

# Tipco Asphalt Public Company Limited (TASCO)

Q2 2015 Opportunity Day

14<sup>th</sup> September 2015



บริษัท ทิปโก้แอสฟัลท์ จำกัด (มหาชน)  
Tipco Asphalt Public Company Limited

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New Mission

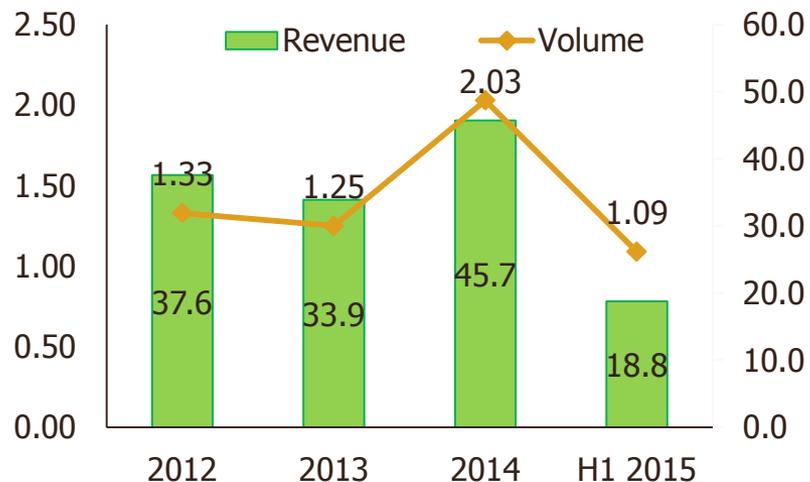
# Q2 2015 Highlights: Volume & revenue

## Volume

Unit: Mil. Ton

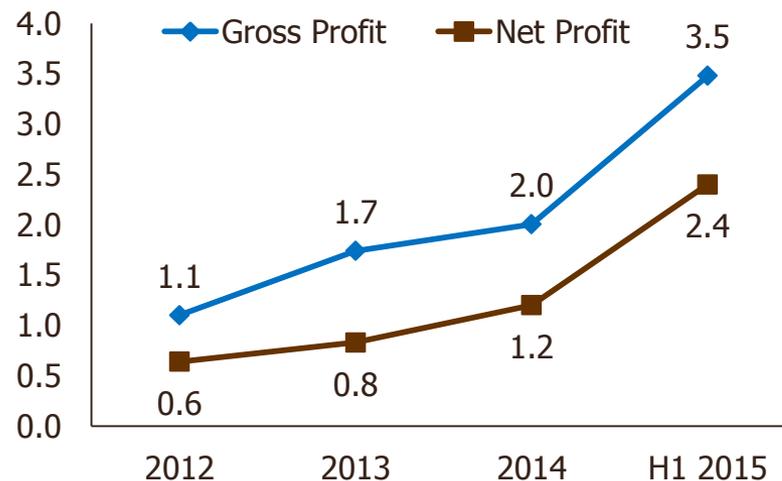
## Revenue

Unit: Bil. Baht



## Gross Profit vs. Net profit

Unit: Bil. Baht



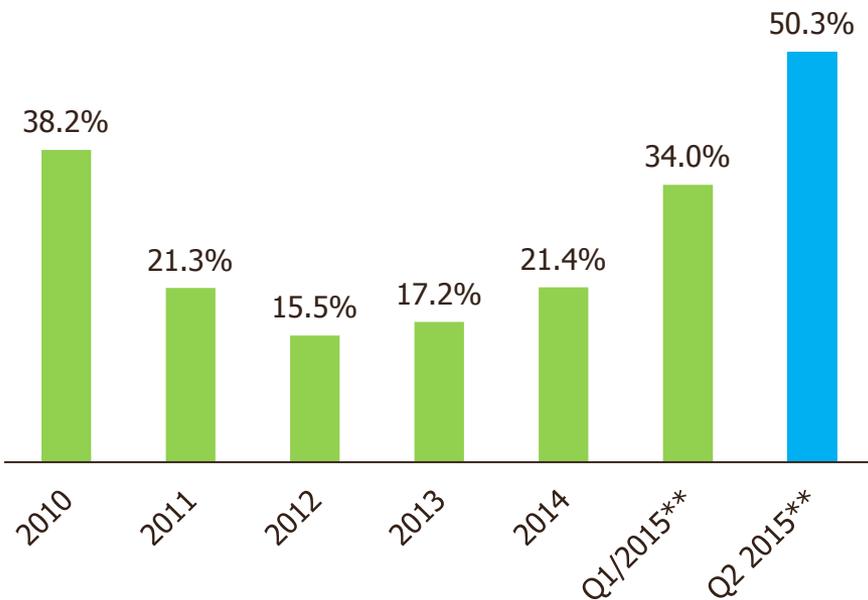
GP margin	2.9%	5.1%	4.4%	18.6%
NP margin	1.7%	2.4%	2.6%	13.0%



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# Q2 2015 Highlights: Key ratios

(Unit : %) **ROE\***

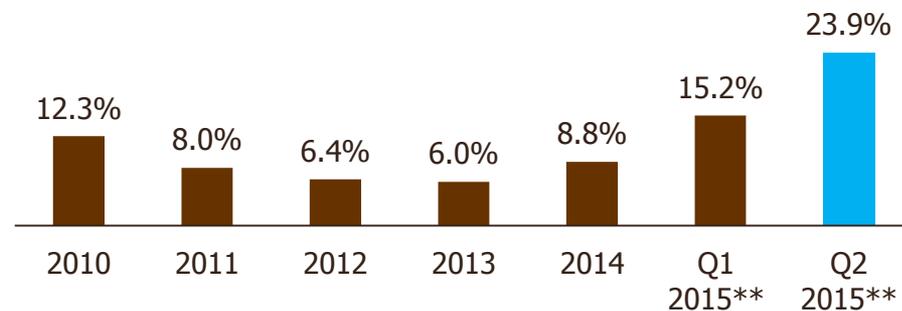


- Very strong growth in net profit resulted in high ROE of 50.3% in Q2 2015

\* Based on [www.set.or.th](http://www.set.or.th)

