

Tipco Asphalt Public Company Limited (TASCO)

TISCO CEO Insights

20th March 2017



บริษัท ทีพีโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

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Q4 2016 financial Performance

2

2016 Highlight

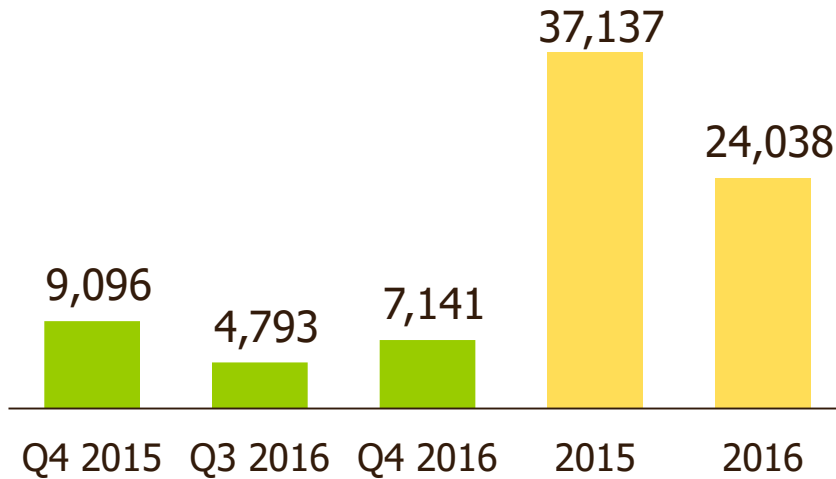
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2017 Outlook

Q4 2016 Financial Performance : Sales & Services Revenue vs. Sales Volume

Sales & Services Revenue

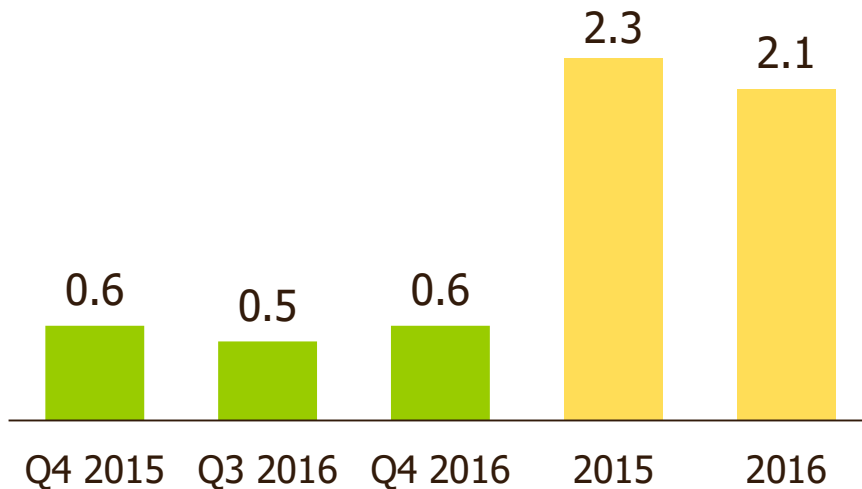
Unit: Mil. Baht



- Sales and services stood at Baht 24,038 million, reflecting a decrease of 35% from last year. This decrease was mainly attributable to the significant drop in asphalt selling price in line with lower crude price during the year comparing to the prior year

