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# Thai Oil Public Company Limited

## Q1/2016 Financial Result Conference Call

### 9 - 10 May 2016

For Thai Analysts & Investors: : +66 2 104 6000 / pin code 583480# (9 May @ 6.00 PM)  
For Foreign Analyst & Investors: +66 2 104 6000 / pin code 490943# (10 May @ 8.00 AM)

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## Macro-economies / Industry Highlights

- **Soften MKT GRM pressured by 1.) lower middle distillate** as abundant supply amid weak demand during mild winter **2.) higher crude premium**
- **Weaken Dubai particularly in Jan & Feb**, pressured by oversupply situation especially more Iranian export after sanction lifted
- **Improved PX and BZ spread** supported by regional plants outages and strong demand from downstream businesses both PTA and SM due to good margins. **Lower energy cost to support the GIM contribution**
- **Soften Base oil and Bitumen spread** pressured by additional Group II Base oil supply and high Bitumen inventory. However, **low energy cost limited downside to GIM contribution**

- **Soften Mkt GRM at 6.1 \$/bbl**  
(Q4/15 = 8.5 \$/bbl)
- **(1.0) \$/bbl inventory loss\***  
(from stock loss (3.3)\$/bbl in Q4/15)\*
- **Strong Aromatic Margins**  
(GIM contribution to 1.4 \$/bbl from 1.3 \$/bbl in Q4/15)
- **Soften Base Oil Margins**  
(GIM contribution to 0.9 \$/bbl from 1.1 \$/bbl in Q4/15)

Remark \* Based on refinery intake

## Operation & Financial Highlights

	Utilization Rate
Refinery	107 %
Aromatic	80 %
Base Oil	88 %

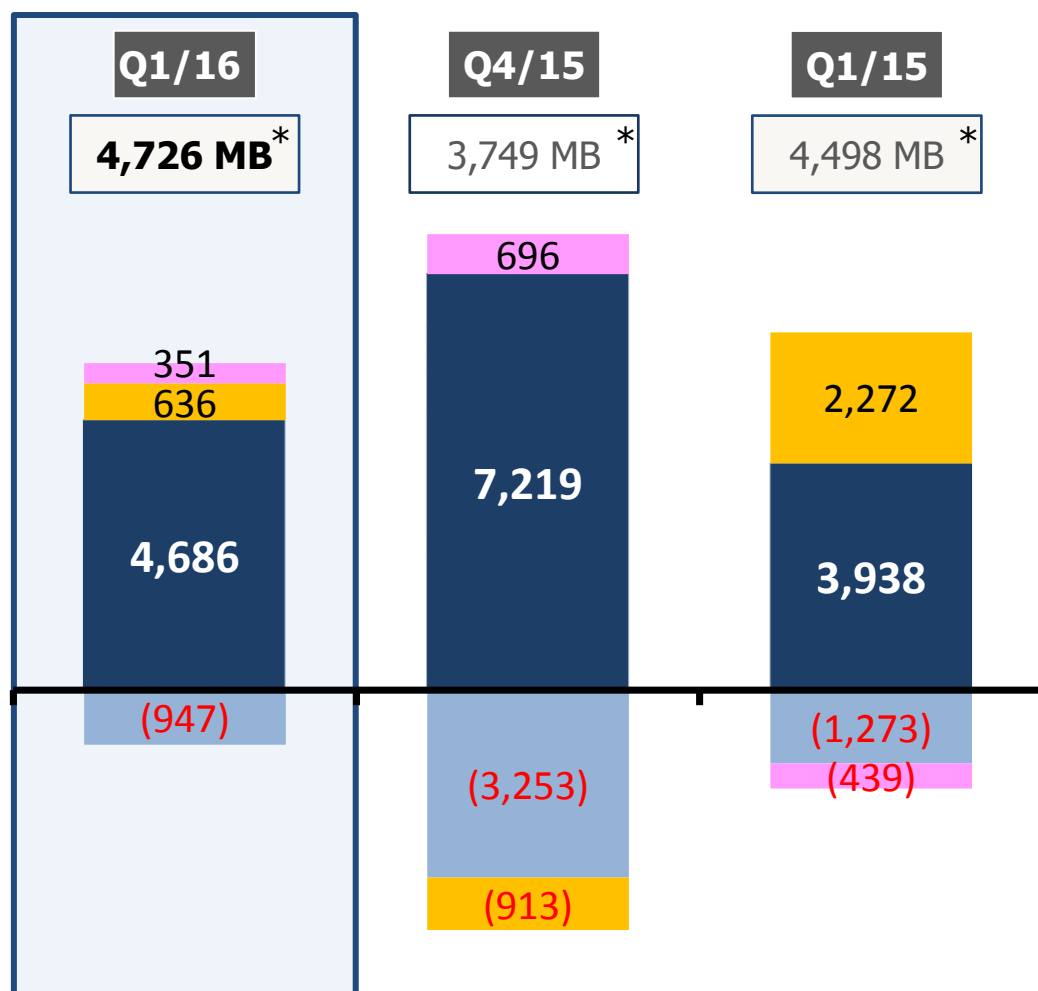
- **Maximized refinery run & optimized run for Aromatics & Lube**
- **Commodities hedging gain** ~ 27 MB
- **FX gains as THB appreciation** (mainly from unrealised translation gain on USD bond) ~ 687 MB
- **7% Effective tax rate as utilizing BOI Tax privilege**
- **Successfully COD**
  - 1.) LAB plants on 25 Feb 16
  - 2.) 1<sup>st</sup> block of TOP SPP (124MW) on 1 Apr 16 and 2<sup>nd</sup> block (115 MW) will be COD on 1 Jun 2016
- **Higher contribution from other subsidiaries** ~ 519 MB
- **Higher local sales portion of petroleum products at 87%**
- **Competitive group cash cost** at 2.0 \$/bbl (lower 0.6 \$/bbl Q/Q)
- **Reversal of NRV** ~636 MB.

