



Analyst Meeting

2Q08 Performance

Tuesday 19 August 2008



Agenda

- **2Q08 Management Highlights**
- **Sales Report**
- **GRM & Plant Utilization**
- **CAPEX**
- **Industry Outlooks**
- **Financial Performance**
- **Appendix**

1H08 Highlight

Overview

- High volatilities in crude prices resulting from US economic slowdown, weaken USD, and tensions on ongoing geopolitical concerns in a number of producing countries, including Nigeria, Iraq, Israeli and Iran on conflict in nuclear issue.
- Average crude cost is relatively higher from 92 \$/bbl in 1Q08 to 117 \$/bbl in 2Q08
- 2Q08 average crude run at 85%, slightly increased resulting from better gas oil spread.
- Integrated GRM in 2Q08 at 11 \$/bbl: Petrochemical GRM 4.1 \$/bbl and Refinery GRM 6.9 \$/bbl or 1.4 B/Lt.
- Cost reduction programs continue, 1H08 cost reduced by Baht 640 million or USD 20 million

Operation

- ABS expansion project (\$70 million) got approval from BOD and ready to proceed

Finance

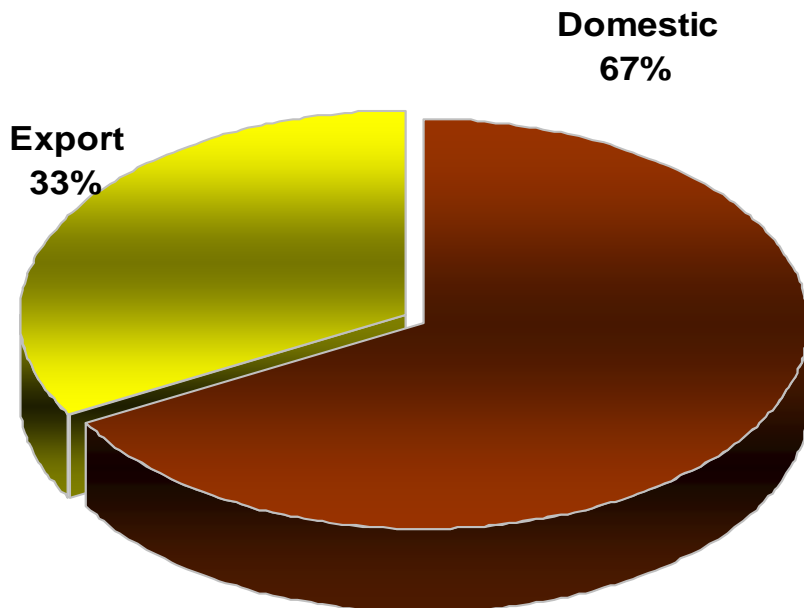
- Fitch Ratings (Thailand) affirmed IRPC's National Long-term rating at "A-(tha)" and National Short-term rating at "F2(tha)". The Outlook on the ratings remain "Stable".
- Forbes ranked IRPC the 1434th biggest companies in the world on 2 April 2008.
- 1st ESOP exercised on 30 June 2008, executed only 0.7% of total shares.

Sales Report

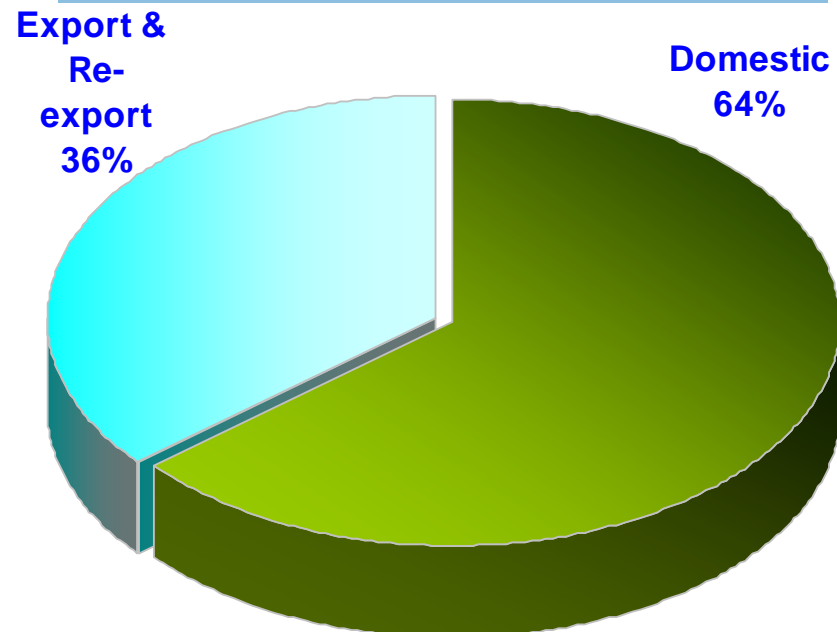


1H08 Product Sales Value by Market

Oil products
(~ 73% of sales value)



Petrochemical products
(~ 26% of sales value)

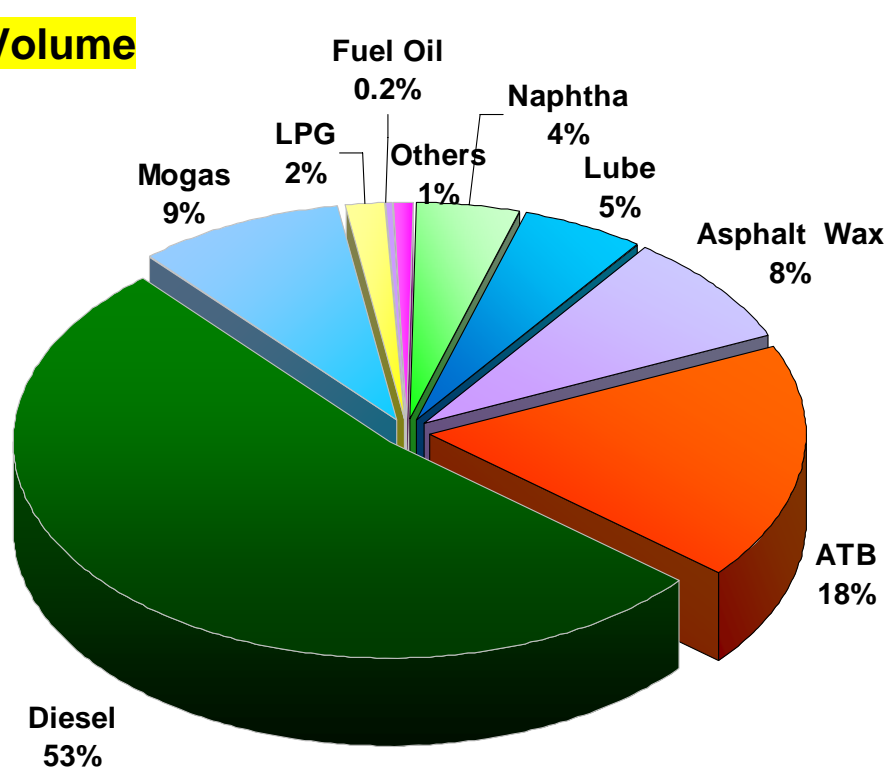


1H08 sales included Baht 5,196 million or USD 160 million excise tax & all oil funds

