

Message from the Chairman

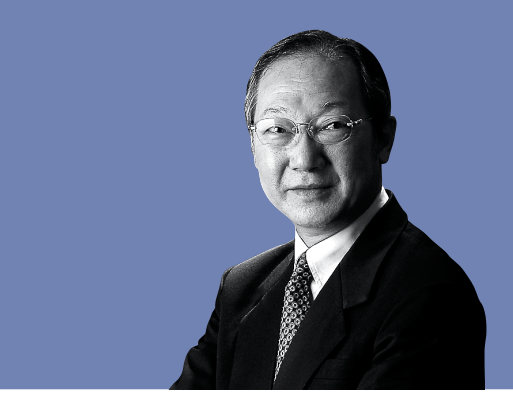
The corporatization of PTT under the Corporatization Act B.E. 2542 (A.D. 1999) historically marked 2001, a year of glorious milestone for PTT's corporate development ever undertaken. Yet, a successful capital funding of over Baht 30 billion in both domestic and international markets as planned has brought such an eminent pride to the nation. The said fame has also clearly attested to the strong confidence from Thai and foreign investors towards PTT as well as Thailand's economic recovery. With this success, Finance Asia Magazine has named PTT's IPO, "The Best IPO of the Year".

The growth of gross domestic product at a mere 1.5% in 2001 adversely affected the petroleum industry, which was seen in a rise of consumption of all types of fuel at 3% over the previous year. Natural gas received highest acceptance as its growth peaked, higher than other types of fuels. On the contrary, oil products uses continued to drop. Consequently, Thailand had to expand its oil exports in order to relieve oversupply and generate more revenue.

It can be said that PTT's strong commitment to enhance business efficiency continuously coupled with a business strategy development to cope with changing circumstances are a vital key contributing to a satisfactory performance in its operation. At the end of 2001, total revenues of PTT and subsidiaries recorded at Baht 386.415 billion, a rise of Baht 10.888 billion or 2.9% over the previous year. Total net profit, after revenue tax of Baht 1.204 billion for the operation from October 1, 2001 until the end of the year, was Baht 21.565 billion, a rise of Baht 9.285 billion.

Apart from business objectives, PTT's social and environmental responsibilities are no less important. As evidence of this, the company's natural gas pipeline across the country was certified ISO 14001. Moreover, the success of the company's research and development has resulted in high quality lubricants which were authorized to carry a green label from Thailand Environment Institute, the first of its kind in Thailand. Hence, PTT aims to expand lubricant production lines to increase market coverage in all areas for higher sale and market shares.

The world's economic prospects for 2002 remain uncertain which will accordingly affect opportunities for economic revival in Thailand. Nonetheless, it is expected that the demand for natural gas will continue to grow to serve as fuel used for power generation. Adding a pivotal support to this scheme is the governmental policy itself to promote more natural gas use in industrial and transportation sectors as a way of improving the quality of the environment. With regards to oil business, a competition is expected to become even more intensified.



Under such scenario, PTT has chosen Strategic Cost Leadership (SCL) program as a tool to achieve cost leadership aimed at cost curtailment of operation, raw materials and others to the lowest level possible. The company will as well maximize the utilization of existing operation network and maintain service standards and closer relationship with customers in order to obtain highest profit.

PTT plans to expedite and move forward with major projects i.e. exploration activities for new gas fields conducted by PTTEP, the Natural Gas Pipeline Master Plan III, an adoption of Supply Chain Management to support trading activities, on which PTT places a great deal of importance. In addition, it intends to expand the markets in Indochina and other potential regions together with fostering cooperation with refineries and petrochemical companies in the group.

On behalf of the Board of Directors, I would like to herewith express my sincere thanks to customers, shareholders, partners, the Government, employees as well as financial institutes, media and the public for the generous support rendered to us over the past year. I am confident that the success we have witnessed would form a solid foundation for the prosperity of the company in the years to come.

Manu Leopaïrote

Chairman of the Board of Directors