



## Diamond Building Products PCL

Corporate Presentation: 2Q13 & 1H13 Performance

*Thailand Focus 2013 Conference, in Bangkok*

*Organized by The Stock Exchange of Thailand & Bank of America Merrill Lynch & Phatra Securities*



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*Note: All currency figures within this presentation are presented in Thai Baht (“Bt.”) unless otherwise stated.*

# AGENDA

- **Company Overview**
- **Financial Performance**
- **Business Expansion**
- **Appendix**

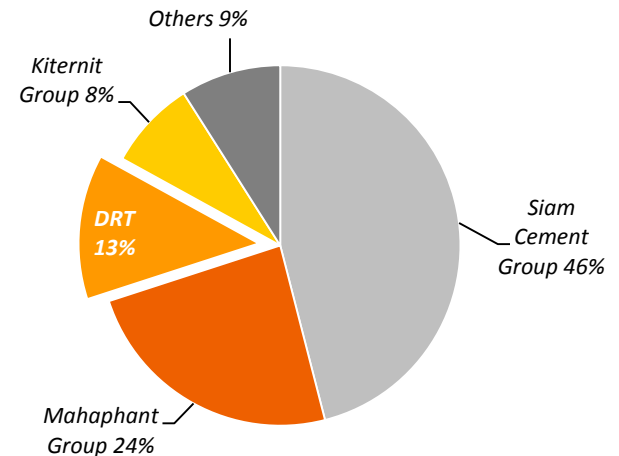


# Company Overview

# Business Overview

- Founded in 1985, DRT is one of the top 3 manufacturers and distributors of roofing products in Thailand.
- DRT's core products includes tiles, boards & ceilings, siding boards, roof accessories, and some non-roofing products.
- DRT mainly distributes its products through agents and modern trade nationwide.
- DRT has continued to grow through product improvement and development and gradual production expansion.
- DRT achieved FY2012 revenues of Bt.3,900 million with a net profit of Bt.503 million <sup>/1</sup>.
- DRT is listed on the Stock Exchange of Thailand (SET) with a market capitalization of approximately Bt.8,777 million <sup>/2</sup>.

