

# Tipco Asphalt Public Company Limited

## Q2 2015 Analyst Meeting

18<sup>th</sup> Aug 2015



บริษัท ทิปก้อแอสฟัลท์ จำกัด (มหาชน)  
Tipco Asphalt Public Company Limited

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New Mission

## **Crude**



- Brent price increased from USD55 and stabilized above USD63 per barrel during Q2
- Procure more crude cargoes under long term crude supply agreement to support export sales
- Benefited from stable crude price range compared to Q2 2014 when it was highly volatile at above USD 110 per barrel

## **Refinery**



- High refining utilization and 99.8% reliability
- Benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

## **Marine**



- Long term chartered in two asphalt vessels
- 12 asphalt vessels employed full time

## Domestic Market



- Strong government budget disbursement spilled over into Q2 2015 resulted in 22% growth compared to Q2 2014
- Strong growth was driven by Asphalt Cement and PMA

## International Market

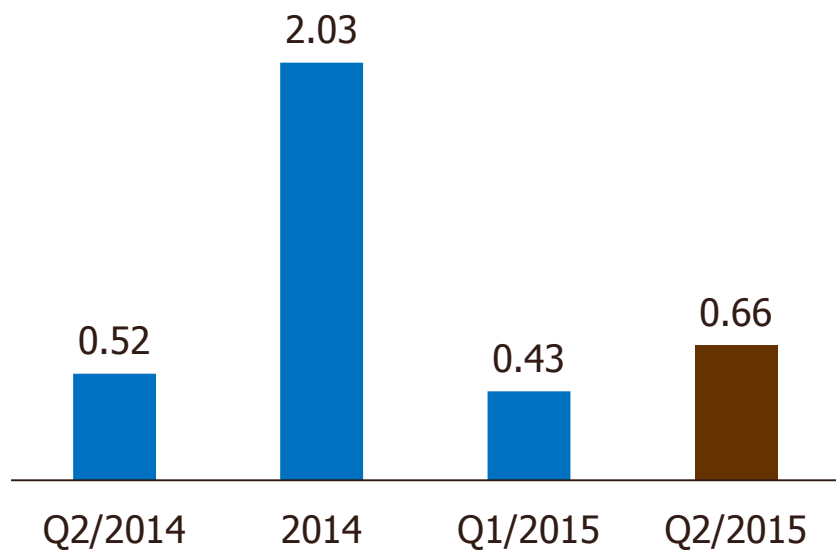


- Consistent strong growth in China, Indonesia, Malaysia, Australia and Vietnam resulted 26% growth Q2 2015 compared to Q2 2014
- JV with SK in Singapore started smoothly in April 2015 with good profit
- Asphalt selling price increased from Q1 to Q2 in line with higher crude price

