

Tipco Asphalt Public Company Limited (TASCO)

Thailand Focus 2017

30th August 2017



บริษัท ทีปโก้แอสฟัลท์ จำกัด (มหาชน)
Tipco Asphalt Public Company Limited

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Q3 2017 Outlook

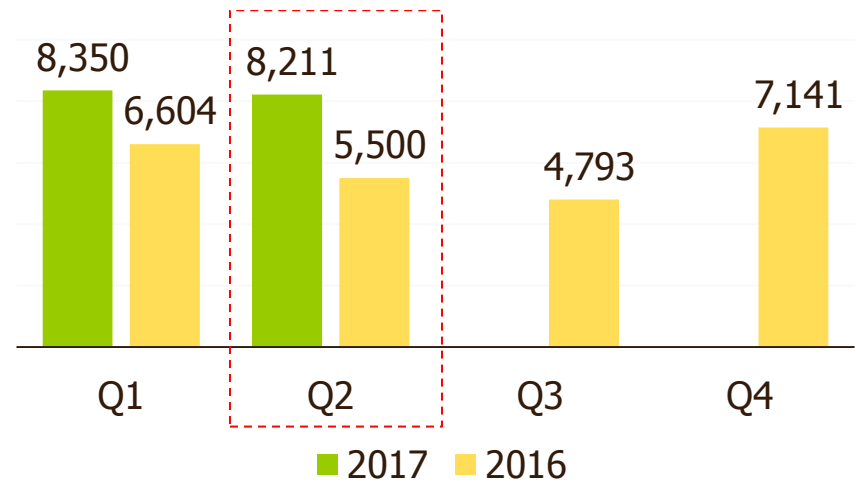
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Q&A