Construction materials market share <sup>/3</sup>



# Milestones



**1985**  
Established under the name *Siam City Tiles and Pipes Co., Ltd.*

**2001**  
Changed the name to *Diamond Roofing Tiles Co., Ltd.*

**2005**  
Listed on the Stock Exchange of Thailand (SET)

**2012**  
Launched its first non-asbestos fibre cement tile



1985 - 1999

2000 - 2009

**2002**  
Myriad Materials Co., Ltd became a major shareholder

**2006**  
Launched its first non-asbestos tile "*Jearanai Tile*"

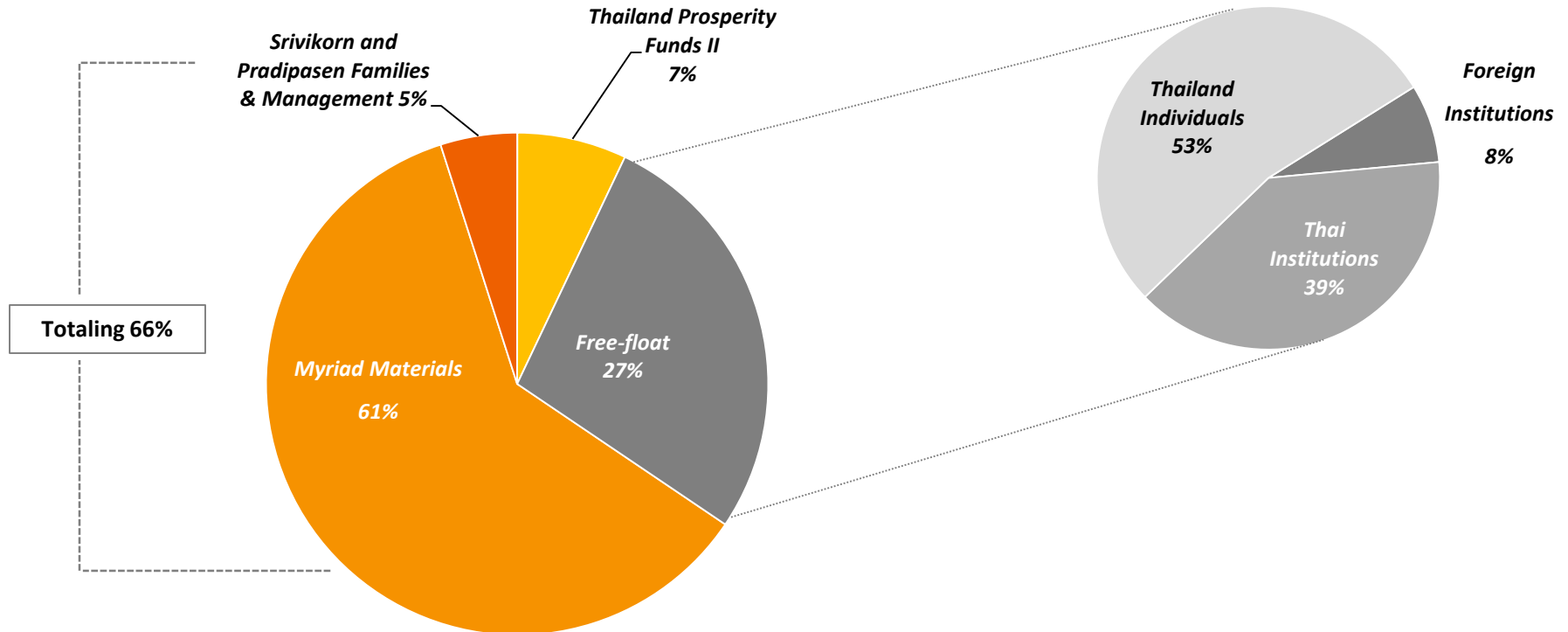
**2013**

- Established its firstly owned distribution center (DC), located in Khon Kean
- Acquired an autoclaved aerated concrete (AAC) plant in Chiangmai
- Launched a new production line of autoclaved aerated concrete (AAC) in Saraburi



# Strategic Shareholders

Established in 2002 as a holding company to acquire DRT from the previous owner – Siam City Cement Plc.(SCCC), **Myriad Materials** is a major shareholder of DRT, having Srivikorn Family and Pradipasen Family as major shareholders. As entrepreneurs of various businesses with long and successful records, the families bring to DRT business know-how's and expertise in construction and property development markets.



Source: Factset as of Mar 18, 2013.

# Production Base

**Total Capacity 2013F: 982,000 ton/yr**



## Chiangmai

**Capacity:** 50,000 ton/yr

**Product:**

- Autoclaved aerated concrete (AAC)



## Saraburi

**Capacity:** 892,000 ton/yr

**Product:**

- Tiles
- Board and ceiling
- Siding board
- Autoclaved aerated concrete (AAC)



