

Tipco Asphalt Public Company Limited

2-2015 Bank Meeting

Performance & Acquisition

26th November 2015

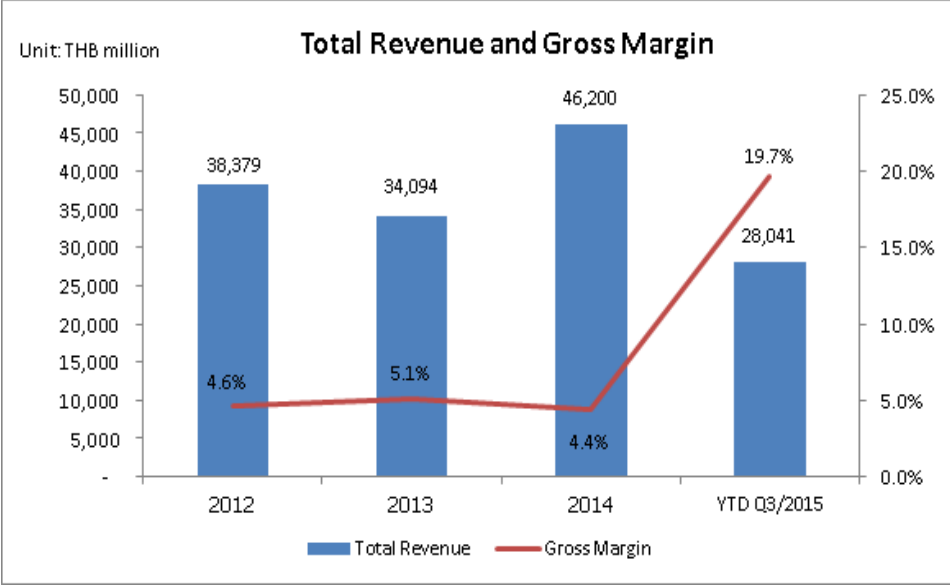
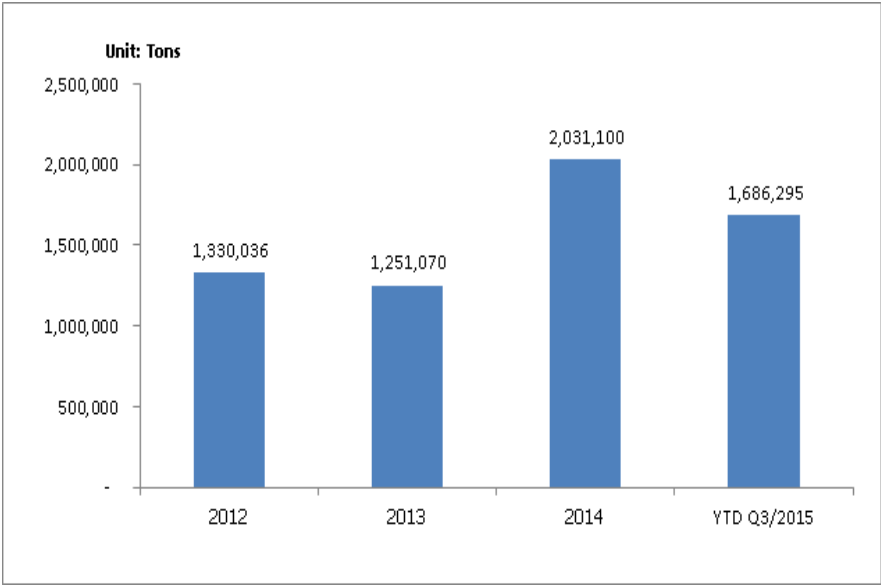


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Tipco Asphalt Public Company Limited

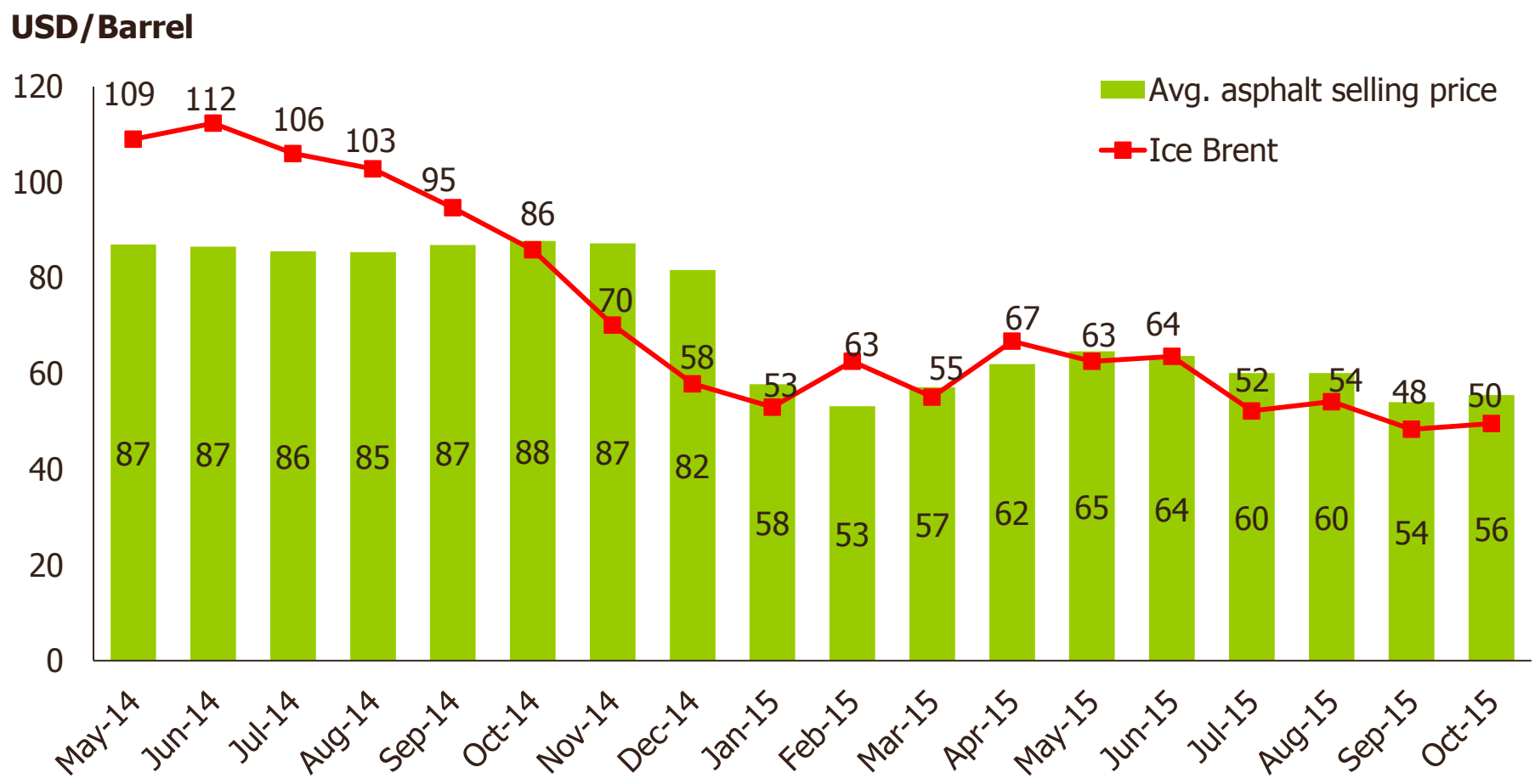
- 1 Performance Highlights
- 2 YTD 2015 Highlights and Outlook
- 3 2020 Mission / Vision
- 4 Acquisition of Business
- 5 Q & A