\*\* Annualized based on last 12 months net profit

(Unit : %) **ROA\***

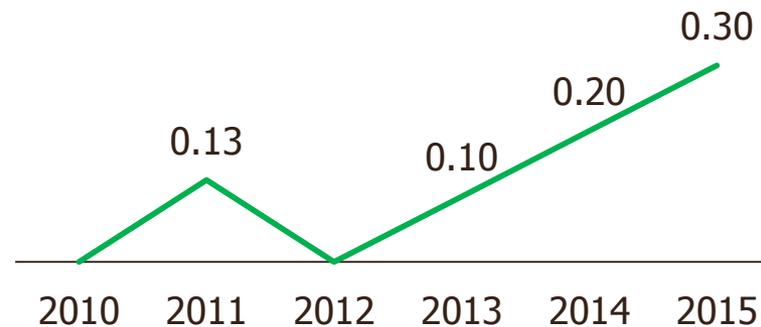


\* Based on [www.set.or.th](http://www.set.or.th)

\*\* Annualized based on last 12 months profit interest and tax

(Unit : Baht/share)

**Dividend\***



- Based on declaration of operational period and adjusted for par at Baht 1 per share



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## Q2 2015 Highlights: TASCOT Shares Trading Statistics

	8 Sep 2015	30 June 2015	31 Dec 2014	31 Dec 2013
No. of ordinary shares ('000 shares)	1,542,931	1,540,397	153,277	152,580
Par value (Baht/share)	1	1	10	10
Market Cap (THB million)	39,730	35,275	9,963	7,781
Price (Baht/share)	25.70	22.90	6.5 <sup>4/</sup>	5.1 <sup>4/</sup>
EPS (Baht/share)	2.20 <sup>1/</sup>	1.35 <sup>1/</sup>	0.78 <sup>4/</sup>	0.54 <sup>4/</sup>
P/E (Time)	11.73 <sup>1/</sup>	17.02 <sup>2/</sup>	15.83	5.97
Avg Daily Trading Value (THB million)	541	465 <sup>3/</sup>	20	59
Avg Daily trading volume (Share)	26,720,443 <sup>3/</sup>	29,099,898 <sup>3/</sup>	6,409,189 <sup>4/</sup>	9,444,013 <sup>4/</sup>

1/ Annualized based on last 12 months net profit

2/ Based on sum of net profit from Q2 2014 to Q1 2014

3/ Daily Average from beginning of year to date

4/ Adjusted for par value at Baht 1 per share

Avg P/E in construction material industry (As of 8 Sep 2015) = 15.66

Avg P/E in SET (As of 8 Sep 2015) = 18.16

**Fitch**Ratings

From BBB+(THA) to **A- (THA)**

## Reflect improvement in debt and improved profitability

- Stronger Credit Metrics
- Strong Domestic Market Position
- Geographic Diversification
- Exposure to Volatile Oil but managed by efficient hedging tool

FTSE SET INDEX SERIES

*TASCO - FTSE SET Mid Cap Index*



## **Crude**



- Brent price increased from USD55 and stabilized above USD63 per barrel during Q2
- Procure more crude cargoes under long term crude supply agreement to support export sales
- Benefited from stable crude price range compared to Q2 2014 when it was highly volatile at above USD 110 per barrel

## **Refinery**



- High refining utilization and 99.8% reliability
- Benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

## **Marine**



- Long term chartered in two asphalt vessels
- 12 asphalt vessels employed full time

## Domestic Market



- Strong government budget disbursement spilled over into Q2 2015 resulted in 22% growth compared to Q2 2014
- Strong growth was driven by Asphalt Cement and PMA

## International Market

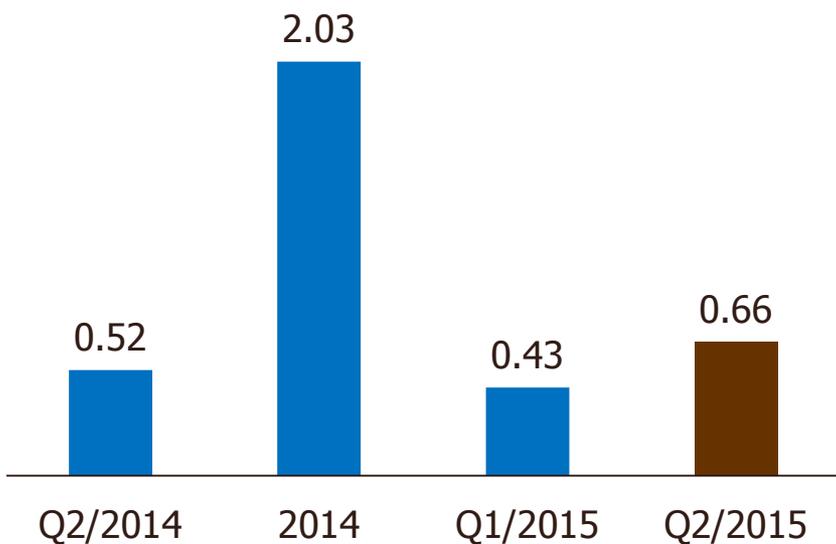


- Consistent strong growth in China, Indonesia, Malaysia, Australia and Vietnam resulted 26% growth Q2 2015 compared to Q2 2014
- JV with SK in Singapore started smoothly in April 2015 with good profit
- Asphalt selling price increased from Q1 to Q2 in line with higher crude price

