

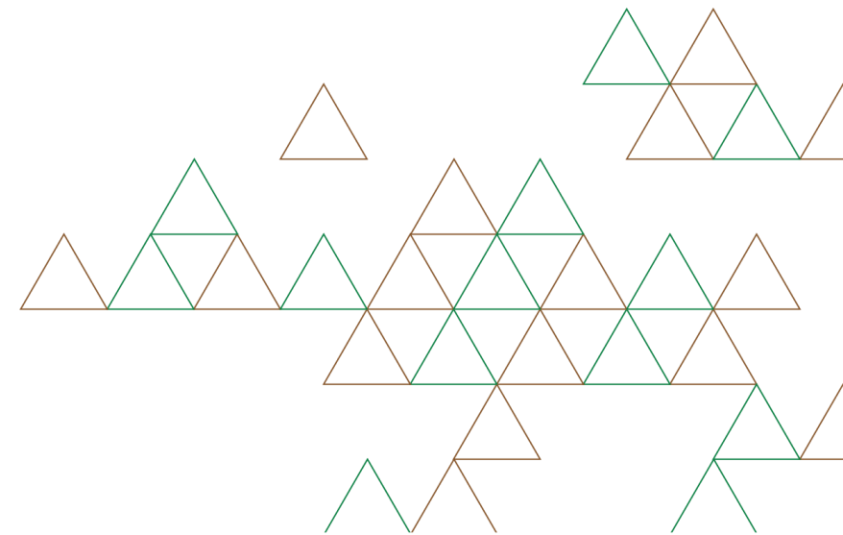


# Tipco Asphalt Public Company Limited (TASCO)

2-2020 Analyst Meeting

(Q1 2020 Operational Results)

12<sup>th</sup> May 2020



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# Agenda

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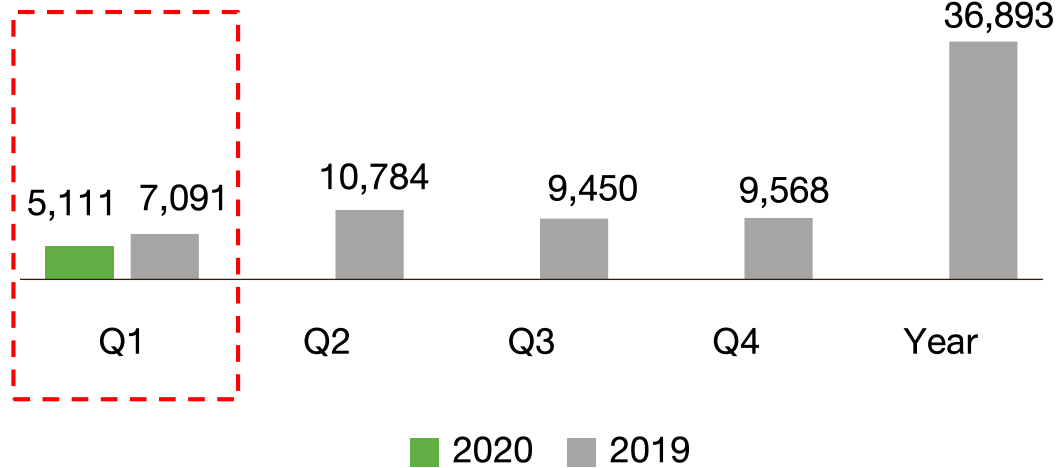
**4**

