



Bor. Hor 045/2018

13th November 2018

Attention: President
The Stock Exchange of Thailand

Subject: Report of 3rd Quarter 2018 Financial performances

Tipco Asphalt Public Company Limited (The Company) is pleased to report 3rd Quarter 2018 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th September 2018, Net Profit After Tax for the 3rd quarter 2018 stood at Baht 6 million or 98.4% decrease as compared to Net Profit After Tax of Baht 401 million in the corresponding period of 2017, mainly due to a significant provision for fire damages at one of its subsidiaries. Details of the Company's performance are as follows:

- 1 Sales and services stood at Baht 7,032 million, reflecting an increase of 36.2% from the same period of last year. This increase was mainly attributable to the increase of selling price in line with higher crude price. In addition, sales volume of asphalt product increased by 2.5% comparing to the corresponding period of last year.

Cost of sales and services in the 3rd quarter 2018 stood at Baht 6,160 million or 87.6% (88.0% in corresponding quarter in 2017) of sales and services before the allowance for diminution in value of inventory and hedging. The improvement of gross margin was mainly due to the increase in selling price of asphalt products. In addition, the Company has a loss from hedging of Baht 65 million mainly due to unrealised loss from "mark to market" hedging contracts at the end of the 3rd quarter 2018.



- 2 Selling and administrative expenses in 3rd quarter 2018 stood at Baht 46 million and Baht 317 million representing 0.7% and 4.5% of sales and services respectively. Comparatively, these expenses in the same period 2017 stood at Baht 36 million and Baht 291 million or 0.7% and 5.6% of sales and services. The company is committed to controlling overhead expenses while improving the operating gross profit margin.
- 3 A provision of Baht 345 million for damage from fire broke out at a subsidiary's crude oil storage tank farm was recorded in the 3rd quarter 2018. The fire damage is adequately covered by comprehensive insurance policy.
- 4 The Group's cashflow generated from operations stood at Baht 538 million compared to Baht 730 million in corresponding period in 2017 due to the higher operating cost arising from the fire incident and decrease in other income such as bad debts recovery, forex gain as compared to corresponding period of 2017.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.91 comparing to 0.51 in corresponding period of 2017 due to the increase in crude prices, inventory volume and receivables i.e. working capital supporting higher sales activities.
- 6 Financial expense in the 3rd quarter 2018 increased to Baht 44 million from Baht 26 million when compared with the same period of prior year due to the increase of short-term loans used for purchase of crude oil.
- 7 The Net Profit After Tax of Baht 6 million for the 3rd quarter 2018 represented earning per share of Baht 0.004 (par value of Baht 1 each) as compared to Baht 0.257 per share in corresponding quarter of 2017.



Please disseminate the above information to the public accordingly.

Sincerely yours,

A handwritten signature in blue ink, consisting of stylized Thai characters, is written above a horizontal blue line.

Mr. Chaiwat Srivalwat

Managing Director