# Q2 2015 Highlights: Total sales volumes

## Sales volume

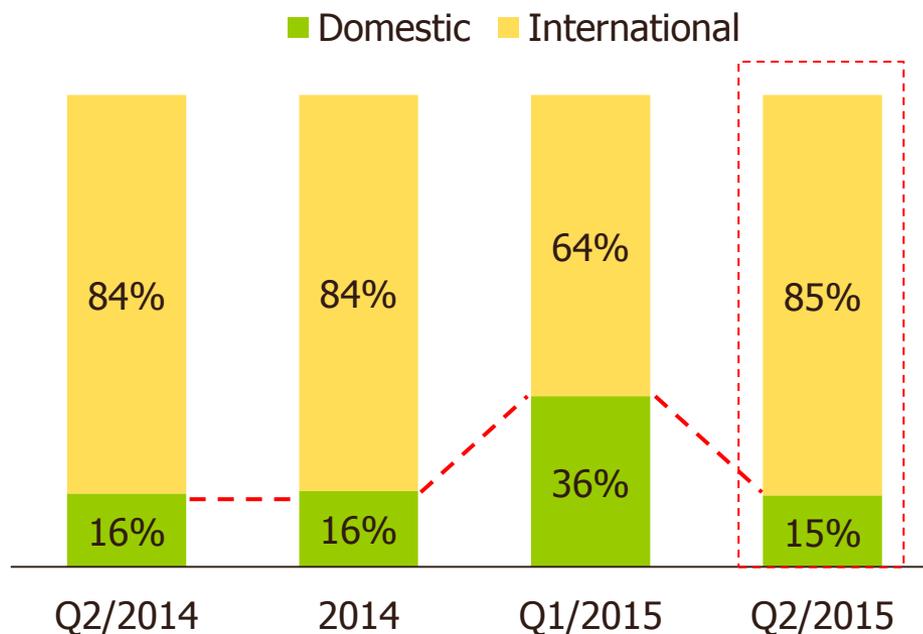
Unit: Mil tons



- Total sales volumes in Q2/2015 increased 27% from the same period of last year.

## Sales volume concentration by market

Unit: %

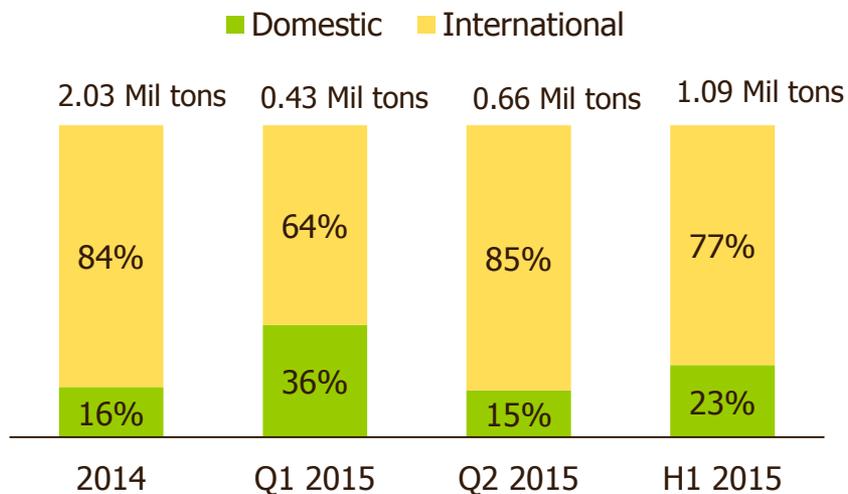


- Due to strong demand in international market, international sales volumes concentration in Q2/2015 was back to the same proportion in 2014