## Khon Kean (under construction)

**Capacity (4Q13F):** 40,000 ton/yr

**Product:**

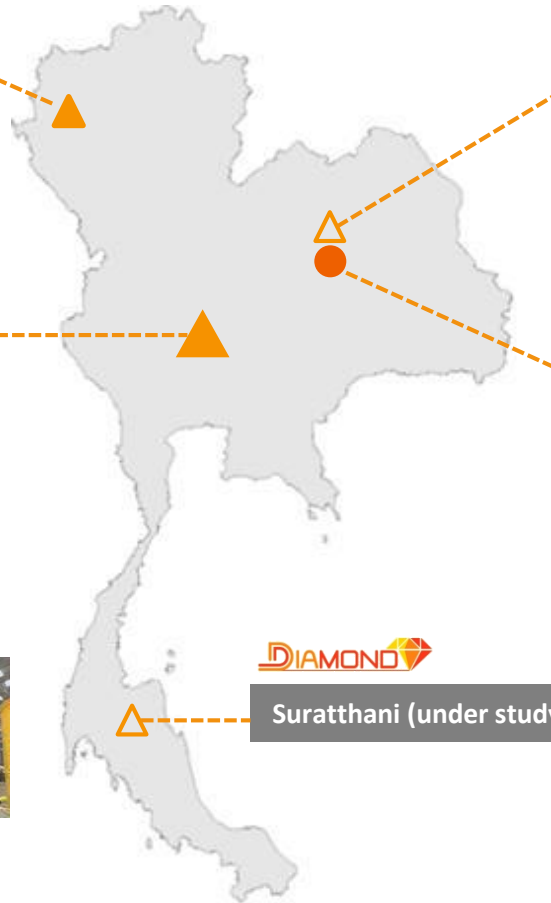
- Tiles



## Distribution Center, Khon Kean



## Suratthani (under study)



- ▲ Existing production facilities
- △ Future production facilities
- Existing distribution center (DC)



Source: Company estimate as at June 30, 2013.





# Strategies Behind Our Success





# Product and Service Segmentation

Sales of Products 93%

Service income 7%

## Tiles

*Gran Onda, Adamas, Jearanai tile, Roman tiles, Small corrugated tile, Jatulon*



## Board and ceiling

*Board, Flat sheet, Gypsum, Diamond wall, Laminate*



## Services

*Roof stripping and installation*



## Siding board

*Siding, Synthetic wood, Autoclaved aerated concrete (AAC)*



## Special products

*Roof equipment, Foil, Roof paint, Ultra Truss, Granito, Ceramic roof, Metal sheet, Paint*



*Re-roofing*



*Laminate installation*



Note: 1. Percentage based on 2Q13 revenues from sales and services.



# Distribution Channels



## 9% Projects

Direct sales to leading residential developers:

- Land & House
- Pruksa
- Supalai
- Sansiri
- Asia Property
- Prinsiri





# Logistic System and Trainings

## Service excellence with timely product delivery and training assistance

- Integrated system linking production, inventory, purchase order, and logistics
- Reliable product delivery within 24 hours
- Full fleet of product delivery via trailers, trucks and overseas shipping
- Free trainings for contractors' employees on product handling & safety precautions
- Assistance on logistics & products storage



*Trailers*



*Trucks*

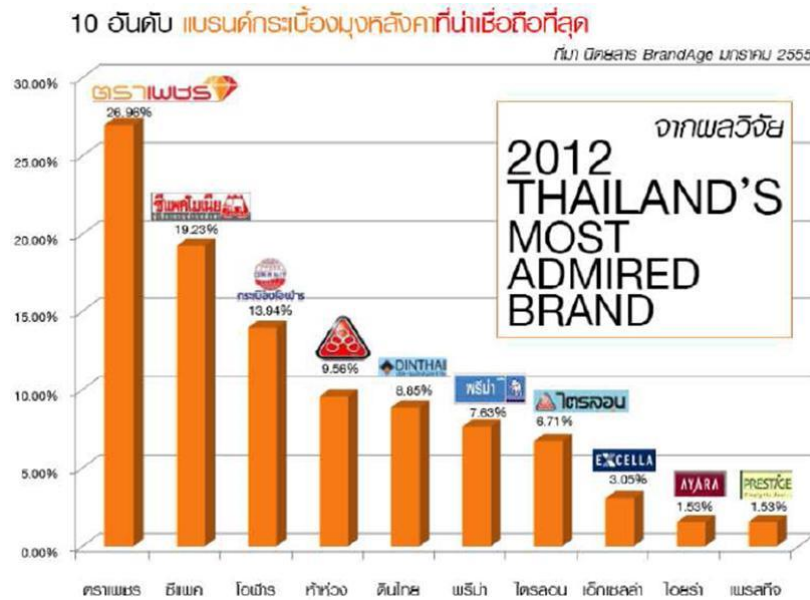


*Shipping*



# Diamond ... A Trusted Brand

Diamond Brand has been known as a high quality tile for nearly 30 years. Through its consistently seeking customer feedback and continuous product development, **Diamond Brand is now one of the Thailand's most trusted brands in tile**<sup>/1</sup>.





# Distributor ... A Strategic Arm

Over decades, DRT has marketed its products through traditional agents (mom and pop shops). **Its strong and aged relationship with these distributors nationwide is one of DRT's competitive advantages and part of DRT's continued success.**

DRT's regular store visits and product seminars held for its distributors not only strengthen its relationship, but also yield an increasing sales through this channel.