# Q1/16: Strong TOP Group Net Profit supported by decent GIM

## TOP Group Net Profit

Unit : million THB (MB)

- Net Operating Profit (before tax)    ■ Stock G/(L) (before tax)  
■ Reversal of NRV/(NRV) (before tax)    ■ Others i.e. FX G/(L), Hedging G/(L), tax expense etc.



## Gross Refining Margin - GRM

\$/bbl	Q1/16	Q4/15	Q1/15
Market GRM	6.1	8.5	8.8
Stock Gain/(Loss)	(1.0)	(3.3)	(1.5)
Accounting GRM	5.1	5.2	7.3

## Gross Integrated Margin - GIM

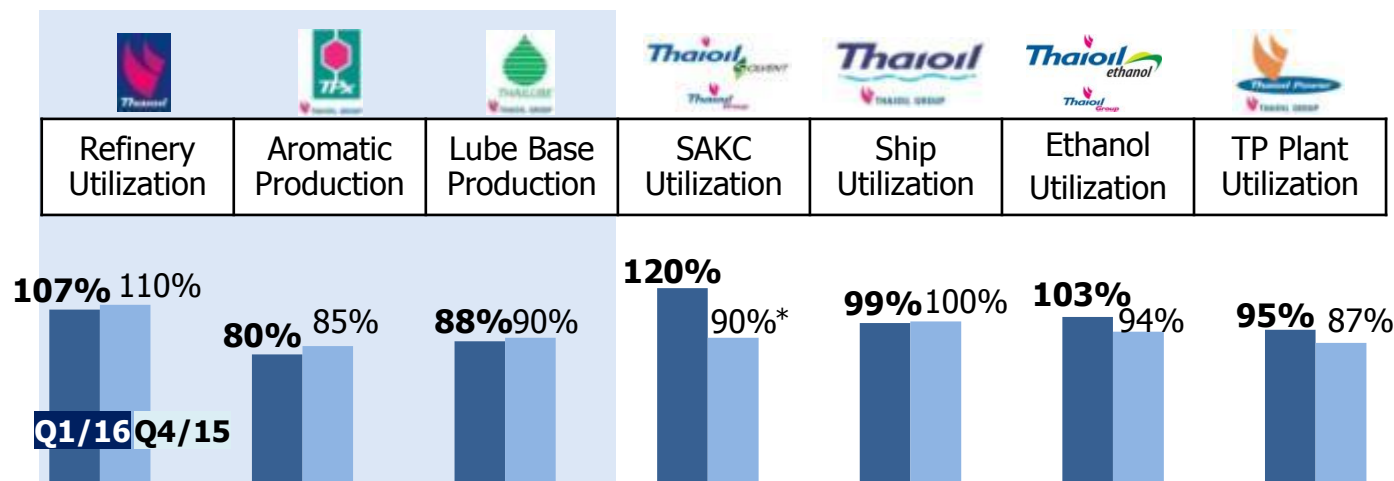
Aromatics	1.4	1.3	(0.4)
Lube base	0.9	1.1	0.7
<b>Market GIM</b>	<b>8.3</b>	<b>10.7</b>	<b>8.9</b>
<b>Accounting GIM</b>	<b>7.3</b>	<b>7.5</b>	<b>7.4</b>

