

Tipco Asphalt Public Company Limited (TASCO)

3-2017 Analyst meeting

16th August 2017



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

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Q3 2017 Outlook

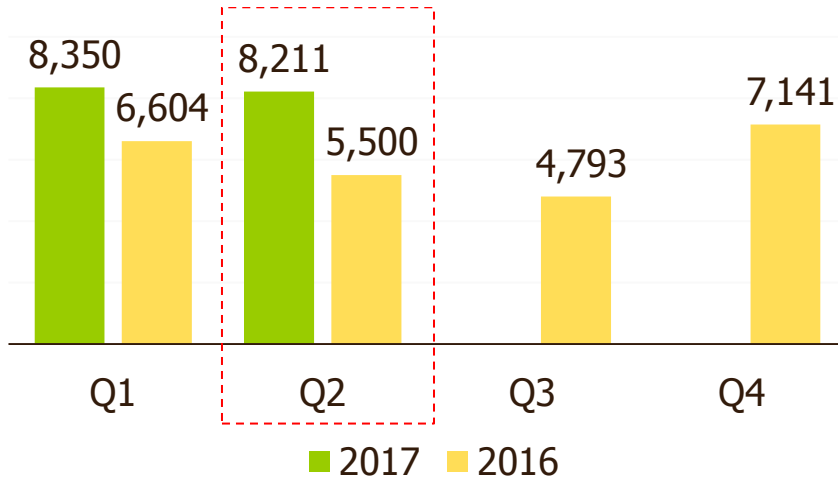
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Q&A

