

# Tipco Asphalt Public Company Limited

## Q1/2015 Analysts Meeting

26<sup>th</sup> May 2015



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Q1/2015 Highlight

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Performance Highlights

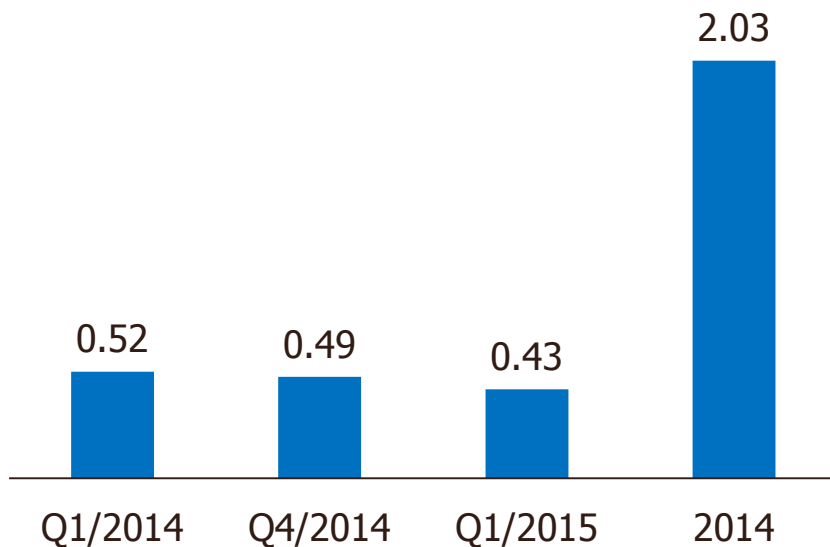
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Q2/2015 Outlook

# Q1/2015 Highlights: Total sales volumes

## Sales volumes by quarters

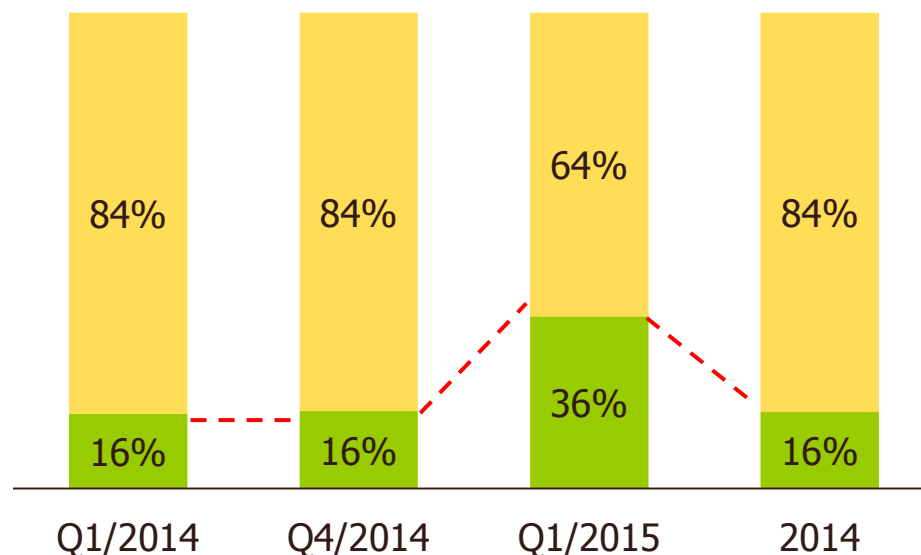
Unit: Mil tons



## Sales volumes concentration by market

Unit: %

■ Domestic ■ International



- Although Q1/2015 total asphalt volume declined, emulsion and AC sales volume increased by 61% from Q1/2014 due to high demand in domestic and export sales
- Higher Q1 14 sales volume was due to exceptionally high Bitumen Mixture sales

According to total volumes domestic volumes accounted for 36% in Q1/2015 which was very high