## Utilization / Production Rate

Refinery	107%	110%	106%
Aromatics	80%	85%	66%
Base Oil	88%	90%	79%

\*redeemed BOI privilege for tax exemption on environmental projects in Q1/16 = 396 MB, Q4/15 = 190 MB, Q1/15 = 716 MB

# Q1/16: Performance Breakdown by Business Unit



## Key Points









- **Refinery:** high run to capture strong domestics and good GRM
- **Aromatic:** optimized run and improved contribution from higher spread & lower energy cost
- **Base Oil:** soften contribution from lower spread
- **Power:** better contribution as higher utilization & more contribution from GPSC
- **Solvent:** soften contribution pressured by lower selling price per unit & weaken gross profit margin
- **Marine:** soften contribution as lower vessel utilization especially from TMS
- **Ethanol:** improved production rate & better gross profit margin from lower feed cost

\*since Q3/14 SAKC u-rate based on new nameplate capacity of 141 KTA as solvents expansion project has been commercialized since Jul 14.(previous capacity was 76 KTA)

	Acc GRM (\$/bbl)	P2F (\$/ton)	P2F (\$/ton)
Q1/16	5.1	98	126
Q4/15	5.2	93	131
Q1/15	7.3	11	108

## Q1/16 Net Profit Breakdown (include stock gain/ loss)

(Unit: million THB)

	(Unit: million THB)								Consol	StkG/(L)& Reversal of NRV/ (NRV)	Consol Excl Stock G/(L) & Reversal of NRV/(NRV)
											
NP	2,788	881	502	27	48	24	119	211	4,726	(311)	5,037
ΔQoQ	850 ▲	168 ▲	(182) ▼	(30) ▼	(6) ▼	22 ▲	45 ▲	130 ▲	977 ▲	3,855 ▲	(2,878) ▼
ΔYoY	(1,709) ▼	1,623 ▲	180 ▲	(7) ▼	1 ▲	(21) ▼	29 ▲	38 ▲	228 ▲	(1,310) ▼	1,538 ▲

\*\* Apply on an equity accounted basis in the consolidated financial statement.(GPSC has been held by TOP 8.9% and TP 20.8% since 18 May 15)

\*\*\*TP performance are based on TOP's equity portion (excluding shares of profit from the investment in GPSC). TOP hold TP 74% since 4 Dec 12



# Q1/16 TOP Group Consolidated P&L

(million THB)	<u>Q1/16</u>	<u>Q4/15</u>	<u>QoQ+ / (-)</u>	<u>Q1/15</u>	<u>YoY+ / (-)</u>
Sales Revenue	56,790	68,446	(11,656)	71,366	(14,576)
Hedging Gain	27	1,053	(1,026)	76	(49)
<b>EBITDA</b>	↑ <b>6,653</b>	<b>6,348</b>	<b>305</b>	<b>6,209</b>	<b>444</b>
EBITDA excl. Stk G/(L) & Reversal of NRV/(NRV)	6,964	10,514	(3,550)	5,210	1,754
Financial Charges	(805)	(659)	(146)	(956)	151
FX G/(L) & CCS	687	318	369	676	11
(Tax Expense)/Reversal of income tax	(363)	(566)	203	(354)	(9)
<b>Net Profit / (Loss)</b>	↑ <b>4,726</b>	<b>3,749</b>	<b>977</b>	<b>4,498</b>	<b>228</b>
EPS (THB/Share)	2.32	1.84	0.48	2.20	0.12
Stock G/(L)&Reversal of NRV/(NRV)	(311)	(4,166)	3,855	999	(1,310)
<b>Net Profit/ (Loss) excl. Stk G/(L) and Reversal of NRV/(NRV)</b>	<b>5,037</b>	<b>7,915</b>	<b>(2,878)</b>	<b>3,499</b>	<b>1,538</b>
THB/US\$ - average	35.81	35.99	(0.18)	32.79	3.02
THB/US\$ - ending	35.41	36.25	(0.84)	32.70	2.71
Effective Tax Rate (%) *	7%	13%	(6%)	7%	0%

\*redeemed BOI privilege for tax exemption on environmental projects in Q1/16 = 396 MB, Q4/15 = 190 MB , Q1/15 = 716 MB

# Q1/16 TOP Group Consolidated Cash Flow

(Unit: Million THB)

Operating Cash Flow		
	Q1/16	Q1/15
<b>Operating Cash Flow</b>	<b>9,763</b>	<b>9,413</b>
Net income & non-cash adj.	6,378	4,232
Change in working capital	3,385	5,181

(Unit: Million THB)