Sales Volume

Unit: Mil. Ton

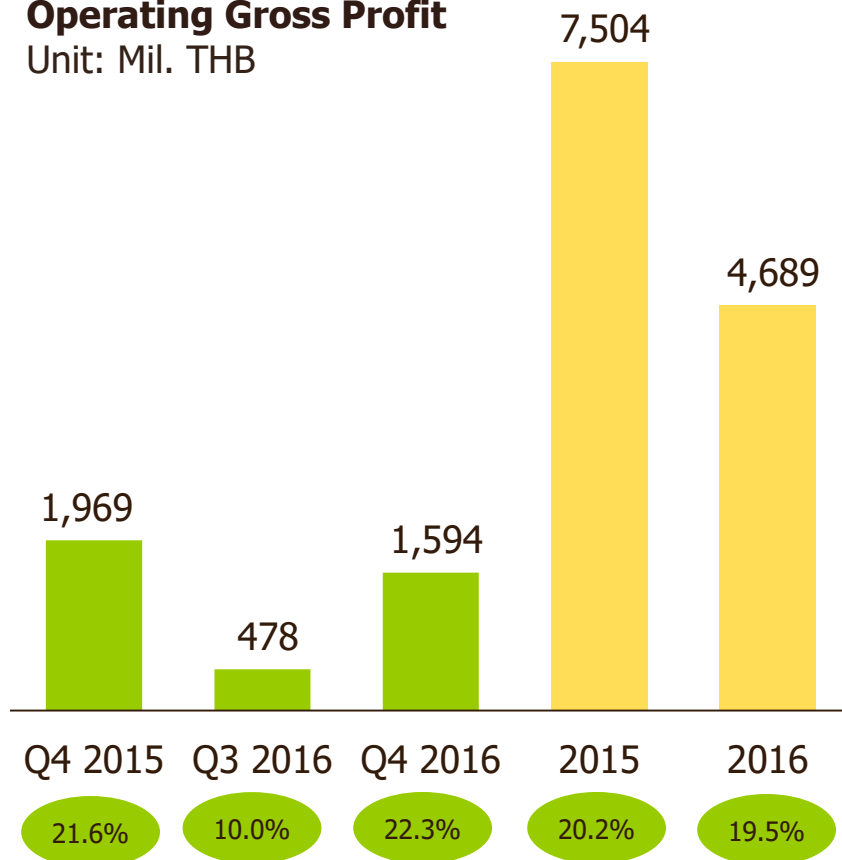


- Sales volume decreased by 9.7% comparing to 2015 because of weaker international market demand attributable to prolonged rainy seasons and high inventory level brought forward from 2015 for most of the export markets.
- The Company considers 2016 was a challenging year for asphalt industry

Q4 2016 Financial Performance : Operating Gross Profit

Operating Gross Profit

Unit: Mil. THB



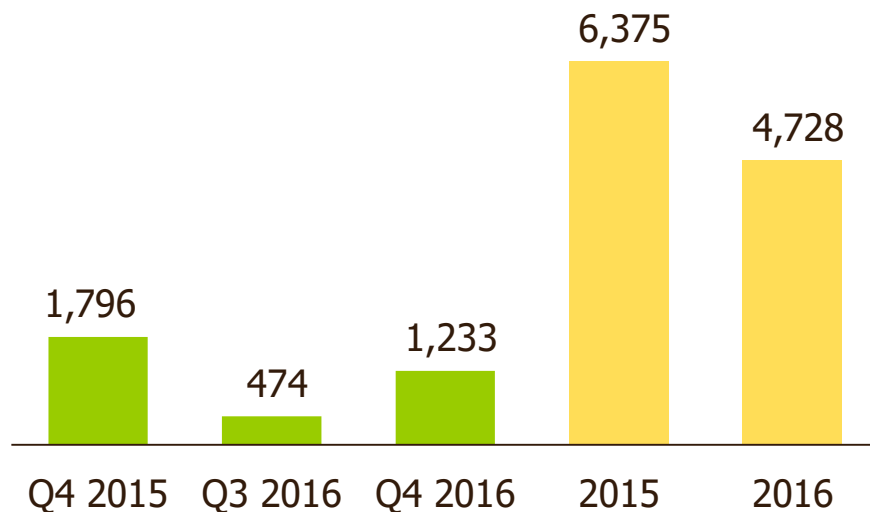
- Cost of sales and services in 2016 stood at Baht 19,949 million or 82.99% (82.51% in 2015) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged
- The Company managed to maintain a stable margin in the tough and challenging market conditions
- The Company achieved a hedging gain of Baht 403 million even in the rising of Ice Brent price recovering from \$36.50/bbl at the beginning of 2016 to \$56.56/bbl at the year end. The effectiveness of our hedging strategy has again mitigated the Group's exposure to the commodity market risks either in the falling or rising market price and contributed to a sustainable positive operating result