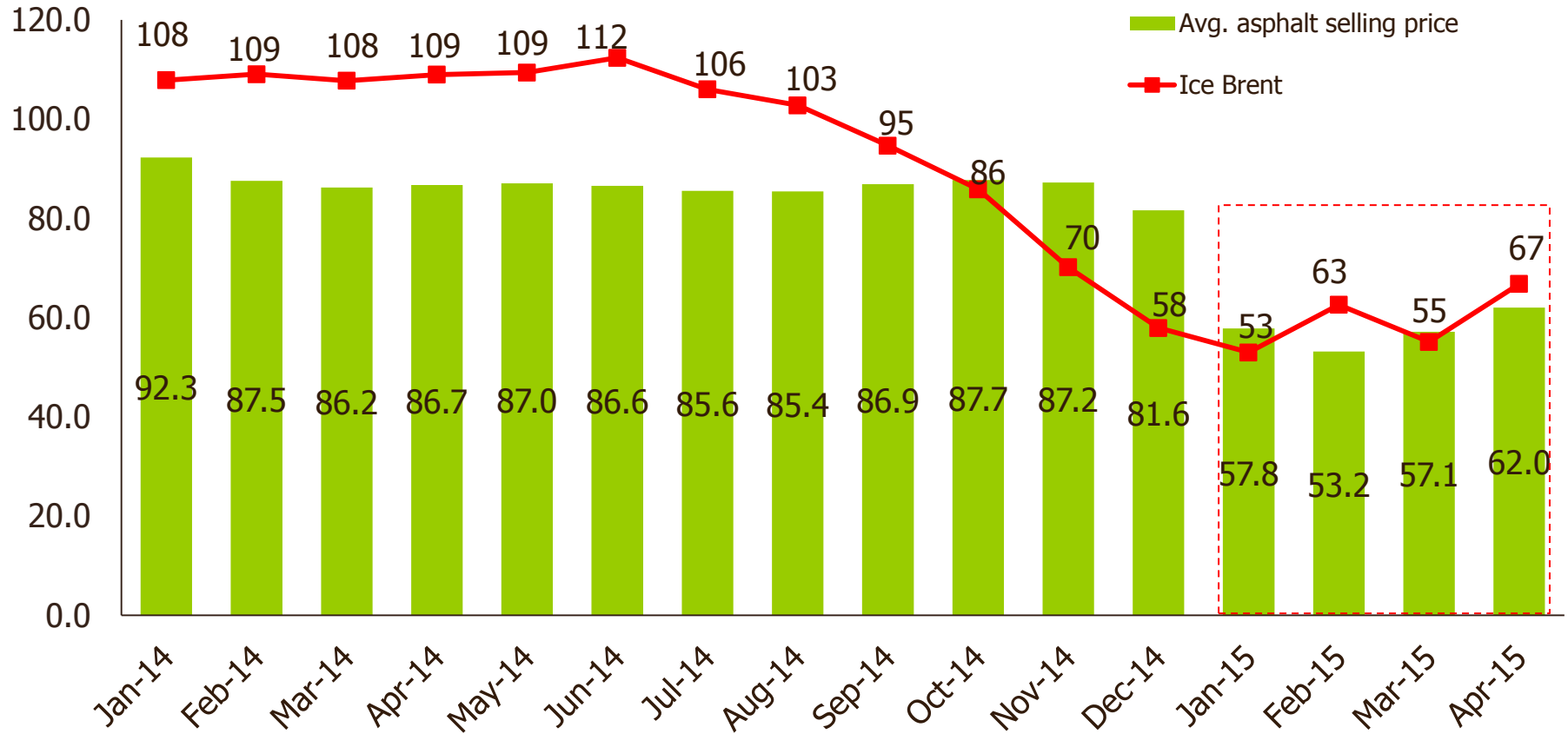


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# Q1/2015 Highlights: International asphalt market selling price vs Ice Brent

USD/Barrel



- The Company's margin is on spread between selling price and crude cost
- Asphalt selling price recovers in line with Brent price due to tight logistic in vessel availability