Distributor Visits



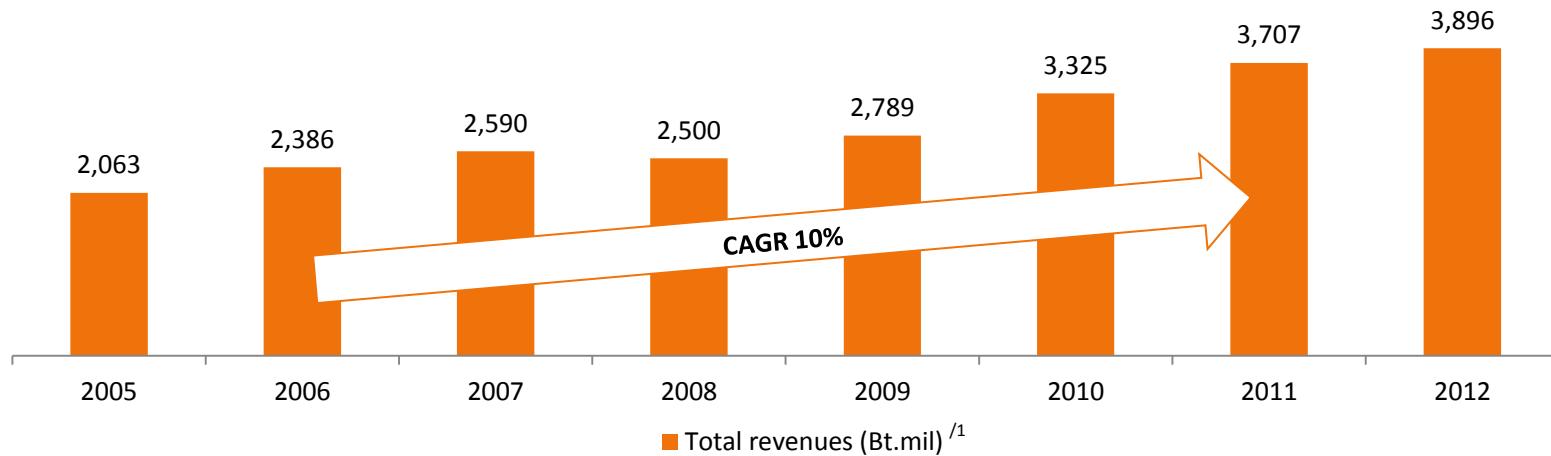
Product Seminars



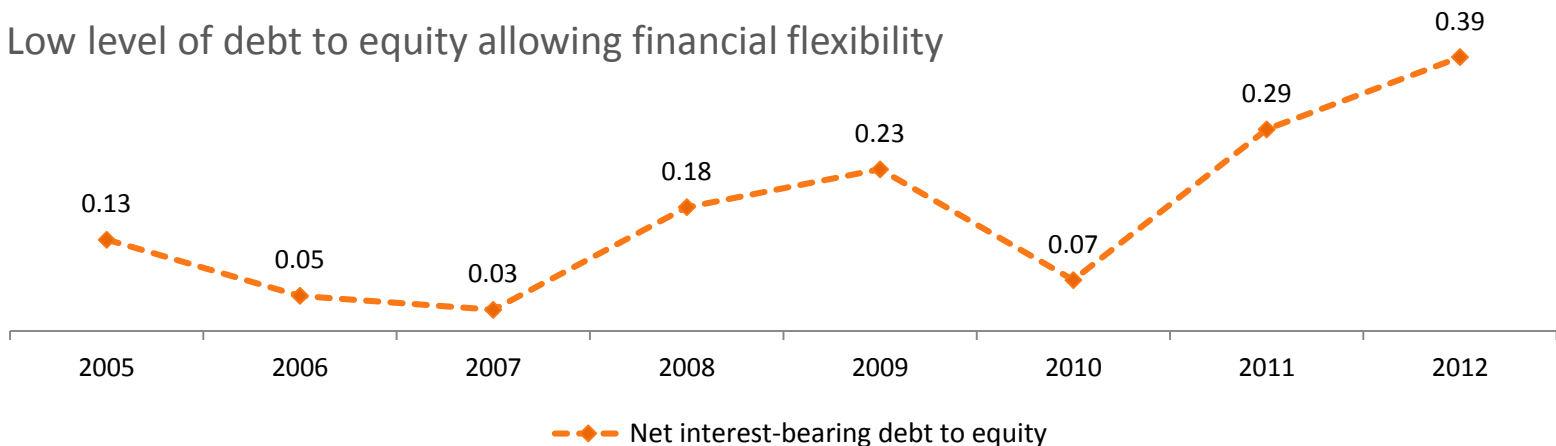


# Prudent Financial Policy

Stable growth with strong balance sheet



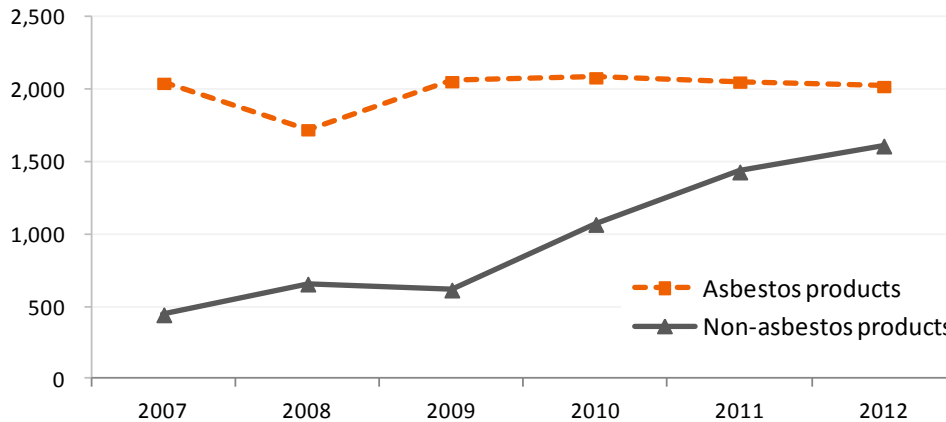
Low level of debt to equity allowing financial flexibility



Note: 1. Excludes non-recurring items and includes other income, gains on FX rate, and gains on sales of assets classified as hold for sale.

# Non-asbestos Initiatives

Sales (Bt. Mil)



CAGR  
29%

Non-asbestos sales

