

Tipco Asphalt Public Company Limited (TASCO)

Meeting with S.E.A. Asset Management

18th January 2017



บริษัท ทิปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

This presentation material has been prepared solely for informational purposes only. TASCOT is furnishing it solely for use by prospective investors / analysts in the proposed event. TASCOT makes no representations or warranties as to the accuracy or completeness of such information. By accepting this material each recipient agrees that TASCOT shall not have any liability for any representations (express or implied) contained in, or for any omissions from this presentation.

The information contained herein does not purport to be all-inclusive or to contain all of the information that may be material to the recipient's decision. Each recipient of the information and data contained herein should perform its own independent investigation and analysis of the transaction and the creditworthiness of TASCOT. Reference in this Disclaimer to this shall include references to the Appendices (if any) hereto.



1

Q3 2016 Financial performance

2

Q3 2016 Highlight

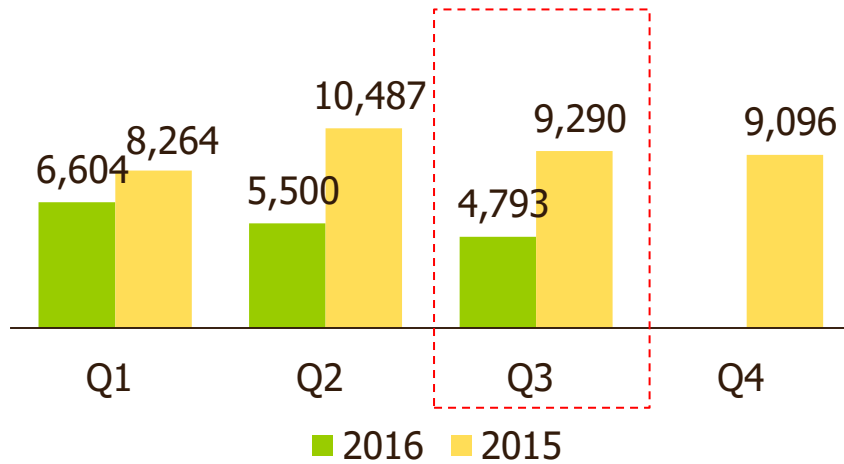
3

Acquisition in Thai Slurry Seal Co., Ltd.

Q3 2016 Financial Performance : Sales & Services Revenue vs. Sales Volume

Sales & Services Revenue

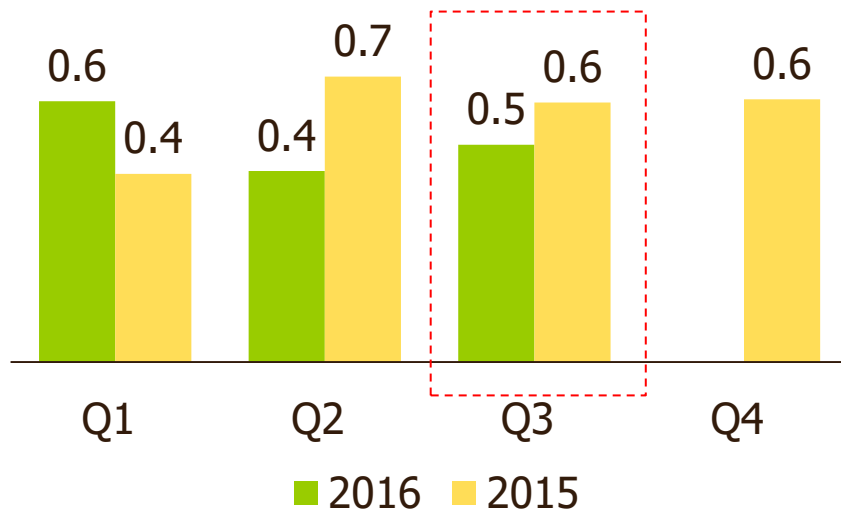
Unit: Mil. Baht



- Sales and services stood at Baht 4,793 million, reflecting a decrease of 48.4% from the same period of last year. This decrease was mainly attributable to the drop in selling price and sales volumes during 3rd quarter of 2016

