

# Tipco Asphalt Public Company Limited (TASCO)

1/2018 Opportunity Day

(FY/2017 Operational Results)

20<sup>th</sup> February 2018



บริษัท ทิปโก้แอสฟัลท์ จำกัด (มหาชน)  
Tipco Asphalt Public Company Limited

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2018 Outlook

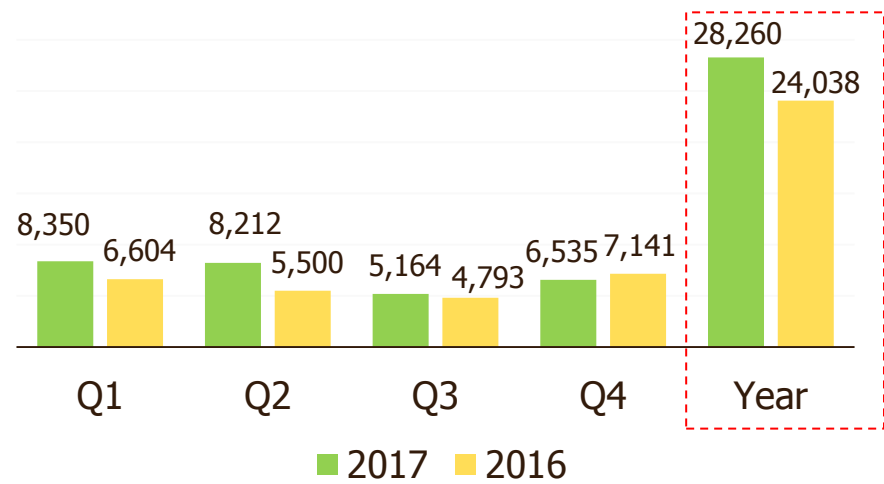
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Q&A

# 2017 Financial Performance : Sales & Services Revenue vs. Sales Volume

## Sales & Services Revenue

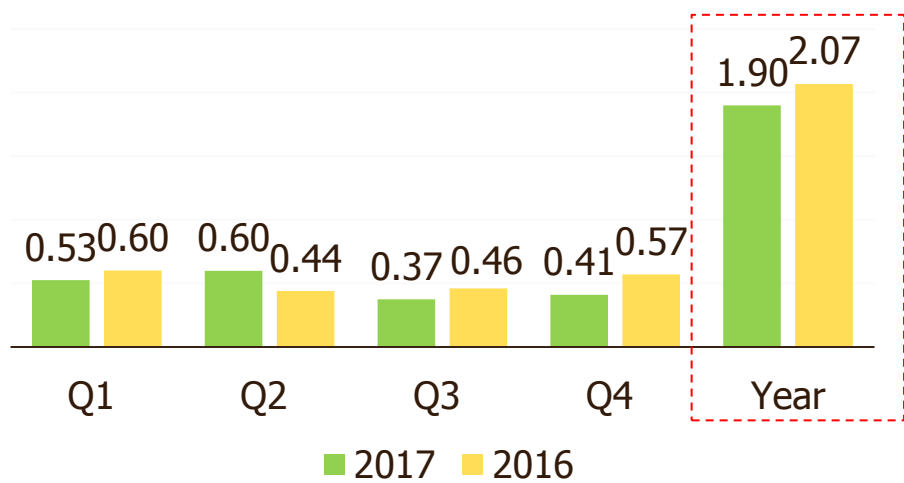
Unit: Mil. THB



- Sales and services stood at Baht 28,260 million, reflecting an increase of 18% from last year. This increase was mainly attributable to the increase of selling price in line with higher crude price during the year comparing to the prior year

