

Tipco Asphalt Public Company Limited (TASCO)

Q3-2015 Opportunity day

9th December 2015



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Tipco Asphalt Public Company Limited

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- 1 Q3 2015 Highlights
- 2 Q3 Performance Highlights
- 3 Q4 2015 outlook
- 4 2020 Mission/Vision
- 5 Acquisition of business

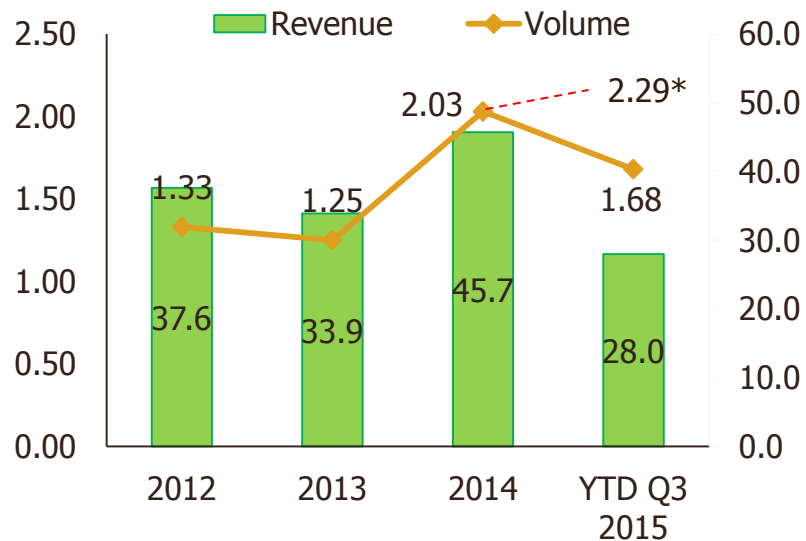
YTD Q3 2015 Highlights: Volume & revenue

Volume

Unit: Mil. Ton

Revenue

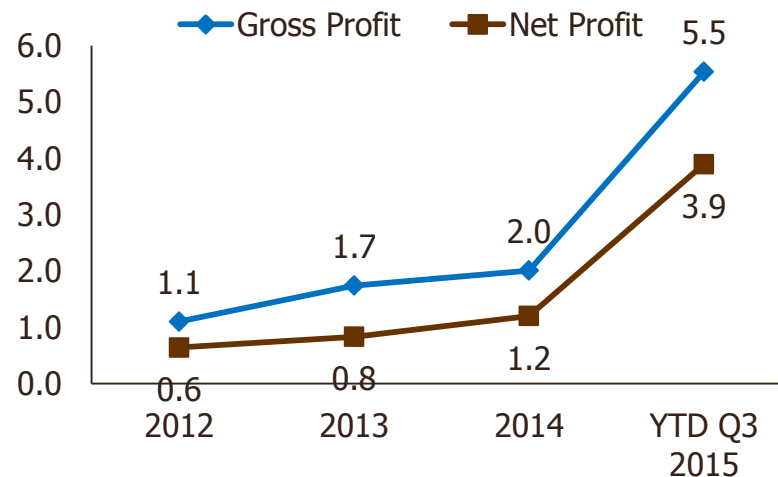
Unit: Bil. Baht



* Expected 2015 sales volume

Gross Profit vs. Net profit

Unit: Bil. Baht

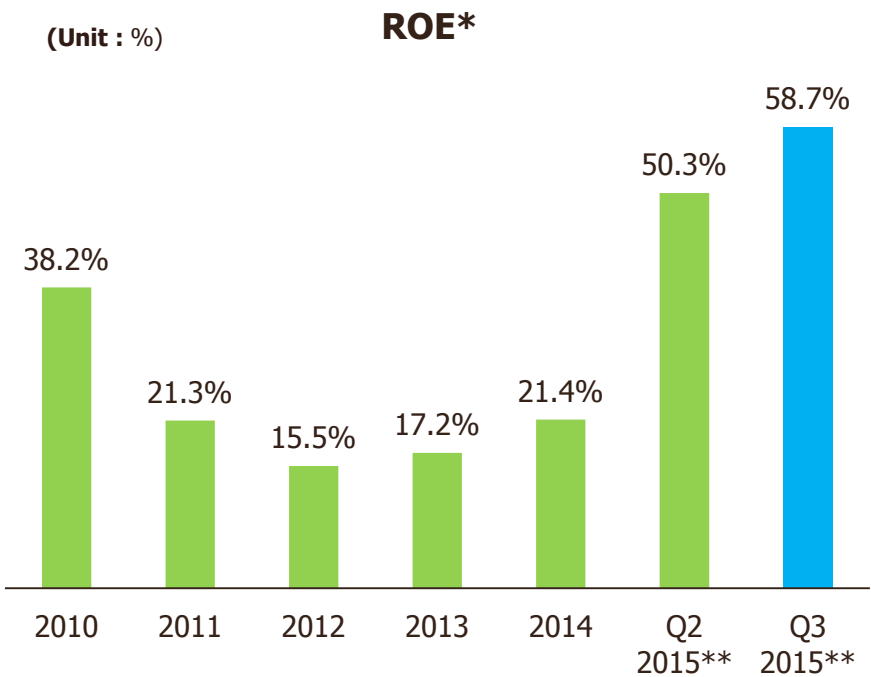


GP margin	2.9%	5.1%	4.4%	19.7%
NP margin	1.7%	2.4%	2.6%	13.9%



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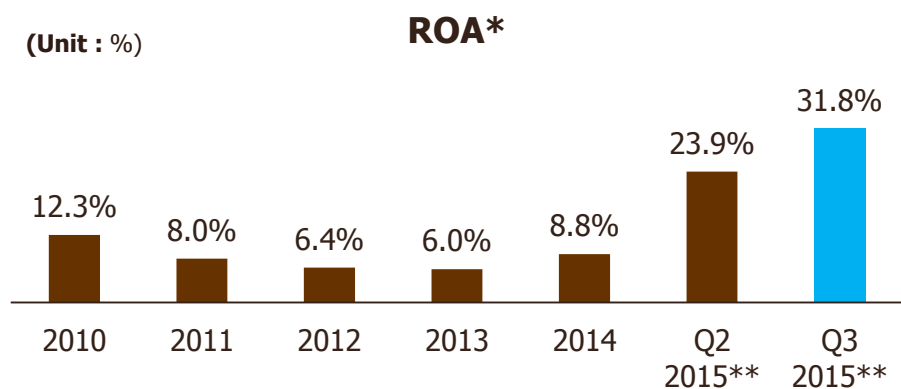
Q3 2015 Highlights: Key ratios



- Very strong growth in net profit resulted in high ROE of 58.7% in Q3 2015

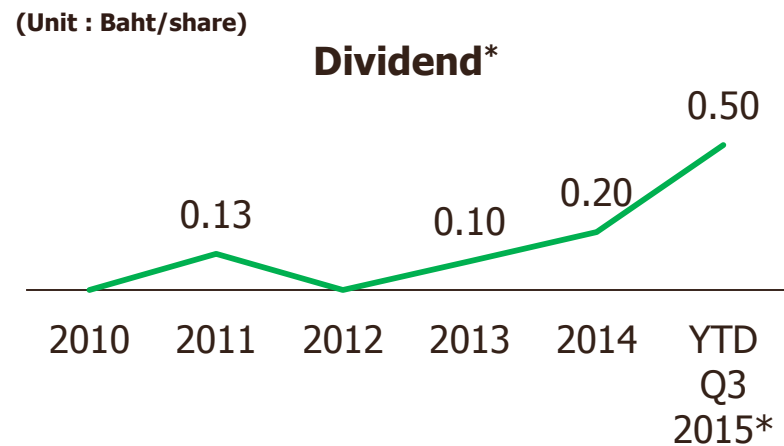
* Based on www.set.or.th

** Annualized based on last 12 months net profit



* Based on www.set.or.th

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



- Baht 0.2 per share in Q2/2015 + Baht 0.3 per share in Q3 2015



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Q3 2015 Highlights: TASCOT Shares Trading Statistics

