

Tipco Asphalt Public Company Limited (TASCO)

Meeting with Lynas Capital Limited

13th October, 2016



บริษัท ทิปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

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Q2 2016 Financial performance

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Q2 2016 Highlight

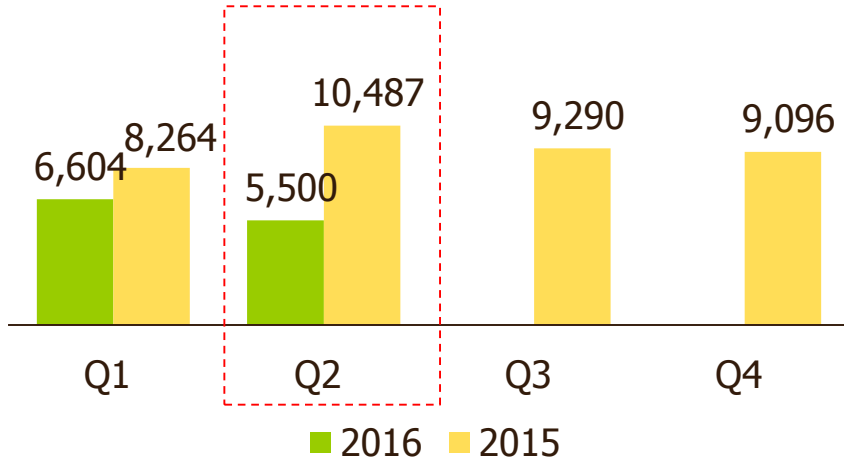
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H2 2016 Outlook

Q2 2016 Financial Performance : Sales & Services Revenue vs. Sales Volume

Sales & Services Revenue

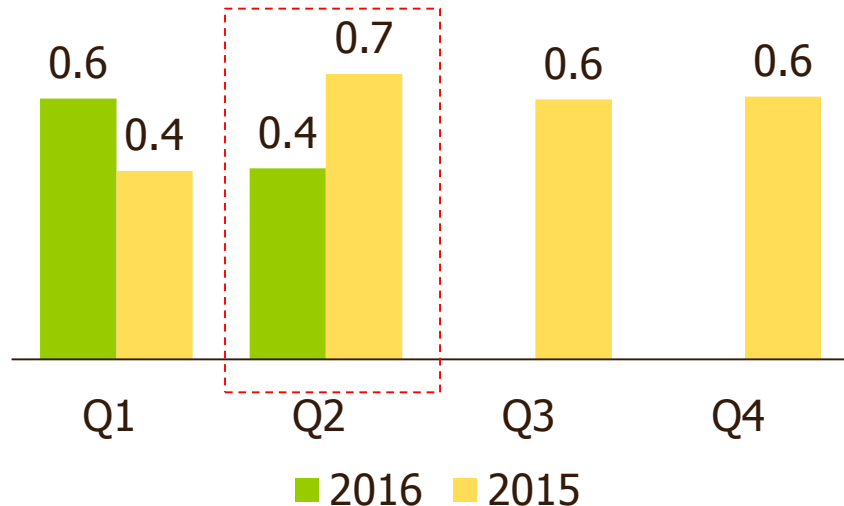
Unit: Mil. Baht



- Sales and services stood at Baht 5,500 million, reflecting a decrease of 47.6% from the same period of last year. This decrease was mainly attributable to the drop in selling price during 2nd quarter of 2016.