# Asphalt Volume & Asphalt revenue structure

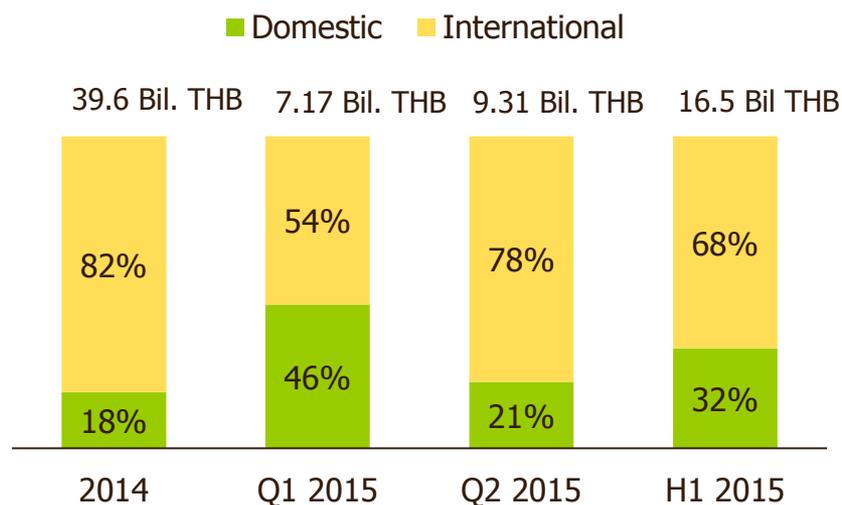
## Asphalt Volume by market

Unit: %



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

Unit: %



## Main International markets



China



Indonesia



Malaysia



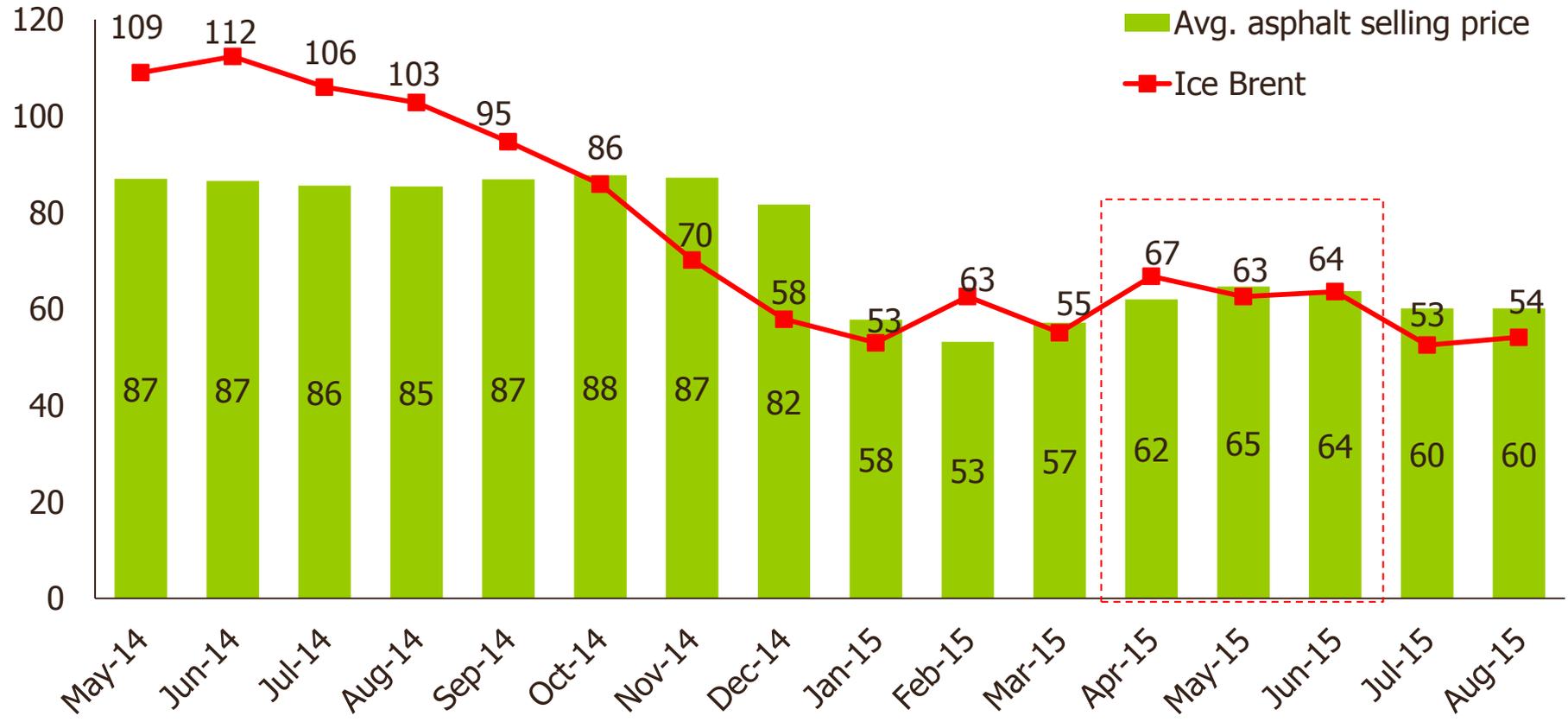
Australia



Vietnam

# Q2 2015 Highlights: International asphalt market selling price vs Ice Brent

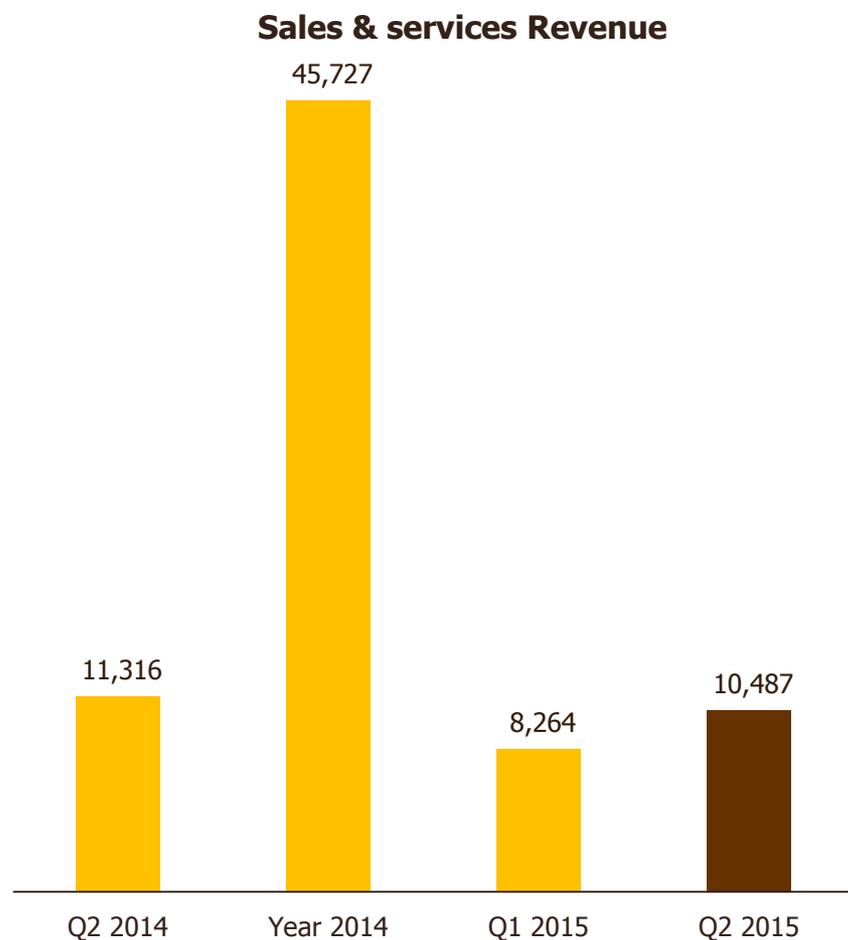
USD/Barrel



- Asphalt prices moved in line with crude price

# Q2 2015 Performance Highlights: Sales & Services Revenue

(Unit : THB Million)



- Sales and services stood at Baht 10,488 million, reflecting a decrease of 7% from the same period last year.
- This decrease was mainly attributable to the drop in selling price in line with lower crude price during 2<sup>rd</sup> quarter of 2015 comparing to the corresponding quarter 2014.
- Nevertheless, sales volume for asphalt products increased significantly by 25.3% comparing to corresponding quarter because demand in the export market remains strong in both quarters this year.
- As a consequence, the Group's operations in refinery, logistic and customer support services were operating at its high level of efficiency