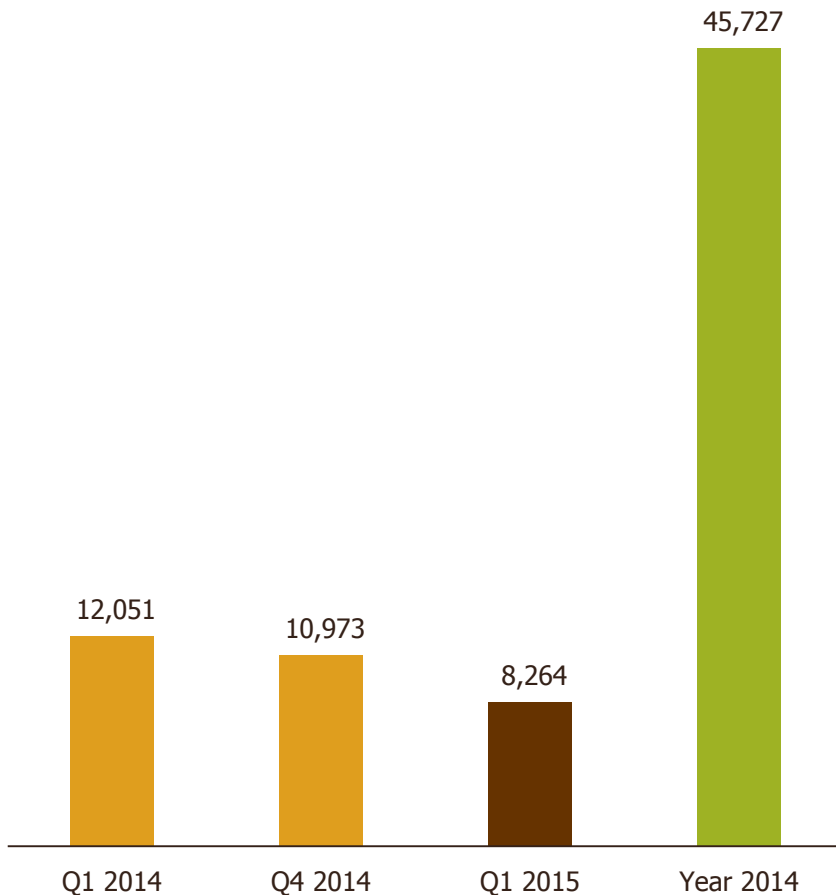


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# Performance Highlights: Sales & Services Revenue

(Unit : THB Million)

## Sales & services Revenue



- Sales and services stood at Baht 8,264 million reflecting a decrease of almost 31% from the same period last year.
- This decrease in revenue was mainly attributable to an abruptly drop in selling price in accordance with the plunge in crude price during Q4 2014 that continued into Q1 2015.
- Nevertheless, sales volume for asphalt emulsion and asphalt cement increased significantly because demand in the export and domestic market was exceptionally strong in Q1 2015.
- As a consequence, the Group's operations in refinery, logistic and customer support service were tested to its fullest.

