

Tipco Asphalt Public Company Limited

Pulse of Asia Conference

9th July 2015



บริษัท ทิปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

This presentation material has been prepared solely for informational purposes only. TASC0 is furnishing it solely for use by prospective investors / analysts in the proposed event. TASC0 makes no representations or warranties as to the accuracy or completeness of such information. By accepting this material each recipient agrees that TASC0 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 TASC0. Reference in this Disclaimer to this shall include references to the Appendices (if any) hereto.



1

Company background

2

H1/2015 Highlights

3

Performance Highlights

4

H2/2015 Outlook

Mission

A **well-recognized leading asphalt focused** company in Asia Pacific

Vision

To **distribute 2 million tons of asphalt products by 2015** and be the key contributor to the success of all stakeholders while maintain the highest Corporate Social Responsibility standards at all times



Core Values

T - Teamwork

I - Integrity

P - Prudence

C - Commitment

O - Open-mind

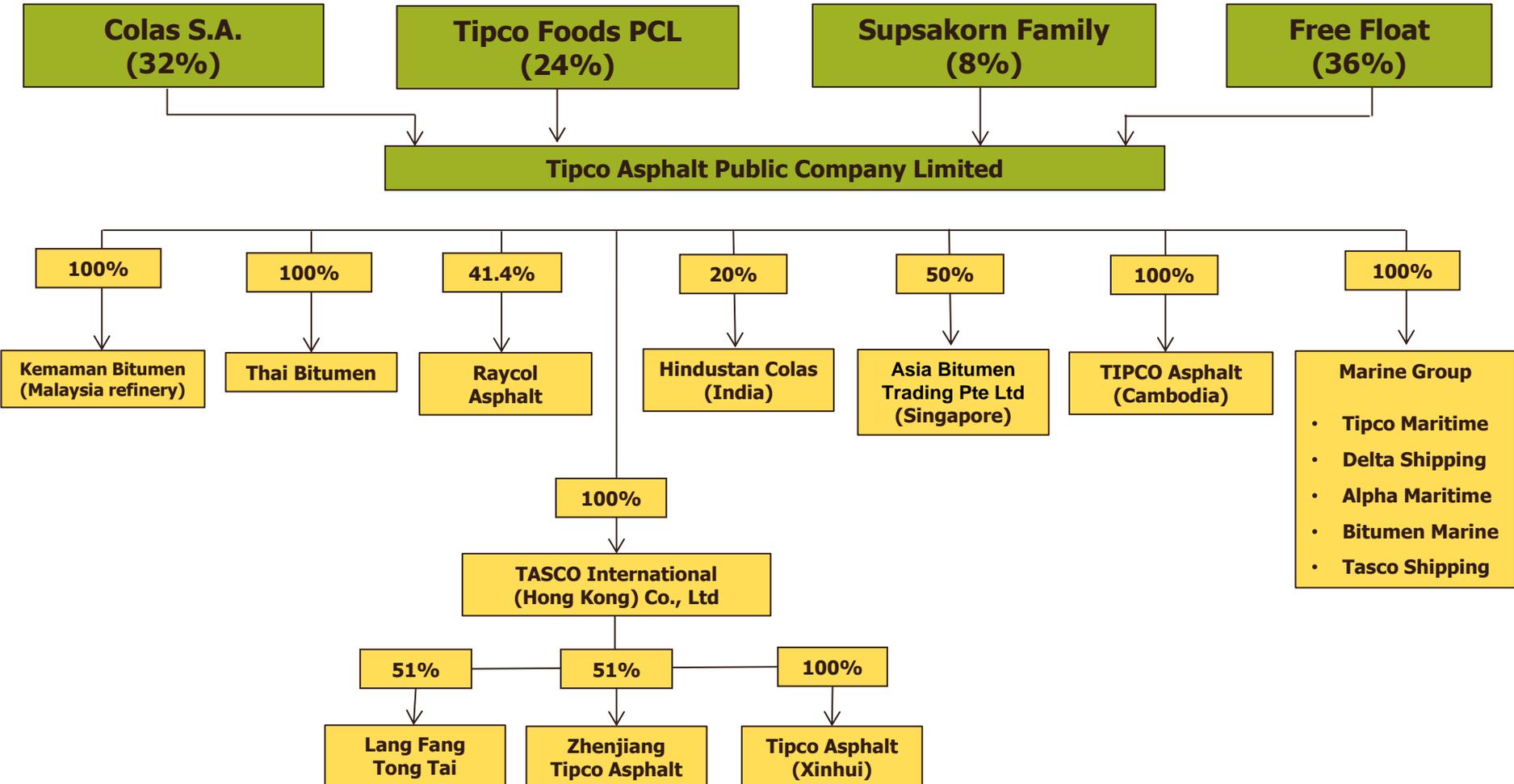
36 years of strong track records...