	4 Nov 2015	30 Sep 2015	30 June 2015	31 Dec 2014
No. of ordinary shares ('000 shares)	1,542,931	1,542,931	1,540,397	153,277
Par value (Baht/share)	1	1	1	10
Market Cap (THB million)	67,731	45,516	35,275	9,963
Price (Baht/share)	43.25	29.50	22.90	6.5 ^{3/}
EPS (Baht/share)	2.87 ^{1/}	2.87 ^{1/}	1.35 ^{1/}	0.78 ^{3/}
P/E (Time)	15.16 ^{1/}	10.28 ^{1/}	16.97 ^{1/}	8.34
Avg Daily Trading Value (THB million)	533	519	465	20
Avg Daily trading volume (Share)	23,682,985 ^{2/}	24,102,594 ^{2/}	29,099,898 ^{2/}	6,409,189 ^{3/}

1/ Annualized based on last 12 months net profit from Q4 2014 to Q3 2015

2/ Daily Average from beginning of year to date

3/ Adjusted for par value at Baht 1 per share



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FitchRatings

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

FTSE SET INDEX SERIES

TASCO-FTSE SET Mid Cap Index

VERY GOOD



CORPORATE GOVERNANCE SCORE



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Crude



- Brent price decreased from USD64 and to USD50 per barrel during Q3
- Procure more crude cargoes under long term crude supply agreement to support export sales

Refinery



- 80% refining utilization and 99.8% reliability
- Still Benefited from efficiency in fuel and energy consumption
- Optimum production cost, i.e. lowest production cost per unit

Marine



- Long term chartered in three asphalt vessels
- Additional vessel to fleet
- Order new build 12,000 D.W.T. asphalt vessel

Domestic Market



- Strong government second budget disbursement in Q3 2015
- 24% sales volumes growth in Q3 2015 compared to Q3 2014
- Healthy GP margin was driven by high margin Asphalt Emulsion and PMA sales

International Market

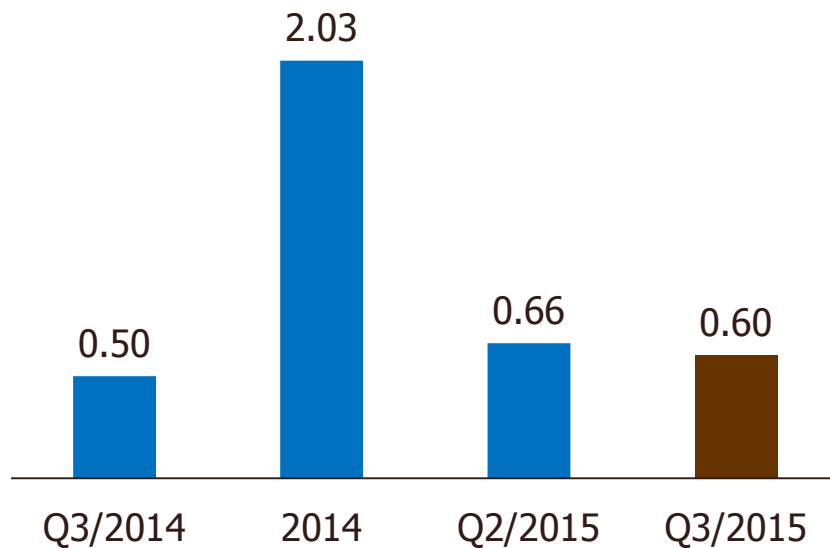


- 20% sales volumes growth in Q3 2015 compared to Q3 2014 was driven by Indonesia and Vietnam
- High GP margin on Asphalt Cement in international market due to stable asphalt price and low crude cost

Q3 2015 Highlights: Total sales volumes

Sales volume

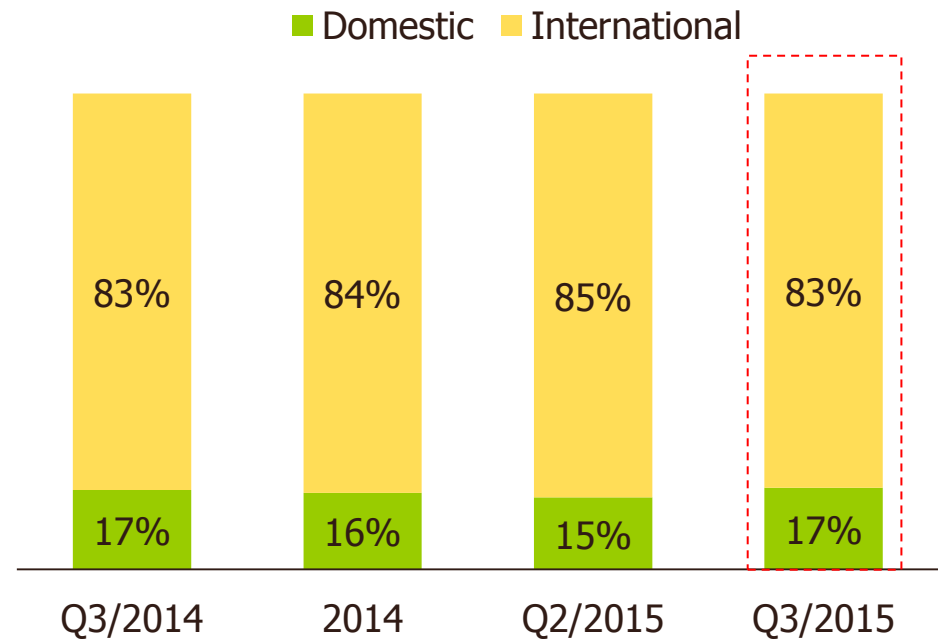
Unit: Mil tons



- Total sales volume in Q3/2015 increased 20% from the same period of last year

Sales volume concentration by market

Unit: %

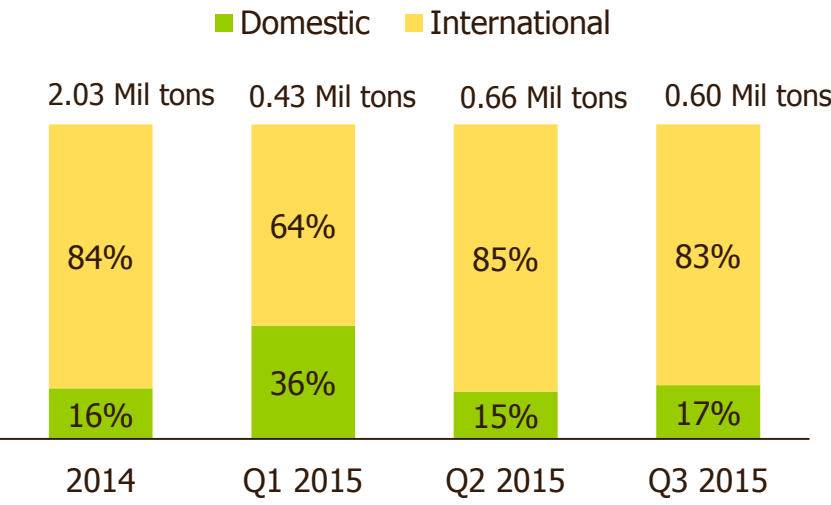


- International remains the driver

Q3 2015 Highlights: Asphalt Volume & Asphalt revenue structure

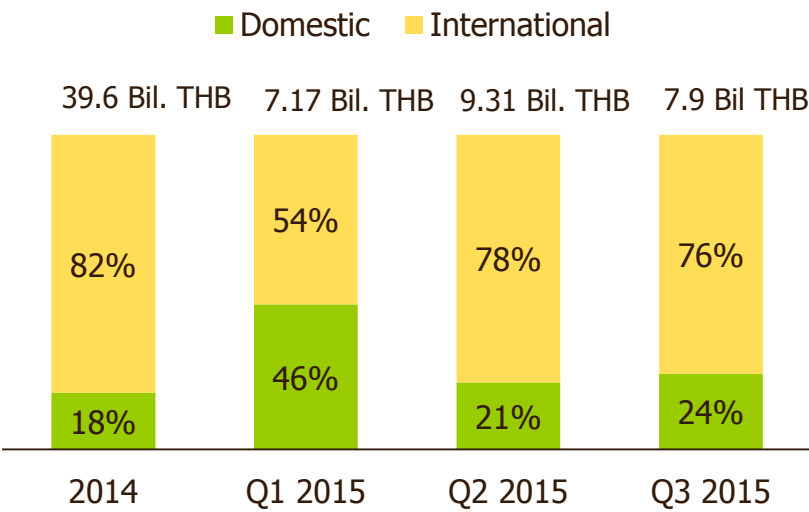
Asphalt Volume by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International markets