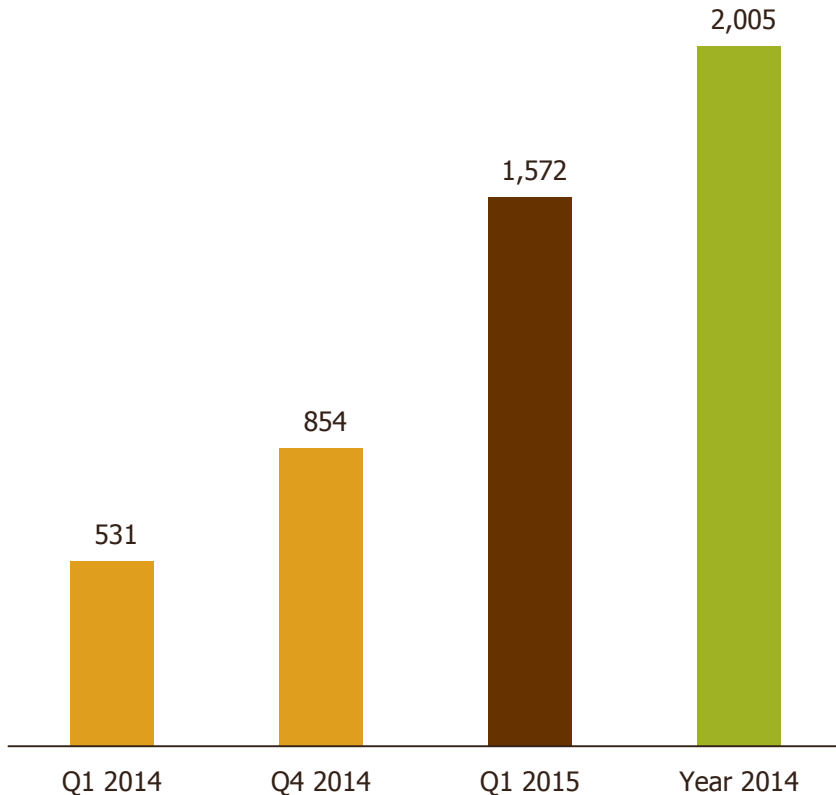


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# Performance Highlights: Operating Gross Profit

(Unit : THB Million)

## Operating Gross Profit(Inc. hedging & NRV)



- The significantly improvement of overall gross profit margin was mainly due to the increase in asphalt prices arising from strong demand in both export and domestic market, and also a stable crude cost.
- Brent crude price started at USD 58.02 on the first trading day of 2015 but stayed within a range from USD 46.59 to USD 62.53 and ended at USD 55.11 on 31<sup>st</sup> March 2015. The company's hedging strategy has been effective in managing our crude cost and as a result, reduced the hedging exposure substantially.
- Since petroleum product prices were stabilised within a trading range, the result of hedging in Q1 was a low hedging loss of Baht 6 million as compared to a hedging gain of Baht 45 million in Q1 2014. In additions, there was a reversal of net realizable value (NRV) provision of Baht 366 million on the crude inventory.

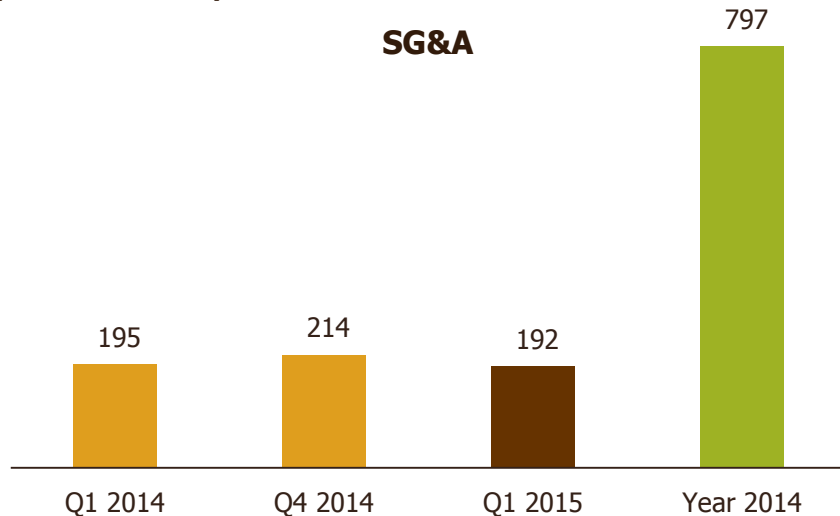


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# Performance Highlights: SG&A & EBITDA

(Unit : THB Million)

