

Tipco Asphalt Public Company Limited

Analysts Meeting

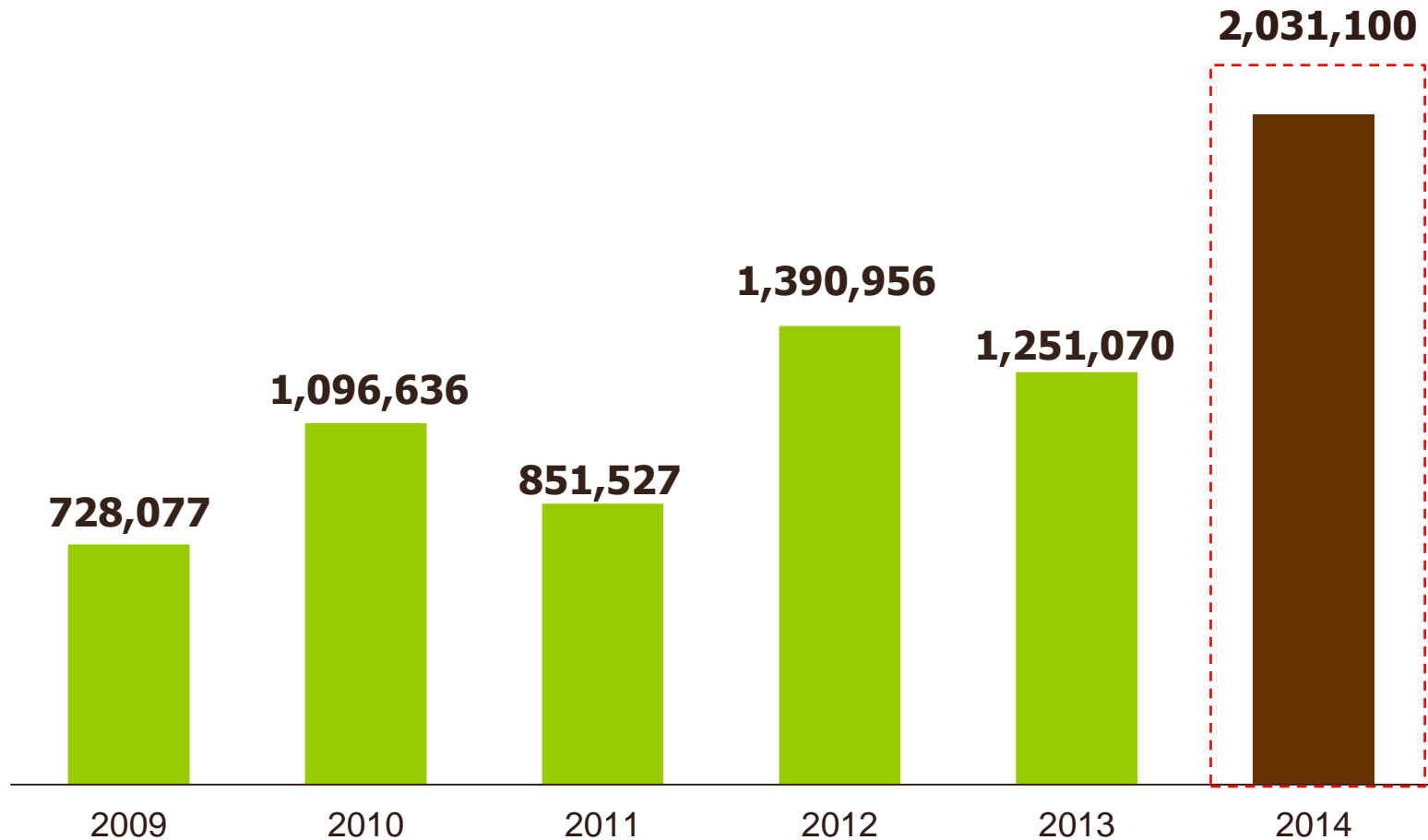
5th March 2015



บริษัท