

Tipco Asphalt Public Company Limited (TASCO)

1-2016 Analyst meeting

23rd February 2016



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

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1

Q4 2015 and 2015 Highlights

2

Q4 2015 and 2015 performance

3

Q1 2016 outlook

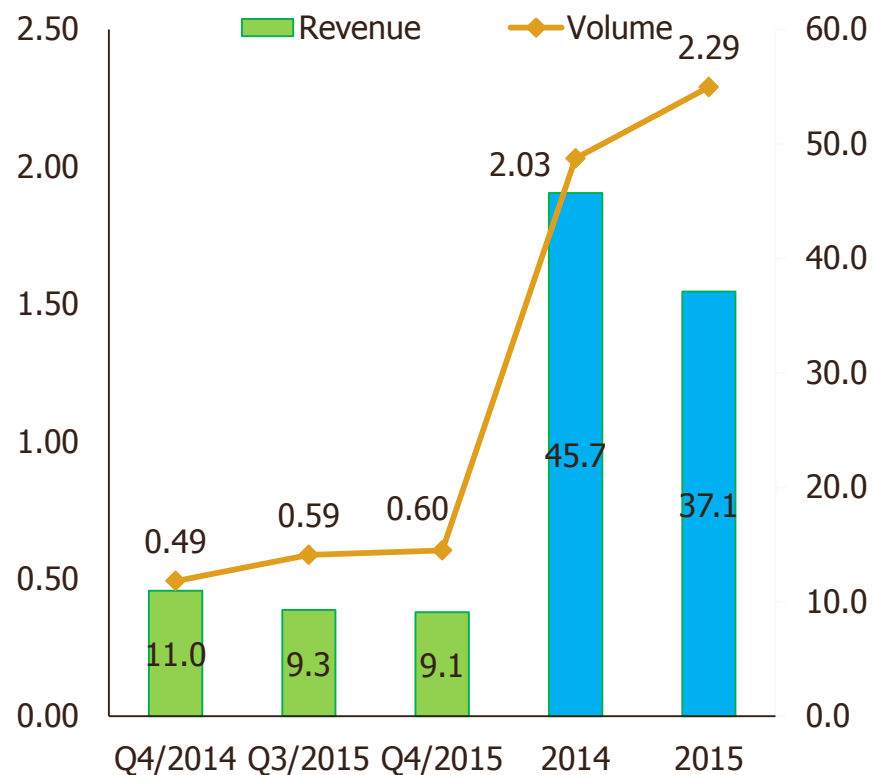
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Acquisition update

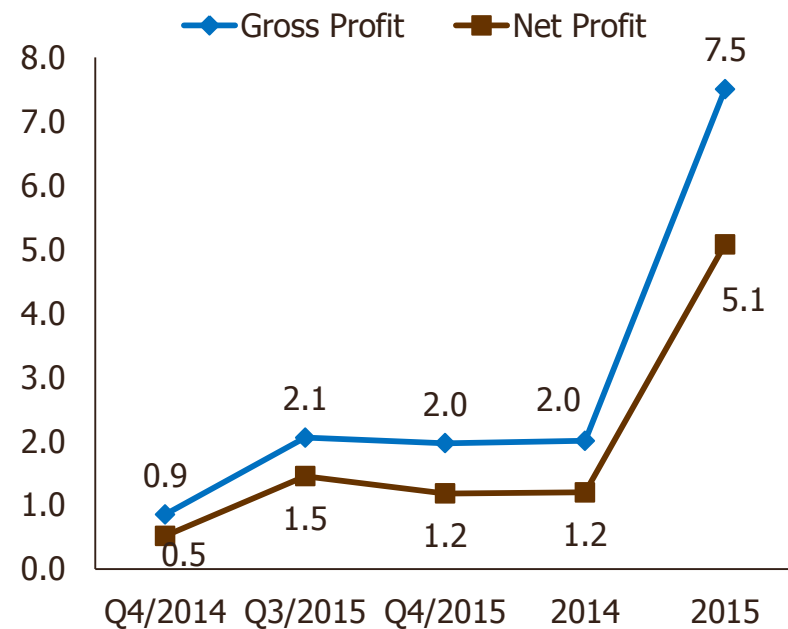
Q4 2015 and 2015 Highlights: Volume & revenue