Sale Volume

Unit: Mil. Ton

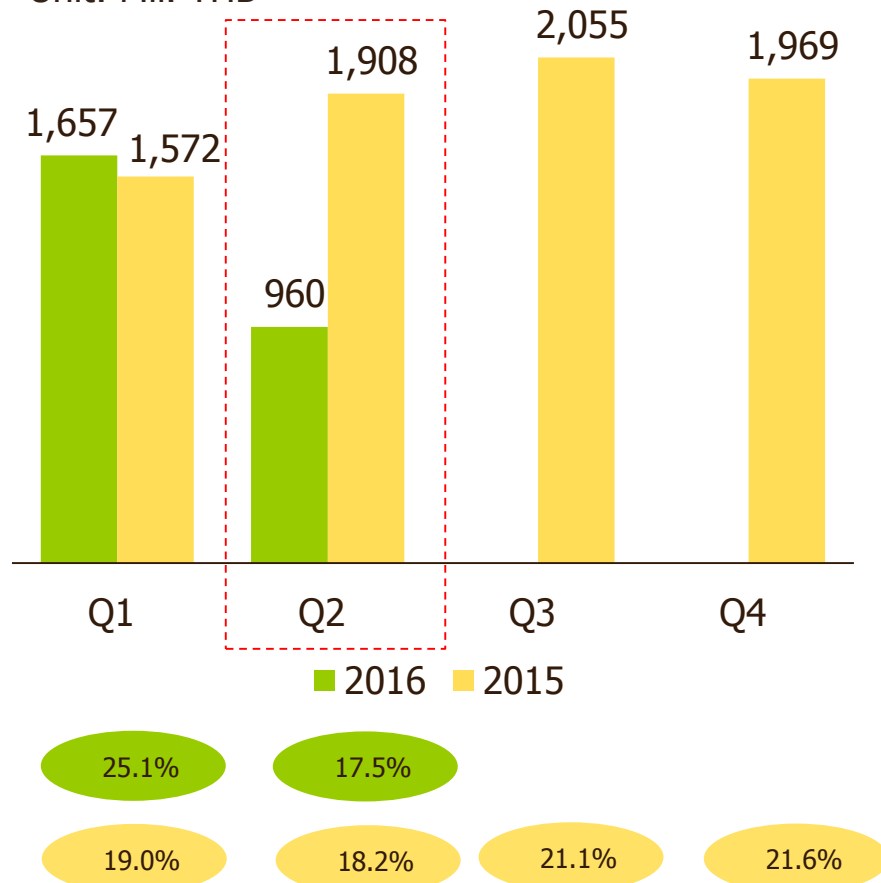


- Nevertheless, sales volumes for asphalt products increase by 12.5% comparing to corresponding quarter in 2015 because demand in the domestic market remains strong in both quarters this year.

Q2 2016 Financial Performance : Operating Gross Profit

Operating Gross Profit

Unit: Mil. THB

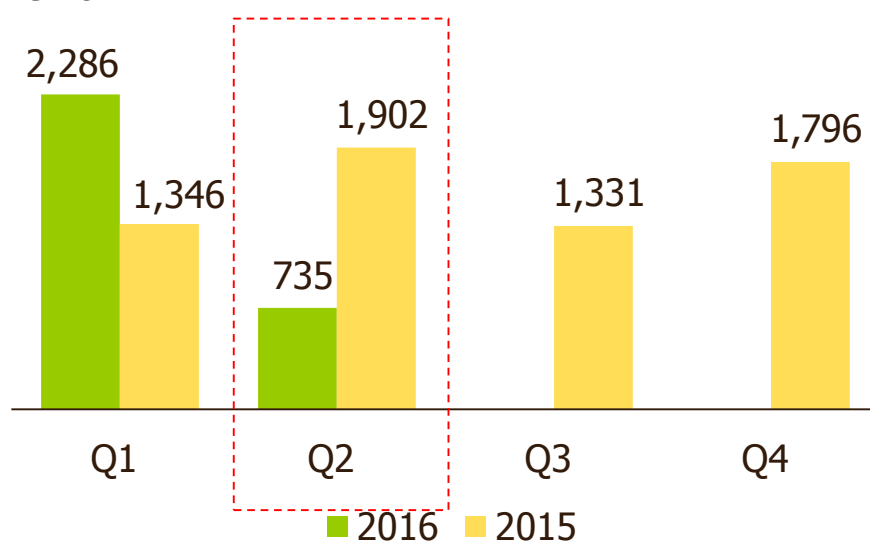


- Cost of sales and services in the 2nd quarter 2016 stood at Baht 4,337 million or 78.87% (78.44% in corresponding quarter in 2015) of sales and services before the allowance for diminution in value of inventory and hedging. The overall lower gross profit margin was due to low asphalt selling price of export market.
- Brent crude price started at USD 36.46 on the first trading day of 2016 but reduced to USD 33.56 in February 2016 and gradually went up to USD 49.71 in June 2016. This resulted in the company incurring a hedging loss of Bath 315 million which was partially offset by the reversal of NRV provision of Baht 113 million and FX gain of Baht 32 million.