Performance Highlights: Sales volumes vs Revenue and Gross margin

- Total asphalt sales remained high due to strong demand in both domestic and export markets
- Revenue was dropped due to the decrease in selling price. Stable selling price, lower crude cost and efficient hedging resulted in high gross margin



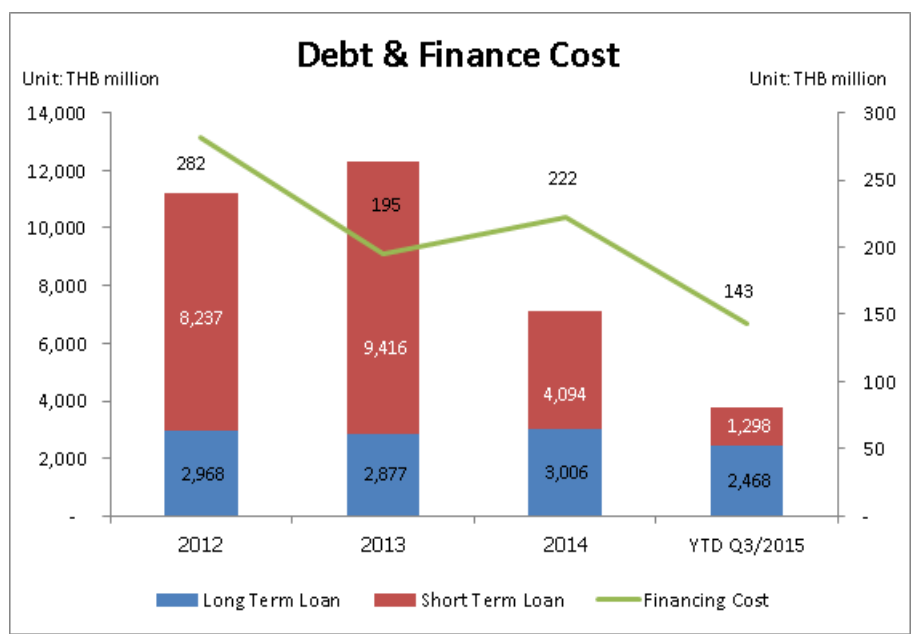
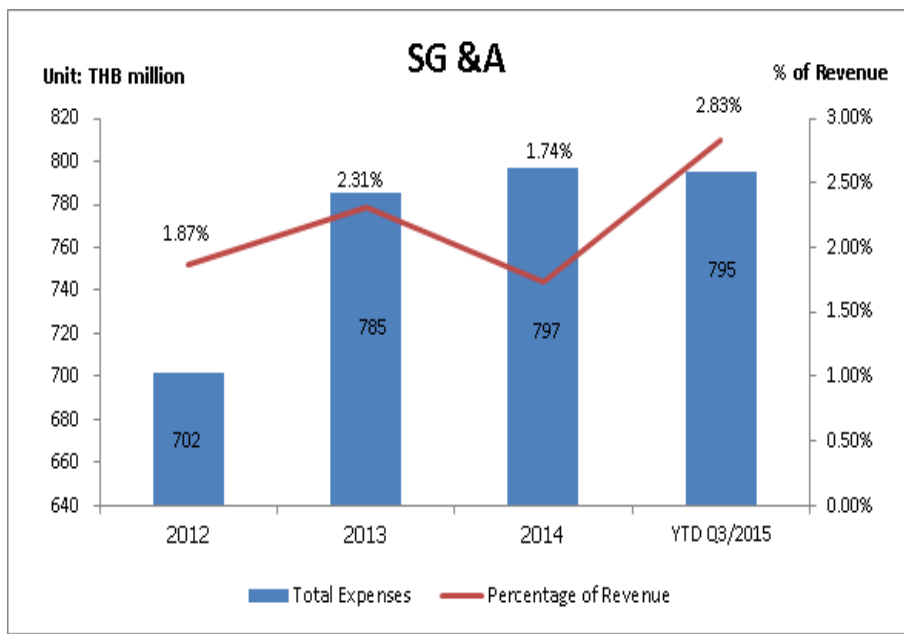
International asphalt market selling price vs ICE Brent



