

# Tipco Asphalt Public Company Limited (TASCO)

## KGI Corporate Day

4<sup>th</sup> July 2016



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)  
Tipco Asphalt Public Company Limited

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Q1 2016 Financial performance

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Q1 2016 Highlight

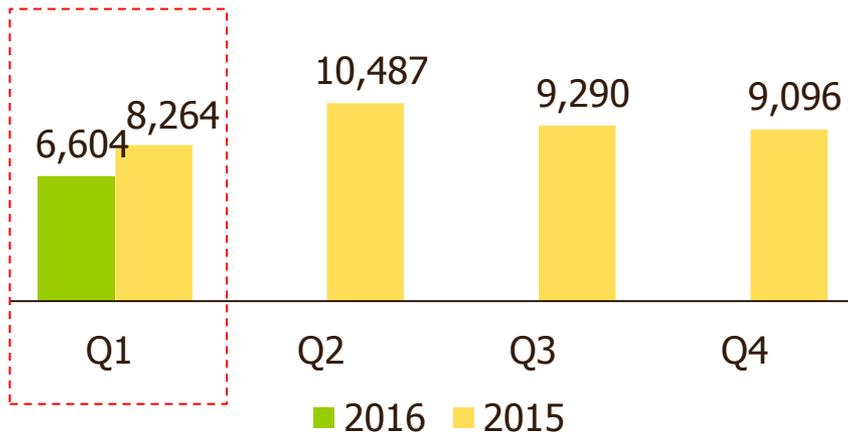
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Q2 2016 Outlook and company update