Volume
Unit: Mil. Ton

Revenue
Unit: Bil. Baht



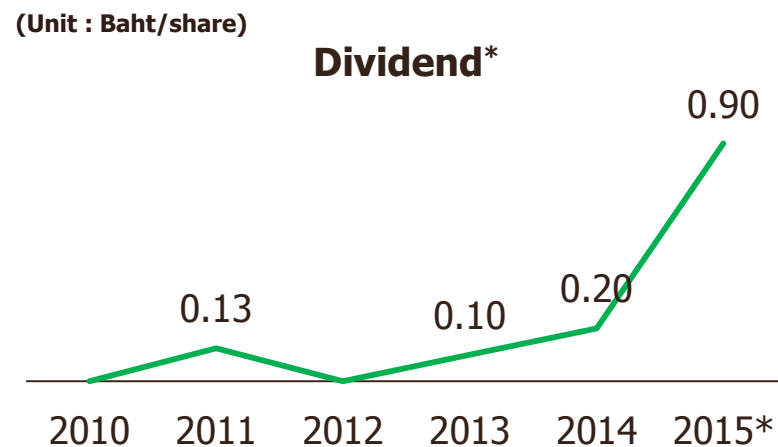
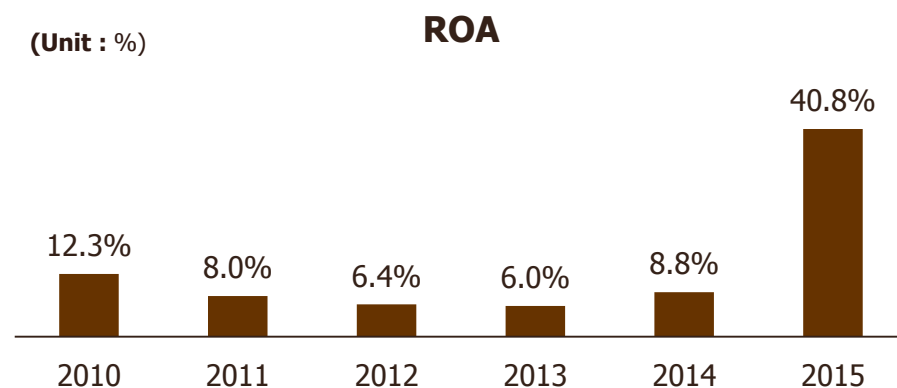
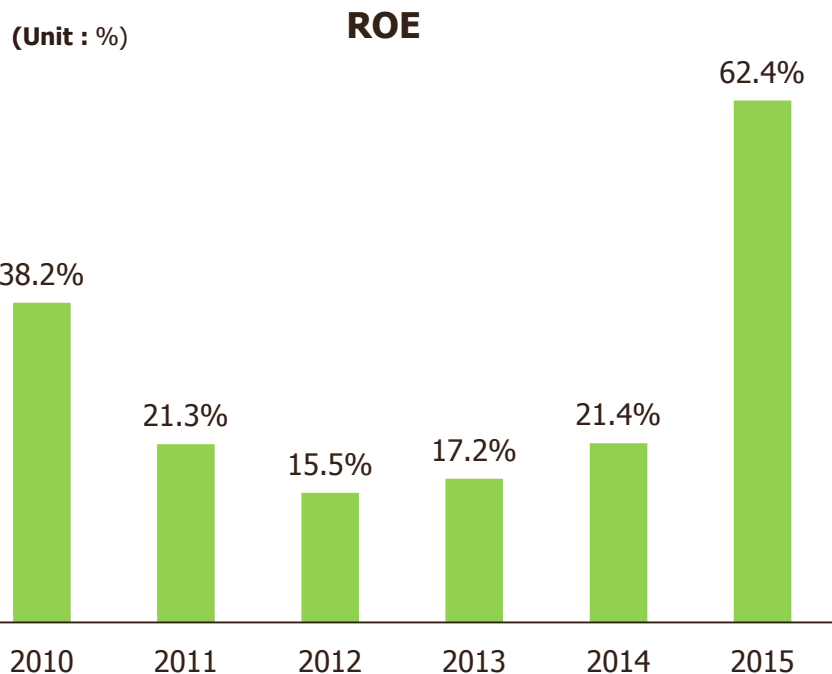
Gross Profit vs. Net profit
Unit: Bil. Baht



GP margin	7.8%	22.1%	21.6%	4.4%	20.2%
NP margin	4.7%	15.6%	13.0%	2.6%	13.7%



Q4 2015 and 2015 Highlights : Key ratios and dividend



- Very strong growth in net profit resulted in high ROE of 62.4% in 2015

- Interim Dividend: Baht 0.2 per share paid in Sep 2015 + Baht 0.3 per share in Dec 2015 and proposed final dividend payment for 2015 performance Baht 0.4 per shares subjected to approval of AGM No.1/2016 on 11 Apr. 2016





Fitch Ratings

From BBB+(THA) to **A- (THA)**



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2015 Highlights: TASCOCO Shares Trading Statistics