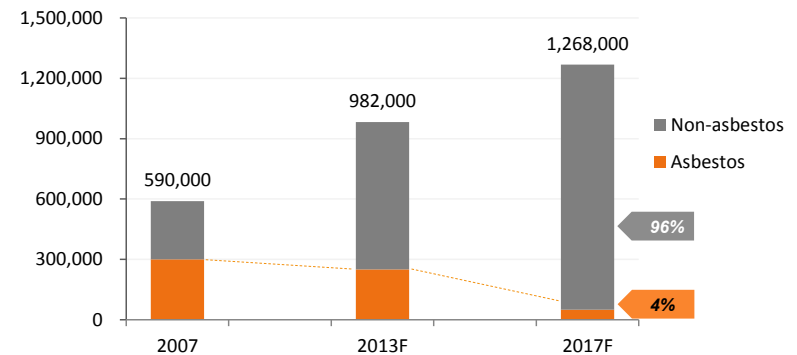
FY2012 Sales Proportion



**DRT has targeted 10% annual reduction in use of asbestos in production activities with the following executions.**

- Develop and promote non-asbestos products – Roman tiles, Jearanai tiles, etc.
- Upgrade existing machinery to dual-functional machinery which can produce both asbestos and non-asbestos products.
- Expand production capacity of non-asbestos products – for instance, AAC Project and CT-KK Project.

Capacity  
(Ton per year)



Source: Company estimate as of June 30, 2013.