China



Indonesia



Malaysia



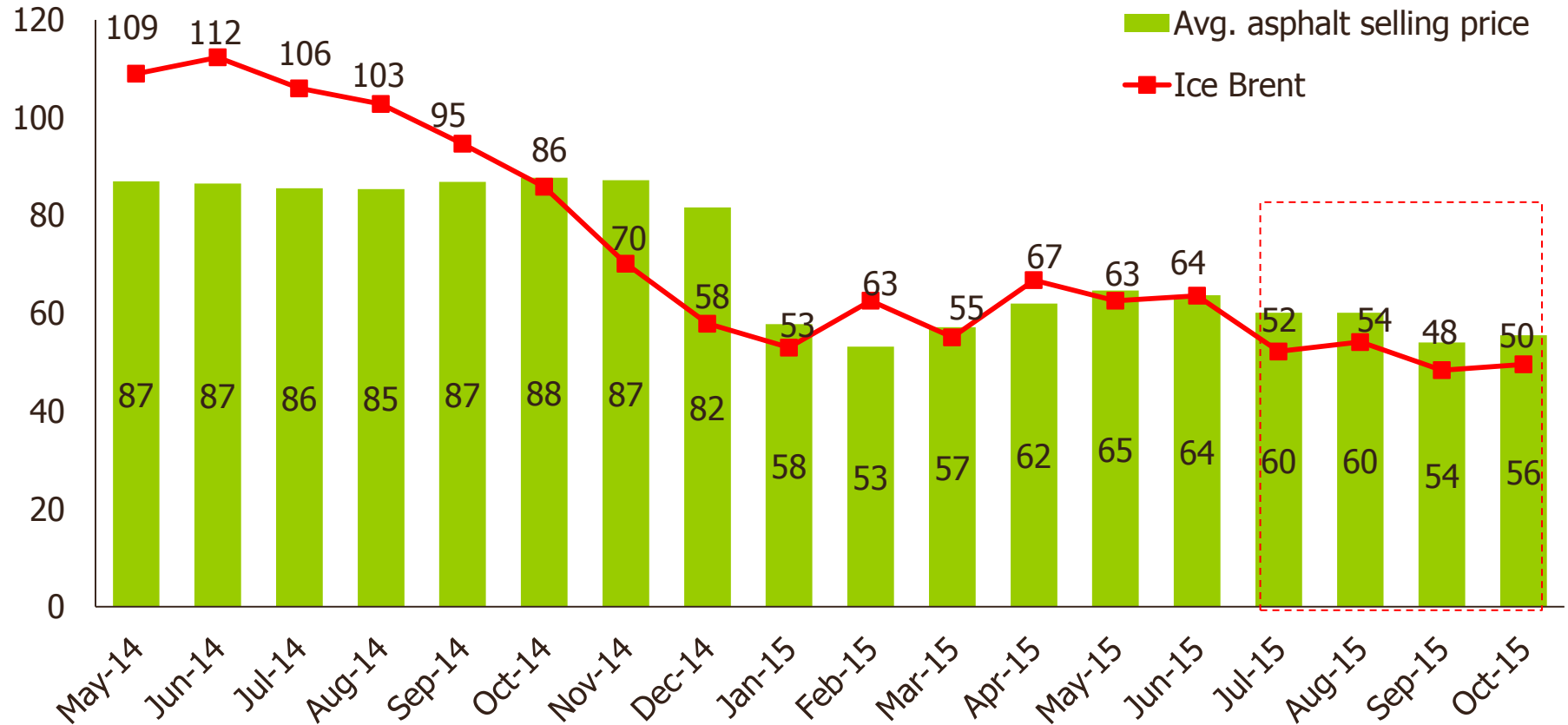
Vietnam



Australia

Q3 2015 Highlights: International asphalt market selling price vs Ice Brent

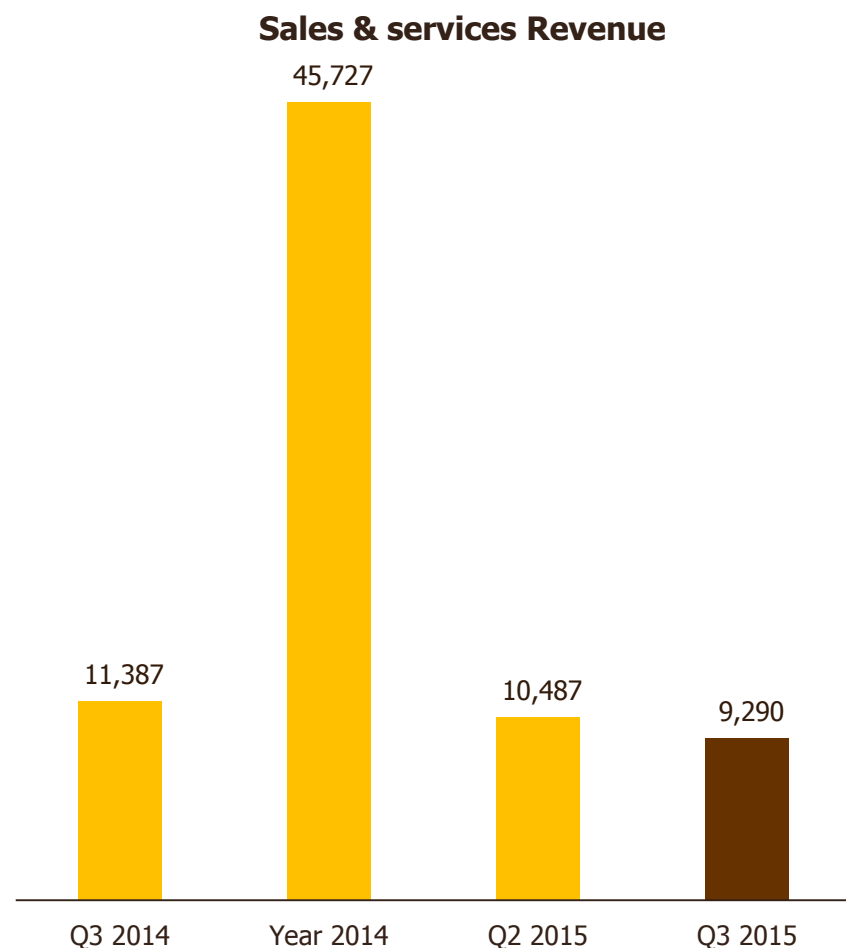
USD/Barrel



- Asphalt prices moved in line with crude price

Q3 2015 Performance Highlights: Sales & Services Revenue

(Unit : THB Million)

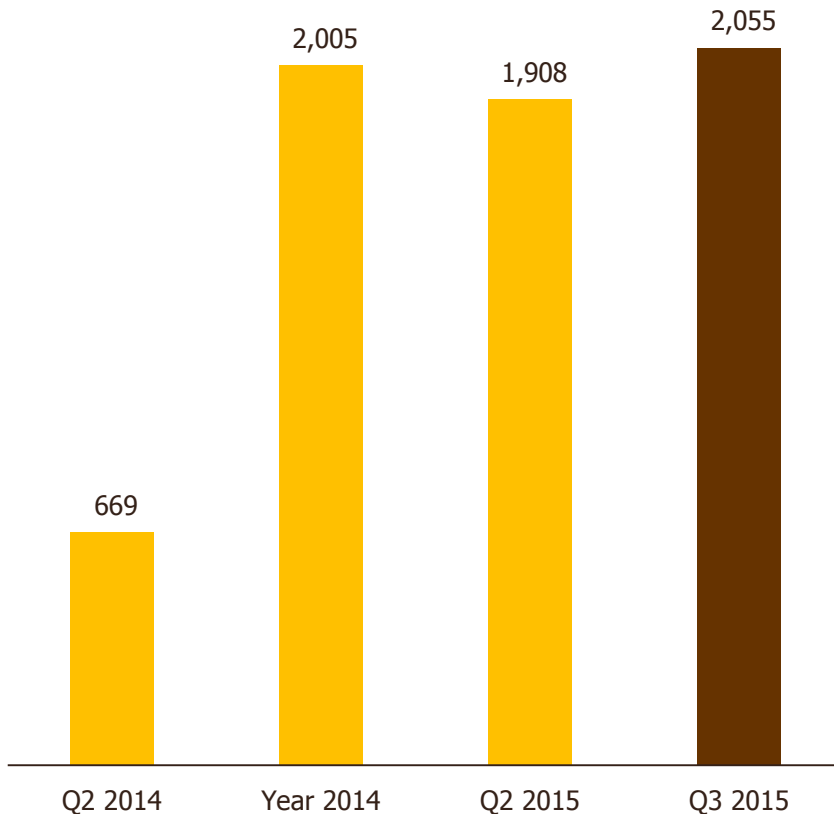


- Sales and services stood at Baht 9,290 million, reflecting a decrease of 18% from the same period last year
- This decrease was mainly attributable to the drop in selling price in line with lower crude price during 3rd quarter of 2015 comparing to the corresponding quarter 2014
- Nevertheless, sales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