	30 Dec 2015	31 Dec 2014	27 Dec 2013
No. of ordinary shares ('000 shares)	1,543,850	153,277	152,580
Par value (Baht/share)	1	10	10
Market Cap (THB million)	62,525	9,963	7,782
Price (Baht/share)	40.5	6.5 ^{2/}	5.1 ^{2/}
EPS (Baht/share)	3.29 ^{2/}	0.78 ^{2/}	0.54 ^{2/}
P/E (Time)	12.31	8.33	9.44
Avg Daily Trading Value (THB million)	536	20	53
Avg Daily trading volume (Share)	24,309,283 ^{1/}	6,409,189 ^{1/}	8,830,899 ^{1/}

1/ Daily Average from beginning of year to date

2/ Adjusted for par value at Baht 1 per share



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Crude



- Brent price decreased from USD58 from beginning to USD36 per barrel at the end of year
- Procure 15 crude cargoes under long term crude supply agreement to support export sales

Refinery



- 84% refining utilization and 99.8% reliability
- Still Benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

Marine



- 7 own vessels and Long term chartered in three asphalt vessels
- Order new build 12,000 D.W.T. asphalt vessel

Domestic Market



- 53% sales volumes growth due to strong government budget
- Healthy GP margin was driven by high margin Asphalt Emulsion and PMA sales

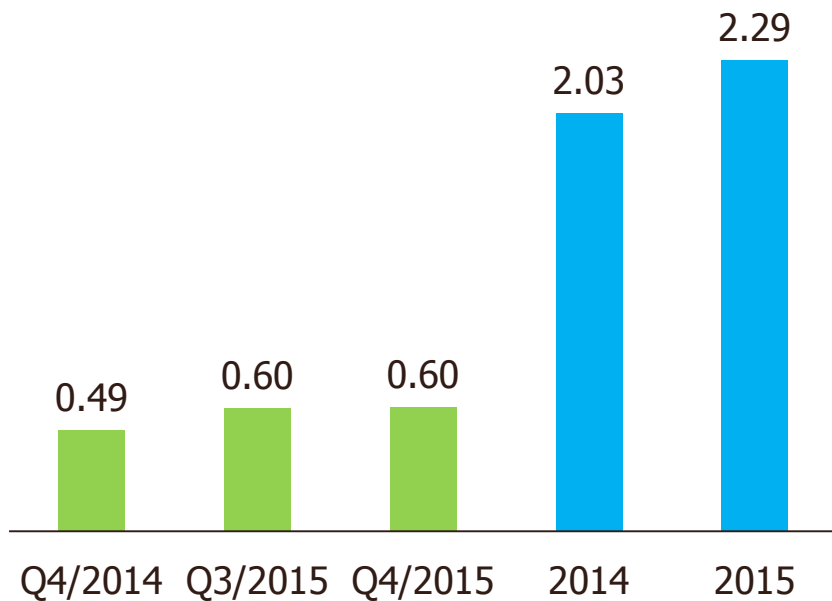
International Market



- Moderate sales volumes growth at 5%
- Indonesia becomes the biggest growth asphalt market
- High GP margin on Asphalt Cement in international market due to stable asphalt price and low crude cost