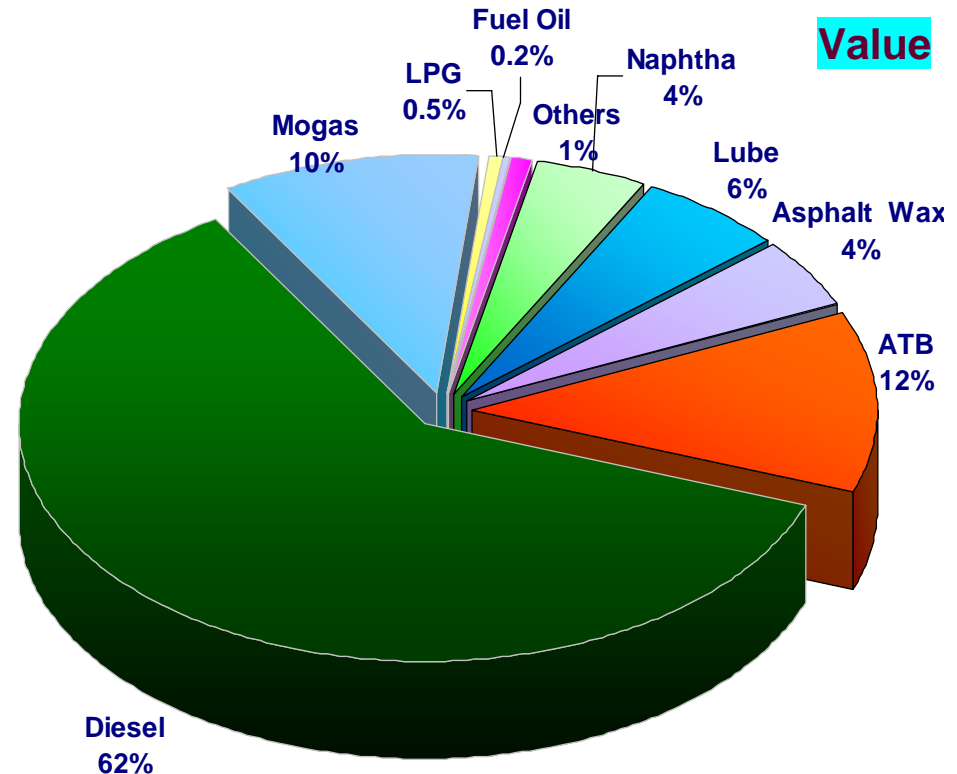
mill.Baht	Oil		Petrochem.	=	Total	OR	mill.USD	Oil		Petrochem.	=	Total
1H07	73,938	+	30,588	=	104,526		1H07	2,174	+	900	=	3,074
1H08	98,590		34,956		133,546		1H08	3,033		1,075		4,108

1H08 Petroleum Product Sales

Volume



Value



1H08 Volume = 3,942 m Ltrs
 1H07 Volume = 4,135 m Ltrs

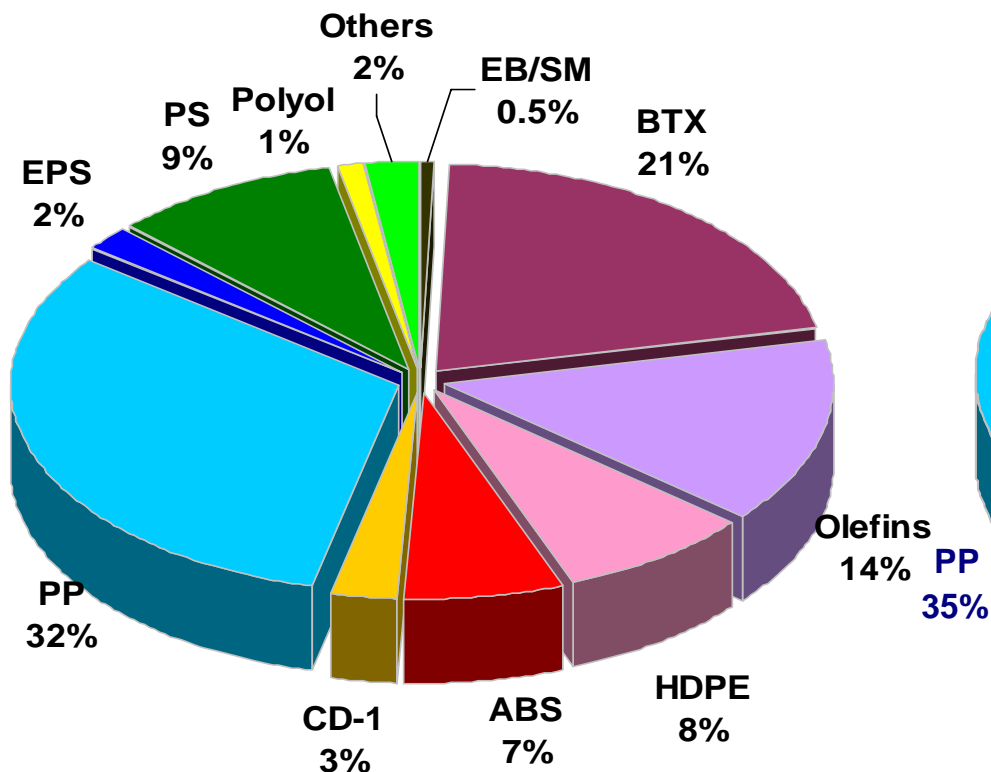
2Q08 Volume = 1,955 m Ltrs
 1Q08 Volume = 1,987 m Ltrs

