

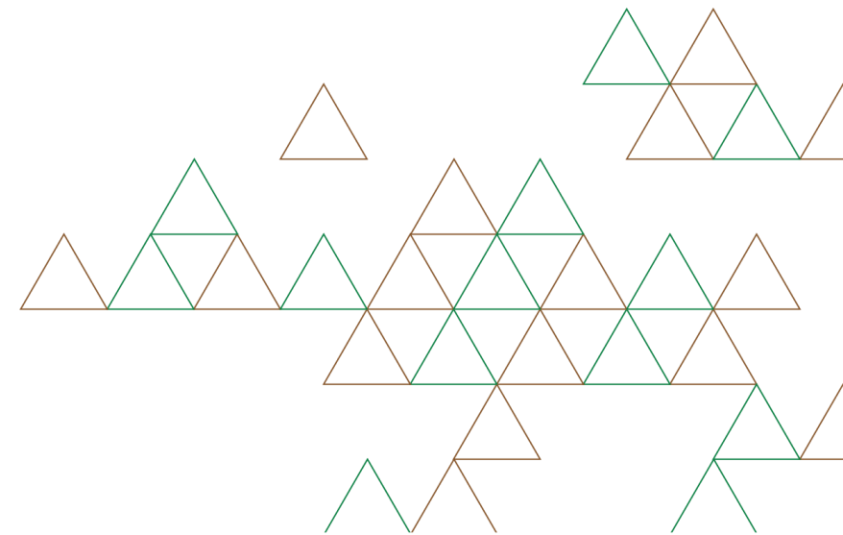


# Tipco Asphalt Public Company Limited (TASCO)

Meeting with Nikko Asset Management

(Q2 2020 Operational Results)

18<sup>th</sup> August 2020



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# Agenda

**1**

**Q2 2020 Financial Performance**

**2**

**Q2 2020 Highlights**

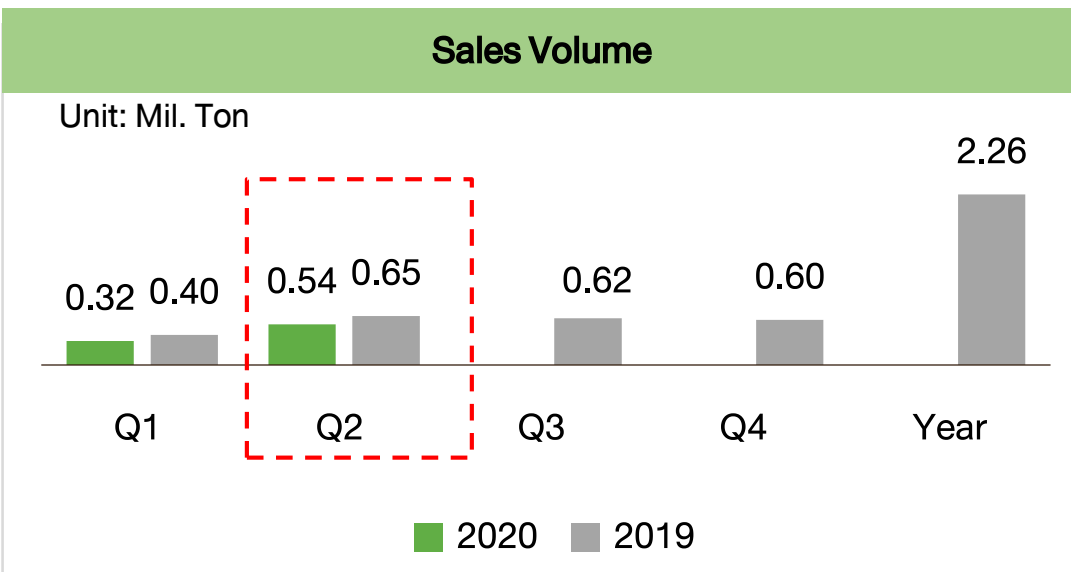
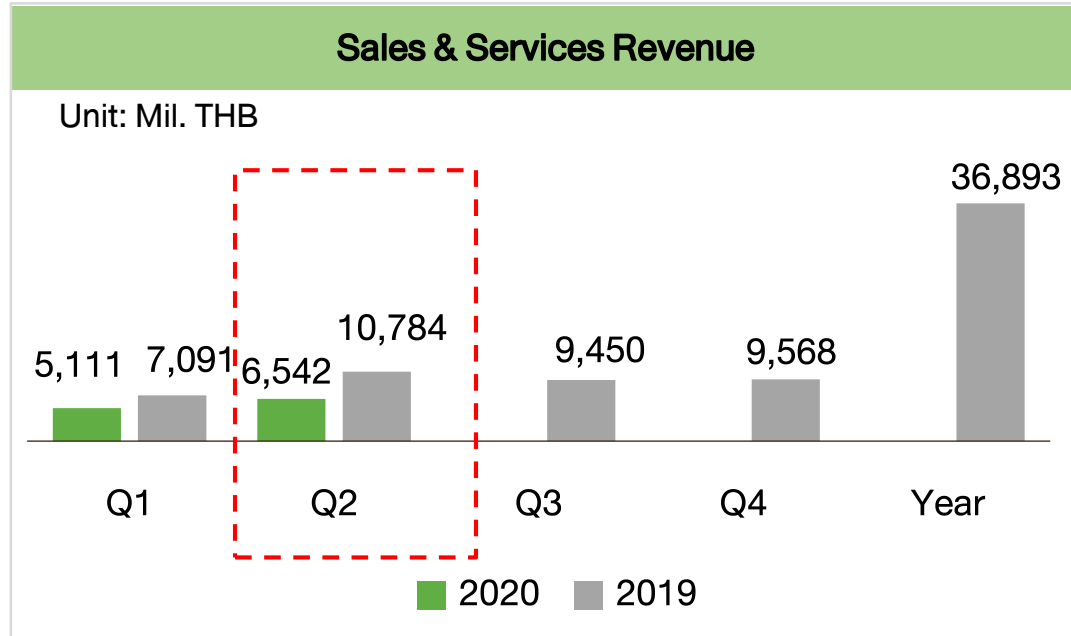
**3**