Tipco Asphalt has grown from a local asphalt manufacturing/distributing company into a significant regional player via commitment to our TIPCO core values and striving towards achieving our vision



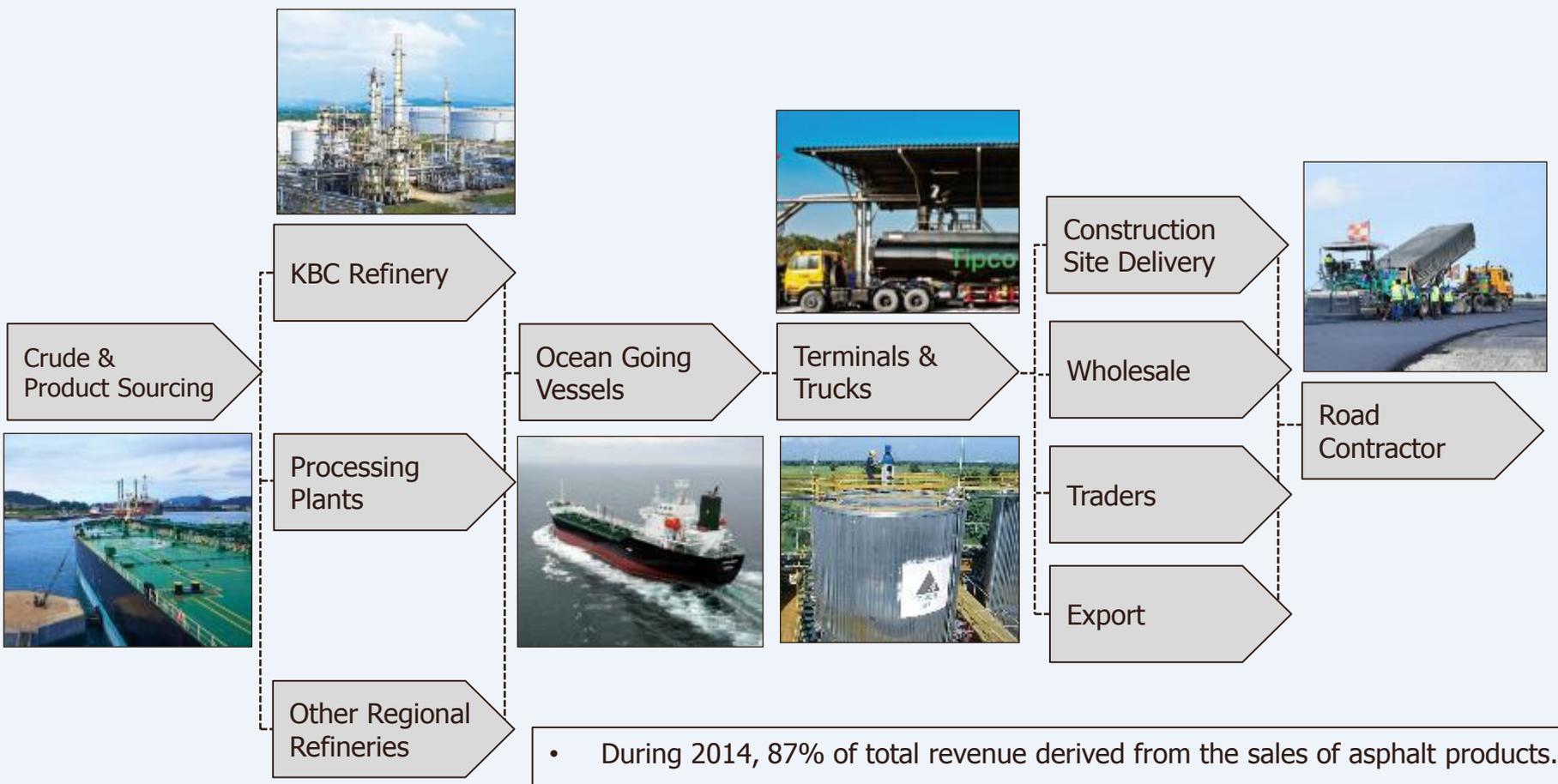
บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Company background: Shareholders & Group Structure (As of 30th June 2015)



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Company background: A Complete Value Chain in Asphalt Supply Business



- During 2014, 87% of total revenue derived from the sales of asphalt products.
- Domestic and International sales contributed approximately 18% and 82% of total sales, respectively



Tipco Asphalt Refinery

- Asphalt dedicated refinery produces over 1.4 million tons of asphalt and 0.3 million tons of non-asphalt by-products in 2014
- Crude refining capacity 30,000 BBL/day
- Crude refining license 50,000 BBL/day



บริษัท ทีพีโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Naphtha 1-5% vol.

Kerosene 1-5% vol.

AGO 10-25% vol.

VGO 5-15% vol.