ทิปก้อแอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

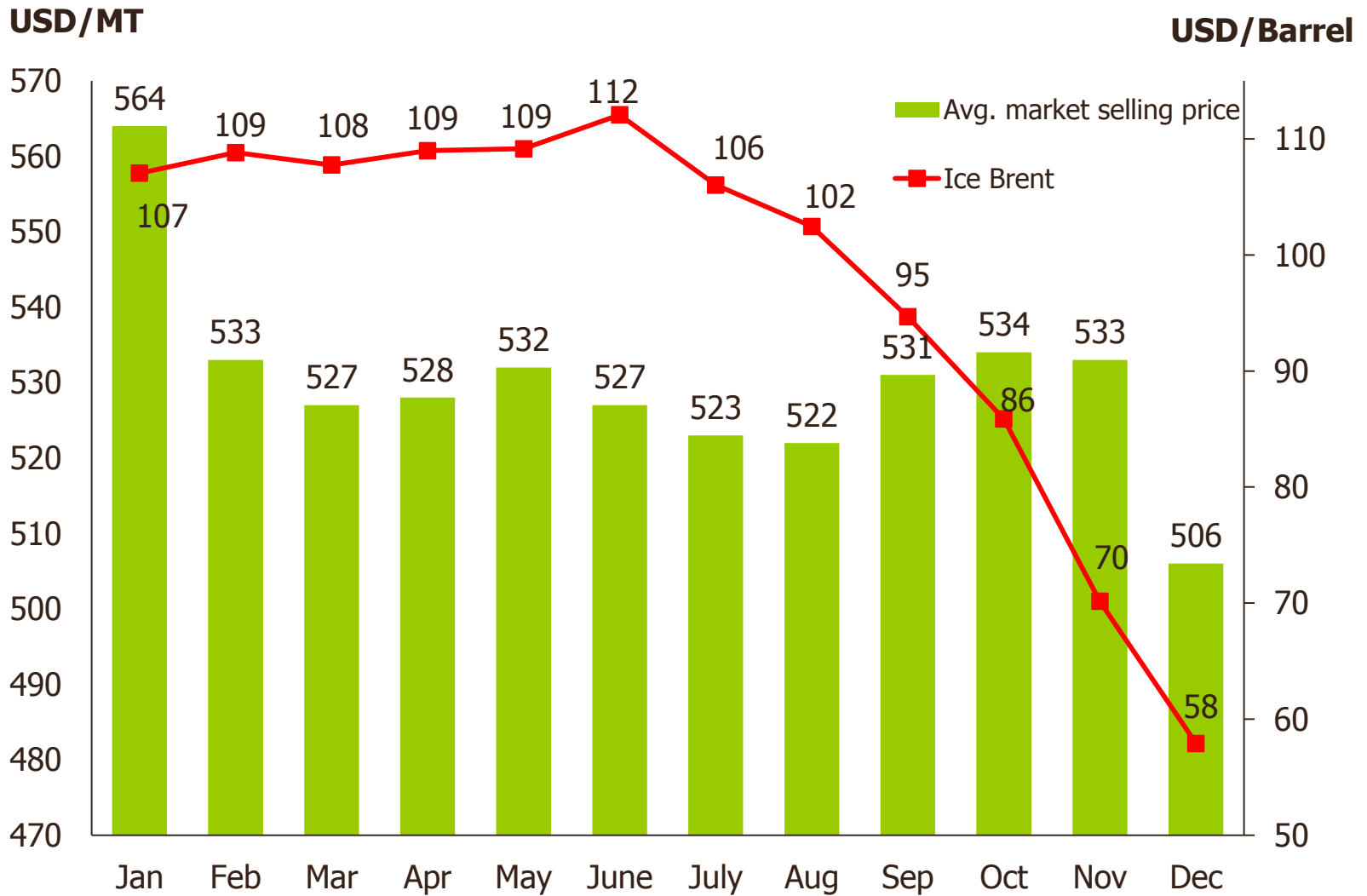
Historical Sales Volume of asphalt products

(Unit : Tons)



