

Management's Discussion and Analysis (MD&A) and operating results for the first quarter of 2015

Economic Overview in the first quarter of 2015

The world economy in the first quarter of 2015 (Q1/2015) expanded at a greater pace than the fourth quarter of 2014 (Q4/2014) as advanced economies improved. The US economy continued to grow, as the falling oil prices helped to support private consumption, although an appreciation of the US dollar affected exports. In addition, the euro area economy slowly recovered, partly from a weakening euro as a result of the ECB's quantitative easing (QE) to purchase government and private bonds at 60 billion euro per month until September 2016. Developing and emerging economies remained the same as Q4/2014. The Indian economy improved. On the other hand, the Chinese economy experienced a slowdown, dragged down by a weakening industrial production and the stagnation in real estate sector. Thus, the International Monetary Fund (IMF) in April 2015 unchanged its projection for the world economy to grow 3.5% in 2015.

According to the International Energy Agency (IEA) in Apr 2015, global oil demand in Q1/2015 averaged 93.0 million barrels per day (MMBD), declined from 93.4 MMBD in Q4/2014 from both OECD and developing countries demand. Nonetheless, oil demand in Q1/2015 increase from 91.7 MMBD in Q1/2014.

Dubai oil price in Q1/2015 averaged US\$51.9 per barrel, sharply dropped from the average US\$74.4 and US\$104.5 per barrel in Q4/2014 and Q1/2014 respectively. The reason for this is that concerns about a supply surplus particularly US shale oil production, nevertheless producers reported on rig count decline significantly. In addition, OPEC crude oil production was sufficient and the group had agreed on a quota of 30 MMBD.

Unit: USD/BBL	Q1/2014	Q4/2014	Q1/2015	%Inc.(Dec.)	
				YoY	QoQ
Dubai crude oil price	104.5	74.4	51.9	(50.3%)	(30.2%)

Petroleum product prices in the Singapore Spot Market in Q1/2015 declined from those in Q4/2014 and Q1/2014, However, diesel crack spread in Q1/2015 was similar to the previous quarter on accounts of demand in electricity generation. Gasoline crack spread was increase from the previous quarter as higher demand from China, India and Middle East. Similarly, fuel oil crack spread in Q1/2015 increased from the previous quarter because of robust demand in winter and power generator also tightening supply.

Petrochemical prices of Olefins, both High Density Polyethylene (HDPE) and Polypropylene (PP), in Q1/2015 declined from previous quarter and the same period of last year in parallel with sharp decreases in crude and naphtha prices and excess supply as Middle East producers dumped volumes to Asia at discount in order to stimulate demand. For Aromatics, the Benzene (BZ) price weakened along with declining feedstock price amid oversupply and high inventory especially in Korea. Also, Styrene Monomer (SM) demand, as BZ derivatives, declined. Similarly, Paraxylene (PX) price dropped amid bearish PTA and polyester market and high inventory due to Chinese economy slowdown and low demand season of Polyester.

Unit: US\$ per ton	Q1/2014	Q4/2014	Q1/2015	%Inc.(Dec.)	
				YoY	QoQ
HDPE	1,556	1,448	1,188	(23.7%)	(18.0%)
PP	1,556	1,428	1,130	(27.4%)	(20.9%)
BZ	1,299	953	671	(48.3%)	(29.6%)
PX	1,262	977	805	(36.2%)	(17.6%)

The Thai economy in Q1/2015 continued to grow, driven by public and private investments as well as tourism. However, private consumption remained uncertain, partly as a result of slump agricultural prices and high household debt. In addition, exports remained weak, following an economy slowdown of trading partners, particularly China. As of February 2015, the Office of the National Economic and Social Development Board (NESDB) has projected the Thai economy to grow in range of 3.5 - 4.5%. However, this projection is likely to be revised down on 18th May 2015.

Non-recurring items in the first quarter of 2015

Summary of non-recurring items for Q1/2015 are as follows:

January 2015	<ul style="list-style-type: none"> ● EPMC approved to restructure LPG price in order to reflect the actual price by setting the weighted average cost from 3 producers at US\$ 488 per ton (Baht 16.11 per kilogram), based on the higher LPG ex-GSP price of US\$ 498 per ton (previous price was US\$ 333 per ton), while maintained retail price at Baht 24.16 per kilogram effective from 2 Feb 2015. ● EPMC approved to raise NGV price by Baht 0.50 per kilogram for both private and public cars to be at Baht 13.00 per kilogram and Baht 10.00 per kilogram, respectively, effective on January 31, 2015.
February 2015	<ul style="list-style-type: none"> ● The Board of Directors of PTT approved in principle to accept the offer from Vayupak Fund 1 to purchase 210,000,000 shares or 15.25% of total paid up shares in Bangchak Petroleum Public Company Limited (BCP). ● The Board of Directors of PTT approved the sale of asset and co-generation power plant as a part of the central utility unit in support of Bangchak oil refinery (called Bangchak Utility Plant or BUP) to BCP for up to Baht 1,343,469,367 in respect of the core assets and for approximately Baht 37.08 million in respect of spare parts.
March 2015	<ul style="list-style-type: none"> ● PTT reviewed five-year (Year 2015-2019) investment plan to reflect the global economic circumstances by reducing investment plan from Baht 326,551 million to Baht 298,700 million. ● PTTGC had shutdown of Olefins Plant I-4/1 and the By-product Value Added unit since March 29, 2015. The shutdown will take approximately 21 days as planned. ● BCP established Greenergy Capital Company Limited, wholly owned by BCP's subsidiary, to invest in solar power plant project in Japan with a capacity of 60MW. The investment proportion between Greenergy Capital Company Limited and Chow International Company Limited is 70:30.