**Outlook**

**4**

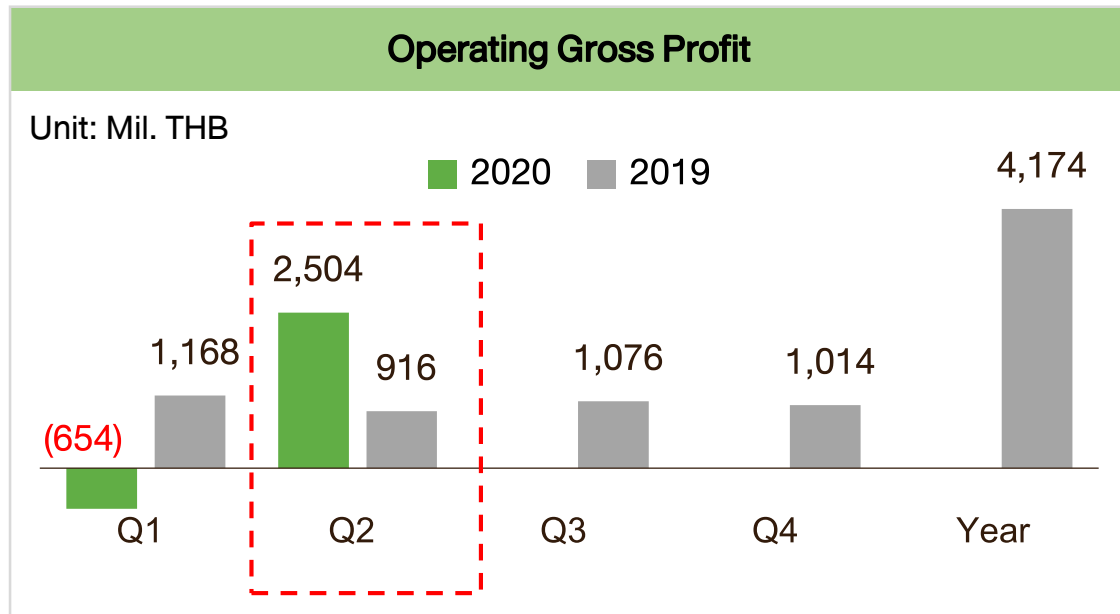
**Q&A**

# Sales & Services Revenue & Sales Volume



- Sales and services stood at Baht 6,542 million, reflecting a decrease of 39.3% from Q2 2019
- This was mainly attributable to the sharp dropped in all products prices in line with overall oil market price plunged since the Q1 which contributed to significant 22% drop in revenue
- The decrease of sale volume in several international markets attribute to the impact of COVID-19 pandemic lock down. Nevertheless, we have noted that Brent market price has recovered to a sustainable level around 40 USD/bbl recently. The market experienced shortage of asphalt supply which support the speedy recovery of asphalt price
