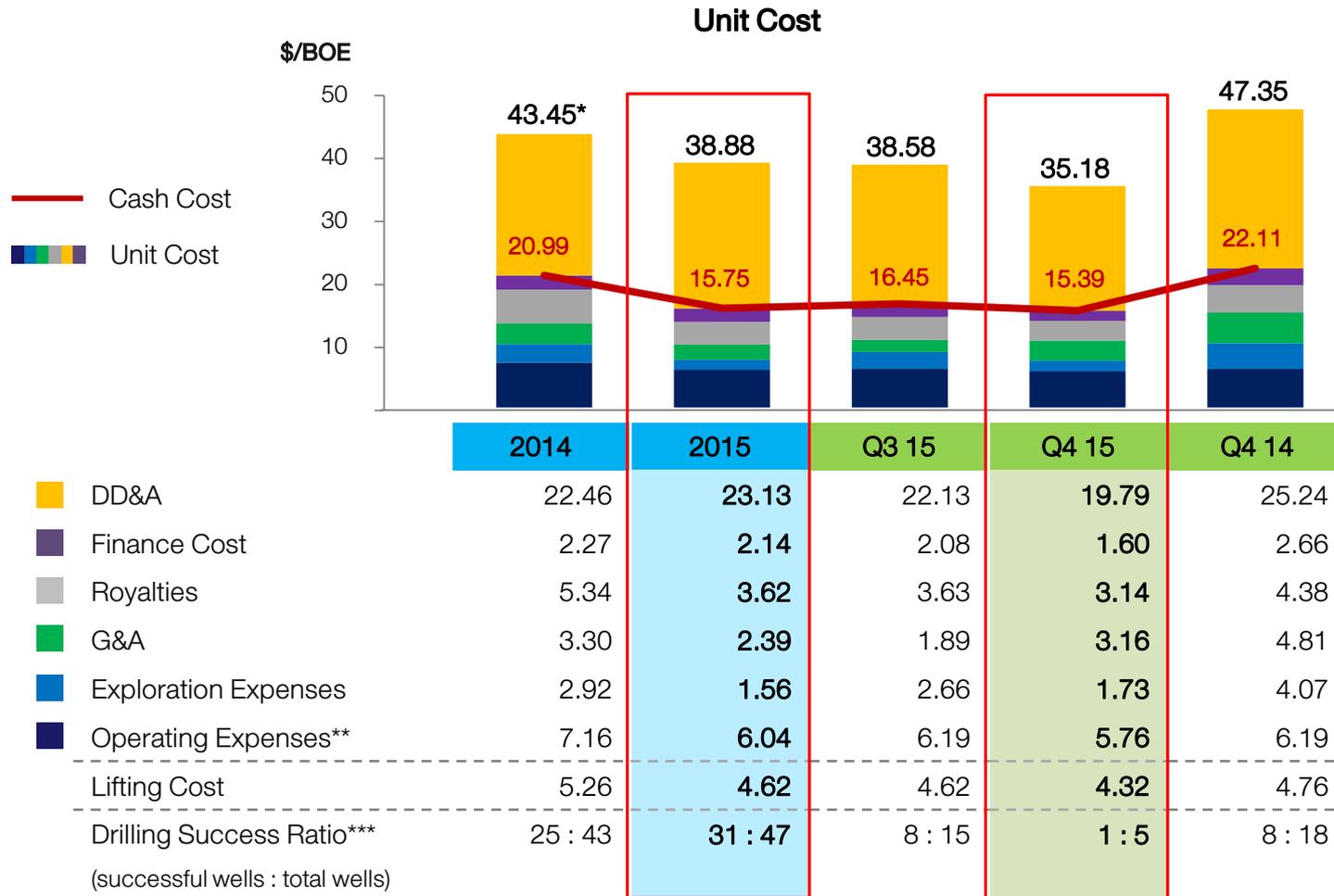


### Revenue Mix



# Operating Performance

## Continuous improvement in unit cost performance



\* If excluded extra expense from Montara's Development well (H5) : For 2014 : Operating Exp. : 6.73 \$/BOE / Unit cost : 43.02 \$/BOE