Sales Volume

Unit: Mil. Ton

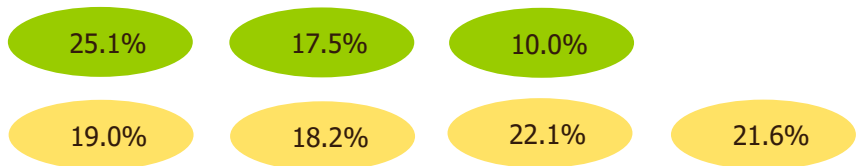
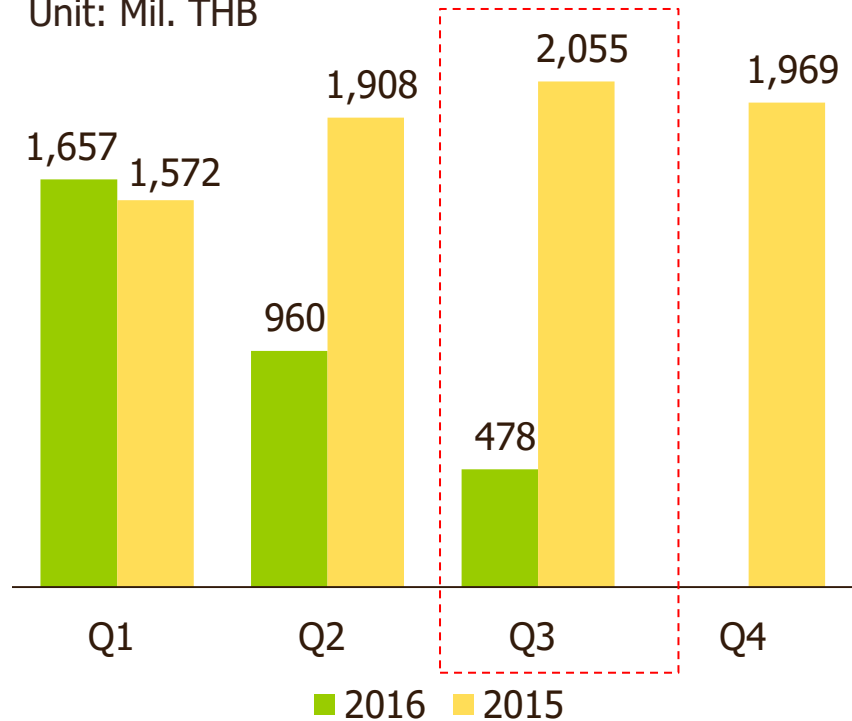


- Sales volume for asphalt product drop by 9.9% comparing to corresponding quarter in 2015 because demand in the export and domestic was weak in this quarter

Q3 2016 Financial Performance : Operating Gross Profit

Operating Gross Profit

Unit: Mil. THB



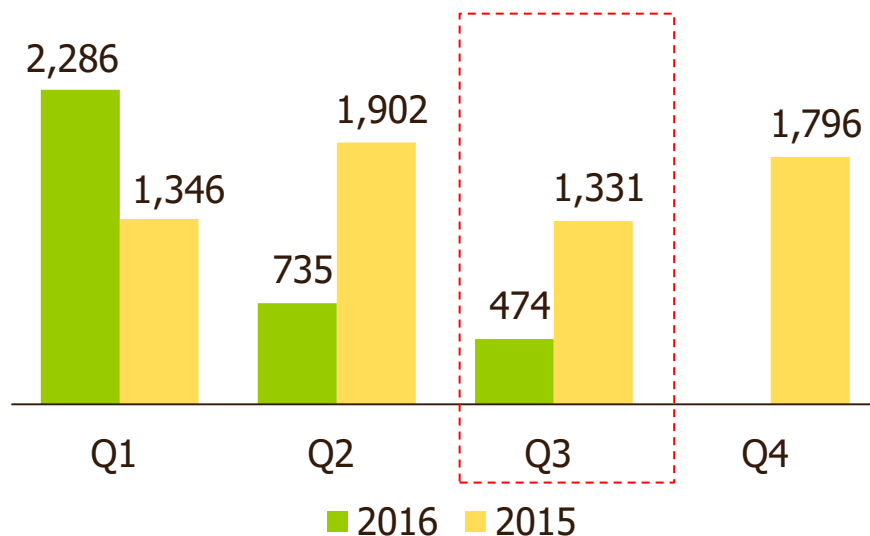
- Cost of sales and services in the 3rd quarter 2016 stood at Baht 4,360 million or 90.96% (86.70% in corresponding quarter in 2015) of sales and services before the allowance for diminution in value of inventory and hedging
- The overall lower gross profit margin was due to low asphalt selling price and weak demand in the export and domestic market
- Brent crude price start at USD 50.35 on the first trading day of July 2016 but reduced to USD 41.80 in August 2016 and gradually went up to USD 49.06 in September 2016
- This resulted in the company recording a hedging gain of Bath 153 million which was partially offset by the NRV provision of Baht 108 million