Q2 2016 Financial Performance : EBITDA & Net Profit

EBITDA

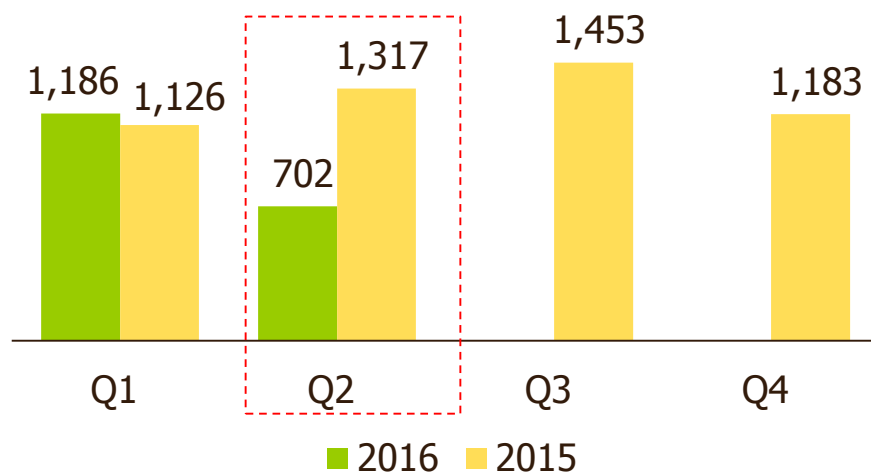
Unit: Mil. THB



- The Group cashflow for half 2016 generated from operations decrease to Baht 3,021 million compared to Baht 3,248 million in corresponding period in 2015.

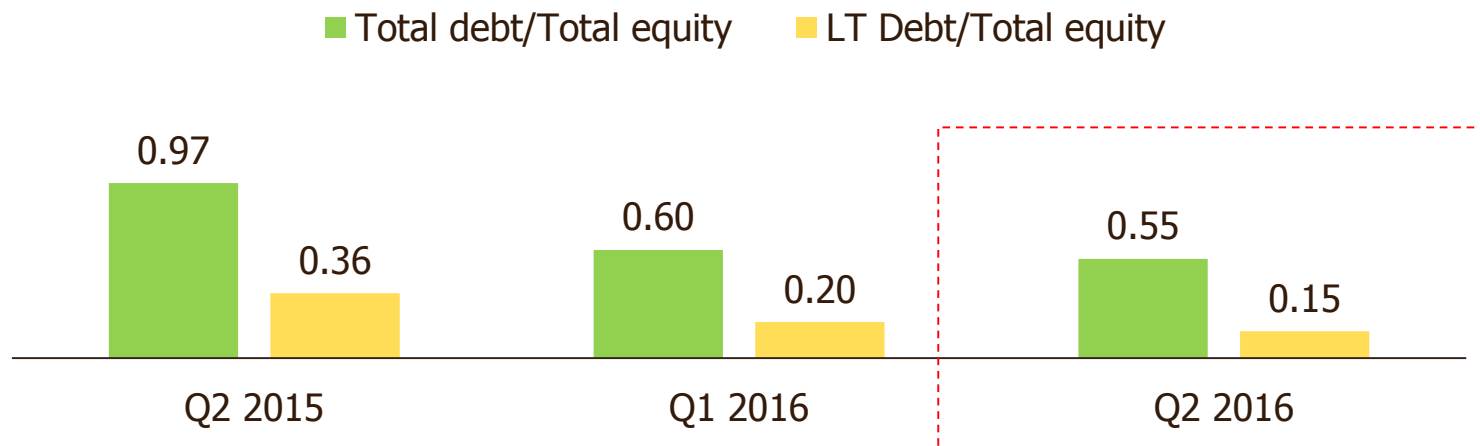
Net Profit After Tax

Unit: Mil. THB



- The Net Profit After Tax of Baht 702 million for the 2nd quarter 2016 represented earning per share of Baht 0.45 (par value of Baht 1 each) compare to Baht 0.86 per share in corresponding quarter of 2015 attributable to the equity shareholders of the Company.

