



Bor. Hor.039/2019

8th November 2019

**Attention: President
The Stock Exchange of Thailand**

Subject: Report of 3rd Quarter 2019 Financial performance and receipt of second insurance payment for the fire insurance claim of the Company's subsidiary

Tipco Asphalt Public Company Limited (The Company) is pleased to report 3rd Quarter 2019 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th September 2019, Net Profit After Tax for the 3rd quarter 2019 stood at Baht 712.1 million as compared to Net Profit After Tax of Baht 6.3 million in the corresponding period of 2018. Details of the Company's performance are as follows:

- 1 Sales and services stood at Baht 9,449.3 million, reflecting an increase of 34.38% from the corresponding period of 2018. This was mainly attributable to the significant increase in sales volume during 3rd quarter of 2019, especially for the international market, as a result of continuous crude supply together with steady production reliability at our refinery in this quarter.

Cost of sales and services in the 3rd quarter 2019 stood at Baht 8,523.6 million or 90.20% (87.61% in corresponding quarter in 2018) of sales and services before the allowance for diminution in value of inventory and hedging. The reduction of gross margin was mainly due to the different product mix sales in volume and selling price as compared to corresponding quarter of 2018. In addition, the Company recorded hedging gain of Baht 140.4 million in this quarter attributable to the reduction of ICE Brent market price from \$66.55/bbl to \$59.62/bbl. Above all, the Company managed to maintain a stable margin in the tough and challenging market conditions.



- 2 Selling and administrative expenses stood at Baht 43.9 million and Baht 291.3 million representing 0.46% and 3.08% of sales and services respectively. Comparatively, these expenses in the same period 2018 stood at Baht 46.4 million and Baht 317.4 million or 0.66% and 4.51% of sales and services. The Company is committed to controlling overhead expenses while improving the operating gross profit margin.
- 3 Gain on foreign exchange increased to Baht 134.1 million from Baht 0.9 million when compared to the corresponding period of 2018 due to a continuous appreciation of Baht against US Dollar in this period.
- 4 The refinery incurred additional operating expenses, mainly in leasing additional storage facilities for crude, logistic handling and other related expenses of Baht 68.0 million during this quarter to facilitate the optimum operation of the refinery. Some of these expenses will be recurring until the crude tanks that were damaged by fire last year become operational again in first quarter 2020.
- 5 The Group's cashflow generated from operations stood at Baht 938.7 million compared to Baht 537.7 million in corresponding period in 2018 due to the better operation performance in 3rd quarter of 2019.
- 6 The Group's consolidated debt to equity ratio (D/E ratio) reached 0.95 comparing to 0.91 in corresponding period of 2018 due to increase in working capital financing for higher crude inventory.
- 7 Financial expense in the 3rd quarter 2019 increased to Baht 46.0 million from Baht 43.9 million when compared with the same period of prior year due to the increase in working capital used for purchase of crude oil.
- 8 Net Profit After Tax of Baht 712.1 million for the 3rd quarter 2019 represented earning per share of Baht 0.452 (par value of Baht 1 each) as compared to Baht 0.004 per share in corresponding quarter of 2018.



- 9 In October 2019, the Company's subsidiary received MYR 20 million or approximately Baht 146 million for the second partial payment by insurers pursuant to its fire insurance claim. This payment will be recorded in the profit or loss account of the subsidiary in the fourth quarter of 2019.

Please disseminate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Chief Executive Officer