- The domestic asphalt sale volume has increased significantly due to the disbursement acceleration of the fiscal year 2020 government budget

# Operating Gross Profit



Gross Profit Margin					
	Q1	Q2	Q3	Q4	FY
<b>Gross Profit margin (net hedging and NRV)</b>					
<b>2020</b>	<b>(12.8%)<sup>2/</sup></b>	<b>38.3%<sup>3/</sup></b>			
<b>2019</b>	<b>16.5%<sup>1/</sup></b>	<b>8.5%</b>	<b>11.4%</b>	<b>10.6%</b>	<b>11.3%</b>

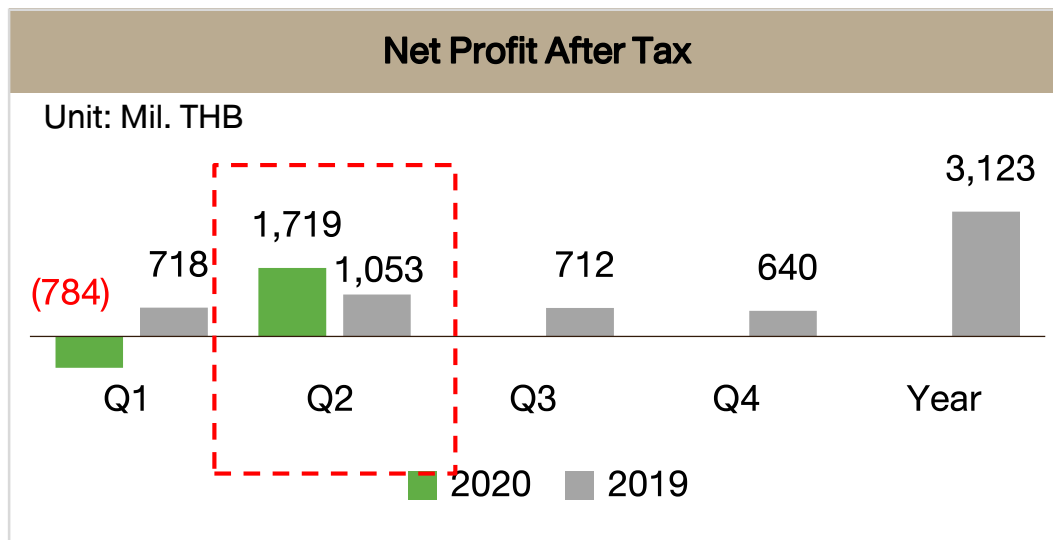
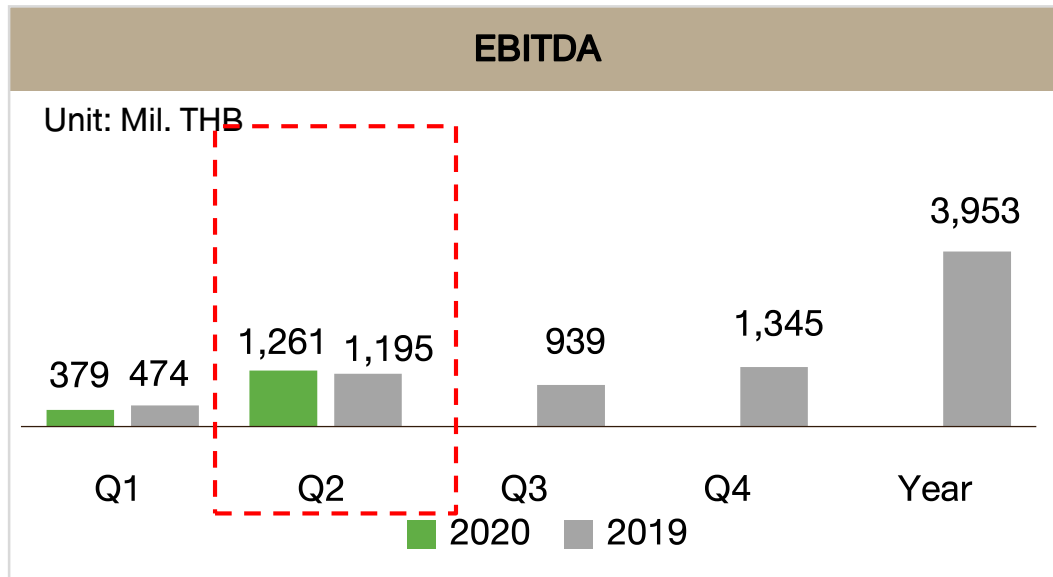
1/: Reversal of impairment of stocks net realizable value at Baht 794 million