Q3 2016 Financial Performance : EBITDA & Net Profit

EBITDA

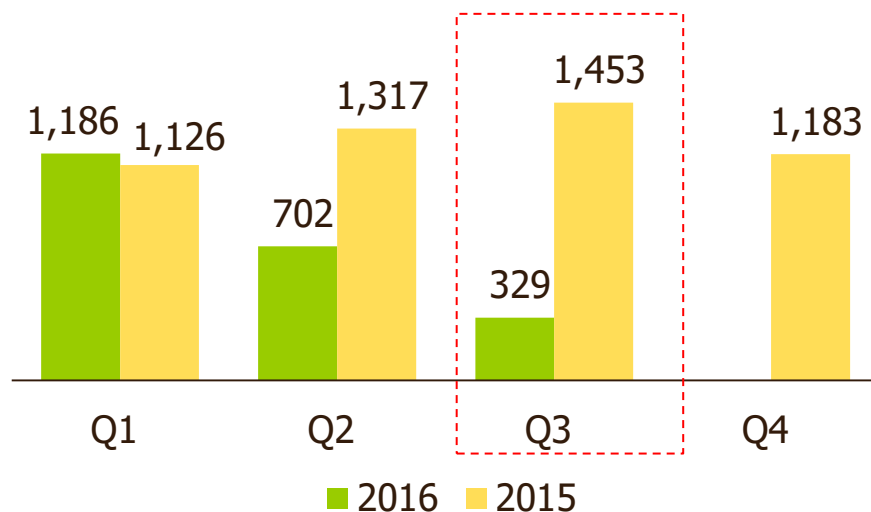
Unit: Mil. THB



- The Group cash flow generated year to date from operations decrease to Baht 3,495 million (20% of revenue) compared to Baht 4,579 million in corresponding period in 2015

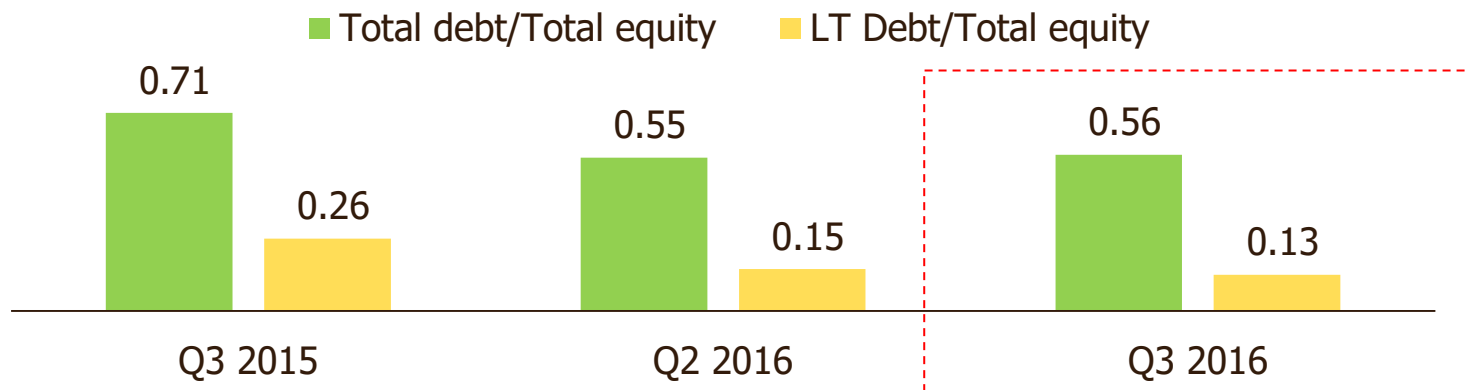
Net Profit After Tax

Unit: Mil. THB



- The Net Profit After Tax of Baht 329 million for the 3rd quarter 2016 represented earning per share of Baht 0.21 (par value of Baht 1 each) compare to Baht 0.94 per share in corresponding quarter of 2015 attributable to the equity shareholders of the Company