Q3 2015 Performance Highlights: Operating Gross Profit

(Unit : THB Million)

Operating Gross Profit



- The significantly improvement of the overall gross profit margin was mainly due to the increase in high margin product in domestic market, conventional product in international market and stable crude product
- 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
- Under the crude inventory policy, the company has marked (MTM) and provided a net realized value (NRV) provision of Baht 6 million

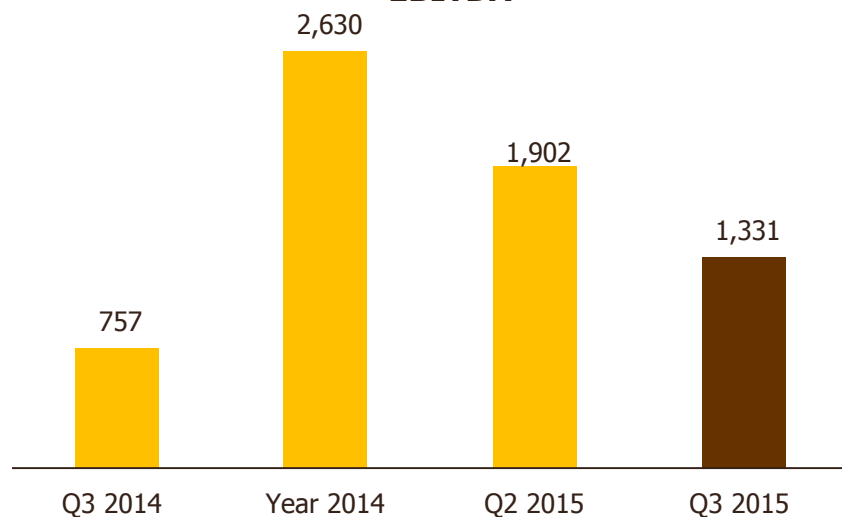


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Q3 2015 Performance Highlights: EBITDA & Net Profit

(Unit : THB Million)

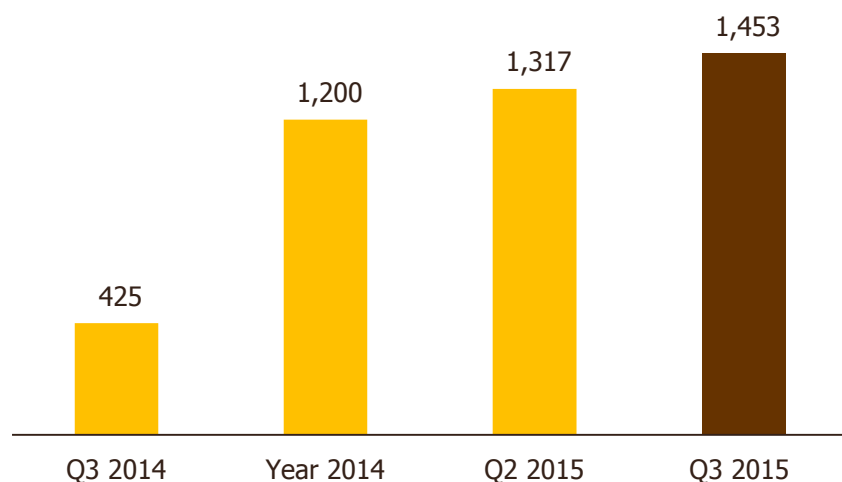
EBITDA



- 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

(Unit : THB Million)

Net Profit After Tax

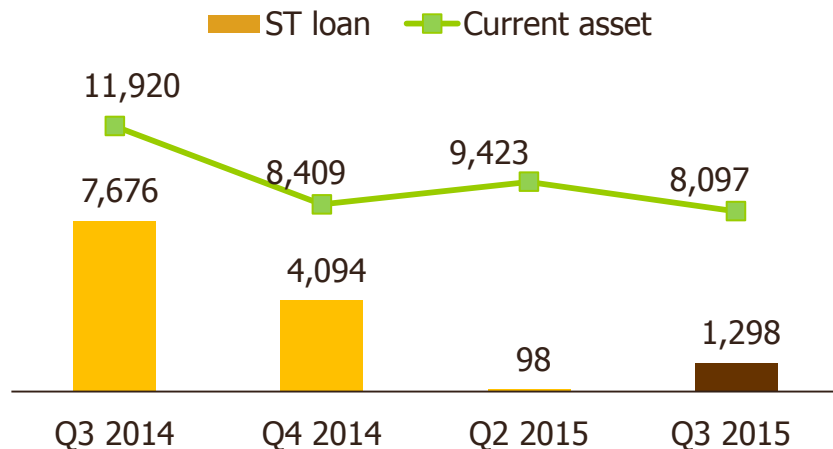


- The Net Profit After Tax of Baht 1,453 million for the 3rd quarter 2015 represented earning per share of Baht 0.94 (par value of Baht 1 each) compare to Baht 0.28 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company

Q3 2015 Performance Highlights: Debt to Equity Ratio

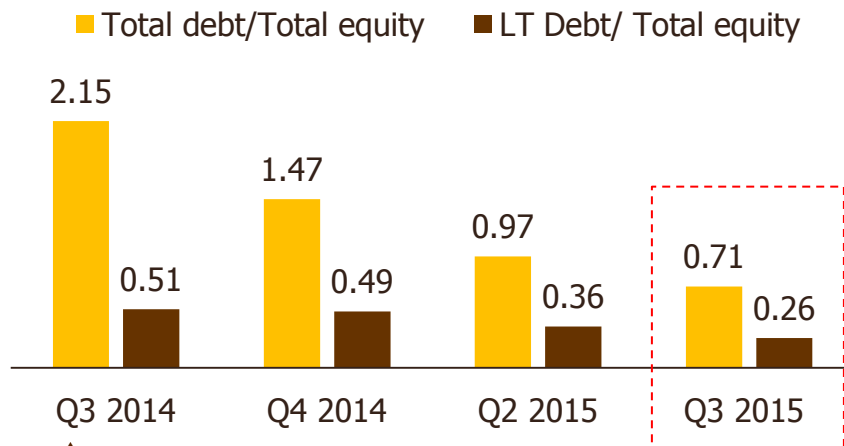
ST loan vs Current asset

Unit: THB million



- Increase in short term loan was normal crude working capital

Debt/ Equity Ratio



- The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.71 from 1.47 due to prepayment of long-term loan total amount of Baht 527 million
- Furthermore, the LT borrowing/equity ratio has also decreased to 0.26 from 0.49

Refinery



- 80% - 90% refining capacity utilization, the Group continued to enjoy high efficiency in fuel consumption and production cost
- Maintain high reliability at 99.8%

Marine



- Tightness of asphalt vessel availability still continue
- Long term charter three asphalt vessels



- With strong 2016 fiscal budget, Q4 domestic sales volumes is expected to be strong and will continue into 2016



- Overall international volumes still maintain while Indonesia and Vietnam showed strong growth

2015

2020

Mission

A well-recognized leading asphalt focused company in Asia Pacific



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

Vision

To distribute 2 million tons of asphalt products by 2015 and be the key contributor to the success of all stakeholders while maintaining the highest Corporate Social Responsibility at all time.