## Sales Volume

Unit: Mil. Ton

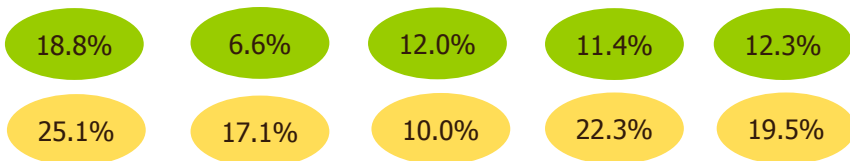
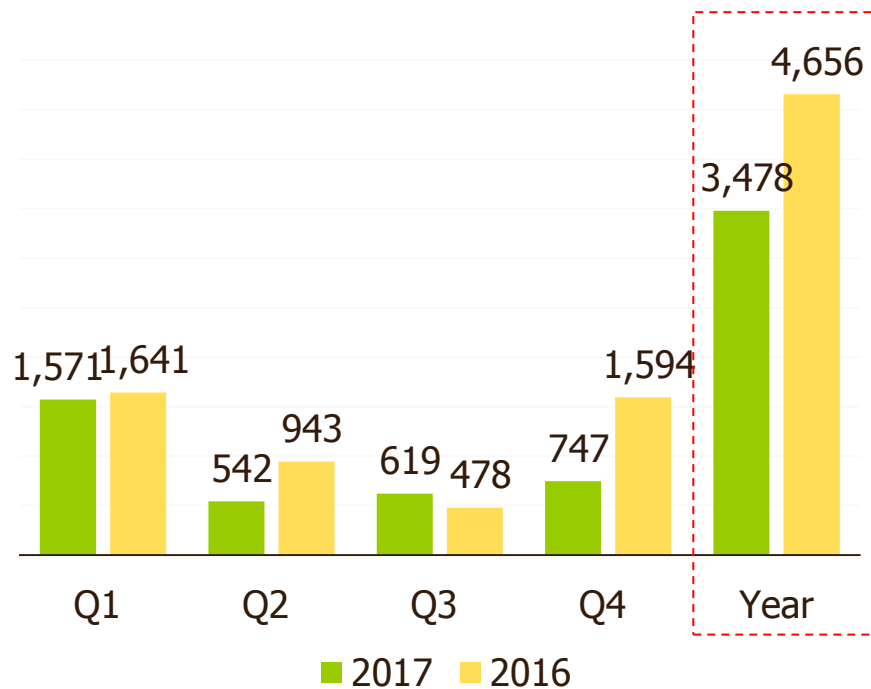


- Nevertheless, sales volume of asphalt product decreased by 8% comparing to 2016 because of weaker market demand attributable to delayed of several key projects in Vietnam and Indonesia
- Domestic accounts for 26% of total sales volume

# 2017 Financial Performance : Operating Gross Profit

## Operating Gross Profit

Unit: Mil. THB

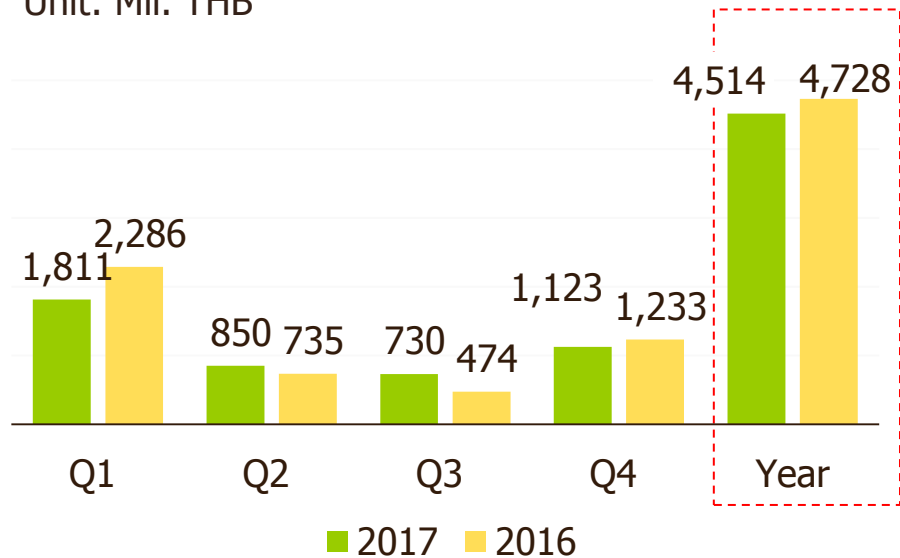


- Cost of sales and services in 2017 stood at Baht 24,109 million or 85.30% (82.99% in 2016) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged
- The decrease of gross profit margin was mainly due to the high crude cost