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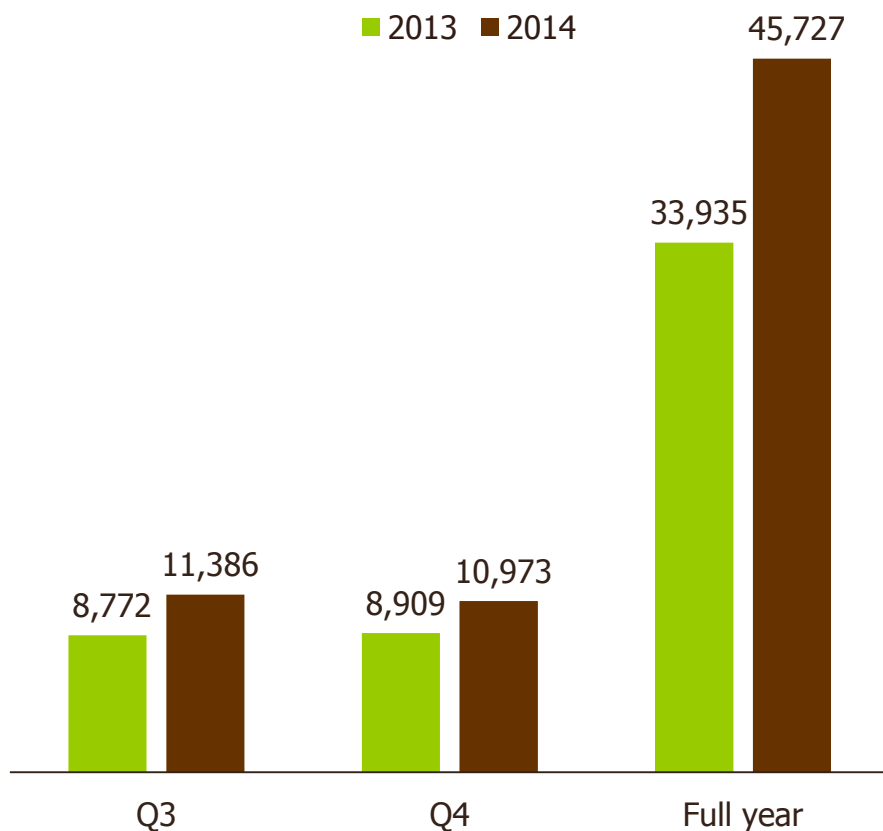
2014 asphalt market selling price vs Ice Brent



Performance Highlights: Sales & Services Revenue

(Unit : THB Million)

Sales & services Revenue



- Sales and services in 2014 stood at Baht 45,727 million reflecting an increase of 34.75% from last year
- The increase in sale revenue was mainly attributable to abundance supply of heavy crude and higher sales in export markets due to better market demand in this region and also the increase of our refinery production in Malaysia.
- In early 2014, the Company entered into a crude term supply contract with a major crude supplier whereby the Company has the opportunity to procure approximately 11 million barrel of heavy crude per annum
- International asphalt sales volumes represented 85% of total asphalt sales volumes driven by customers in Asia-Pacific region
- Domestic asphalt sales remained healthy and reported similar sales volume in comparison to 2013



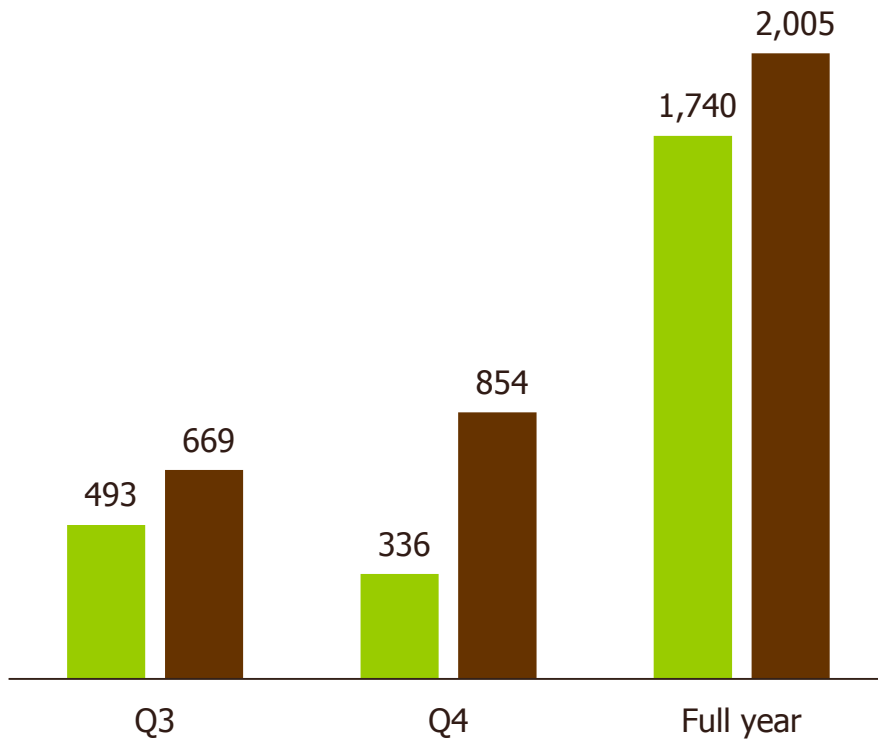
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Performance Highlights: Gross Profit