# Q1 2016 Financial Performance : Sales & Services Revenue vs. Sales Volume

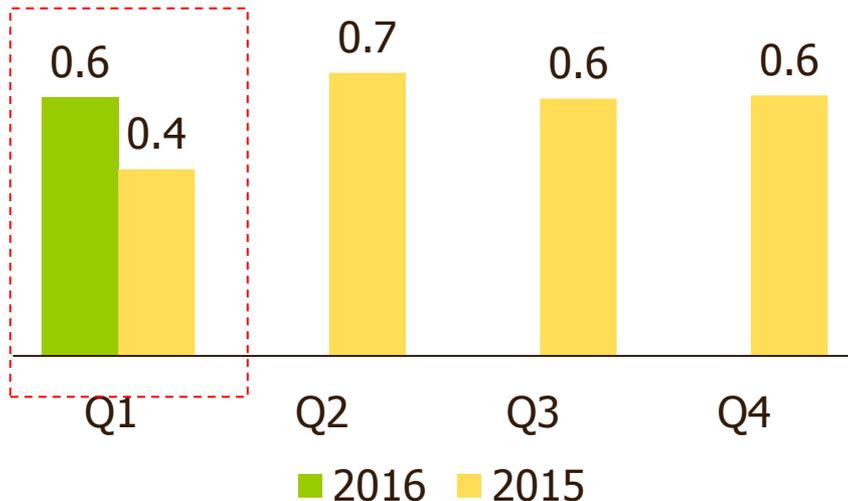
## Sales & Services Revenue

Unit: Mil. Baht



## Sale Volume

Unit: Mil. Ton

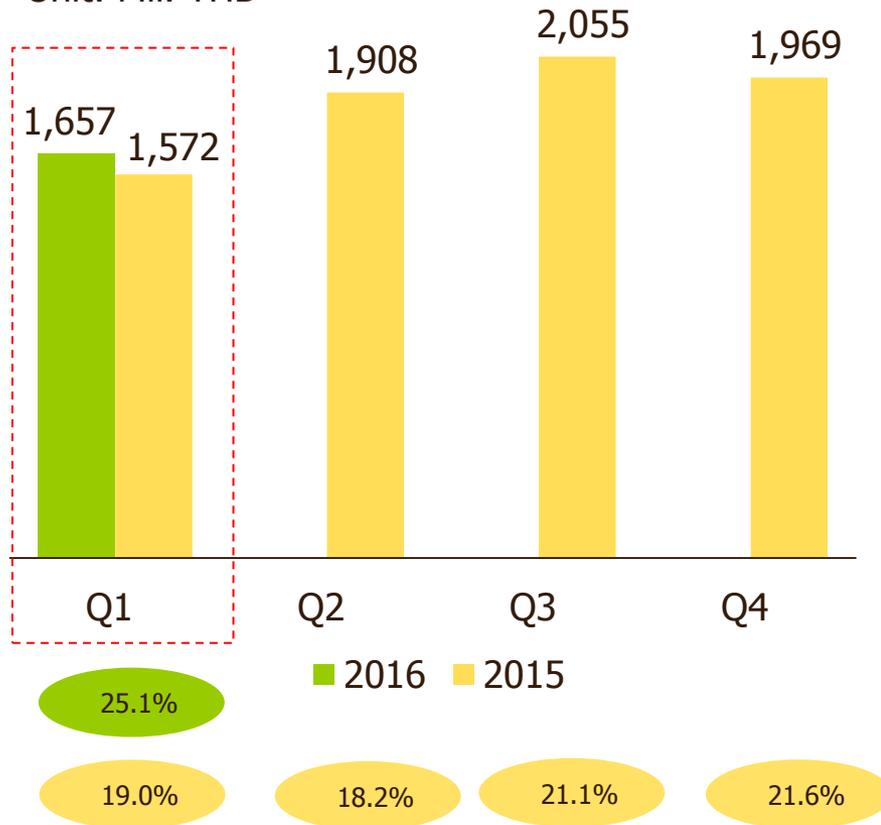


- Sales and services stood at Baht 6,604 million, reflecting a decrease of 20% from the same period of last year.
- This decrease was mainly attributable to the drop in selling price during 1<sup>st</sup> quarter of 2016.
- Nevertheless, sales volume increased by 38.5% comparing to corresponding quarter in 2015 because of strong demand in both export and domestic market.
- As a consequence, the Group's operations in refinery, logistic and customer support services were operating at high level of efficiency.

# Q1 2016 Financial Performance : Operating Gross Profit

## Operating Gross Profit

Unit: Mil. THB

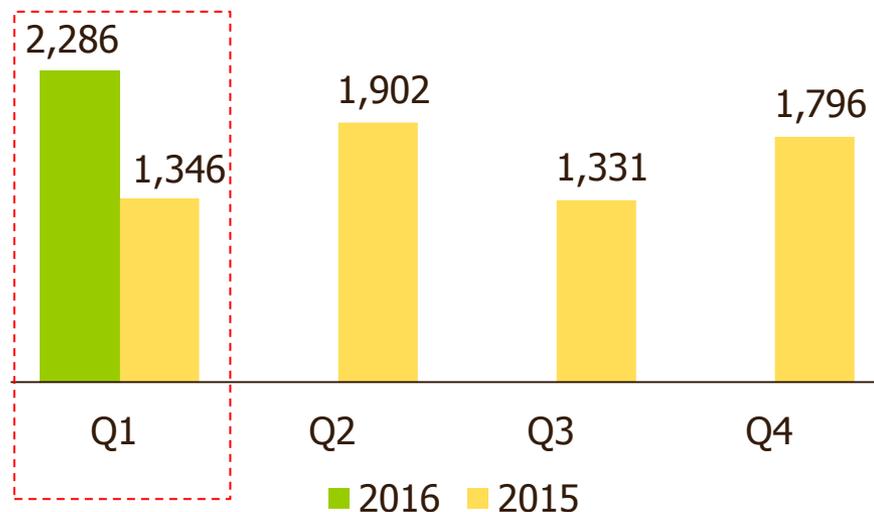


- Cost of sales and services in the 1st quarter 2016 stood at Baht 5,211 million or 78.90% (85.34% for corresponding quarter in 2015) of sales and services before allowance for diminution in value of inventory and hedging.
- The improvement of gross profit margin was mainly due to increase of asphalt products sales, while crude cost remained low in the range of \$27-40/bbl. In addition, the company had a hedging gain of Baht 121 million including reversal of net realizable value (NRV) provision of Baht 144 million on inventory.
- 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.

