

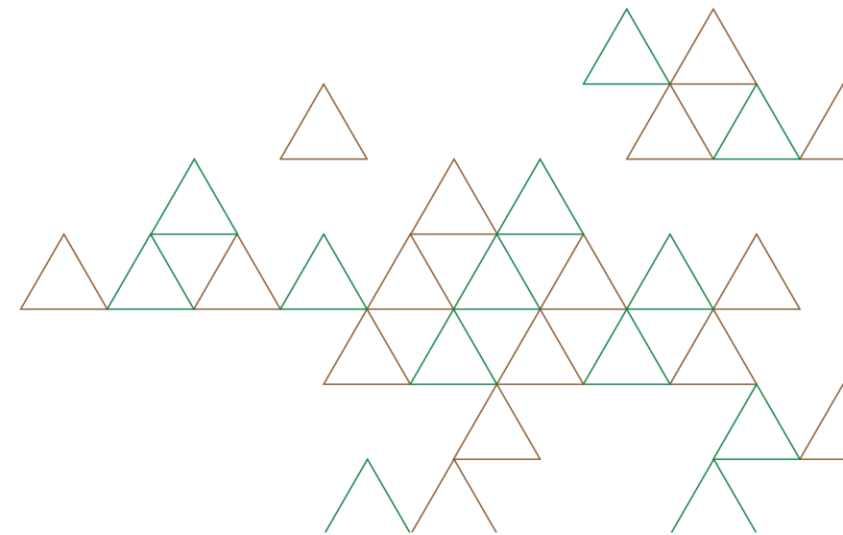


# Tipco Asphalt Public Company Limited (TASCO)

4-2020 Opportunity Day

(Q3 2020 Operational Results)

12<sup>th</sup> November 2020



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# Agenda

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**Q3 2020 Financial Performance**

**2**

**Q3 2020 Highlights**

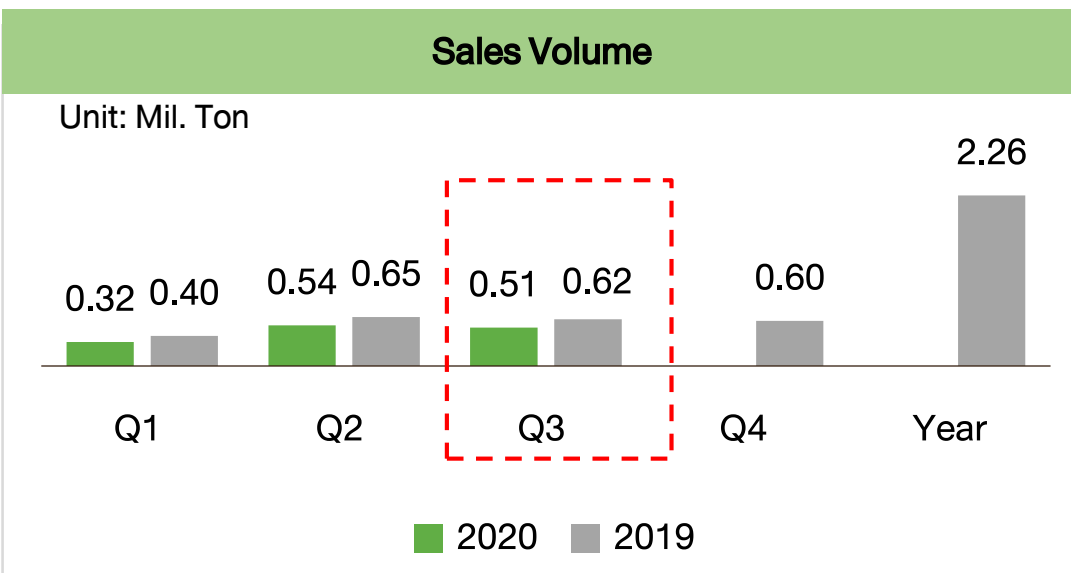
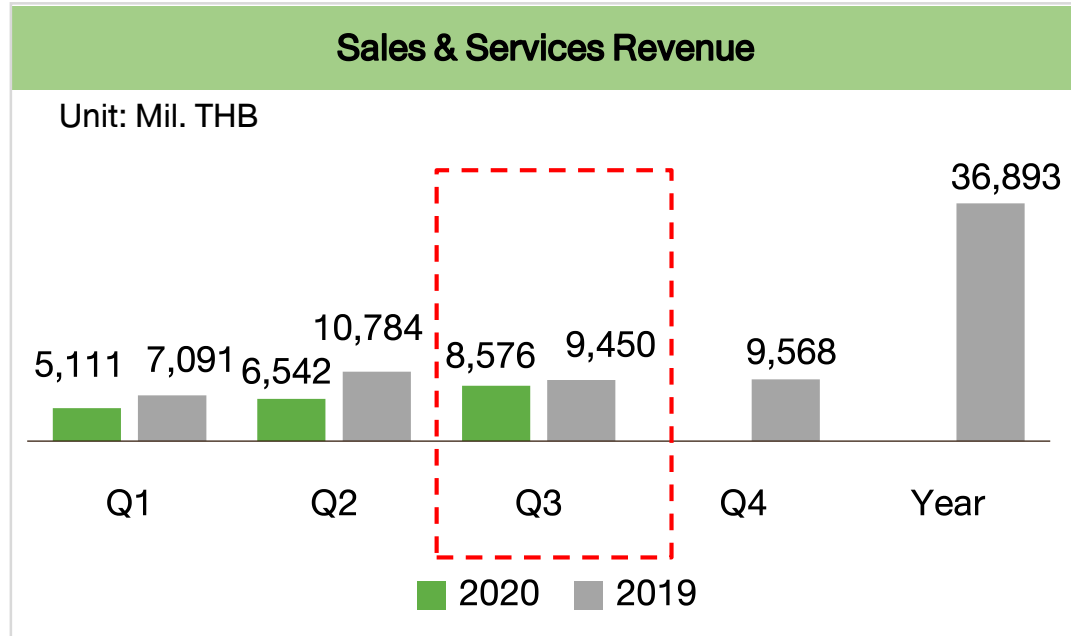
**3**