Debt/Equity Ratio

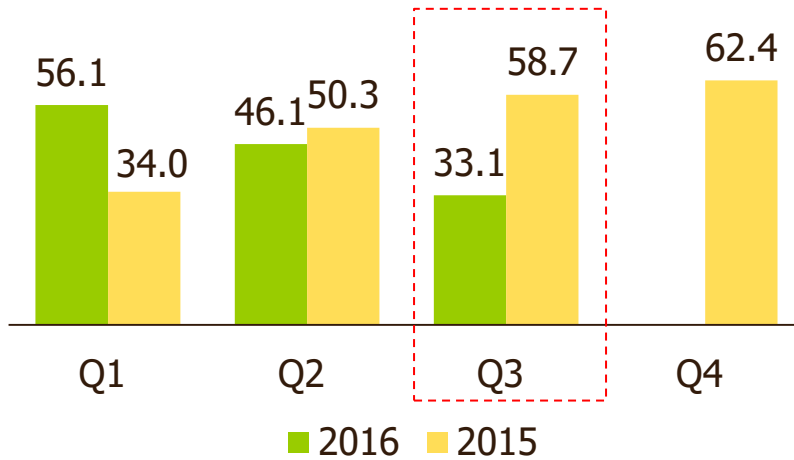


- The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.56 comparing to 0.71 in corresponding period due to decrease in long-term loan, despite consolidating all the liabilities of our newly acquired foreign subsidiaries at the end of Q3 2016