To distribute **6 million tons** of asphalt and petroleum products **across 5 continents** by 2020 in a sustainable and responsible manner

9 key strategies

S1

S2

S3

S4: Expand and grow businesses (existing)

S5: Explore new businesses

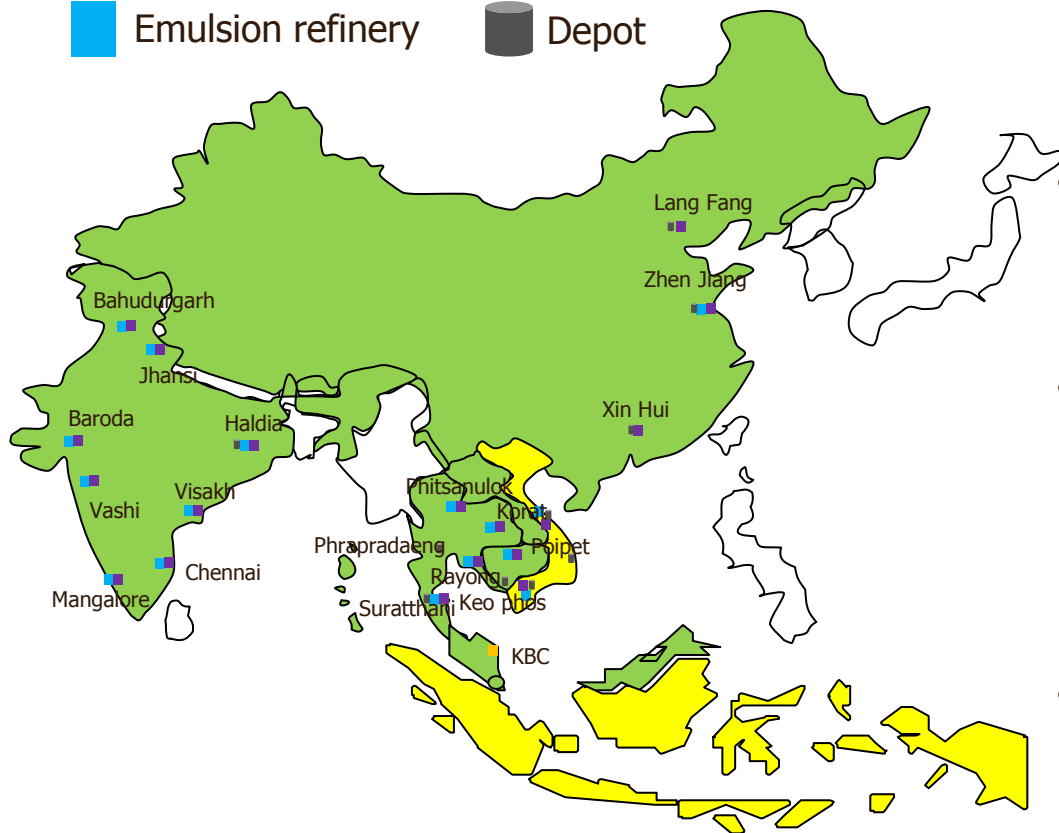
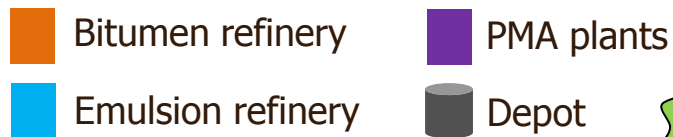
S6:

S7: KBC refinery upgrading

S8:

S9:

Vietnam and Indonesia are the “missing jigsaws”



- Currently, TASCOCO has strong Local presence in Thailand, Malaysia, Cambodia, Laos, China, and India
- TASCOCO has almost 90% local market shares in Laos and high market share in Cambodia
- Despite Vietnam and Indonesia are big market, TASCOCO has only approximately 10.0% and 19.0% market shares thorough import into Vietnam and Indonesia in 2014, respectively
- Expansion in Vietnam and Indonesia are necessary to achieve 2020 mission
- Also, asphalt vessels fleet expansion is required

Vietnam and Indonesia are strong growth countries



	Vietnam	Indonesia
Country direction	<ul style="list-style-type: none"> Plan to connect strategic social economic zones and cities MoT plans to construct 2,347 km express ways 	<ul style="list-style-type: none"> Focus on infrastructure development by connecting among six economic corridors
2015 – 2019 expected Real GDP growth ^{1/}	5.7%	6.0%
Expected asphalt demands ^{2/}	2009: 435 KT 2013: 463 KT 2020E: 922 KT 2034E: 2,401 KT CAGR = 7.07%	2009: 1,200 KT 2013: 1,400 KT 2020E: 1,700 KT 2034E: 4,500 KT CAGR = 5.43%

1/ Average of 2015 – 2019 ASEAN real GDP growth is expected to be at 5.6%

2/ 2009 – 2034 Asia Pacific CAGR = 4.99% while expected bitumen sales volume will be 52,000 KT and 104,700 KT in 2020 and 2034, respectively

To penetrate into high growth markets instantly, M&A is more superior to greenfield approach



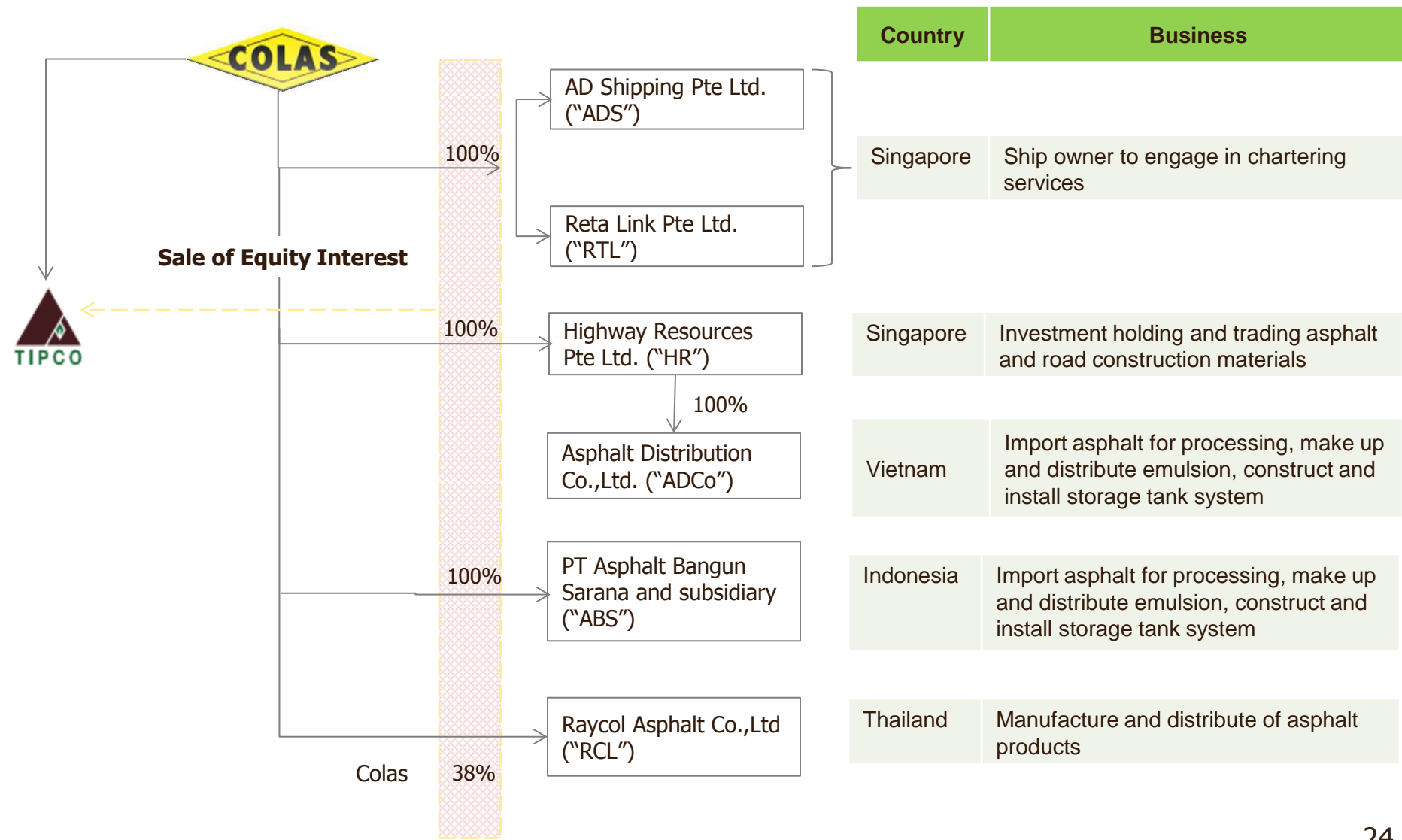
	Vietnam	Indonesia
Environment	<ul style="list-style-type: none">• Top 3 players (including target company) commands 71% market share• These players were established more than a decade and have strong relationship with government and construction companies• Long lead time for new market entry and limit by availability of proper port facilities	<ul style="list-style-type: none">• Top 3 local players (including target company) commands 44% market share• Challenging to gain large footprint due to the uniqueness of asphalt markets in each island (physical presence and competition)• Difficult for new market entry due to long lead time to gain approval and start operation