(Unit : THB Million)

Operating Gross Profit(Inc. hedging & NRV)

■ 2013 ■ 2014



- Operating gross profit margin for 4th Quarter recorded another impressive Baht 854 million, continued to show improvement since 3rd Quarter despite the huge falling crude prices
- The total operating gross profit for the full year was Baht 2,005 million compared to Baht 1,740 million despite a slow start in the first half year. The Brent market plummeted a whopping US\$ 53/barrel (from US\$111/bbl to US\$58/bbl) during the year. This free fall was the result of surplus crude supply in the market from Shale Oil in the US competing with OPEC productions and also negative global economic outlook by IMF
- Our hedging strategy has protected the gross profit margin in this incredible market volatility with a hedging gain of Baht 1,452 million as compared to 2013. This has contributed a significant positive impact to the result of this year as compared to 2013. Under the crude inventory policy, the company has marked to market (MTM) and provided a net realized value (NRV) provision of Baht 358 million on the crude inventory

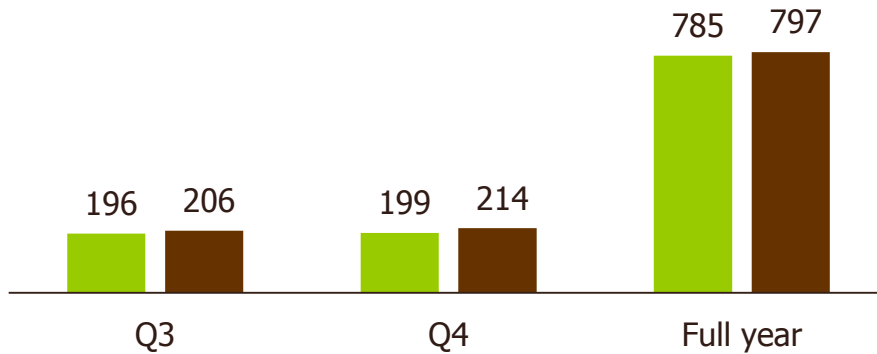


Performance Highlights: SG&A & EBITDA

(Unit : THB Million)

SG&A

■ 2013 ■ 2014

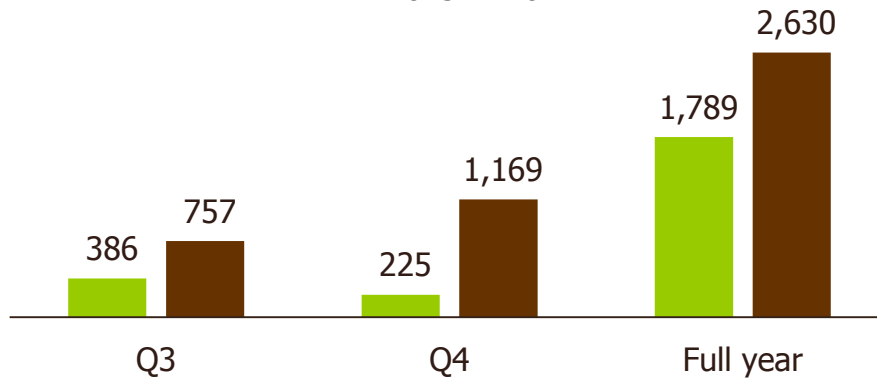


- Selling and administrative expenses in 2014 stood at Baht 153 million and Baht 644 million representing 0.33%, and 1.40% of sales and services, respectively. Comparatively, these expenses in 2013 stood at Baht 127 million and Baht 658 million or 0.37% and 1.94% of sales and services, respectively
- The Company is committed to controlling overhead expenses while improving the operating gross profit margin