# Q2 2015 Highlights: Total sales volumes

## Sales volume

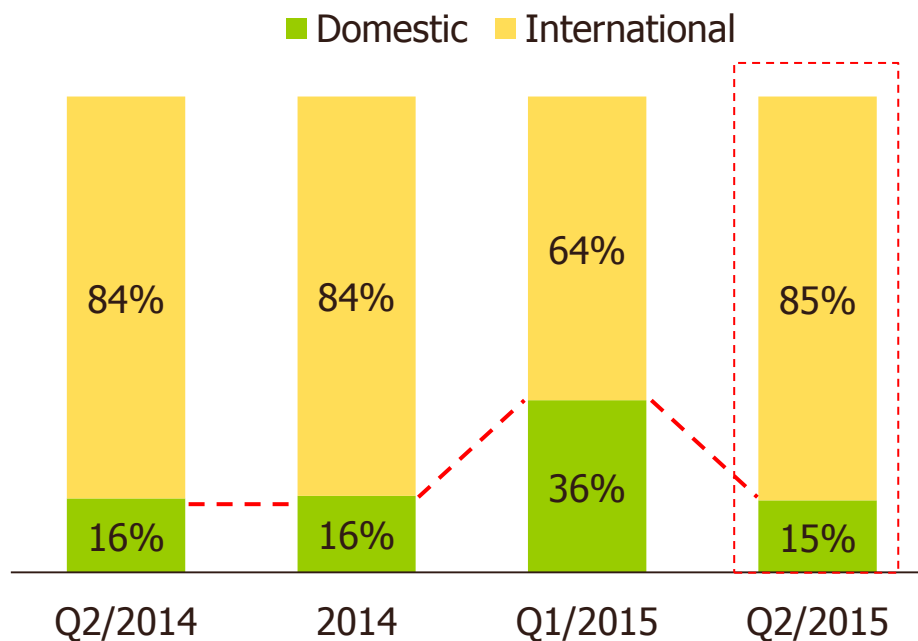
Unit: Mil tons



- Total sales volumes in Q2/2015 increased 27% from the same period of last year.