**Outlook**

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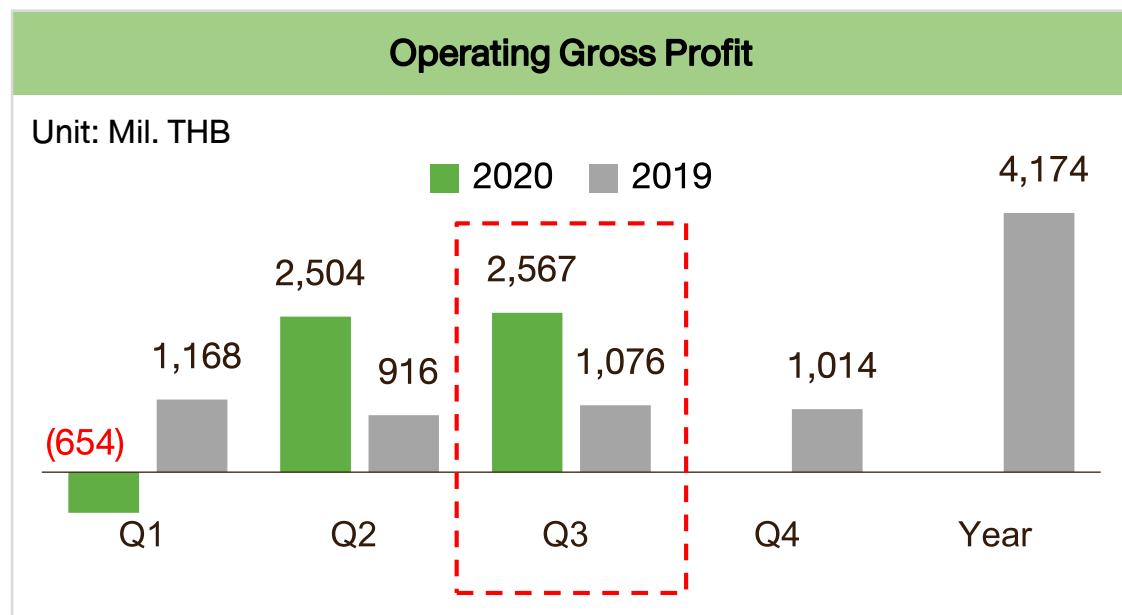
**Q&A**

