



OPERATIONAL RESULTS

FOR 2002

Performance in 2002 was a critical success for the first full year of PTT's operation as a public company. From the foundation of the Petroleum Authority of Thailand, PTT Public Company Limited still carries forward the mission of a Thai energy corporation, operating a fully integrated oil and gas business, confident of being a regional leader and a high performance organization with the intent of delivering good products and services for customers' satisfaction and mindful of social and community contributions.

Gas Business Group

In 2002, gas supply increased to 2,475 million standard cubic feet per day (MMSCFD)¹⁾, or up by 8%. This was resulted from the economic recovery which stimulated higher energy use, in particular, the power sector, and principal customers of the Gas Business Group. The power sector accounted for 78.2% of gas usage, industry and transportation and gas separation plants were 8% and 13.8% respectively.

In 2002, PTT as the key player in the natural gas business could obtain 2,494 MMSCFD of natural gas from both indigenous and overseas sources, up by 9%. The share of imported gas from the Union of Myanmar rose from 498 MMSCFD in 2001 to 618 MMSCFD, thereby changing the share of imported gas to domestic gas from 22:78 in 2001 to 25:75.

Gas Transmission Pipeline

	2000	2001	2002
total length (kilometers)	2,495	2,657	2,700
maximum transmission capacity (MMSCFD)	3,170	3,170	3,170

In 2002, PTT received gas according to gas sales agreements, resulting in no Take-or-Pay burden. Concurrently, PTT could accelerate receipt of pre paid gas to minimize this cost burden by cooperating with Ratchaburi Power Plant for gas needed for power generation. This resulted in the receipt of make-up gas, accounting for Baht 1,505 million. The Company expects that in future the make-up gas volume will steadily increase.

¹⁾ million cubic feet per day, calculated at the heating value of 1,000 BTU per standard cubic foot (BTU/SCF)

Gas Procurement

field ¹⁾ year	2000		2001		2002	
	MMSCFD	%	MMSCFD	%	MMSCFD	%
Domestic						
Unocal ²⁾	910	46.1	853	37.2	830	33.3
Bongkot	515	26.1	549	23.9	530	21.3
Pailin	169	8.6	149	6.5	235	9.4
Tantawan/Benchamas	163	8.3	187	8.2	225	9.0
Nam Phong	69	3.5	58	2.5	56	2.2
Total	1,826	92.6	1,796	78.3	1,876	75.2
Overseas						
Yadana	110	5.6	379	16.5	418	16.8
Yetagun	36	1.8	119	5.2	200	8.0
Total	146	7.4	498	21.7	618	24.8
Grand Total	1,972	100	2,294	100	2,494	100

N.B. : calculated at the heating value of 1,000 BTU per one standard cubic foot

1) Not including gas from JDA as the production hasn't started.

2) Including fields/concessions under Unocal 1 and Unocal 2-3 Gas Sales Agreements