Q2 2017 Financial Performance : Sales & Services Revenue vs. Sales Volume

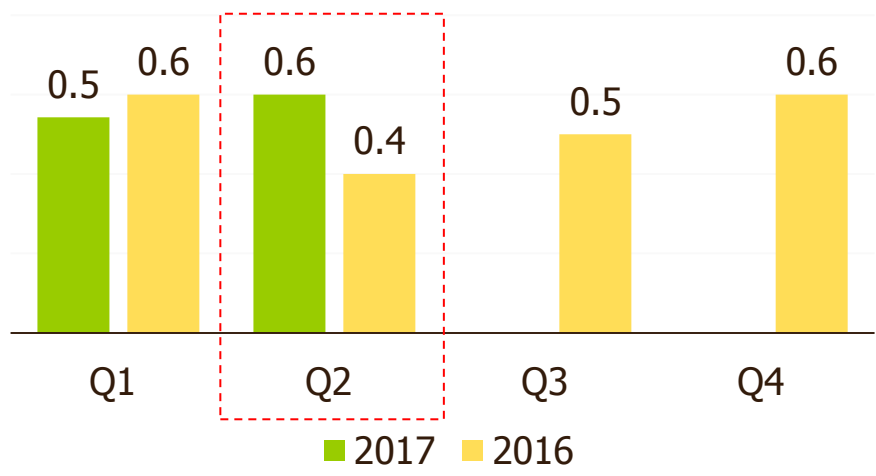
Sales & Services Revenue

Unit: Mil. THB



Sales Volume

Unit: Mil. Ton



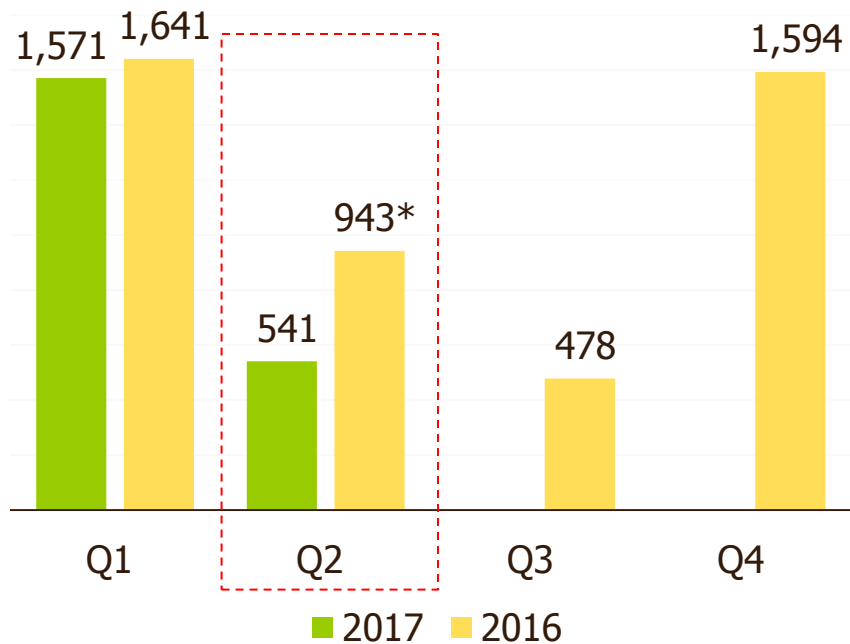
- Sales and services stood at Baht 8,211 million, reflecting an increase of 49.31% from the same period of last year.
- Domestic and international selling price during 2nd quarter of 2017 increased in relation to higher crude oil prices comparing to corresponding quarter in 2016.
- The increase was mainly attributable to the increase of sales volume by 36.18% because demand in the export market was strong in this quarter.

- The international market sentiment improved subsequently and we saw a strong recovery in demand.

Q2 2017 Financial Performance : Operating Gross Profit

Operating Gross Profit

Unit: Mil. THB



* 2016 restated by auditor

- Cost of sales and services in the 2nd quarter 2017 stood at Baht 7,405 million or 90.18% (79.16% in corresponding quarter in 2016) of sales and services before the allowance for diminution in value of inventory and hedging.
- This was mainly due to the high inventory cost brought forward from the 1st quarter as compared to Brent price dropped significantly to below 45 USD/bbl before it recovered to 48.60 USD/bbl after end of the 2nd quarter.
- In addition, the Company booked a Baht 5.06 million loss from net realizable value (NRV) provision on inventory and at the same time incurred hedging cost of Baht 260.72 million as “mark to market” unrealized loss.

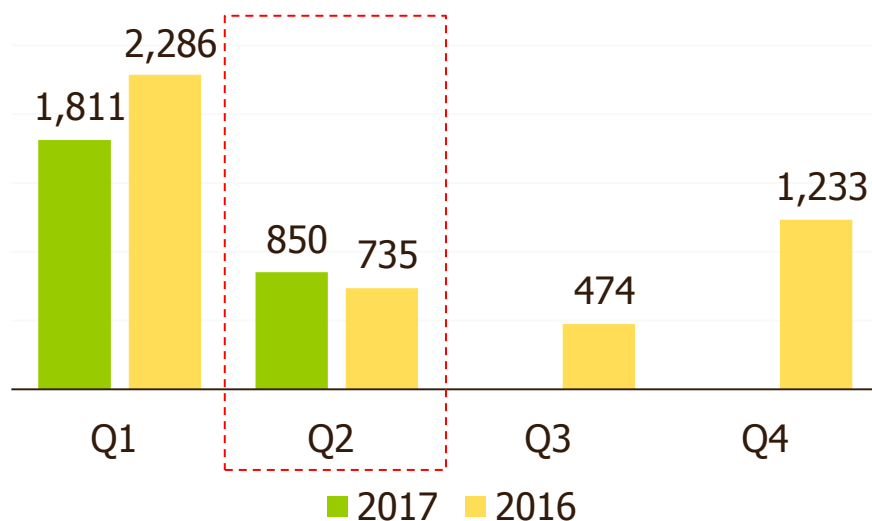


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Q2 2017 Financial Performance : EBITDA & Net Profit