- Asphalt prices moved in line with crude price

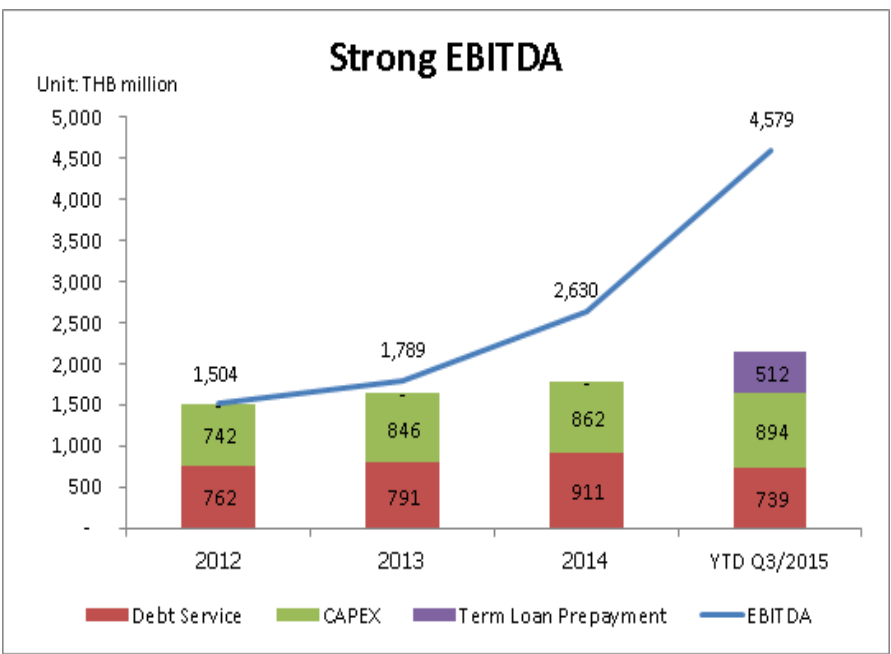
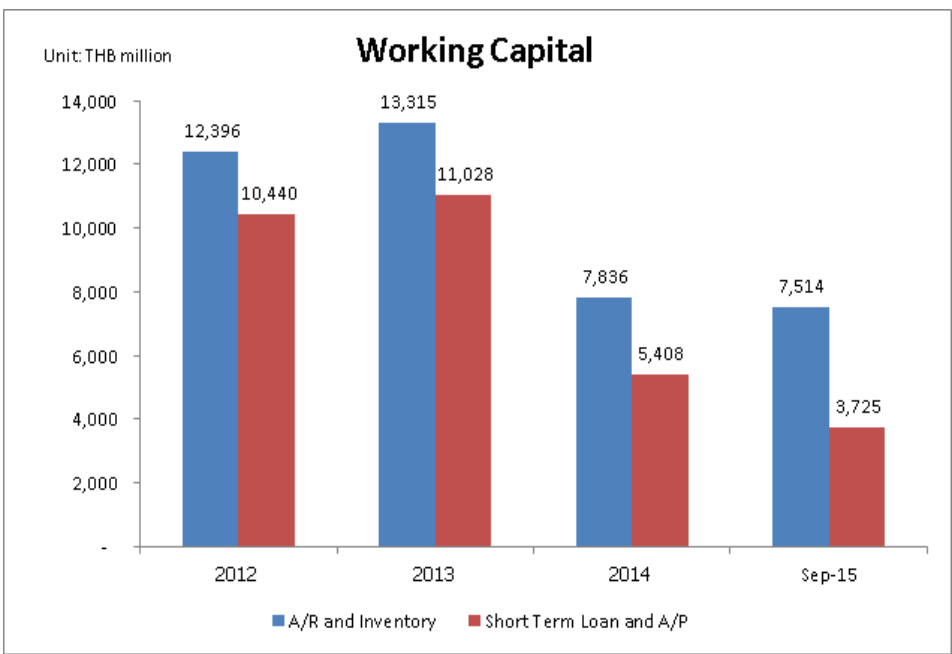
Performance Highlights: SG & A expense VS Financing cost

- Administrative expenses increased due mainly to one time major vessel repair expenses
- Decrease in financing cost was due to improvement of net cash position in terms of lower short term loan and prepayment of long term loan



Performance Highlights: Financing

- Liquid assets is more than adequate to fund the revolving short term loan
- Very strong EBITDA to cover debt service obligations and self-financing for investment, including prepayment of long term loan



Crude



- Brent price moved in range between 50-70 USD/bbl
- Procure more crude cargoes under long term crude supply agreement to support export sales

Refinery



- 80%-90% refining utilization with 99.8% reliability, and will remain at this level in Q4 2015
- Benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

Marine



- Long term chartered in three asphalt vessels
- 12 asphalt vessels employed full time
- Order new build 12,000 D.W.T. asphalt vessel
- Tightness of asphalt vessel availability still continue

Domestic Market



- Strong government budget disbursement during 9M 2015
- 35% sales volumes growth for 9M 2015 compared to 9M 2014
- With strong 2016 fiscal budget, Q4 domestic sales volumes is expected to be strong and will continue in 2016

International Market



- 28% sales volumes growth for 9M 2015 compared to 9M 2014
- Main international markets: China, Indonesia, Malaysia, Vietnam, and Australia
- High gross profit margin on Asphalt Cement in international market due to stable asphalt price and low crude cost
- JV with SK in Singapore started smoothly in April 2015 with good profit
- Overall international volumes still maintain while Indonesian and Vietnam markets show strong growth



FitchRatings

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

FTSE SET INDEX SERIES

TASCO-FTSE SET Mid Cap Index

VERY GOOD



CORPORATE GOVERNANCE SCORE



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2015

2020

Mission

A well-recognized leading asphalt focused company in Asia Pacific



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

Vision

To distribute 2 million tons of asphalt products by 2015 and be the key contributor to the success of all stakeholders while maintaining the highest Corporate Social Responsibility at all time.