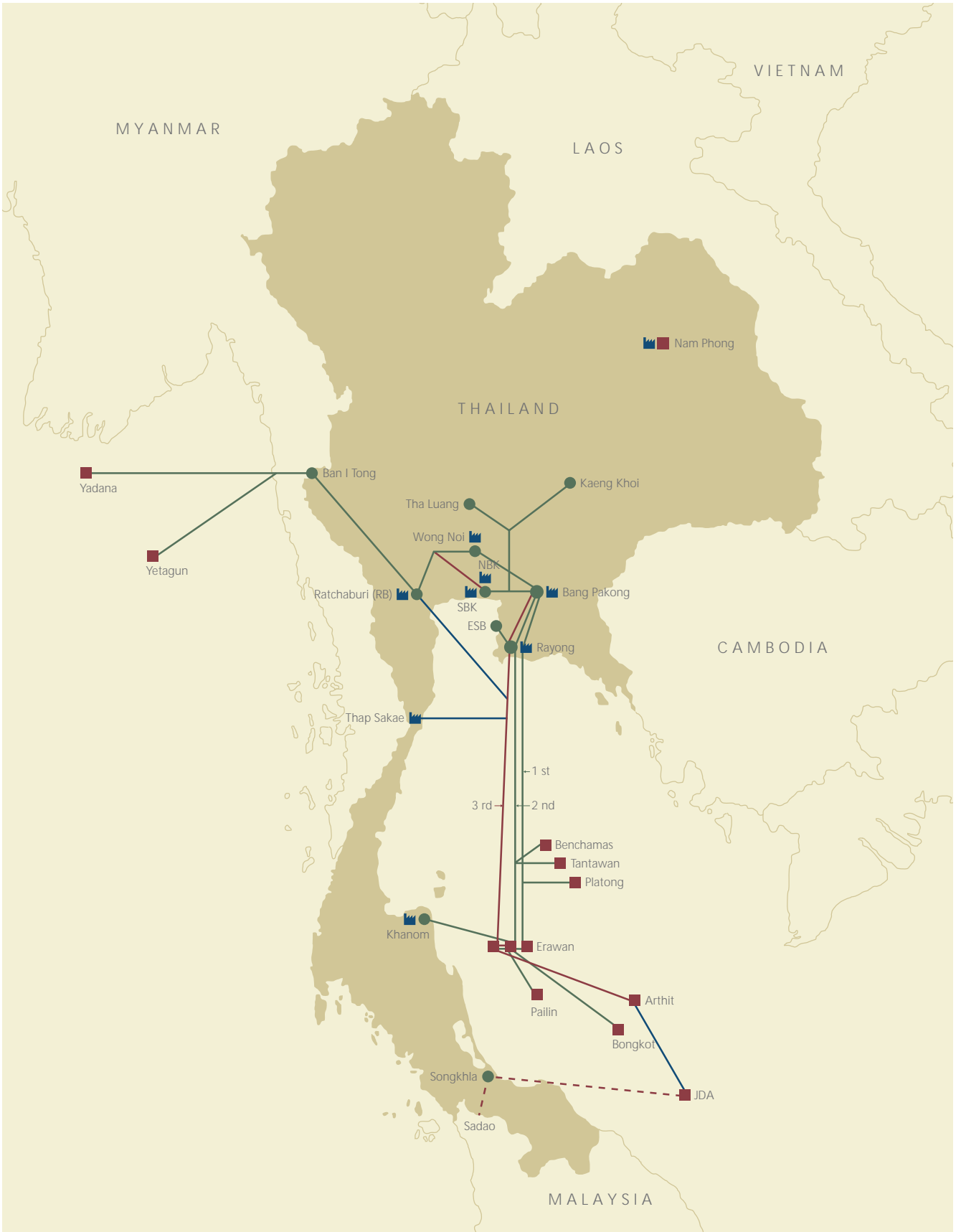
Gas Distribution

Customers/year	2000		2001		2002	
	MMSCFD	%	MMSCFD	%	MMSCFD	%
1. EGAT	1,099	56.3	1,069	46.7	1,074	43.4
2. Independent Power Producers (IPP)	105	5.4	360	15.7	486	19.6
3. Small Power Producer (SPP)	305	15.6	349	15.2	375	15.2
4. Industry and Bangkok Mass Transit Authority	153	7.8	177	7.7	198	8.0
5. Gas Separation Plants	292	14.9	336	14.7	342	13.8
Total	1,954	100	2,291	100	2,475	100







N.B. : calculated at the heating value of 1,000 BTU per one standard cubic foot

In addition, PTT promoted the use of natural gas in the transportation sector according to the government policy. The natural gas for vehicles (NGV) project for volunteer taxis has been under continual progress from 2000-2001. In 2002, 732 additional volunteer taxis were installed with NGV kits free of charge. Total NGV use rose from 428,203 kilograms (equal to 15.57 million cubic feet) in 2001 to 4,118,745 kilograms (equal to 149.77 million cubic feet), an almost tenfold rise over 2001.