Q4 2016 Financial Performance : EBITDA & Net Profit

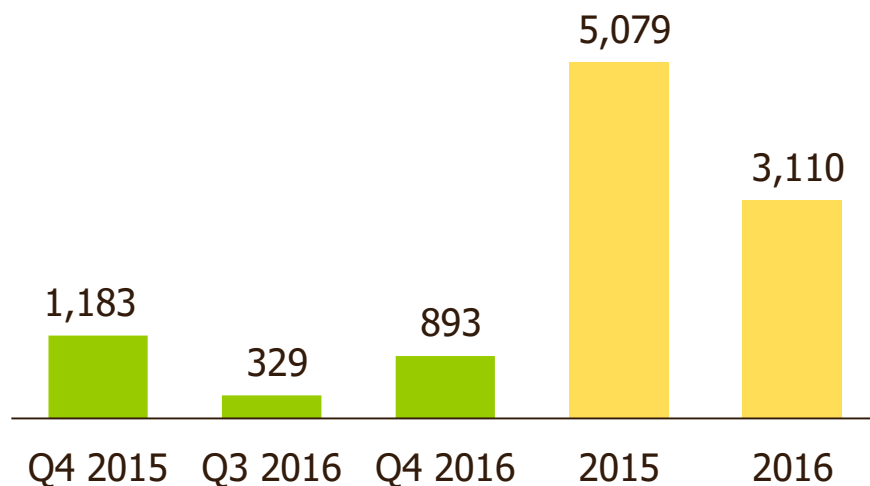
EBITDA

Unit: Mil. THB



Net Profit After Tax

Unit: Mil. THB

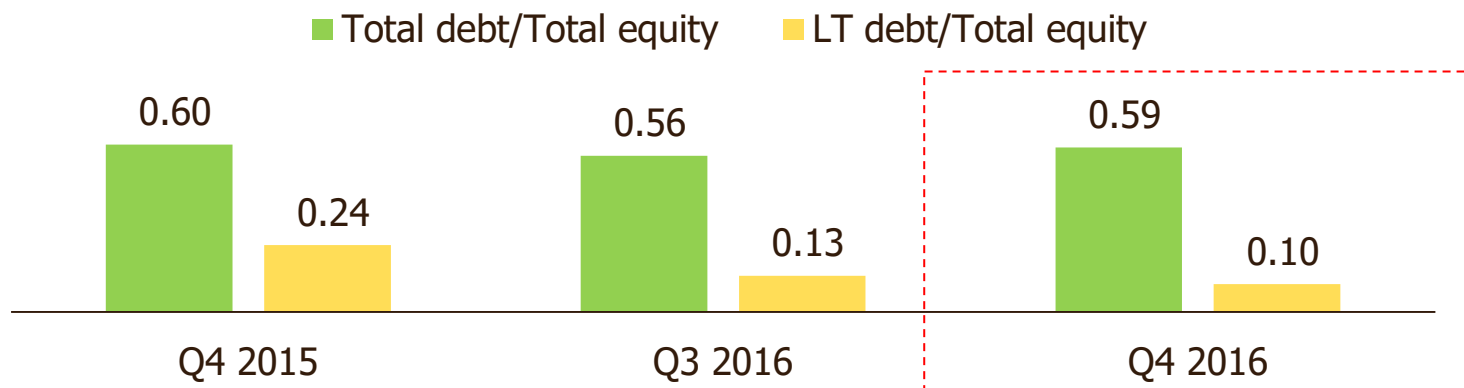


- The Group's cash flow generated from operations stood at Baht 4,728 million (USD 134 million^{1/}) compared to the exceptional Baht 6,375 million in 2015 and the Group cash position is further strengthened

1/ Average exchange rate at 35.2897 Baht/USD

- Despite a challenging year in 2016, Net Profit After Tax of Baht 3,110 million for 2016 represented earning per share of Baht 2.01 (par value of Baht 1 each) as compared to Baht 3.3 per share in the year of 2015 which was exceptional