# Q1 2016 Financial Performance : EBITDA & Net Profit

## EBITDA

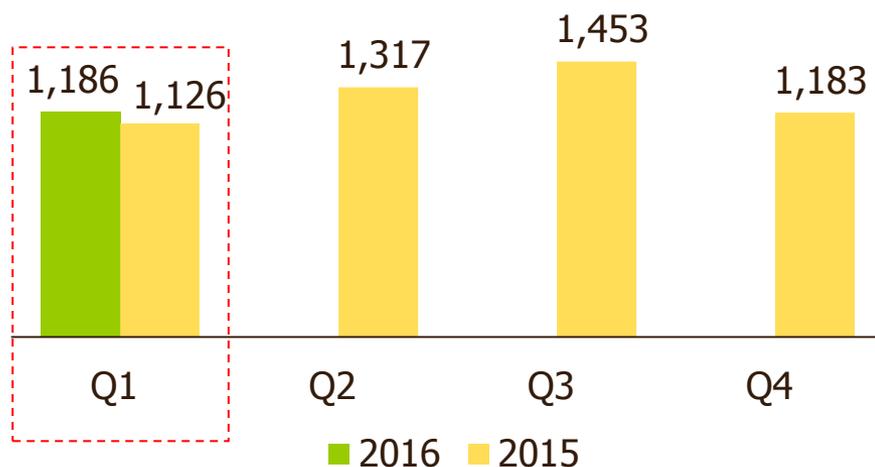
Unit: Mil. THB



- Group cashflow generated from operations improved significantly to Baht 2,286 million compared to Baht 1,346 million in corresponding period in 2015. The main increase was from the unrealised hedging gain of Baht 895 millions in December 2015 but settled in January 2016.

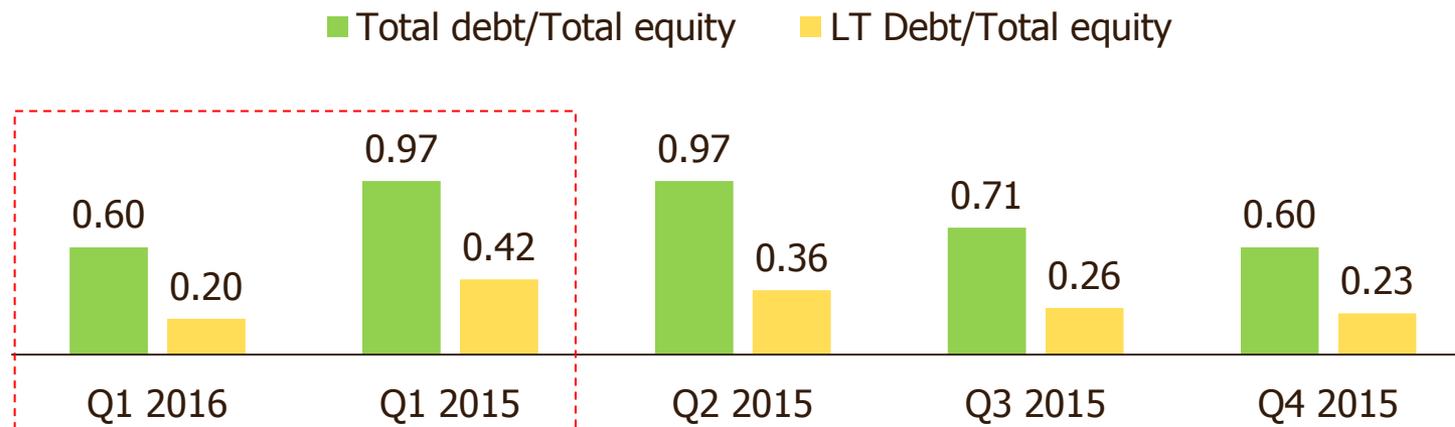
## Net Profit After Tax

Unit: Mil. THB



- Net Profit After Tax of Baht 1,186 million for the 1<sup>st</sup> quarter 2016 represented earning per share of Baht 0.77 (par value of Baht 1 each) compare to Baht 0.73 per share in corresponding quarter of 2015.