# Sales & Services Revenue & Sales Volume



- Sales and services stood at Baht 8,576 million, reflecting a decrease of 9.2% from the same period of last year due to reduction in total sales volume, in particular our international market.
- There was a shift in emphasis towards retail sales rather than wholesale segment as tight asphalt supply market. As such, the lower international sales volume was a result of the above sales strategic change and effect of the COVID-19 pandemic.
- On the other hand, the domestic Thailand asphalt sales volume increased significantly resulted from the effect of over 7 months prolonged delay disbursement of fiscal year 2020 government budget in the previous two quarters which caused the demand to peak at record sale volume pace in Q3 2020.

# 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>29.9%</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>

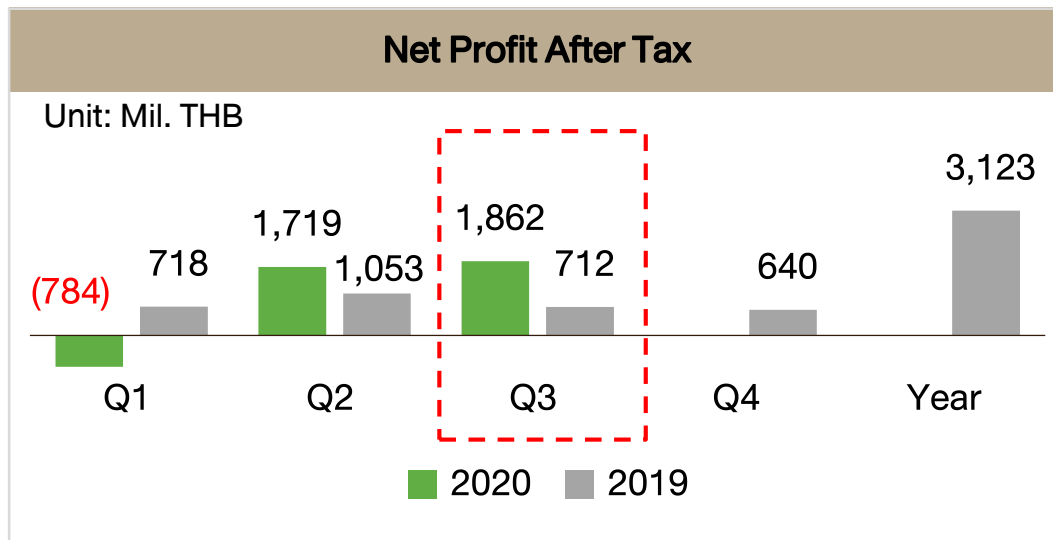
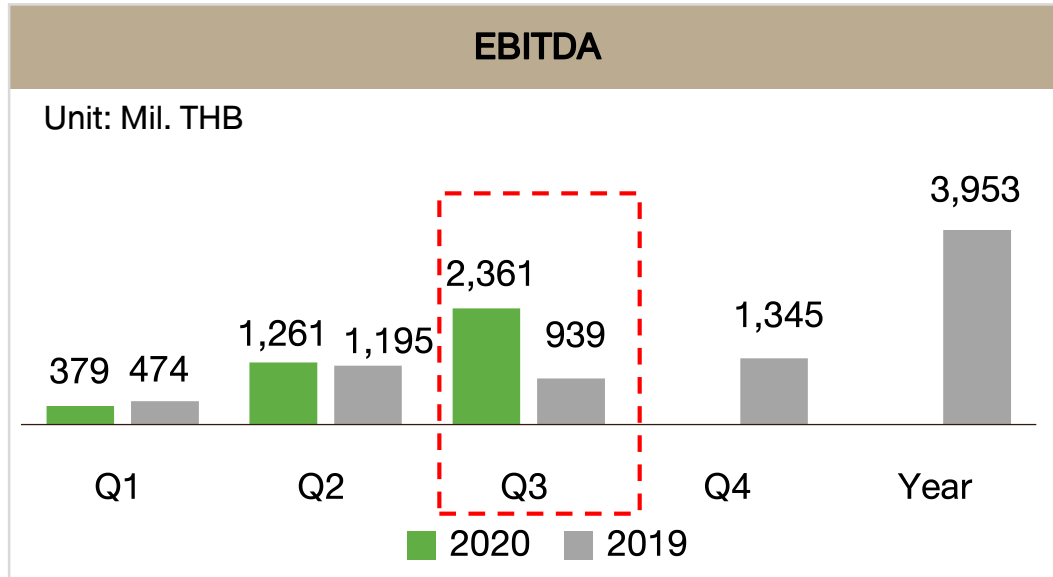
1/: Reversal of impairment of stocks net realizable value at Baht 794 million