**Q&A**

# Sales & Services Revenue & Sales Volume

## Sales & Services Revenue

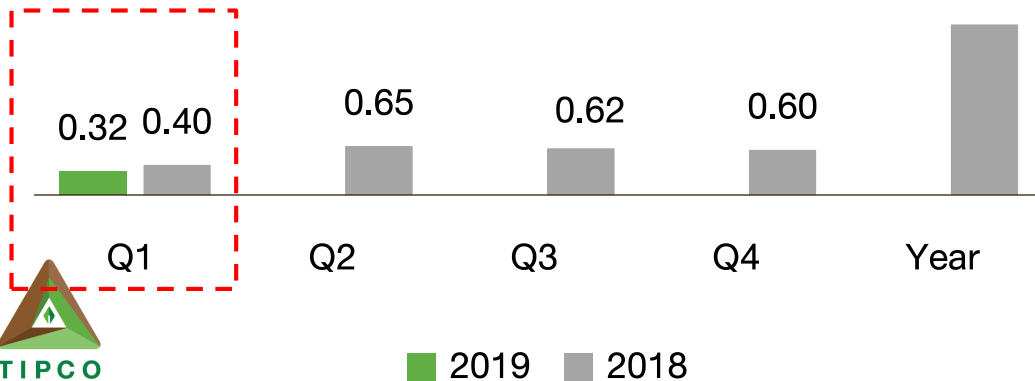
Unit: Mil. THB



- Sales and services stood at Baht 5,111 million, reflecting a decrease of 27.9% from the same period of last year
- The selling price decreased significantly attributable to the global oil market price plunged in the last 3 weeks of this quarter

## Sales Volume

Unit: Mil. Ton

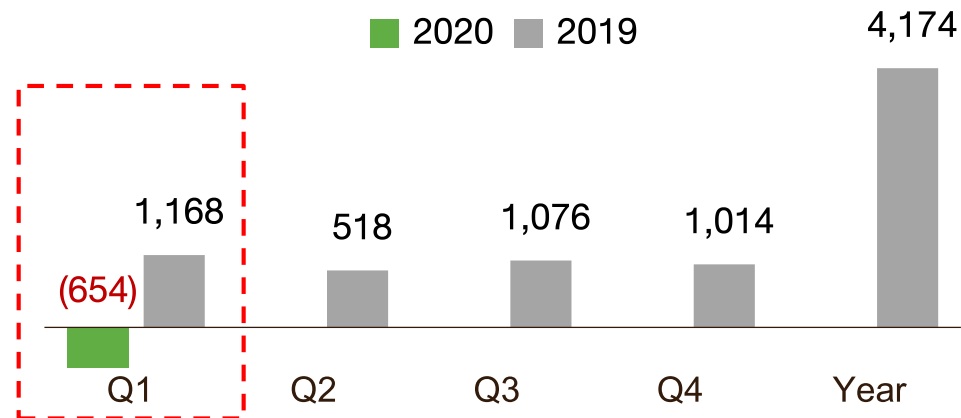


- The decrease in sale volume during Q1 2020 was due to the delay of the fiscal year 2020 government budget approval for the Thai domestic market and lockdown from the COVID-19 pandemic and in several international markets particularly in China and Malaysia

# Operating Gross Profit

## Operating Gross Profit

Unit: Mil. THB



Gross Profit Margin					
	Q1	Q2	Q3	Q4	FY
Gross Profit margin (net hedging and NRV)					
2020	(12.8%) <sup>2/</sup>				
2019	16.5% <sup>1/</sup>	8.5%	11.4%	10.6%	11.3%

1/: Reversal of impairment of stocks net realizable value at Baht 794 million

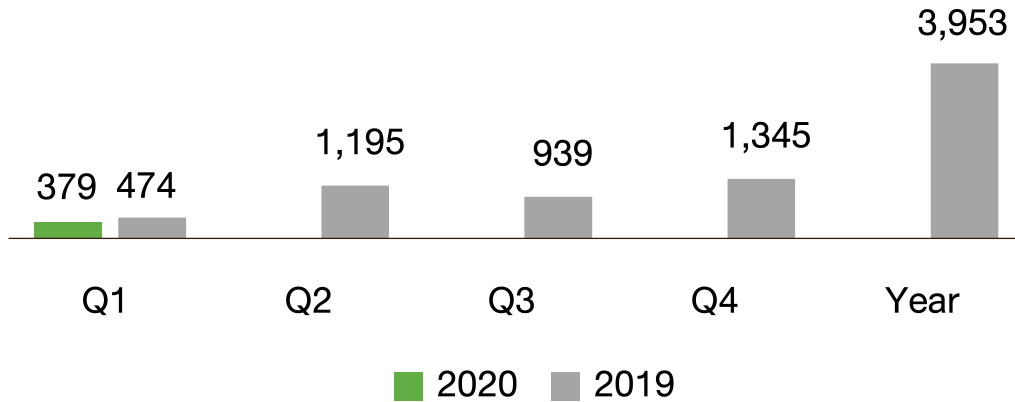
2/: Additional provision for impairment of stocks net realizable value at Baht 2.16 billion and Hedging gain of Baht 1.31 billion