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

\*\*\* Exploration and Appraisal Wells

# Financial Performance : Income Statement

Healthy EBITDA margin



	2014*	2015	Q3 15*	Q4 15	Q4 14*
Sales Revenue** (MMUSD)	7,457	5,444	1,353	1,236	1,797
EBITDA (MMUSD)	5,282	3,844	929	809	1,196
Net Income (MMUSD)	677	(854)	(1,284)	132	(739)
Recurring Net Income (MMUSD)	1,538	718	264	13	183
Earning Per Share (USD)	0.16	(0.22)	(0.32)	0.02	(0.20)
<b>Key Financial Ratios</b>					
EBITDA Margin (%)	71	71	69	65	67
Return on Equity (%) (LTM)	6	(7)	(14)	(7)	6
Return on Capital Employed (%) (LTM)	5	(5)	(10)	(5)	5
Return on Equity (%) (LTM, Recurring Net Income)	13	6	7	6	13
Return on Capital Employed (%) (LTM, Recurring Net Income)	10	5	6	5	10

\* Restated

\*\* Sales and revenue from pipeline transportation

# Financial Performance : Balance Sheet

Healthy balance sheet with low gearing ratio and over \$3Bn cash on hand



	2014*	2015
Total Assets (MMUSD)	23,271	19,642
- Cash & cash equivalents** (MMUSD)	3,930	3,260
Total Liabilities (MMUSD)	10,723	8,314
- Interest bearing debt (MMUSD)	4,229	3,005
Equity (MMUSD)	12,548	11,328
<b>Key Financial Ratios</b>		
Total Debt to Equity (X)	0.34	0.27
Net Debt** to Equity (X)	0.02	(0.02)
Total Debt to Capital (X)	0.25	0.21
Total Debt to EBITDA (X)	0.80	0.78
Net Debt** to EBITDA (X)	0.06	(0.07)
EBITDA Interest Coverage (X)	28	24

**Credit Ratings :** BBB+ (S&P), Baa1 (Moody's), AAA (TRIS)

**Weighted Average Cost of Debt\*\*\* :** 4.32%

**Average Loan Life\*\*\* :** 8.17 years

\* Restated

\*\* Cash & Cash Equivalents (Cash on hand) include Short-term Investments (Fixed deposit > 3 months)  
Net Debt = Total Debt less Cash & Cash Equivalents and Short-term Investments