**Asphalt Cement (AC)
50-70% vol.**



Products

Asphalt Products

- Asphalt Cement
- Asphalt Emulsion
- Cutback Asphalt
- Polymer Modified Asphalt
- Natural Rubber Modified Asphalt Cement

Special Products

- Tipco Premix
- Tipco Joint Sealer
- Jet Fuel Resistant Joint Sealant
- Binder for Tropical

Non-Asphalt Products (Oil)

- AGO
- VGO
- Kerosene
- Naphtha



Projects References

Premium Grade Asphalt Technique :

- Race track surface pavement project at Chang International Circuit, Burirum province
- Runway and taxi lane repair and rehabilitation using high performance pavement technique at Suvarnabhumi International Airport
- Renovation of the pavement and of a major structure on Rama 9 Bridge steel deck with high performance pavement and waterproofing membrane

Coloured Asphalt Technique:

- Landscape improvement project, eastern sea shore esplanade, rural road to Aoh Khung Kraben Development Center (under royal patronage), Thamaï District, Chantaburi

Micro-surfacing Technique (Para Slurry Seal):

- Burapha Withi Expressway (Bang Na – Chonburi)
- Expressway No. 37 Bang Plee – Suksawad
- Outer Ring Road Eastern Bangkok No. 9 (Kanchanapisak Road) Bang Pa Inn – Lum Luk Ka
- Motorway No. 7 Sri Nagarindra – Ladkrabang

Company background: Tipco presence

- Strong logistic capability with over 300 truck fleets and 9 ocean going asphalt vessels to distribute domestically and globally

Tipco Asphalt Group Network

- **Kemaman Bitumen Company Sdn. Bhd.**
(Tipco Asphalt Refinery in Malaysia)
- **Thai Bitumen Co., Ltd**
- **Raycol Asphalt Co., Ltd**
- **Tasco International (Hong Kong) Co., Ltd**
- **Hindustan Colas Limited (India)**
- **Asia Bitumen Trading Pte Ltd (Singapore)**
- **Tipco Asphalt (Cambodia) Co., Ltd**
- **Marine Group**



Crude



- Brent price stabilized within the range of USD 53 to 68 per barrel
- Benefit from low crude price compared to 2014 when it was above USD 100 per barrel
- Consistent crude supply under long term crude supply agreement

Refinery



- Almost 100% refining utilization and 99.8% reliability
- The Group benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

Marine



- 100% utilization of own ocean going asphalt vessels
- Tightness of asphalt vessels availability in the market improved freight revenue
- Long term chartered(in) two asphalt vessels to support sales growth

Domestic Market



- Strong government budget disbursement during H1/2015 resulted in almost double in domestic sales volumes of Q1 2015
- Shortage of supply of asphalt from local refineries
- Tipco responded swiftly in providing solutions to shortage of products and truck logistic to its customers

International Market

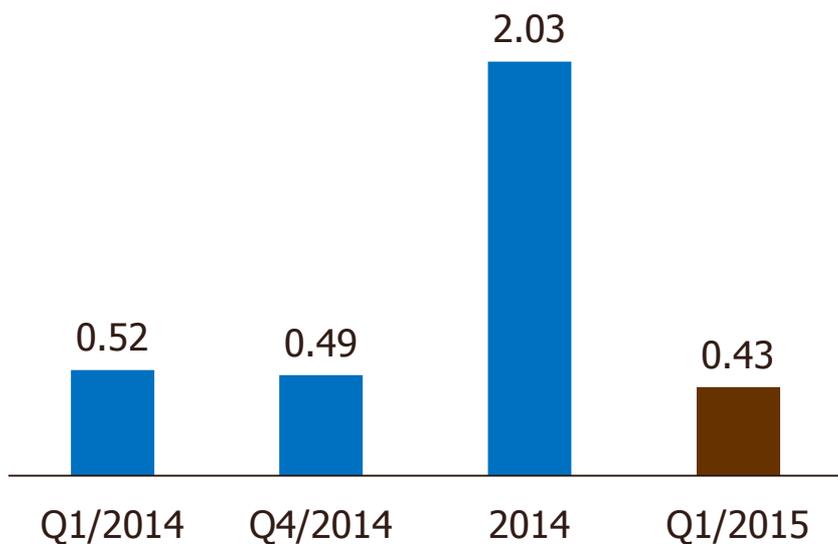


- Strong demand of asphalt in many countries in the region
- International asphalt sales volumes of Q1 2015 increased 61% from the same period of Q1 2014 last year Total international volumes were driven by top 5 countries which are China, Indonesia, Malaysia, Australia and Vietnam
- Asphalt selling price recovered due to tight asphalt vessels availability