Q2 2017 Financial Performance : Sales & Services Revenue vs. Sales Volume

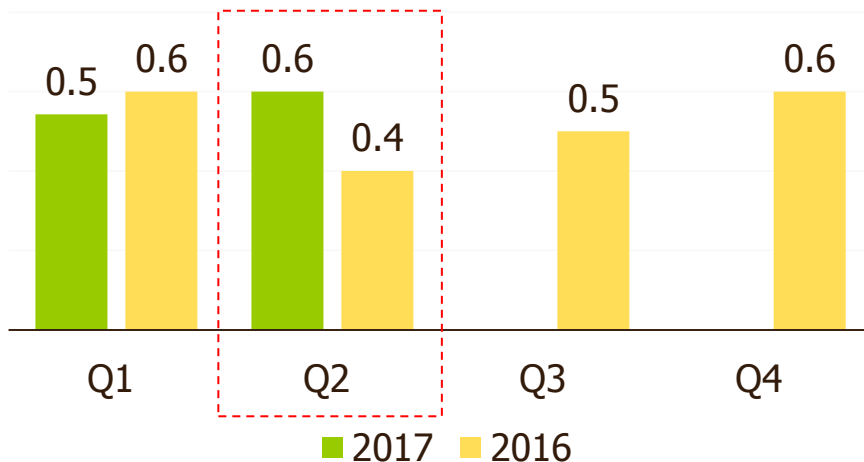
Sales & Services Revenue

Unit: Mil. THB



Sales Volume

Unit: Mil. Ton

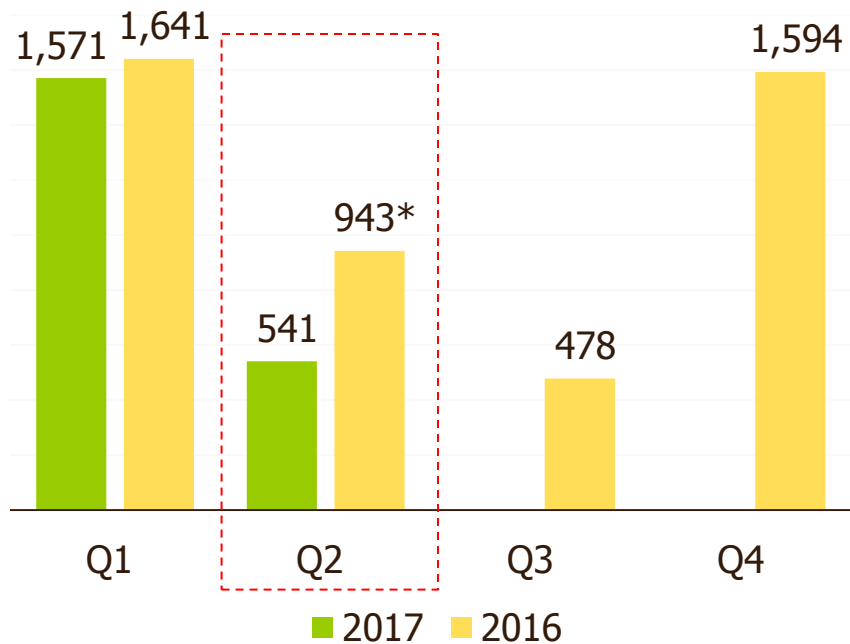


- Sales and services stood at Baht 8,211 million, reflecting an increase of 49.31% from the same period of last year.
- Domestic and international selling price during 2nd quarter of 2017 increased in relation to higher crude oil prices comparing to corresponding quarter in 2016.
- The increase was mainly attributable to the increase of sales volume by 36.18% because demand in the export market was strong in this quarter.
- The international market sentiment improved subsequently and we saw a strong recovery in demand.

Q2 2017 Financial Performance : Operating Gross Profit

Operating Gross Profit

Unit: Mil. THB



* 2016 restated by auditor

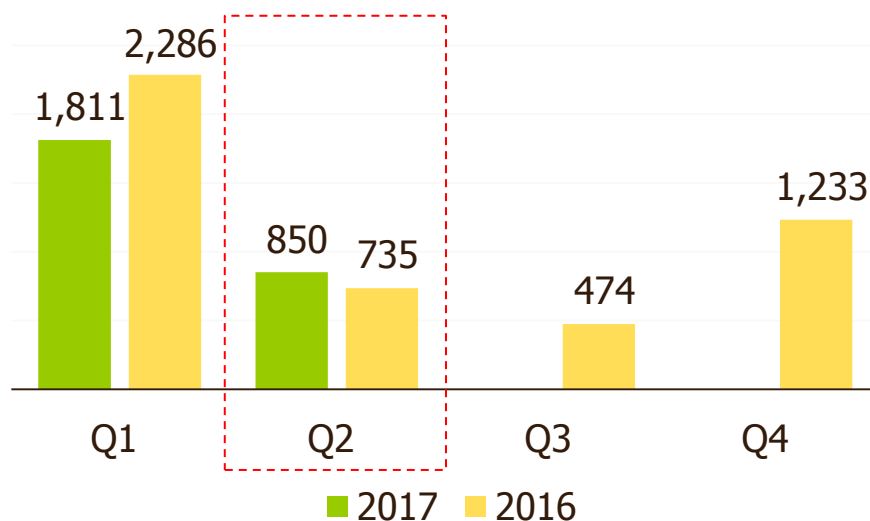
- Cost of sales and services in the 2nd quarter 2017 stood at Baht 7,405 million or 90.18% (79.16% in corresponding quarter in 2016) of sales and services before the allowance for diminution in value of inventory and hedging.
- This was mainly due to the high inventory cost brought forward from the 1st quarter as compared to Brent price dropped significantly to below 45 USD/bbl before it recovered to 48.60 USD/bbl after end of the 2nd quarter.
- In addition, the Company booked a Baht 5.06 million loss from net realizable value (NRV) provision on inventory and at the same time incurred hedging cost of Baht 260.72 million as "mark to market" unrealized loss.