Acquisition Highlight

- BOD approved the final acquisition price is **USD 61.80 million.**

	Acquisition Proportion	Country	Equity Interest (Mil. USD)	Shareholder' Loan (Mil. US
Asphalt Business				
- Raycol Asphalt Co., Ltd. ("Raycol")	38%	Thailand	7.00	
- PT Asphalt Bangun Sarana and subsidiary ("ABS")	100%	Indonesia	9.50	
- Highway Resources Pte Ltd. ("HR") (included Asphalt Distribution Co., Ltd. ("ADCo"), as a subsidiary)	100%	Singapore/ Vietnam	20.00	
Vessel Business				
- Reta Link Pte Ltd. ("RTL")	100%	Singapore	0.80	4.50
- AD Shipping Pte Ltd. ("ADS")	100%	Singapore	12.00	8.00
		Total	49.30	12.50

Overview of the transaction



Target at a glance

Country	Company	Business
Singapore	ADS	Owner of 3,690 tons cargo carrying capacity vessel
	RTL	Owner of 1,713 tons cargo carrying capacity vessel
Vietnam	ADCo	<ul style="list-style-type: none"> • 2nd largest market shares of 22% • Total estimated 2015 asphalt volume at 200 KT • Strong market coverage and distribution network • More than 70 owned trucks • 4 depots, 3 PMA plants, 3 Emulsion plants
Indonesia	ABS	<ul style="list-style-type: none"> • Total estimated 2015 asphalt volume at 90 KT • More than 50 owned trucks • 6 depots, 1 PMA plant, 3 Emulsion plants

Implied Acquisition Multiple

	Price (mm USD)	2015 P/Book	2015 P/E	2015 EV/EBITDA
ADS	12.00	1.15x	9.51x	8.83x
Reta Link	0.80	0.67x	1.57x	5.63x
HR	20.00	1.65x	2.91x	2.76x
ABS	9.50	1.06x	6.87x	5.56x
Raycol	7.00	3.12x	7.00x	4.92x
Total	49.30	1.41x	5.55x	3.91x

2015 figures are based on last 12 months calculation (4Q2014-3Q2015)



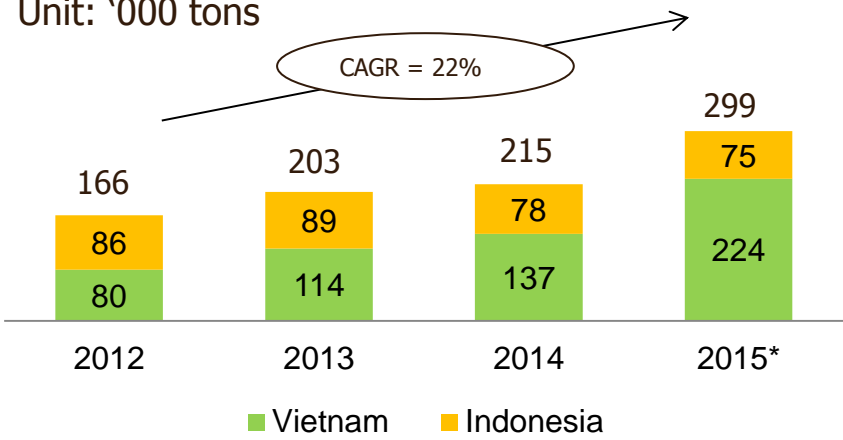
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Strong financial position of Target in Indonesia and Vietnam