Q1/2015 Highlights: Total sales volumes

Sales volume

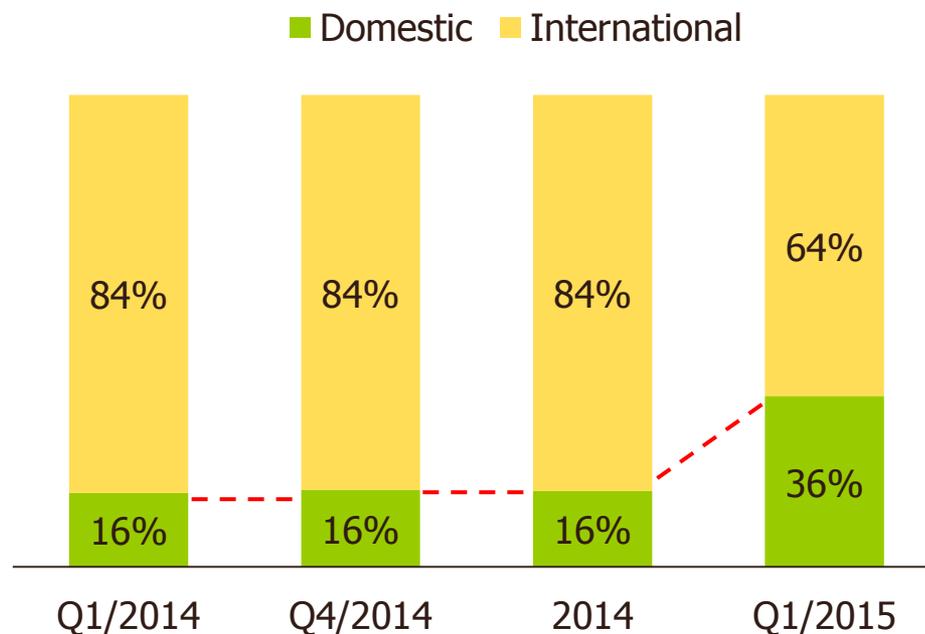
Unit: Mil tons



- Although Q1/2015 total sales volume declined, emulsion and AC sales volume increased by 61% from Q1/2014 due to high demand in domestic and export sales
- Higher Q1/2014 sales volume was due to exceptionally high Bitumen Mixture sales

Sales volume concentration by market

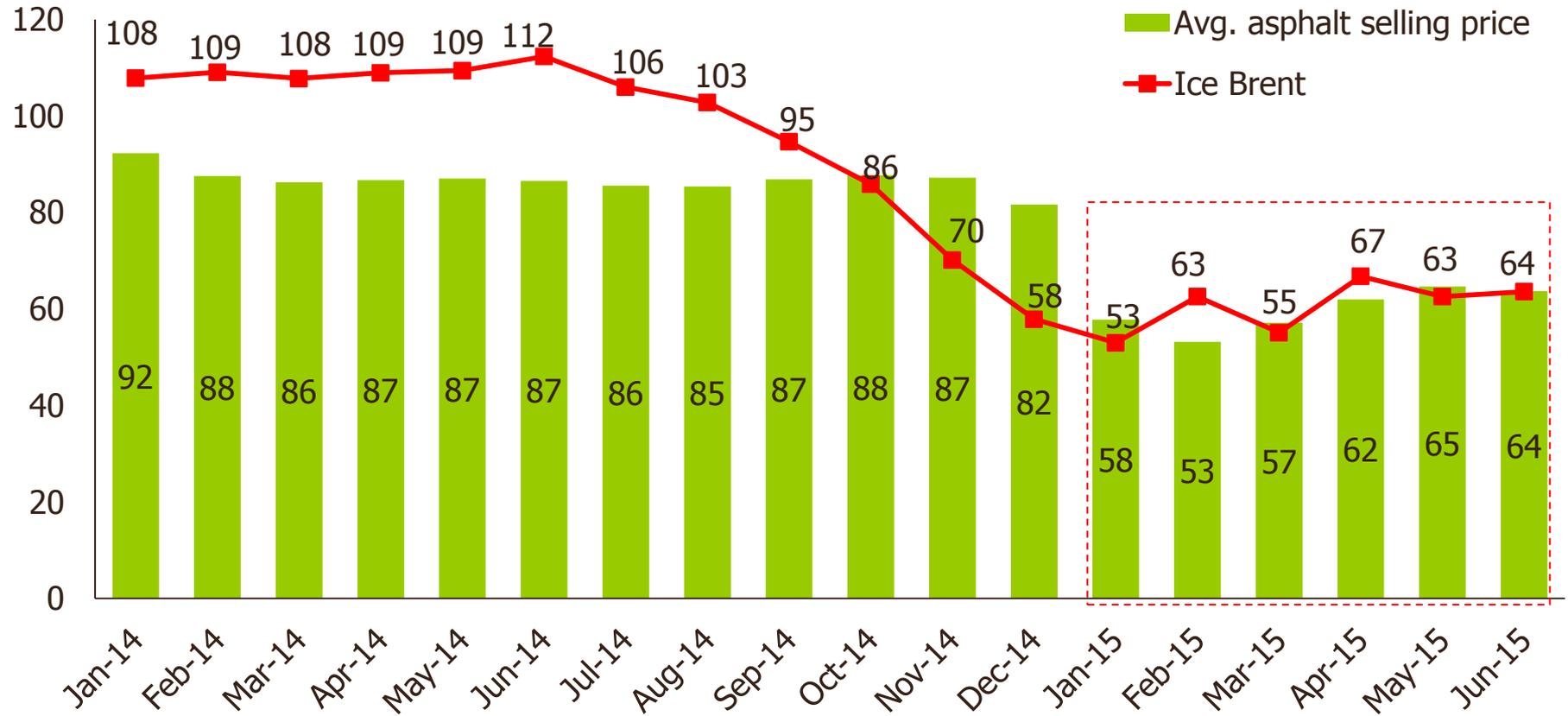
Unit: %



- Domestic accounted for 36% of total sales volume in Q1/2015

H1/2015 Highlights: International asphalt market selling price vs Ice Brent

USD/Barrel



- Margin is based on spread between selling price and crude cost
- Asphalt selling price recovered due to tight availability in spot charter vessels