Debt/Equity Ratio

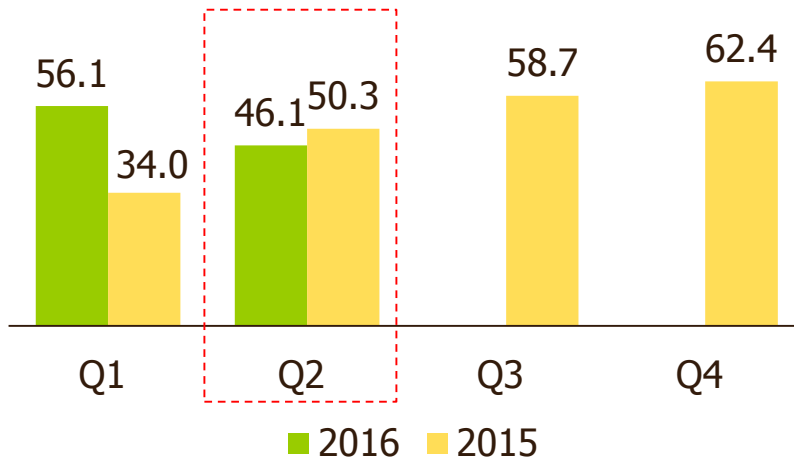


- The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.55 comparing to 0.97 in corresponding period due to decrease in long-term loan, despite consolidating all the liabilities of our newly acquired foreign subsidiaries at the end of Q2 2016

Q2 2016 Financial Performance : Key Ratios and Historical Dividend

Return on Equity^{1/}

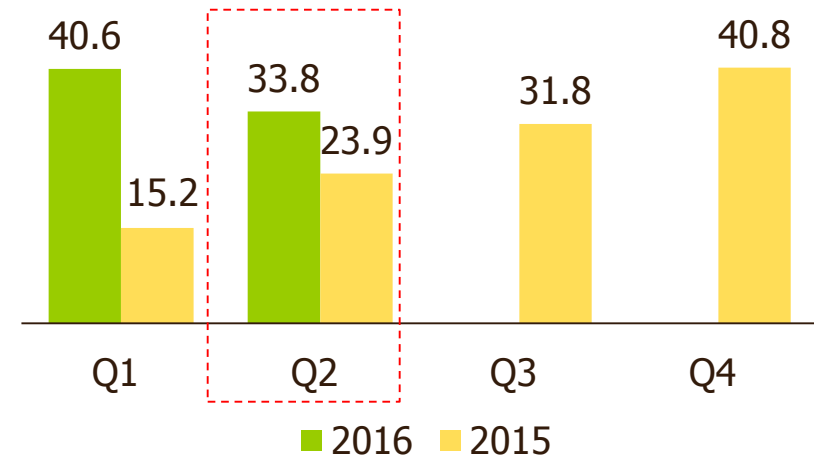
Unit: %



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

Return on Asset^{2/}

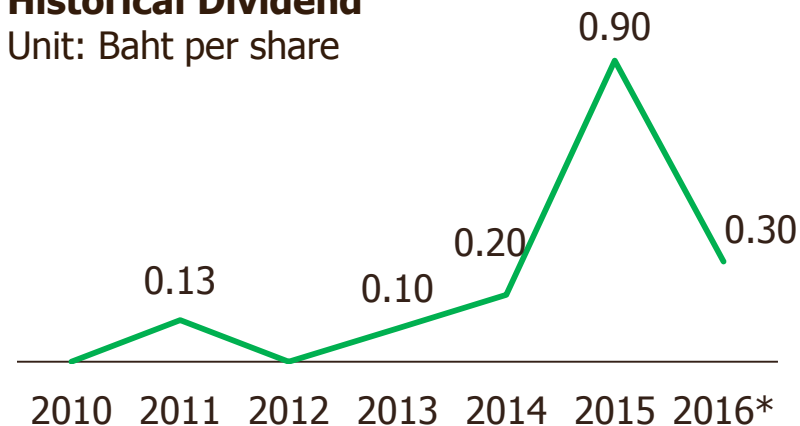
Unit: %



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



* 2016 interim dividend payment

Crude



- Average daily Brent price increased from US\$43 per barrel from March to US\$49 per barrel at the end of June
- Extend long term crude supplier agreement until 2020