## Debt/Equity Ratio

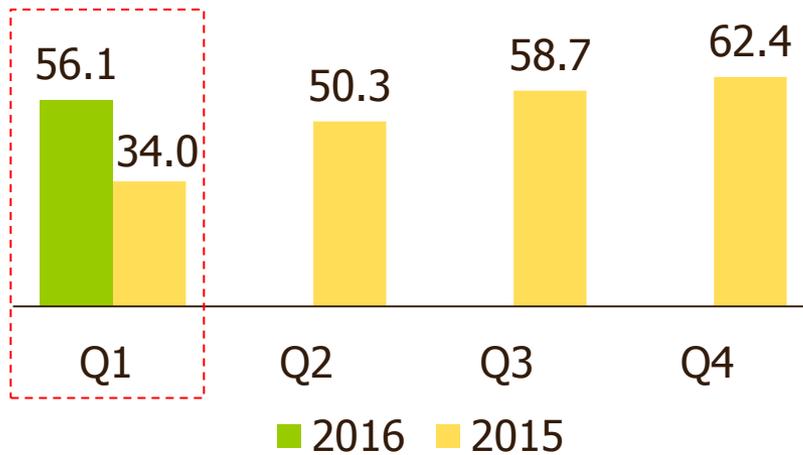


- Group consolidated debt to equity ratio (D/E ratio) remained at 0.60, lower than D/E ratio of Q1 2015 despite of additional of Baht 1.2 billion total liability from the newly acquired companies

# Q1 2016 Financial Performance : Key Ratios and Historical Dividend

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

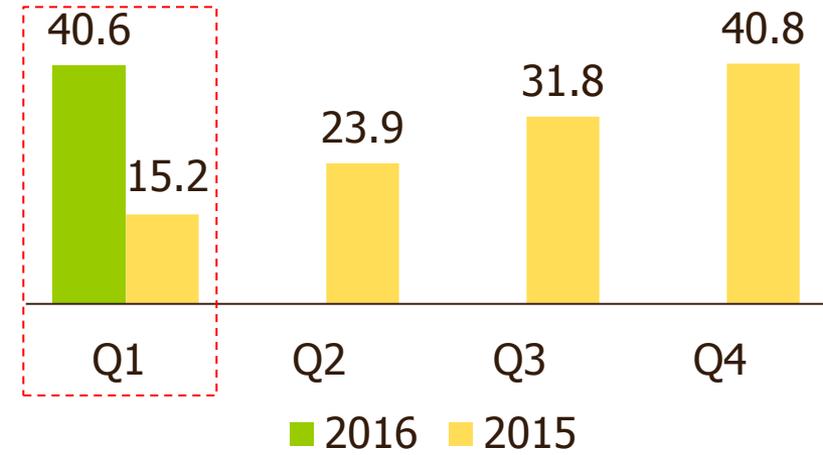
Unit: %



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

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

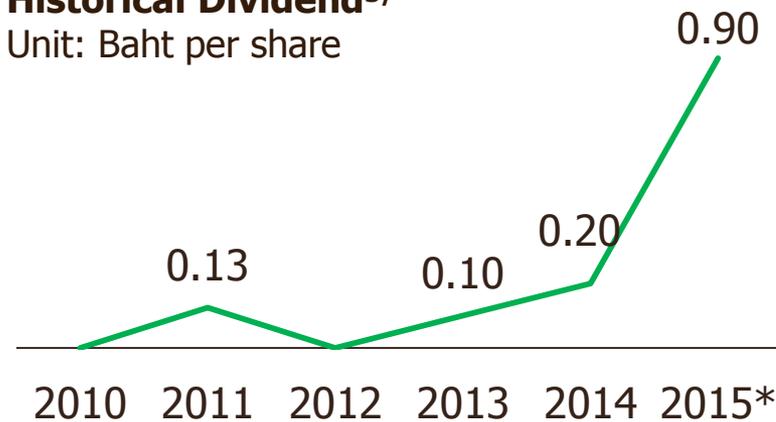
Unit: %



2/ Return is based on profit before interest and tax

## Historical Dividend<sup>3/</sup>

Unit: Baht per share



3/ Interim Dividend: Baht 0.2 per share paid in Sep 2015 + Baht 0.3 per share in Dec 2015 + Final Dividend: Baht 0.4 per shares in Apr 2016

## Crude



- Brent price increased from USD36 from January to USD40 per barrel at the end of March

## Refinery



- High refining utilization and 99.8% reliability
- Import asphalt from KBC refinery to serve Thailand market

## Marine



- 9 owned and 3 long term chartered-in asphalt vessels
- Total carrying capacity is 47,600 MT

## Domestic Market



- 12% sales volume growth compared to Q1 2015 was due to strong domestic demand
- Healthy gross profit margin was driven by high margin PMA and Asphalt Emulsion sales