April 2015

- IRPC's Vacuum Gas Oil Hydro Treating Unit (VGOHT) resumed its operation for commercial production since 12 April 2015. Moreover, in year 2014, IRPC partly received insurance claim from an insurance company in the amount of Baht 1,710 million.
- PTT divested its shareholding in BCP totaling 374,748,571 shares or 27.22% of the total paid-up shares to Vayupak Fund 1 ("VAYU 1") and the Social Security Office ("SSO"), equal to approximately 15.25% and 11.96% respectively, at the price of Baht 36 per share.

Overall performance of PTT and its subsidiaries

Financial performance of Q1/2015 compared with Q1/2014 are as follows:

Unit: Million Baht	Q1/2014 (review)	Q1/2015	% Inc. (Dec.)
Sales & services income	684,301	515,583	(24.7%)
: Exploration & Production	59,192	48,005	(18.9%)
: Natural Gas	135,743	140,222	3.3%
: Oil	166,706	133,782	(19.7%)
: International trading	411,262	238,085	(42.1%)
: Petrochemical	128,239	103,654	(19.2%)
: Refining	184,037	120,129	(34.7%)
: Coal	6,380	4,693	(26.4%)
: Others	1,017	1,087	6.9%
EBITDA	78,726	71,739	(8.9%)
: Exploration & Production	41,695	35,692	(14.4%)
: Natural Gas	14,311	9,262	(35.3%)
: Oil	5,042	3,927	(22.1%)
: International trading	256	159	(37.9%)
: Petrochemical	11,056	10,578	(4.3%)
: Refining	4,476	12,026	n.m.
: Coal	1,352	1,447	7.0%
: Others	330	1,347	n.m.
EBIT	49,672	35,576	(28.4%)
: Exploration & Production	25,410	11,923	(53.1%)
: Natural Gas ^{1/}	10,574	5,525	(47.7%)
: Oil	4,358	3,162	(27.4%)
: International trading			
- Excluding effect of FX.	252	151	(40.1%)
- Including effect of FX.	2,874	1,354	(52.9%)
: Petrochemical	7,133	6,837	(4.1%)
: Refining	1,702	9,165	n.m.
: Coal	45	551	n.m.
: Others	(10)	960	n.m.
: Intertransaction	209	(2,699)	n.m.
Depreciation and amortization expenses	29,054	36,163	24.5%
Finance costs	8,210	7,893	(3.9%)
Gain (loss) on foreign exchange	4,085	1,941	(52.5%)
Share of net income (loss) from investments in associates and jointly controlled entities	1,193	1,891	58.5%
Income taxes	13,650	3,451	(74.7%)
Net income (loss)	28,538	22,584	(20.9%)
Earnings per share (Baht/share)	9.98	7.89	(20.9%)

^{1/}Including Infrastructure business

Material effects from the changes in accounting policies and new accounting policies adopted by the Group effective on 1 January 2015

Since 1 January 2015, PTT Group has adopted five new and revised accounting standards relating to financial reporting (Pack 5) which “TFRS No.10 Consolidated Financial Statements”, introduces additional control criteria in consolidated financial statement considering De Facto Control. This change affects some group companies’ status from associate (previously using equity method) to subsidiary in which their financial statements will be consolidated into PTT’s financial statement. There are 8 new subsidiaries, directly and indirectly held by PTT, as follow

Companies directly held by PTT

1. PTT Global Chemical Public Company Limited (PTTGC)
2. Thai Oil Public Company Limited (TOP)
3. IRPC Public Company Limited (IRPC)
4. Global Power Synergy Company Public Company Limited (GPSC)
5. Thai Oil Power Company Limited (TP)
6. PTT Energy Solution Company Limited (PTTES)
7. PTT Maintenance and Engineering Company Limited (PTTME)
8. PTT ICT Solution Company Limited (PTTICT)

Companies indirectly held by PTT

9. PTT FLNG Limited (PTT FLNG)
10. IRPC Clean Power Co., Ltd. (IRPC CP)

In addition, “TFRS No.11 Joint Arrangements” changes the recognition method for Joint Venture from proportionate consolidation to equity method. The companies affected from this standard are joint ventures, directly held by PTT, as follow

1. Trans Thai-Malaysia (Thailand) Company Limited (TTM(T))
2. Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM(M))
3. District Cooling System and Power Plant Company Limited (DCAP)
4. PTTMCC Biochem Company Limited (PTTMCC)
5. PTT Asahi Chemical Company Limited (PTTAC)
6. HMC Polymers Company Limited (HMC)

According to changes in both accounting standards, the Group has to restate financial statements on the same basis for comparison. However, other three accounting standards, TFRS No.12 Disclosure of Interests

in Other Entities, TAS No.27 (revised 2014) Separated Financial Statement, and TAS No.28 (revised 2014) Investment in Associates and Joint Ventures, have no material effect on consolidated financial statements.