2/: Additional provision for impairment of stocks net realizable value at Baht 2.16 billion and Hedging gain of Baht 1.31 billion

3/: Reversal of stocks net realizable value at Baht 2.103 billion and Hedging loss of Baht 0.164 billion

- The company had a gain from the reversal of net realizable value (NRV) provision of Baht 2,103 million but recorded hedging loss of Baht 164 million in Q2 2020
- Even though the Brent price has recovered from bottom to above USD40/bbl within Q2, no major reversal of the hedging gain of Baht 1.31 billion in Q1 because substantial portion of the gain had been realized.
- The Gross Profit before NRV and Hedging of approximately 9% was in line with last year attributable to the recovery in market price of crude oil, asphalt and petroleum products

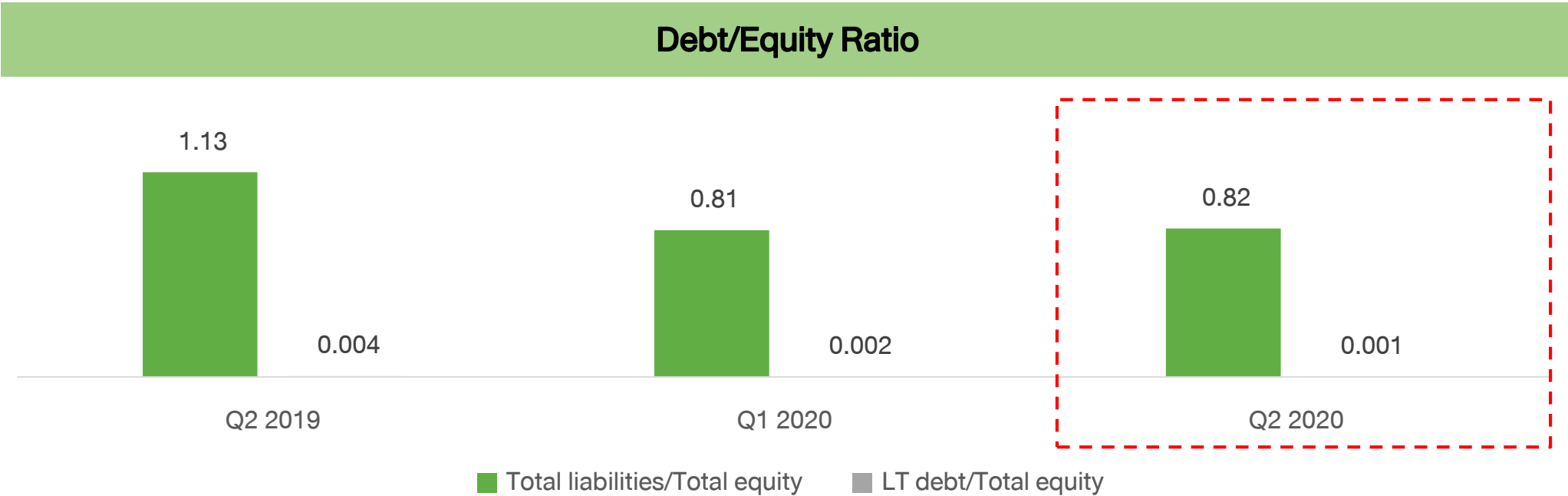
# EBITDA & Net Profit



- The EBITDA increased by Baht 996 million from the receipt of hedging gain reported in Q1.
- As a result, the Group's cashflow generated maintained at Baht 1,261 million compared to Baht 1,195 million in Q2 2019 despite the impact of Covid-19 pandemic lock downs.