- The slight decrease in gross profit (before NRV loss provision and Hedging gain) was mainly due to the reduction in selling price in this quarter and low domestic sales volume as compared to the corresponding period in 2019
- In addition, the Company recorded an allowance for diminution of inventory of Baht 2,163 million as a result of the sharp reduction in the global market price for crude oil, asphalt and petroleum products
- Nevertheless, part of this allowance for inventory loss was offset by the gain from price hedging contracts of Baht 1,313 million in this quarter

# EBITDA & Net Profit

## EBITDA

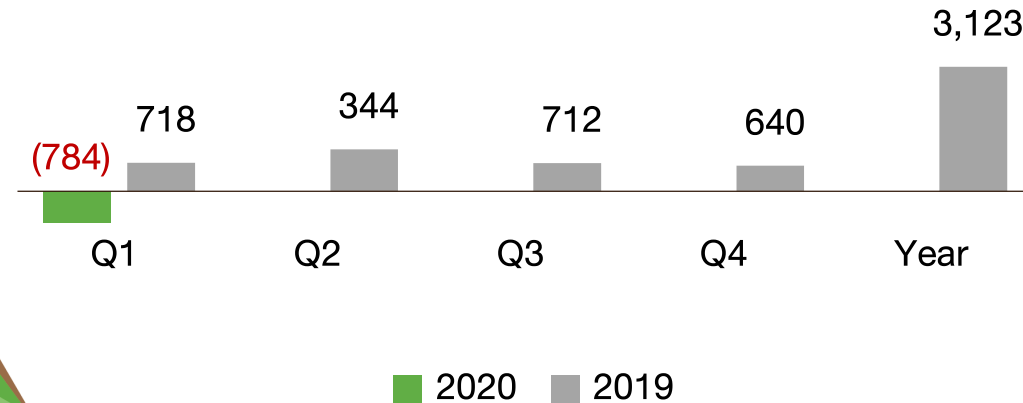
Unit: Mil. THB



- The Group's cashflow generated from operations decreased to Baht 379 million compared to Baht 474 million in the corresponding period of 2019 which mainly from a decrease in sales volume

## Net Profit After Tax

Unit: Mil. THB



- The Net Loss After Tax of Baht 784 million for Q1 2020 represented loss per share of Baht 0.50 as compared to earnings per share of Baht 0.46 per share in corresponding quarter of 2019

# TFRS 9 and TFRS 16 impact

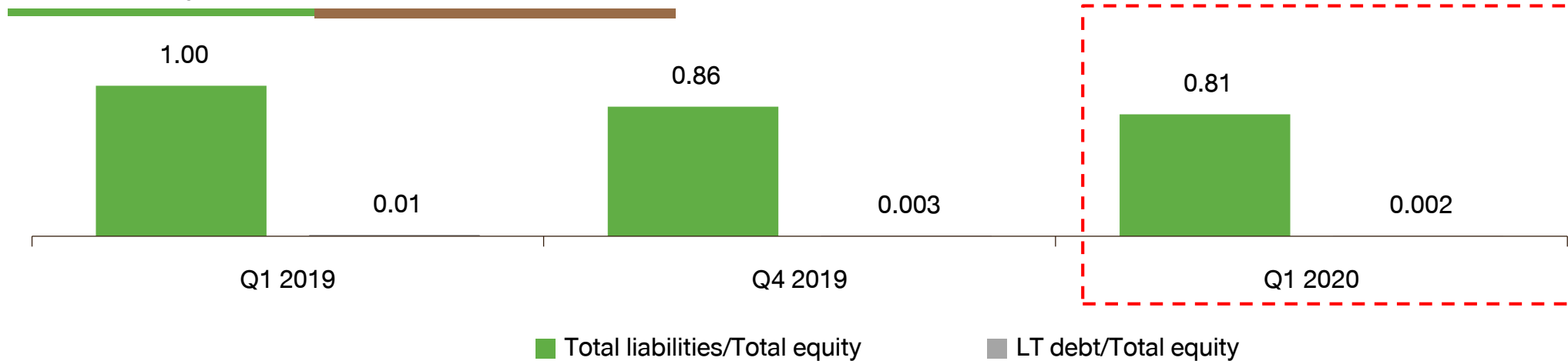
- the Group has adopted financial reporting standards related to TFRS 9 and TFRS 16 as at 1 January 2020.