Refinery



- High refining utilization and 99.8% reliability
- Plant shutdown as planned in June 2016

Marine



- Improvement in margin from vessel group

Domestic Market



- 25% asphalt product volume growth compared to Q2 2015 was mainly due to strong domestic especially Polymer Modify Asphalt (“PMA”) and Para AC

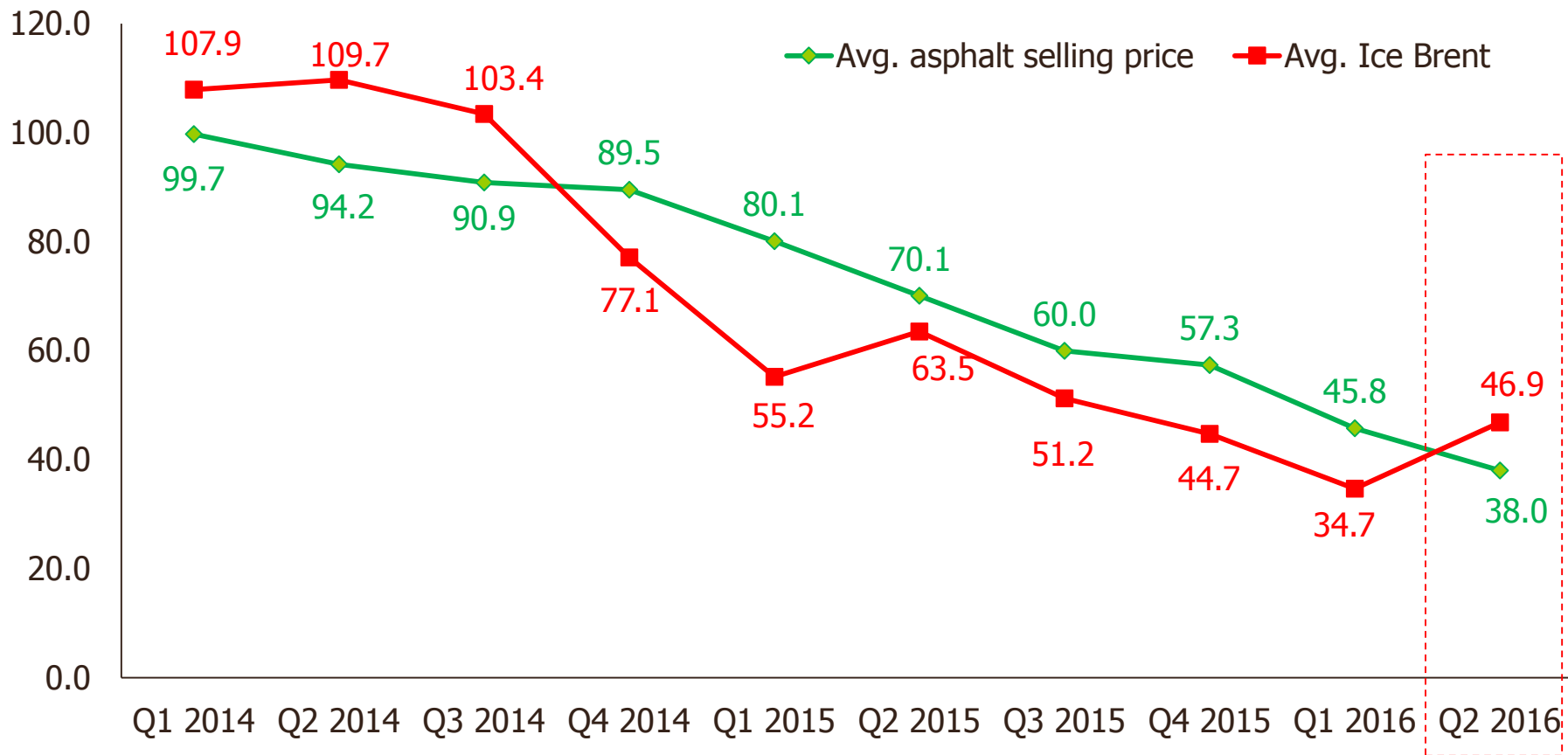
International Market



- Despite decreases in total international sales volume growth, sales volume from China and India increased in Q2 2016 as compared with Q2 2015
- Low Gross profit margin for international market due to low asphalt selling price

