

# Tipco Asphalt Public Company Limited

Thai Corporate Access Day

13<sup>th</sup> July 2015



บริษัท ทิปก้อแอสฟัลท์ จำกัด (มหาชน)  
Tipco Asphalt Public Company Limited

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## 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

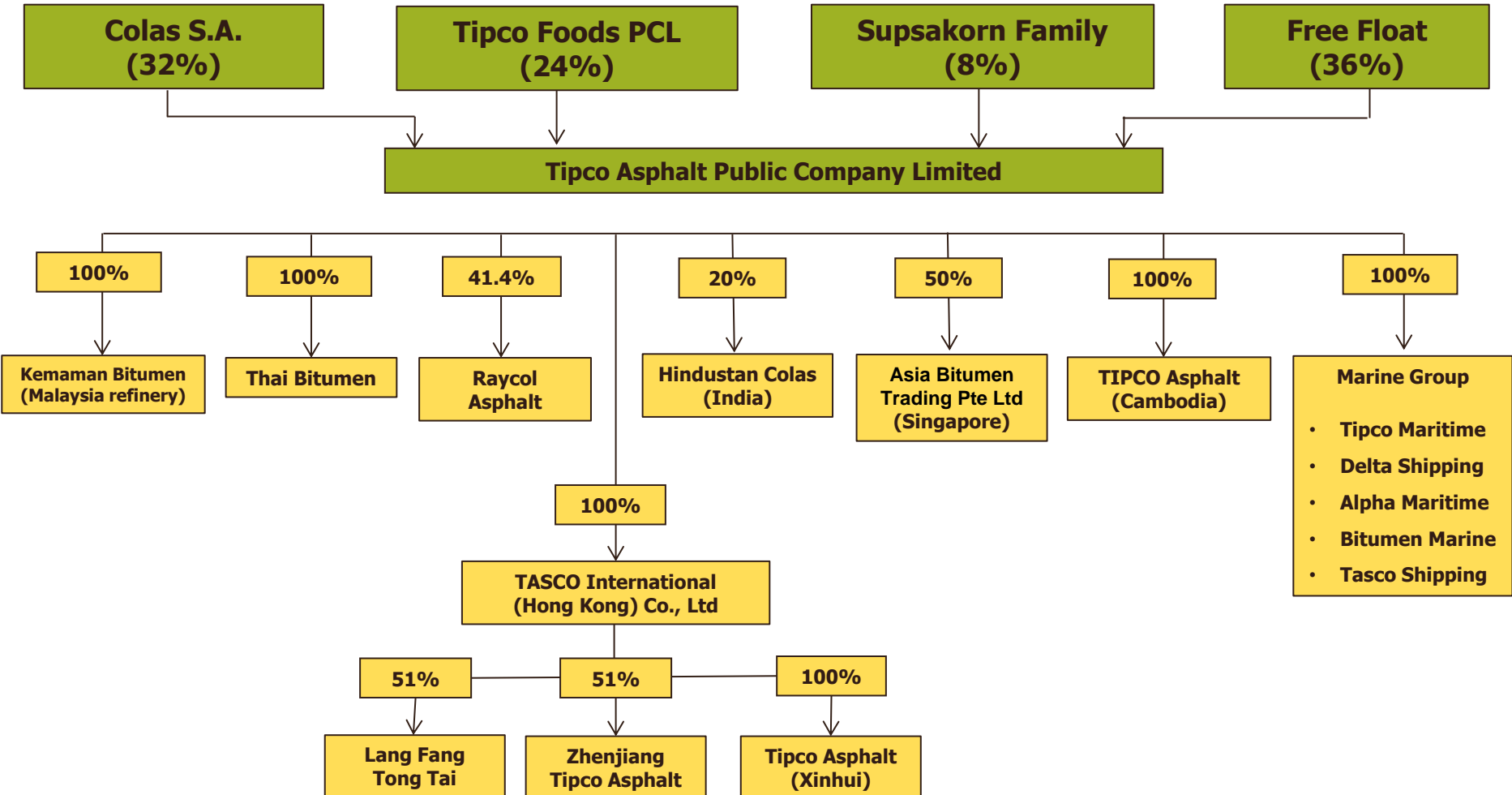
## 36 years of strong track records...