1H08 Value = Bt 98,590 m
 1H07 Value = Bt 73,938 m

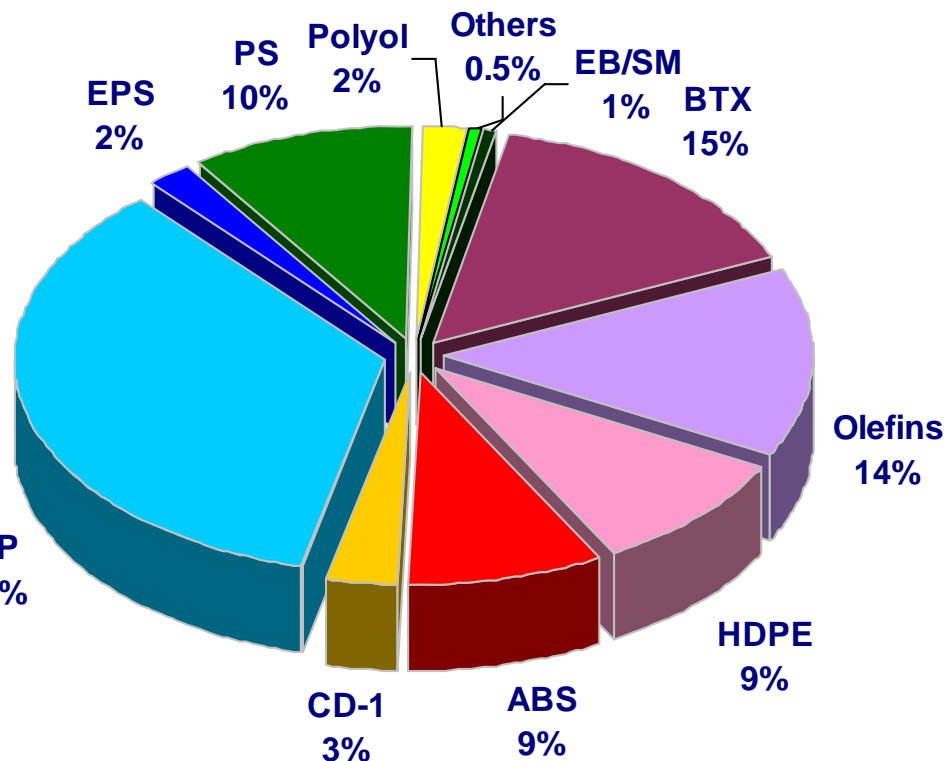
2Q08 Value = Bt 54,484 m
 1Q08 Value = Bt 44,106 m

1H08 Petrochemical Product Sales

Volume



Value



1H08 = 755,137 M/T

1H07 = 738,606 M/T



2Q08 = 390,186 M/T

1Q08 = 364,951 M/T



1H08 = Bt 34,956 m

1H07 = Bt 30,588 m



2Q08 = Bt 18,499 m

1Q08 = Bt 16,457 m

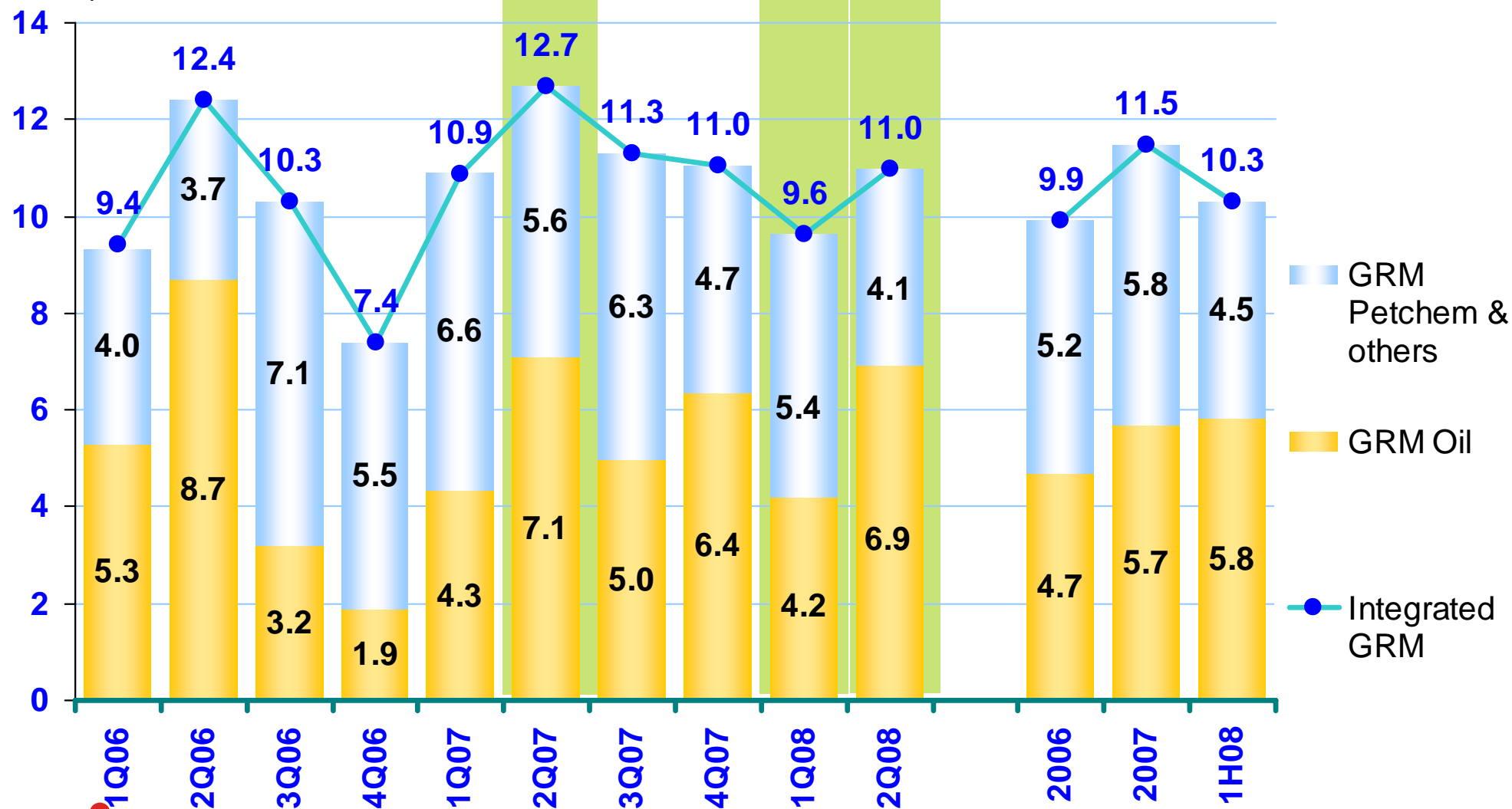


GRM & Plant Utilization



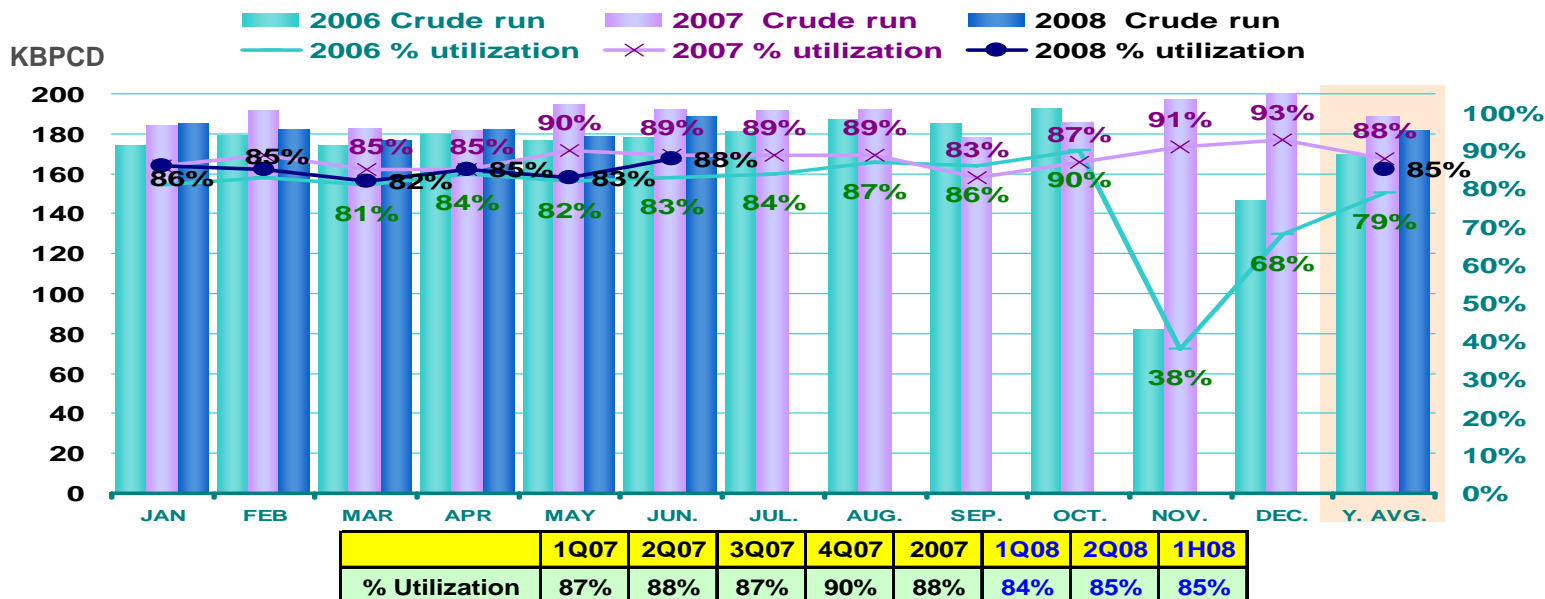
2Q08 GRM

US\$ / bbl

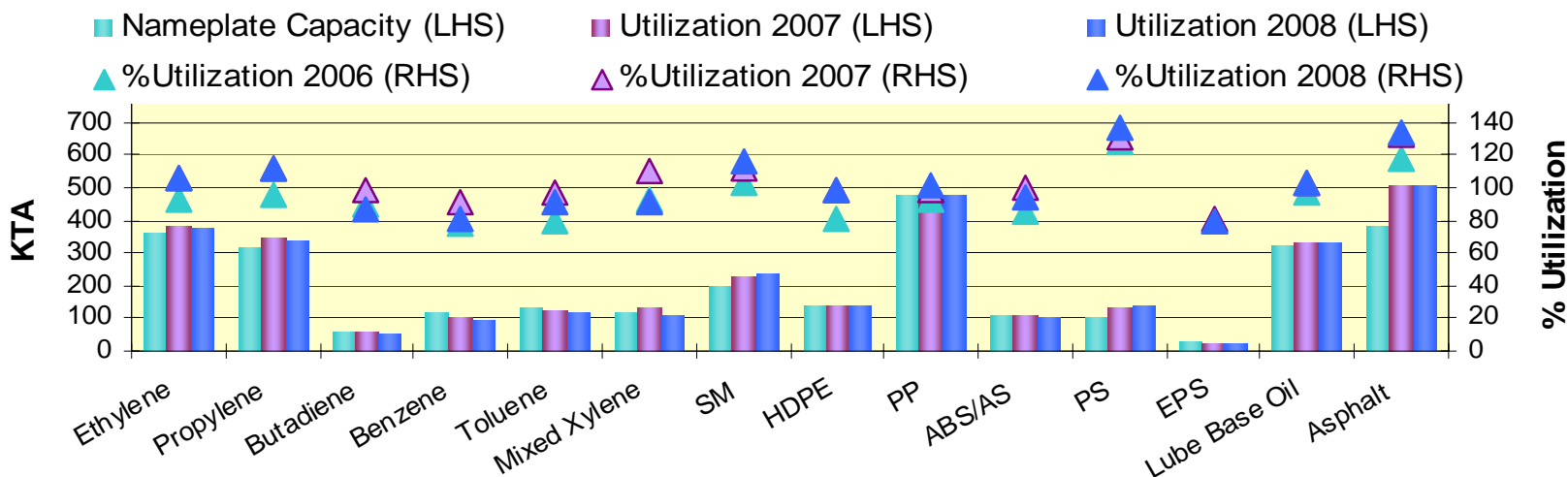


Capacity Utilization

Refinery Capacity Utilization



Petrochemical and Lube



CAPEX



Future Project Progress

As of July 2008	CAPEX Amount (Million USD)	Benefit/year (Million USD/year)	% IRR	Start	Complete	Progress	Purpose
Phase I							
HDPE Compound	12.60	3	21%	2Q07	1Q09	84%	Increase capacity from 17 KTA to 57 KTA
ABS Expansion	17.10	4	21%	2Q07	1Q09	89%	Increase capacity from 96 KTA to 117 KTA
Power Plant	220.00	39	23%	2Q07	3Q09	40%	CHP 216 MW for internal use, reduce power & steam cost, improve power stability
Safety Improvement	39.00	n/a	n/a		2011	41%	
Total	288.70	46					
Phase II							
ABS Expansion 6	70.00	n/a	21%	2008	2010		Increase capacity from 117 KTA to 200 KTA
New Reg_EURO IV	360.00	n/a	14%	2009	2011		Comply to regulation
Petroleum Improvement	620.00	n/a	22%	2009	2011		Increase capacity from 215 to 265 kbpd & improve product slate
Propylene Booster	88.00	n/a	36%	2009	2011		Increase capacity by 100 KTA
Port Dredging	46.00	n/a	16%	2009	2011		Accommodate 300,000 ton VLCC
Total	1,184.00						
Grand Total	1,472.70						

Industry Outlooks



Industry Outlooks

Crude Oil

Is the recently declining in crude price a Bubble Burst?

Very volatile & No more cheap crude oil

- Geopolitical tension / Supply concerns
- Higher finding cost for new oil reserve
- US Dollar fluctuation
- Growing demands in Asia

Refined Products

- Tagging along crude oil prices
- Approaching lower season in the third quarter
- Recently declining of crude prices and government's excise tax cut could boost short term domestic demand

Petrochemical Products

- Close watch on naphtha prices
- New capacity addition from ME
- Lower demand from China

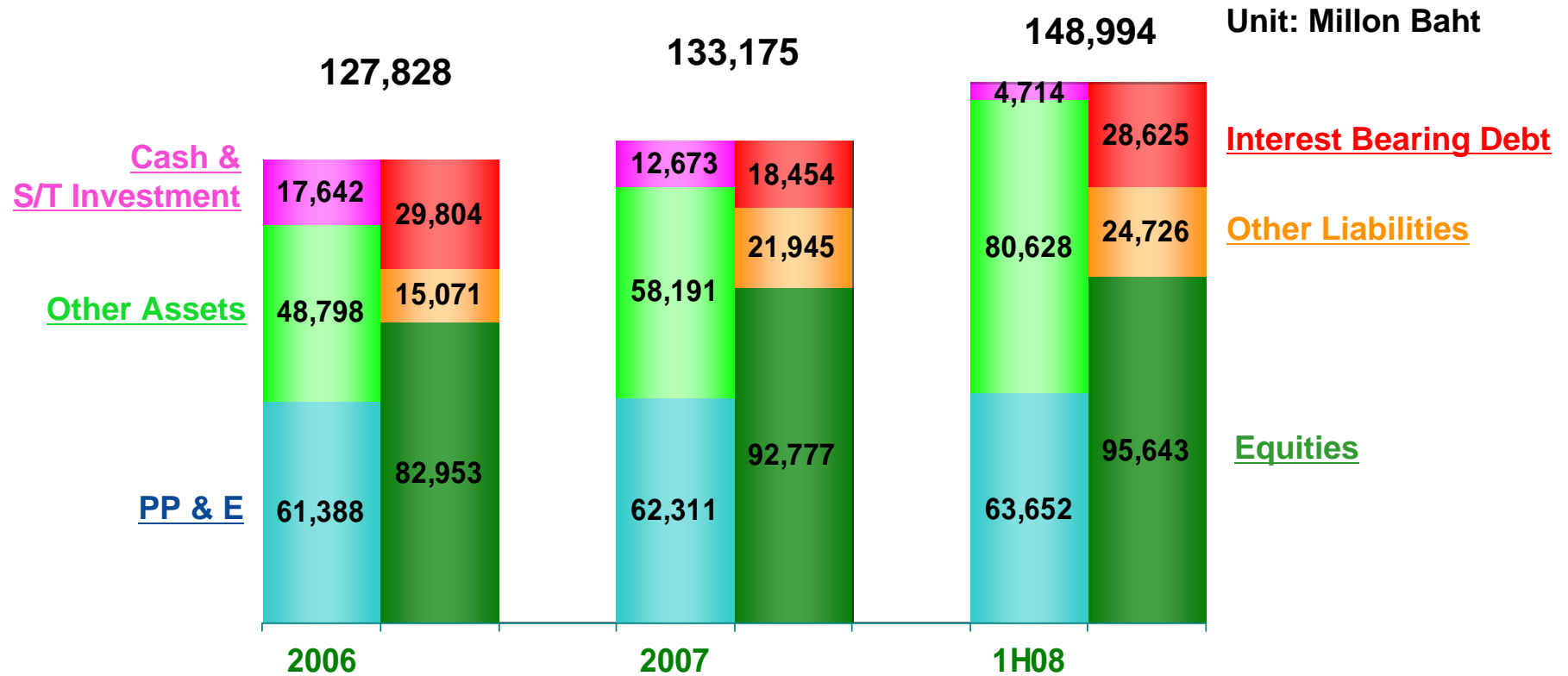
Financial Performance



Financial Highlights

Unit: Million Baht	2Q08	2Q07	%YoY	1Q08	%QoQ	1H08	1H07	%YoY
Sales	73,740	55,276	33.4%	61,258	20.4%	134,997	105,827	27.6%
Net Sales	71,521	50,845	40.7%	58,280	22.7%	129,801	97,157	33.6%
Cost of Goods Sold	(63,912)	(45,012)		(55,481)		(119,392)	(87,829)	
Gross Profit	7,609	5,833	30.5%	2,799	171.9%	10,408	9,328	11.6%
Gross Margin	10.6%	11.5%		4.8%		8.0%	9.6%	
Other Revenue	245	145		118		363	328	
SG&A	(935)	(1,203)	-22.3%	(782)	19.5%	(1,717)	(2,087)	-17.7%
EBITDA	6,919	4,775	44.9%	2,134	224.2%	9,054	7,568	19.6%
EBITDA Margin	9.7%	9.4%		3.7%		7.0%	7.8%	
Depre. & Amort.	(820)	(765)		(817)		(1,637)	(1,530)	
EBIT	6,099	4,008	52.2%	1,317	363.0%	7,417	6,038	22.8%
Net Interest Expenses	(247)	(30)		(252)		(498)	(89)	
Pretax Profit	5,853	3,978	47.1%	1,066	449.1%	6,919	5,949	16.3%
Taxes	(18)	(14)		(9)		(27)	(23)	
Net Profit before Extra.	5,835	3,965	47.2%	1,056	452.3%	6,890	5,926	16.3%
Doubtful Account	(7)	173		(10)		(16)	57	
FX. Gain/(Losses)	(474)	273		953		479	723	
Investment Gain (Loss)	(257)	510		(367)		(624)	960	
Asset Gain (Loss)	33	40		0		33	59	
Other Expenses	(4)	(5)		(5)		(9)	(10)	
Net Profit	5,126	4,956	3.4%	1,628	214.8%	6,753	7,715	-12.5%
No. Share (M.)	19,500	19,500		19,500		19,500	19,500	
Norm. EPS	0.30	0.20		0.05	452.3%	0.35	0.30	16.3%
EPS	0.26	0.25		0.08	214.8%	0.35	0.40	-12.5%
BV	4.90	4.58		4.84		4.90	4.58	8.9%

Balance Sheet: Healthy financial position



Treasury policy :

- Net Debt/Equity $\leq 1.0x$
- Net Debt/EBITDA $\leq 2.0x$

Current Status

= 0.25x
= 1.32x

Key Financial Ratios

	2Q08	2Q07	1Q08	1H08	1H07
<u>Liquidity & Leverage Ratio (Times)</u>					
Quick Ratio	0.93	1.49	1.29	0.93	1.49
Total IBD / Equity	0.30	0.10	0.19	0.30	0.10
Net IBD / Equity	0.25	0.04	0.11	0.25	0.04
Liabilities / Equity	0.56	0.31	0.41	0.56	0.31
Net IBD / EBITDA	1.32	0.25	1.22	1.32	0.25
IBD / EBITDA	1.58	0.58	2.07	1.58	0.58
EBITDA / Interest Exp.	25.94	18.36	6.82	33.95	14.52
<u>Profitability Ratio</u>					
Gross Profit Margin	10.6%	11.5%	4.8%	8.0%	9.6%
EBITDA Margin	9.7%	9.4%	3.7%	7.0%	7.8%
Net Profit Margin	7.2%	9.7%	2.8%	5.2%	7.9%
ROE	14.1%	17.3%	6.9%	14.1%	17.3%
ROCE	10.9%	15.7%	5.8%	10.9%	15.7%

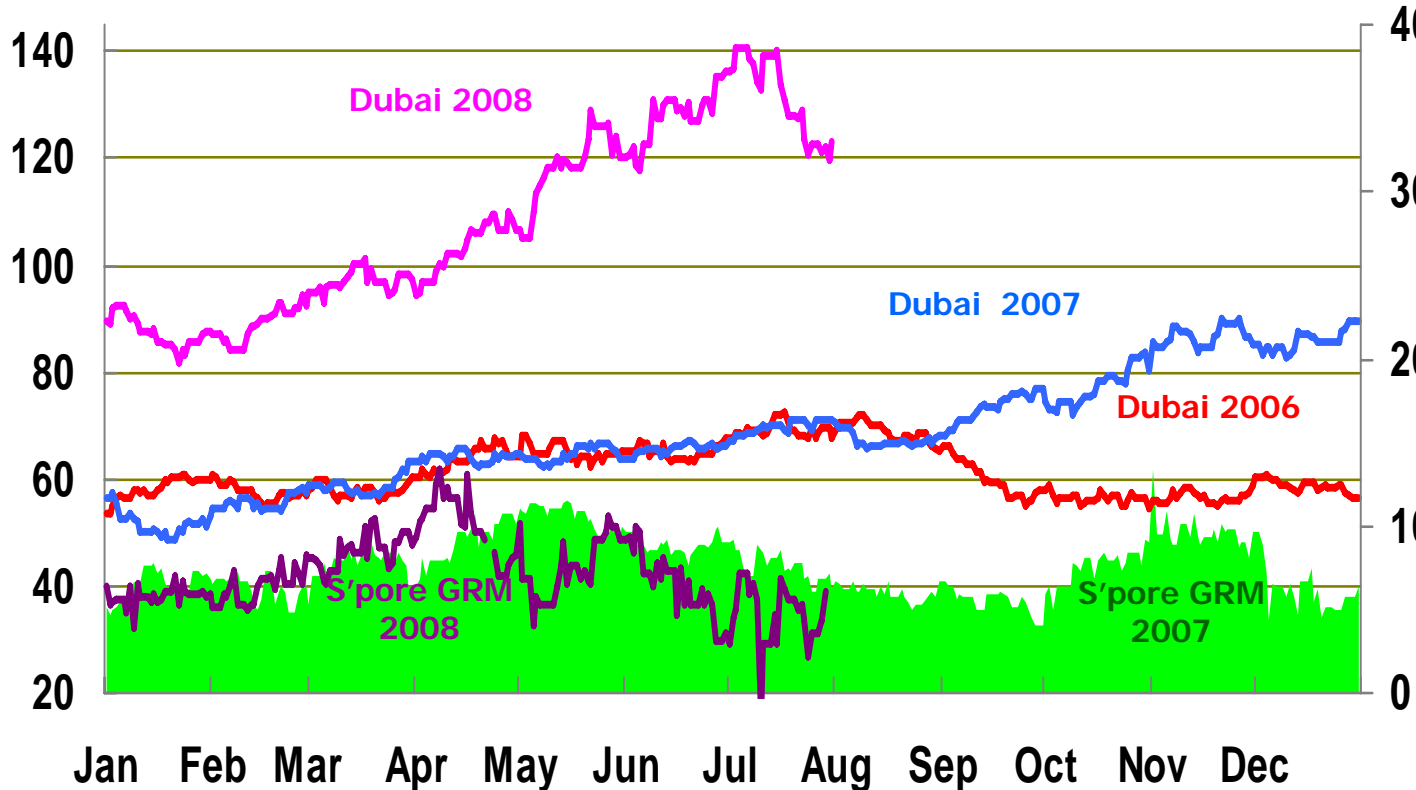
Appendix



Tight Markets: Crude prices skyrocket

Price :\$/BBL

GRM : \$/BBL



Crude Price Analysis

Crude prices driven by:

- Supply concerns
- Geopolitical tension
- Higher finding cost
- Weakening US Dollar
- Growing demands in Asia

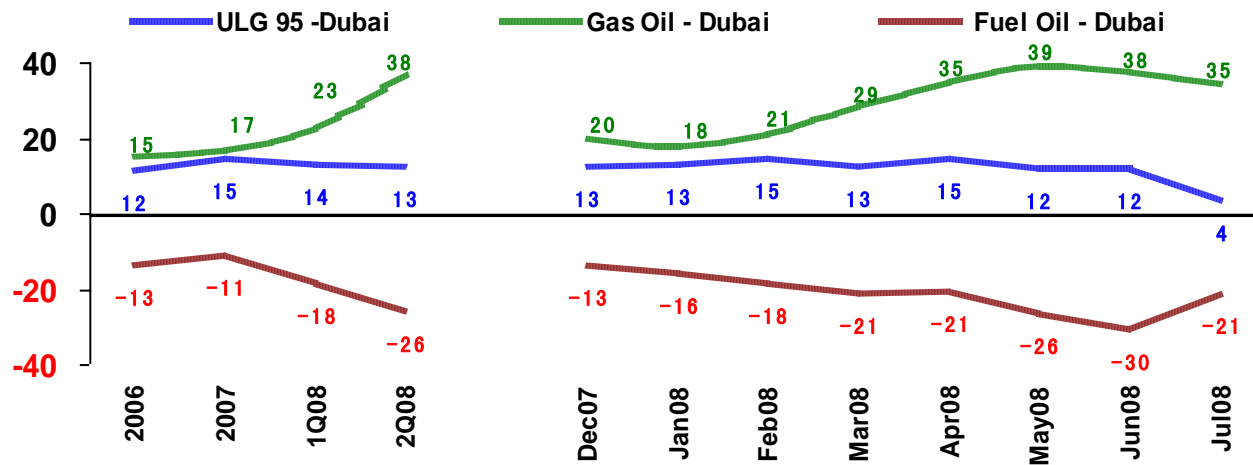
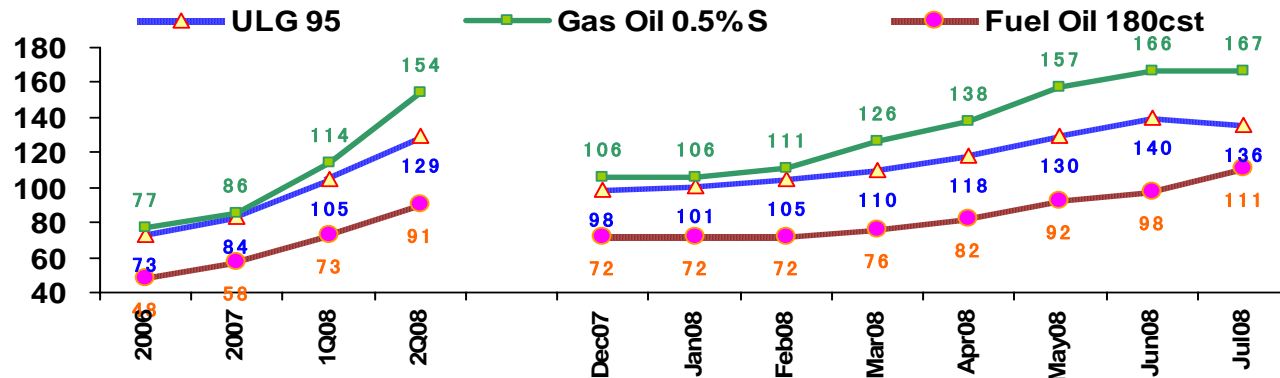
Crude Price Outlooks

- No more cheap crude
- Volatile markets
- Jul-Aug 08 crude price soften by:
 - Ending of high seasons
 - Subsidy cut in Asian countries
 - US economic slowdown

\$/BBL	2006	1Q07	2Q07	3Q07	4Q07	2007	1Q08	Apr-08	May-08	Jun-08	2Q08	Jul-08
Dubai	62	55	65	70	83	68	91	103	118	128	116	132
Brent	65	59	69	75	89	73	97	109	123	133	122	134
WTI	66	58	65	75	91	72	98	113	126	134	124	134
S'pore GRM	5.5	6.8	9.5	6.3	7.7	7.6	7.0	10.1	7.5	6.7	8.1	4.6

Paradox: Gas oil spread record high VS FO record low

Unit = USD / BBL



Price & Spread Analysis

- Gas oil Price & Spread: Record High, driven by soaring crude prices and supply shortage due to plant shutdown coupled with growing demand in China plus extra demand for
 - Olympic Games
 - Restoration after disastrous earthquake

The dilemma

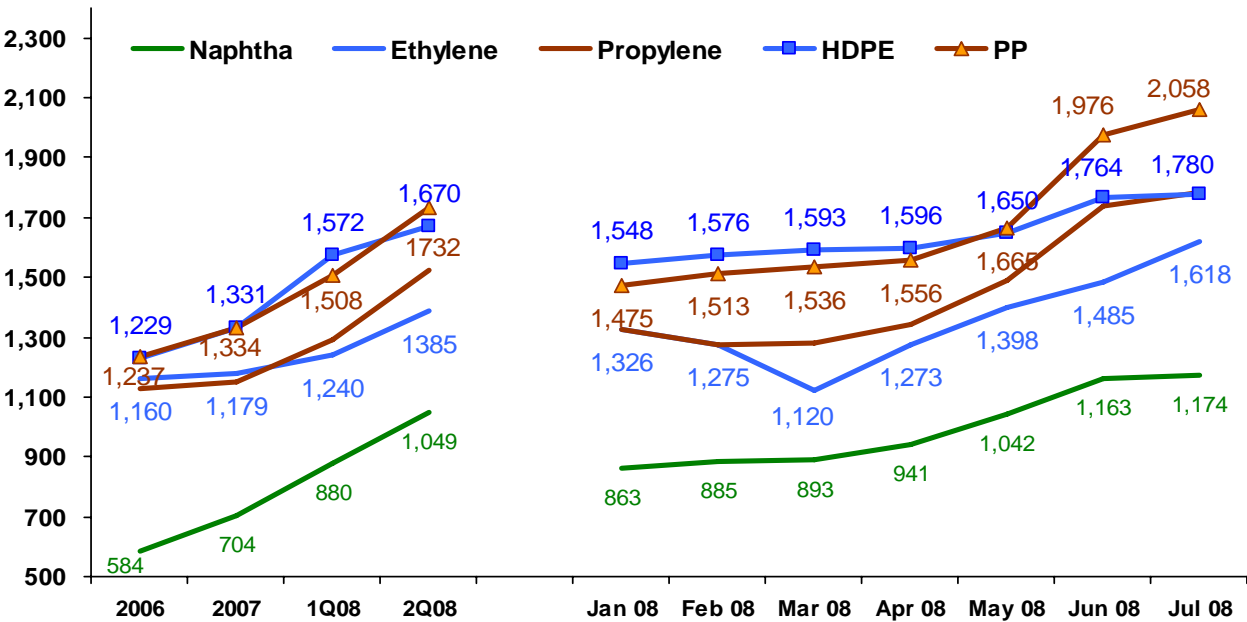
- Fuel Oil Price & Spread: Strong Price but deep dampen negative spread
- Shrink spread resulting from lower demand caused by:
 - High price
 - Switching of Fuel Oil to gas oil in China effort to reduce pollution for Olympic Games
- In the long run, refineries keep upgrading, fuel oil might come to scarcity, consequently, fuel oil price could be driven up