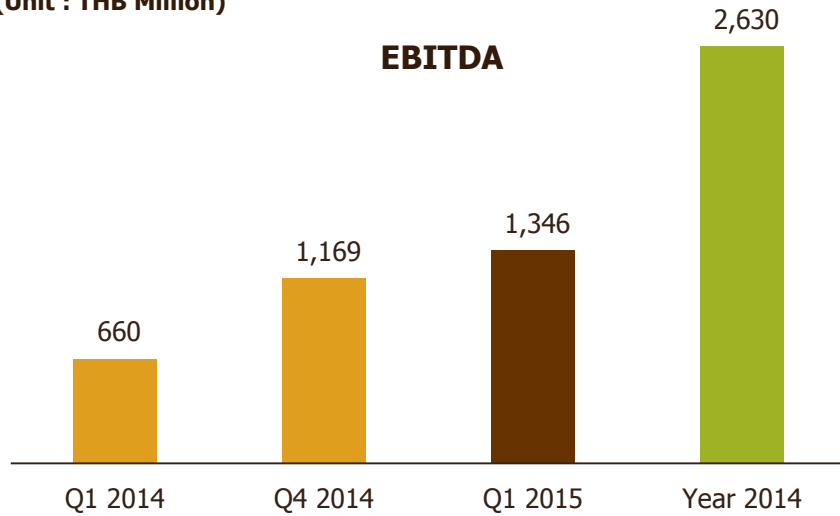
## SG&A



- Selling and administrative expenses stood at Baht 38 million and Baht 154 million representing 0.46%, and 1.86% of sales and services, respectively. Comparatively, these expenses in the same period 2014 stood at Baht 34 million and Baht 160 million or 0.28% and 1.33% of sales and services, respectively.
- The Company is committed to controlling overhead expenses while improving the operating gross profit margin.

(Unit : THB Million)

## EBITDA



- EBITDA in 1<sup>st</sup> quarter 2015 stood at Baht 1,346 million reflecting another positive increase of almost 104% from the same period last year.

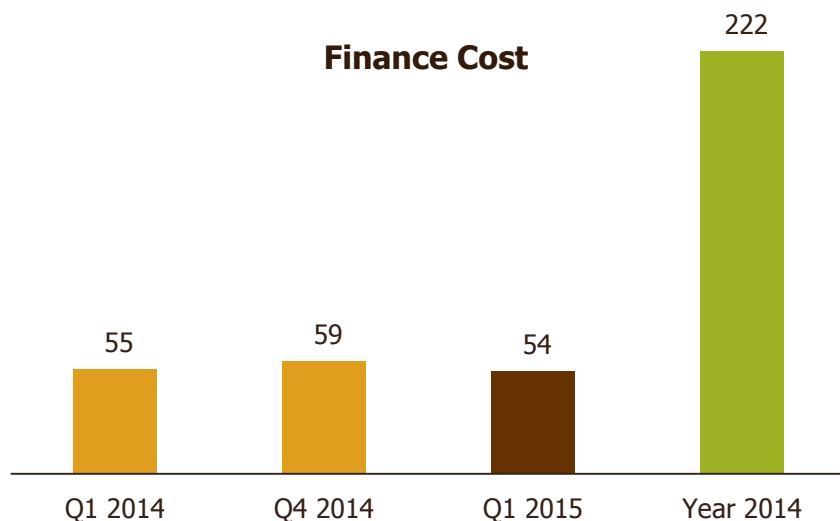


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# Performance Highlights: Net Profit After Tax

(Unit : THB Million)

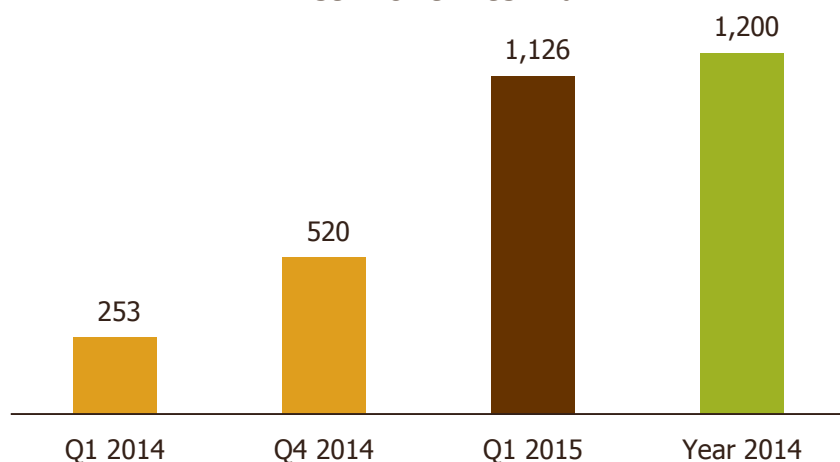
## Finance Cost



- Financial expense in 1<sup>st</sup> quarter 2015 was Baht 54 million, similar to financial expense in the same period of 2014 of Baht 55 million.