## International Market



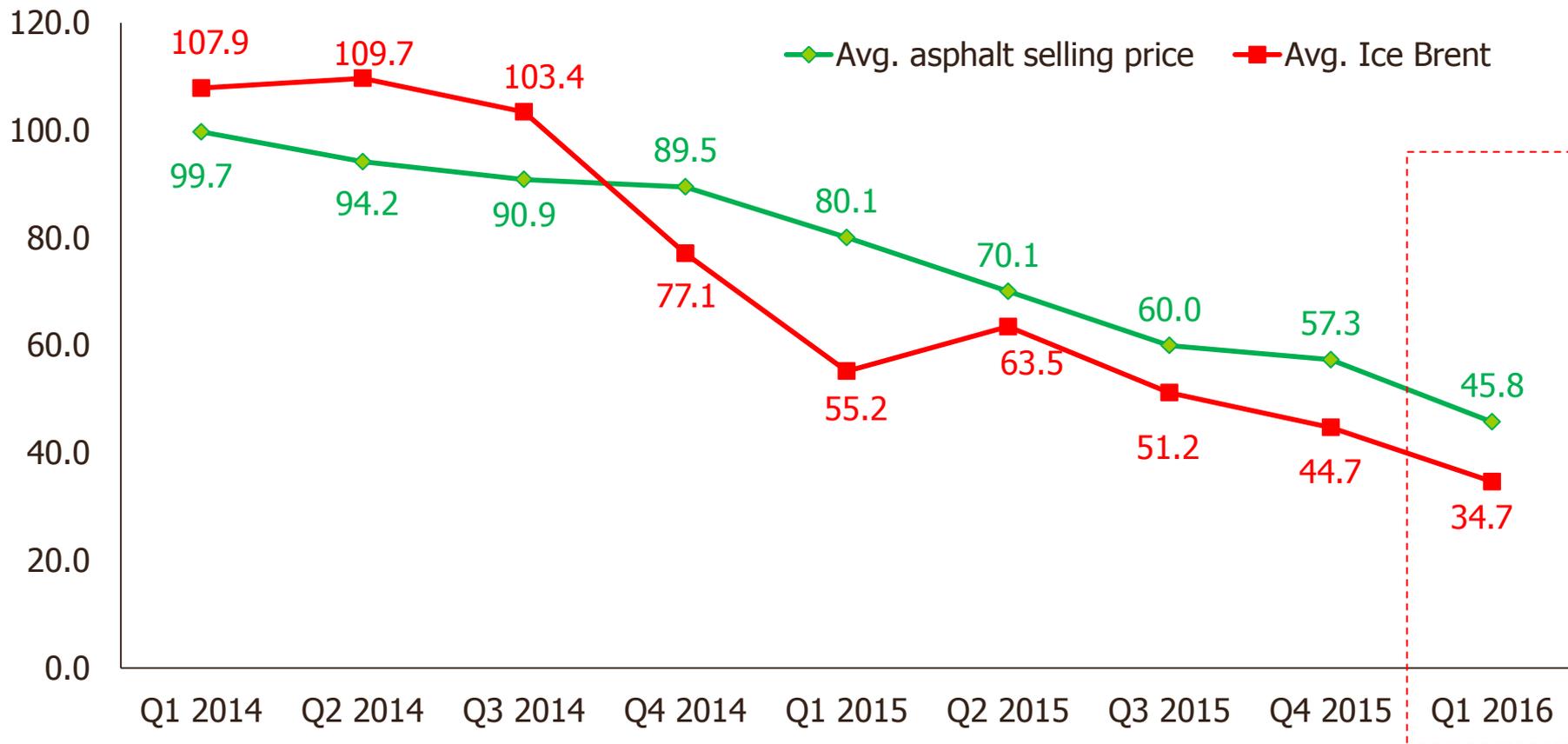
- 53% sales volume growth as compared with Q1 2015
- High growth in contribution from Australia in Q1 2016
- Low Gross profit margin for international market due to low asphalt selling price

## Q1 2016 Highlights: Acquisition of HR and ABS Update

- This acquisition was approved by shareholders in the EGM held on 5<sup>th</sup> January 2016
- The company managed to complete the acquisition for Raycol, HR Group, and ABS on the 12<sup>th</sup> January 2016, 25<sup>th</sup> February 2016, and 28<sup>th</sup> March 2016, respectively
- The purchase considerations were settled on cash generated from the operations
- Under the agreement, Tipco Group shall consolidate all these companies effective from 1<sup>st</sup> of January 2016.
- The Q1 2016 performance was satisfactory from these companies which were within their respective budget 2016.
- The actual integration of these business will start from Q2 2016 throughout the year 2016.