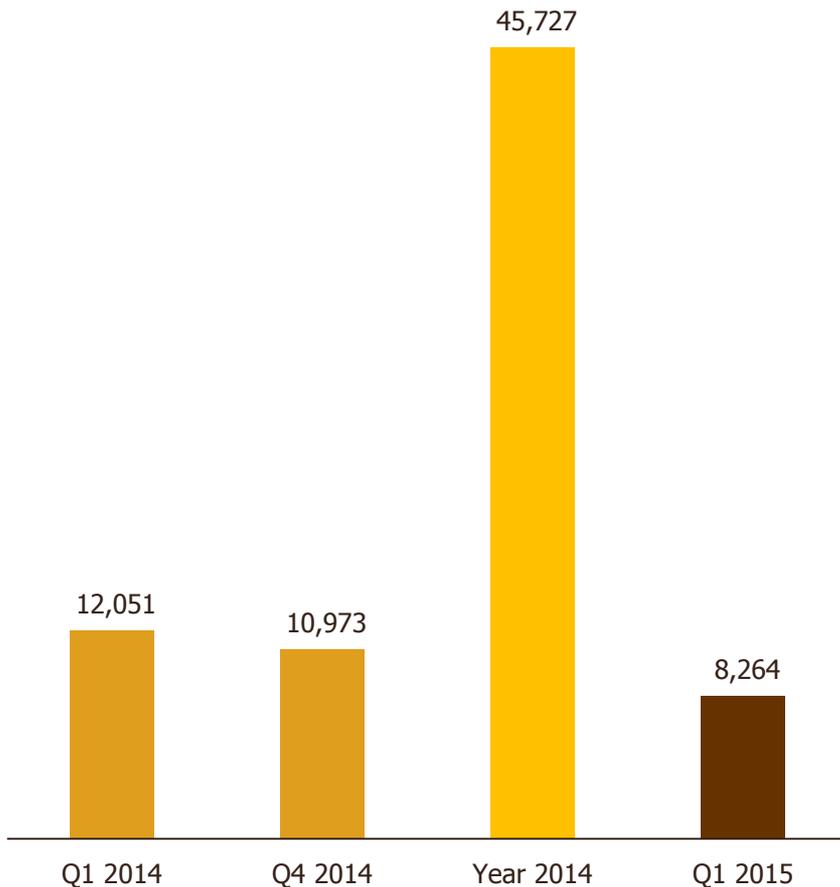


บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Q1/2015 Performance Highlights: Sales & Services Revenue

(Unit : THB Million)

Sales & services Revenue



- Sales and services stood at Baht 8,264 million reflecting a decrease of almost 31% from the same period last year
- This decrease was mainly attributable to an abruptly drop in selling price in accordance with the plunge in crude price during Q4 2014 that continued into Q1 2015
- Sales volume for asphalt emulsion and asphalt cement increased significantly because demand in the export and domestic market was exceptionally strong in Q1 2015
- As a consequence, the Group's operations in refining, logistic and customer support services were tested to their fullest