Attractive Sales Growth Rate

Sales volume

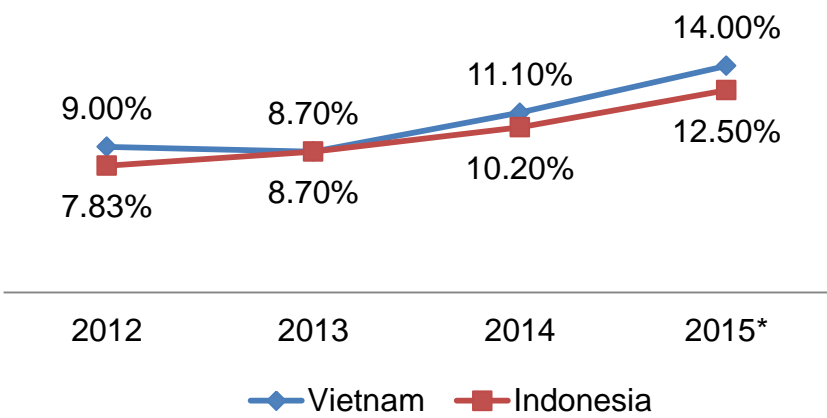
Unit: '000 tons



Continuously Improving Gross Margin

Gross Profit Margin

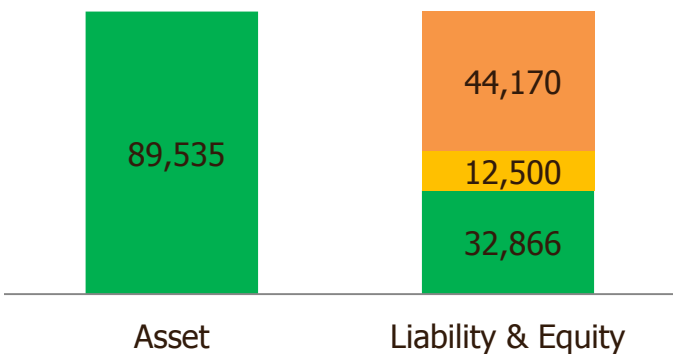
Unit: %



Healthy Balance Sheet 9M2015

Balance sheet

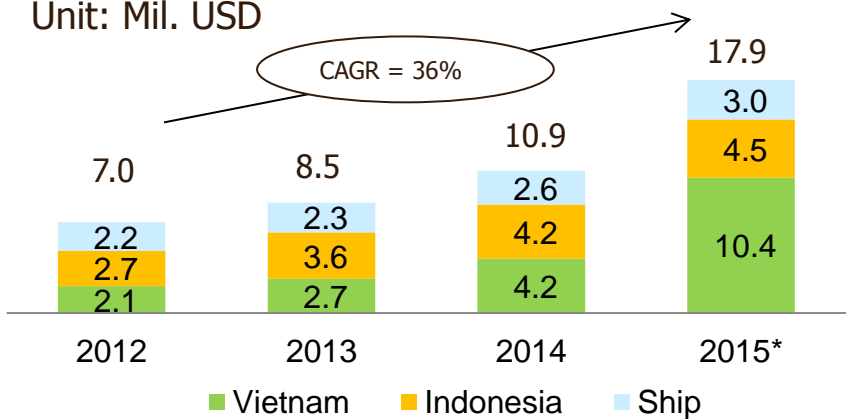
Unit: '000 USD



Strong EBITDA Generation**

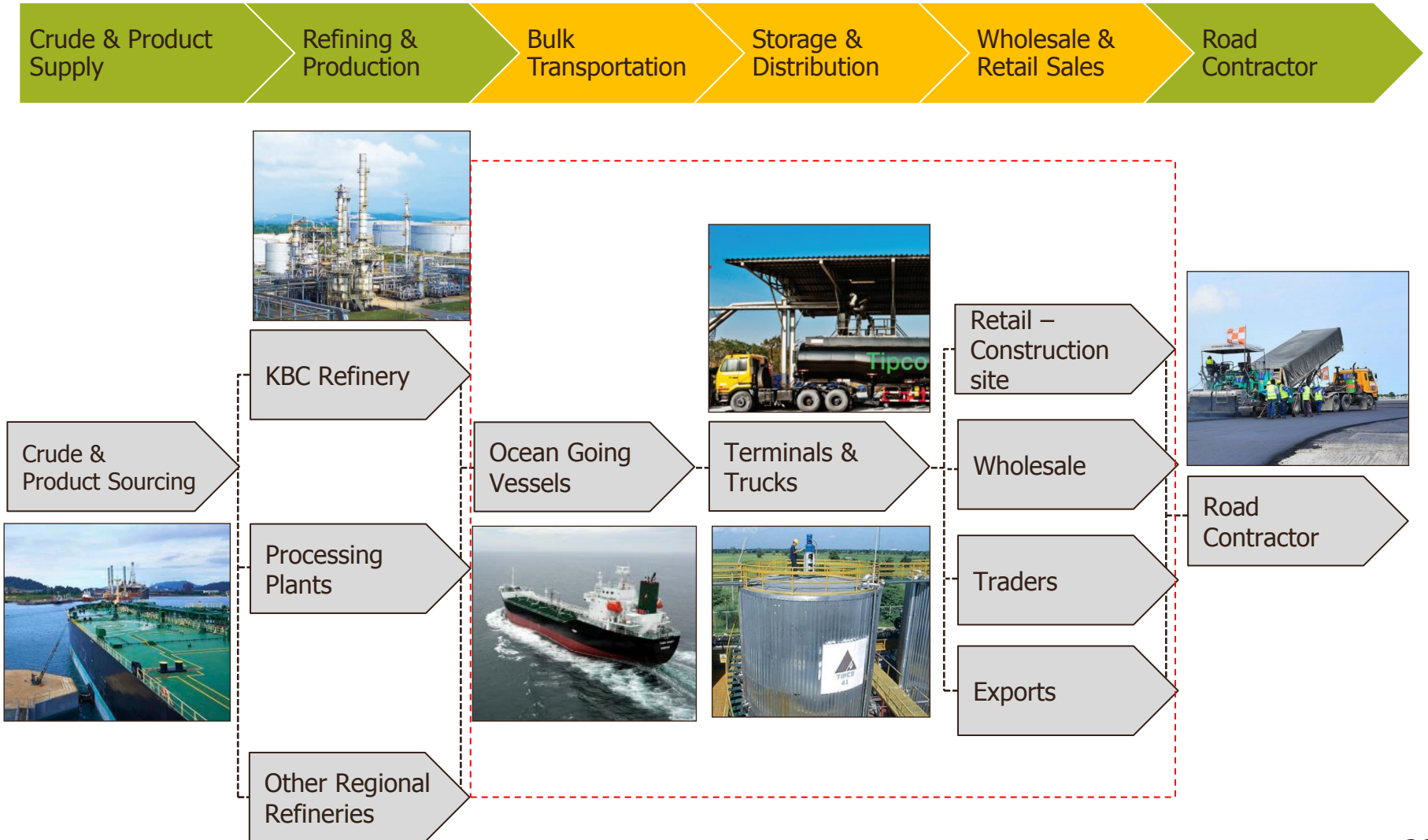
EBITDA

Unit: Mil. USD



* Based on last 12 months
** Technical fee to Colas is added back for Indonesia and Vietnam

After acquisition - A Complete Value Chain in Indonesia & Vietnam – adding 3 more value chains





Thailand

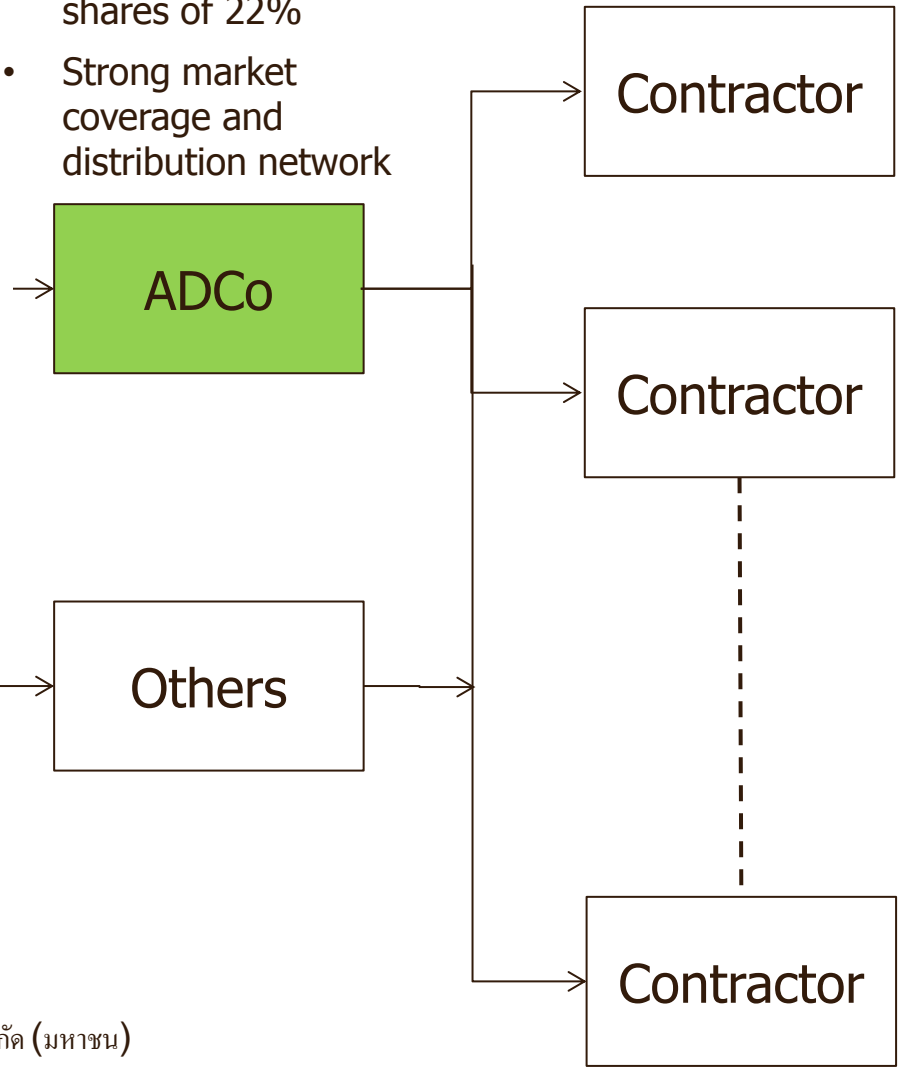
- 2nd largest market shares of 22%
- Strong market coverage and distribution network



10% of supply from KBC to ADCo

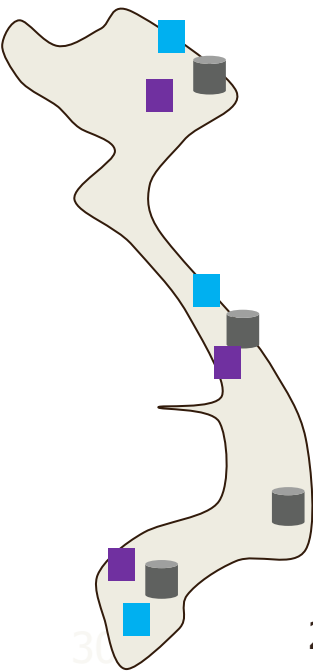
- Account for 9% of market share Vietnam (through other wholesalers)