Q2 2017 Financial Performance : EBITDA & Net Profit

EBITDA

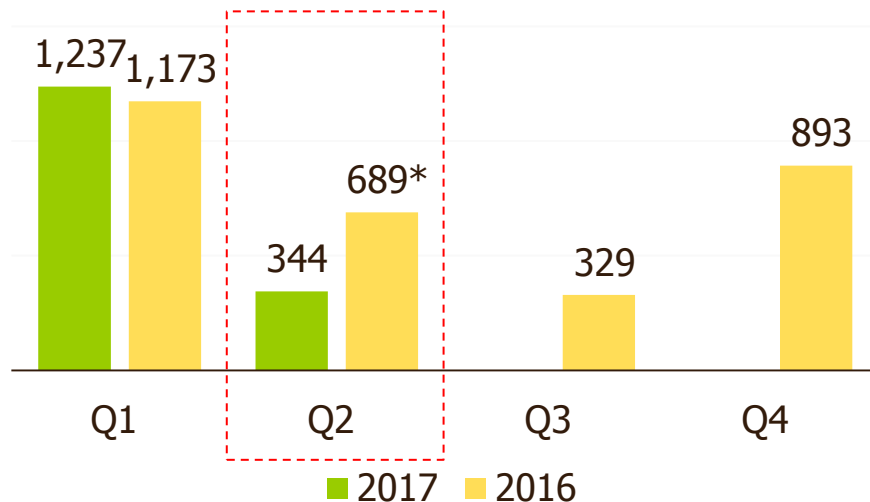
Unit: Mil. THB



- The Group cash flow generated from operations stood at Baht 850.41 million compared to Baht 734.38 million in corresponding period in 2016. This cash flow reflects a robust cash generation from the Group operations

Net Profit After Tax

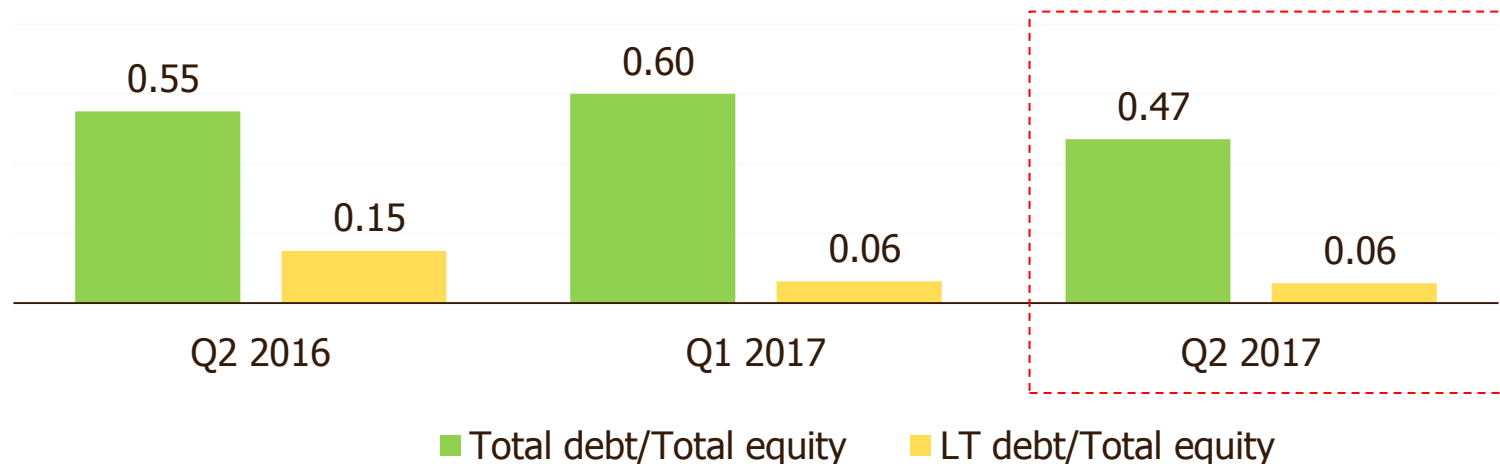
Unit: Mil. THB



- The Net Profit After Tax of Baht 344 million for the 2nd quarter 2017 represented earning per share of Baht 0.22 (par value of Baht 1 each) compare to Baht 0.45 per share in corresponding quarter of 2016 attributable to the equity shareholders of the Company