To distribute **6 million tons** of asphalt and petroleum products **across 5 continents** by 2020 in a sustainable and responsible manner

9 key strategies

S1

S2 Adequate funding

S3

S4: Expand and grow businesses (existing)

S5: Explore new businesses

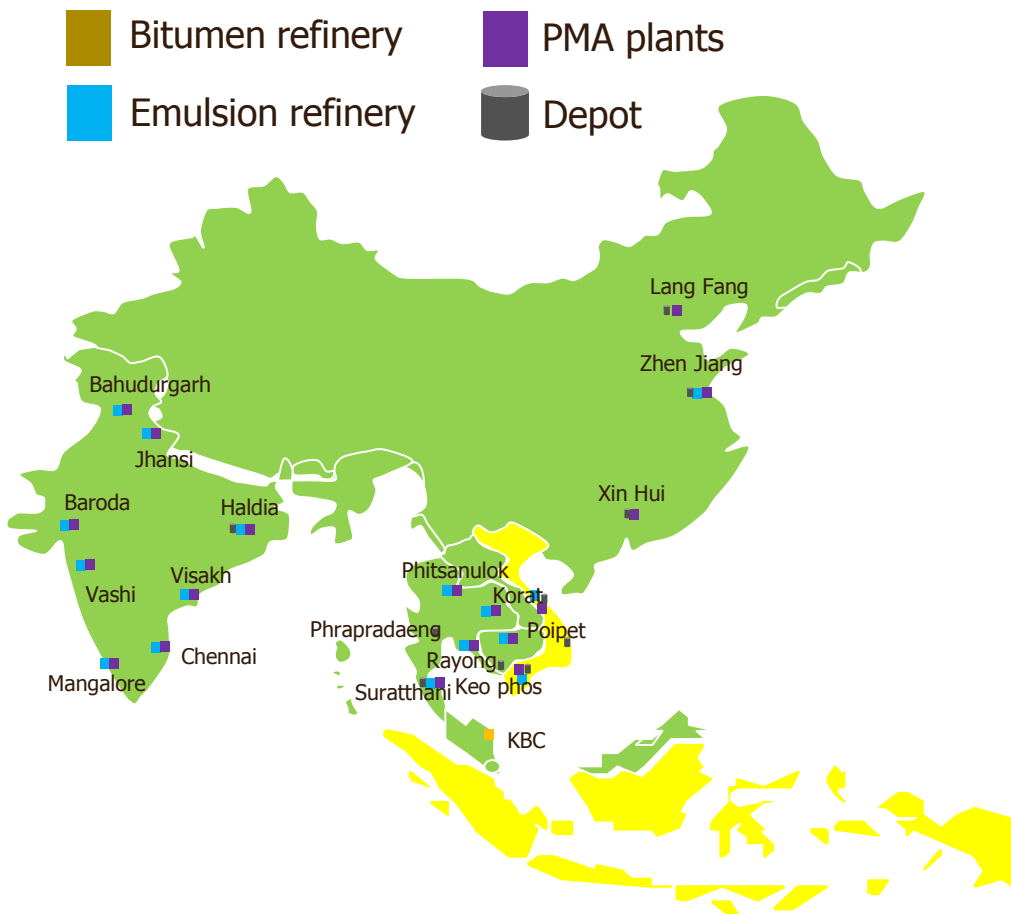
S6:

S7: KBC refinery upgrading

S8:

S9:

Vietnam and Indonesia are the “Missing Jigsaws”



- Currently, Tipco Asphalt has strong local presence in Thailand, Malaysia, Cambodia, Laos, China, and India
- The Company has almost 90% local market shares in Laos and high market share in Cambodia
- Despite Indonesia and Vietnam are big market, Tipco Asphalt has only approximately 10.0% and 19.0% market shares in 2014 through import into Vietnam and Indonesia, respectively
- Expansion in local Vietnam and Indonesia markets are necessary to achieve 2020 mission
- Also, asphalt vessels fleet expansion is required

Vietnam and Indonesia are strong growth countries



	Vietnam	Indonesia
Country direction	<ul style="list-style-type: none">Plan to connect strategic social economic zones and citiesMoT plans to construct 2,347 km express ways	<ul style="list-style-type: none">Focus on infrastructure development by connecting among six economic corridors
2015 – 2019 expected Real GDP growth ^{1/}	5.7%	6.0%
Expected asphalt demands ^{2/}	2009: 435 KT 2013: 463 KT 2020E: 922 KT 2034E: 2,401 KT CAGR = 7.07%	2009: 1,200 KT 2013: 1,400 KT 2020E: 1,700 KT 2034E: 4,500 KT CAGR = 5.43%

1/ Average of 2015 – 2019 ASEAN real GDP growth is expected to be at 5.6%

2/ 2009 – 2034 Asia Pacific CAGR = 4.99% while expected bitumen sales volume will be 52,000 KT and 104,700 KT in 2020 and 2034, respectively

To penetrate into high growth markets instantly, M&A is more superior to greenfield approach



Vietnam

- Environment
- Top 3 players (including target company) commands 71% market share
 - These players were established more than a decade and have strong relationship with government and construction companies
 - Long lead time for new market entry and limit by availability of proper port facilities



Indonesia

- Top 3 local players (including target company) commands 44% market share
- Challenging to gain large footprint due to the uniqueness of asphalt markets in each island (physical presence and competition)
- Difficult for new market entry due to long lead time to gain approval and start operation