In 2002, sales of LPG and NGL rose by 5.7% and 7.2%. On the contrary, ethane and propane decline due to the shut down of petrochemical customers at the beginning of the year. In addition, selling prices of all products from gas separation weakened. Price of LPG was around US\$ 260 per ton, compared to US\$ 209 per ton in the first half of the year.



Natural Gas Transmission Pipeline System and Future Projects

	Natural Gas Fields		Existing Pipeline
	Power Plant		Pipeline Master Plan 3, Phase 1
	TTM Pipeline		Pipeline Master Plan 3, Phase 2

Later through the end of the year, the price soared especially the fourth quarter when price rose to US\$ 316 per ton. As a result, the average price for the whole year stood at US\$ 243 per ton.

Sales Volume of Products from Gas Separation Plants

Products/year	2000	2001	2002	change (%) from 2001
1. Ethane (tons)	487,402	542,549	491,413	(9.4%)
2. Propane (tons)	185,292	206,489	177,887	(13.9%)
3. LPG (tons)	1,281,277	1,396,144	1,475,410	5.7%
4. NGL (barrels) ¹⁾	3,164,963	3,678,372	3,942,281	7.2%

N.B. : 1) not including NGL from the Dew Point Control Unit

Regarding the petroleum exploration and production business undertaken by PTT's subsidiary company i.e. PTT Exploration and Production Public Company Limited, the sale volume of natural gas, crude and condensate averaged 101,736 barrels of oil equivalent, up by 11% over 2001. Petroleum proved reserves of all projects according to US Financial Accounting Standards no. 69 (FAS 69) totalled 826 million barrels of oil equivalent (inclusive of MEDCO's reserve in which PTTEP has invested).

Important Future Projects of the Gas Business Group

To accommodate the rising demand for natural gas of at least 5-6% per year, PTT decided to invest in the third Offshore Gas Pipeline. This will increase the potential for offshore gas transmission off the eastern coast from various fields in the Gulf of Thailand and surrounding areas to the shores of Rayong Province. With a maximum transmission capacity of 1,750 MMSCFD, the project is split into two phases. In addition, the Company has invested in Gas Separation Plant Unit V Project. This has a processing capacity of 530 MMSCFD, and will produce feedstock for the expansion of Thai Olefins Company Limited facility and produce more LPG and NGL.

To the west of the country, PTT also had a capacity upgrade project for gas delivery from the Union of Myanmar by installing a compressor at Block Valve West No. 7 in Kanchanaburi Province. The Sai Noi-North and South Bangkok Power Plants Gas Pipeline Project (Bangkok Gas Ring Project) is planned to expand the gas pipeline network in Bangkok and its environs to cover areas with gas as a fuel for power generation, especially North and South Bangkok Power Plants, the industrial sector in communities and NGV vehicles.

PTT also entered into a joint venture project with EGAT in District Cooling System and Power Plant (DCS PP) to create added value to natural gas and opportunities in expanding into other related businesses. The Company plans to expand the use of natural gas to such large complexes as Thammasat University, Rangsit Campus and Asian Institute of Technology, including the use of gas in co-generation system of industrial factories.

Oil Business Group

The Oil Business Group is engaged in two main types of businesses:

- 1) Oil marketing i.e. marketing of fuels and lubricants in Thailand (comprising retail and commercial markets) and abroad,
- 2) Oil trading i.e. import and export of crude oil, condensate, finished oil products, petrochemical feedstock and products.

Oil Marketing

In 2002, with 29.0% market share (excluding fuel oil sold to EGAT), PTT still maintained its leadership position in the retail oil sector for the 10th consecutive year. Sales of all products increased except aviation oil which was adversely effected from airline business. Regarding cooking gas, PTT still gained largest share of LPG market. In addition, PTT's lubricants had a rising market share from 12.3 % in 2001 to 15.0 % in 2002 while the country's total consumption declined.