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 significantly improved gross profit margin was attributed mainly to the higher retail sales volume and average retail asphalt selling price in Thailand, Malaysia, Vietnam and Cambodia.
- Low cost of asphalt attributed to the high volatility in the global crude oil market quarterly price movement from USD 51/bbl to USD 33/bbl, and recovered to USD 43/bbl in Q1/2020, Q2/2020 and Q3/2020, respectively.
- In addition, the company had a gain from the reversal of net realizable value (NRV) provision of Baht 42 million in this quarter attributable to the increase in market price of asphalt and petroleum products.

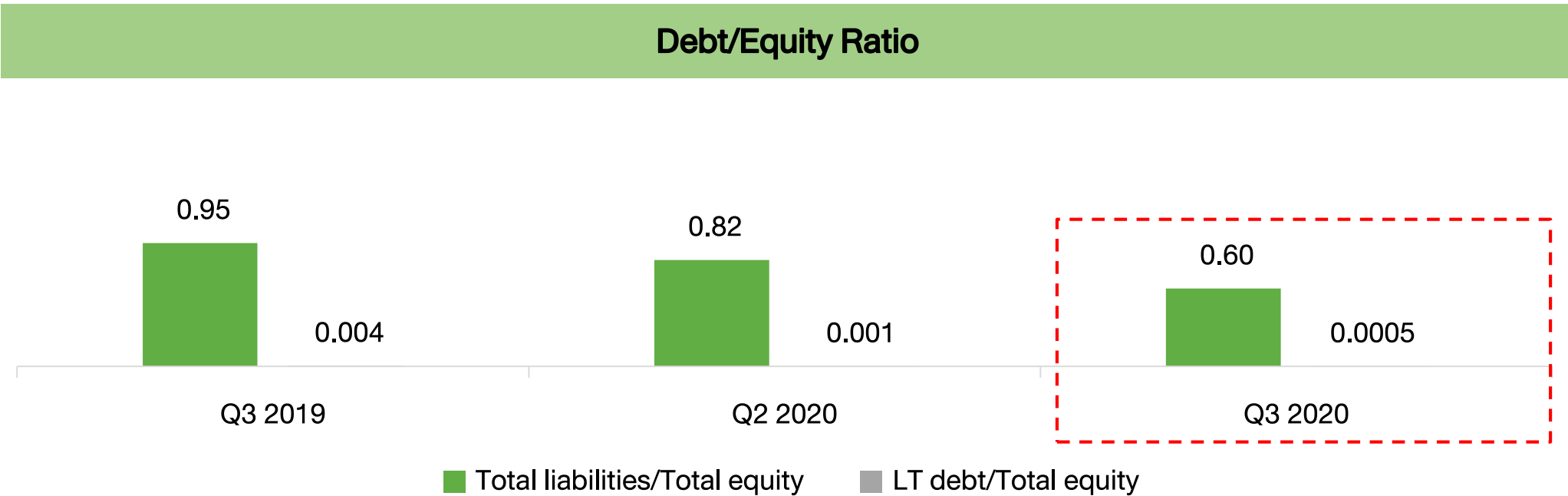
# EBITDA & Net Profit



- The Group's cashflow generated from operations increased substantially to Baht 2,361 million compared to Baht 939 million in corresponding period in 2019 due to apparently improved performance during Q3 2020 as compared to Q3 2019.