(Unit : THB Million)

## Net Profit After Tax



- The Net Profit After Tax of Baht 1,126 million represented earning per share of Baht 0.73 (par value of Baht 1 each) compare to baht 0.17 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company
- This representing an annualized ROE of 34% !**



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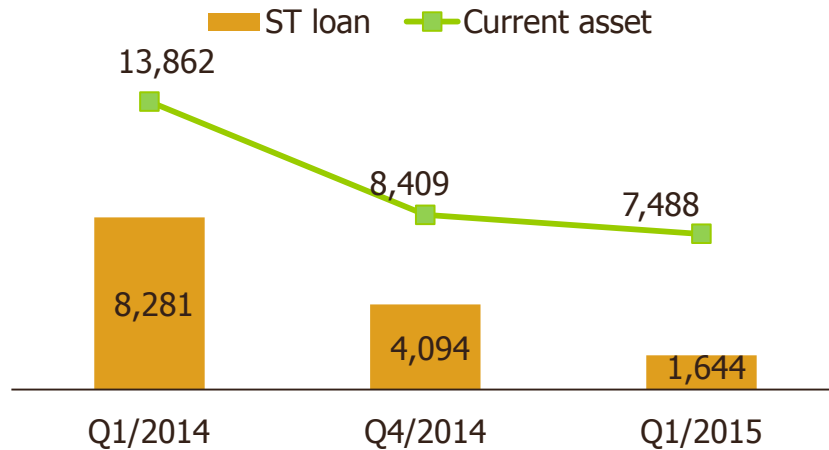
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# Performance Highlights: Debt to Equity Ratio

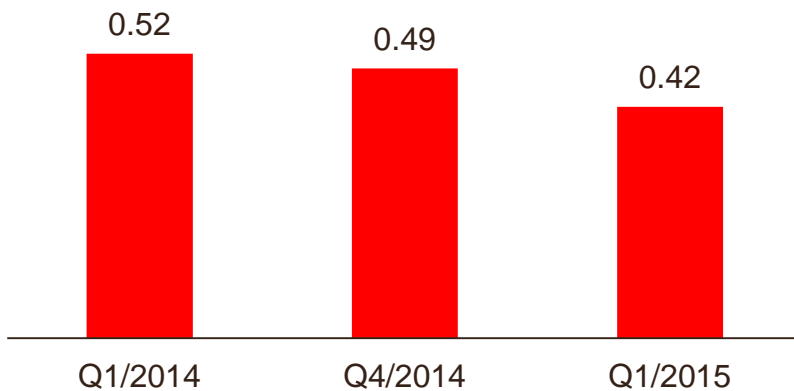
## ST loan vs Current asset

Unit: THB million



- The Group's consolidated current ratio has improved to 1.6 due to decrease in crude price and improved "crude to cash conversion cycle" in 1<sup>st</sup> quarter 2015 as compared to 2014.
- Short-term borrowing has further reduced by 60% from Q4/2014 due to strong cashflow generated from operations.

## Long Term Debt/ Equity Ratio



- The Group's consolidated long term debt to equity ratio (D/E ratio) has decreased from 0.52 to 0.42 due to loan repayment



- **Crude:** Expect to see volatility in Brent price but stay within \$60-\$70 price range in Q2. Nevertheless, we will manage this by effective hedging strategy



- **Refinery:**
  - With almost 100% refining process volume, the Group continued to enjoy high efficiency in fuel consumption
  - Maintain high reliability at 99.9%
  - The refinery performance has been also impressive.



- **Marine:**
  - Tightness of vessel still continue and the freight revenue improved significantly.
  - Opportunity to invest additional vessel to support the business growth



- **Domestic market:**

- Expect disbursement of Baht 40,000 million of government budget in Q2/2015 and also Q3/2015
- Substantially increase in usage of natural rubber modified asphalt products



- **International market**

- Strong demand especially in Indonesia due to government roadmap
- The tight logistic in asphalt delivery has strengthened TASCOS orders book in respect of term sales contract.
- The Asphalt price is expected to remain strong as the customers are eager to take delivery.