The year 2002 witnessed PTT's accelerated development, improvement and turn-around of product quality and service model to satisfy basic needs, increasing convenience and choice for consumers. PTT cooperated with CP 7-11 Public Company Limited to provide "7-eleven" convenience stores in PTT's service stations nationwide in April 2002 and 140 branches were opened in 2002. PTT also built a model of a fully integrated service station to provide one-stop service. The service station is equipped with quality oil products, standardized lubricant exchange service center i.e. ProCheck, and other supplementary services e.g. clean toilets, coffee shop, One Tambon One Product distribution shop. In addition, 1,193 quality service stations of PTT have been officially approved to be affixed with the oil quality system certification symbol since April 29, 2002. PTT was the country's first oil firm to distribute diesel for fishermen through the cooperation of both public and private sector agencies. The project of diesel distribution to fishermen is continuing around the Andaman using PTT's Oil Terminal in Phuket Province as the distribution center.

As for research and development, the Research and Technology Institute of PTT has pursued continuing development. The laboratory of PTT was the country's first to be certified by the latest international standard of ISO/IEC 17025: 1999 from Thailand Standards Institute (TSI) and is the country's central laboratory for examining the quality of various petroleum products. This is proof of the efficiency of our standardized laboratory, and has led to quality products for the maximum benefit of consumers, at reasonable prices. More importantly, the PTT Research and Technology Institute developed a new product, PTT Alpha-X, which was launched on December 22, 2002. This new formula of gasoline with friction modifier has a double action. It increases the efficiency of the engine, minimizes engine friction, and reduces energy loss. This enables car users to save fuel cost by 1.5%, extend engine life and reduce air pollution.

Sale Volume of Oil Products

Products/Distribution	2000	2001	2002	change (%) over 2001
Distribution/Marketing				
Sale volume (million liters) ¹⁾				
- excluding fuel oil sold to EGAT	12,044 ⁴⁾	11,820 ⁴⁾	12,642	9.4
- including fuel oil sold to EGAT	14,448	12,466 ⁴⁾	13,221	8.3

Sale Volume of Oil Products

Products/Distribution	2000	2001	2002	change (%) over 2001
Market share (%) ²⁾				
- excluding fuel oil sold to EGAT	29.3	29.1	29.0	(0.1)
- including fuel oil sold to EGAT	34.1	30.4	30.1	(0.3)
Classified by types of products				
- gasoline and diesel	6,700	6,184 ⁴⁾	6,790	9.0
- fuel oil	3,623	1,928	2,159	12.0
- LPG	2,241	2,417	2,724	12.7
- aviation fuel	1,722	1,453	1,327	(8.7)
- others	162	180	221	22.7
Service Station at year end ³⁾ (No.)	1,519	1,422	1,403	(1.3)
LPG Retail Outlet ³⁾ (No.)	1,045	922	1,015	10.1
LPG Bottling Plant ³⁾ (No.)	110	105	113	7.6

Source : PTT, except the market share information from the Ministry of Commerce

- 1) including sale volume of fuel oil, diesel, gasoline, kerosene, aviation fuel, LPG, lubricants, asphalt and sale volume of PTT Philippines Inc. and PTT (Cambodia) Co.,Ltd. but not LPG used as petrochemical feedstock
- 2) including LPG used as petrochemical feedstock but not lubricants and asphalt
- 3) of PTT and its dealers
- 4) restatement

International Trading

As for international trading, PTT still continually undertakes the purchase, sale, and transport of finished oil products, crude and condensate from both domestic and overseas sources for refineries and export the surplus finished oil and petrochemical products.

With rising domestic consumption of finished oil products in 2002, the highest since the economic crisis, the PTT procured a total of 12,031 million liters of crude from overseas and domestic sources, rising by 11.3%, compared with 2001. The volume of import and trade of condensate amounted to 2,390 million liters, up by 4.1%, compared to last year. The trading of finished oil products and petrochemical, on the other hand, dropped by 8.8% and 2.5%, respectively.