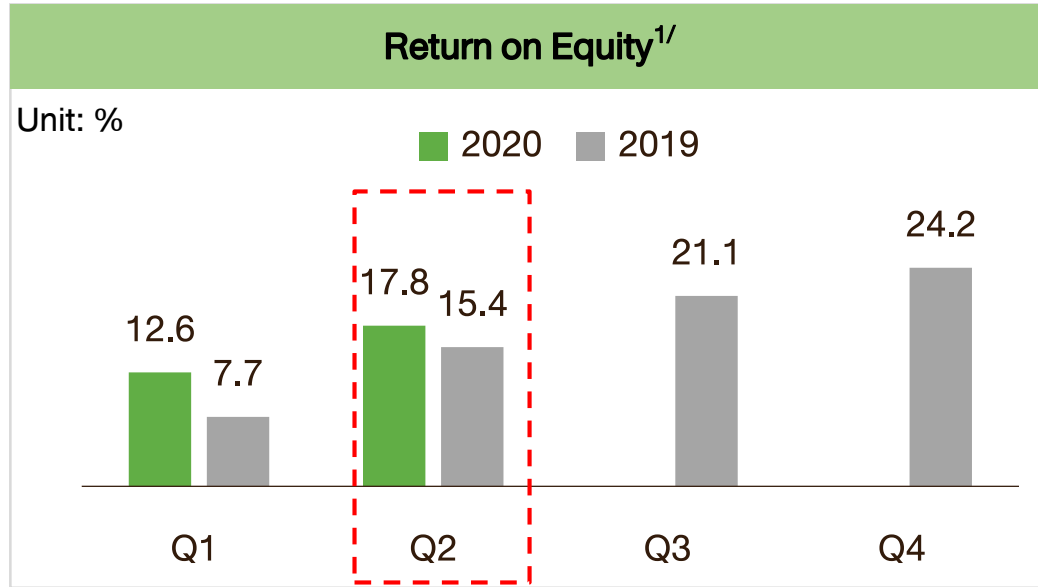
- The Net Profit After Tax of Baht 1,719 million for the Q2 2020 represented earnings per share of Baht 1.09 (par value of Baht 1 each) as compared to earnings per share of Baht 0.67 per share in Q2 2019