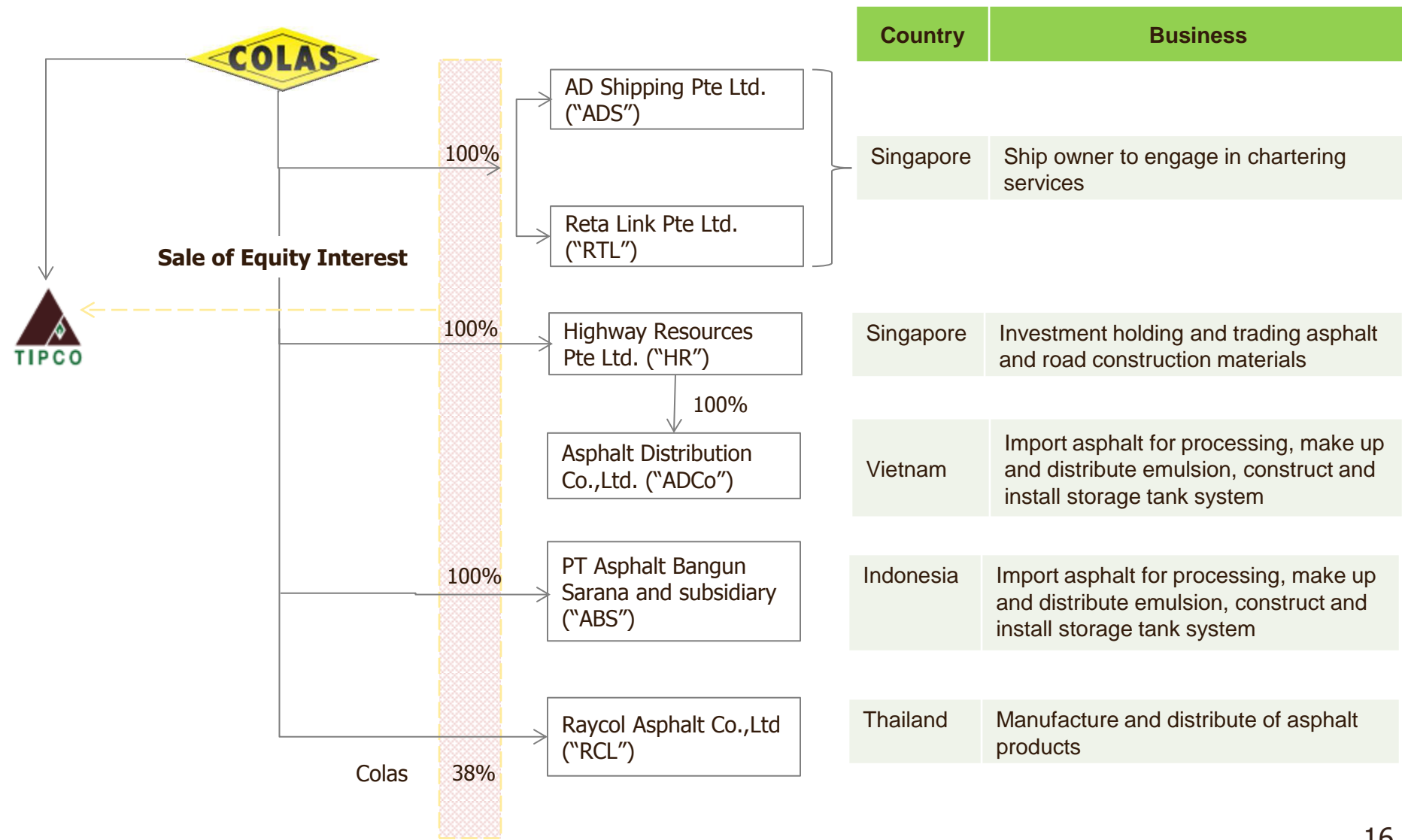
Acquisition Highlight

- BOD approved the final acquisition price is **USD 61.80 million.**

	Acquisition Proportion	Country	Equity Interest (Mil. USD)	Shareholder' Loan (Mil. US
Asphalt Business				
- Raycol Asphalt Co., Ltd. ("Raycol")	38%	Thailand	7.00	
- PT Asphalt Bangun Sarana and subsidiary ("ABS")	100%	Indonesia	9.50	
- Highway Resources Pte Ltd. ("HR") (included Asphalt Distribution Co., Ltd. ("ADCo"), as a subsidiary)	100%	Singapore/ Vietnam	20.00	
Vessel Business				
- Reta Link Pte Ltd. ("RTL")	100%	Singapore	0.80	4.50
- AD Shipping Pte Ltd. ("ADS")	100%	Singapore	12.00	8.00
		Total	49.30	12.50



Overview of the transaction



Target at a glance

Country	Company	Business
Singapore	ADS	Owner of 3,690 tons cargo carrying capacity vessel
	RTL	Owner of 1,713 tons cargo carrying capacity vessel
Vietnam	ADCo	<ul style="list-style-type: none"> • 2nd largest market shares of 22% • Total estimated 2015 asphalt volume at 200 KT • Strong market coverage and distribution network • More than 70 owned trucks • 4 depots, 3 PMA plants, 3 Emulsion plants
Indonesia	ABS	<ul style="list-style-type: none"> • Total estimated 2015 asphalt volume at 90 KT • More than 50 owned trucks • 6 depots, 1 PMA plant, 3 Emulsion plants

Implied Acquisition Multiple

	Price (mm USD)	2015 P/Book	2015 P/E	2015 EV/EBITDA
AD Shipping	12.00	1.15x	9.51x	8.83x
Reta Link	0.80	0.67x	1.57x	5.63x
HR	20.00	1.65x	2.91x	2.76x
ABS	9.50	1.06x	6.87x	5.56x
Raycol	7.00	3.12x	7.00x	4.92x
Total	49.30	1.41x	5.55x	3.91x

2015 figures are based on last 12 months calculation (4Q2014-3Q2015)



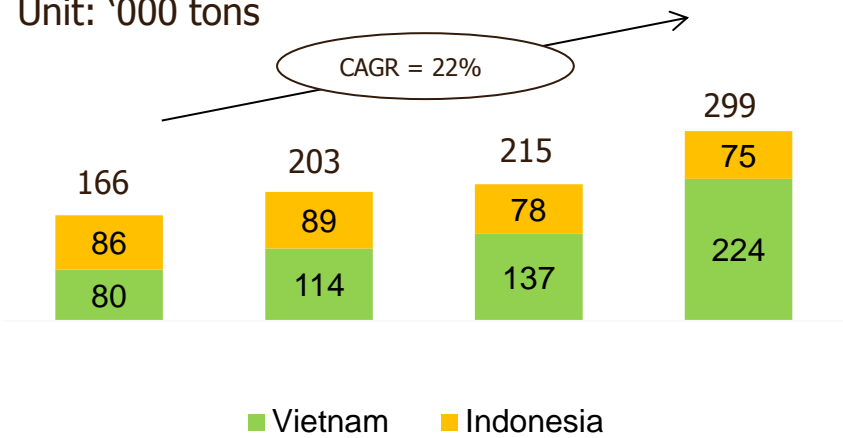
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Strong financial position of Target in Indonesia and Vietnam