(Unit : THB Million)

EBITDA

■ 2013 ■ 2014



- EBITDA in 2014 stood at Baht 2,630 million reflecting an increase of almost 47%, almost double, from last year



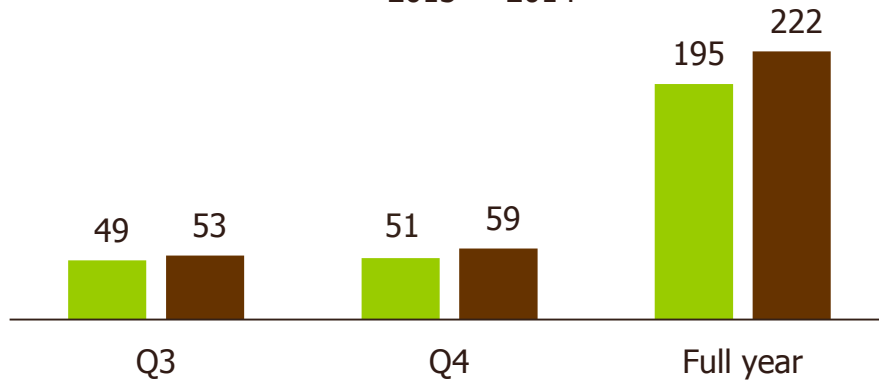
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Performance Highlights: Debt to Equity Ratio & Net Profit After Tax

(Unit : THB Million)

Finance Cost

■ 2013 ■ 2014

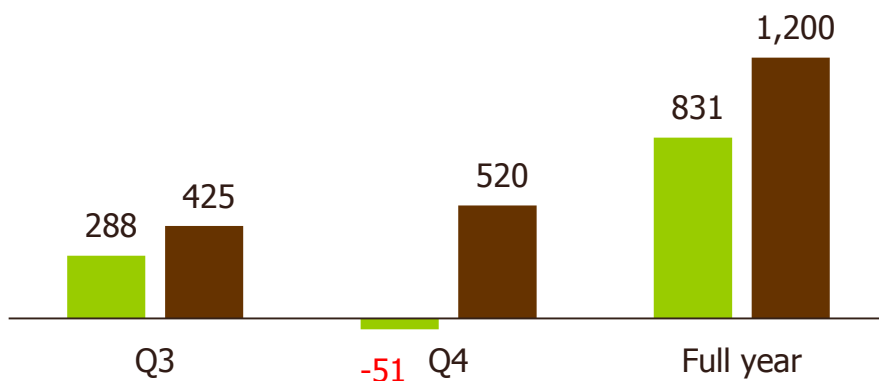


- Financial expense in 2014 was Baht 222 million, an increase from Baht 195 million of 2013 due to higher working capital needs for purchase of crude and the purchase of minority shareholding in the Malaysian refinery in the first quarter of 2014

(Unit : THB Million)

Net Profit After Tax

■ 2013 ■ 2014



- The Consolidated Net Profit After Tax (excluding minority interest) of Baht 1,200 million represented earning per share of Baht 7.85 attributable to the equity shareholders of the Company in 2014



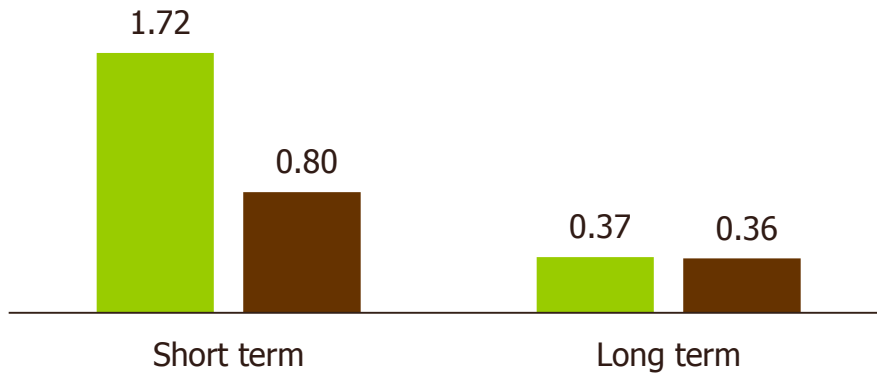
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Performance Highlights: Debt to Equity Ratio & Net Profit After Tax