Q3 2016 Financial Performance : Key Ratios and Historical Dividend

Return on Equity^{1/}

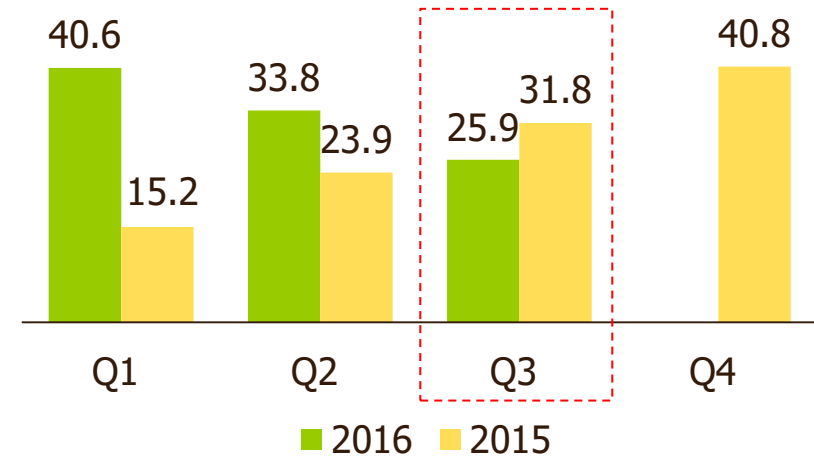
Unit: %



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

Return on Asset^{2/}

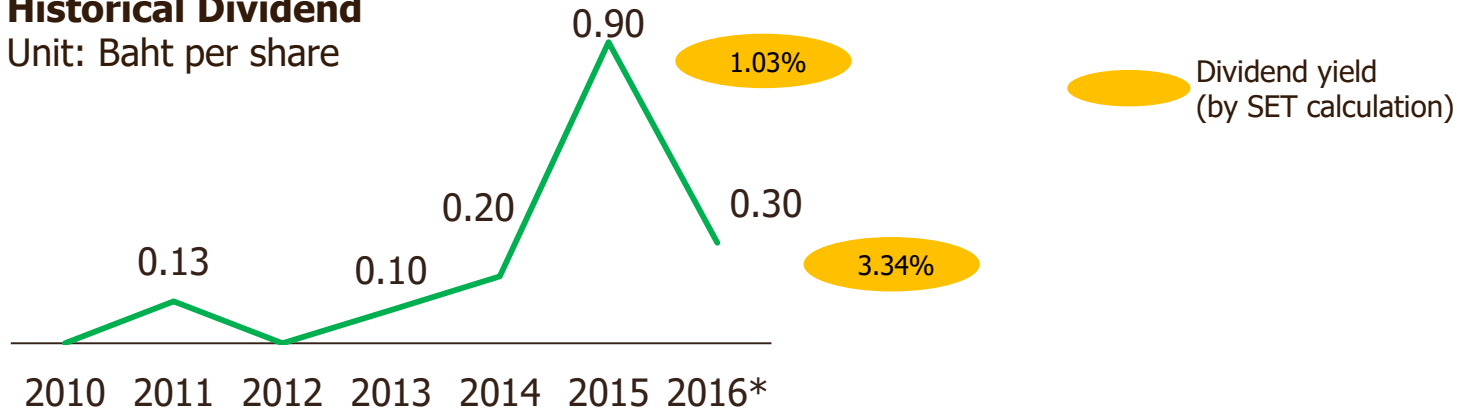
Unit: %



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\$46.69 per barrel from July to US\$47.24 per barrel at the end of September

Refinery



- High refining utilization and 99.8% reliability
- Plant shutdown for annual maintenance 1 - 18 September 2016

Marine



- High fleet utilization

Domestic Market



- Asphalt product volume decreased by 11% as compared to Q3 2016
This was mainly because of longer rainy season than expected

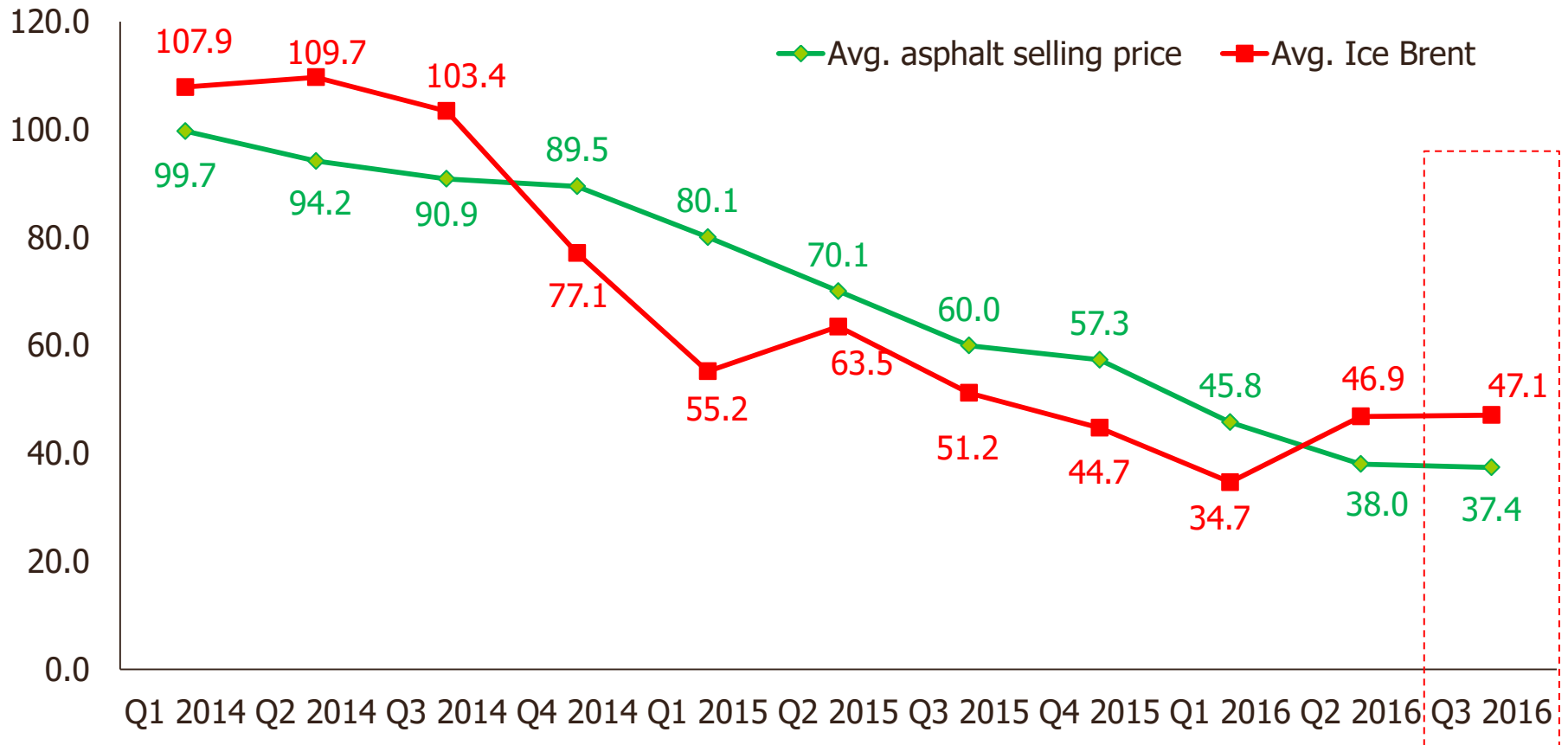
International Market



- Despite decreases in total international sales volume growth, sales volume from Indonesia, Vietnam and Australia increased in Q3 2016 as compared with Q3 2015 due to beginning of fiscal year