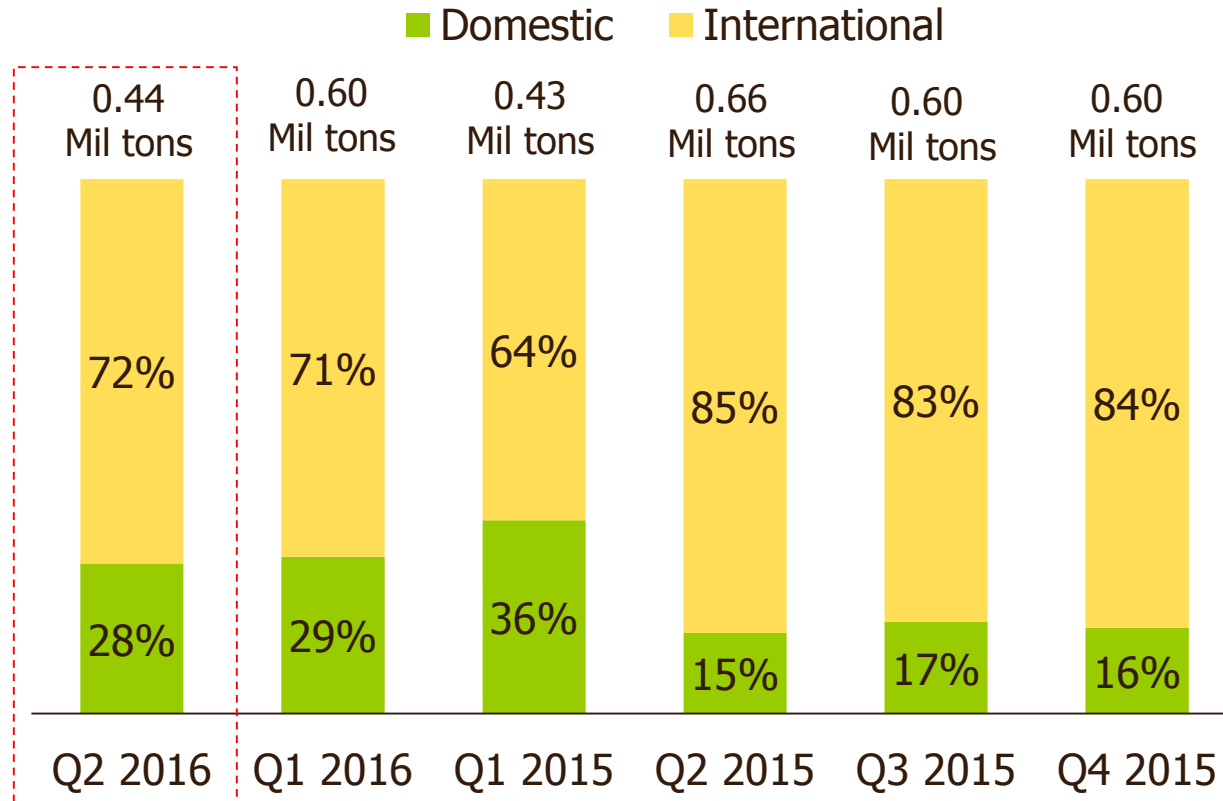
Q2 2016 Highlights: Asphalt Selling Price vs Ice Brent

