



**Bor. Hor. 006/2017**

**15<sup>th</sup> February 2017**

**Attention: President  
The Stock Exchange of Thailand**

**Subject: Report of 2016 Audited Consolidated Financial performances**

The Company is pleased to report the 2016 audited consolidated financial performance of its Group.

Reference to the audited financial statements ended 31<sup>st</sup> December 2016, the Company's Net Profit After Tax for the year ended 2016 stood at Baht 3,110 million, compared to the exceptional Net Profit After Tax of Baht 5,079 million in 2015. Details are as follows:

- 1 Sales and services stood at Baht 24,038 million, reflecting a decrease of 35% from last year. This decrease was mainly attributable to the significant drop in asphalt selling price in line with lower crude price during the year comparing to the prior year. Sales volume decreased by 9.7% comparing to 2015 because of weaker market demand attributable to prolonged rainy seasons and high inventory level brought forward from 2015 for most of the export markets. Nevertheless, domestic asphalt revenue achieved the highest margin and sales volume in comparison to 2015. The export market in 2016 was a very challenging environment and we foresee a recovery in 2017.

Cost of sales and services in 2016 stood at Baht 19,949 million or 82.99% (82.51% in 2015) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged. The company managed to maintain a stable margin in the tough and challenging market conditions. The Company achieved a hedging gain of Baht 403 million even in the rising of Ice Brent price recovering from \$36.50/bbl at the beginning of 2016 to \$56.56/bbl at the year end. The effectiveness of our hedging strategy has again mitigated the Group's exposure to the commodity market risks either in the falling or rising market price and contributed to a sustainable positive operating result.

- 2 Selling and administrative expenses stood at Baht 259.4 million and Baht 1,045.4 million representing 1.08% and 4.35% of sales and services respectively. Comparatively, these expenses in 2015 stood at Baht 200.5 million and Baht 944.6 million or 0.54% and 2.54% of sales and services, respectively. The increase in administration expense was attributable to the employee cost increase comparing to 2015 and was in line with business expansion and expenses related to the new local and foreign acquisitions. The company is committed to controlling these overheads while improving the operating gross profit margin.



- 3 There was a recovery of doubtful account in 2016 of Baht 153 million from certain customers of an overseas subsidiary in China. There was no net increase in allowance for doubtful accounts for domestic sales. The allowance for doubtful accounts was based on the prudent Group's policy for any debt outstanding more than 1 year to be fully provided.
- 4 The Group's cashflow generated from operations stood at Baht 4,728 million compared to the exceptional Baht 6,375 million in 2015 and the Group cash position is further strengthened.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) improved slightly to 0.59 from 0.60 after prepayment of long-term loan due to strong cashflow generated from operations. As a consequence, the long-term borrowing/equity ratio decreased to a minimal 0.1 from 0.24.
- 6 The Group's acquisitions of retail asphalt business in Thailand, Vietnam, Singapore and Indonesia during the year have been successfully integrated into Tipco core business and have been contributing positive margin to the Group with an ROI of approximately 14%.
- 7 Financial expense in 2016 was Baht 110 million as compared to Baht 151 million in the previous year. The decrease was mainly due to prepayment of long-term loan.
- 8 Net Profit After Tax of Baht 3,110 million for 2016 represented earning per share of Baht 2.01 (par value of Baht 1 each) as compared to Baht 3.3 per share in previous year.
- 9 The Group's Return on Equity (ROE) remained healthy at 27.7% and 62.4% in 2016 and 2015 respectively.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director