* 2016 restated by auditor

Debt/Equity Ratio

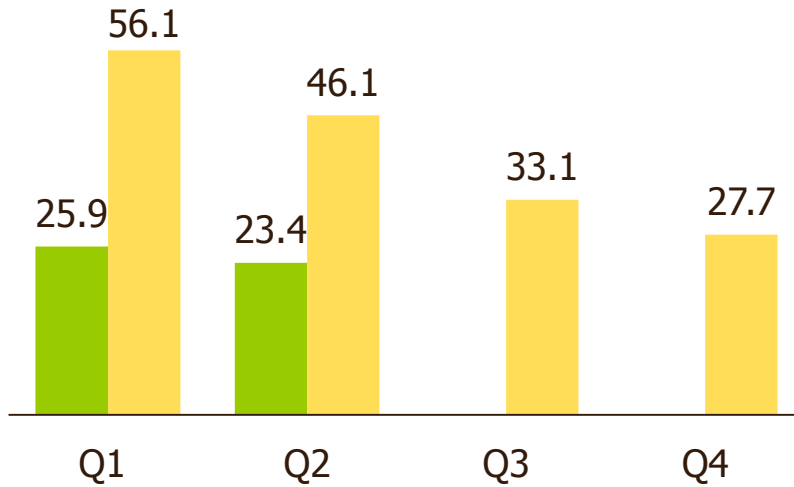


- The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.47 comparing to 0.55 in corresponding period due to decrease in long-term loan

Q2 2017 Financial Performance : Key Ratios and Historical Dividend

Return on Equity^{1/}

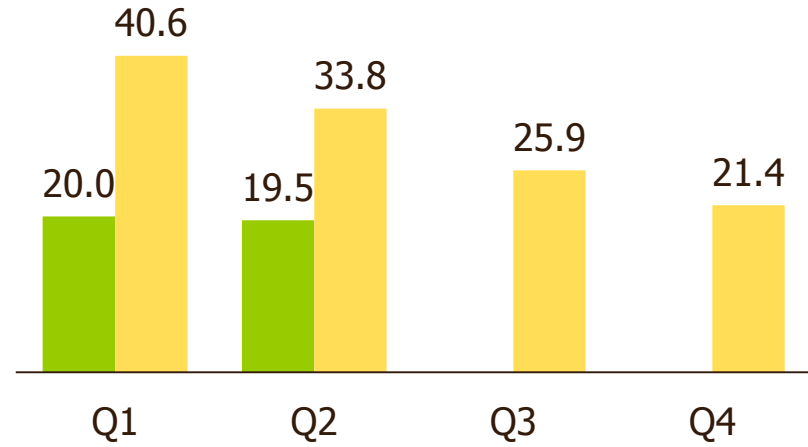
Unit: %



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

Return on Asset^{2/}

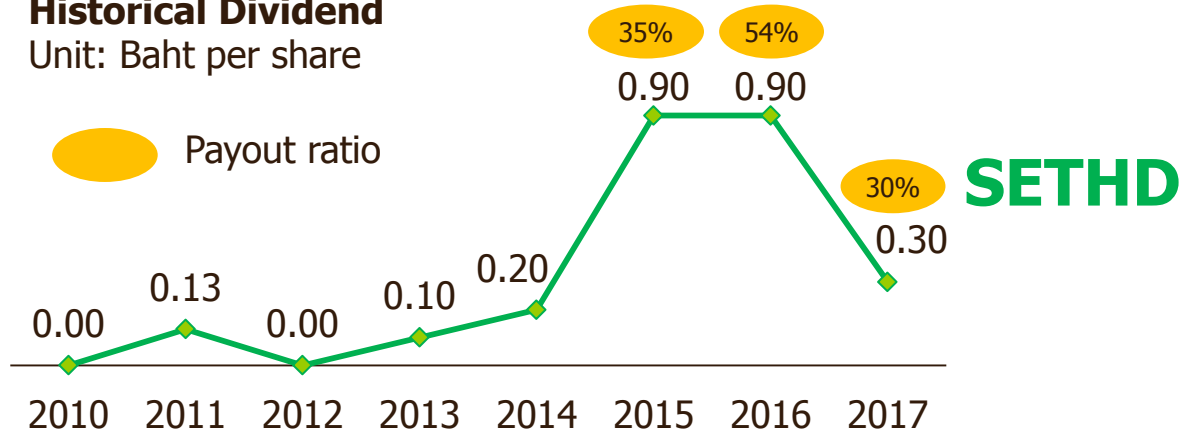
Unit: %



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



Crude



- Average Brent price went down from USD 53.53 per barrel on 31 March 2017 to USD 48.77 per barrel 30 June 2017.
- This resulted in hedging “mark to market loss” and a small provision of NRV.