## Sales volume concentration by market

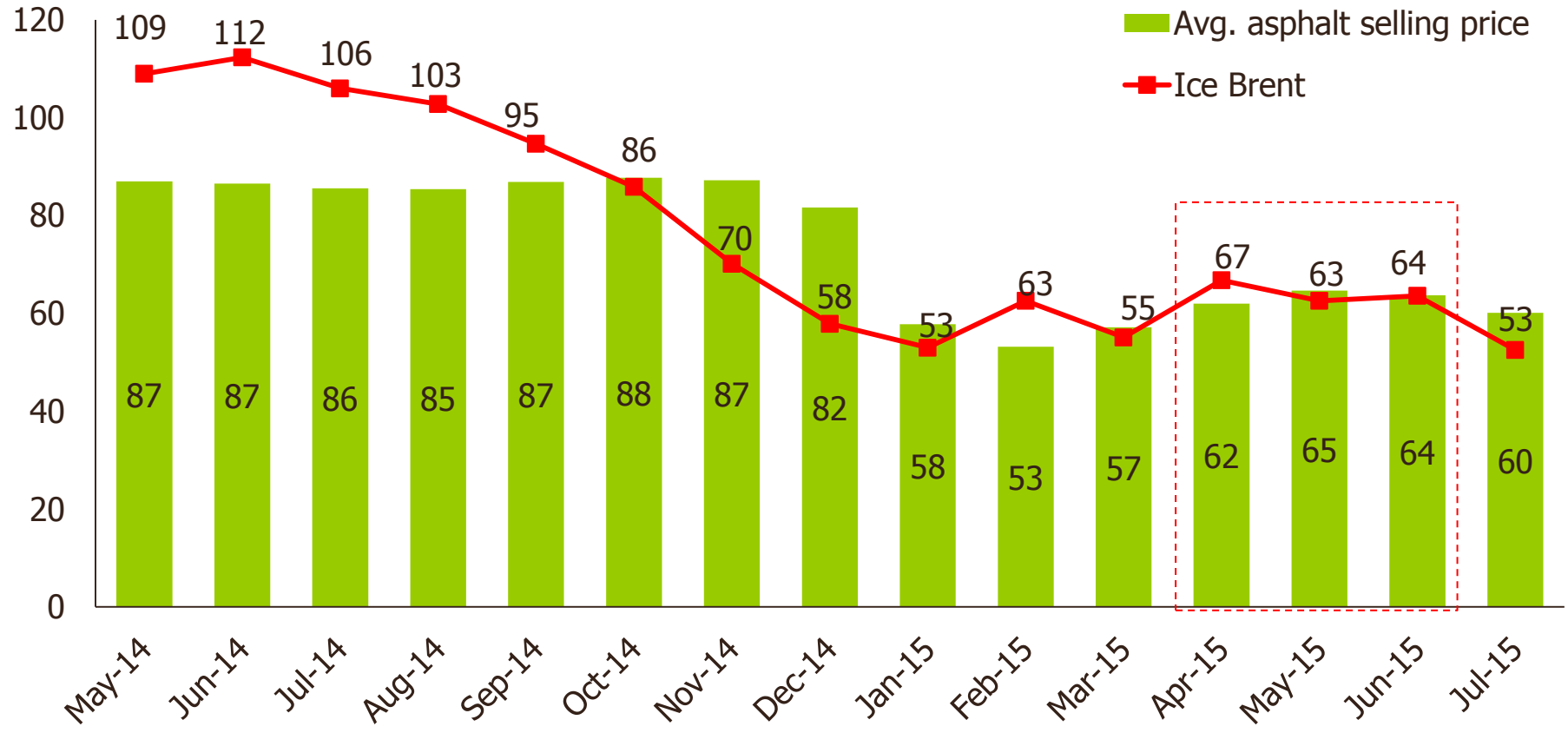
Unit: %



- Due to strong demand in international market, international sales volumes concentration in Q2/2015 was back to the same proportion in 2014

# Q2 2015 Highlights: International asphalt market selling price vs Ice Brent

USD/Barrel



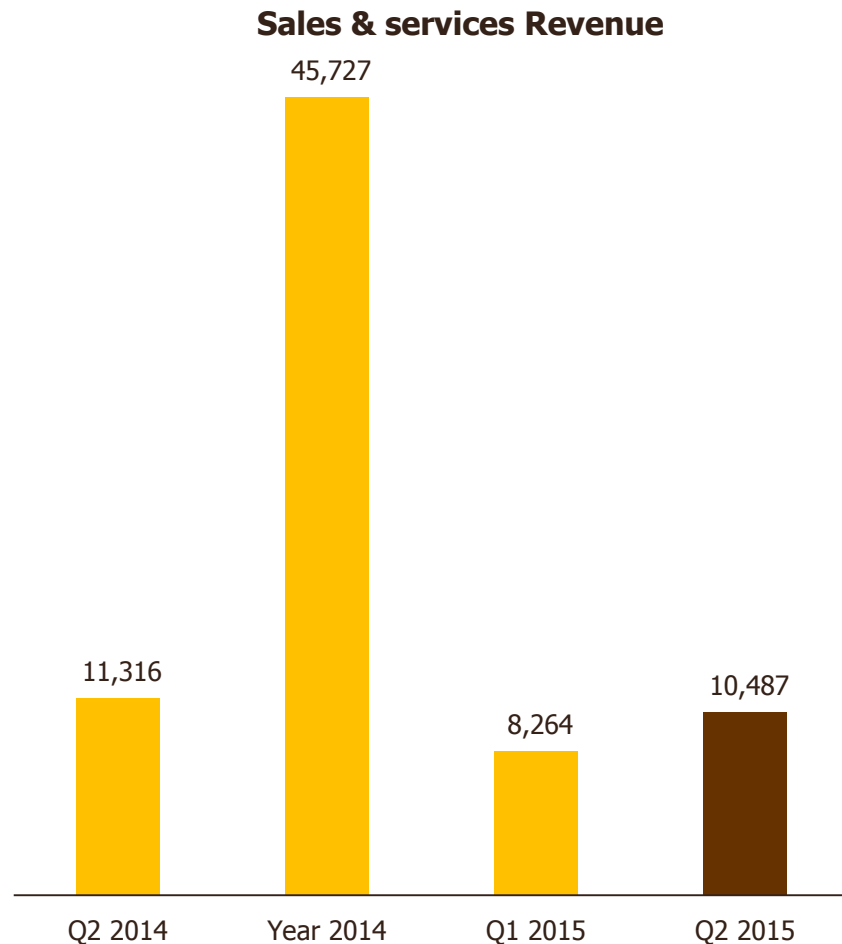
- Asphalt prices moved in line with crude price



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# Q2 2015 Performance Highlights: Sales & Services Revenue

(Unit : THB Million)