# 2017 Financial Performance : EBITDA & Net Profit

## EBITDA

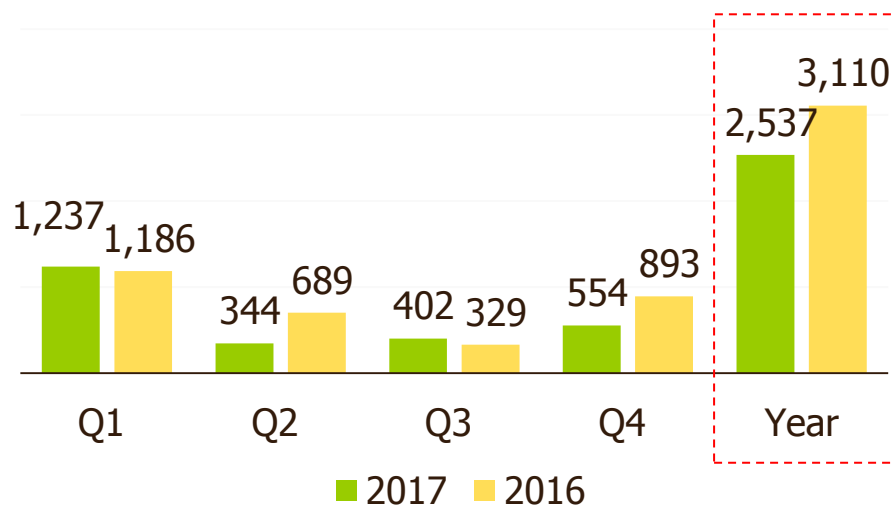
Unit: Mil. THB



- The Group's cashflow generated from operations stood at Baht 4,514 million compared to the Baht 4,728 million in 2016

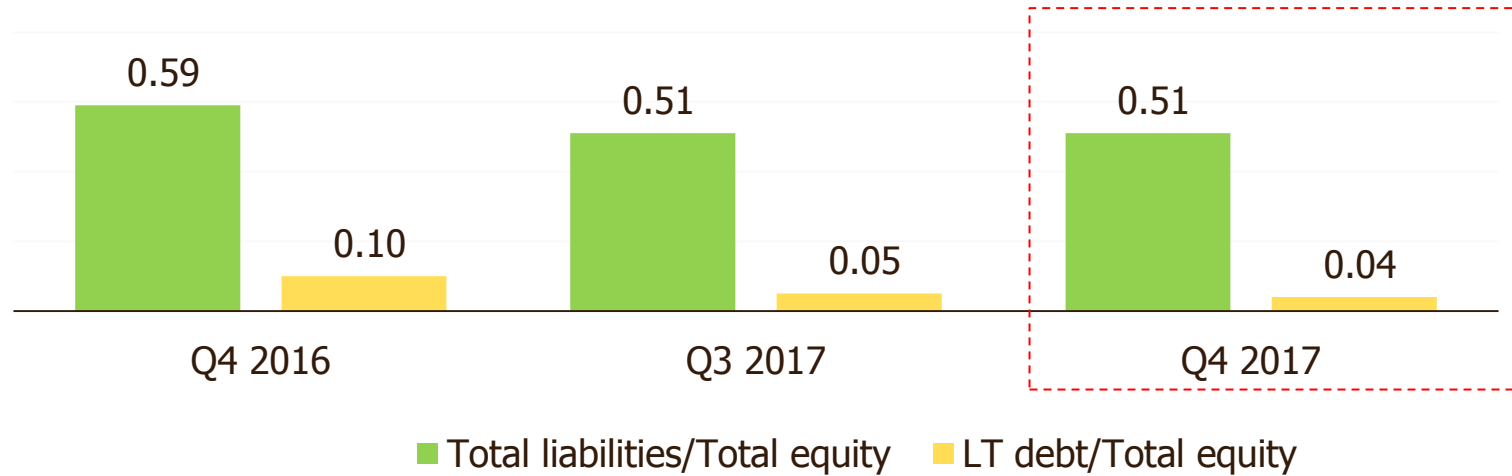
## Net Profit After Tax

Unit: Mil. THB



- Net Profit After Tax of Baht 2,537 million for 2017 represented earning per share of Baht 1.63 (par value of Baht 1 each) as compared to Baht 2.01 per share in previous year