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



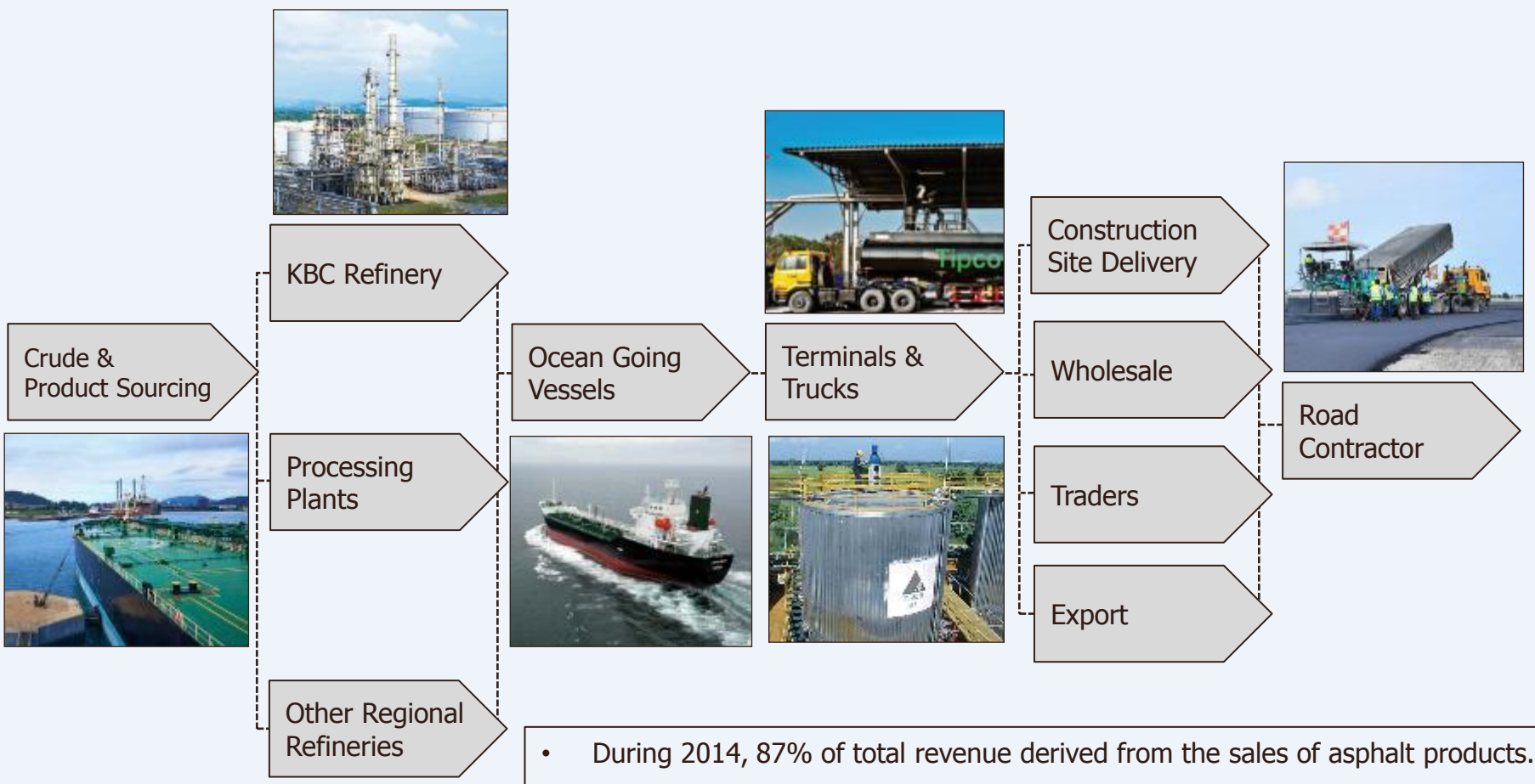
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# Company background: Shareholders & Group Structure (As of 30<sup>th</sup> June 2015)