Debt/Equity Ratio

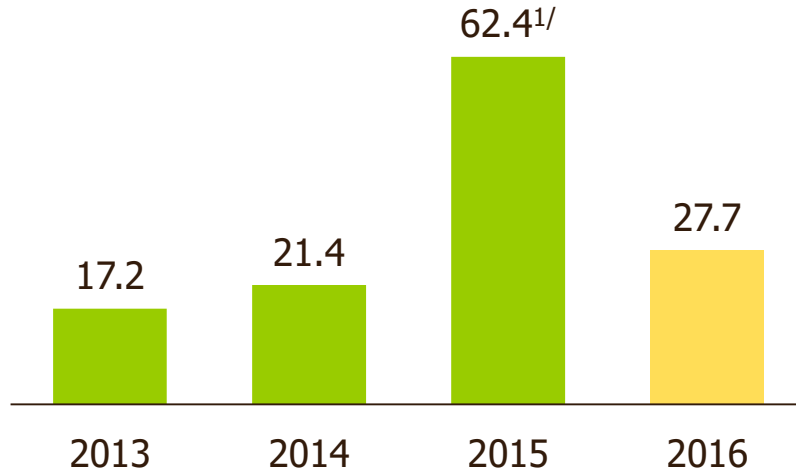


- The Group's consolidated debt to equity ratio (D/E ratio) improved slightly to 0.59 from 0.60 after prepayment of long-term loan due to strong cash flow generated from operations. As a consequence, the long-term borrowing/equity ratio decreased to a minimal 0.10 from 0.24.

Q4 2016 Financial Performance : Key Ratios and Historical Dividend

Return on Equity

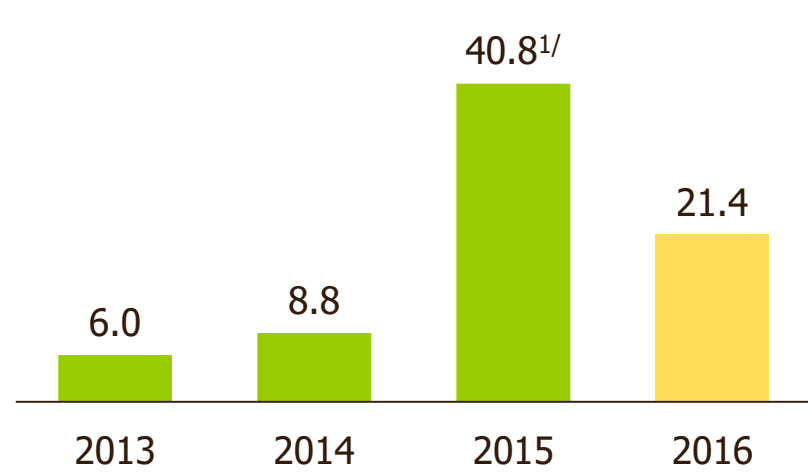
Unit: %



1/ Exceptional year

Return on Asset^{2/}

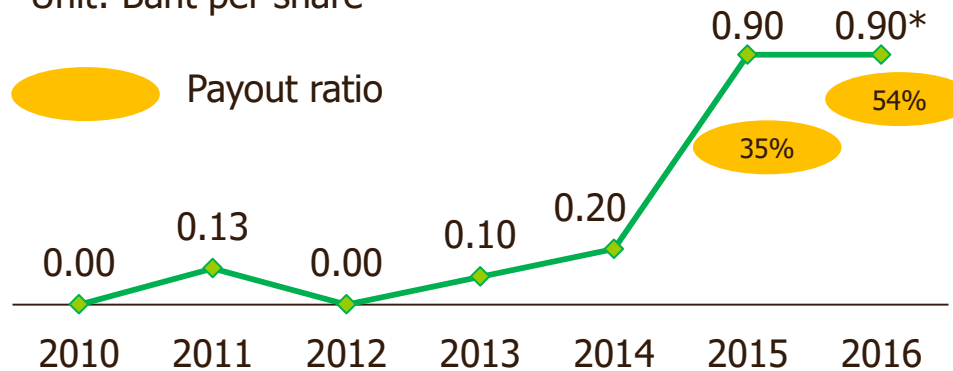
Unit: %



2/ Return is based on profit before interest and tax

Historical Dividend

Unit: Baht per share



*consist of interim dividend at 0.3 Baht/share and final dividend at 0.6 Baht/share which is subject to AGM No.1/2017 approval

Crude



- Daily Brent price increased from USD 36.50 per barrel from January to USD 56.56 per barrel at the end of December. Our hedging strategy mitigates the risk of sudden increase in the crude price.