- Sales and services stood at Baht 10,488 million, reflecting a decrease of 7% from the same period last year.
- This decrease was mainly attributable to the drop in selling price in line with lower crude price during 2<sup>rd</sup> quarter of 2015 comparing to the corresponding quarter 2014.
- Nevertheless, sales volume for asphalt products increased significantly by 25.3% comparing to corresponding quarter because demand in the export market remains strong in both quarters this year.
- As a consequence, the Group's operations in refinery, logistic and customer support services were operating at its high level of efficiency



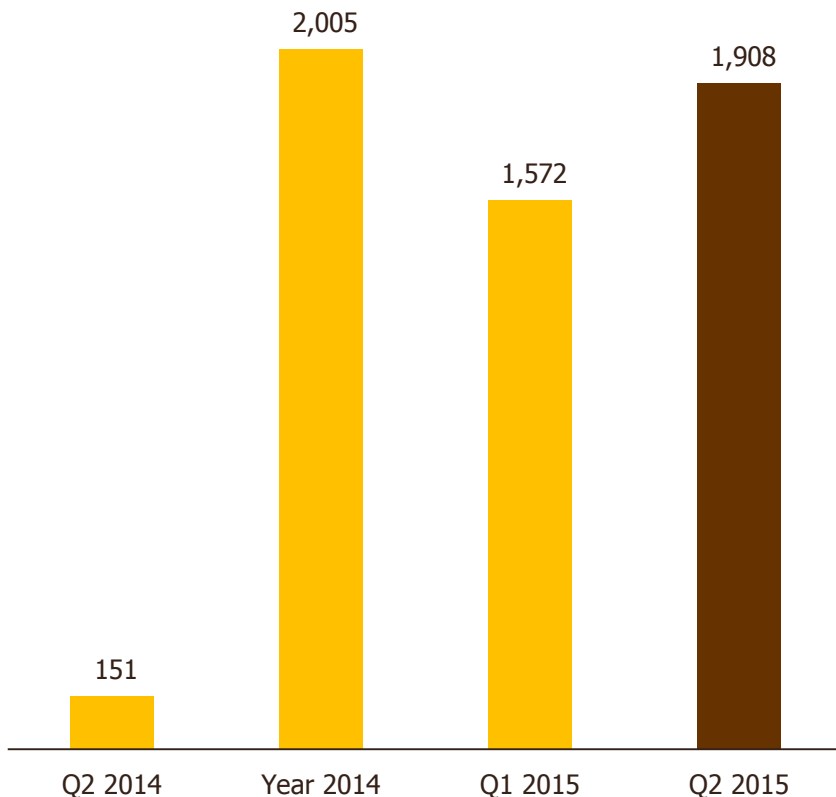
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# Q2 2015 Performance Highlights: Operating Gross Profit

(Unit : THB Million)

## Operating Gross Profit



- This is the highest ever quarterly gross profit margin of Baht1,908 million (after hedging loss) mainly attributable to higher asphalt prices arising from strong demand in export market and stable crude cost.
- The Company incurred hedging loss of Baht 353 million which was compensated by high gross profit margin of 21.55% before hedging gain/loss. FX recorded a gain of Baht 34 million in the quarter

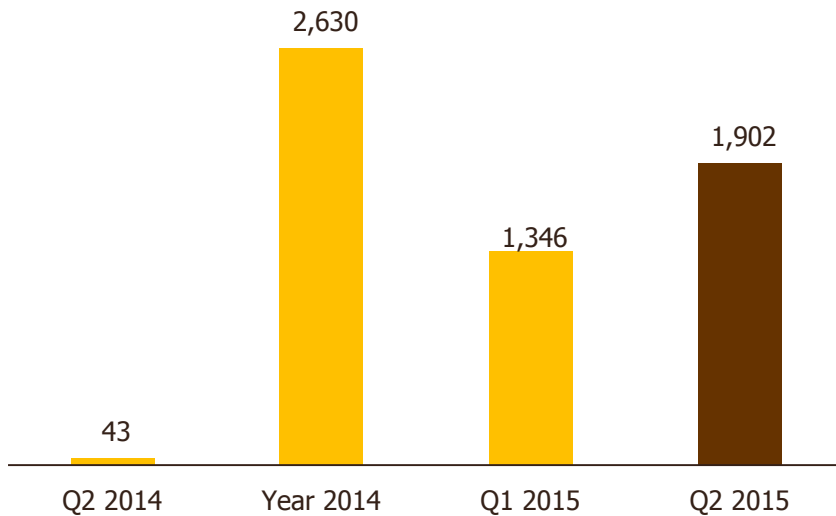


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# Q2 2015 Performance Highlights: EBITDA & Net Profit