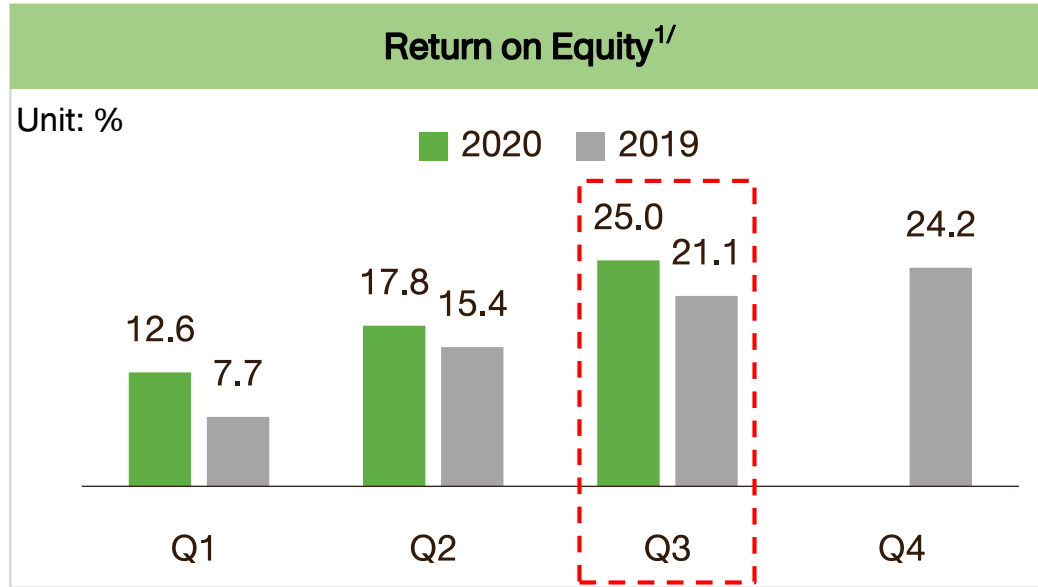
- The Net Profit After Tax of Baht 1,862 million for the Q3 2020 represented earnings per share of Baht 1.18 (par value of Baht 1 each) as compared to earnings per share of Baht 0.45 per share in Q3 2019.

# Debt to Equity Ratio

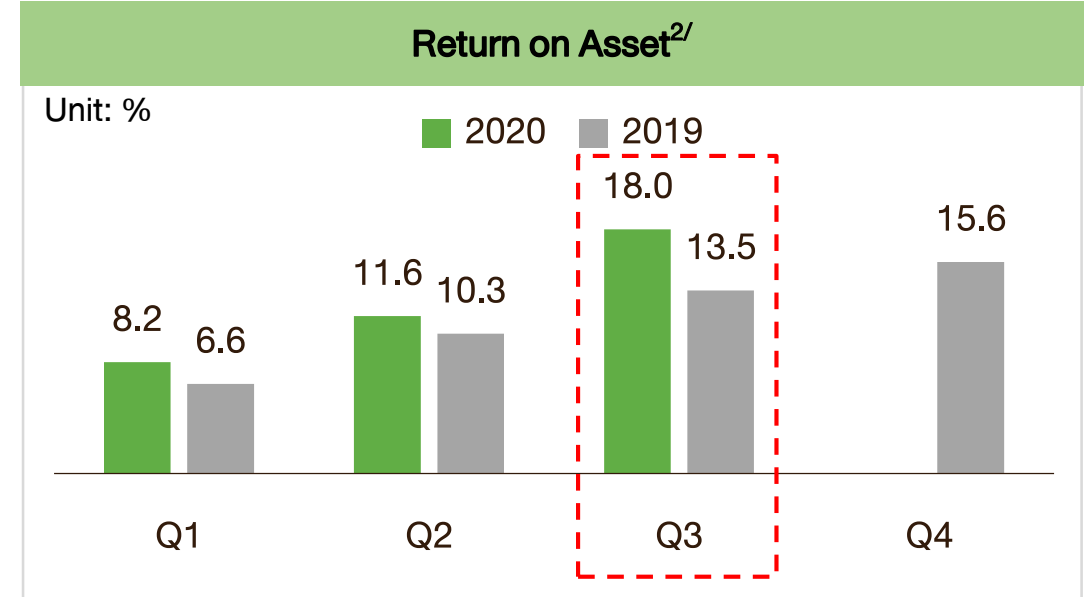


- The Group's consolidated debt to equity ratio (D/E ratio) was 0.60 comparing to 0.95 in Q3 2019 due to the reduction of working capital financing for crude inventory