Unit:
USD/barrel



Sales volume concentration by market

Unit: %

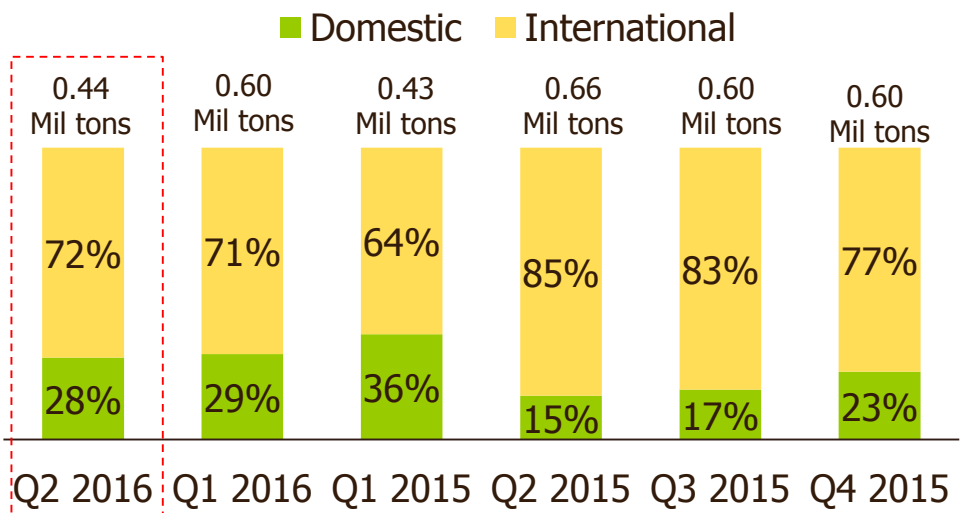


- Domestic played important role in Q2 2016

Q2 2016 Highlights : Asphalt Volume & Asphalt Revenue Structure

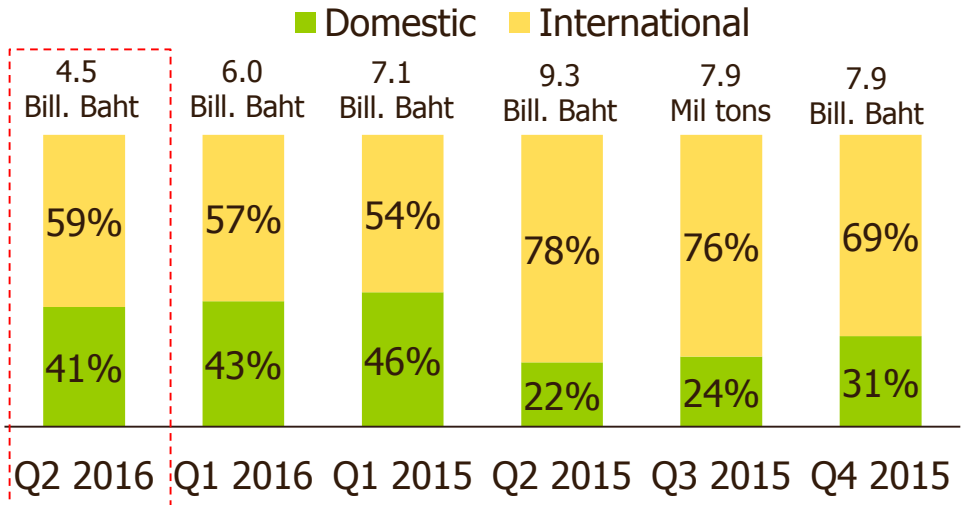
Asphalt sales volume concentration by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International Markets



China



Indonesia



Malaysia



Australia



India

Refinery: High utilization and reliability

Marine: Lower income due to drydocking of two vessels

Domestic:

- 2017 Government Budget will begin on 1st October, 2016

Unit: Mil. THB	2013	2014	2015	2016	2017
Department of Highway (DOH)					
- Fiscal	53,498	52,759	61,378	79,405	87,587
- Additional	-	-	29,500	2,200	-
Department of rural (DOR)					
- Fiscal	33,248	36,202	40,596	46,860	46,572
- Additional	-	-	17,100	3,500	-
Total DOH & DOR	86,746	88,961	148,574	131,965	134,159

International:

- Asphalt demand will recover especially in Indonesia and Vietnam

Q&A