Unit: Thousand Baht	31 Dec 2019	TFRS 9	TFRS 16	1 Jan 2020
<b>Asset</b>				
Trade and other receivables	5,233,998	(26,703)		5,207,295
Right-of-use assets			569,006	569,006
Leasehold rights	287,084		(287,084)	
Deferred tax assets - net	189,312	6,398		195,710
<b>Liabilities and shareholders' equity</b>				
Current portion of lease liabilities			45,947	45,947
Lease liabilities, net of current portion			235,975	235,975
Retained earnings - unappropriated	12,183,030	(20,305)		12,162,725

- The Retained earnings impact of TFRS 9 on the recognition of provision for trade receivables was only Baht 20.3 million
- The P&L impact of TFRS 16 was a small incremental of Baht 3.86 million in Q1 2020
- The impact on D/E ratio by TFRS 16 is very negligible i.e. delta is  $281,922/12,162,725$  equivalent to 0.0231

# Debt to Equity Ratio

## Debt/Equity Ratio



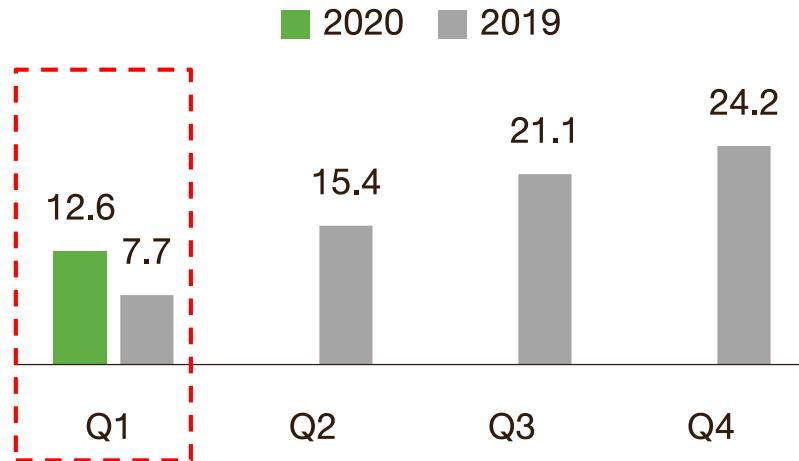
- The Group's consolidated debt to equity ratio (D/E ratio) was 0.81 comparing to 1.00 in the corresponding period a year ago due to the significant reduction of crude payable in this period