# Key Ratios and Historical Dividend



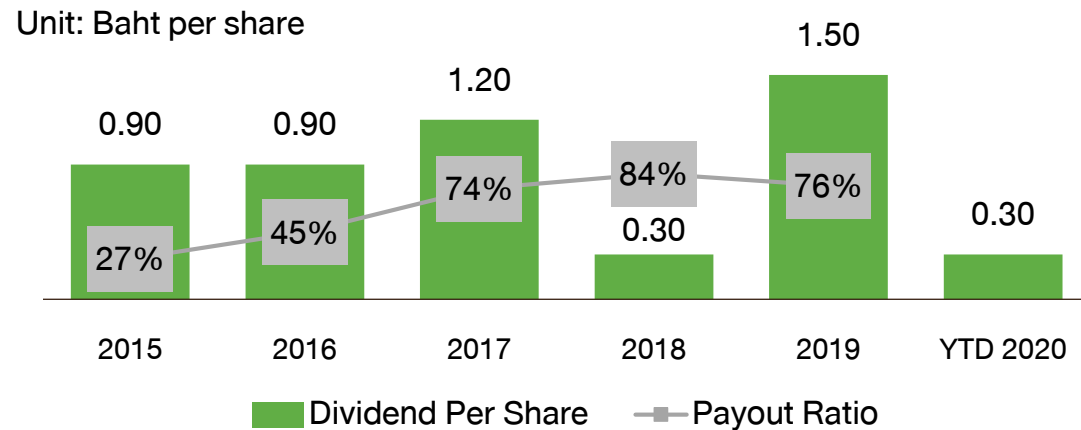
1/ Return is based on sum of last 12 months net profit



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

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

The Company paid interim dividend of 0.30 Baht per share on 11<sup>th</sup> September 2020, amounted to a total of Baht 474 million



# Expense relating to fire incident and insurance claim

- In October and November 2020, the refinery received the third partial payment of insurance claim approximately Baht 179 million

Loss/(Gain) from the fire incident (Unit: Mil. THB)	2018	2019	Q1 2020	Q2 2020	Q3 2020	Oct / Nov 2020	Total
Damaged Assets written off	289.9						289.9
Related expenses to the incident	68.2 <sup>1/</sup>	387.1 <sup>1/</sup>	41.6 <sup>1/</sup>	22.7 <sup>1/</sup>	-	-	519.6
Claims Received		(593.0)				(179.0)	(772.0)
<b>Total</b>	<b>358.1</b>	<b>(205.9)</b>	<b>41.6</b>	<b>22.7</b>	<b>-</b>	<b>(179.0)</b>	<b>37.5</b>

<sup>1/</sup> include cost of floating storage unit rental, demurrage, tanks repair and other expenses

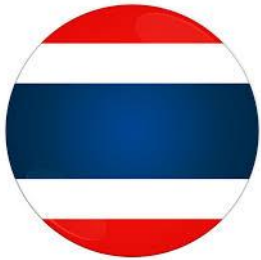
# Q3 2020 – Highlights

## Refinery



- KBC refinery still operated at high utilization rate at 87% to meet the tight supply in the market

## Domestic Market



- Acceleration of 2020 government budget disbursement boosted strong demand in Thailand
- Tight asphalt supply resulted in high asphalt selling price due to local refinery shut down