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# 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



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**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), Thamai 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

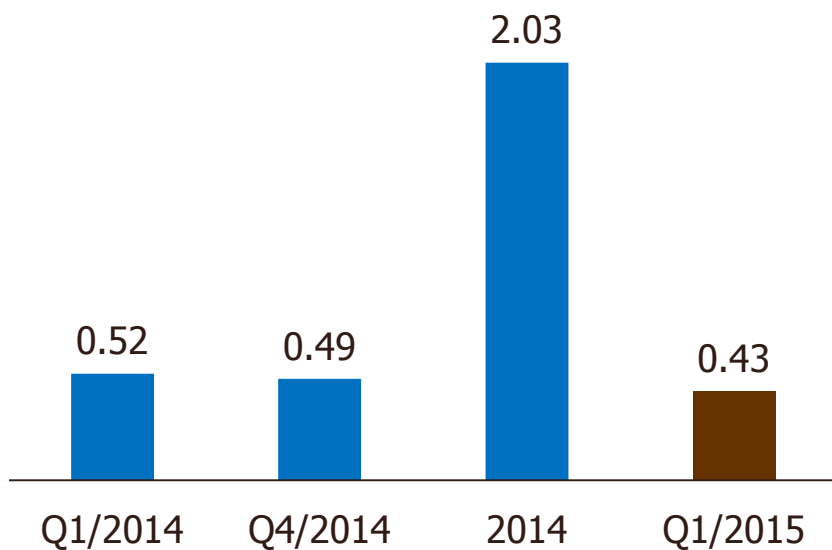


- Strong demand of asphalt in many countries in the region
- International asphalt sales volumes of Q1 2015 increased 61% from the same period of Q1 2014 last year Total international volumes were driven by top 5 countries which are China, Indonesia, Malaysia, Australia and Vietnam
- Asphalt selling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