EBITDA

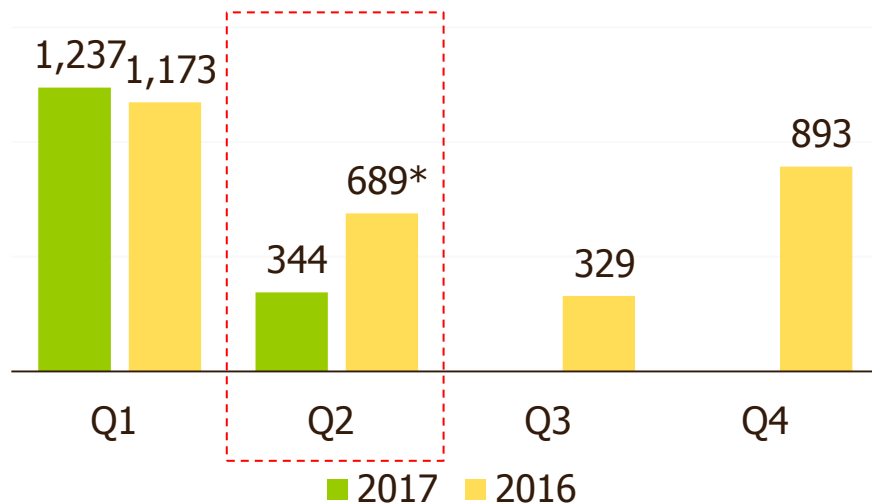
Unit: Mil. THB



- The Group cash flow generated from operations stood at Baht 850.41 million compared to Baht 734.38 million in corresponding period in 2016. This cash flow reflects a robust cash generation from the Group operations

Net Profit After Tax

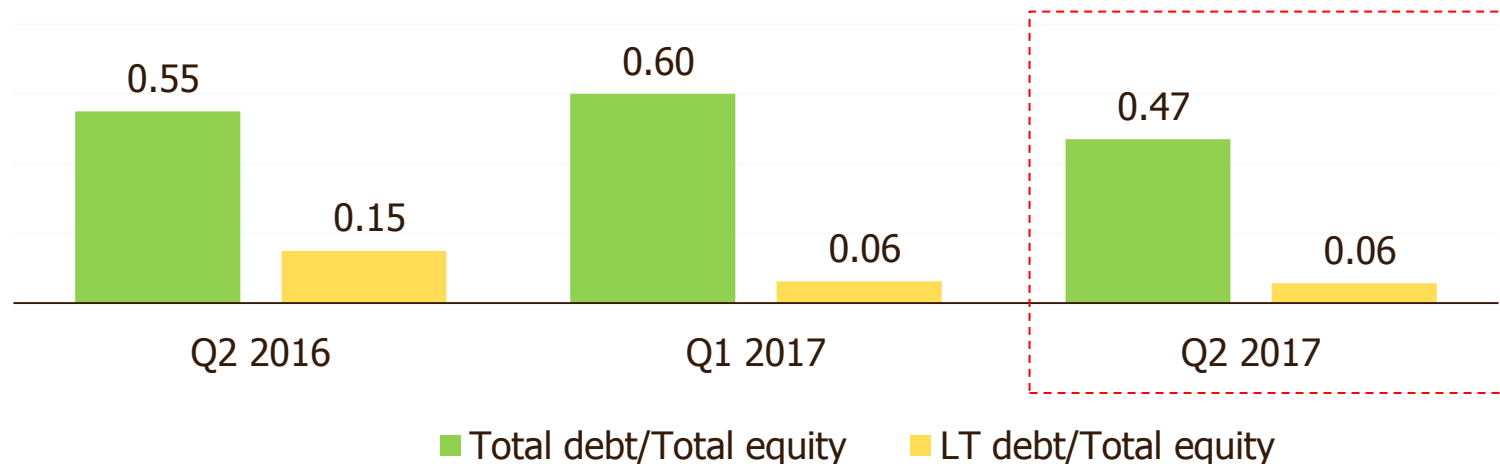
Unit: Mil. THB



- The Net Profit After Tax of Baht 344 million for the 2nd quarter 2017 represented earning per share of Baht 0.22 (par value of Baht 1 each) compare to Baht 0.45 per share in corresponding quarter of 2016 attributable to the equity shareholders of the Company