Sales volume

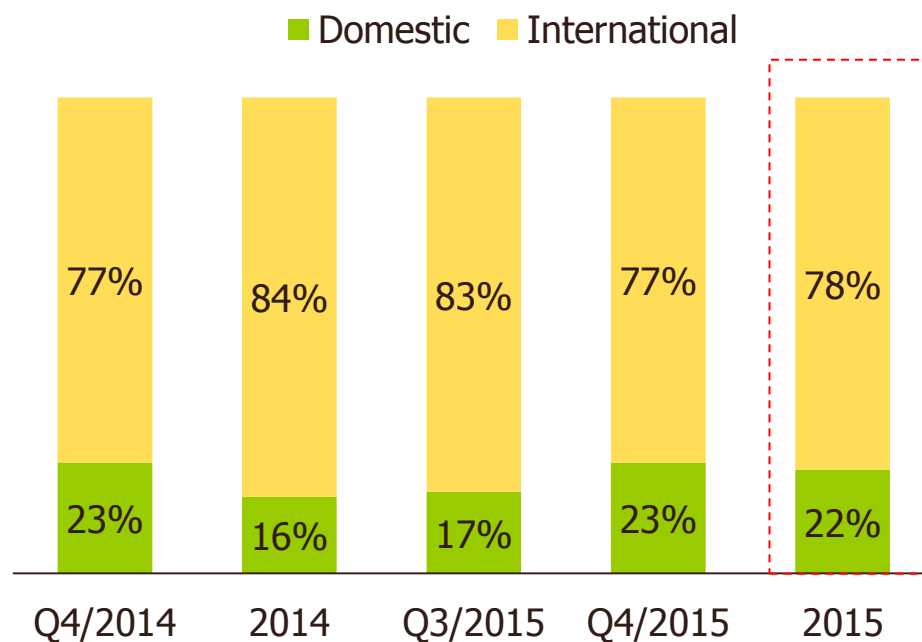
Unit: Mil tons



- Total sales volume in 2015 increased 12.8% from last year

Sales volume concentration by market

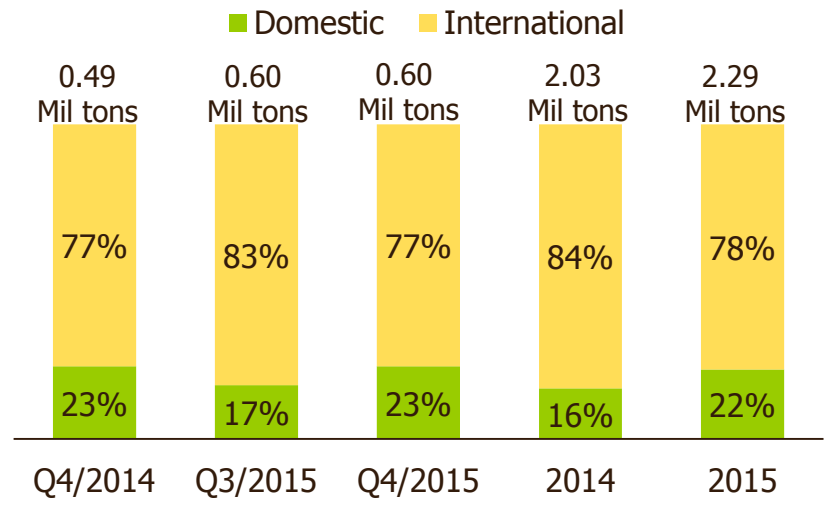
Unit: %



- International remains the driver

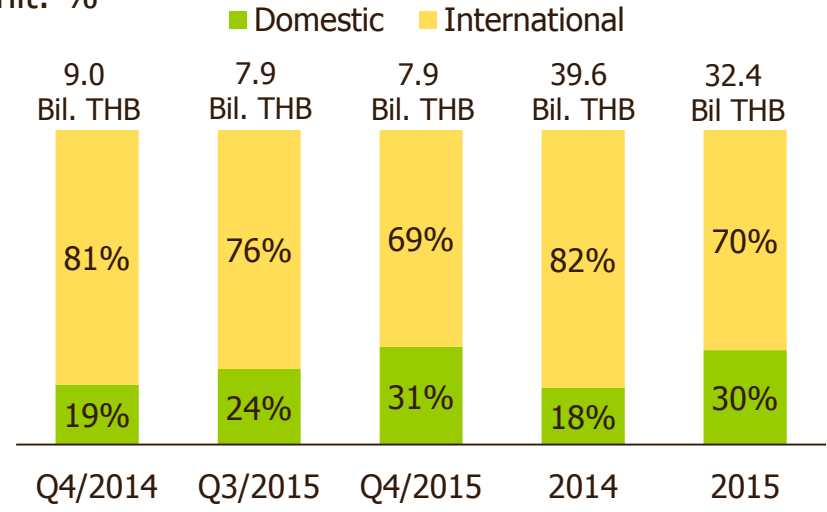
Asphalt Volume Proportion by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International markets