Refinery



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

Domestic Market



- Domestic selling price reduced due to the market price adjustment from the exceptional price hike during Q1 2017
- Exceptional demand experienced in Q1 2017 has returned to normal level after the Songkran holidays.

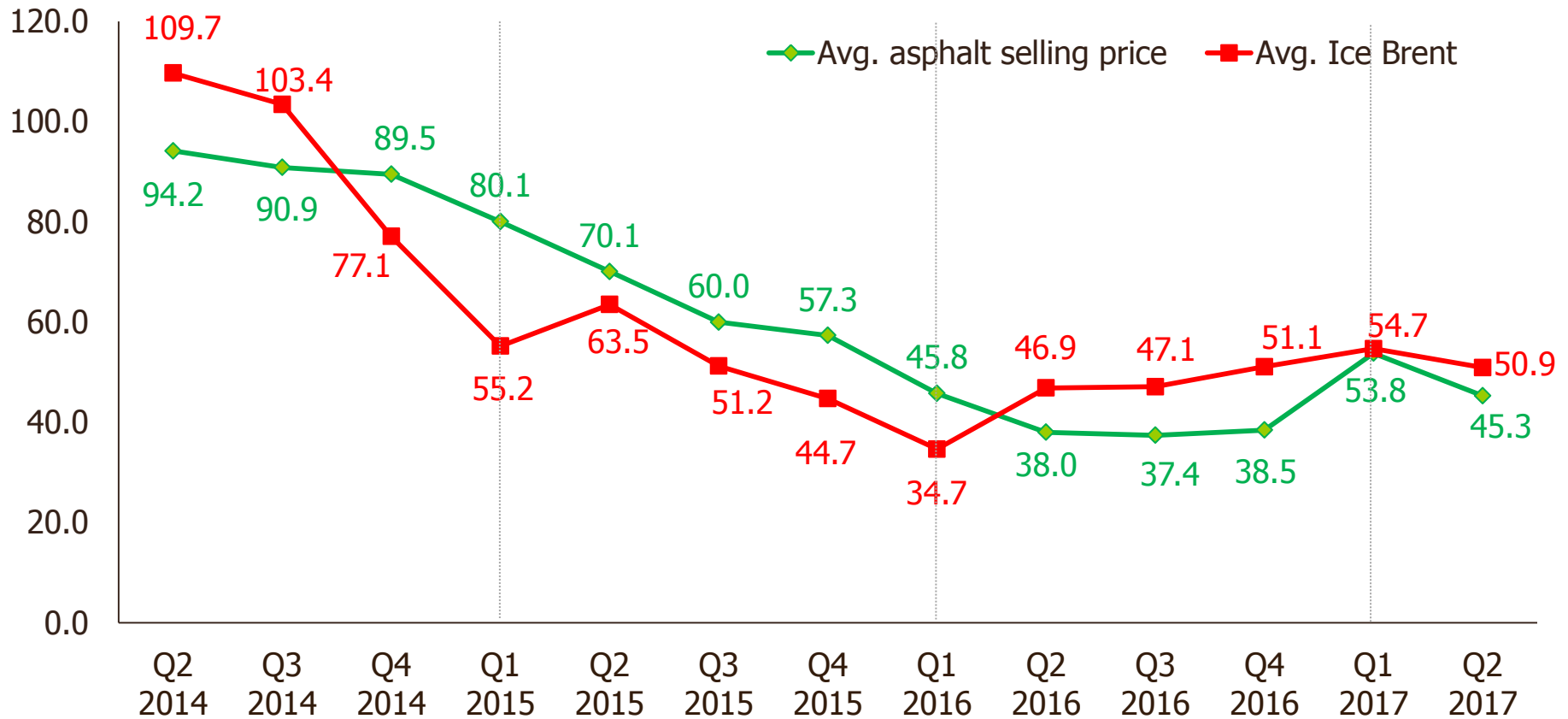
International Market



- Asphalt product volume surged by 58% as compared to Q2 2016
- In addition, average international selling price increased as compared to Q2 2016