Vietnam



ADCo facility

- Depot
- PMA Plant
- Emulsion refinery

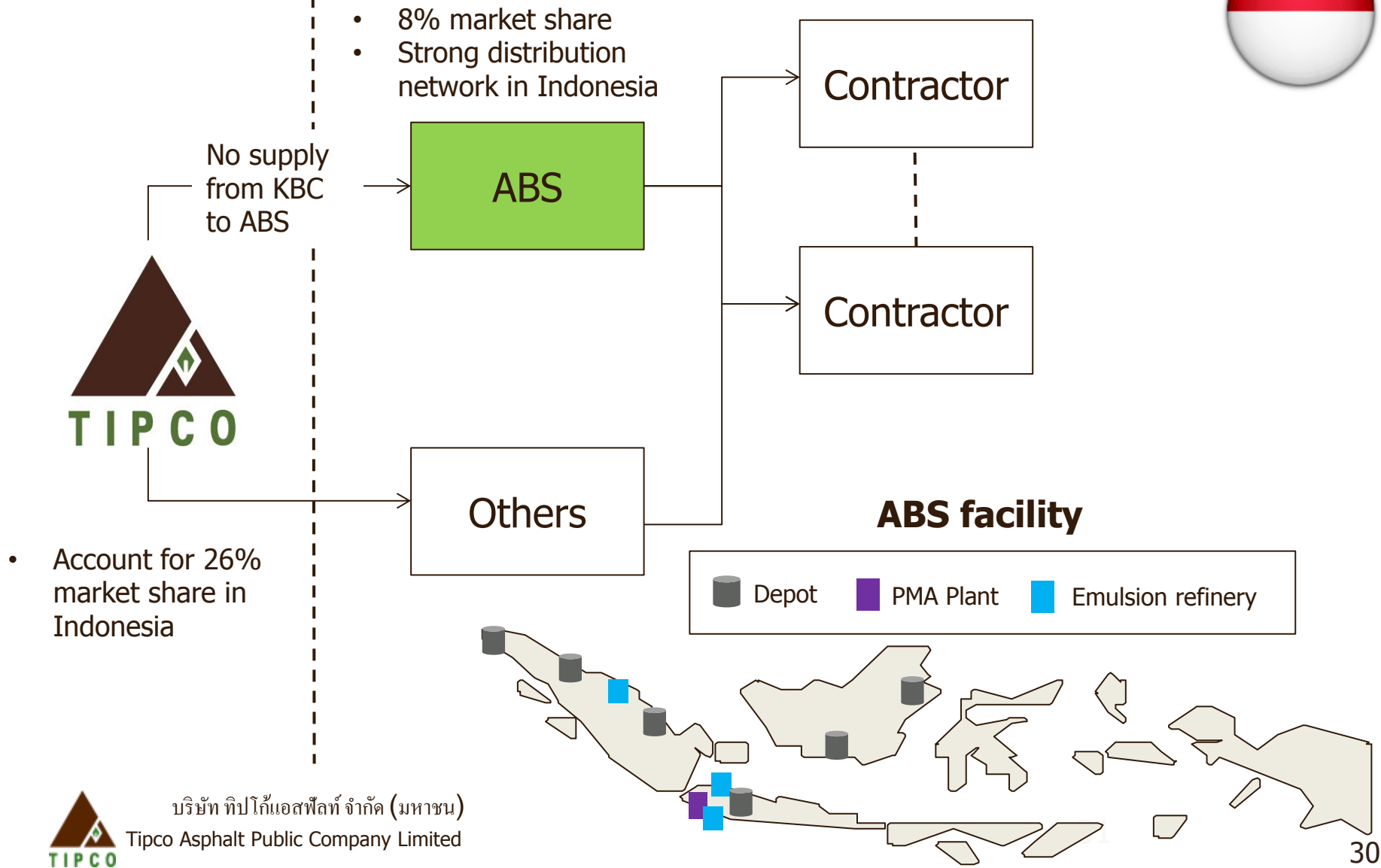


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Thailand

Indonesia



Current

After acquisition

Fleet expansion



No. of ship: 7
Cargo carrying = 26,307 Tons
Average age = 12.7

No. of ship: 9
Cargo carrying = 31,710 Tons
Average age = 12.0

Market expansion – incremental 290 KT



100 KT

300 KT

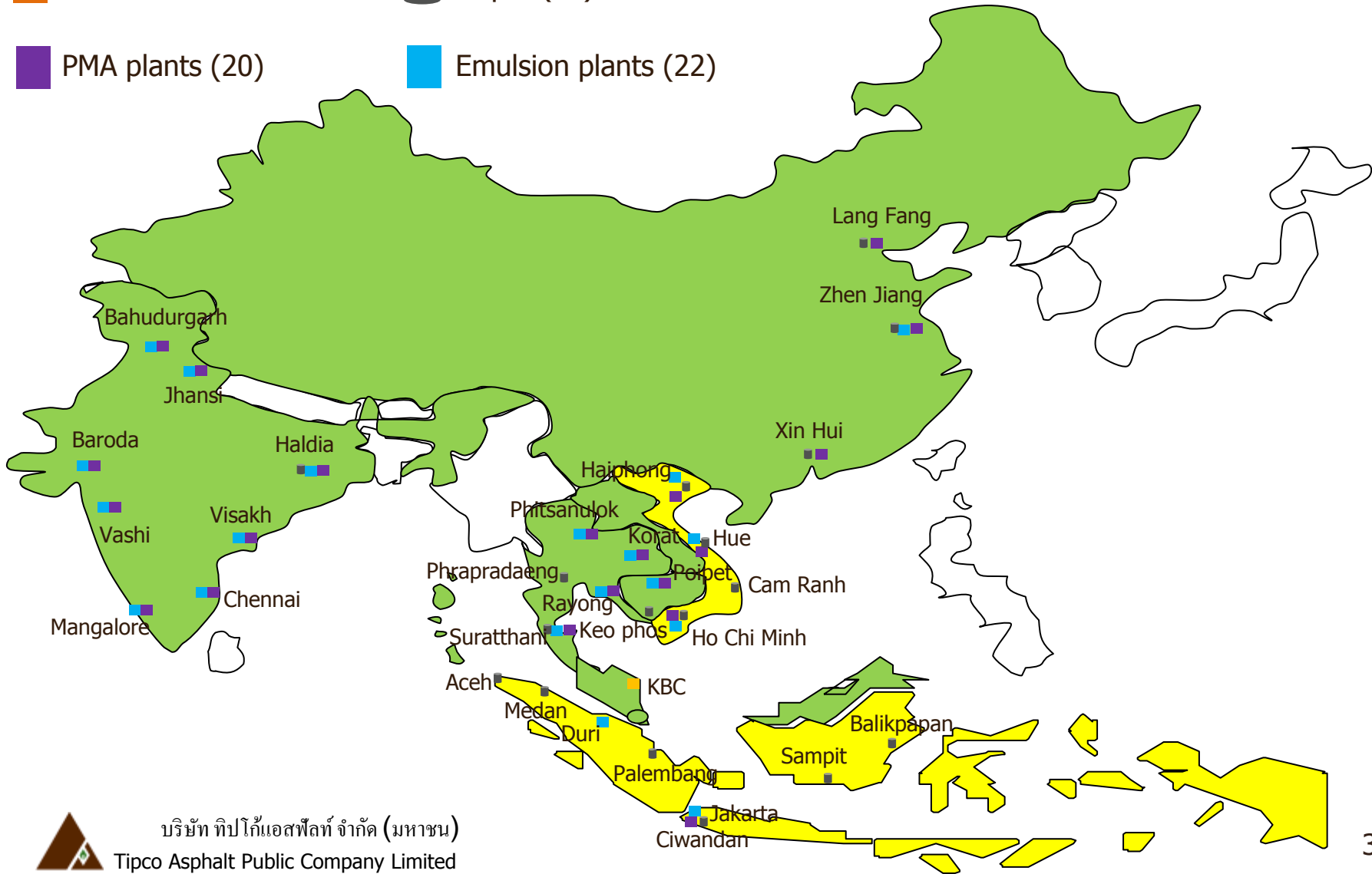


300 KT

390KT

After acquisition - ASIA Territory

- Asphalt refinery (1)
- Depot (17)
- PMA plants (20)
- Emulsion plants (22)



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After acquisition – Expand in all areas

	Current	ADS	RTL	ADCo	ABS	After acquisition
Refinery	1	-	-	-	-	1
AE plant	14	-	-	3	3	20
PMA plant	16	-	-	3	1	20
Depot	7	-	-	4	6	17
Truck	273	-	-	70	50	393
Vessel	7	1	1	-	-	9
Employees	1,072	1	1	207	167	1,448

- Grow TASCOT asphalt sales by 15% immediately (approximately 290,000 ton)
- Allow refinery to run at full capacity at all time
- Become Indonesia and Vietnam leading domestic player
- Enjoy significantly wider integrated margin (both at Tipco and local level)
- Get closer to our end customers in both Vietnam and Indonesia
- Expand premium products market (using our experience in Thailand)
- Take advantage of 2015 AEC
- Eliminate conflict of interest with strategic partner