China



Indonesia



Malaysia



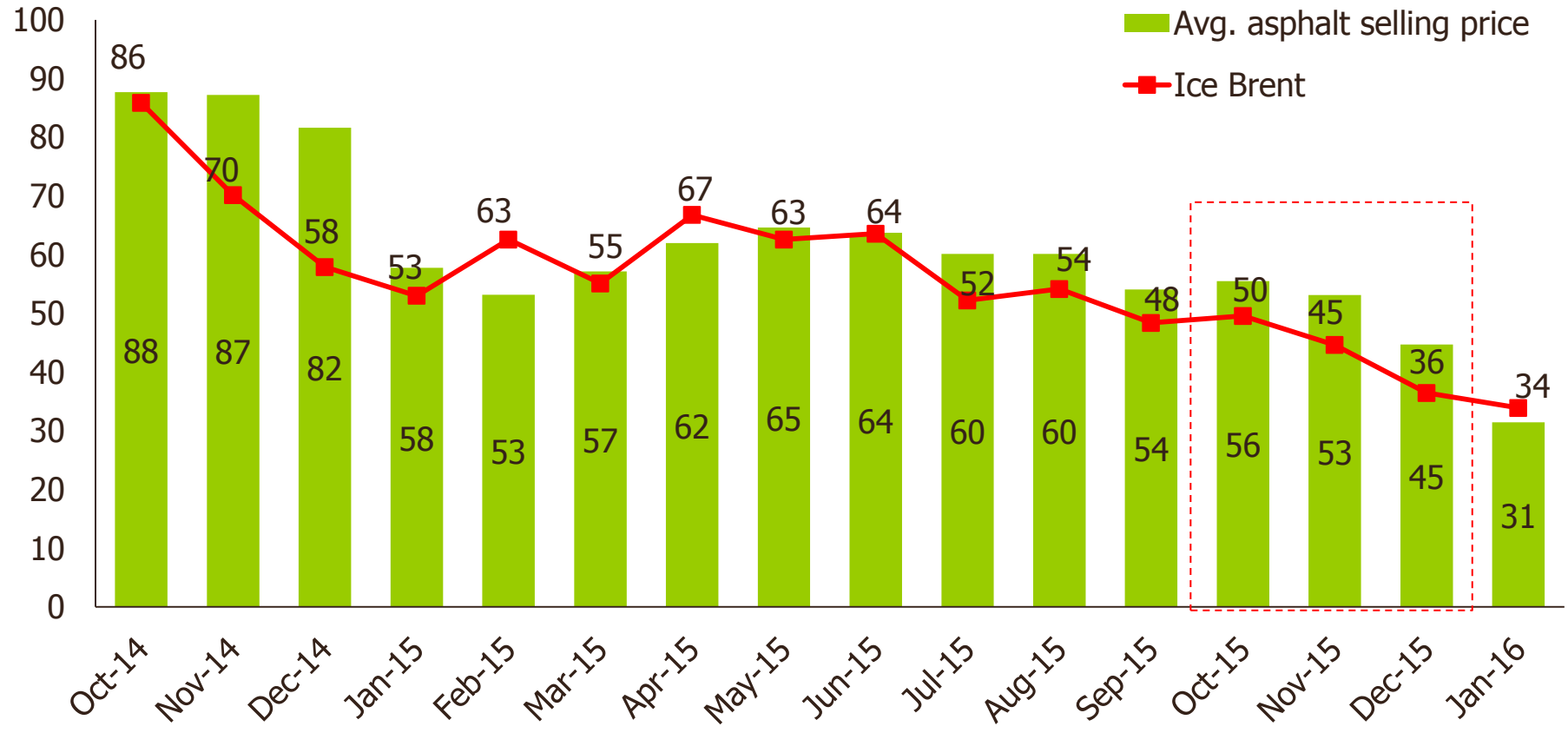
Vietnam



Australia

Q4 2015 Highlights: International asphalt market selling price vs Ice Brent

USD/Barrel

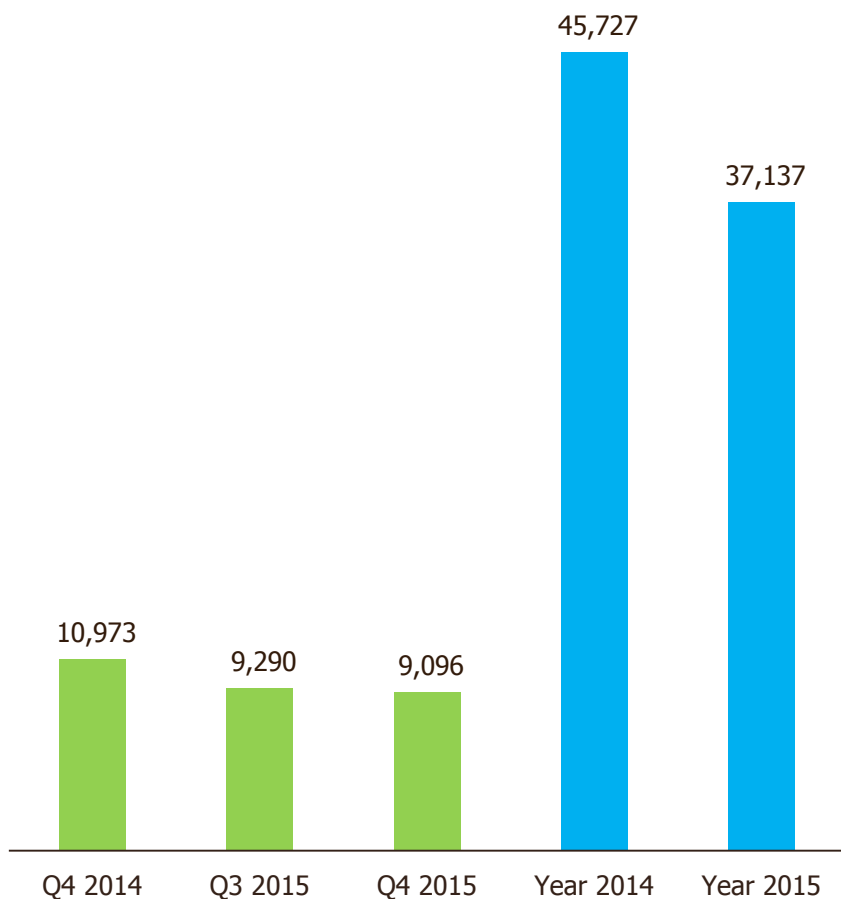


- Average asphalt selling prices moved in line with crude price.