(Unit : THB Million)

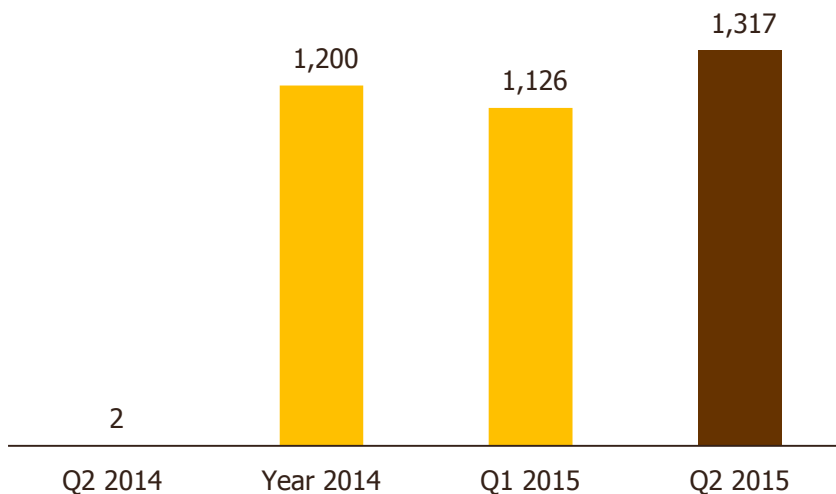
## EBITDA



- The Group cashflow generated from operations recorded the highest EBITDA of Baht 1,902 million compared to Baht 43 million in the corresponding quarter in 2014. This has significant positive impact to the consolidated debt to equity ratio

(Unit : THB Million)

## Net Profit After Tax

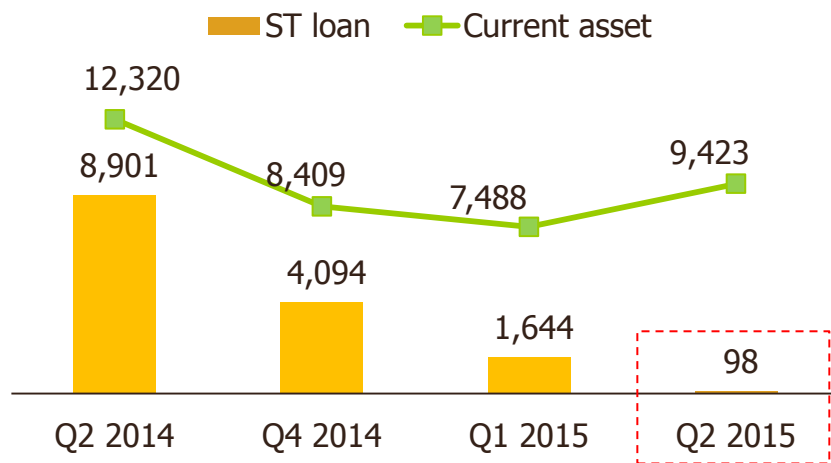


- The Net Profit After Tax of Baht 1,317 million was the best ever quarterly result represented earning per share of Baht 0.855 (par value of Baht 1 each) compare to Baht 0.001 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company
- Impressive annualized ROE of 50.3%