Refinery



- High reliability at 99.8%. The feasibility study of plant double capacity has completed.

Business Acquisitions



- Hermes – Fully integrated into the Group with ROI +14 %
- 25% Construction Business – Completed acquisition in December 2016.

Domestic Market



- Asphalt product volume rose by 9% as compared to 2015. Major factor was 2017 fiscal budget was expedited during Q4 2016
- Domestic market performance was very well mainly because of AE and PMA

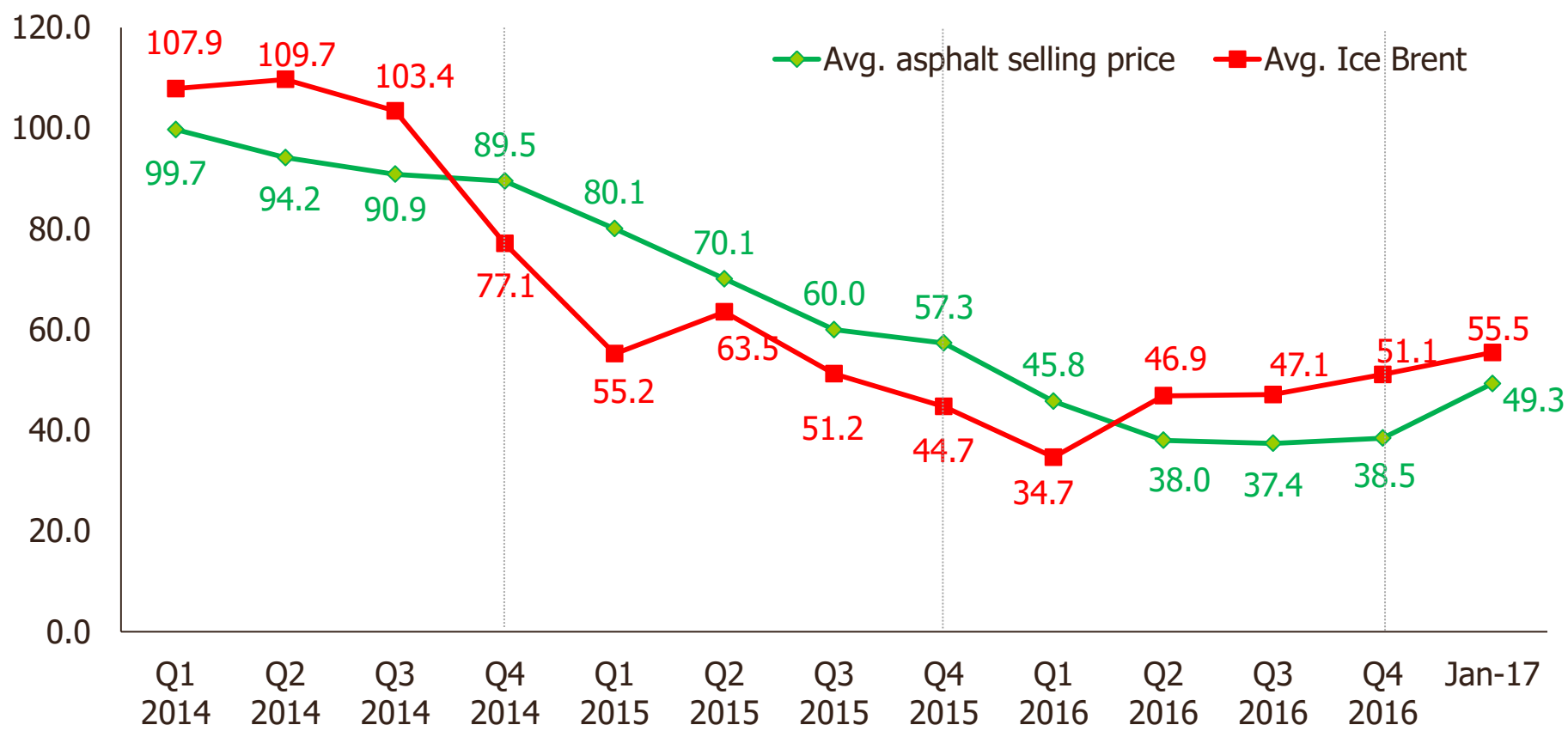
International Market



- Asphalt product volume decreased by 15% as compared to 2015.
- Major factor was weak demand, high inventory brought forward from 2015
- Asphalt price remained low for most part of the year until late December 2016

2016 Highlights: Asphalt Selling Price vs Ice Brent

Unit:
USD/barrel

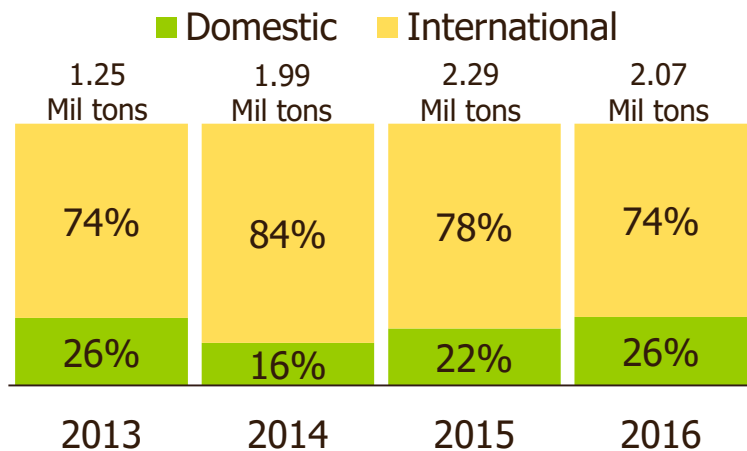