## Debt/Equity Ratio

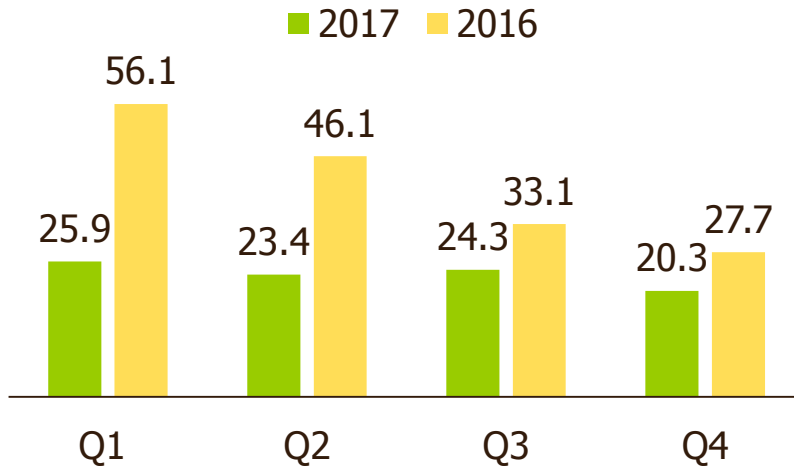


- The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.04 comparing to 0.10 in corresponding period in 2016

# 2017 Financial Performance : Key Ratios and Historical Dividend

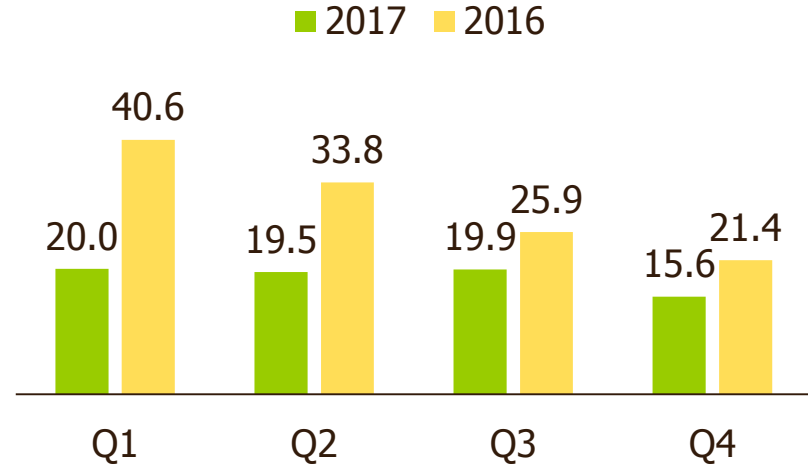
## Return on Equity<sup>1/</sup>

Unit: %



## Return on Asset<sup>2/</sup>

Unit: %

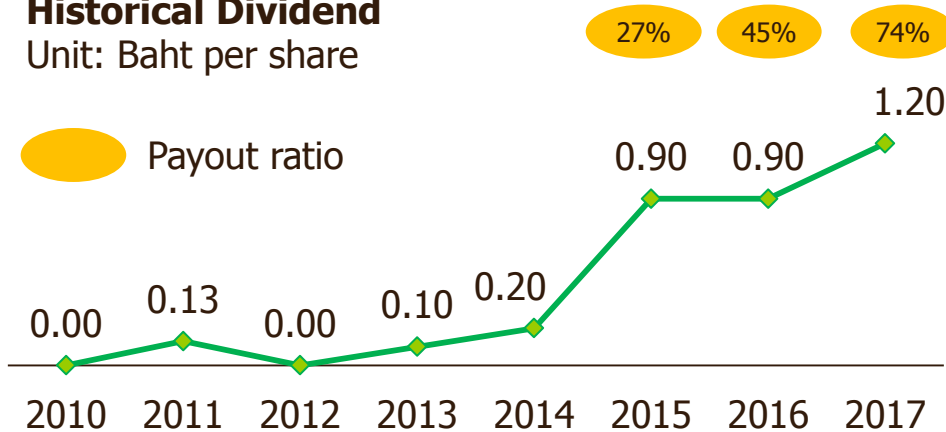


1/ Return is based on sum of last 12 months net profit

2/ Return is based on sum of last 12 months net profit  
Return is based on profit before interest and tax

## Historical Dividend

Unit: Baht per share



- TASCOT has still been qualified in SET High dividend ("SET HD") for round Jan 2018 – June 2018
- Ex Dividend date is on 27 Feb 2018



## Crude



- Crude supply delivery from Venezuela has been disrupted during the year which posed some challenges in the supply chain management. It has resulted to unscheduled stoppage refinery and lower utilization of vessel capacity. The company is fully aware of this challenge and has taken many actions to ensure this crude supply delivery is under control. Nevertheless, the company still received 12 cargoes of crude in 2017 per the supply contract

## Refinery



- High reliability at 99.8%
- Production stoppage of due to delay of loading of crude vessel