Q4 2015 and 2015 Performance : Sales & Services Revenue

(Unit : THB Million)

Sales & services Revenue



- Sales and services stood at Baht 37,137 million, reflecting a decrease of 19% from the same period last year
- This decrease was mainly attributable to the drop in selling price in line with lower crude price during the year comparing to the prior year.
- Nevertheless, sales volume increased by 12.8% comparing to 2014 because demand in both export and domestic market was strong.
- As a consequence, the Group's operations in refinery, logistic and customer support services were operating at its high level of efficiency

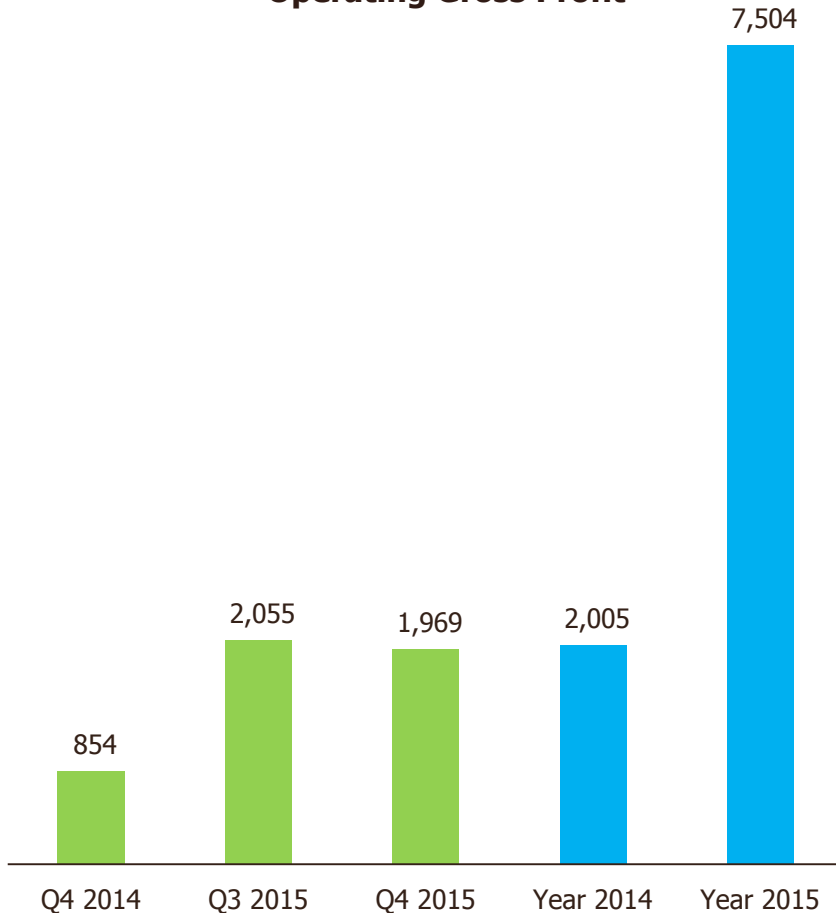


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Q4 2015 and 2015 Performance : Operating Gross Profit

(Unit : THB Million)