# Key Ratios and Historical Dividend

## Return on Equity<sup>1/</sup>

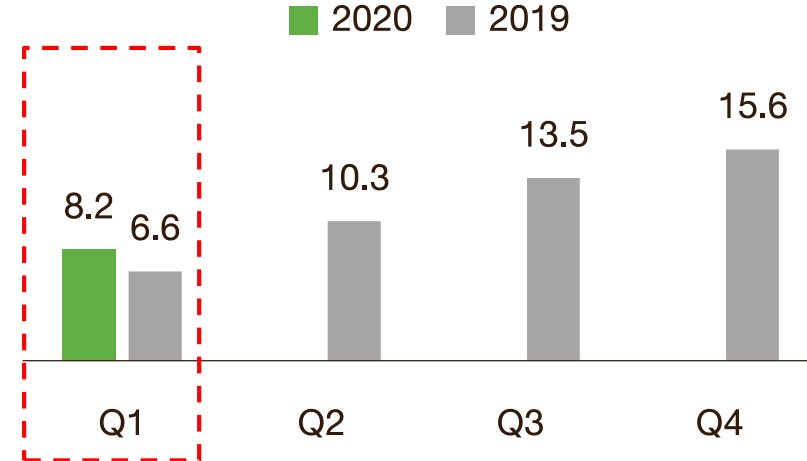
Unit: %



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

## Return on Asset<sup>2/</sup>

Unit: %

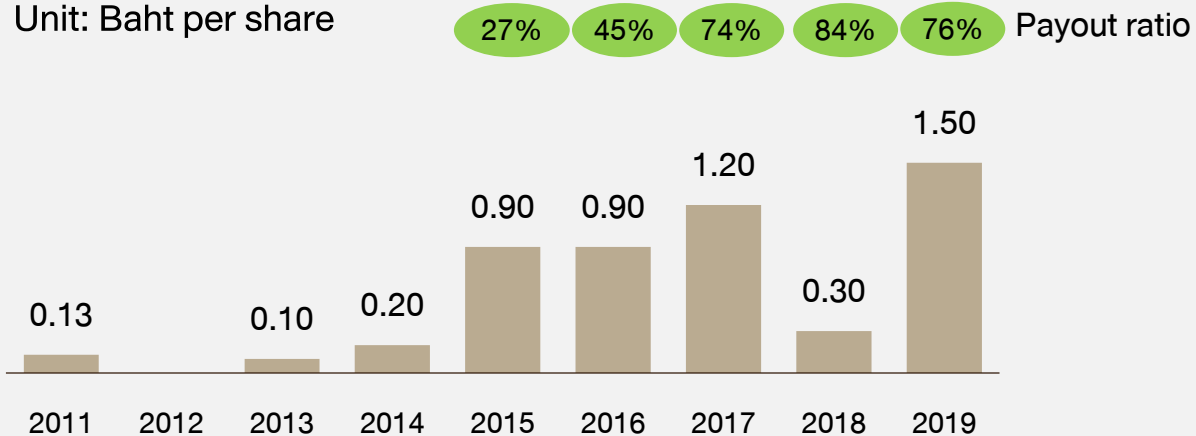


2/ Return is based on sum of last 12 months net profit

Return is based on profit before interest and tax

## Historical Dividend

Unit: Baht per share



## Dividend Policy

The Company has a policy to pay dividends of not less than 60% of its consolidated net profit of each fiscal year.

The Company paid final dividend of 1.1 Baht per share on 24<sup>th</sup> April 2020, amounted to a total of Baht 1,735 million

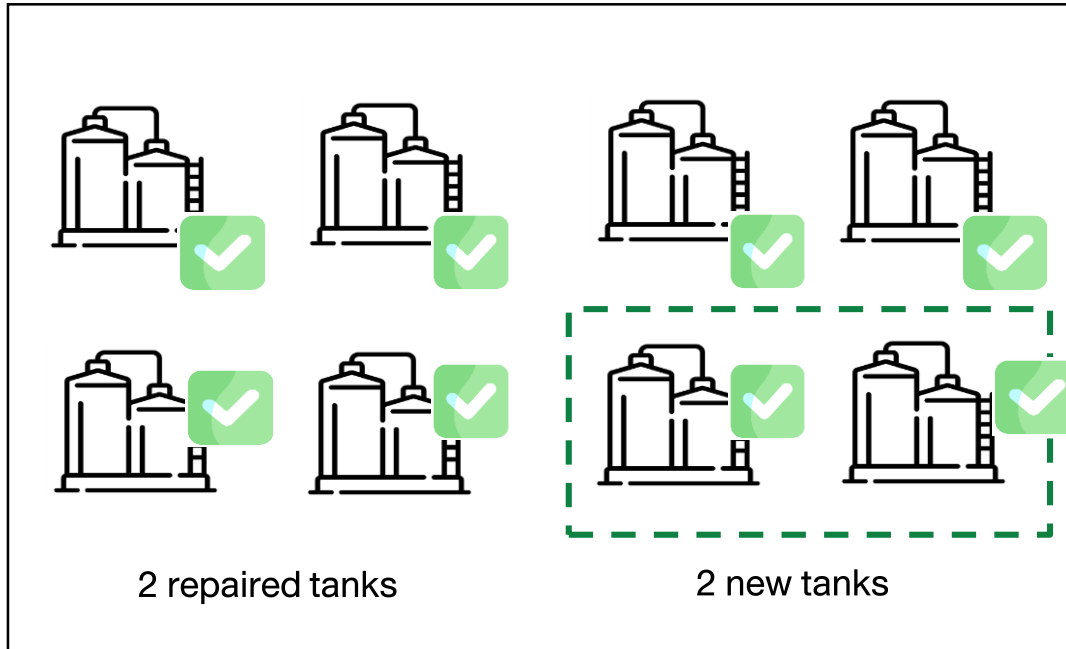
# Expense relating to fire incident and insurance claim

- The refinery incurred additional operating expense of Baht 42 million in hiring alternative storage facilities for crude oil, logistic handling and other related expenses attributable to the fire incident in 2018