(Unit : Times)

D/E – interest bearing

■ 2013 ■ 2014



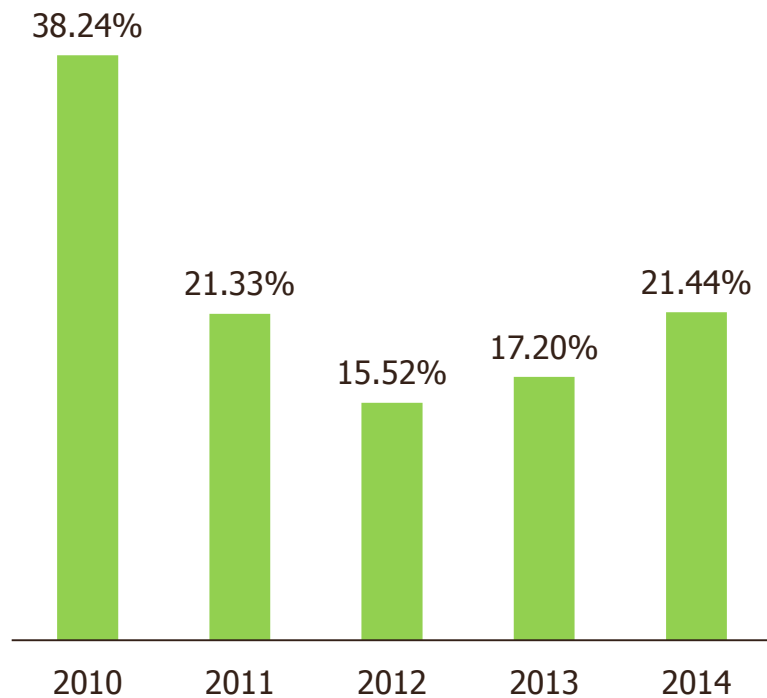
- The Company's consolidated interest bearing short-term debt to equity ratio significantly improved to 0.80 from 1.72 down attributable to falling crude prices and better working capital management which improved the "crude to cash" conversion cycle
- Furthermore, the current ratio which included the short-term loan was at 1.26 ratio, and it is more than adequate to fund this revolving of short-term loan



Performance Highlights: Key ratios

(Unit : %)

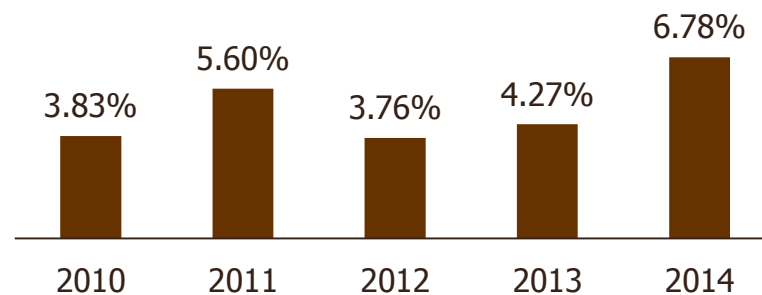
ROE



- Strong growth in net profit resulted in higher ROE at 21.44%. As a sign of confidence, the Company propose the AGM No.1/2015 to consider and approve additional Baht 1 per share dividend payment

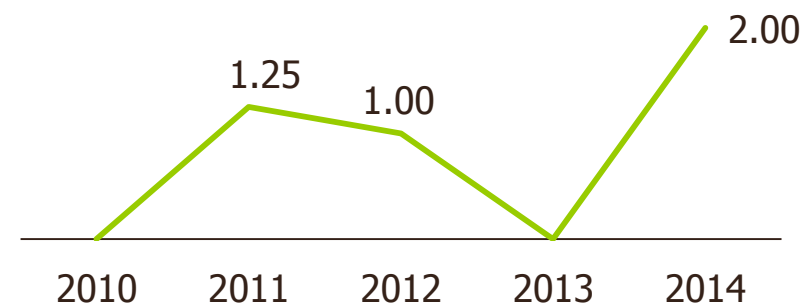
(Unit : %)