International Trading

Products/Distribution	2000	2001	2002	change (%) from 2001
- crude ¹⁾	9,376	11,080 ³⁾	12,031	11.3
- condensate	2,053	2,297	2,390	4.1
- finished oil products	5,911	4,397	4,356	(8.8)

International Trading

Products/Distribution	2000	2001	2002	change (%) from 2001
- petrochemical products	1,205	1,396	1,361	(2.5)
Total²⁾	18,545	19,170³⁾	20,318	4.4

1) Crude oil including international trading, Naphtha and Natural Gasoline

2) Excluding sales volume between business group and volume supplied to Thai Oil for which we paid Thai Oil processing fee only

3) Restatement

Petrochemicals and Refining Group

Petrochemical business

In 2002, prices of petrochemical products in the world market were on the rise as the petrochemical business passed the lowest cycle, supplemented by a continuous rise of world oil prices. It is expected that the petrochemical business will be on the upward trend to peak in 2004-2005. Therefore, to accommodate the situation and to create added value, in 2002, PTT raised its shareholding structure in Thai Olefins Company Limited (TOC) by increasing capital by Baht 3,220 million and changing the shareholding structure from 49.00% to 63.03%. This will support the TOC's capacity expansion project, and which will raise TOC's products from 385,000 tons per year to 700,000 tons per year, using a significant volume of feedstock from PTT's gas separation plants. This project is due for completion by the end of 2004.

Furthermore, in 2002, The Aromatics (Thailand) Public Company Limited (ATC) completed the De-bottlenecking Project Stage I as scheduled and started production in June. Its production capacity was expanded by 28%, compared with the original one i.e. 394,000 tons per year of paraxylene, 333,000 tons per year of benzene, and 140,000 tons per year of toluene.

Refining business

The operational results of the refining industry in 2002 were stabilized compared to previous years as over-capacity still overwhelmed the business both at regional and national levels. Oil refineries in the region, therefore, had quite low utilization rate with mediocre operational results during the past several years. Nevertheless, the gross refinery margin of oil refining companies in the PTT's network fared better than in 2001 due to signs of economic recovery, resulting in higher domestic oil consumption than previous years.

Several domestic refineries were faced with a lack of liquidity and inability to pay back debts due to over-capacity during the past few years. In 2002, refineries in PTT's network solved that problem to a certain extent. Star Petroleum Refining Company Limited achieved its debt restructuring program for liabilities worth US\$ 600 million, which would extend its debt payment period from 2007 as originally planned to 2009. PTT as a shareholder financially supported it to the amount of US\$ 36.02 million (about Baht 1,553.16 million). PTT also supported Rayong Refinery Company Limited in its debt-restructuring program with US\$ 28.28 million (around Baht 1,092.61 million), a consequence of debt restructuring since 1997. In early 2003, Rayong Refinery is due for negotiations as part of another debt restructuring plan. If successful, the financial standing of the company will be directly improved.