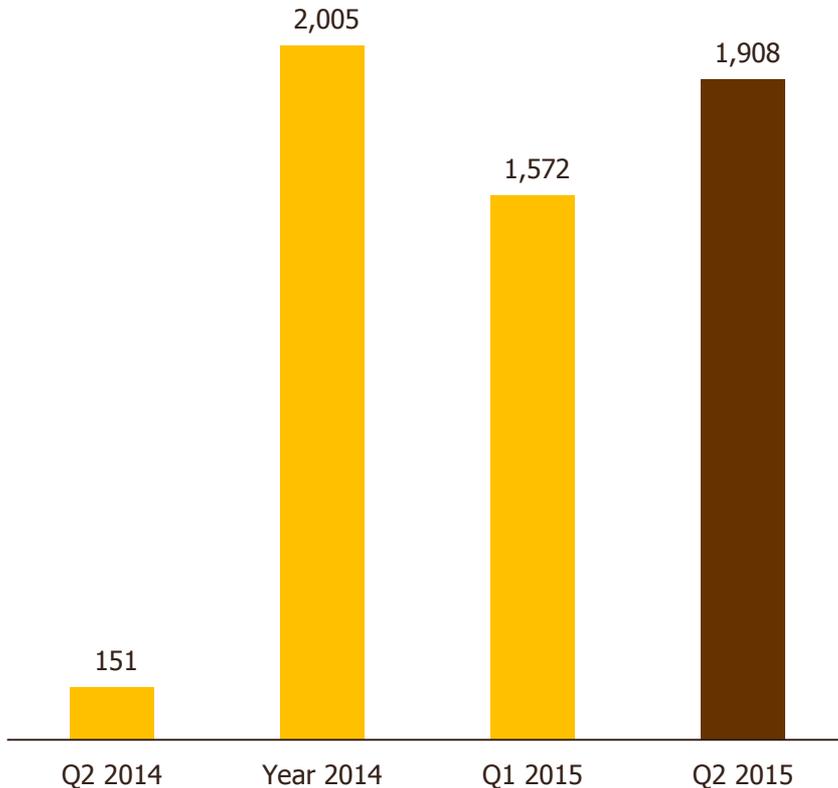


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# Q2 2015 Performance Highlights: Operating Gross Profit

(Unit : THB Million)

## Operating Gross Profit



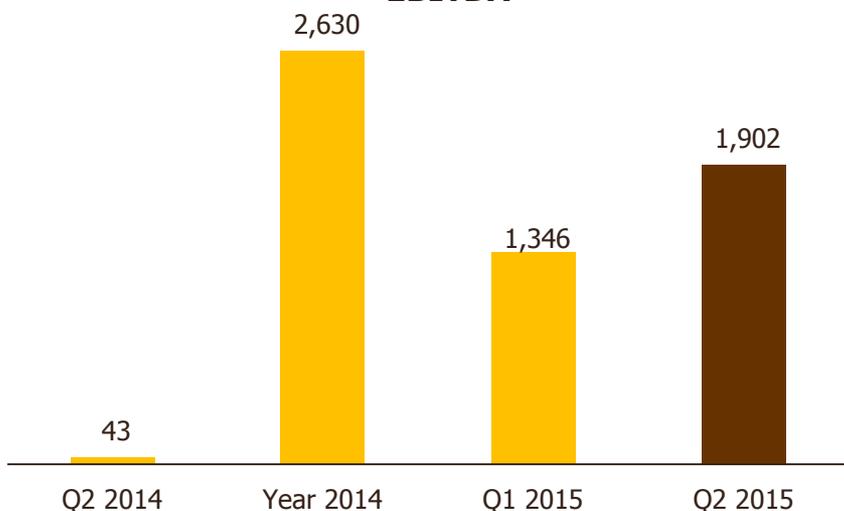
- This is the highest ever quarterly gross profit margin of Baht1,908 million (after hedging loss) mainly attributable to higher asphalt prices arising from strong demand in export market and stable crude cost.
- The Company incurred hedging loss of Baht 353 million which was compensated by high gross profit margin of 21.55% before hedging gain/loss. FX recorded a gain of Baht 34 million in the quarter



# Q2 2015 Performance Highlights: EBITDA & Net Profit

(Unit : THB Million)

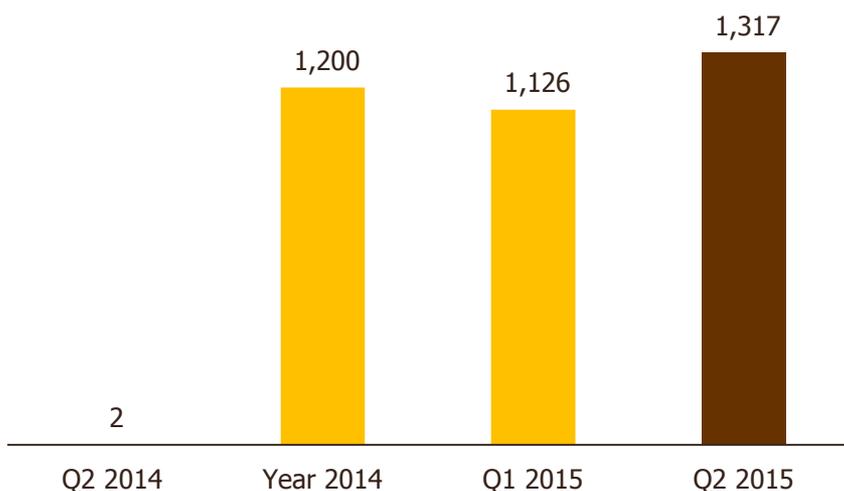
## EBITDA



- The Group cashflow generated from operations recorded the highest EBITDA of Baht 1,902 million compared to Baht 43 million in the corresponding quarter in 2014. This has significant positive impact to the consolidated debt to equity ratio

(Unit : THB Million)

## Net Profit After Tax

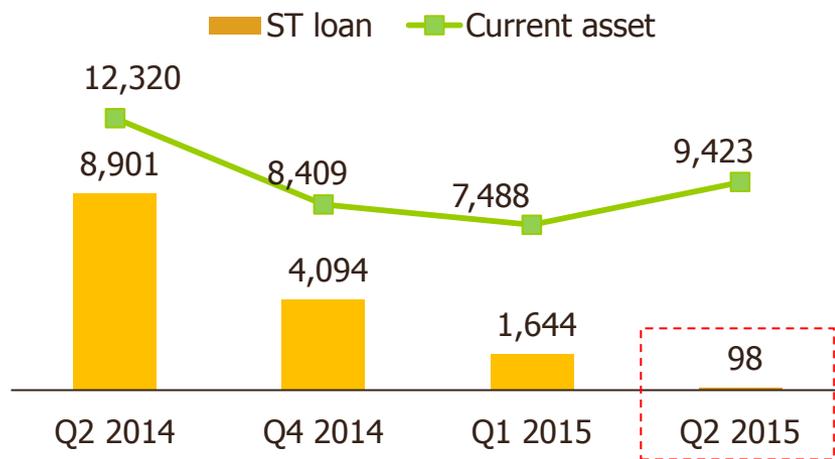


- The Net Profit After Tax of Baht 1,317 million was the best ever quarterly result represented earning per share of Baht 0.855 (par value of Baht 1 each) compare to Baht 0.001 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company
- Impressive annualized ROE of 50.3%