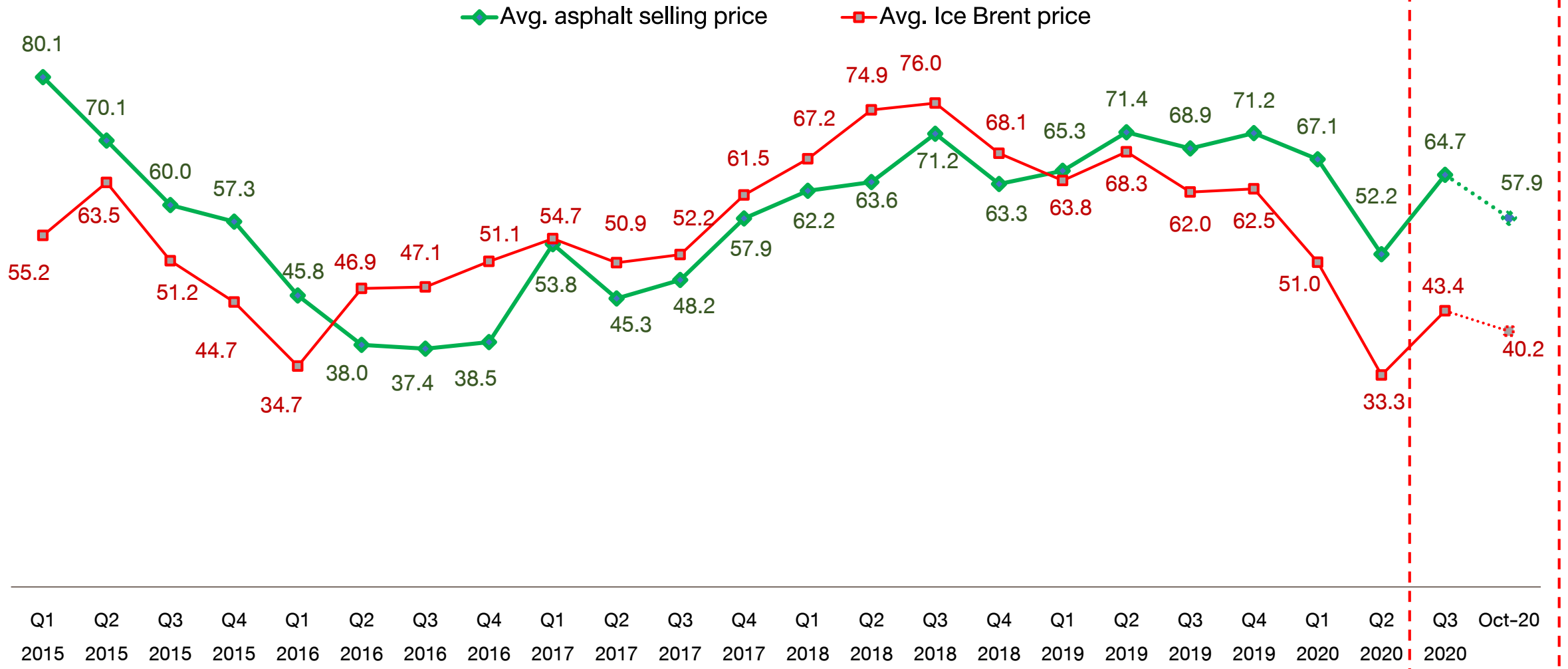
## International Market



- Covid-19 impacted certain International markets, i.e. Indonesia, Philippines
- China sales volume reduced because of tight supply in the market

# Asphalt Selling Price vs. Ice Brent Price

Unit: USD/barrel



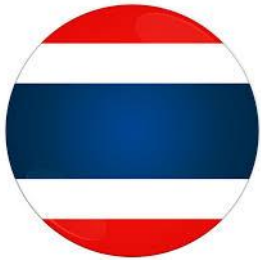
# Outlook

## Refinery



- With current crude inventory, it is sufficient for refinery to operate beyond Q1 2021
- The Company commits strictly to the winding down of crude oil procurement from Venezuela
- The Company has identified several sources of alternative crude supply and in the midst of evaluation

## Domestic Market



- Government budget 2021 grow by 6% comparing with budget 2020
- The disbursement of budget 2021 is expected effective from November 2020 onward

## International Market



- The international market sales will focus mainly on the Retails sale in oversea subsidiaries due to the tight asphalt supply from other refineries

# THANK YOU

**Any queries, please contact:**



YOUR INNOVATIVE  
SOLUTIONS PARTNER

At email: [investors@tipcoasphalt.com](mailto:investors@tipcoasphalt.com)

Tel: 662-273-6642

[www.tipcoasphalt.com](http://www.tipcoasphalt.com)