Q3 2016 Highlights: Asphalt Selling Price vs Ice Brent

Unit:
USD/barrel

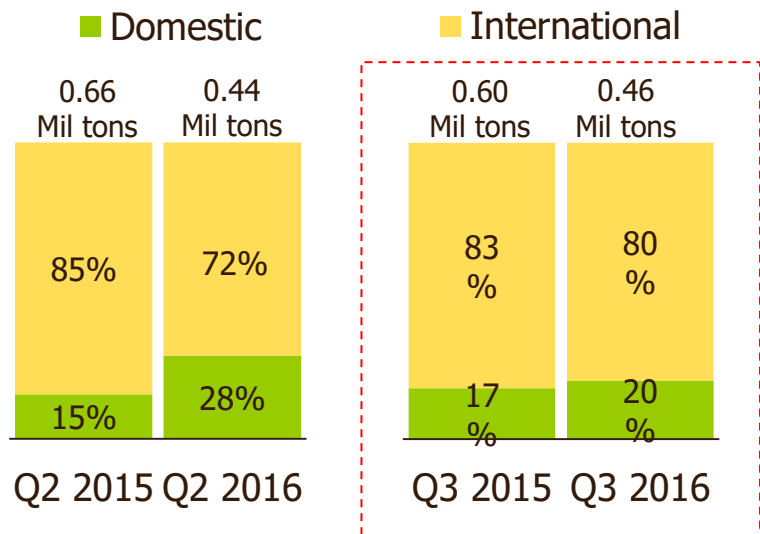


บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Q3 2016 Highlights : Asphalt Volume & Asphalt Revenue Structure

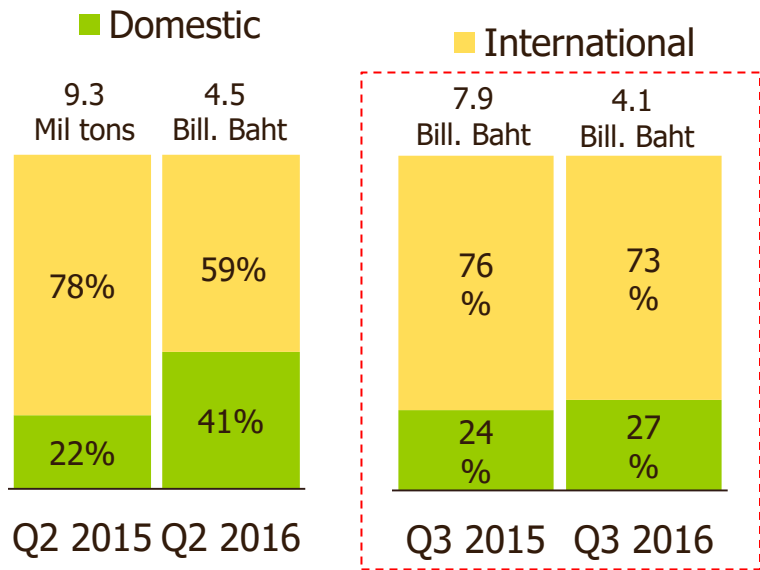
Asphalt sales volume concentration by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International Markets