Loss/(Gain) from the fire incident (Unit: Mil. THB)	2018	2019	Q1 2020	Total YTD
Damaged Assets written off	289.9			289.9
Related expenses to the incident <sup>1/</sup>	68.2	387.1	41.6	496.9
Claims Received		(593.0)		(593.0)
<b>Total YTD</b>	<b>358.1</b>	<b>(205.9)</b>	<b>41.6</b>	<b>193.8</b>

# Status of crude storage of KBC refinery

## Storage tanks were fully operated



- New construction tanks were commissioned on 20<sup>th</sup> March 2020 and 4<sup>th</sup> May 2020, respectively
- Current Rental of Floating Storage Units contract will be due in Aug 2020 with an option to extend for another 6 months

# Q1 2020 – Highlights

## Refinery



- Low utilization rate was due to low international demand as a result of Covid-19 and Chinese New Year festival
- Refinery shut down for 36 days due to Covid-19

## Domestic Market



- Low sales volume was due to 2020 government budget delay from Q4 2019 to Q2 2020

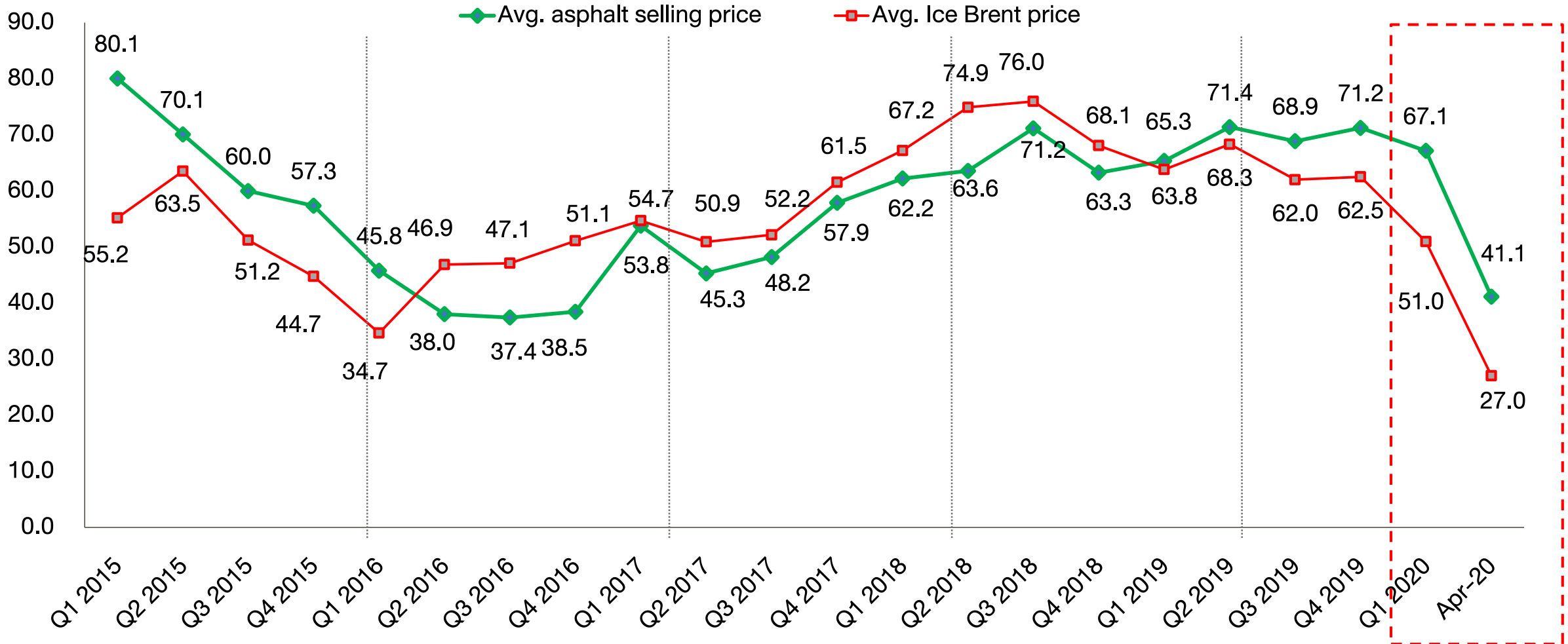
## International Market



- Covid-19 pandemic results in postponement of sales volume in China and less volume in Malaysia