## Hedging

- Brent price plunged from USD57 per bbl at the beginning of 2017 to a low level at USD45 in June 2017, this has resulted a MTM valuation loss on 4-ways option of approximately of Baht 295 mil in the first half of 2017. Nevertheless, there was no cashflow impact as it was unrealized MTM valuation loss that reversing the MTM valuation gain recorded in 2016. Most of the 4 ways Calendar 2017 option was settled with zero settlement sum
- From late August 2017, Brent resumed an impressive recovery pace breaking new heights to USD66.87 per bbl at the end of 2017. In the Q4, the 4-ways Options recovered some of MTM valuation loss in first 9 months
- Facing the steep Brent prices increased, the hedging Swap position designed to protect the non-bitumen margin has also recorded Baht 600 million loss but it was fully recovered by a corresponding increase in the selling price of the physical margin of non bitumen products. The gain or loss in the hedging should be viewed as a risk management strategy to ensure a stable non-bitumen product
- The Company also recorded Baht 244 mil of FX gain during 2017

## Domestic Market



- Sales volume remained at high level due to strong government budget
- Domestic selling price reached peak in Q1 2017 and lower to normal level during the year

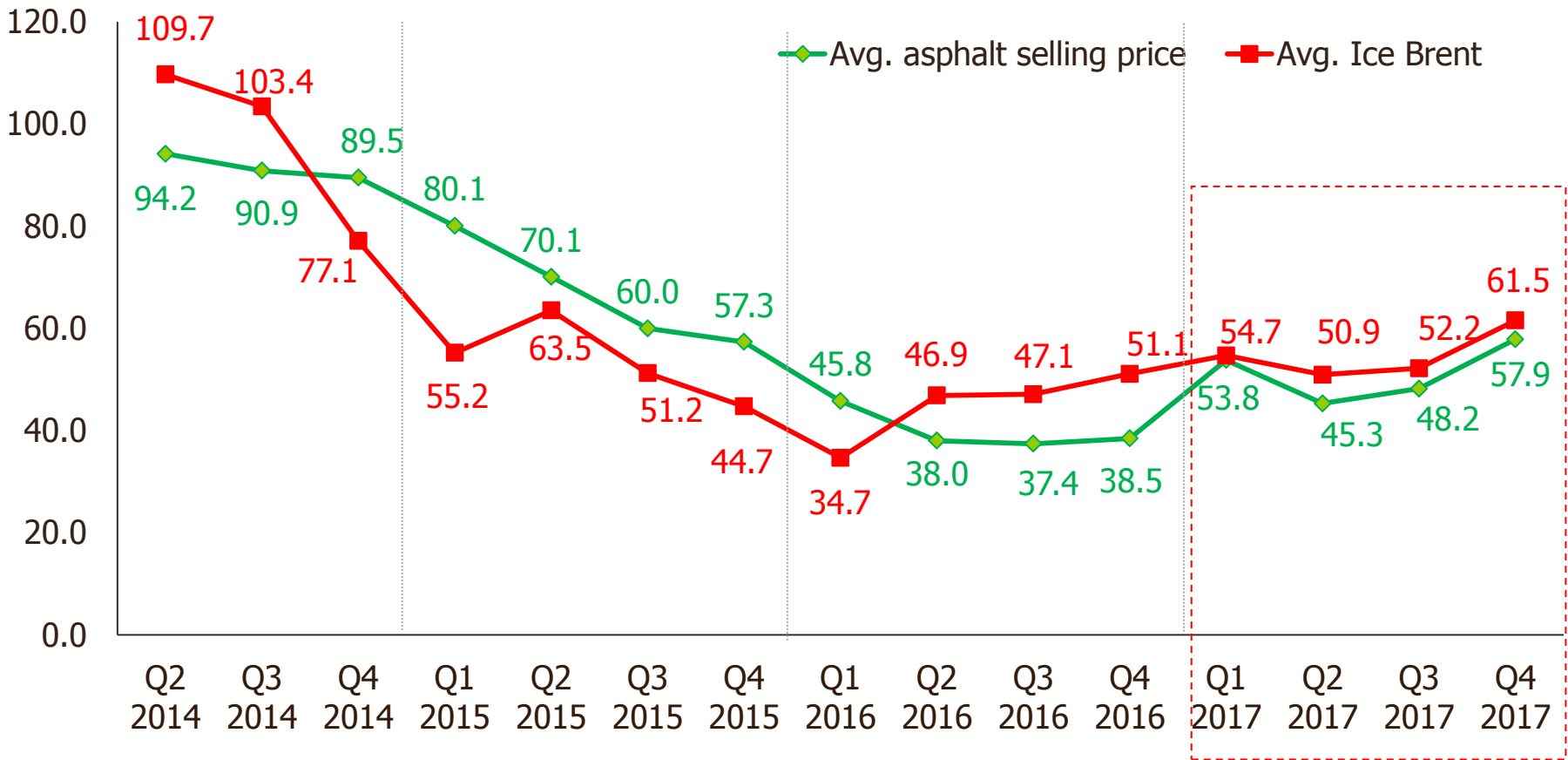
## International Market



- Slowing down the international sale intentionally due to delay in crude delivery