China



Indonesia



Vietnam



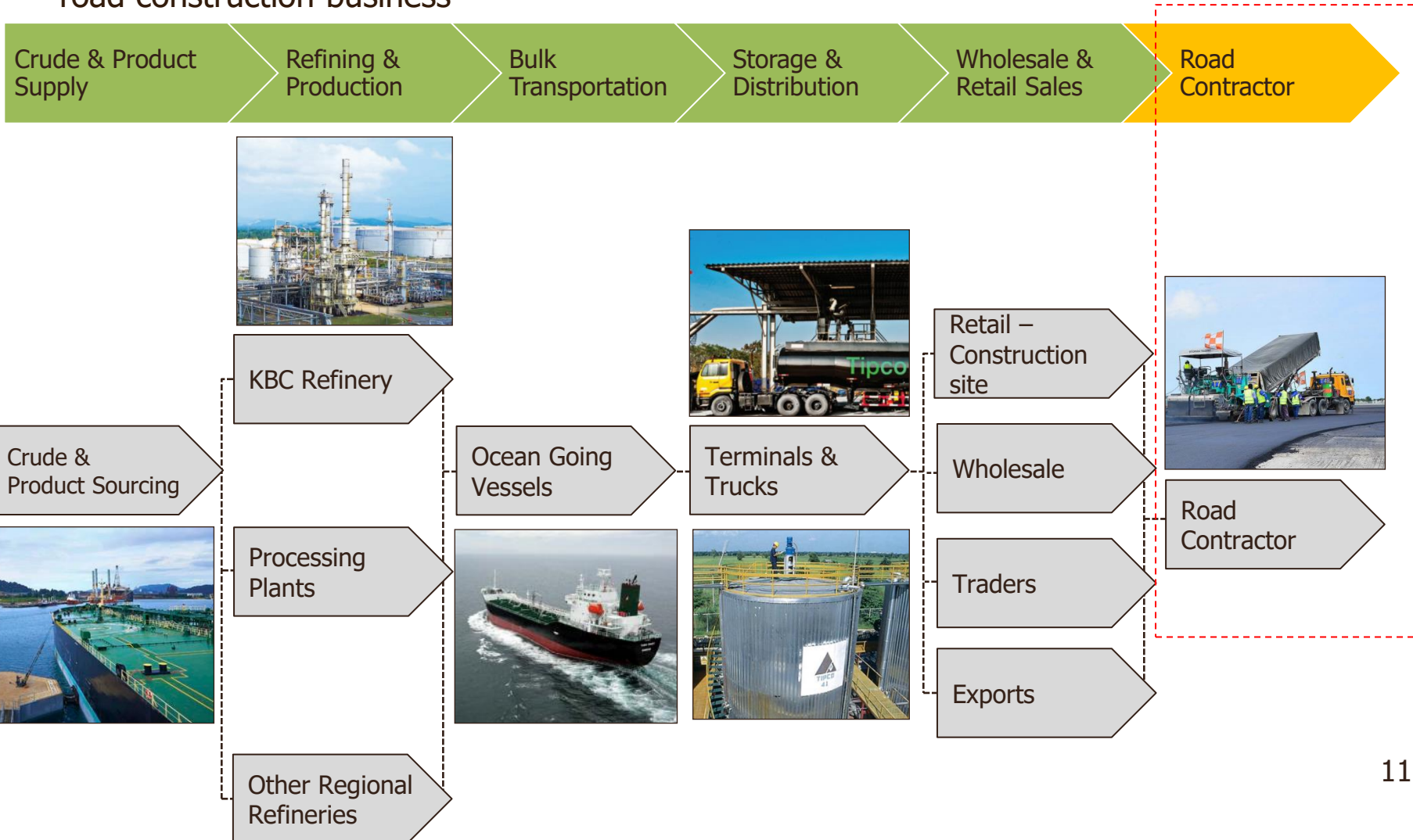
Malaysia



Australia

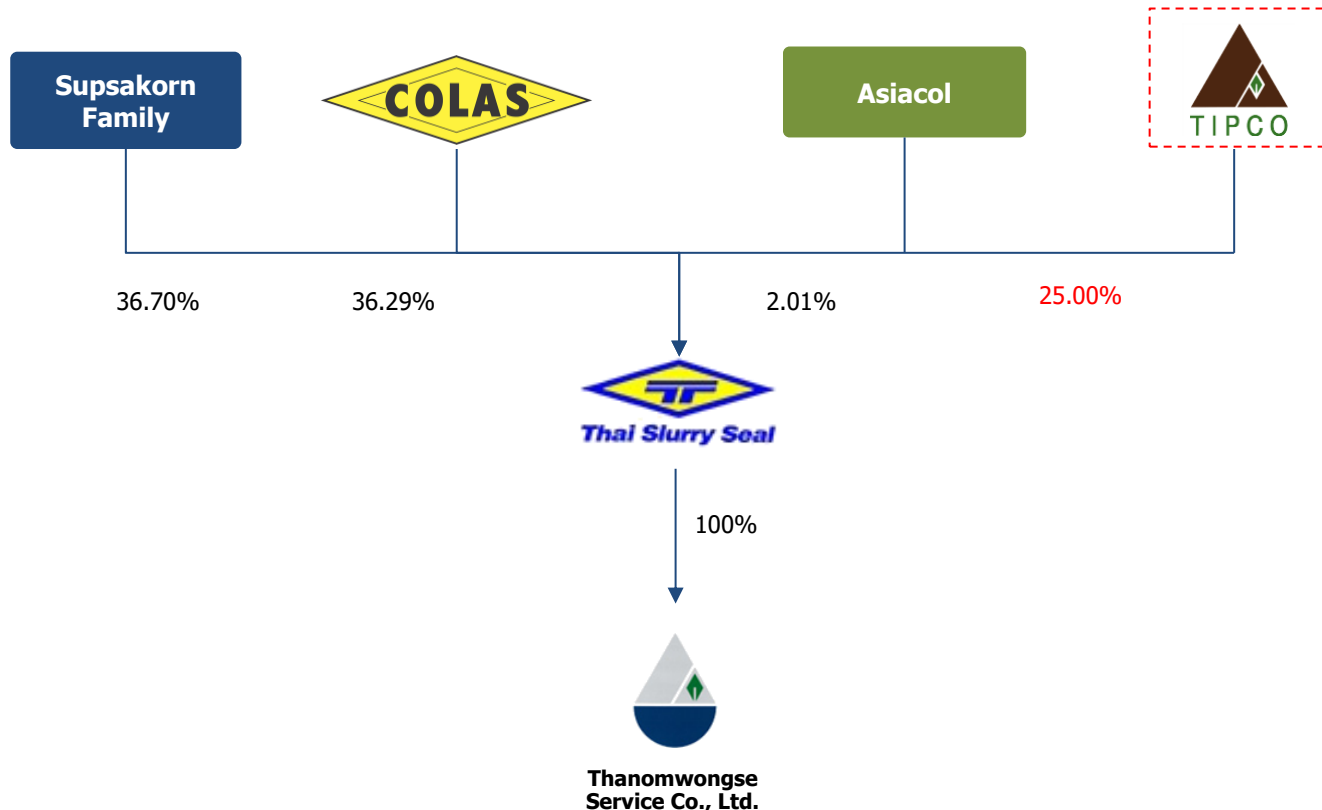
Business Expansion – Vision 2020

- 2020 Mission is “To be a globally preferred *integrated asphalt* & petroleum related products company”
- 25% acquisition of Thai Slurry Seal Co., Ltd. (TSS) allows the Company to penetrate into road construction business



The Transaction

- TASCOCO has received an offer from Thai Slurry Seal Co., Ltd. ("TSS") to subscribe TSS's **newly issued capital of 1,243,334 shares** with par value of THB 100.00 per share at THB 181.00 per share
- The subscription equals to 25% of total holding for a lump-sum amount of THB 225.04 million
- TSS has one wholly owned subsidiary TWS, which is a special-class contractor (classified by Department of Highways ("DOH")), specializing in road maintenance and construction projects





"To give you long lasting paving that delivers the highest value over the longest term for lowest investment"

- Established in 1985
- Pre-acquisition Registered Capital 373 million baht
- One of the leading road rehabilitation contractors, specializing in conducting high performance surface pavement such as suspension bridge pavement, bicycle lane, airport runway and taxiway, testing track and motor racing track
- Various government agencies and private sectors are repeat clients
- 3 hot mixed plants with 245 headcounts

Buriram United International Circuit Project (BRIC)



Rama 9 Bridge (Outbound) - EXAT



Taxilane T8, T11 & T12 Suvarnabhumi Airport





- Established in 1965
- Registered capital 2,500 million Baht
- Leading company for highway construction and rehabilitation in Thailand with 437 headcounts
- TWS is certified as “Special Class Contractor”, which allows TWS to participate in large government projects tender
- TWS’s clients are Department of Highway, Department of Rural Road, Irrigation Department, and Bangkok Metropolitan Administration



1. Using construction arm to introduce new high value added products/ road construction technique and boost net profit margin
2. Apply Thailand's model into overseas subsidiaries
3. Generate additional profit from new construction business segment

Q&A



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited