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# Thai Oil Public Company Limited

## Q4 & FY/18

### Financial Result Conference Call

### 15 Feb 2019

For Thai Analysts & Investors: : +66 2 104 6000 / pin code 473187# (15th Feb @ 6.00 PM)  
For Foreign Analyst & Investors: +66 2 104 6000 / pin code 389415# (18th Feb @ 8.30 AM)



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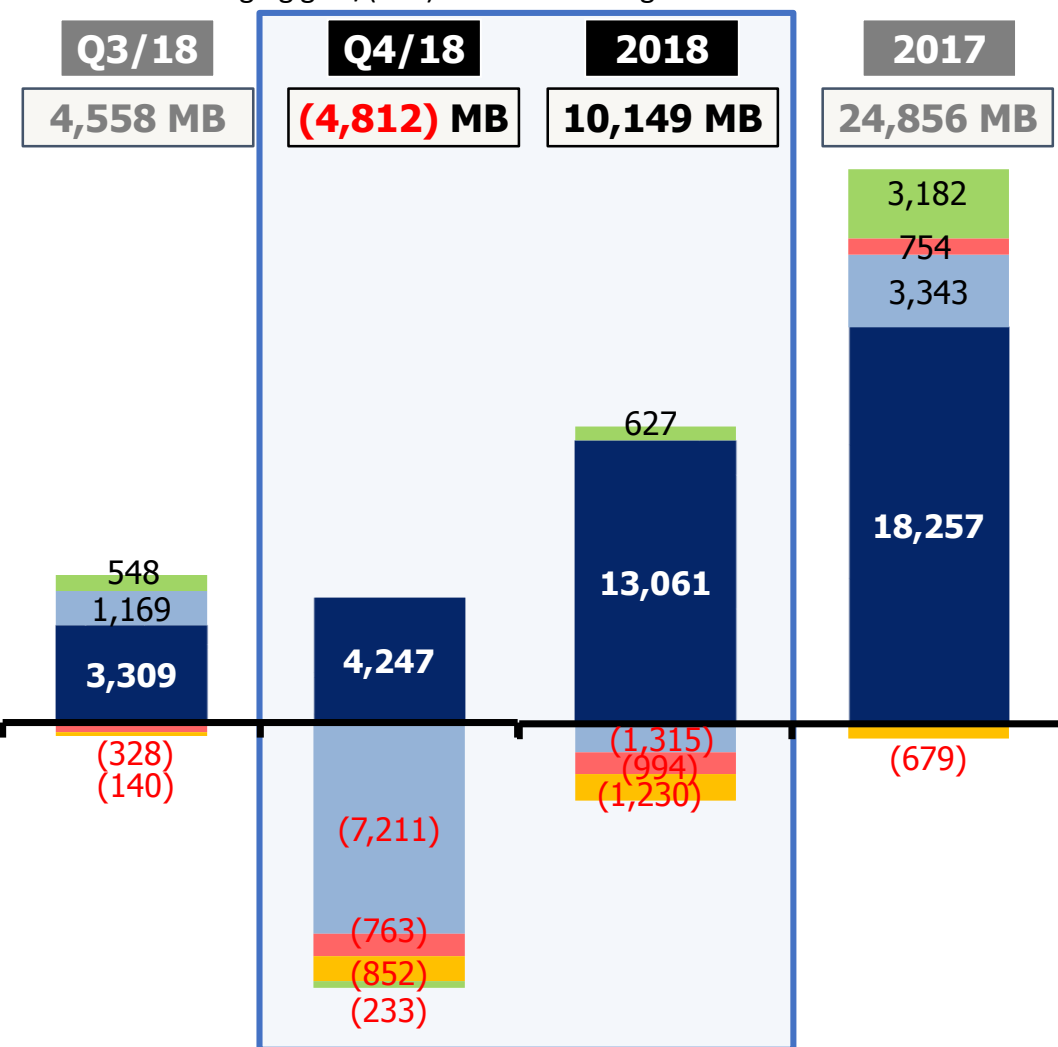
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# Q4 & FY/18 Reliable Operation

## TOP Group Net Profit

Unit : million THB (MB)

- Net Operating Profit
- Reversal of NRV/(NRV) & Adjusted to cost
- Stock gain/(loss)
- F/X gain/(loss)
- Others i.e. Hedging gain/(loss) & Non-recurring items



## Gross Refining Margin - GRM

|                   | \$/bbl | Q3/18 | Q4/18 | 2018  | 2017 |
|-------------------|--------|-------|-------|-------|------|
| Market GRM        |        | 5.0   | 3.9   | 4.7   | 6.7  |
| Stock Gain/(Loss) |        | 1.2   | (7.5) | (0.4) | 0.9  |
| Accounting GRM    |        | 6.2   | (3.6) | 4.3   | 7.6  |