- Average international selling price was in the upward trend since May 2017

# 2017 Highlights: Asphalt Selling Price vs Ice Brent

**Unit:**  
USD/barrel

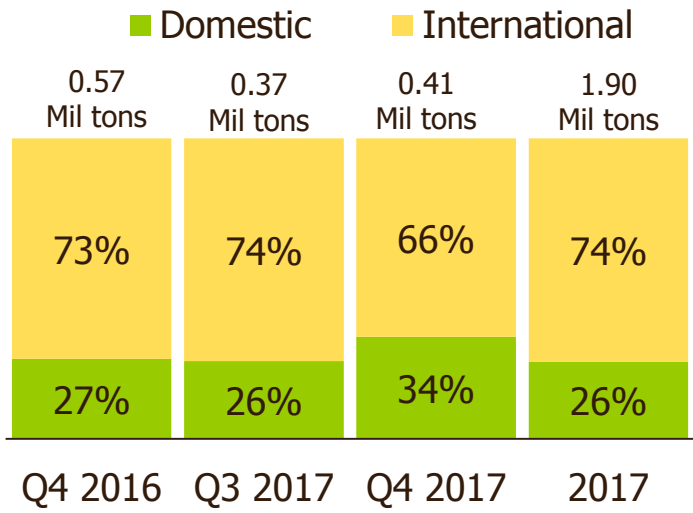


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# 2017 Highlights : Asphalt Volume & Asphalt Revenue Structure

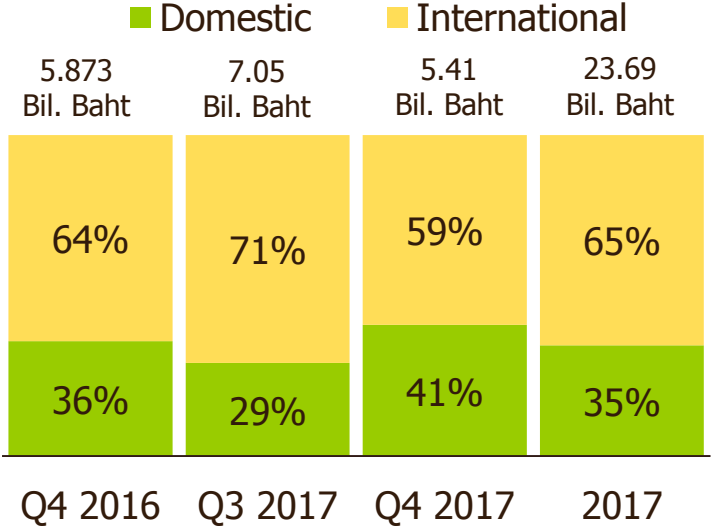
## Asphalt sales volume concentration by market

Unit: %



## Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



## Main International Markets



China



Indonesia



Vietnam



Malaysia



Australia

## Crude



- The political in Venezuela is still uncertain, but the management is confident to work closely with PDVSA to improve the delivery of crude cargo. We expect continuous disruptions in 2018

## Refinery



- Plan to shutdown for turnaround (every 3 years) for 5 weeks during March to April 2018

## Marine



- Our biggest vessel, TASCOTARA, with 12,000 DWT. was commissioned
- One of the Chartered vessel be retired and one of the vessels to be scrapped

## Domestic Market



- Domestic volume in Q1 2018 will benefit from disbursement of 2018 government budget
- Q2 2018 may benefit from Baht 10,000 billion additional government budget which emphasized on natural latex modified asphalt

## International Market



- Joint venture Company in Lao and Philippines are operating at the end of 2018
- Average international selling price is in uptrend



- The Company will continue to benefit from IHQ and ITC tax scheme

# Q&A