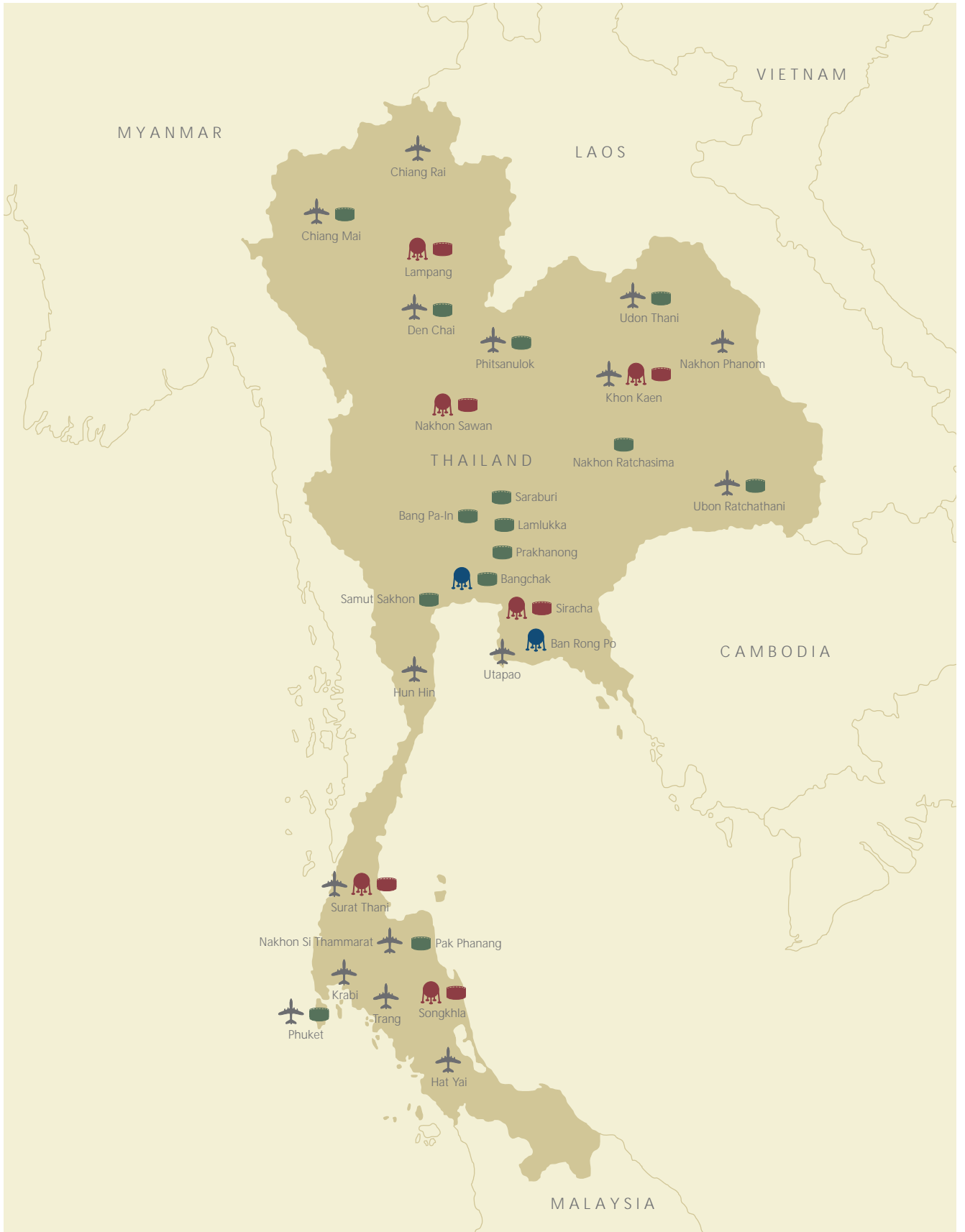
Refining Volume of Refineries in PTT Network

Refineries	2000			2001			2002		
	Refining capacity	Crude oil throughput	Capacity utilized (%)	Refining capacity	Crude oil throughput	Capacity utilized (%)	Refining capacity	Crude oil throughput	Capacity utilized (%)
Thai Oil	220	171	77.6	220	195	88.7	220	208	94.5
Rayong	145	145	100.3	145	140	96.2	145	144	99.2
Star	150	144	96.1	150	140	93.0	150	144	95.9
Bangchak	120	88	73.0	120	75	62.9	120	74	61.3





Source : Department of Commercial Registration, Ministry of Commerce

Conclusion

The performance of 2002 was satisfyingly successful. Whilst being aware of enhancing its capabilities in business competition, PTT has taken into account good corporate governance, transparent management and information disclosure to create confidence for shareholders and investors. In 2002, PTT was selected by the Office of Securities Exchange Commission (SEC) to be granted its Disclosure Award 2002 as a company with quality information disclosure worth commending as a good precedent to other firms. Prices of PTT's shares traded in the Stock Exchange of Thailand are another illustration of PTT's potential. The market capitalization of Baht 120,000 million was regarded one of the top 3 largest market shares on the SET. In addition, PTT was selected to join a new list of securities to be used in the calculation of the SET 50 Index.



PTT Petroleum Terminal, Oil Depot, LPG Storage and Aviation Fuel Depot

	Petroleum Terminal		LPG Storage
	Oil Depot		Aviation Fuel Depot