* 2016 restated by auditor

Debt/Equity Ratio

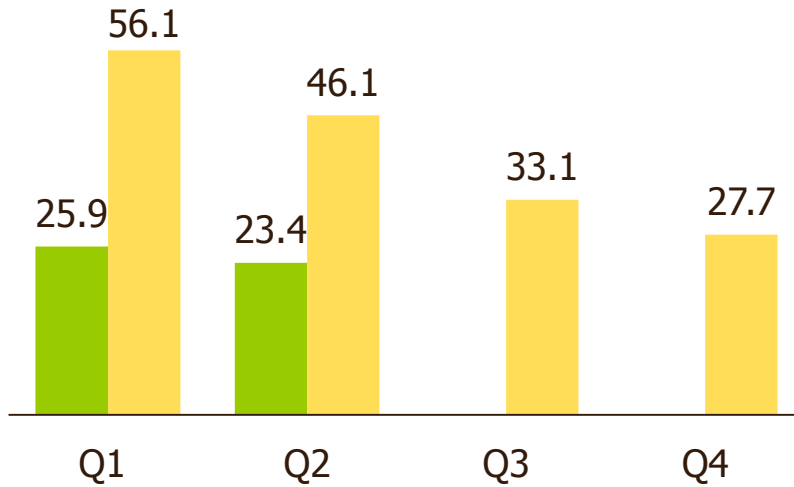


- The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.47 comparing to 0.55 in corresponding period due to decrease in long-term loan

Q2 2017 Financial Performance : Key Ratios and Historical Dividend

Return on Equity^{1/}

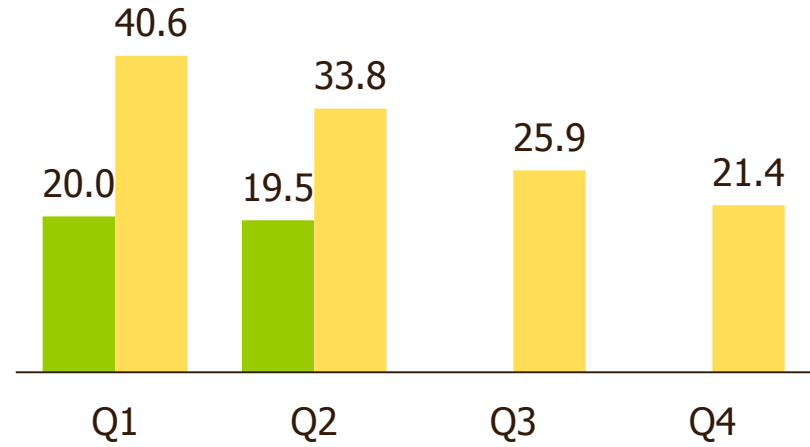
Unit: %



1/ Return is based on sum of last 12 months net profit

Return on Asset^{2/}

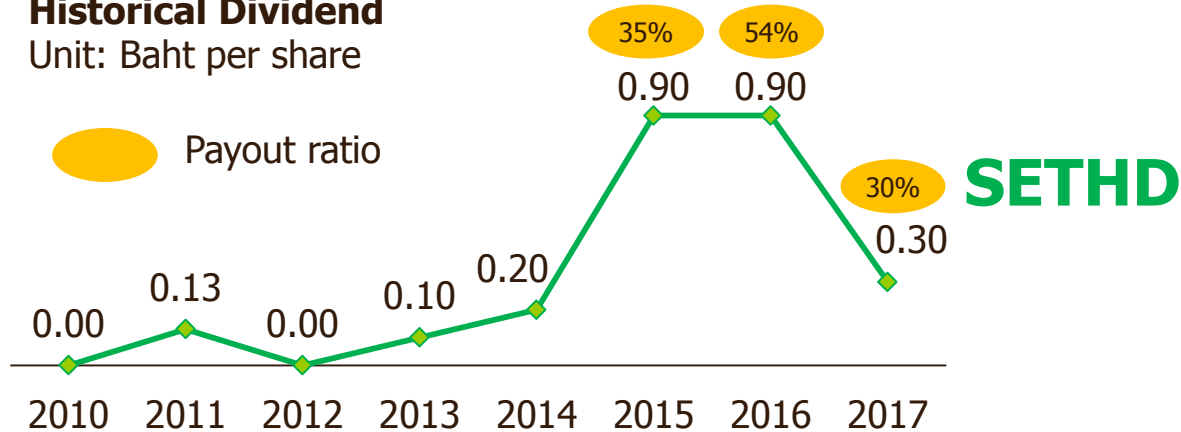
Unit: %



2/ Return is based on sum of last 12 months net profit
Return is based on profit before interest and tax

Historical Dividend

Unit: Baht per share



Crude



- Average Brent price went down from USD 53.53 per barrel on 31 March 2017 to USD 48.77 per barrel 30 June 2017.
- This resulted in hedging “mark to market loss” and a small provision of NRV.