## Gross Integrated Margin - GIM

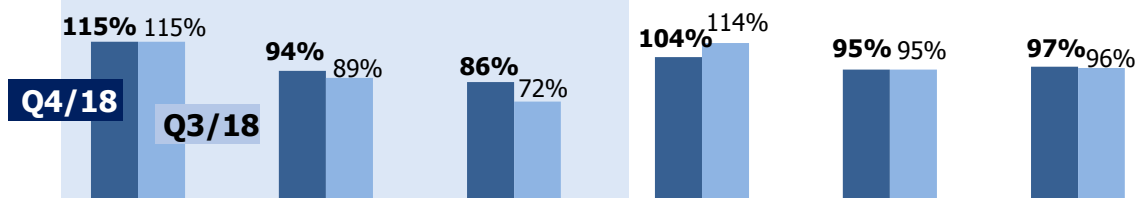
|                 |     |       |     |     |
|-----------------|-----|-------|-----|-----|
| Aromatics & LAB | 2.0 | 2.2   | 1.8 | 1.6 |
| Lube base       | 0.4 | 0.4   | 0.5 | 0.8 |
| Market GIM      | 7.2 | 6.5   | 6.9 | 9.1 |
| Accounting GIM  | 8.4 | (0.9) | 6.6 | 9.9 |

## Utilization / Production Rate

|           |      |      |      |      |
|-----------|------|------|------|------|
| Refinery  | 115% | 115% | 113% | 112% |
| Aromatics | 89%  | 94%  | 89%  | 83%  |
| Base Oil  | 72%  | 86%  | 84%  | 88%  |

# Q4/18: Performance Breakdown by Business Unit

## Utilization/Production (%) & Net Profit (million THB)



|       | Acc GRM (\$/bbl) | P2F (\$/ton) | P2F (\$/ton) |
|-------|------------------|--------------|--------------|
| Q3/18 | 6.2              | 129          | 66           |
| Q4/18 | (3.6)            | 151          | 73           |
| FY/18 | 4.3              | 121          | 84           |

## Key Points

- **Refinery:** record high run rate to capture strong demand in domestic and Indochina market
- **Aromatic/LAB:** higher utilization rate to capture decent PX spread
- **Lube:** lower contribution pressured by soften lube spread due to new supply
- **Power:** lower contribution due to TOP SPP scheduled maintenance shutdown and lower profit sharing from GPSC
- **Solvents:** lower contribution due to squeezed gross profit margin pressured by higher competition
- **Marine:** lower contribution mainly due to low utilization of crew boat business and dry docking of some vessel
- **Ethanol:** higher contribution mainly due to higher profit sharing from UBE

## Q4/18 Net Profit Breakdown (include stock gain/ loss)

(Unit: million THB)

|      | Thaoil    | Thai PARAXYLENE       | Thai LUBE BASE | Thaoil SOLVENT | Thaoil MARINE | Thaoil ETHANOL | TOP SPP                | GPSC | Thaoil POWER | Consol    | Stock G/(L) & Reversal of NRV/(NRV) | Consol Excl Stock G/(L) & Reversal of NRV/(NRV) |
|------|-----------|-----------------------|----------------|----------------|---------------|----------------|------------------------|------|--------------|-----------|-------------------------------------|---|
| NP   | (6,087)   | 747 <sup>(3)</sup>    | 145            | (14)           | (65)          | 7              | 417 <sup>(4)</sup>     |      |              | (4,812)   | (8,524)                             | 3,712   |
| ΔQoQ | (9,035)▼  | (90) <sup>(3)</sup> ▼ | (13)▼          | (30)▼          | (63)▼         | 17▲            | (149) <sup>(4)</sup> ▼ |      |              | (9,370)▼  | (9,693)▼                            | 323▲  |
| ΔYoY | (11,953)▼ | 257 <sup>(3)</sup> ▲  | (220)▼         | (98)▼          | 473▲          | (45)▼          | (122) <sup>(4)</sup> ▼ |      |              | (11,739)▼ | (12,001)▼                           | 262▲  |

(1) U-rate of 5 Oil & Chemical Tankers (total capacity: 22,800 DWT, acquired 1 LPG vessel in Dec 18)

(2) U-rate of TET Q3/18 includes SAPTHIP 91% and UBE 98%, FY/18 includes SAPTHIP 84% and UBE 91%

(3) Includes 75% of LAB net profit Q3/18 = 18 MB, Q4/18 = (28) MB, and FY/18 = (56) MB

(4) Apply on an equity accounted basis in the consolidated financial statement. (GPSC has been held by TOP 8.9% and TP 20.8%, TP has been held by TOP 74% & TOP SPP has been held by TOP 100%)

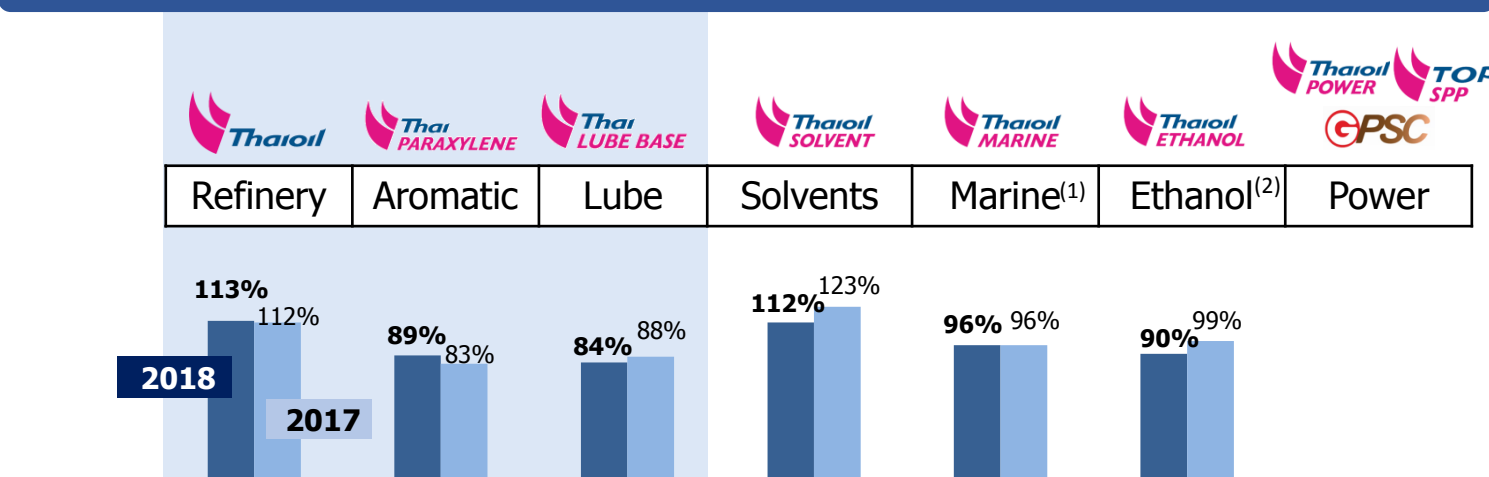


# FY/18: Performance Breakdown by Business Unit

## Utilization/Production (%) & Net Profit (million THB)

### Key Points

- Refinery:** record high annual run rate to capture strong demand in local and Indochina market
- Aromatic/LAB:** higher utilization rate to capture decent PX spread
- Lube:** lower contribution due to soften lube and bitumen spread pressured by new supply
- Power:** slightly lower contribution due to higher fuel cost and lower profit sharing from GPSC
- Solvents:** lower contribution from softened gross profit margins resulted in higher competition
- Marine:** improved contribution due to loss on impairment in 2017
- Ethanol:** lower contribution pressured by lower ethanol selling price and higher feedstock cost



|              | Acc GRM (\$/bbl) | P2F (\$/ton) | P2F (\$/ton) |
|--------------|------------------|--------------|--------------|
| FY/17        | 7.6              | 99           | 112          |
| <b>FY/18</b> | <b>4.3</b>       | <b>121</b>   | <b>84</b>    |

## FY/18 Net Profit Breakdown (include stock gain/ loss)

(Unit: million THB)

|             | Thaiol           | Thai PARAXYLENE            | Thai LUBE BASE | Thaiol SOLVENT | Thaiol MARINE | Thaiol ETHANOL | Thaiol POWER TOP SPP GPSC  | Consol           | Stk G/(L) & Reversal of NRV/(NRV) | Consol Excl Stock G/(L) & Reversal of NRV/(NRV) |
|-------------|------------------|----------------------------|----------------|----------------|---------------|----------------|----------------------------|------------------|-----------------------------------|---|
| <b>NP</b>   | <b>3,983</b>     | <b>2,530<sup>(3)</sup></b> | <b>1,079</b>   | <b>123</b>     | <b>(44)</b>   | <b>4</b>       | <b>2,183<sup>(4)</sup></b> | <b>10,149</b>    | <b>(2,628)</b>                    | <b>12,777</b>                                   |
| <b>ΔYoY</b> | <b>(13,631)▼</b> | <b>(200)▼</b>              | <b>(733)▼</b>  | <b>(186)▼</b>  | <b>486▲</b>   | <b>(259)▼</b>  | <b>(158)▼</b>              | <b>(14,707)▼</b> | <b>(6,044)▼</b>                   | <b>(8,663)▼</b>                                 |