Attractive Sales Growth Rate

Sales volume

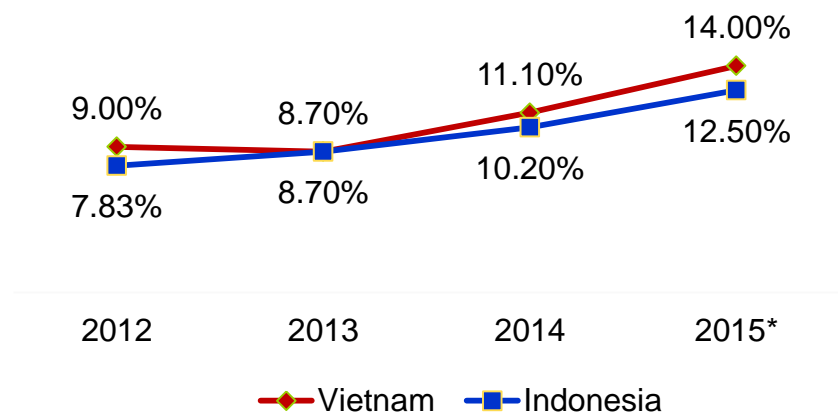
Unit: '000 tons



Continuously Improving Gross Margin

Gross Profit Margin

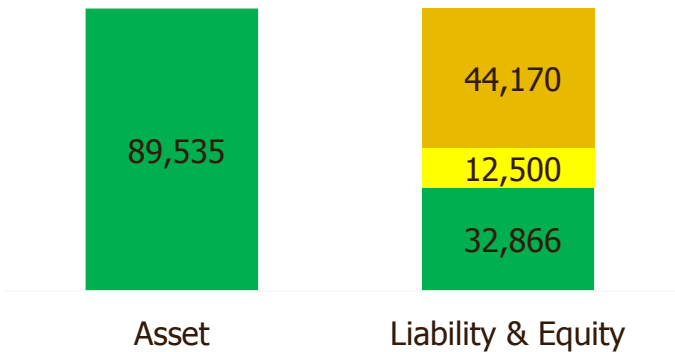
Unit: %



Healthy Balance Sheet 9M2015

Balance sheet

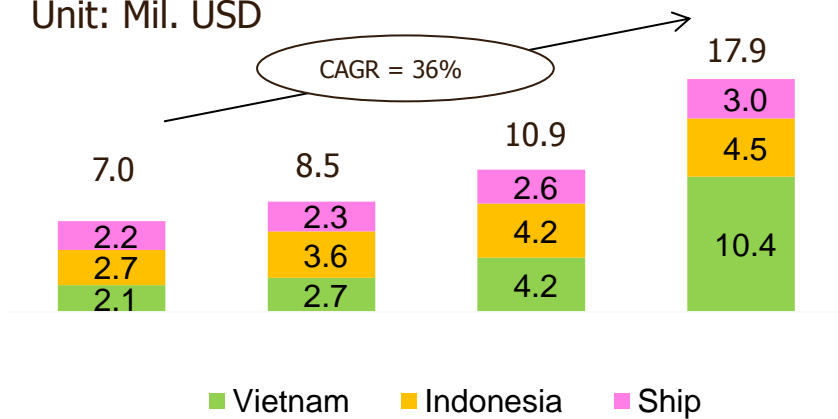
Unit: '000 USD



Strong EBITDA Generation**

EBITDA

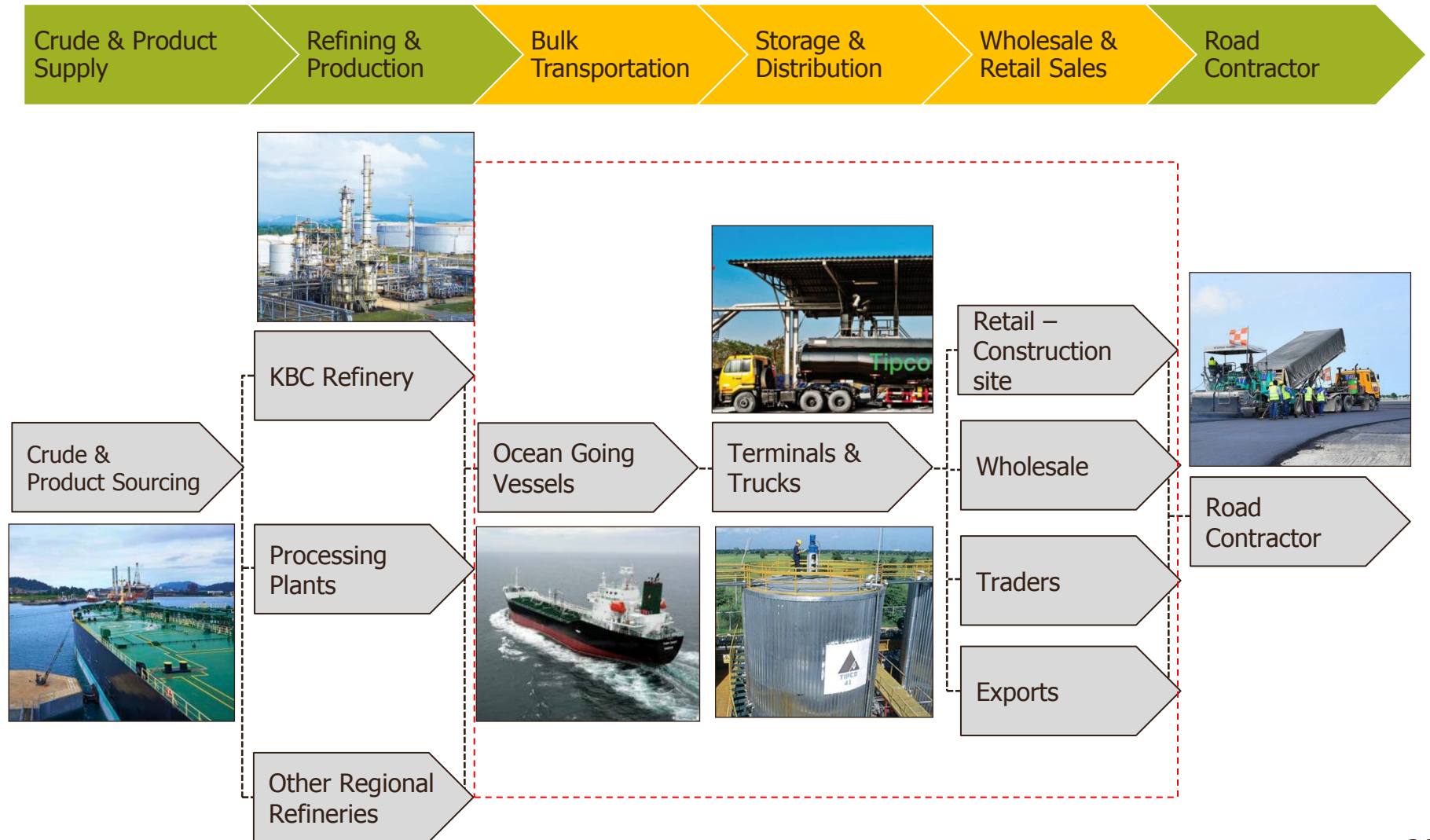
Unit: Mil. USD



* Based on last 12 months

** Technical fee to Colas is added back for Indonesia and Vietnam

After acquisition - A Complete Value Chain in Indonesia & Vietnam – adding 3 more value chains





Thailand

- 2nd largest market shares of 22%
- Strong market coverage and distribution network



10% of supply from KBC to ADCo



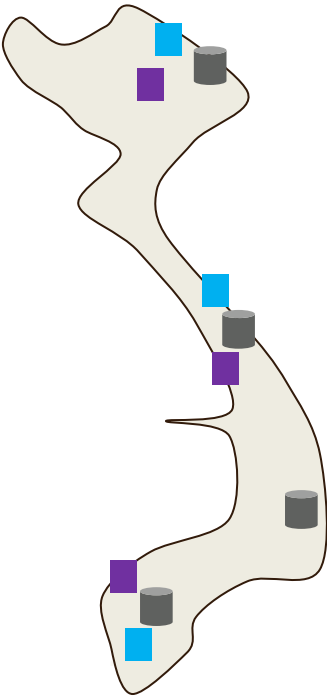
- Account for 9% of market share Vietnam (through other wholesalers)