# Q1 2015 Performance Highlights: Debt to Equity Ratio

## ST loan vs Current asset

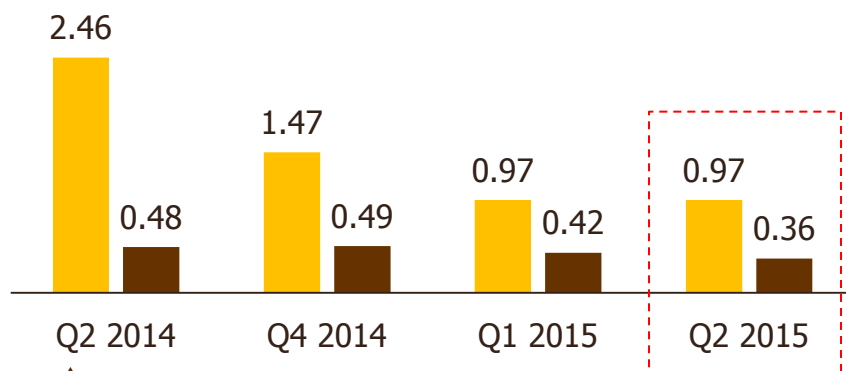
Unit: THB million



- All the crude financing short-term borrowing was fully repaid within Q2 due to strong cashflow generated from operations. The Net current ratio improves to 1.65 times.

## Debt/ Equity Ratio

■ Total debt/Total equity ■ LT Debt/ Total equity



- The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.97 from 1.47 due to better crude to cash conversion cycle in 2<sup>rd</sup> quarter 2015 as compared to corresponding quarter in 2014
- Furthermore, the LT borrowing/equity ratio has also decreased to 0.36 from 0.49

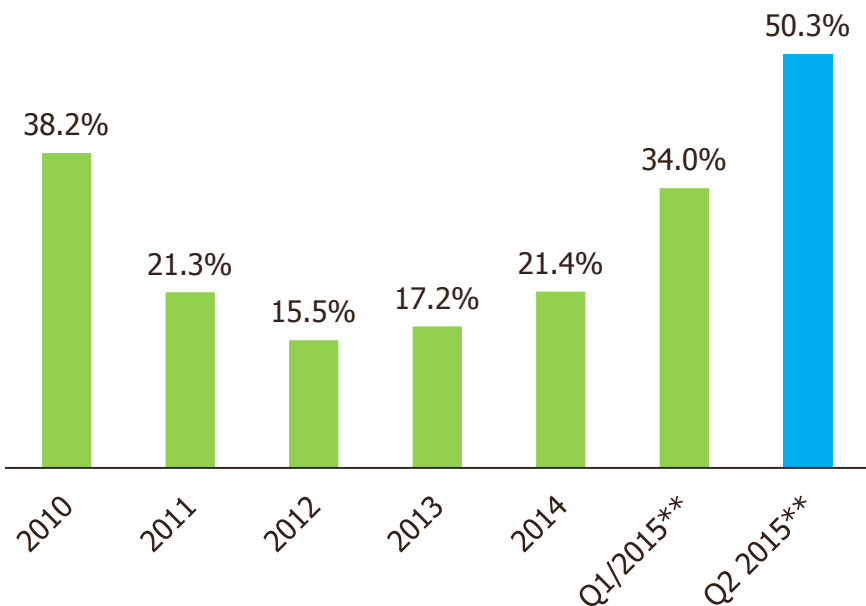


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# Q2 2015 Performance Highlights: Key ratios