Operating Gross Profit



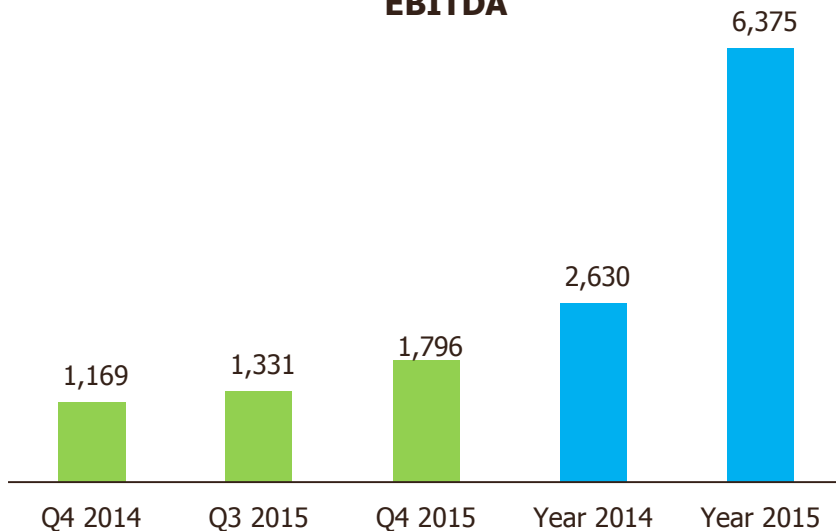
- Cost of sales and services in 2015 stood at Baht 30,641 million or 82.51% (95.62% in 2014) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged.
- The significantly improvement of the overall gross profit margin was mainly due to stable asphalt prices arising from strong demand in both export and domestic market and lower crude cost.
- The Company achieved a hedging gain of Baht 922 million arising from the ICE Brent price falling from \$58/bbl on the first trading day of 2015 to \$36.5/bbl during the year.
- The effectiveness of our hedging strategy has again mitigated the Group's exposure to the commodity market risks and contributed to a sustainable positive operating result.



Q4 2015 and 2015 Performance : EBITDA & Net Profit

(Unit : THB Million)

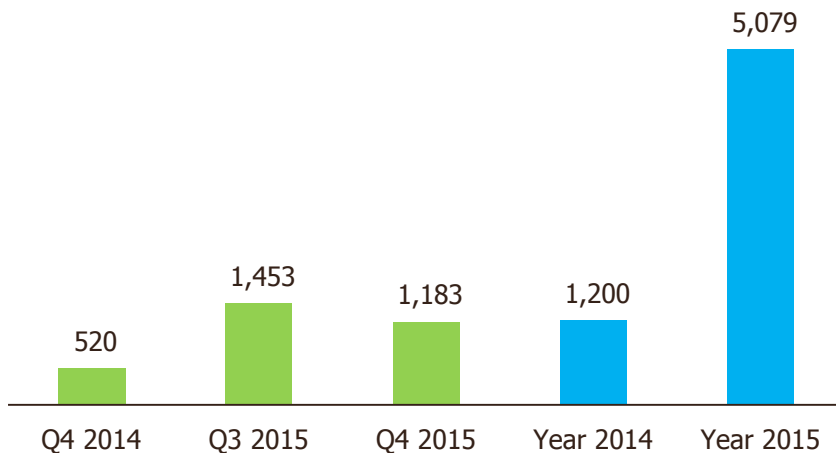
EBITDA



- The Group cashflow generated from operations improved significantly to Baht 6,375 million compared to Baht 2,630 million in 2014.
- This has positive impact to the consolidated debt to equity ratio.

(Unit : THB Million)

Net Profit After Tax

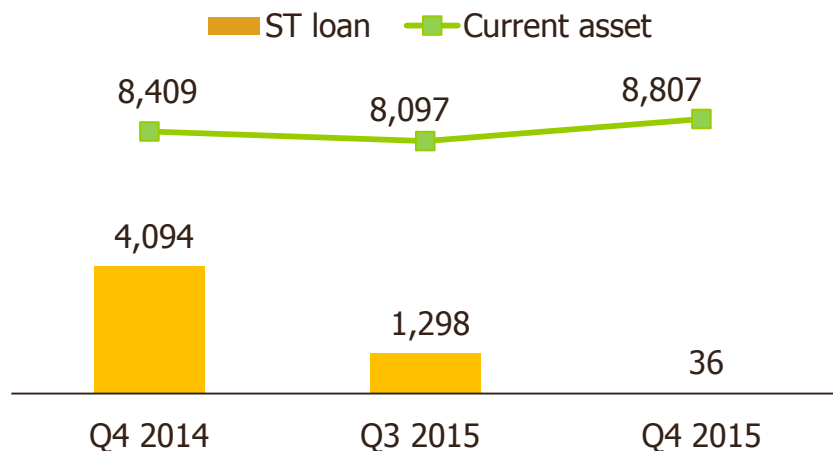


- Net Profit After Tax of Baht 5,079 million for 2015 represented earning per share of Baht 3.3 (par value of Baht 1 each) compare to Baht 0.78 per share in previous year.