# Debt to Equity Ratio

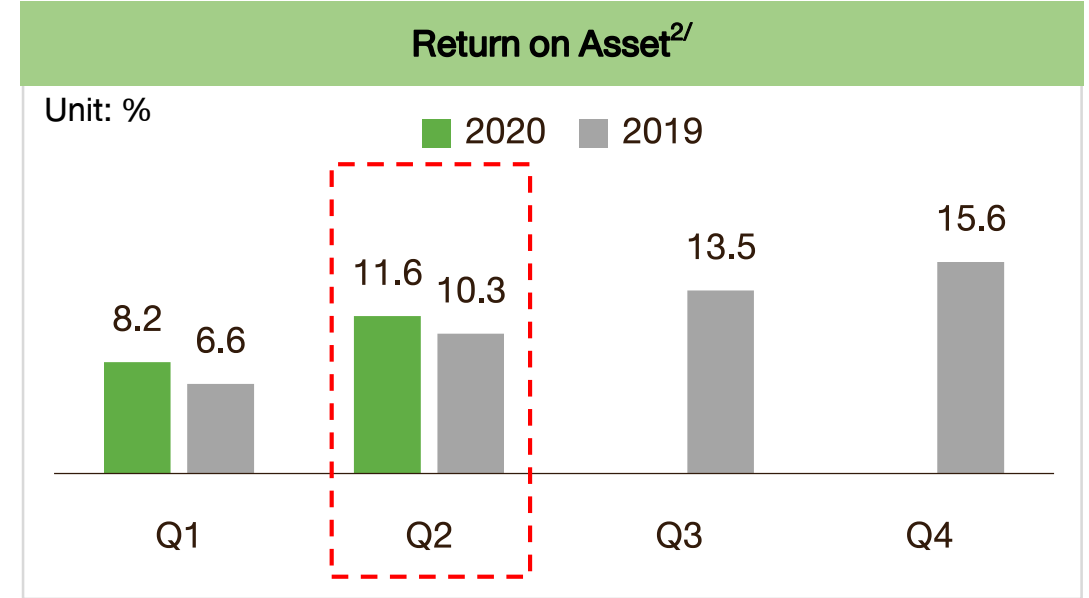


- The Group's consolidated debt to equity ratio (D/E ratio) was 0.82 comparing to 1.13 in Q2 2019 due to the reduction of working capital financing for crude inventory

# Key Ratios and Historical Dividend



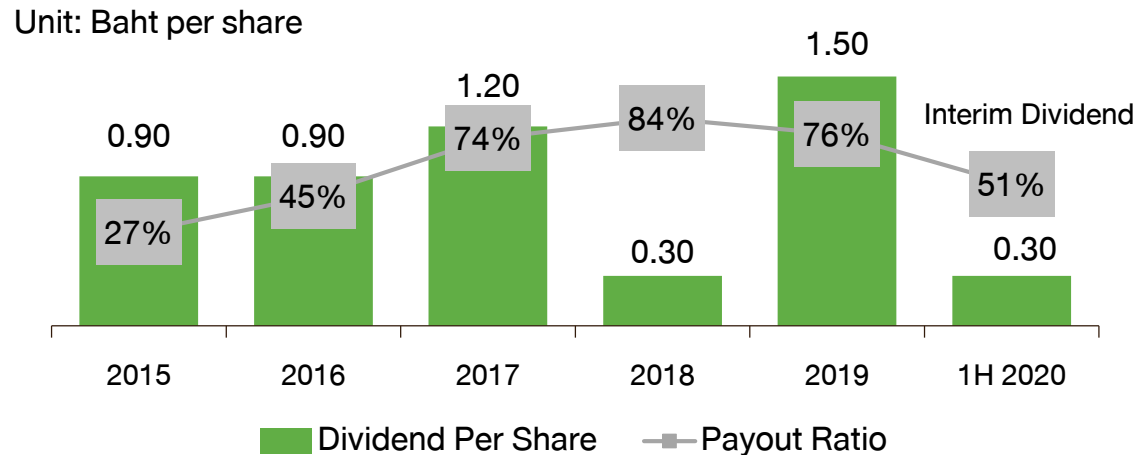
1/ Return is based on sum of last 12 months net profit



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

Return is based on profit before interest and tax

## Historical Dividend



## Dividend Policy



1 out of 30 companies in SET High Dividend

The Company has a policy to pay dividends of not less than 60% of its consolidated net profit of each fiscal year.

The Company is pleased to announce an interim dividend of 0.30 Baht/share for 1H2020. Ex-dividend date is 31 August 2020



# Expense relating to fire incident and insurance claim

- The refinery incurred additional operating expense of Baht 23 million.
- These expenses were presented as expenses from a fire incident on 5<sup>th</sup> July 2018 until the date when damaged crude oil tanks were recommissioned for operation in May 2020

Loss/(Gain) from the fire incident (Unit: Mil. THB)	2018	2019	Q1 2020	Q2 2020	Total
Damaged Assets written off	289.9				289.9
Related expenses to the incident <sup>1/</sup>	68.2	387.1	41.6	22.7	519.6
Claims Received		(593.0)			(593.0)
<b>Total</b>	<b>358.1</b>	<b>(205.9)</b>	<b>41.6</b>	<b>22.7</b>	<b>216.5</b>

# Q2 2020 – Highlights

## Refinery



- KBC has resumed processing at above 95% utilization rate to support the shortage supply of international market