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2016 Highlights : Asphalt Volume & Asphalt Revenue Structure

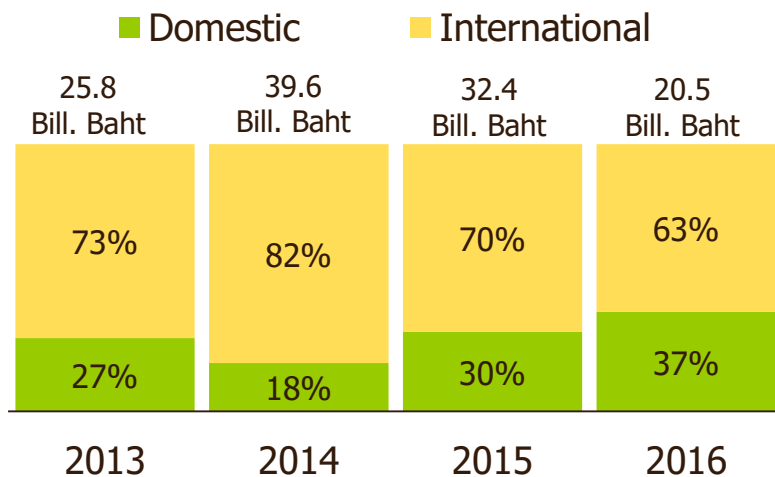
Asphalt sales volume concentration by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International Markets



China



Indonesia



Vietnam



Malaysia



Australia

Crude



- Crude price is expected to fluctuate in the range due to OPEC limit supply
- Long-term crude supply agreement until 2020

Refinery



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

Marine



- 10 owned vessels and 4 time charter vessels
- New additional vessel in consideration

Domestic Market



- Continue to enjoy exceptional high sales volume as in 2016

International Market



- The international asphalt price has recovered to above 300 USD per ton (49 USD per barrel)
- Outlook of International market is positive

Q&A



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