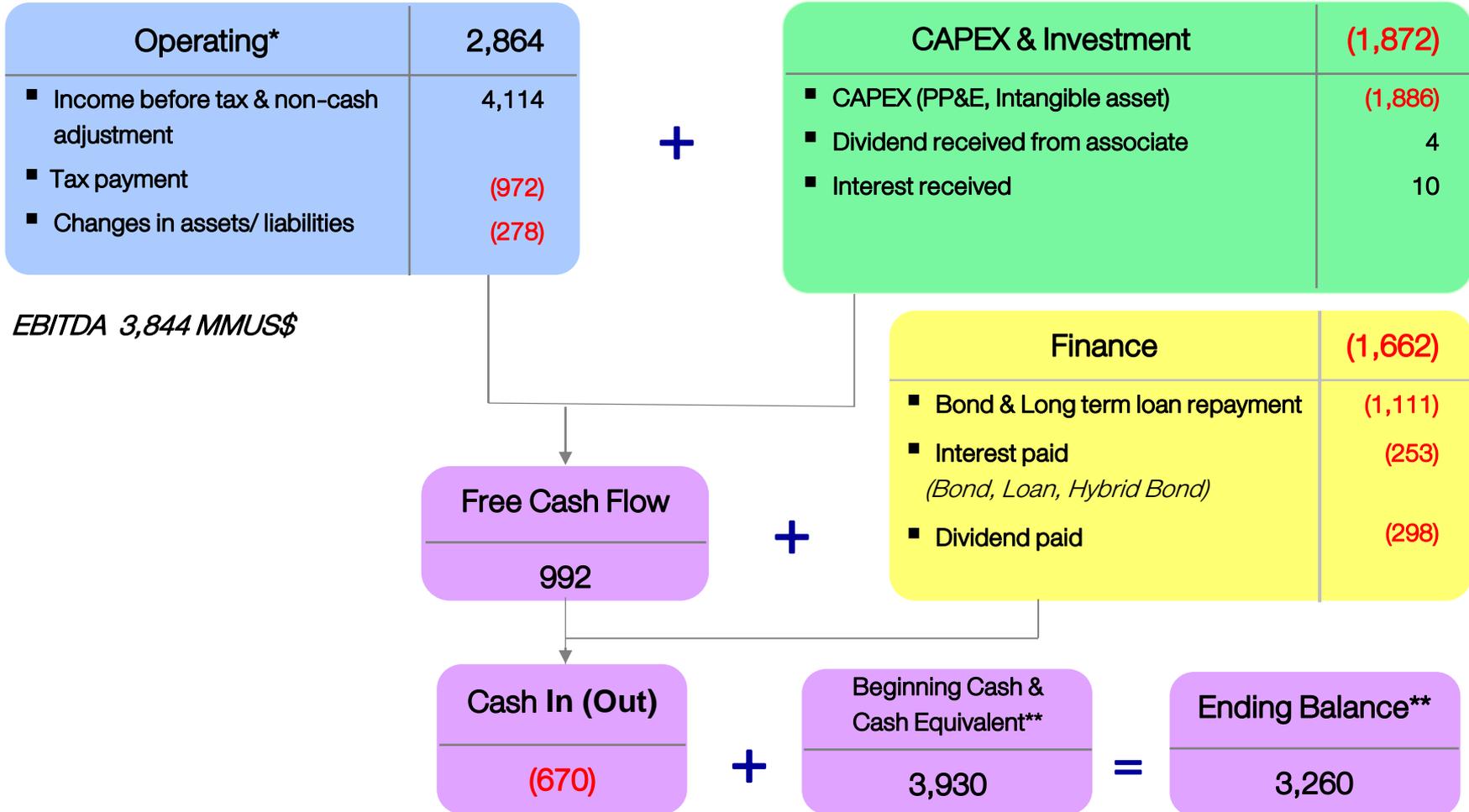
\*\*\* Excludes hybrid bonds

# Cash Flows : January – December 2015



Strong cash position and healthy operating cash flow

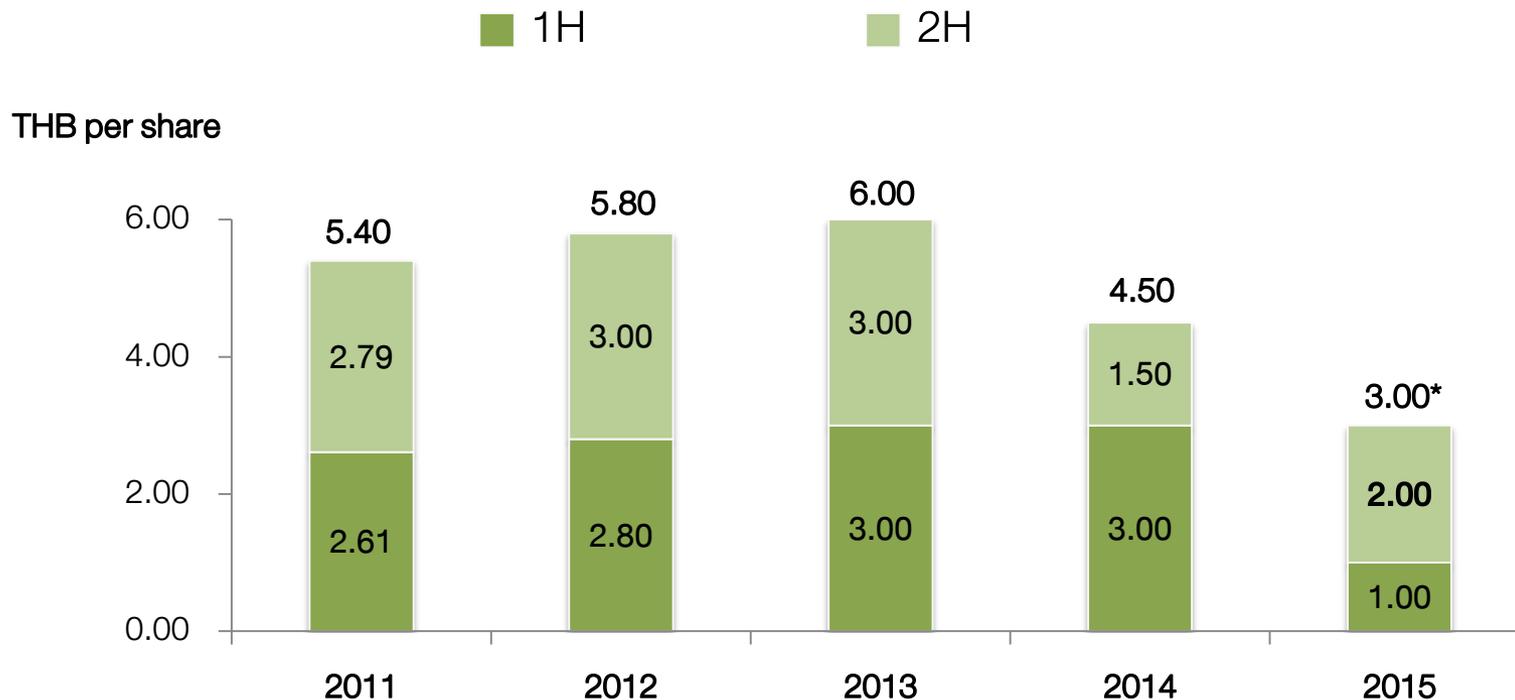
Unit : MMUSD