Refinery



- High reliability at 99.8%
- Production stoppage due to delay of loading of crude vessel

Domestic Market



- Domestic selling price reduced due to the market price adjustment from the exceptional price hike during Q1 2017
- Exceptional demand experienced in Q1 2017 has returned to normal level after the Songkran holidays.

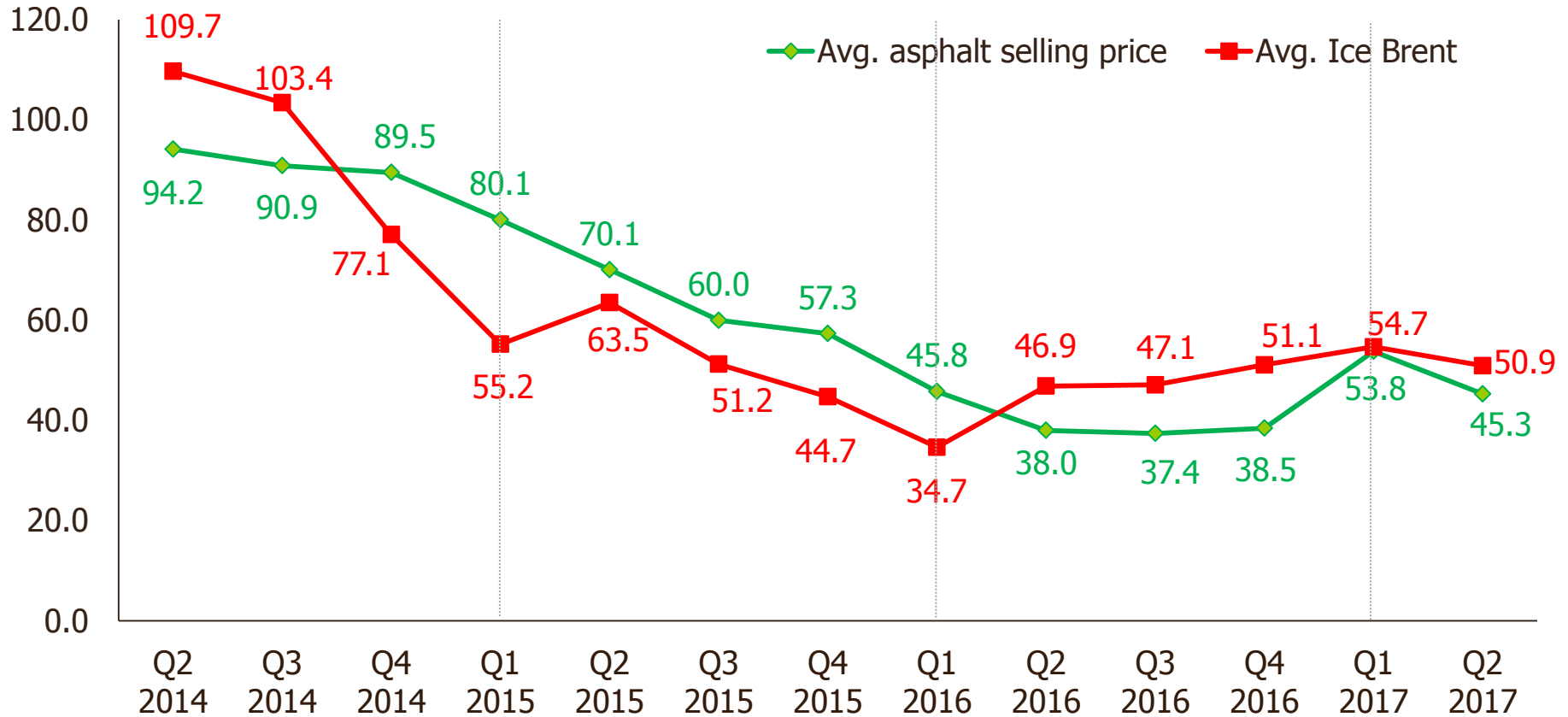
International Market



- Asphalt product volume surged by 58% as compared to Q2 2016
- In addition, average international selling price increased as compared to Q2 2016