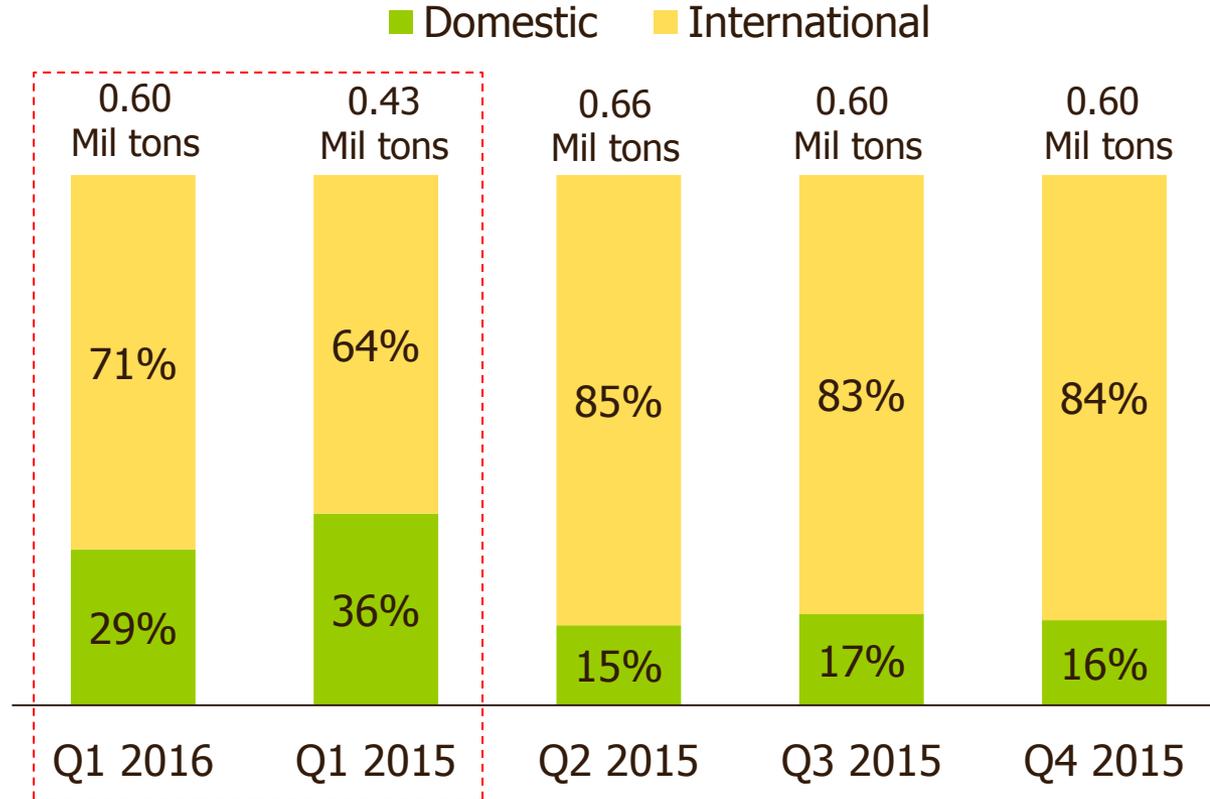
# Q1 2016 Highlights: Asphalt Selling Price vs Ice Brent