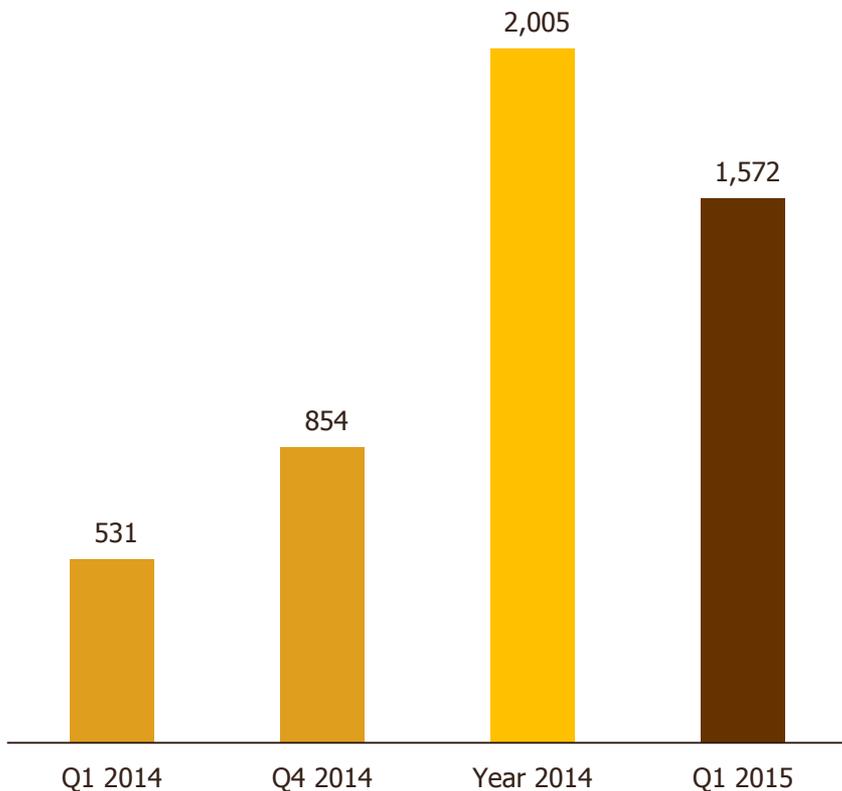


บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Q1/2015 Performance Highlights: Operating Gross Profit

(Unit : THB Million)

Operating Gross Profit



- The significantly improved overall gross profit margin was mainly due to the increase in asphalt prices arising from strong demand in both export and domestic market amid stable crude cost
- Brent crude price started at USD 58 on the first trading day of 2015 but stayed within a range of USD 46 to USD 63 and ended at USD 55 on 31 Mar 2015.
- In Q1, petroleum product prices stabilised within a trading range, hedging loss was only Baht 6 million as compared to a hedging gain of Baht 45 million in Q1 2014
- In addition, there was a reversal of net realizable value (NRV) provision of Baht 366 million on crude inventory

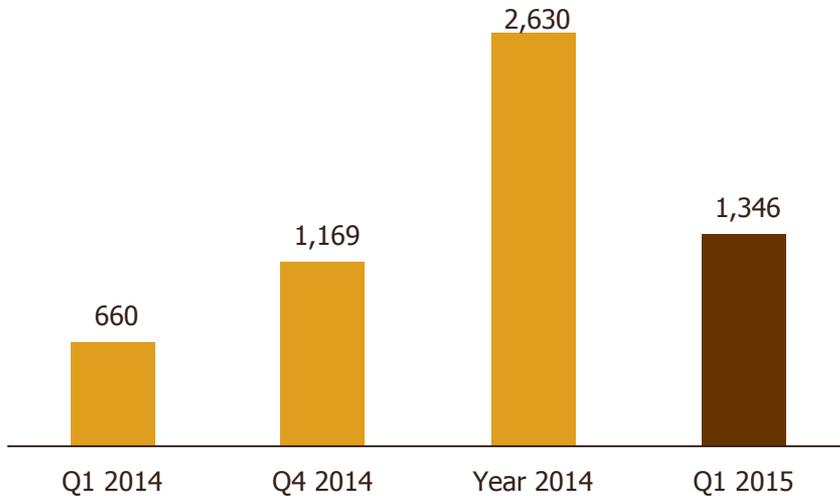


บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Q1/2015 Performance Highlights: EBITDA & Net Profit

(Unit : THB Million)

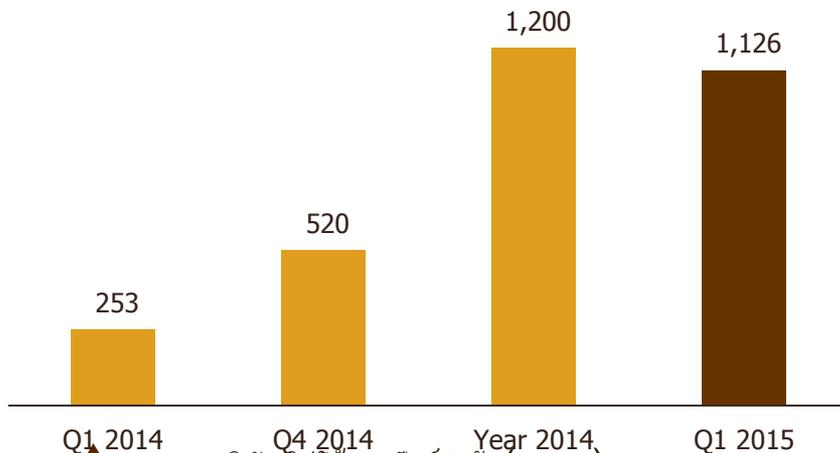
EBITDA



- EBITDA in 1st quarter 2015 stood at Baht 1,346 million reflecting an increase of almost 104% from the same period last year

(Unit : THB Million)

Net Profit After Tax



- The Net Profit After Tax of Baht 1,126 million represented earning per share of Baht 0.73 (par value of Baht 1 each) As compared to Baht 0.17 per share in corresponding quarter of 2014
- Annualized ROE of 34%