Source: Platt



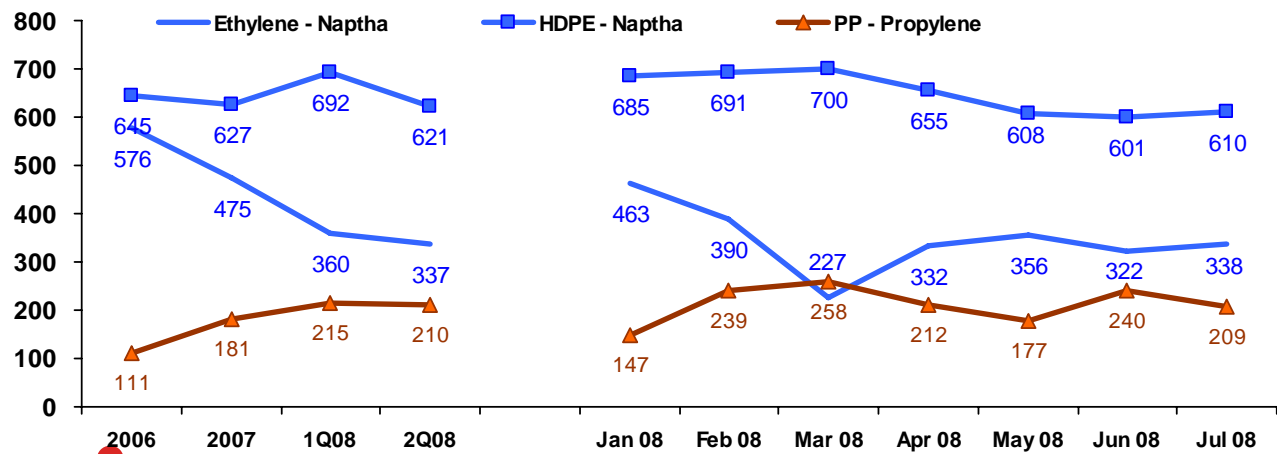
Petrochemical: Price inflated from costs.

Unit = USD / Ton



Price & Spread Analysis

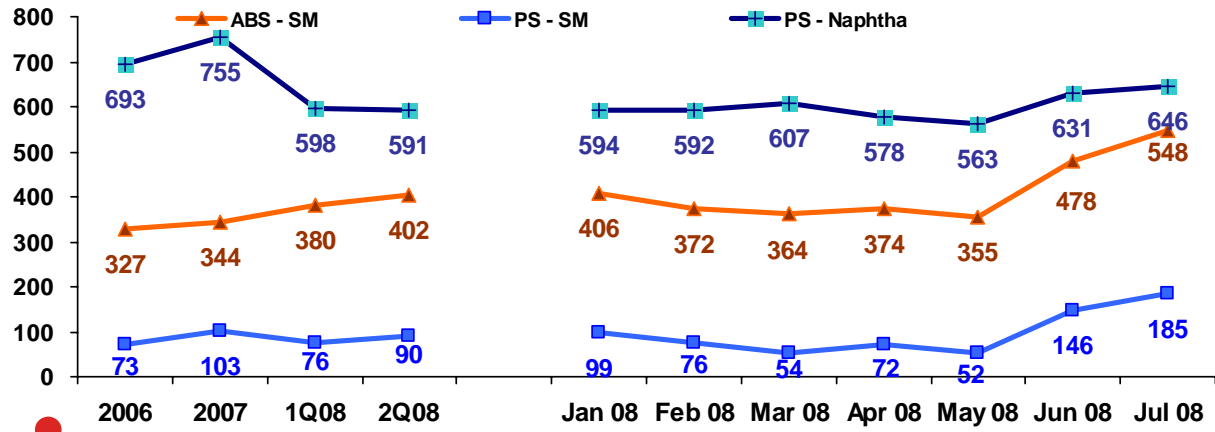
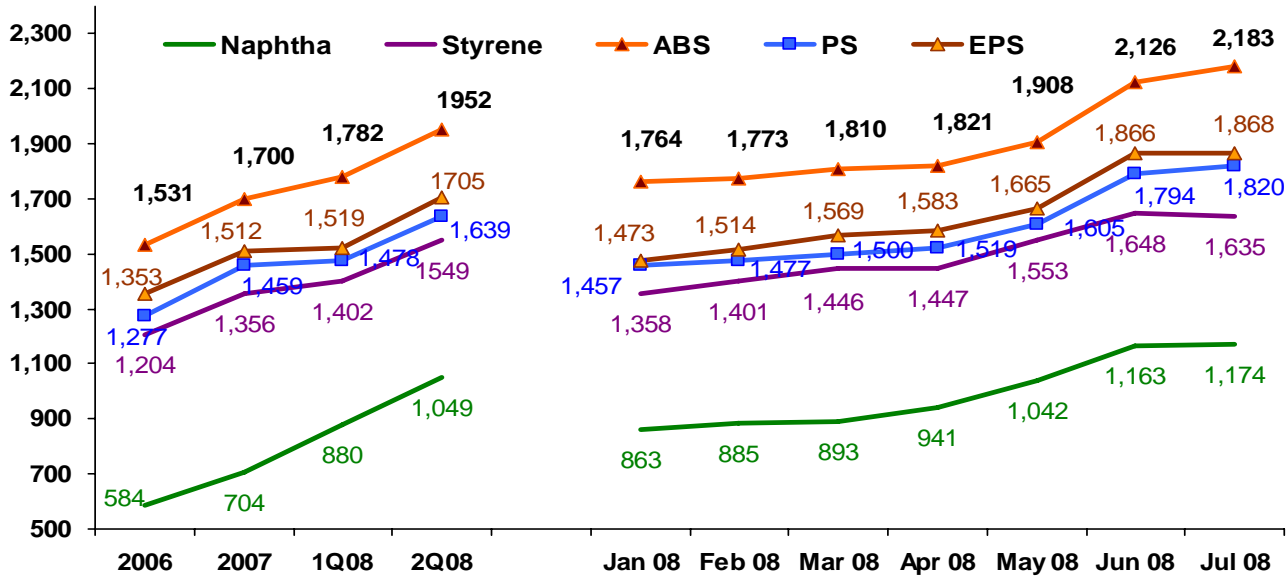
- Naphtha:** marked its new high on 4 July 08 at 1,255 \$/ ton following soaring crude price. This high cost brought down production volume of many olefins producers
- Ethylene:** price soaring but moderate spread, a sequel to high naphtha cost coupled with supply shortage as some olefins plants become uneconomical and shutdown.
- Propylene:** price soaring driven by tight supply due to production cutback and maintenance shutdown, also the start-up of a polypropylene plant in China take some propylene out of the markets.
- Polymers:** price soaring but moderate spread due to high monomer cost. New capacity expansion in 2H08 primarily from ME could put pressure on product spreads.



Source: ICIS

Styrenics: Weak demand

Unit: USD / Ton



Price & Spread Analysis

- **Styrene Monomer: Bearish**
 - Weak demand
 - Pressure from some players to liquidate supplies for cash.
 - Operation rate has been reduced but the market is still sloppy.
 - Supply from JCP expected to arrive in September 2008.

- **PS: Sluggish**
 - Weak demand
 - Threat of oversupply by the influx of JCP's products

- **ABS: Moderate**
 - High ACN, Butadiene cost but producers could benefit from depressed SM market

Thank you

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