## Domestic Market



- Achieved record sales volume in Q2 2020 from the delay disbursement of 2020 government budget
- Asphalt selling price speedy recovery from Q1 2020 due to the tighten of domestic supply

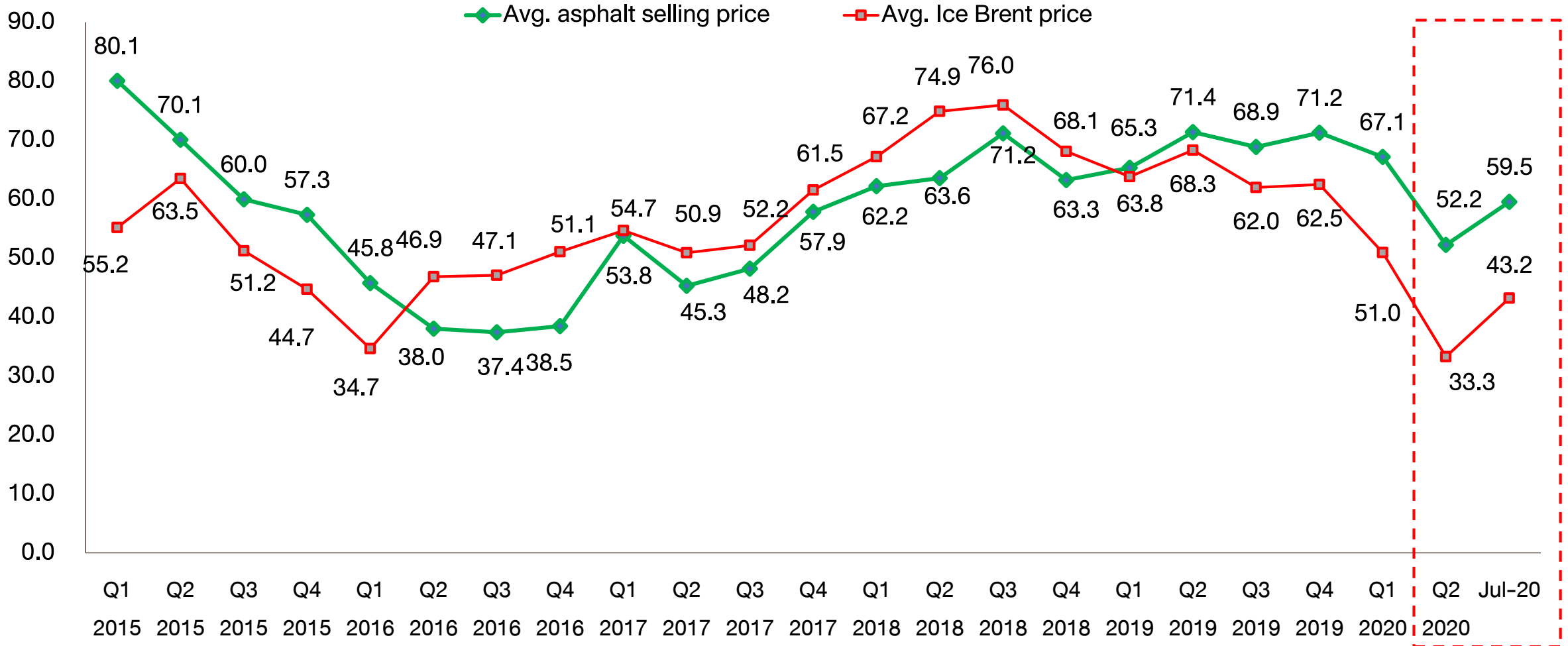
## International Market



- International sales volume increased from Q1 2020 especially in China and Vietnam
- However, significant deterioration in Gross margin of international markets was due to high inventory cost and sharp dropped in selling price but was compensated by the reversal of NRV provision

# Asphalt Selling Price vs. Ice Brent Price

Unit: USD/barrel



# Outlook

## Refinery



- Refinery will continue to run at full capacity to meet market demand

## Domestic Market



- Peak season will continue into Q3 2020

## International Market



- Expecting more international markets to recover from the impact of Covid-19 pandemic

# THANK YOU

**Any queries, please contact:**



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