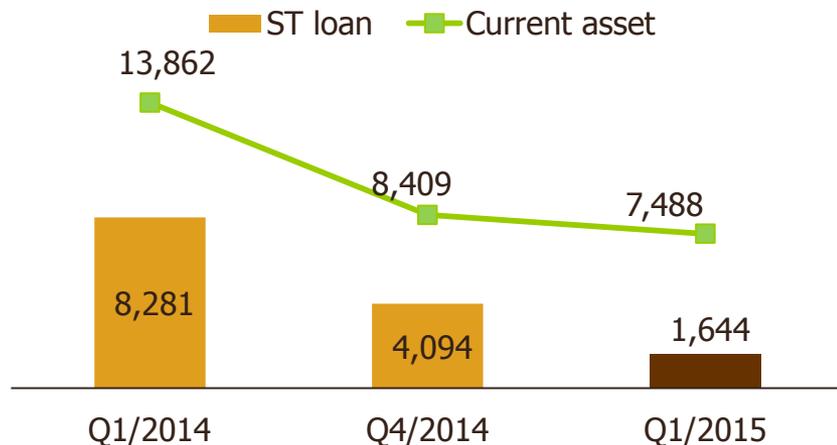


บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

Q1/2015 Performance Highlights: Debt to Equity Ratio

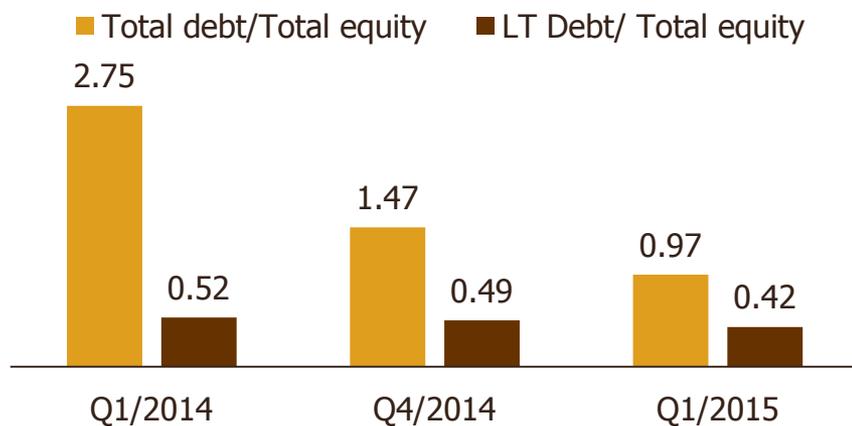
ST loan vs Current asset

Unit: THB million



- The Group's consolidated current ratio improved to 1.6 due to decrease in crude price and improved crude to cash conversion cycle
- Short-term borrowing further reduced by 60% from Q4/2014 due to strong cashflow generated from operations

Debt/ Equity Ratio



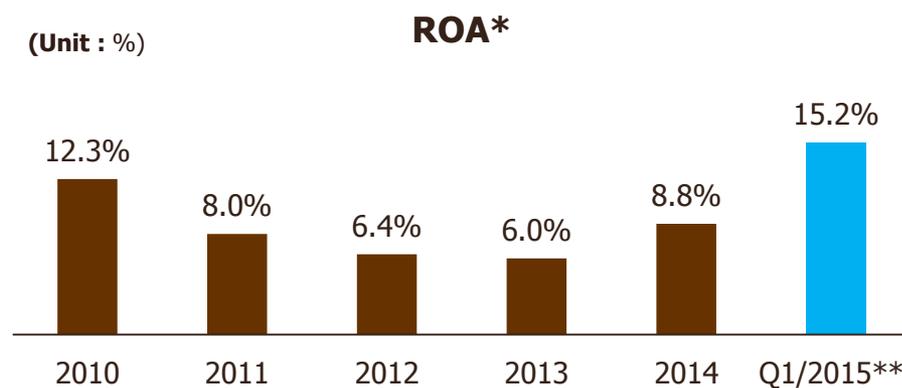
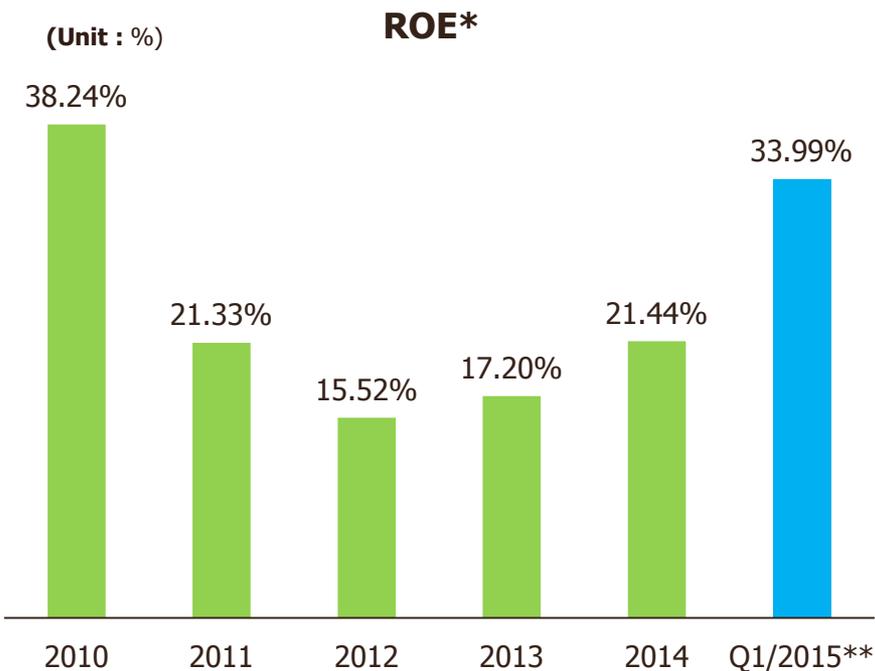
- The Group's consolidated total debt to equity ratio constantly decreased mainly resulted from lesser debt and surplus cashflow from operations
- The Group's consolidated long term debt to equity ratio has also decreased from 0.52 to 0.42 due to loan repayment