Q4 2015 and 2015 Performance : Debt to Equity Ratio

ST loan vs Current asset

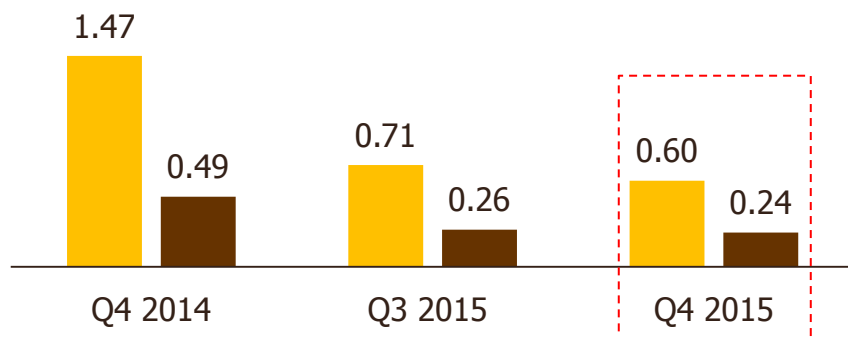
Unit: THB million



- The huge decrease in short term loan due repayment of short-term crude financing.

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 0.60 from 1.47 after repayment of all short term crude financing and prepayment of long-term loan of Baht 449 million due to strong cashflow.
- Furthermore, the long-term borrowing/equity ratio has also decreased to 0.24 from 0.49.

Refinery



- 80% - 95% refining capacity utilization, the Group continued to enjoy high efficiency in fuel consumption and production cost
- Maintain high reliability at 99.8%

Marine



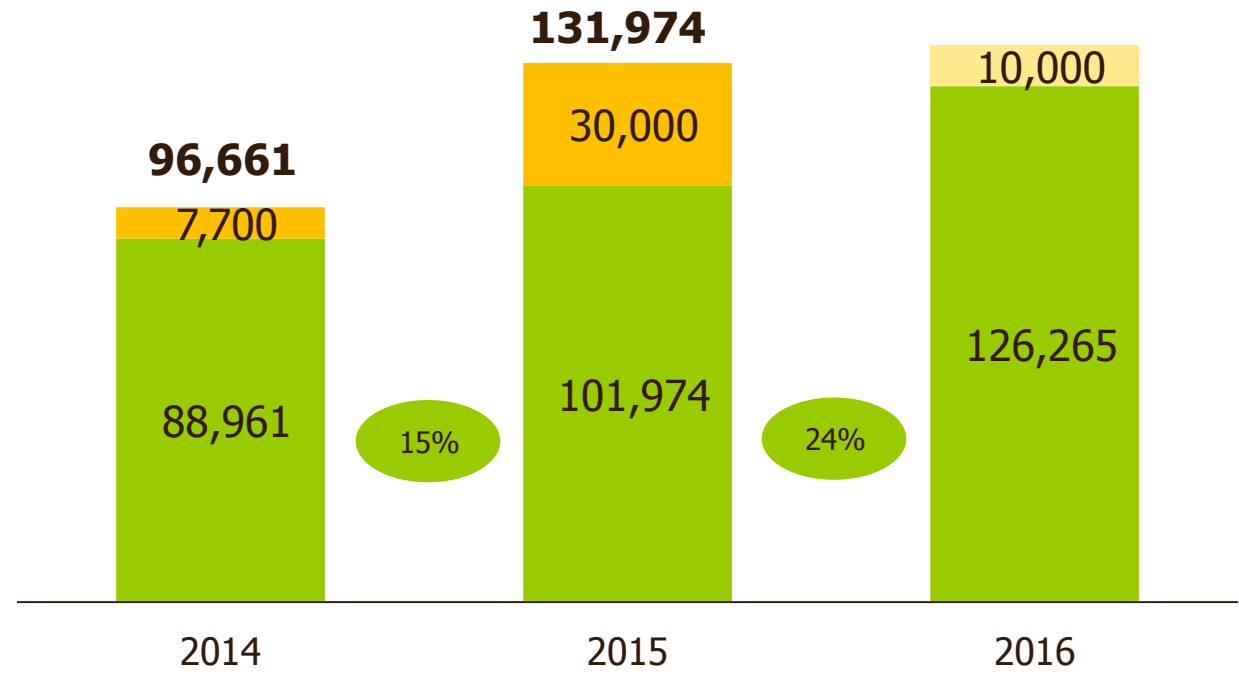
- 90-100% utilization rate
- Two additional asphalt vessels from acquisition to support the growth



Thailand road & related budget

Unit: Mil THB

■ Fiscal ■ Additional ○ Growth



- 2015 additional stimulus package budget will benefit in H1 2016 performance
- Substantial budget allocation for special products such as Para AC and Para AE





- Overall international volumes in Q1/2016 is subject to seasonality fluctuation
- The Brent has seemed hitting the bottom and subject to the successful collaboration between OPEC members and Russia to limit the production output, the bearish outlook may change to bullish outlook in second half of the year



- Tax incentive granted by Revenue department as IHQ and ITC which will have significant tax saving on profit derived from export sales and services for 15 years

Q&A