Vietnam



ADCo facility

- Depot
- PMA Plant
- Emulsion refinery

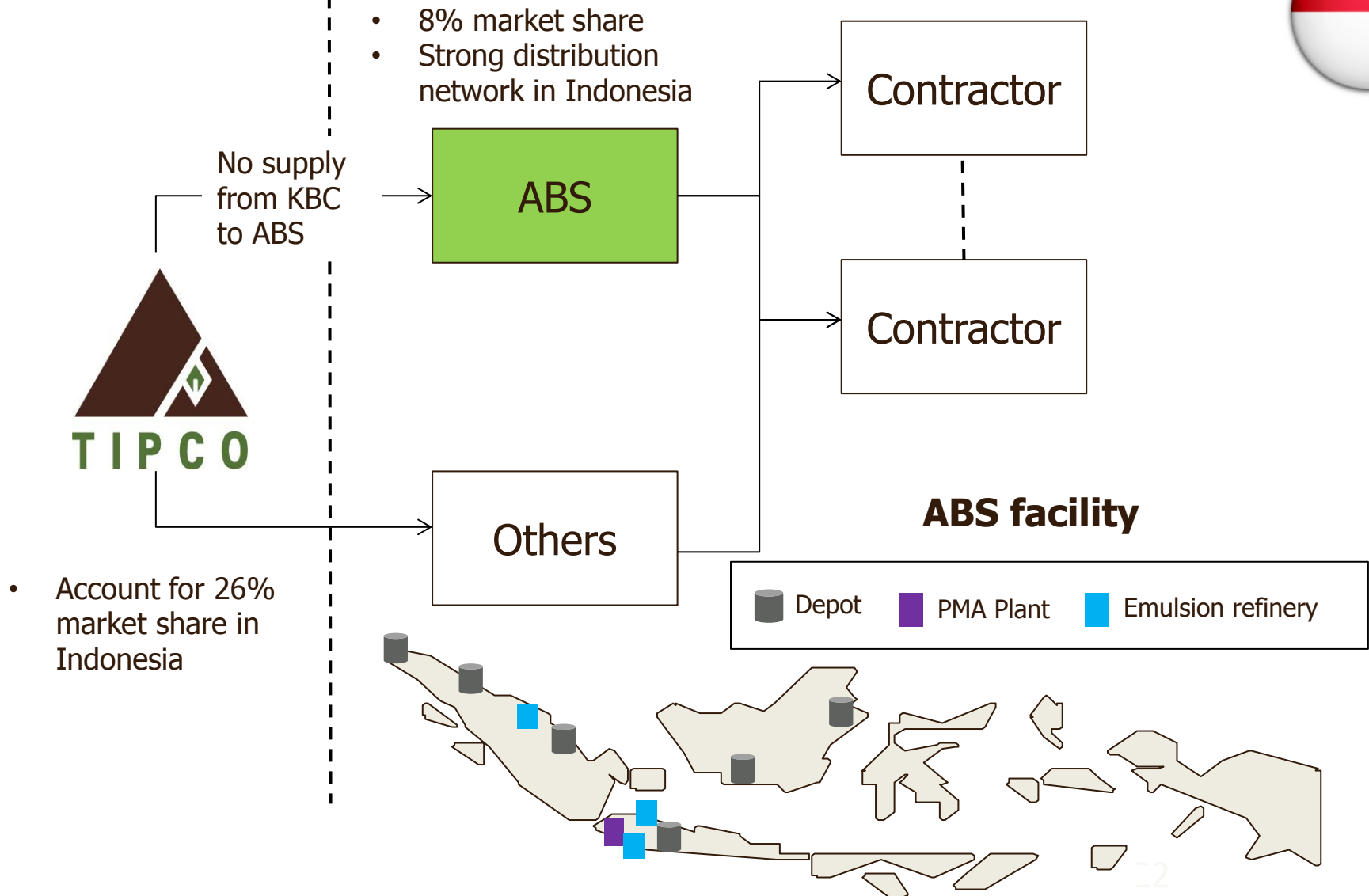


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Thailand

Indonesia



Current

After acquisition

Fleet expansion



No. of ship: 7
Cargo carrying = 26,307 Tons
Average age = 12.7

No. of ship: 9
Cargo carrying = 31,710 Tons
Average age = 12.0

Market expansion – incremental 290 KT



100 KT

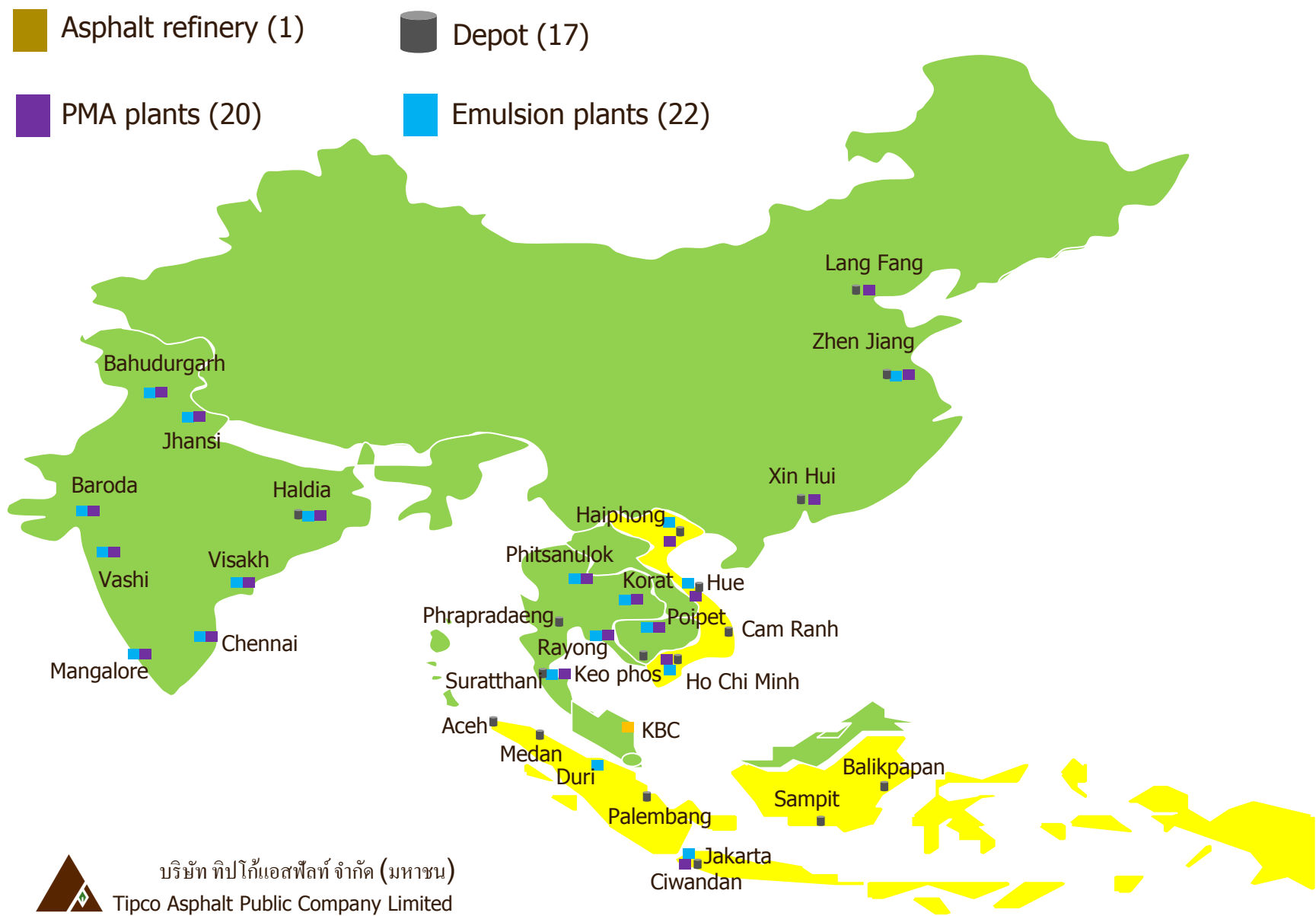
300 KT



300 KT

390KT

After acquisition - ASIA Territory



After acquisition – Expand in all areas

	Current	ADS	RTL	ADCo	ABS	After acquisition
Refinery	1	-	-	-	-	1
AE plant	14	-	-	3	3	20
PMA plant	16	-	-	3	1	20
Depot	7	-	-	4	6	17
Truck	273	-	-	70	50	393
Vessel	7	1	1	-	-	9
Employees	1,072	1	1	207	167	1,448

- Grow TASCOT asphalt sales by 15% immediately (approximately 290,000 ton)
- Allow refinery to run at full capacity at all time
- Become Indonesia and Vietnam leading domestic player
- Enjoy significantly wider integrated margin (both at Tipco and local level)
- Get closer to our end customers in both Vietnam and Indonesia
- Expand premium products market (using our experience in Thailand)
- Take advantage of 2015 AEC
- Eliminate conflict of interest with strategic partner

THANK YOU and Q & A SESSION



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