# Q1/2015 Highlights: Total sales volumes

## Sales volume

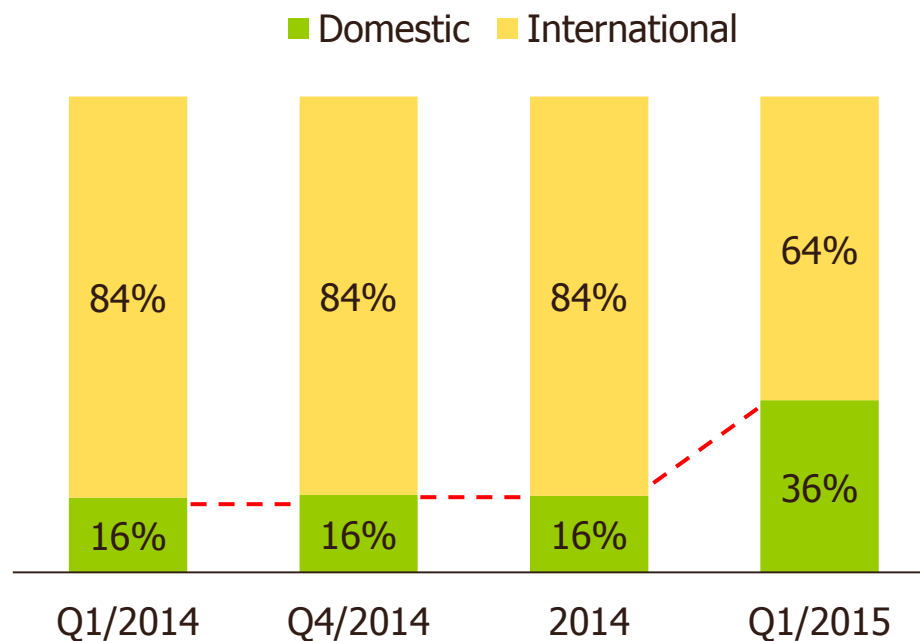
Unit: Mil tons



- 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

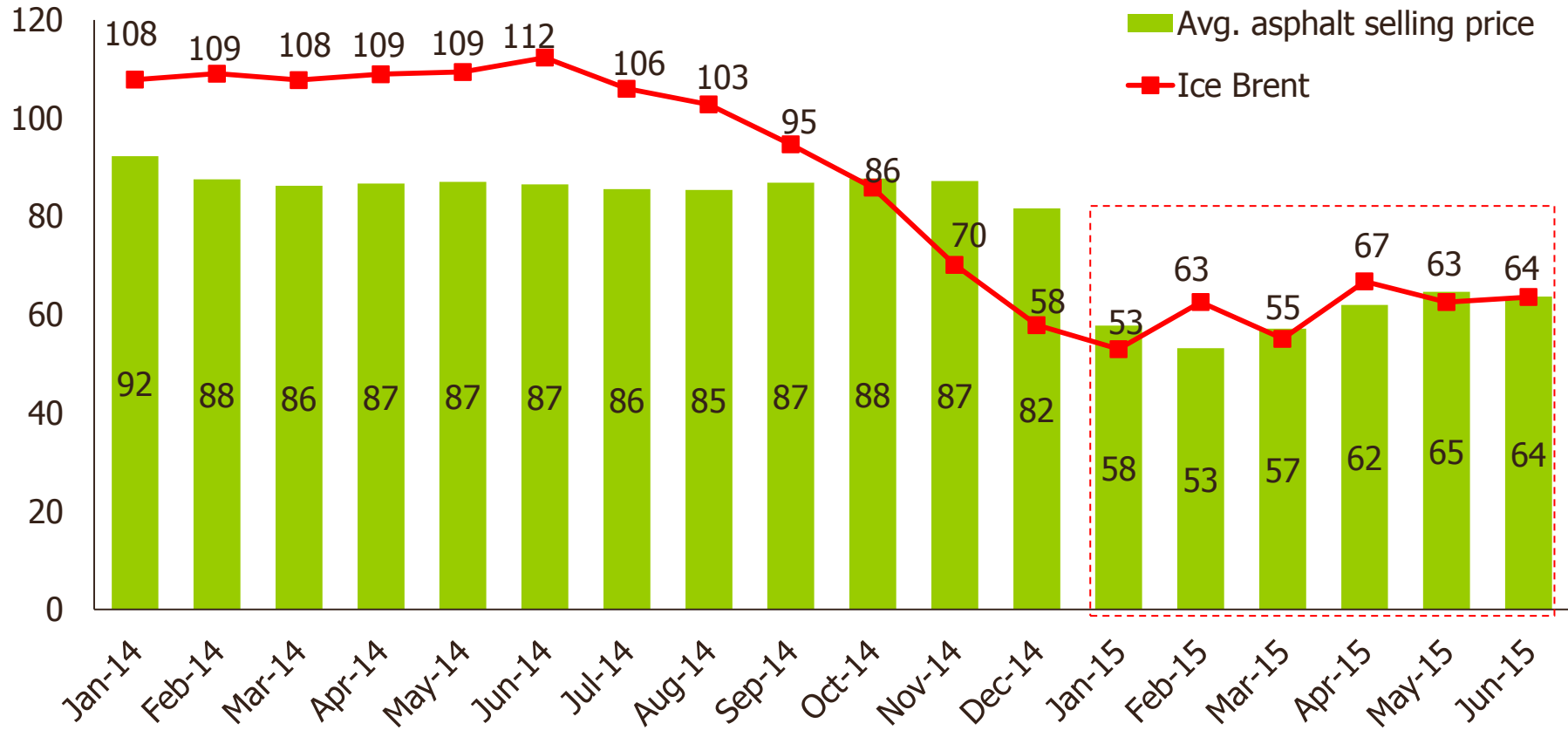
Unit: %



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