(1) U-rate of 5 Oil & Chemical Tankers (total capacity: 22,800 DWT, acquired 1 LPG vessel in Dec 18)

(2) U-rate of TET Q1/18 includes SAPTHIP 87% and UBE 108%, Q2/18 includes SAPTHIP 73% and UBE 65%, Q3/18 includes SAPTHIP 91% and UBE 95%, Q4/18 includes SAPTHIP 96% and UBE 98%, FY/18 includes SAPTHIP 87% and UBE 92%

(3) Includes 75% of LAB net profit Q1/18 = 115 MB, Q2/18 = (161) MB, Q3/18 = 18 MB and Q4/18 = (28) MB, and FY/18 = (56) MB

(4) Apply on an equity accounted basis in the consolidated financial statement. (GPSC has been held by TOP 8.9% and TP 20.8%, TP has been held by TOP 74% & TOP SPP has been held by TOP 100%)

# 2018 TOP Group Consolidated P&L

(Unit : million THB)

|   | <u>Q4/18</u>     | <u>Q3/18</u> | <u>QoQ</u>      | <u>Q4/17</u>  | <u>YoY</u>        | <u>FY/18</u>  | <u>FY/17</u>  | <u>YoY</u>          |
|---|------------------|--------------|-----------------|---------------|-------------------|---------------|---------------|---------------------|
| Sales Revenue   | 99,755           | 101,261      | (1,506)         | 89,443        | 10,312            | 389,344       | 337,388       | 51,956 (A)          |
| Hedging Gain / (Loss)   | (852)            | (140)        | (712)           | (63)          | (789)             | (821)         | (133)         | (688)               |
| <b>EBITDA</b>   | <b>↓ (3,582)</b> | <b>7,124</b> | <b>(10,706)</b> | <b>10,810</b> | <b>(14,392) ↓</b> | <b>20,239</b> | <b>36,925</b> | <b>(16,686) (B)</b> |
| EBITDA <u>excl.</u> Stock G/(L) & Reversal of NRV/(NRV)               | 4,942            | 5,955        | (1,013)         | 7,333         | (2,391)           | 22,867        | 33,510        | (10,643) (C)        |
| Financial Charges   | (1,078)          | (844)        | (234)           | (797)         | (281)             | (3,511)       | (3,285)       | (226) (D)           |
| Financial costs from repurchase of debentures                         | -                | -            | -               | -             | -                 | (431)         | -             | (431)               |
| FX G/(L) & CCS  | (233)            | 548          | (781)           | 677           | (910)             | 627           | 3,182         | (2,555) (E)         |
| (Tax Expense)/reversal of income tax                                  | 1,315            | (1,008)      | 2,323           | (1,711)       | 3,026             | (1,983)       | (5,529)       | 3,546               |
| <b>Net Profit / (Loss)</b>  | <b>↓ (4,812)</b> | <b>4,558</b> | <b>(9,370)</b>  | <b>6,927</b>  | <b>(11,739) ↓</b> | <b>10,149</b> | <b>24,856</b> | <b>(14,707)</b>     |
| EPS (THB/Share)   | (2.36)           | 2.23         | (4.59)          | 3.73          | (6.09)            | 4.97          | 12.18         | (7.21)              |
| Stock G/(L) & Reversal of NRV   | (8,524)          | 1,169        | (9,693)         | 3,477         | (12,001)          | (2,628)       | 3,415         | (6,043)             |
| Net Profit/ (Loss) <u>excl.</u> Stock G/(L) and Reversal of NRV/(NRV) | 3,712            | 3,389        | 323             | 3,450         | 262               | 12,777        | 21,441        | (8,664)             |
| THB/US\$ - average  | 32.99            | 33.15        | (0.16)          | 33.11         | (0.12)            | 32.49         | 34.10         | (1.61)              |
| THB/US\$ - ending   | 32.61            | 32.58        | 0.03            | 32.85         | (0.24)            | 32.61         | 32.85         | (0.24)              |
| Effective Tax Rate (%)  | N/A              | 18%          | N/A             | 20%           | N/A               | 16%           | 18%           | -2%                 |

## YoY analysis

(A) Increase overall product prices following crude oil price

(B) Mainly from stock loss 0.4 \$/bbl in 2018 compared with stock gain 0.9 \$/bbl in 2017