\* Net of foreign exchange rate effect

\*\* Include Short-term investment (Fixed deposit > 3 months)

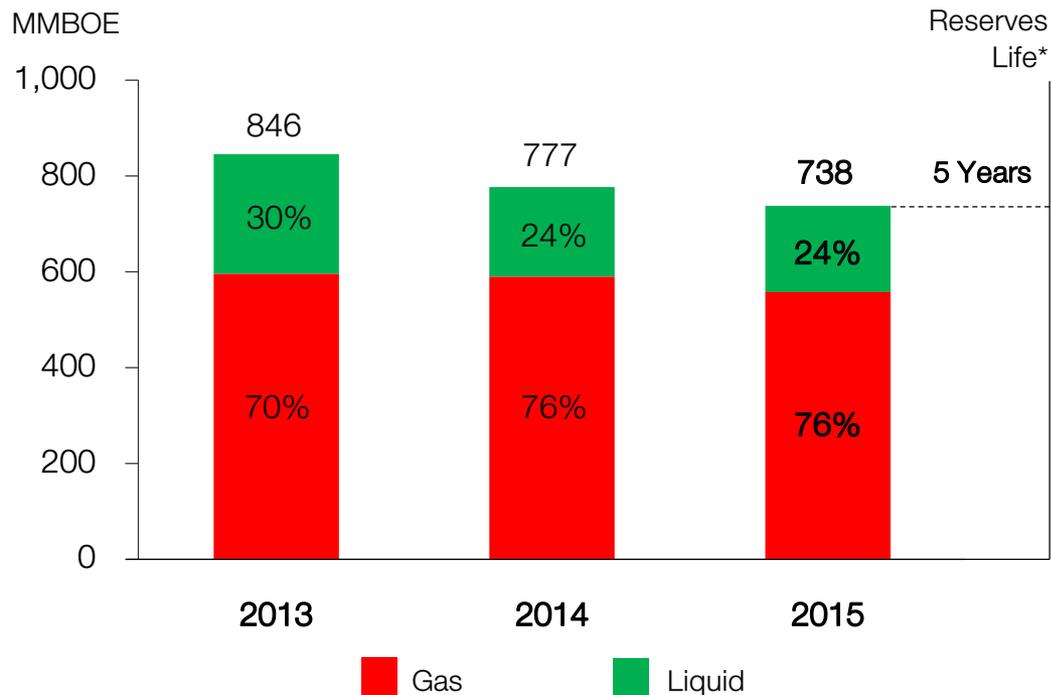
### Dividend Payment History (Policy : No Less Than 30% of Net Income)