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

USD/Barrel



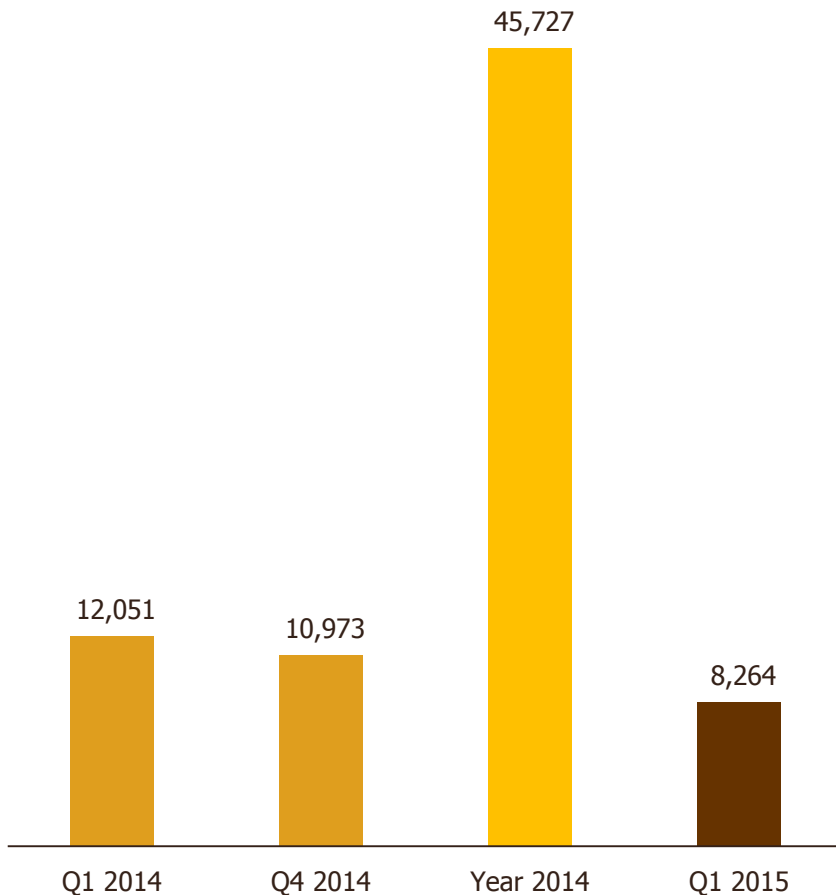
- Margin is based on spread between selling price and crude cost
- Asphalt selling price recovered due to tight availability in spot charter vessels