Investments		
	Q1/16	Q1/15
<b>Investments</b>	<b>(18,725)</b>	<b>(7,746)</b>
ST investments	(16,293)	(5,128)
CAPEX (PP&E) & other	(2,432)	(2,618)

<b>Free Cash Flow</b>	<b>(8,962)</b>	<b>1,667</b>
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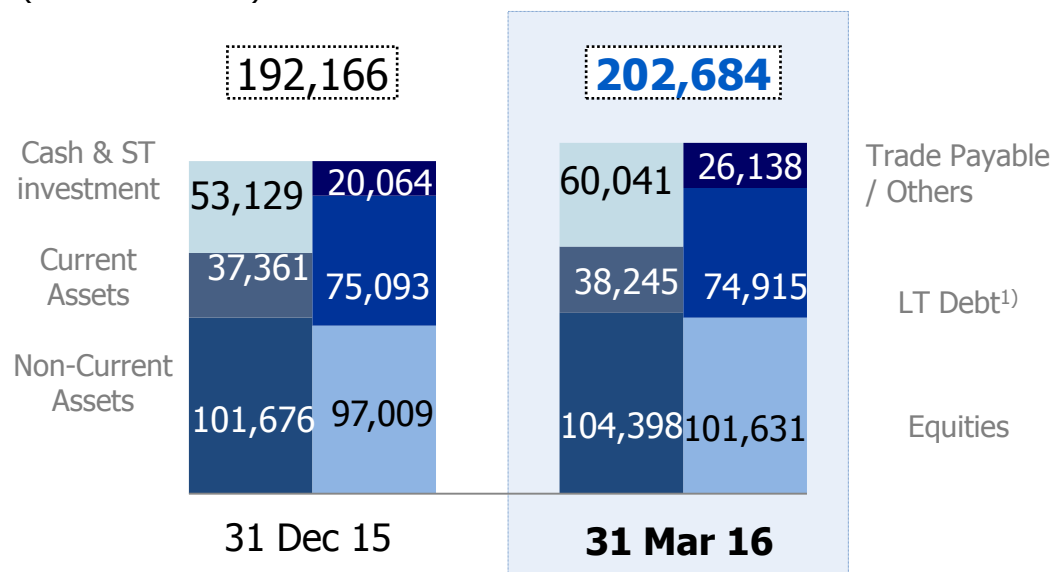
Financing		
	Q1/16	Q1/15
<b>Financing</b>	<b>(12)</b>	<b>141</b>
Loans proceeding	1,653	1,721
Loans repayment	(164)	(137)
Interest	(1,501)	(1,443)

	Beginning		Change		Effect of FCD		Ending
cash	35,764	+	(8,974) ↓	+	(406)	=	26,384
S/T investment	17,364		16,293 ↑				33,657
	53,129						60,041

# Q1/16 TOP Group Strong Financial Position & Financial Ratios

## Statements of Financial Position

(Unit: million THB)



## Consolidated Long-Term Debt as at 31 Mar 16 <sup>1)</sup>

### Total Long-Term Debt

74,915 million THB  
(US\$ 2,116 million equivalence)

### Net Debt

15,981 million THB  
(US\$ 451 million equivalence)

As at 31 Mar 16 (35.41 THB/US\$)

	Value (Million)	Portion
US\$ Bond & US\$ Loan	USD 1,156	55%
THB Bond	THB 25,500	34%
THB Loan	THB 8,502	11%

Interest Rate	Portion
Float	12%
Fixed	88%
TOP avg.debt life	12.8 Yrs

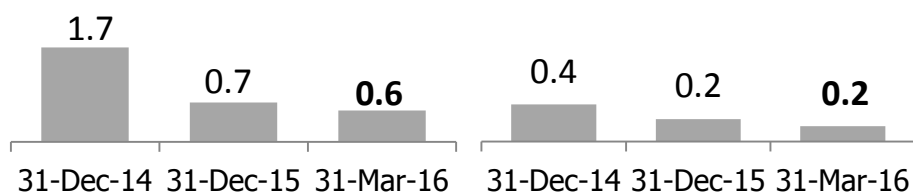
Cost of Debt	
TOP Group (Net**)	3.77%
TOP Group (Gross)	4.80%

\*\*Calculated by interest expense net off interest income as per FS as at 31 Mar 16

## Financial Ratios

Net Debt / adj. EBITDA\*

Net Debt / Equity



Moody's Investors Service

Baa1  
Stable Outlook

STANDARD  
& POOR'S

BBB  
Stable Outlook

FitchRatings

AA- (tha)  
Stable Outlook

\* EBITDA(excl stock gain/loss & Reversal of NRV/(NRV))



# Thank You

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