# Asphalt Selling Price vs. Ice Brent Price

Unit: USD/barrel

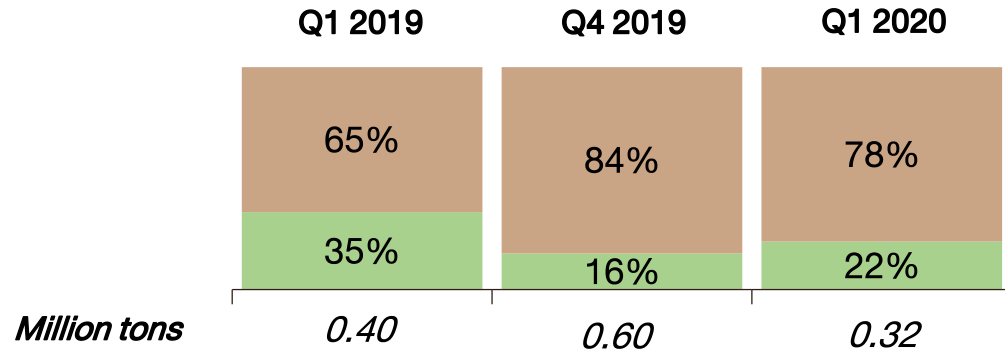


# Highlights : Asphalt Volume & Asphalt Revenue Structure

## Asphalt sales volume by market

Unit: %

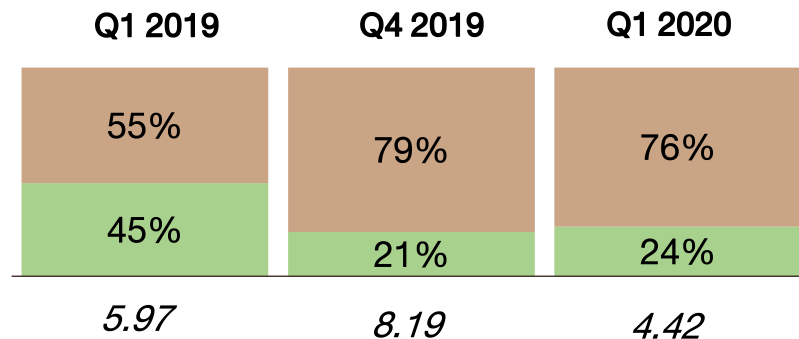
■ Domestic ■ International



## Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %

■ Domestic ■ International



## Main International Markets

Ranked by % proportion of total sales volume



Vietnam



China



Indonesia









Australia



Malaysia

# Covid 19 impact on each country

	Lockdown	Impact
China 	25 Jan - 17 Feb	<ul style="list-style-type: none"> <li>• Sales volume postponed to Q2 and Q3 2020</li> <li>• Normal high sales volume in Q2 2020 will also be affected</li> </ul>
Malaysia 	18 Mar – 9 June <ul style="list-style-type: none"> <li>• KBC refinery can operate</li> </ul>	<ul style="list-style-type: none"> <li>• No domestic sale from mid Mar till 12 May 2020</li> <li>• Business as usual for export sales</li> <li>• Shut down due to Covid-19</li> </ul>
Vietnam 	1 – 22 Apr <ul style="list-style-type: none"> <li>• border lockdown</li> </ul>	<ul style="list-style-type: none"> <li>• None (business as usual) but most of staff at HO has to work from home</li> </ul>
Indonesia 	24 Apr – 1 Jun <ul style="list-style-type: none"> <li>• lockdown in Jakarta</li> </ul>	<ul style="list-style-type: none"> <li>• None (business as usual) but most of staff at HO has to work from home</li> </ul>
Cambodia 	No lockdown	<ul style="list-style-type: none"> <li>• None (business as usual)</li> </ul>
Thailand 	26 Mar – 31 May <ul style="list-style-type: none"> <li>• Emergency Decree</li> <li>• Partial lockdown</li> </ul>	<ul style="list-style-type: none"> <li>• None (business as usual)</li> <li>• Impact was due to 2020 budget disbursement delay by 6 months</li> </ul>

# Outlook

## Refinery



- Refinery ramp up production in response to demand recovery from the relaxation of Country lockdown

## Domestic Market



- Demand entering peak season due to 2020 government budget disbursement since April 2020

## International Market



- Key markets recovering due to improvement on Covid-19 situation





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