# 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

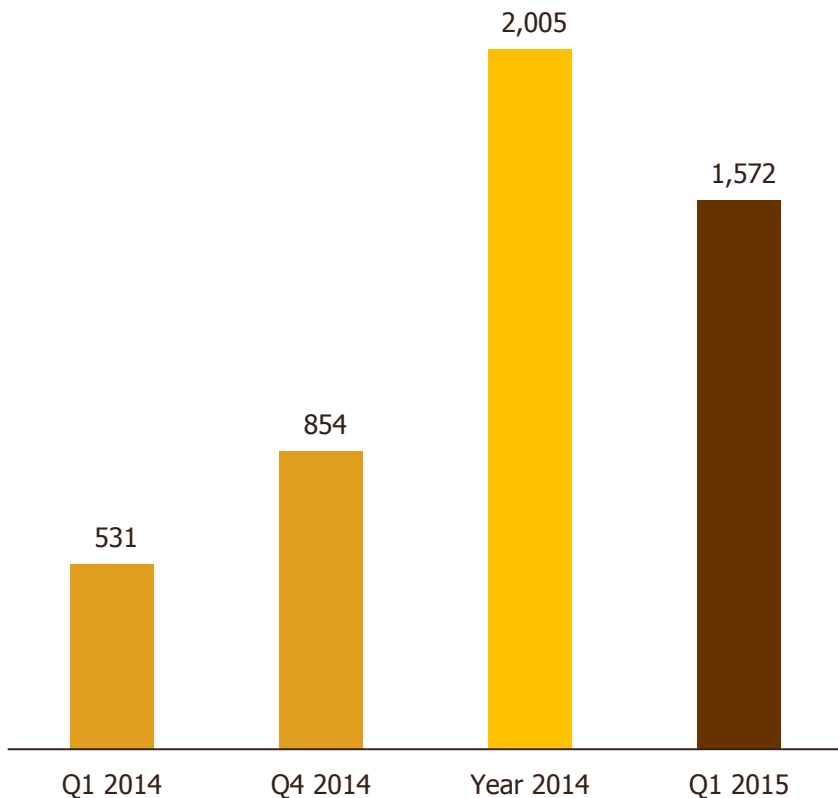


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# Q1/2015 Performance Highlights: Operating Gross Profit

(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



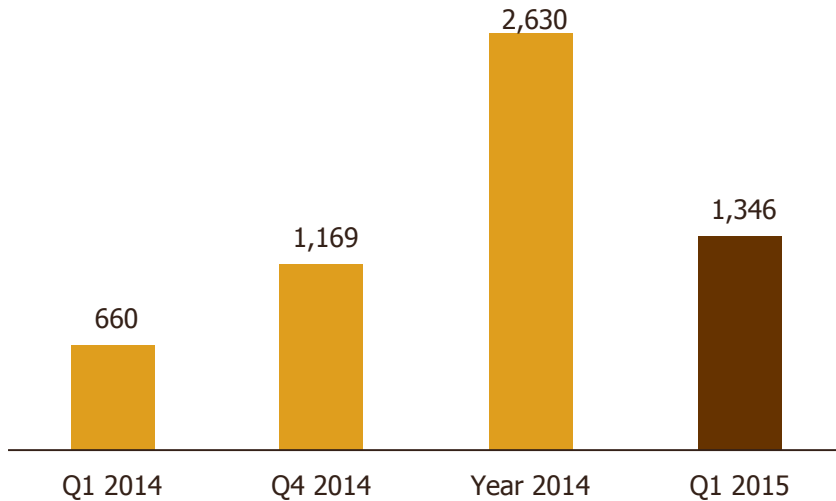
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# Q1/2015 Performance Highlights: EBITDA & Net Profit

(Unit : THB Million)