Q2 2017 Highlights: Asphalt Selling Price vs Ice Brent

Unit:
USD/barrel

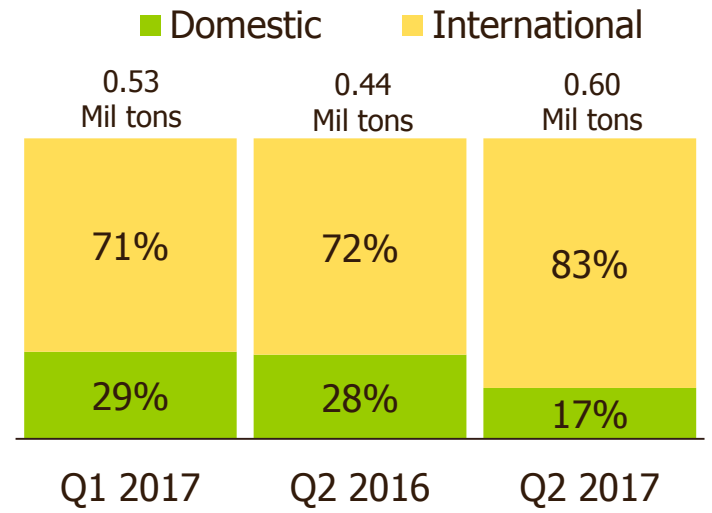


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Q2 2017 Highlights : Asphalt Volume & Asphalt Revenue Structure

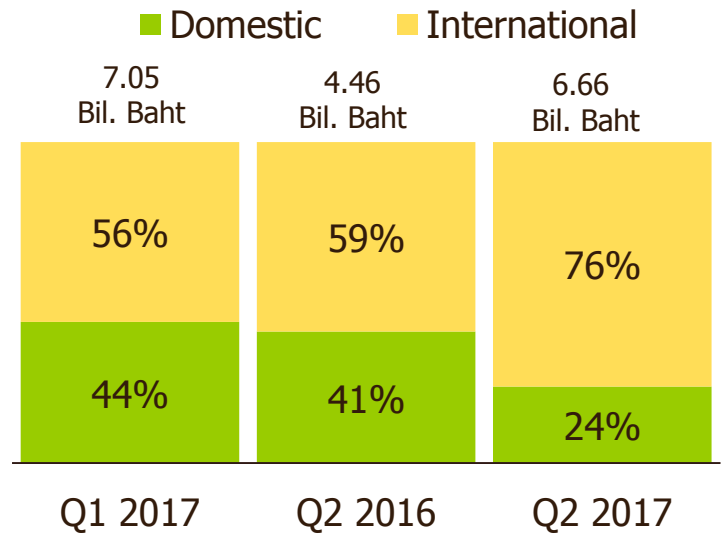
Asphalt sales volume concentration by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International Markets



China



Indonesia



Vietnam



Malaysia



Australia

Crude



- Long-term crude supply agreement until 2020
- The political in Venezuela is uncertain, but has no impact yet

Refinery



- The Group continued to enjoy high efficiency in fuel consumption and production cost
- Maintain high reliability at 99.8%

Marine



- Biggest vessel with 12,000 DWT. will join the fleet in October 2017

Domestic Market



- Thailand Government Budget begins on 1 October, ending 30 September
- 2018 road construction and maintenance budget is similar to 2017 budget and expected to be disbursed 1 October 2017 onwards

International Market



- JV company in Sarawak, Malaysia was incorporated and expected benefit from mega project in East Malaysia in 2018
- JV in Laos in under company registration. This will boost sales volume in Laos especially asphalt emulsion starting in H2 2018

Q&A