**Unit:**  
USD/barrel



## Sales volume concentration by market

Unit: %

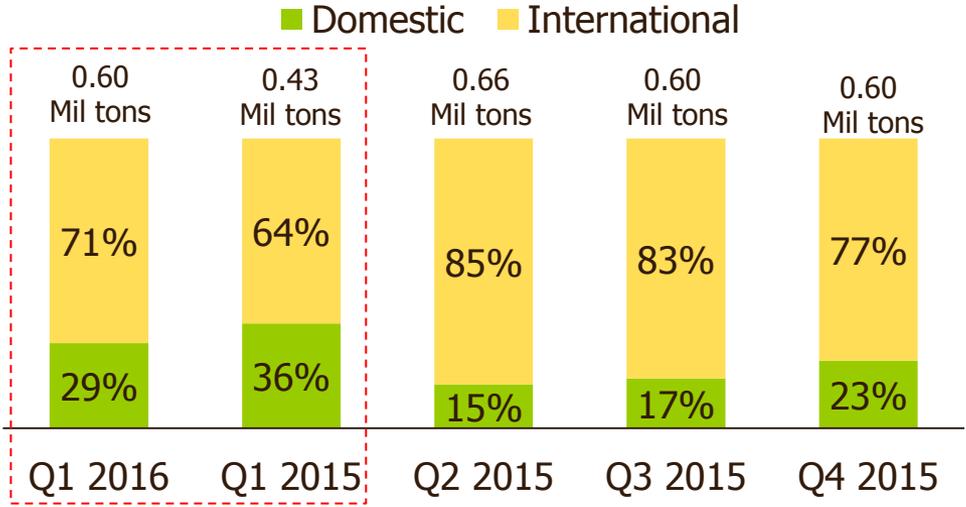


- Domestic played important role in Q1 2016

# Q1 2016 Highlights : Asphalt Volume & Asphalt Revenue Structure

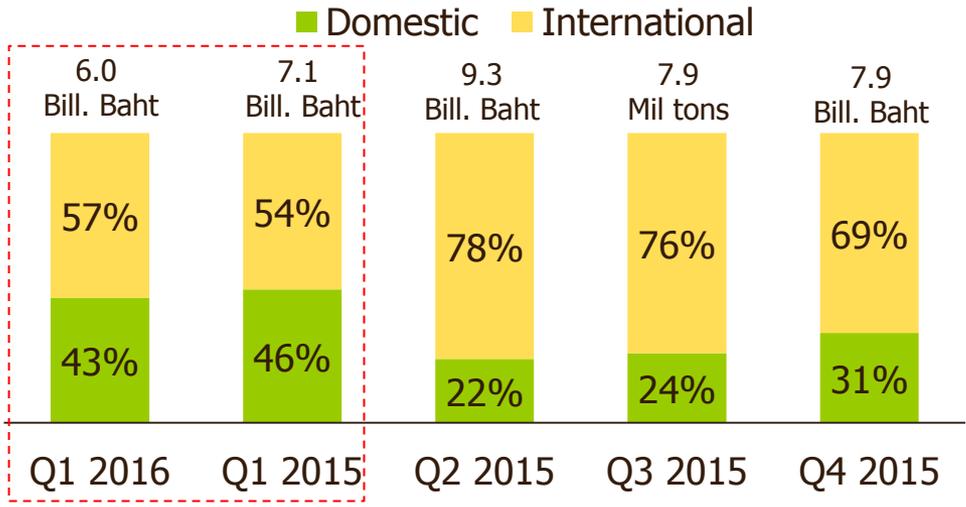
## Asphalt sales volume concentration by market

Unit: %



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

Unit: %



## Main International Markets



China



Australia



Indonesia



Malaysia



India

**Refinery:** Maintain high reliability at 99.8%

**Marine:** Full utilization of 9 owned and 3 chartered-in asphalt vessels

**Domestic:** Fiscal budget allocation still continue for special products such as Para AC and Para AE

**International:**

- China demand will pick up due to working season
- Expect higher demand in Q2 for Vietnam market as its government budget will be released soon after the appointment of new cabinet
- Expect lower demand in Australia, as it is entering into fall/winter in Q2



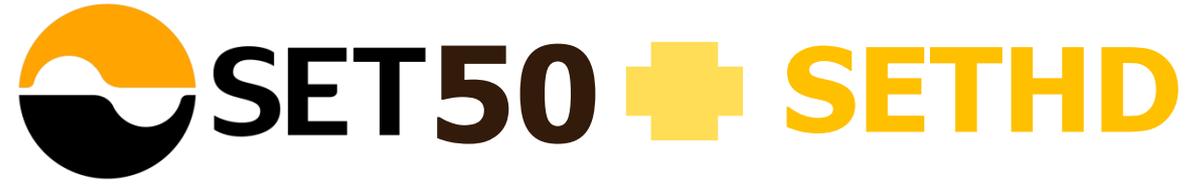
## **Crude:**

- Renew long term crude supply agreement until 2020

## **Company rating:**

- Qualified in ESG100
- Qualified in SET50 and SETHD(High dividend)





Fitch Ratings A- (THA)



# Q&A



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