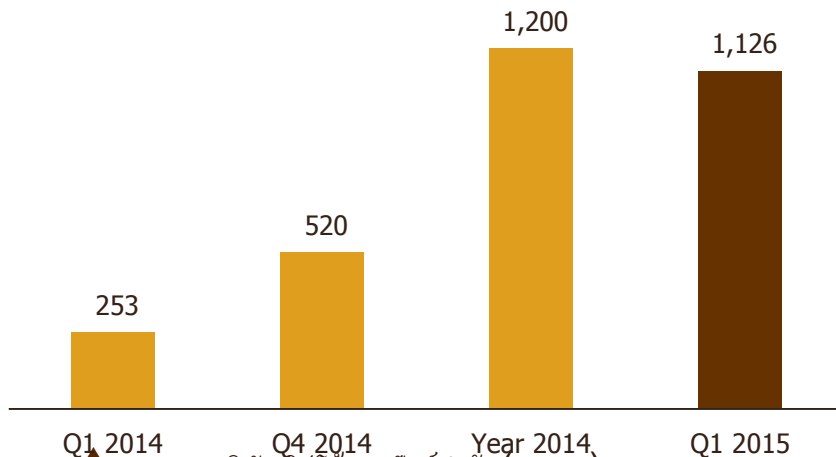
## EBITDA



- 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

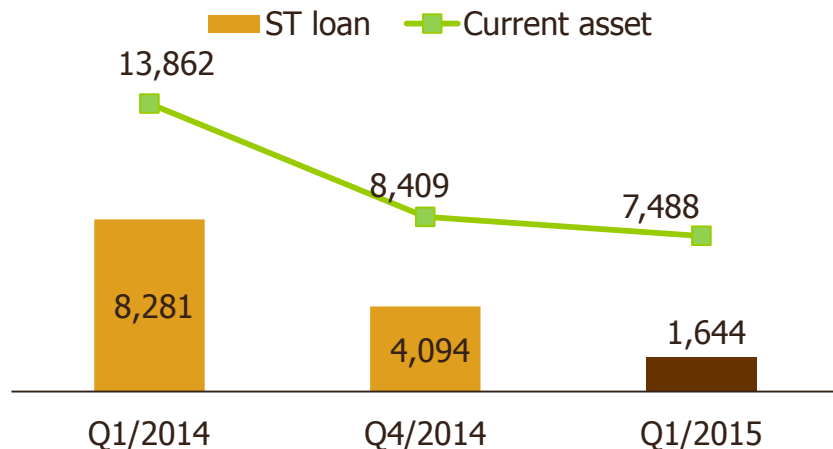


- The Net Profit After Tax of Baht 1,126 million represented earning per share of Baht 0.73 (par value of Baht 1 each) As compared to Baht 0.17 per share in corresponding quarter of 2014
- Annualized ROE of 34%