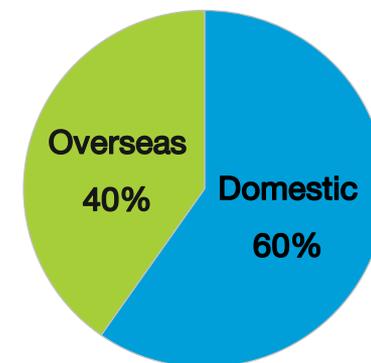
<b>Payout Ratio (%)</b>	<b>40</b>	<b>38</b>	<b>40</b>	<b>82</b>	<b>N/A</b>
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\* Subject to the Annual General Shareholders' Meeting approval

## By Product



## 2015 By Geography



## 5-Year Average Proved Reserves Replacement Ratio (X)

2013	2014	2015
0.82x	0.45x	0.50x

\* Based on total production of natural gas, condensate, and crude oil (including LPG) of 374 KBOED for the year ended December 31, 2015

## Summary of Statement of Profit and Loss :

Unit : MMUSD

Statement of Income	2014*	2015	% YTD	Q3 15*	Q4 15	% QoQ	Q4 14*	% YoY
Net Income	677	(854)	(>100)	(1,284)	132	>100	(739)	>100
Recurring Net Income	1,538	718	(53)	264	13	(95)	183	(93)
Non-recurring**	(861)	(1,572)	(83)	(1,548)	119	>100	(922)	>100

- ✓ **Solid operational performance** : successful start-up of Algeria Bir Seba project and sales volume growth per target
- ✓ **Improved cost performance** : alleviates impact of falling oil price on profitability
- ✓ **Competitive cash cost** : leads to high levels of liquidity and investment flexibility
- ✓ **Healthy operating cash flow** : sufficient to cover investment plan, debt services and dividend
- ✓ **\$3Bn cash on hand + Strong balance sheet** : well positioned for M&A and ready to weather through low oil prices
- ✓ **Dividend payment** : demonstrates our dividend commitment to shareholders

\* Restated

\*\* Includes Gain/(Loss) on FX, Deferred tax from Functional currency, Current Tax from FX Revaluation, Gain/(Loss) from Financial Instruments, Impairment Loss on Assets, and etc.

Remark: Cash on hand includes short-term investments



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

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	AFTER Reclassification		BEFORE Reclassification	
	2015	Q4 15	2015	Q4 15
<b>Sales</b>				
Sales Revenue (MMUSD)	5,326	1,213	5,479	1,246
<b>Sales Volume (BOED)</b>				
Thailand & MTJDA	239,793	247,647	242,803	250,859
Other SEA	60,672	62,294	68,612	70,094
Rest of World	21,702	26,422	21,702	26,422
Total Sales Volume	322,167	336,363	333,117	347,375
<b>Sales Price</b>				
Gas (\$/MMBTU)	7.20	6.29	7.15	6.24
Liquid (\$/BBL)	50.05	42.22	50.09	42.27
Weighted Avg. (\$/BOE)	45.29	39.18	45.06	38.99
<b>Unit Cost (\$/BOE)</b>				
DD&A	23.13	19.79	22.37	19.16
Finance Cost	2.14	1.60	2.07	1.55
Royalties	3.62	3.14	4.76	4.09
G&A	2.39	3.16	2.31	3.06
Exploration Expenses	1.56	1.73	1.51	1.67
Operating Expenses	6.04	5.76	5.84	5.57
Total Unit Cost	38.88	35.18	38.86	35.10
Cash Cost	15.75	15.39	16.49	15.94

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