# Q2 2015 Performance Highlights: Debt to Equity Ratio

## ST loan vs Current asset

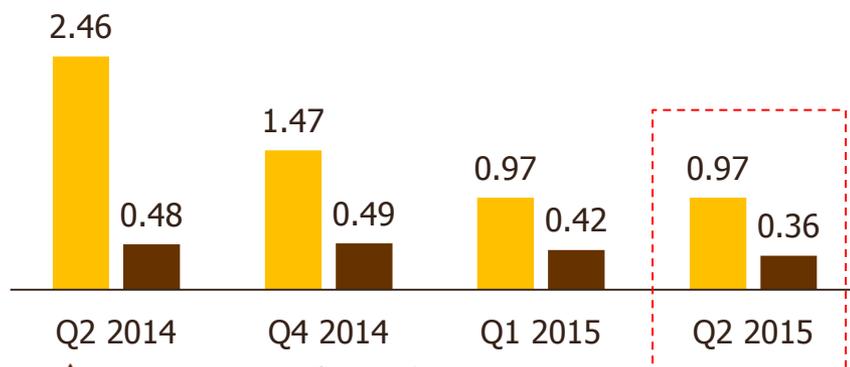
Unit: THB million



- All the crude financing short-term borrowing was fully repaid within Q2 due to strong cashflow generated from operations. The Net current ratio improves to 1.65 times.

## Debt/ Equity Ratio

■ Total debt/Total equity ■ LT Debt/ Total equity



- The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.97 from 1.47 due to better crude to cash conversion cycle in 2<sup>rd</sup> quarter 2015 as compared to corresponding quarter in 2014
- Furthermore, the LT borrowing/equity ratio has also decreased to 0.36 from 0.49



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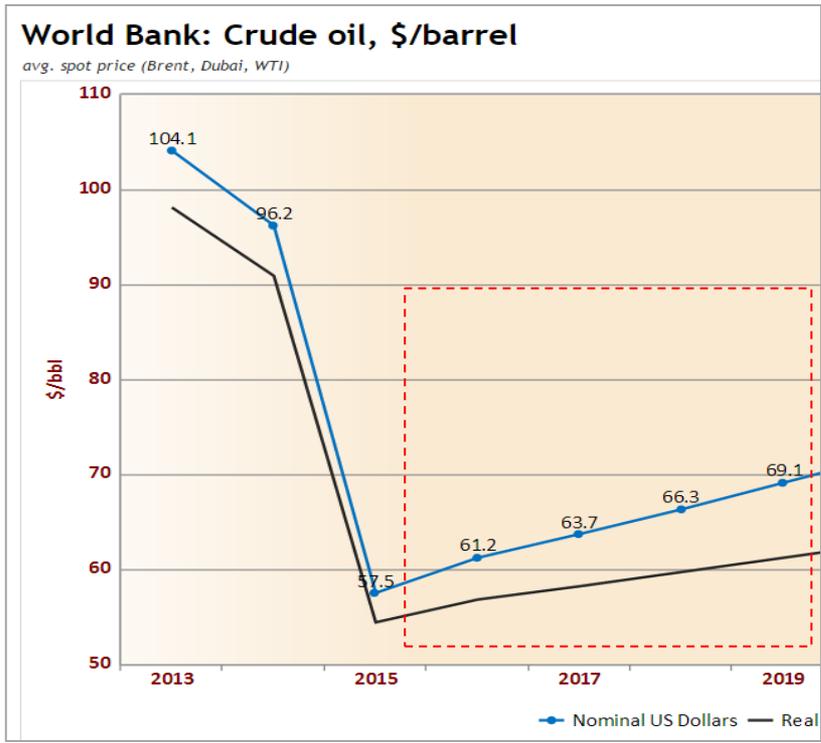
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# Future outlook - Crude

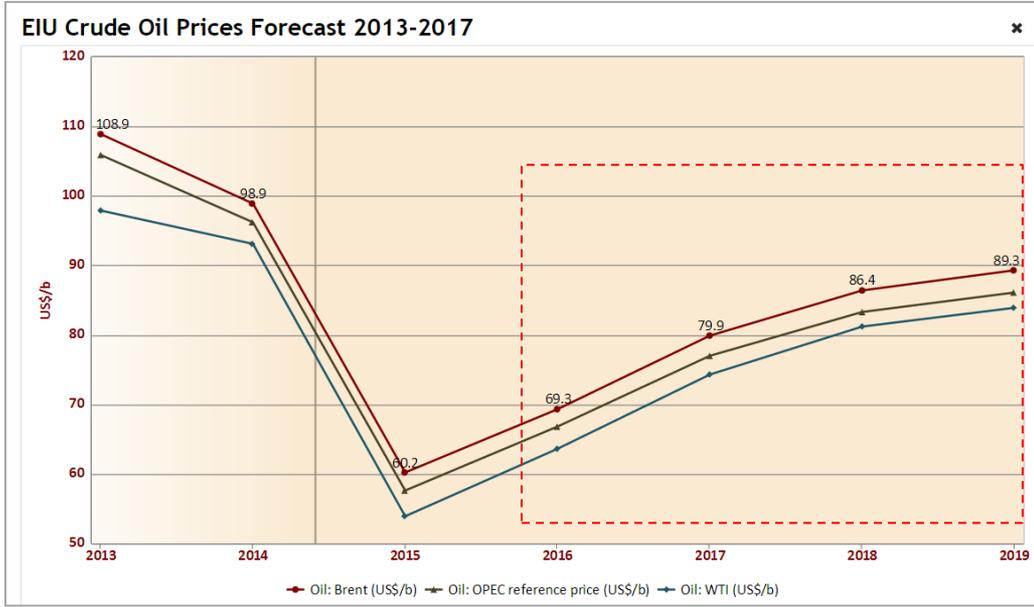
## Crude



- Crude price range is expected from USD 60 – 90 per barrel from 2016 – 2019
- With projected level above, company still benefit