(Unit : %) **ROE\***

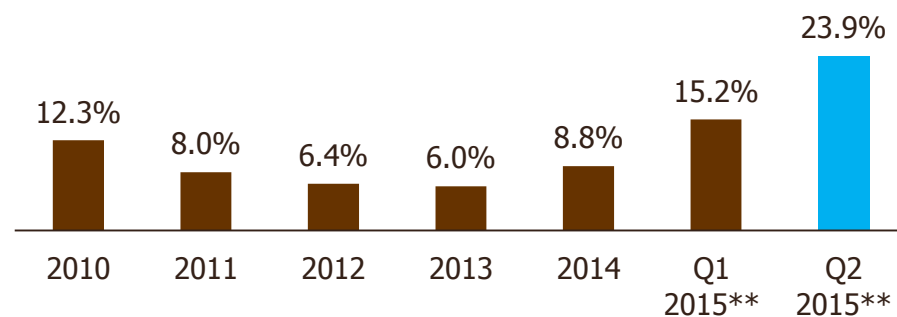


- Very strong growth in net profit resulted in high ROE of 50.3% in Q2 2015

\* Based on www.set.or.th

\*\* Annualized based on last 12 months net profit

(Unit : %) **ROA\***

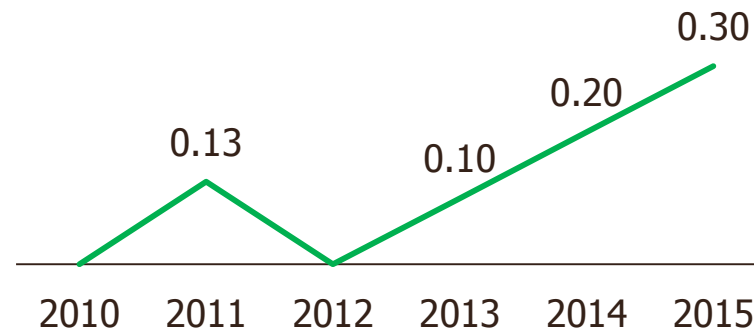


\* Based on www.set.or.th

\*\* Annualized based on last 12 months profit interest and tax

(Unit : Baht/share)

**Dividend\***



- Based on declaration of operational period and adjusted for par at Baht 1 per share



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## Crude



- Expect to see some volatility in Brent price but stay within USD45-USD60 per barrel price for next three months

## Refinery



- With almost 100% refining capacity utilization, the Group continued to enjoy high efficiency in fuel consumption and production cost
- Maintain high reliability at 99.8%

## Marine



- New ship is expected to generate revenue
- Tightness of asphalt vessel availability still continue and the freight revenue improved significantly

## Domestic Market



- Expected disbursement of 2015 fiscal budget and Baht 40,000 additional budget to be fully released in September 2015
- Substantially increase in usage of natural rubber (latex) modified asphalt products

## International Market



- Due to end of Hari Raya, Indonesia and Malaysia are expected to show strong demand
- Asphalt price is expected to be stable as customers are concerned about supply logistic

# TASCO Shares Trading Statistics

	14 Aug 2015	30 June 2015	31 Dec 2014	31 Dec 2013
No. of ordinary shares ('000 shares)	1,542,931	1,540,397	153,277	152,580
Par value (Baht/share)	1	1	10	10
Market Cap (THB million)	38,959	35,275	9,963	7,781
Price (Baht/share)	25.25	22.90	6.5 <sup>4/</sup>	5.1 <sup>4/</sup>
EPS (Baht/share)	2.20 <sup>1/</sup>	1.35 <sup>1/</sup>	0.78 <sup>4/</sup>	0.54 <sup>4/</sup>
P/E (Time)	11.50 <sup>1/</sup>	17.02 <sup>2/</sup>	15.83	5.97
Avg Daily Trading Value (THB million)	557	465 <sup>3/</sup>	20	59
Avg Daily trading volume (Share)	30,331,671	29,099,898 <sup>3/</sup>	6,409,189 <sup>4/</sup>	9,444,013 <sup>4/</sup>

1/ Annualized based on last 12 months net profit

2/ Based on sum of net profit from Q2 2014 to Q1 2014

3/ Daily Average based on 6 months

4/ Adjusted for par value at Baht 1 per share

Avg P/E in construction material industry (As of 14 Aug 2015) = 16.03

Avg P/E in SET (As of 30 June 2015) = 18.65

## *Mission*

**2015**

To be a well-recognized leading asphalt focused company in Asia Pacific



**2020**

To be a globally preferred **integrated asphalt and petroleum related product company**



# Q&A