ROA



(Unit : Baht/share)

Dividend^{1/}



^{1/} Based on declaration of operational period

- Due to strong cash flow, the company pay Baht 2 per share dividend payment for 2014 performance



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2014 Highlights

Q1 2014

- In early 2014, the Company has successfully managed to secure a long term crude supply contract
- (4 years) of heavy crude for up to 10 million bbl per annum
- Tipco Asphalt finally succeeded gaining 100% control of KBC refinery in Malaysia after acquiring the remaining 17.3% shareholding from ARAS Group for an amount of RM 75 million on 17th March 2014, and all outstanding litigations has been withdrawn and discontinued by all parties subsequently

Q2 2014

- Completed CDU revamp and increase processing capacity from 25k bpd to 30k bpd. This increased production capacity to serve future needs and cost reduction
- Signed an agreement with SK Energy Co. LTD., South Korea on 15th July 2014. JV company in Singapore will engage in trading business in Asia Pacific region
- Also signed a Memorandum of Understanding with SK Energy Co. LTD., for the purpose of conducting for further joint venture investment in asphalt production and distribution in Asia Pacific region

Q3 2014

- The Company received "***Open Account term with 30 days credit***" for crude payment. This will reduce the Company's financing costs
- Signed the Declaration of Intent of CAC to join Private Sector the Collective Action Coalition Against Corruption

Q4 2014

- Restructured shareholding structure of subsidiaries of the Tipco Asphalt Group resulting in Group tax saving benefit
- Significant increment in budget allocation for road construction and maintenance for domestic market



Q1 2015

- According to 2-2015 BOD meeting, the BOD approved and propose to the AGM 1/2015 on stock split and additional Baht 1 per share dividend payment on top of interim dividend payment of Baht 1 paid in December 2014
- AGM No.1/2015 will be held on 7 April 2015





- **Crude:** Benefit from low crude price in the market – margin improve
Benefit from crude supply contract - consistency, productivity
Effective hedging policy

- **Refinery:**

- Increase efficiency in fuel consumption
- Maintain high reliability at 99.9%



- **Marine:**

- Maintain high reliability & utilization rate of vessels
- Additional vessels in the fleet

- **Domestic market:**

- Increase in budget allocation for road construction and maintenance by min. 24%
- Substantially increase in usage of natural rubber modified asphalt products





- **International market**

- Stable outlook of International market with growth potential in line with respective country GDP growth
- JV company in Singapore progress: expect to start doing business in Q2 2015

Unit: %	2000-07	2012	2018	2014-2018	Country's medium term policy focus
China	10.5	7.7	7.5	7.7	Domestic consumption and developments toward western provinces
India	7.1	3.7	6.1	5.9	Inclusive growth to reduce poverty
Indonesia	5.1	6.2	6.1	6.0	modernization and infrastructure development/ disaster prevention
Malaysia	5.5	5.6	5.3	5.1	Improve productivity of SMEs
Philippines	4.9	6.8	5.9	5.8	Inclusive growth to reduce poverty
Singapore	6.4	1.3	3.1	3.3	focus on becoming global city
GMS					
Thailand	5.1	6.5	5.3	4.9	Resolve political conflict, restore foreign confidence
Cambodia	9.6	7.2	7.1	6.8	Develop tourism and infrastructure
Lao PDR	6.8	7.9	7.5	7.7	Develop infrastructure to speed up rural development
Myanmar	-	-	7.0	6.8	Infrastructure development and industries to welcome FDI
Vietnam	7.6	5.2	6.0	5.4	Uplift domestic financial system
CLMV economies	8.0	6.8	6.9	6.6	
Avg ASEAN	5.5	5.5	5.6	5.4	

Source:

1 "Economic outlook for Southeast Asia, China and India 2014", OECD (2014)



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