Source: World Bank Commodity Forecast Price data, July 2015



Source: EIU Economic and Commodity Forecast, July 2015



## Refinery



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

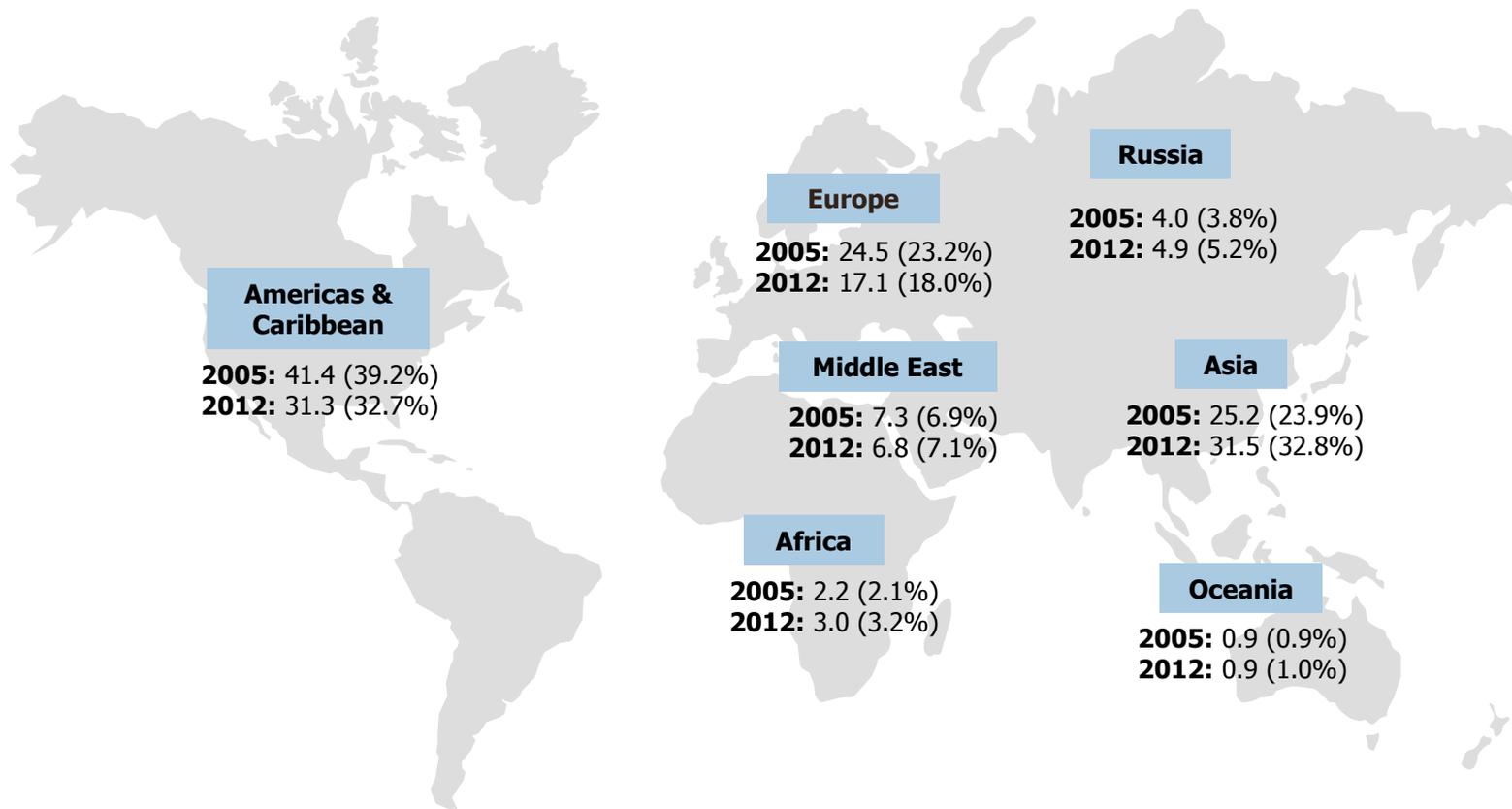
## Marine



- New ship is expected to generate revenue
- Tightness of asphalt vessel availability still continue and the freight revenue improved significantly

# Future Outlook – world asphalt demand

- Global demand of asphalt is projected to rise 3.6% annually through 2017 to 121 million tons. Asia remains the growth area
- China is expected to surpass USA in 2017



**Total Global Demand** (Unit: Million Ton)  
**2005:** 105.5    **2012:** 95.5    **2017:** **121**

Source : [www.AggBusiness.com](http://www.AggBusiness.com)