# Q1/2015 Performance Highlights: Debt to Equity Ratio

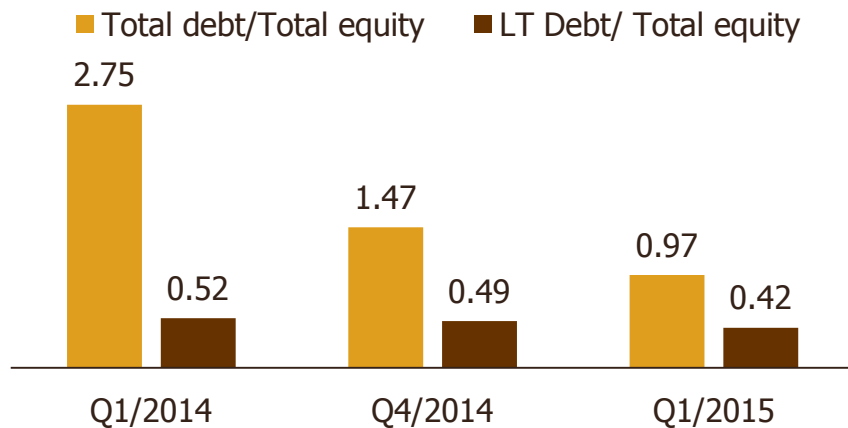
## ST loan vs Current asset

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



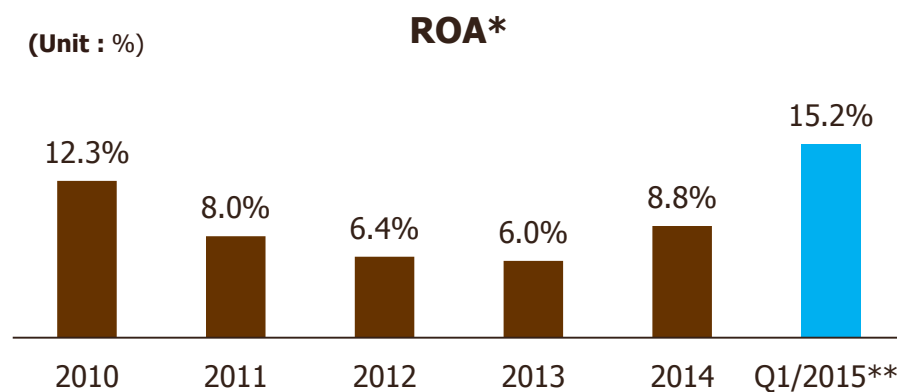
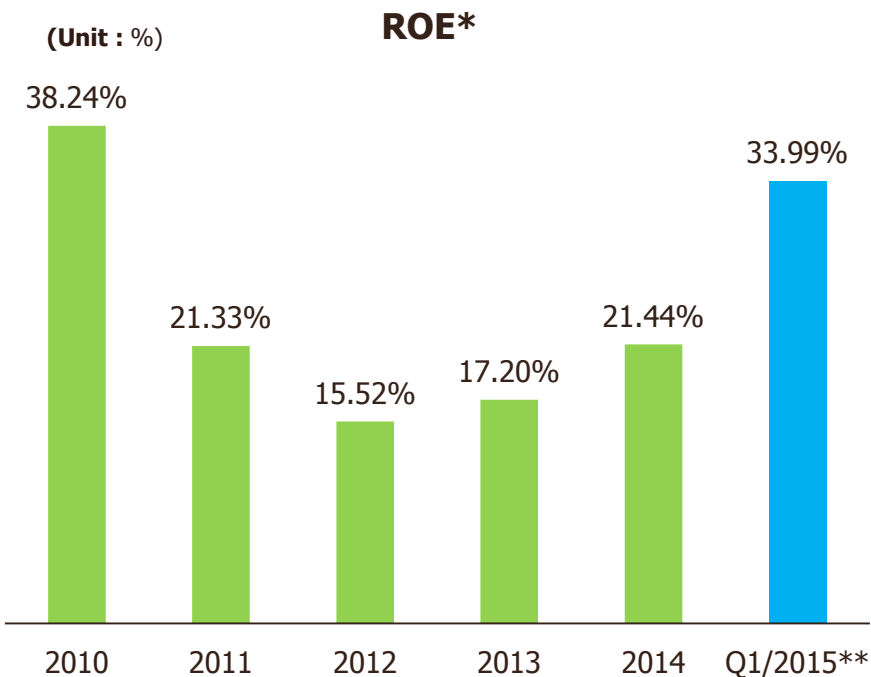
- The Group's consolidated total debt to equity ratio constantly decreased mainly resulted from lesser debt and surplus cashflow from operations
- The Group's consolidated long term debt to equity ratio has also decreased from 0.52 to 0.42 due to loan repayment



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# Q1/2015 Performance Highlights: Key ratios



\* Based on www.set.or.th

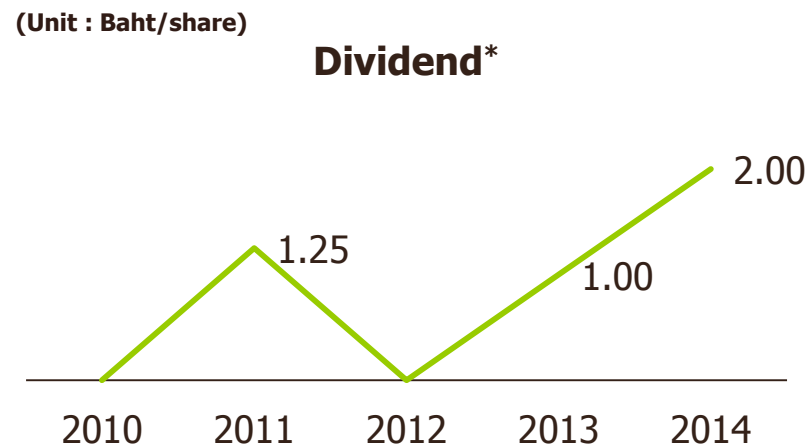
\*\* Annualized based on last 12 months profit interest and tax from Q2 2014 to Q1 2015

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



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## 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 <sup>4/</sup>	5.1 <sup>4/</sup>
EPS (Baht/share)	1.35 <sup>1/</sup>	0.78 <sup>4/</sup>	0.54 <sup>4/</sup>
P/E (Time)	17.02 <sup>2/</sup>	15.83	5.97
Avg Daily Trading Value (THB million)	465 <sup>3/</sup>	20	59
Avg Daily trading volume (Share)	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 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