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)

Tipco Asphalt Public Company Limited

Q1/2015 Performance Highlights: Key ratios



* Based on www.set.or.th

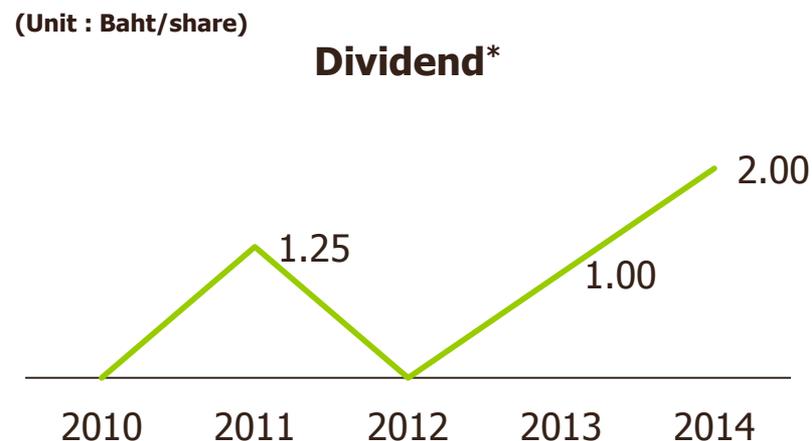
** Annualized based on last 12 months profit interest and tax from Q2 2014 to Q1 2015

Ratios	2013	2014	Q1/2015
ROE (%)	17.2	21.44	33.99
- Net Profit Margin (%)	2.44	2.60	4.89
- Equity Multiplier (X)	4.03	3.16	2.81
- Total Asset Turnover (X)	1.75	2.61	2.47

- Very strong growth in net profit resulted in high ROE of 33.99% in Q1/2015

* Based on www.set.or.th

** Annualized based on last 12 months net profit from Q2 2014 to Q1 2015



* Based on declaration of operational period



บริษัท ทีพีโก้แอสฟัลท์ จำกัด (มหาชน)

Tipco Asphalt Public Company Limited

Crude



- Expect to see some volatility in Brent price but stay within \$60-\$70 price for next three months
- Procure extra crude cargo in addition to the regular lifting under term supply contract to support growth

Refinery



- With almost 100% refining capacity utilization, the Group continued to enjoy high efficiency in fuel consumption
- Maintain high reliability at 99.8%

Marine



- Tightness of asphalt vessel availability still continue and the freight revenue improved significantly
- Opportunity to invest in additional vessel to support business growth
- Long term chartered in 2 vessels to support business growth starting from Q2/2015

Domestic Market



- Expect disbursement of additional Baht 40,000 million of government budget starting July 2015
- The shortage supply in Q1/2015 is likely to repeat in Q3/2015
- Substantially increase in usage of natural rubber (latex) modified asphalt products

International Market



- Strong demand especially in Indonesia and Vietnam due to government spending plan
- Tight logistic in asphalt delivery has strengthened order book in respect of term sales contract
- Asphalt price is expected to increase and remain strong as customers are concerned about supply logistic
- Export volumes in Q3/2015 is expected to increase

TASCO Shares Trading Statistics

	30 June 2015	31 Dec 2014	31 Dec 2013
No. of ordinary shares ('000 shares)	1,540,397	153,277	152,580
Par value (Baht/share)	1	10	10
Market Cap (THB million)	35,275	9,963	7,781
Price (Baht/share)	22.90	6.5 ^{4/}	5.1 ^{4/}
EPS (Baht/share)	1.35 ^{1/}	0.78 ^{4/}	0.54 ^{4/}
P/E (Time)	17.02 ^{2/}	15.83	5.97
Avg Daily Trading Value (THB million)	465 ^{3/}	20	59
Avg Daily trading volume (Share)	29,099,898 ^{3/}	6,409,189 ^{4/}	9,444,013 ^{4/}

1/ Annualized based on last 12 months net profit from Q2 2014 to Q1 2015

2/ Based on annualized EPS

3/ Daily Average based on 6 months

4/ Adjusted for par value at Baht 1 per share

Avg P/E in construction material industry (As of 30 June 2015) = 19.56

Avg P/E in SET (As of 30 June 2015) = 20.28

Q&A