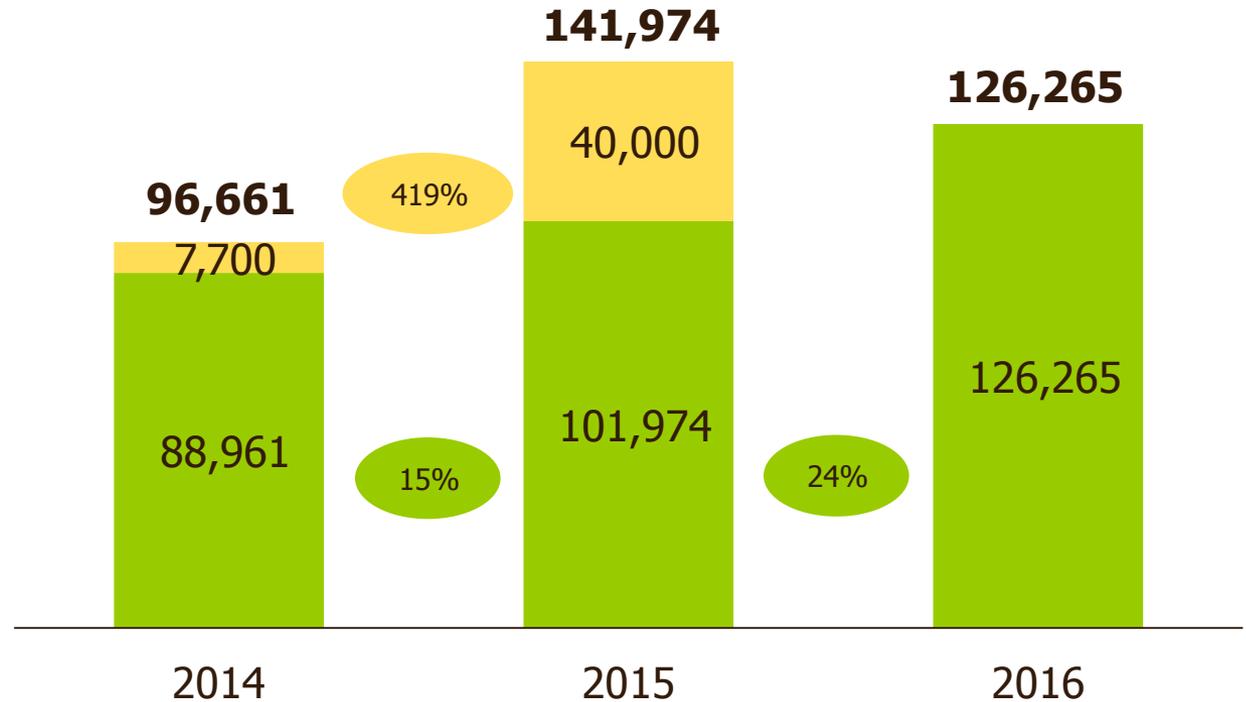
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## Thailand road & related budget

Unit: Mil THB

■ Fiscal ■ Additional ○ Growth



Unit: Mil. THB	Amount	Amount	%	Amount	% <sup>1/</sup>
Department of Highway	52,759	86,378	64%	79,405	-8%
Department of Rural	43,902	55,596	27%	46,860	-16%

1/ Negative growth since 2016 fiscal budget was just announced and 2016 additional budget has not been defined yet 19



- 2016 asphalt import demand is expected to be around 4 million tons  
*Source: Bitumen Media Conference 2015*

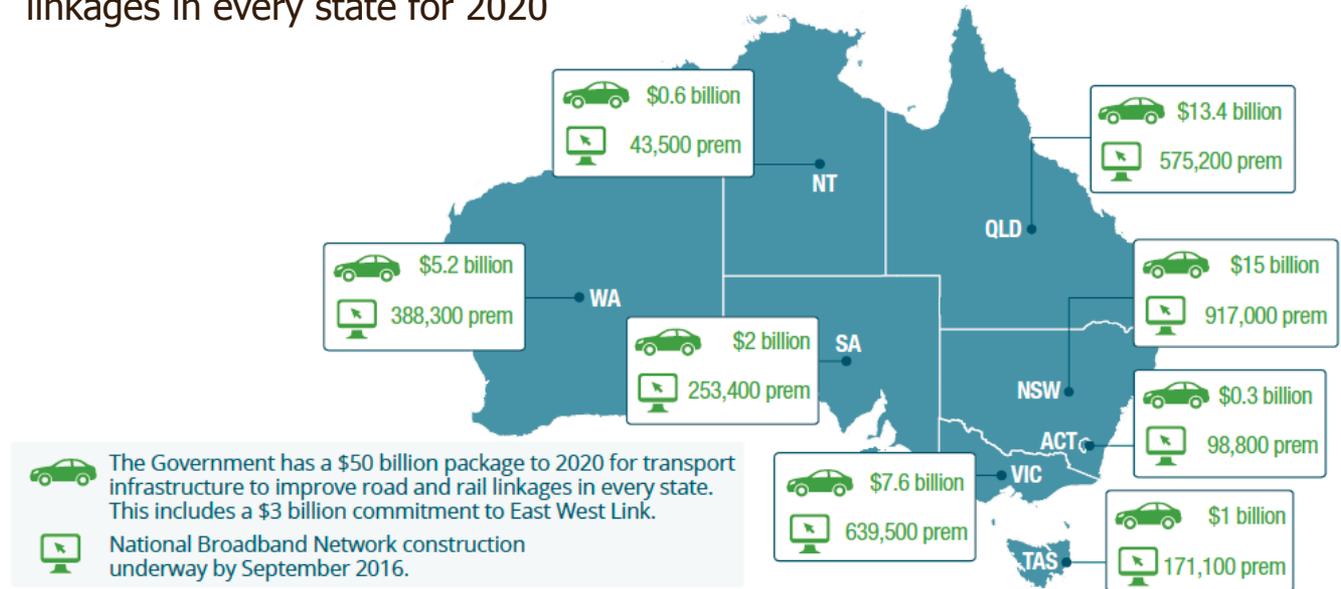


- In 2016, Rp 28.3 trillion (USD 1.98 billion) for new road and Rp 17.9 Trillion (USD 1.25 billion) for road maintenance
- Asphalt import volume is expected to reach 1.5 million tons in 2016  
*Source: Jakarta post 4 Sep 2015 and Bitumen Media Conference 2015*



- 2015 Malaysia asphalt demand is around 700,000 tons and is expected to be stable in 2016
- TASCOS market share is around 20% in Malaysia – more room to grow  
*Source: Bitumen Media Conference 2015*

- The Government's \$50 billion infrastructure commitment is improving road and rail linkages in every state for 2020



Source: Australia budget 2015



- According to a report released at the conference by the Bank for Investment and Development of Vietnam, only 32% of the roads in Vietnam are in good condition, while the remaining 68% are substandard and need to be rebuilt or upgraded.
- Vietnam will need around \$48 billion from 2016 through 2020 to improve the country's weak transportation infrastructure

Source: Wall Street Journal 8 Sep 2015

## *Mission*

**2015**

To be a well-recognized leading asphalt focused company in Asia Pacific



**2020**

To be a globally preferred **integrated asphalt and petroleum related product company**