(C) Mainly due to soften Mkt GIM 6.9 \$/bbl in 2018 from 9.1 \$/bbl in 2017

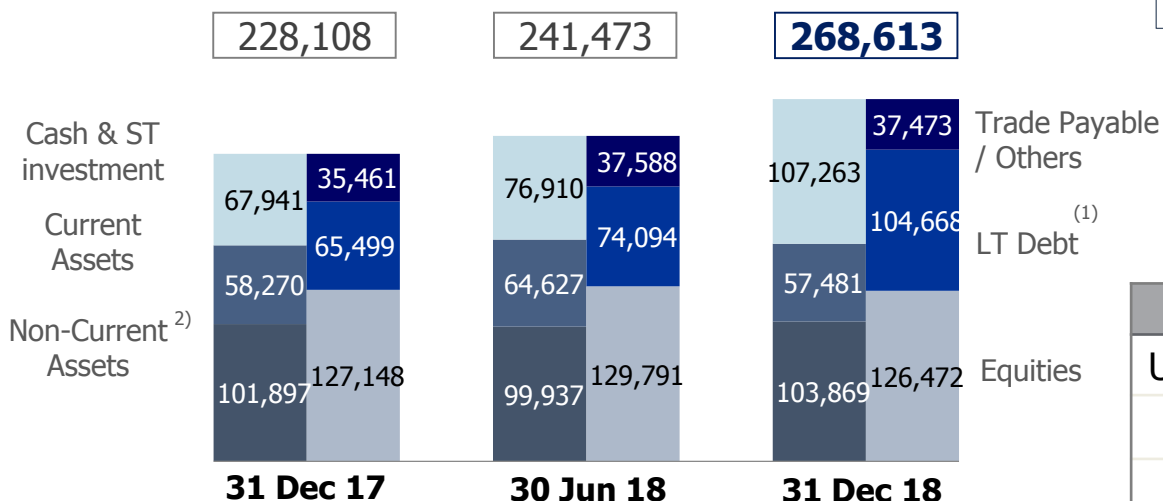
(D) One-time expense on liability management and accounting loss from discounted bond buy back in 2018

(E) Mainly from USD debt as THB slightly appreciated

# 2018 TOP Group Strong Financial Position & Financial Ratios

## Statements of Financial Position

(Unit: million THB)



|      |        |        |         |
|------|--------|--------|---------|
| ROE  | 20.8 % | 19.0 % | 8.0 % * |
| ROIC | 20.2 % | 20.6 % | 9.2 % * |

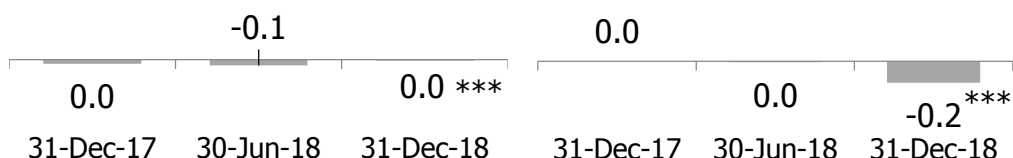
(1) Including current portion of Long-Term Debt

(2) Including investment held as available for sale 31 Dec 17 = 2,859 MB,  
30 Jun 18 = 2,170 MB, 31 Dec 18 = 361 MB

## Financial Ratios

Net Debt / adj. EBITDA\*\*

Net Debt / Equity



\* Based on actual performance in the past 12 months

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

\*\*\* As of 31 Dec 18 Net Cash 202 MB or 6 M\$

## Consolidated Long-Term Debt as at 31 Dec 18

Total IBD

107,059 million THB  
(US\$ 3,283 million  
equivalence)

Net Cash

202 million THB  
(US\$ 6 million  
equivalence)

As at 28 Dec 18 (32.61 THB/US\$)

|                                      | Value (Million) | Portion |
|--------------------------------------|-----------------|---------|
| US\$ Bond & US\$ Loan <sup>(3)</sup> | USD 1,989       | 62%     |
| THB Bond                             | THB 23,500      | 22%     |
| THB Loan                             | THB 16,284      | 16%     |

(3) Including VND Loan equivalent to USD

| Interest Rate     | Portion   |
|-------------------|-----------|
| Float             | 10%       |
| Fixed             | 90%       |
| TOP avg.debt life | 13.89 Yrs |

| Cost of Debt       |                      |
|--------------------|----------------------|
| TOP Group (Net***) | 2.51% <sup>(4)</sup> |
| TOP Group (Gross)  | 4.81%                |

(4) Due to yield enhancement

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# Thank You

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