Q2 2017 Highlights: Asphalt Selling Price vs Ice Brent

Unit:
USD/barrel

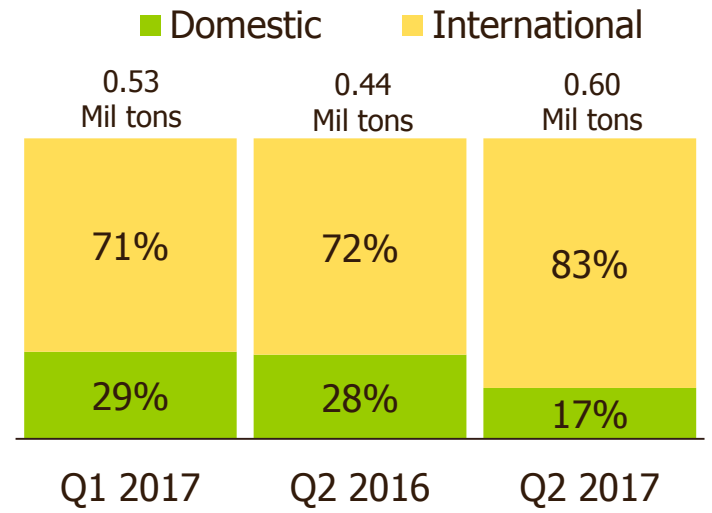


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Q2 2017 Highlights : Asphalt Volume & Asphalt Revenue Structure

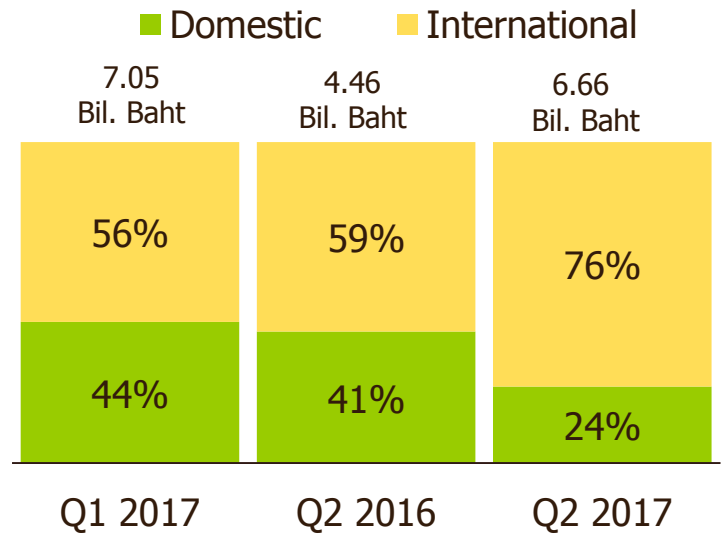
Asphalt sales volume concentration by market

Unit: %



Asphalt Revenue (Exc. Non asphalt & service income)

Unit: %



Main International Markets



China



Indonesia



Vietnam



Malaysia



Australia

Crude



- Long-term crude supply agreement until 2020
- The political in Venezuela is uncertain, but has no impact yet

Refinery



- The Group continued to enjoy high efficiency in fuel consumption and production cost
- Maintain high reliability at 99.8%

Marine



- Biggest vessel with 12,000 DWT. will join the fleet in October 2017

Domestic Market



- Thailand Government Budget begins on 1 October, ending 30 September
- 2018 road construction and maintenance budget is similar to 2017 budget and expected to be disbursed 1 October 2017 onwards

International Market



- JV company in Sarawak, Malaysia was incorporated and expected benefit from mega project in East Malaysia in 2018
- JV in Laos in under company registration. This will boost sales volume in Laos especially asphalt emulsion starting in H2 2018

Q&A

