



**Bor. Hor. 056/2015**

**13<sup>th</sup> November 2015**

**Attention: President  
The Stock Exchange of Thailand**

**Subject: Report of 3<sup>rd</sup> Quarter 2015 Financial performances**

The Company is pleased to report 3<sup>rd</sup> quarter 2015 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30<sup>th</sup> September 2015; the Company's Net Profit After Tax for the 3<sup>rd</sup> quarter stood at Baht 1,453 million compared to Net Profit After Tax of Baht 425 million in the corresponding period 2014. Details are as follows:

- 1 Sales and services stood at Baht 9,290 million, reflecting a decrease of 18% from the same period last year. This decrease was mainly attributable to the drop in selling price in line with lower crude price during 3<sup>rd</sup> quarter of 2015 comparing to the corresponding quarter 2014. Nevertheless, sales volume increased by 20.3% comparing to corresponding quarter because demand in both export and domestic market remains strong this year. As a consequence, the Group's operations in refinery, logistic and customer support services were operating at the high level of efficiency.

Cost of sales and services in the 3<sup>rd</sup> quarter 2015 stood at Baht 8,054 million or 86.70% (98.84% in corresponding quarter in 2014) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged. The significant improvement of gross profit margin was mainly due to stable asphalt prices arising from strong demand in both export and domestic market and lower crude cost. The Company achieved a hedging gain of Baht 825 million arising from the ICE Brent price falling from \$63.65/bbl to \$50.5/bbl during Q3. The 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. Under the crude inventory policy, the company has marked (MTM) and provided a net realized value (NRV) provision of Baht 6 million.

- 2 Selling and administrative expenses stood at Baht 54 million and Baht 263 million representing 0.58% and 2.83% of sales and services respectively. Comparatively, these expenses in the same period 2014 stood at Baht 46 million and Baht 160 million or 0.40% and 1.40% of sales and services, respectively. The increase in administration expense was attributable to major ship repair expense of Baht 24 million incurred in this quarter. In addition, the employee cost increase comparing to the corresponding quarter 2014 in line with business expansion. The company is committed to controlling these overheads while improving the operating gross profit margin.



## TIPCO ASPHALT PUBLIC COMPANY LIMITED



- 3 The allowance for doubtful accounts in the 3<sup>rd</sup> quarter 2015 was Baht 50 million mainly due to a prolonged debt settlement by certain customers of an overseas subsidiary in China. The allowance for doubtful accounts was based on the prudent Group's policy for any debt outstanding more than 1 year to be fully provided.
- 4 The Group cashflow generated from operations improved significantly to Baht 1,331 million compared to Baht 757 million in the corresponding quarter in 2014. This has positive impact to the consolidated debt to equity ratio.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.71 from 1.47 after the prepayment of long-term loan of Baht 527 million due to strong cashflow. Furthermore, the long-term borrowing/equity ratio has also decreased to 0.26 from 0.49.
- 6 Financial expense in the 3<sup>rd</sup> quarter 2015 was Baht 49 million compared to Baht 53 million in the same period of previous year. The decrease was mainly due to prepayment of long-term loan.
- 7 The Net Profit After Tax of Baht 1,453 million for the 3<sup>rd</sup> quarter 2015 represented earning per share of Baht 0.94 (par value of Baht 1 each) compare to Baht 0.28 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director