Economic Overview

Non-recurring items

Overall Performance

Segmentation Performance

Analysis of Financial Position

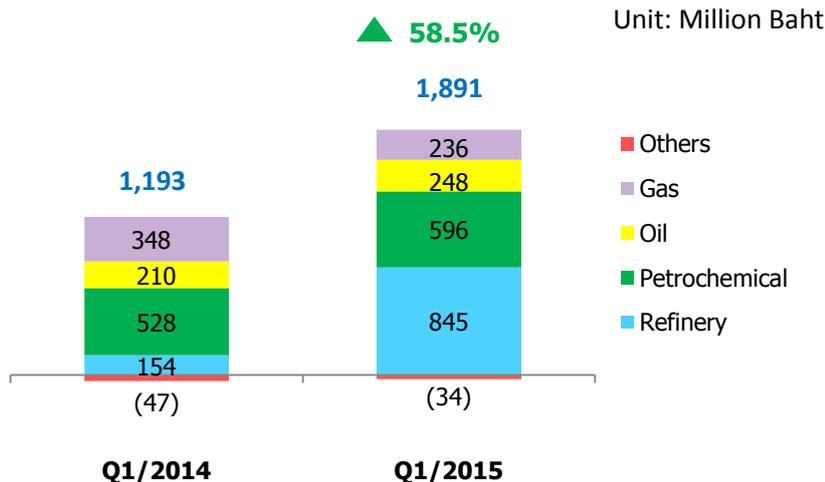
Economic Outlook

First quarter of 2015 compared with First quarter of 2014

Net income of PTT and its subsidiaries in Q1/2015 was Baht 22,584 million, decreasing from Baht 28,538 million in Q1/2014 by Baht 5,954 million or 20.9% mainly due to lower reference product prices following a continuous decline of crude oil prices since late 2014. Performance of PTT, especially Gas Business, decreased as lower fuel oil and reference petrochemical product prices, led to a decline in average selling prices of natural gas and products of Gas Separation Plants (GSP). However, refining business in Q1/2015 had better performance from higher accounting GRM; although, there were stock losses net of net realizable value (NRV) reversal. Moreover, there were major turnarounds of refineries in Q1/2014. Petrochemical business had lower performance mainly from Olefins as product prices decreased. In addition, PTTEP's performance weakened from lower average selling prices despite the increase in sales volume.

In Q1/2015, sales revenue of PTT and its subsidiaries was Baht 515,583 million, decreasing by Baht 168,718 million or 24.7%. The main reason was the lower average selling prices following a drop in reference crude oil prices resulting in a reduction in sales revenue from almost all businesses, especially international trading and refining business. Hence, Earnings before interest, taxes, depreciation and amortization (excluding other non-operating incomes and expenses) (EBITDA) of PTT and subsidiaries in Q1/2015 was Baht 71,739 million, decreasing by Baht 6,987 million or 8.9%.

Share of net income (loss) from investments in associates



In Q1/2015, the share of net income from investments in associates joint ventures was Baht 1,891 million, increased by Baht 698 million from Baht 1,193 million in Q1/2014. The main reason was better performance of refining business associates from higher utilization and sales volume as the refinery had resumed its normal operation after a major turnaround in Q1/2014.

In Q1/2015, depreciation and amortization expenses increased by Baht 7,109 million or 24.5% from Baht 29,054 million in Q1/2014 to Baht 36,163 million, mainly caused by depreciation and amortization expenses of PTTEP from increases in completed assets in the Contract 4 and Arthit projects, as well as, an increase in production volume of Zawtika project.

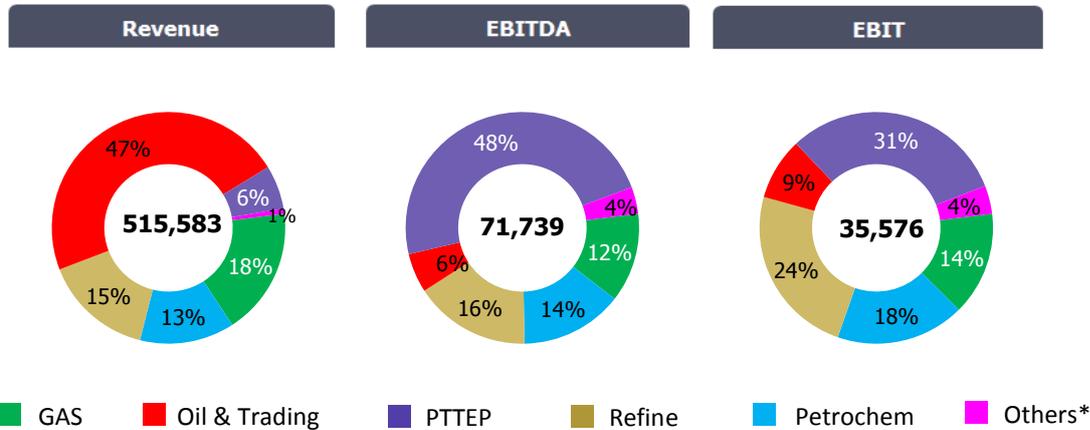
Gains on foreign exchange decreased by Baht 2,144 million from Baht 4,085 million in Q1/2014 to Baht 1,941 million in Q1/2015, mostly resulted from the drop of gains on foreign exchange of PTT's realized gain from accounts receivable/payable. In addition, PTTEP had more loss from foreign exchange.

Corporate income taxes were Baht 3,451 million, decreasing by Baht 10,199 million or 74.7% from Baht 13,650 million in Q1/2014, mainly from a drop in PTTEP's petroleum income tax expenses due to a reduction in net petroleum income.

Segmentation performance of PTT and its subsidiaries

The details of revenue, EBITDA and EBIT of the first quarter of 2015 by segmentation are as follow;

Unit: Million Baht



* Including coal and others .

1. Upstream Petroleum and Natural Gas Business Group

Petroleum Exploration and Production Business: PTT Exploration and Production Public Co., Ltd. (PTTEP)

	Q1/2014	Q4/2014	Q1/2015	% Inc.(Dec.)	
				YoY	QoQ
Average selling price (US\$/BOE)	64.9	56.5	48.7	(24.9%)	(13.8%)
Average sales volume (BOED)	298,621	347,295	327,145	9.6%	(5.8%)

First quarter of 2015 compared with First quarter of 2014

In Q1/2015, sales revenue of PTTEP, a subsidiary of PTT, was Baht 48,005 million, decreasing by Baht 11,187 million or 18.9%, because the average selling prices decreased by 24.9% from US\$ 64.9 per barrel of oil equivalent (BOE) in Q1/2014 to US\$ 48.7 per BOE in Q1/2015, in relation to the decrease in the reference crude oil prices. On the other hand, the average sales volume increased by 9.6% from 298,621 barrels of oil equivalent per day (BOED) in Q1/2014 to 327,145 BOED in Q1/2015 because Zawtika project had its sales from natural gas export to Thailand for the whole period. (The project has started its natural gas sales in Myanmar since March 2014 and has exported natural gas to Thailand since August 2014.) Moreover, PTTEP had 15% and 35% additional participating interests in Contract 4 and Sinphuhorm projects, respectively.

In Q1/2015, EBITDA was Baht 35,692 million, decreasing by Baht 6,003 million or 14.4%, because of lower sales revenue as aforementioned even though operating expenses decreased, because PTTEP Australasia recognized the expense from the abnormal cost of a development well (H5) during Q1/2014.

In Q1/2015, EBIT was Baht 11,923 million, decreasing by Baht 13,487 million or 53.1%, as a result of a drop of EBITDA as aforementioned. Furthermore, depreciation and amortization expenses in relation to higher completed assets of Contract 4 and Arthit projects, as well as, higher production volume of Zawtika Project.

Natural Gas Business Group

The details of all product sales volume from gas separation plants are as follows:

Unit: Ton	Q1/2014	Q4/2014	Q1/2015	% Inc.(Dec.)	
				YoY	QoQ
LPG	637,576	714,138	674,488	5.8%	(5.6%)
Ethane	476,393	596,619	551,581	15.8%	(7.5%)
Propane	208,865	244,332	204,197	(2.2%)	(16.4%)
NGL ^{1/}	186,119	179,330	189,972	4.9%	5.9%
Total	1,503,953	1,734,419	1,620,238	7.7%	(6.6%)

Note: 1/ include Pentane

The details of reference product prices of GSP are as follows:

Unit: US\$ per Ton	Q1/2014	Q4/2014	Q1/2015	% Inc.(Dec.)	
				YoY	QoQ
LPG ^{1/4/}	948	637	463	(51.2%)	(27.3%)
Ethylene ^{2/}	1,440	1,214	1,026	(28.8%)	(15.5%)
Propylene ^{2/}	1,369	1,032	833	(39.2%)	(19.3%)
HDPE ^{2/}	1,556	1,448	1,188	(23.7%)	(18.0%)
PP ^{2/}	1,556	1,428	1,130	(27.4%)	(20.9%)
Naphtha ^{3/}	858	577	444	(48.3%)	(23.1%)

Note: 1/ Contract price (CP) 60:40

2/ South East Asia Spot Price

3/ MOP Singapore (MOP'S)

4/ On December 15, 2014, NEPC passed a resolution of LPG price restructuring effective from February 2, 2015 onwards, with the cancellation of LPG Ex-GSP pricing at US\$ 333 per ton and setting the calculating method for LPG Pool price which reflects actual costs of LPG production and supply (GSPs, Refineries and Aromatics plants, Imported) based on weighted average of the volume from production and supply for the last 3 months.

First quarter of 2015 compared with First quarter of 2014

In Q1/2015, sales revenue of Natural Gas Business was Baht 140,221 million, increasing by Baht 4,478 million or 3.3% from Q1/2014 as a result of higher revenue from PTT Gas Business especially Supply and Marketing business which average natural gas sales volume (calculated at heating value of 1,000 BTU per cubic foot) increased by 382 million standard cubic feet per day (MMSCFD) or 8.6% from 4,450 MMSCFD in Q1/2014 to 4,832 MMSCFD in Q1/2015. The higher sales volume was mainly from higher demands of IPP

customers as a result of new IPPs which began commercial operation in June and December 2014. Moreover, selling natural gas price in Q1/2015 was similar to the same period of last year.

For GSP, revenue from all products decreased as a result of the product selling price of GSPs in Q1/2015 decreased in relation to the lower global petrochemical reference prices. However, the sales volume of all products from GSPs (including NGL derived from Dew Point Control Units) increased from 1,503,953 tons in Q1/2014 to 1,602,238 tons in Q1/2015

EBITDA of Natural Gas Business in Q1/2015 was Baht 9,262 million, decreasing by Baht 5,049 million or 35.3%. The main reason was lower gross margin of the PTT Natural Gas Business especially from GSPs and Natural Gas Distribution Business due to decrease in product selling prices of GSPs as aforementioned. Moreover, selling natural gas price for industrial customers of Natural Gas Distribution Business declined following the decrease in reference fuel oil price, compared with the same period of last year. However, NGV loss decreased by the NGV price lifting to be at Baht 13.0 per kilogram for private cars and Baht 10.0 per kilogram for public cars. EBIT in Q1/2015 was Baht 5,525 million, decreasing by 47.7% in line with EBITDA.

2. Downstream Petroleum Business Group

Oil Business Group

Unit : million liter	Q1/2014	Q4/2014	Q1/2015	%Inc. (Dec.)	
				YoY	QoQ
Average sales volume	6,306	6,209	6,386	1.3%	2.9%

First quarter of 2015 compared with First quarter of 2014

Sales revenue of Oil Business in Q1/2015 was Baht 133,782 million, decreasing by Baht 32,924 million or 19.7% because oil selling prices decreased as a result of the drop in Dubai crude oil price from US\$ 104.5 per barrel in Q1/2014 to US\$ 51.9 per barrel in Q1/2015. However, sales volume in this quarter increased by 80 million liters or 1.3% from 6,306 million liters or equivalent to 440,741 barrels per day in Q1/2014 to 6,386 million liters or equivalent to 446,306 barrels per day, especially increases in sales volume of gasoline, diesel and aviation fuel, in relation to lower oil prices and an increase in number of flights during travelling season.

EBITDA in Q1/2015 was Baht 3,927 million, decreasing from Q1/2014 by Baht 1,115 million or 22.1%, mainly due to higher stock loss in relation to the drop in oil price. Hence, EBIT in this quarter was Baht 3,162 million losses, decreasing by Baht 1,196 million as a result of the drop in EBITDA as aforementioned.

International Trading Business Group

Unit : million liter	Q1/2014	Q4/2014	Q1/2015	% Inc. (Dec.)	
				YoY	QoQ
Average Sale Volume	17,232	19,527	20,144	16.9%	3.2%

First quarter of 2015 compared with First quarter of 2014

Sales revenue of International Trading Business was Baht 238,085 million in Q1/2015, decreasing by Baht 173,177 million or 42.1% from Q1/2014 mainly from the falling of global crude oil price. However, sales volume in this quarter increased by 2,912 million liters or 16.9% from 17,232 million liters or equivalent to 1,204,314 barrels per day in Q1/2014 to 20,144 million liters or equivalent to 1,407,829 barrels per day in Q1/2015. This was resulted mainly from higher sales volume of import crude oil to refinery as well as sales volume from the out – out transactions.

EBITDA in Q1/2015 was Baht 159 million, decreased by Baht 97 million. EBIT, which included effect on foreign exchange, was Baht 1,354 million, decreasing by Baht 1,520 million. This was resulted mainly from lower margins of domestic sales of condensate.

Petrochemical Business Group

Unit: US\$ per ton	Q1/2014	Q4/2014	Q1/2015	% Inc.(Dec.)	
				YoY	QoQ
HDPE	1,556	1,448	1,188	(23.7%)	(18.0%)
PP	1,556	1,428	1,130	(27.4%)	(20.9%)
BZ - Cond	380	320	217	(42.9%)	(32.2%)
PX - Cond	386	401	333	(13.7%)	(17.0%)

First quarter of 2015 compared with First quarter of 2014

Sales revenue of petrochemical subsidiaries of PTT in Q1/2015 was Baht 103,654 million, decreasing by Baht 24,585 million or 19.2% mainly from the reduction in sales revenue of PTTGC especially from petroleum products due to decrease in average selling prices following crude oil price, while sales volume were close to the same period of last year. Aromatics sales revenue also decreased from the decline of both price and sales volume. BZ and PX selling prices were pressured from oversupply. Similarly, aromatics sales volume decreased from the reduction of aromatics utilization rate, as well as, sales volumes of other by-products decreased significantly, i.e. LPG was used more as fuel and sent to olefins plants as feedstock instead of selling out to external customers. Moreover, Olefins and derivatives sales revenue declined. Even though, the sales volumes increased since there were planned and unplanned shutdown of many Olefins and polymer plants in Q1/2014,

the polyethylene price fell following crude oil price which HDPE price dropped 23.7% from US\$ 1,556 per ton in Q1/2014 to US\$ 1,188 per ton in Q1/2015.

Although the sales revenue essentially dropped, The EBITDA and EBIT of petrochemical business slightly declined. EBITDA in Q1/2015 was Baht 10,578 million, decreasing by Baht 478 million or 4.3% and EBIT in Q1/2015 was Baht 6,837 million, decreasing by Baht 296 million or 4.1% mainly from the performance of Olefins and derivatives business declined from continued falling polyethylene price as aforementioned. However, the performance of Aromatics business improved. Even though, BZ and PX spreads decreased by 42.9% and 13.7% accordingly, the cost to aromatics operations was lower due to the decrease in condensate price which also used as fuel and had loss in the system. Besides, the performance of refinery business was better from overall petroleum product spread over Dubai crude increased in Q1/2015 especially the fuel oil crack spread, while there were also stock loss.

Share of net income (loss) from investments in associates and joint ventures of petrochemical business group increased Baht 68 million from baht 528 million in Q1/2014 to Baht 596 million in Q1/2015. The main part came from associates and joint ventures of PTTGC especially from Emery group (production and distribution of biochemical products in oversea) that had improved performances. While, HMC which is the joint ventures of PTT (production and distribution of PP/PDH products) had lower performance due to the reduction of PP price which followed crude price drop.

Refinery Business Group

Unit: US\$ per ton	Q1/2014	Q4/2014	Q1/2015	%Inc. (Dec.)	
				YoY	QoQ
Market GRM	4.07	6.88	8.60	>100%	25.0%
Inventory gain (loss)	(0.90)	(11.23)	(4.25)	(>100%)	62.2%
Accounting GRM	3.82	(4.23)	4.32	13.1%	>100%
Accounting GIM	5.94	(2.40)	6.71	13.0%	>100%
Utilization rate (%)	85.3%	96.6%	97.2%	14.0%	0.6%

Note: GRM was calculated from refineries of TOP, IRPC, SPRC, and BCP excluding PTTGC's refining unit

GIM was calculated from refineries of TOP and IRPC

First quarter of 2015 compared with First quarter of 2014

In Q1/2015, sales revenue of refinery subsidiaries of PTT (including TOP and IRPC) was Baht 120,129 million, decreasing by Baht 63,908 million or 34.7% mainly because petroleum product prices decreased following average Dubai crude oil price which shrink 50.3% from US\$ 104.5 per barrel in Q1/2014 to US\$ 51.9

per barrel in Q1/2015 resulting from increased oversupply of producers from both OPEC and Non-OPEC. Still, utilization rate and crude intake increased. Also, aromatics sales revenue of TOP dropped since aromatics sale price declined after weaken crude price specially PX and BZ prices that pressured from suppressed demand in the region and oversupply since USA lowered import from Asia.

Although the sales revenue declined, the performance of refinery business group improved. EBITDA of TOP and IRPC in Q1/2015 was Baht 12,026 million, increasing by Baht 7,550 million from Baht 4,476 million in Q1/2014 and EBIT in Q1/2015 was Baht 9,165 million, increasing by Baht 7,463 million. These were mainly from the increased petroleum product spread over Dubai crude especially gasoline crack spread and fuel oil crack spread as a result of shortened supply since there were the labor demonstration in USA's refineries and the refinery turnaround in the region.

Share of net income (loss) from investments in associates and joint ventures of refinery business group increased Baht 691 million to Baht 845 million in Q1/2015. The main portion came from better performance of SPRC which improved from higher utilization rate in Q1/2015 since there were major turnaround in Q1/2014 and enhanced spread of petroleum product over Dubai crude as aforementioned.

In overall, market GRM of PTT group refineries (including refineries of TOP, IRPC, SPRC, and BCP excluding PTTGC's refining unit) was at US\$ 8.60 per barrel in Q1/2015, increasing from US\$ 4.07 per barrel in Q1/2014. Overall utilization rate also increased from 85.3% in Q1/2014 to 97.2% in Q1/2015. However, continued lower crude oil price resulted in stock loss of US\$ 4.25 per barrel in Q1/2015 and since the global crude oil price in late Q1/2015 was higher than the cost of crude inventory, making refinery business realized gain from reverting NRV booked at the end of year 2014. All in all, accounting GRM of PTT group refineries was at US\$ 4.32 per barrel, increasing by US\$ 0.50 per barrel or 13.1% compared to Q1/2014. The weakened aromatics business performance from lower PX and BZ spreads as mentioned resulted in accounting GIM of TOP and IRPC at US\$ 6.71 per barrel, increasing by US\$ 0.77 per barrel or 13.0% compared to Q1/2014.

Coal Business

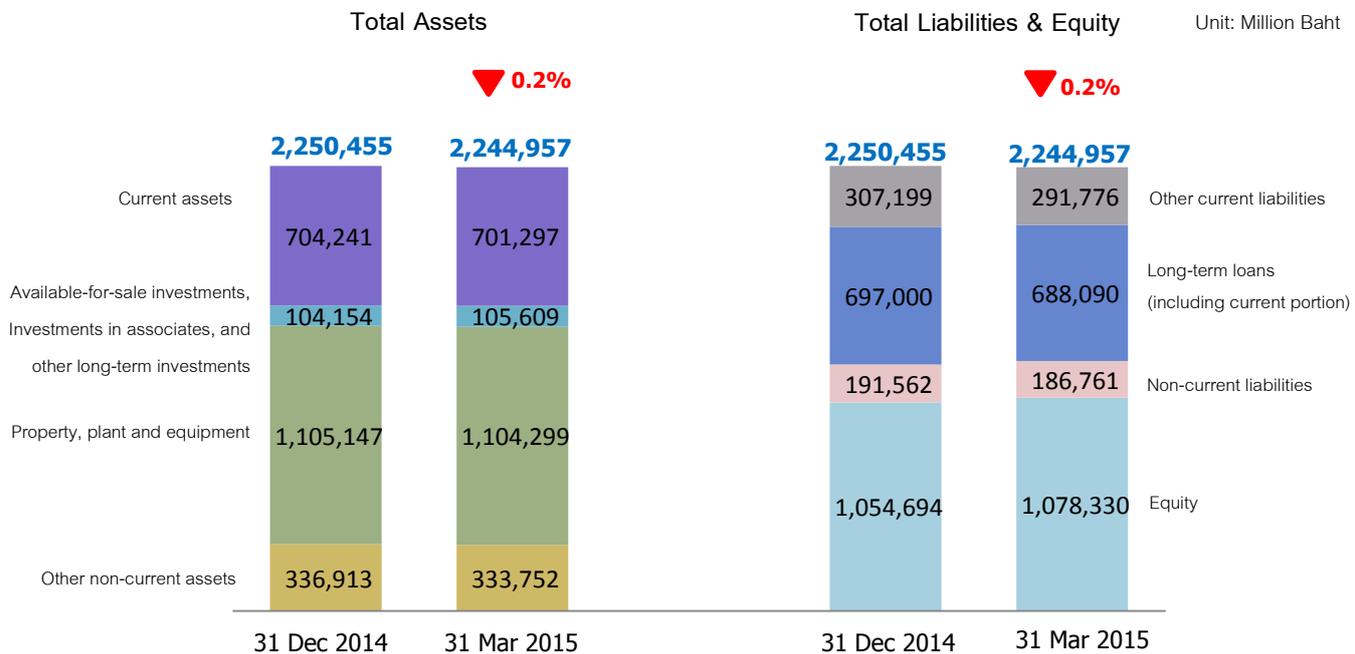
	Q1/2014	Q4/2014	Q1/2015	%เพิ่ม (ลด)	
				YoY	QoQ
Average selling price (US\$ per ton)	68.1	58.7	56.4	(17.2%)	(3.9%)
Sales volume (million ton)	2.9	2.2	2.5	(13.8%)	13.6%

First quarter of 2015 compared with First quarter of 2014

Sales revenue of Coal Business in Q1/2015 was Baht 4,693 million, decreasing by Baht 1,687 million or 26.4% mainly due to the drop in both average selling prices and sales volume. The average selling price decreased by US\$ 11.7 per ton or 17.2% and the sales volume decreased by 0.4 million tons or 13.8% following the low production policy in order to lower impact during a coal price down turn.

In Q1/2015, EBITDA was Baht 1,447 million, increasing by Baht 95 million or 7.0% mainly caused by lower costs and operating expenses. EBIT was Baht 551 million, increasing by Baht 506 million from Baht 45 million of EBIT in Q1/2014 due to the rise in EBITDA as aforementioned and the drop in depreciation and amortization expenses in line with the drop in production volume.

The analysis of PTT and its subsidiaries' consolidated financial position as of March 31, 2015 compared with December 31, 2014



Assets

As of March 31, 2015, total assets of PTT and its subsidiaries were Baht 2,244,957 million, decreasing by Baht 5,498 million or 0.2% compared with December 31, 2014. This decrease was mainly from the net effect of the followings:

- : A decrease of Baht 2,944 million or 0.4% in current assets was mainly from the followings:
 - A decrease of Baht 17,938 million in inventory was primarily from international trading business which as of December 31, 2014 there were a lot of inventories in transit with varied international commercial terms (incoterms).
 - A decrease of Baht 14,838 million in accounts receivable, mainly from receiving payments of trade accounts receivable of affiliate in an International Trading Business and PTT.
 - A decrease of Baht 9,650 million in other accounts receivable was principally from decreases in accrued receivable of the Oil Stabilization Fund from LPG import due to lower compensated amount received since LPG price restructuring in February 2015. This was also from decreased LPG import volumes.
 - A decrease of Baht 9,232 million in cash and cash equivalents mainly due to the net effect of cash outflow in investment of PTTEP, PTT, and IRPC, as well as, in loan and debenture repayments, offset with cash inflow from operations.

- An increase of Baht 44,047 million in current investments mainly from a rise in fixed deposits and current investments.

Liabilities

As of March 31, 2015, PTT and its subsidiaries had total liabilities of Baht 1,166,627 million, decreasing by Baht 29,133 million or 2.4% from the year-ended 2014. This decrease was mainly from the net effect of the followings:

: A decrease of Baht 15,423 million or 5.0% in other current liabilities was primarily from repayment of short-term loans.

: Long-term loans (including the current portion within 1 year) decreased by Baht 8,911 million or 1.3%.

The decrease was mainly from:

- The repayment of long-term loans amounting to Baht 11,500 million, mainly due to PTT's redemptions of Thai Baht debentures amounting to Baht 6,000 million and PTTGC's repayment of Baht and foreign loans totaling to Baht 4,000 million.
- Long-term loans increased approximately by Baht 7,900 million. This was mainly from increases in PTTGC's Baht 6,000 million loan and TOP's Baht 1,000 million loan.
- The Thai Baht appreciation when compared with the year-ended 2014. This led to the decrease in the translated foreign currency loans by Baht 5,000 million.

Equity

As of March 31, 2015, PTT and its subsidiaries had total shareholders' equity of Baht 1,078,330 million, increasing by Baht 23,636 million or 2.2% from the year-ended 2014 principally from the performance of PTT and subsidiaries during the first quarter of year 2015 amounting to Baht 22,584 million.

Liquidity

For the three-month period ended March 31, 2015, PTT and its subsidiaries had net decrease in cash and cash equivalents amounting to Baht 9,232 million, and cash and cash equivalents at the beginning of the period was Baht 234,212 million. As a result, cash and cash equivalents at the end of the period was Baht 224,980 million. Details of cash flow by activities are as follows:

	Unit: Million Baht
Net cash provided by operating activities	104,337
Net cash used in investing activities	(87,624)
Net cash used in financing activities	(26,964)
Effects of exchange rates on cash and cash equivalents	(1,625)
Currency translation differences	2,494
Cash and cash equivalents attributable to non-current assets held-for-sale	150
Net increase in cash and cash equivalents during the period	<u>(9,232)</u>
Cash and cash equivalents at the beginning of the period	234,212
Cash and cash equivalents at the end of the period	<u>224,980</u>

Net cash provided by operating activities of Baht 104,337 million was derived from Baht 22,584 million of net profit attributable to equity holders of the company, adjusted by net profit to net cash provided (used in) by operating activities. The increase in net cash flow from operating activities mainly resulted from Baht 36,163 million of depreciation and amortization expenses, Baht 10,506 million of net profit attributable to non-controlling interests, Baht 7,893 million of finance costs, and Baht 3,451 million of income taxes expenses. However, the decrease in net cash flow from operating activities was mainly from reversal of allowance for loss on decline in value of inventories amounting to Baht 9,465 million, together with Baht 43,082 million of changes in net operating assets and Baht 2,037 million of income taxes paid.

Net cash used in investing activities was Baht 87,624 million resulting mainly from the followings:

: The cash outflow of investments in property, plant and equipment, intangible assets, and mining properties amounting to Baht 46,071 million mainly due to the additional investments of PTTEP in petroleum exploration and production assets totaling Baht 19,067 million mainly from the investments in Myanmar Zawtika, Arthit, and Bongkot projects. In addition, there were investments in various projects of PTT totaling to Baht 8,614 million principally from the 4th natural gas transmission pipeline projects, as well as investment in UHV project of IRPC amounting to Baht 8,017 million.

: The increase in current investments amounting to Baht 44,047 million, mainly from an increase in fixed deposits and current investments of PTTEP, PTTGC and PTT

: The payment of long-term investments amounting to Baht 568 million, principally due to GPSC's investment in Ichinoseki Solar Power 1 GK, power plant in Japan, amounting to US\$ 8.50 million or equivalent to Baht 279 million. In addition, there were investments in joint ventures and associates of GPSC and IRPC totaling to Baht 289 million.

Net cash used by financing activities was Baht 26,964 million resulting mainly from the followings:

: The repayment of loans and debentures totaling Baht 27,156 million, principally from the redemption of PTT's Baht debentures approximately Baht 6,000 million, and the repayment of PTTGC's Thai Baht and foreign loans amounting to Baht 6,000 million.

: Cash received from the proceeds from loans totaling to Baht 7,915 million, derived from PTTGC's Thai Baht and foreign loans approximately Baht 6,000 million and TOP's Thai Baht loan around Baht 1,000 million.

: Cash paid for finance cost amounting to Baht 7,835 million.

Financial ratios and earnings per share of PTT and its subsidiaries

Financial Ratio and Earnings per share	Unit	Q1/2014	Q1/2015
<u>Profitability Ratios</u>			
Gross profit margin	%	10.03	10.54
Net profit margin	%	5.45	6.42
<u>Solvency Ratios</u>			
Interest coverage	Times	11.06	13.58
<u>Earnings per share</u>			
Earnings per share	Baht/share	9.98	7.89

Financial Ratio	Unit	31 Dec 2014	31 Mar 2015
<u>Liquidity Ratios</u>			
Current ratio	Times	1.71	1.78
Quick ratio	Times	1.20	1.31
<u>Solvency Ratios</u>			
Debt to equity	Times	0.69	0.65

Note:

Gross profit margin = Gross profit divided by Sales and service income

Net profit margin = Net profit (including Non-controlling interests) divided by Sales and service income

Interest coverage	=	(Net cash flow from operating activities + Taxes paid from operating activities) divided by Interest paid from financing activities
Current ratio	=	Current assets divided by Current liabilities
Quick ratio	=	(Cash and cash equivalent + Current investments + Accounts receivable) divided by Current Liabilities
Debt to equity	=	Interest bearing debt divided by Total shareholder's equity

Economic Outlook in the second quarter of 2015

The world economy in the second quarter of 2015 (Q2/2015) is expected to expand at a slower pace than Q1/2015. Developing and emerging economies slow down, especially China. The Chinese government continues its structural reform but also maintains its growth target at 7.0% by implementing various measures, such as the central bank cut requirement reserve ratio (RRR) in April 2015 to 18.5% from 19.5%. Meanwhile, advanced economies are expected to improve slightly. The euro area economy will receive a boost from ECB's QE and a weakening euro will help to support exports in the euro area. However, an appreciation of the US dollar will limit the expansion in the US economy. Hence, the Fed possibly delays its plan to increase policy rate to the second half of the year. Nevertheless, risk factors that need to be monitored include geopolitical risk in Russia and Middle East and North Africa (MENA), volatility in financial market, and stagnation and prolonged deflation in the Euro Area and Japan.

Global oil demand in 2015 is forecasted to grow by 1.1 MMBD and reach 93.6 MMBD according to the IEA in April 2015, and will be mainly driven by an increase in oil demand from developing countries and US. However, demand from developed countries such as Europe remains constant. Despite an increased oil demand, a sufficient oil supply is expected, specifically a surge in US shale oil production. Moreover, OPEC production remains high level. As a result, Dubai oil price in 2015 is estimated to be in the range of US\$50-60 per barrel owing to a surplus supply. Oil price is expected to grow in the second half of the year because a drop in price could dampen crude oil supply from high cost producers and lower oil price should boost global demand as well.

Dubai crude cracking in Singapore in 2015 is estimated to be in the range of US\$7-8 per barrel slightly increased from 2014.

Olefins and Aromatics prices in Q2/2015 are on an upward trend due to tight supply as many plants in Asia entering a turnaround season. HDPE and PP prices are expected at US\$ 1,287 and US\$ 1,260 per ton respectively. Likewise, Aromatics price will tend to be higher with BZ price rising to US\$ 760 per ton supported by China importing more BZ. PX price is forecasted at US\$ 822 per ton as a result of higher polyester production in China

The Thai economy in Q2/2015 is expected to remain the same as Q1/2015, driven by public and private investment. In addition, tourism continues to recover after the cancellation martial law in the beginning of April 2015. Private consumption remains steady, supported by the government's economic stimulus measures.

There are also pressures from slump agricultural prices and household debt that remains high. Moreover, exports are expected to slowly recover. Nevertheless, risk factors that need to be monitored include delays in government investment projects, political situation, and global economic recovery.

Appendix

Natural Gas Business consists of PTT natural gas business unit, PTT Natural Gas Distribution Co., Ltd. (PTTNGD), PTT LNG Co., Ltd (PTTLNG), and PTT FLNG Limited, which is a joint venture of PTT International (Singapore) Pte. Ltd. (a subsidiary of PTTER) with 50% shareholding interest and a joint venture of PTTEP FLNG Holding Company Limited (a subsidiary of PTTEP) with 50% shareholding interest. PTT FLNG is currently under business dissolution.

Oil Business consists of PTT oil business unit, PTT (Cambodia) Co., Ltd. (PTTCL), Subic Bay Energy Co., Ltd. (SBECL), PTT Tank Terminal Co., Ltd. (PTT TANK), PTT Retail Business Co., Ltd. (PTTRB), consolidating Thai Lube Blending Company Limited (TLBC) due to the 100% TLBC's shareholding acquisition by PTTRB and PTT, and PTT Oil Myanmar Co., Ltd. (PTTOM).

International Trading Business consists of PTT international business unit and PTT International Trading Pte Ltd (PTTT).

Petrochemical Business consists of PTT Global Chemical Public Company Limited (PTTGC), PTT Polymer Marketing Co., Ltd. (PTTPM), PTT Polymer Logistics Co., Ltd. (PTTPL), PTT Maintenance and Engineering Co., Ltd. and PTT PMMA Co., Ltd. (PTTPMMA).

Refinery Business consists of Thai Oil Public Company Limited (TOP), IRPC Public Company Limited (IRPC), and Thai Oil Power Co., Ltd. (TP).

Coal Business consists of Sakari Resources Ltd. (SAR), Straits (Brunei) Pte Ltd (Straits (Brunei)), and Yoxford Holdings (95.26% shareholding in SAR and 100% shareholdings in the others, held by PTT Mining Limited (PTTML), a 100% shareholding subsidiary of PTT Energy Resources Company Limited (PTTER)).

Infrastructure Business consists of Global Power Synergy Public Company Limited (GPSC), PTT Energy Solution Co., Ltd. (PTTES) and Energy Complex Co., Ltd. (EnCo).

Other Business consists of Business Services Alliance Co., Ltd. (BSA), PTT Green Energy Pte. Ltd. (PTTGE), PTT Energy Resources Company Limited (PTTER), and PTT Regional Treasury Center Pte. Ltd. (PTTRTC) and PTT ICT Solution Co., Ltd. (PTTICT).

Earnings per share is calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares which are held by third parties during the periods.