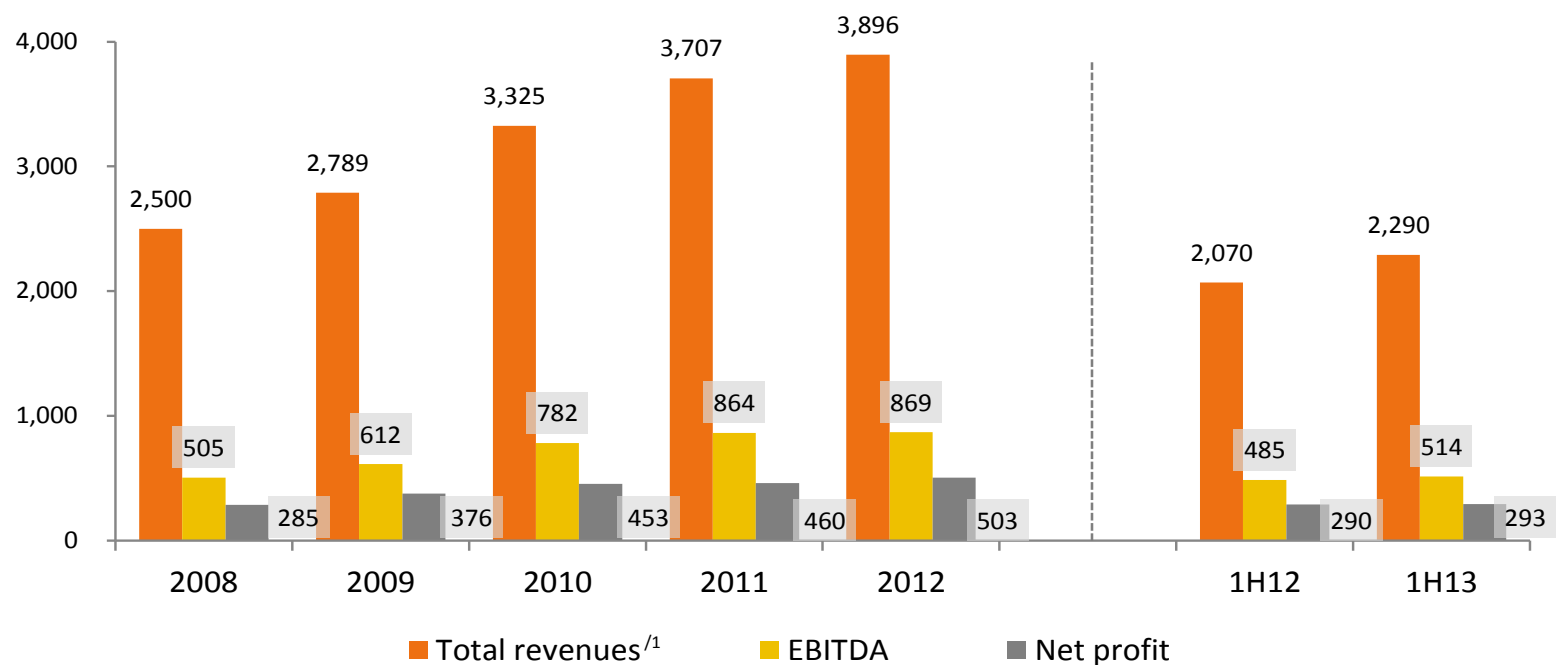




# Financial Performance

# Financial Highlights

Bt.million



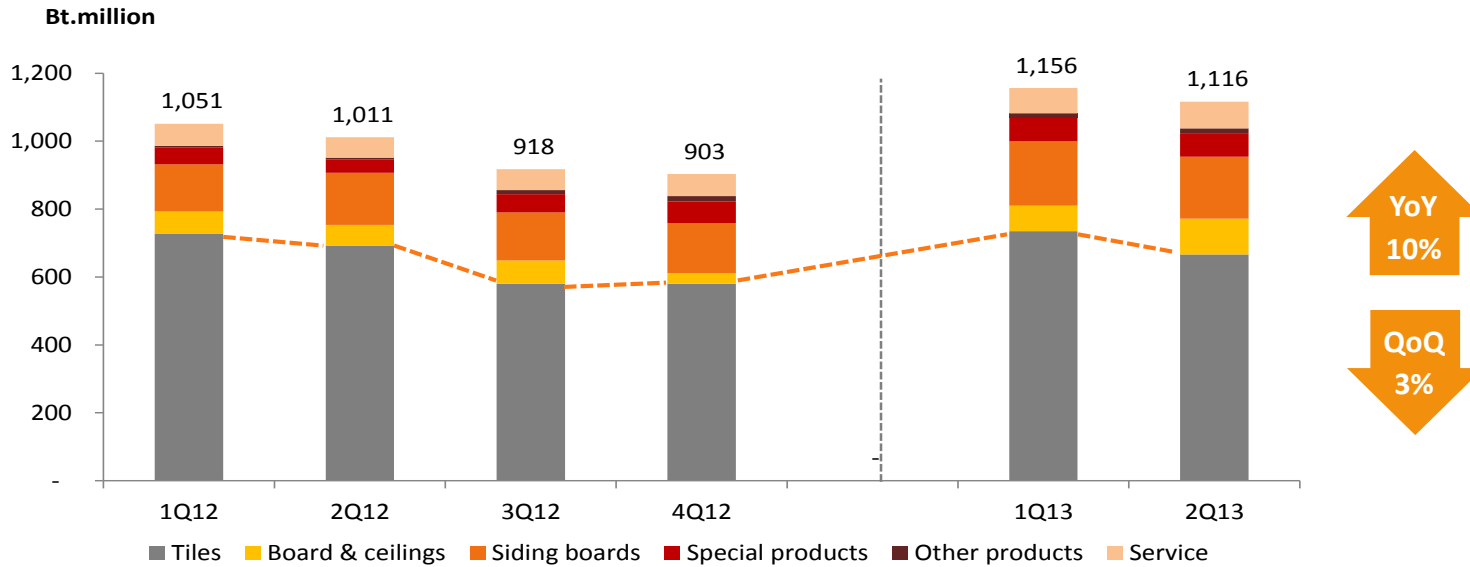
% YoY Growth	2008	2009	2010	2011	2012
Total revenues <sup>/1</sup>	(3%)	12%	19%	11%	5%
EBITDA	(25%)	21%	28%	11%	1%
Net profit	(28%)	32%	20%	2%	9%

1H13
11%
6%
1%

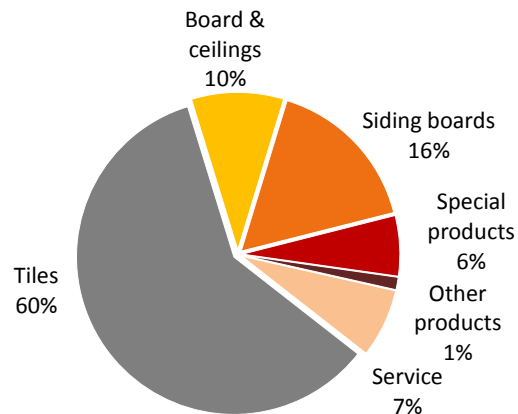
Excludes non-recurring items.

Note: 1. Include other income, gains on FX rate, and gains on sales of assets classified as hold for sale.

# Revenues from Sales and Service



## 2Q13 Sales value breakdown



## 2Q13 Sales and Service value analysis

- 2Q13 sales and service value recorded a 10% YoY
- Sales and service value declined 3% QoQ from seasonal drop in sales performance of tile products

# Costs of Sale and Service Breakdown

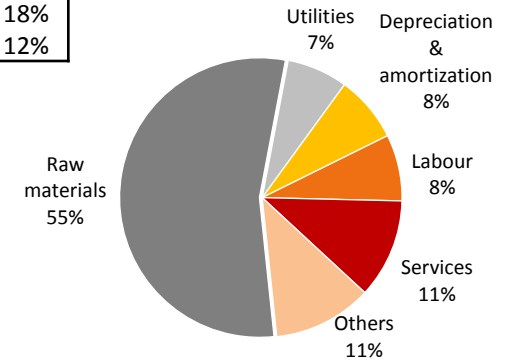


Costs	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Variable costs	70%	71%	70%	69%	72%	70%
Fixed costs	19%	18%	19%	19%	17%	18%
Service costs	11%	11%	11%	12%	11%	12%

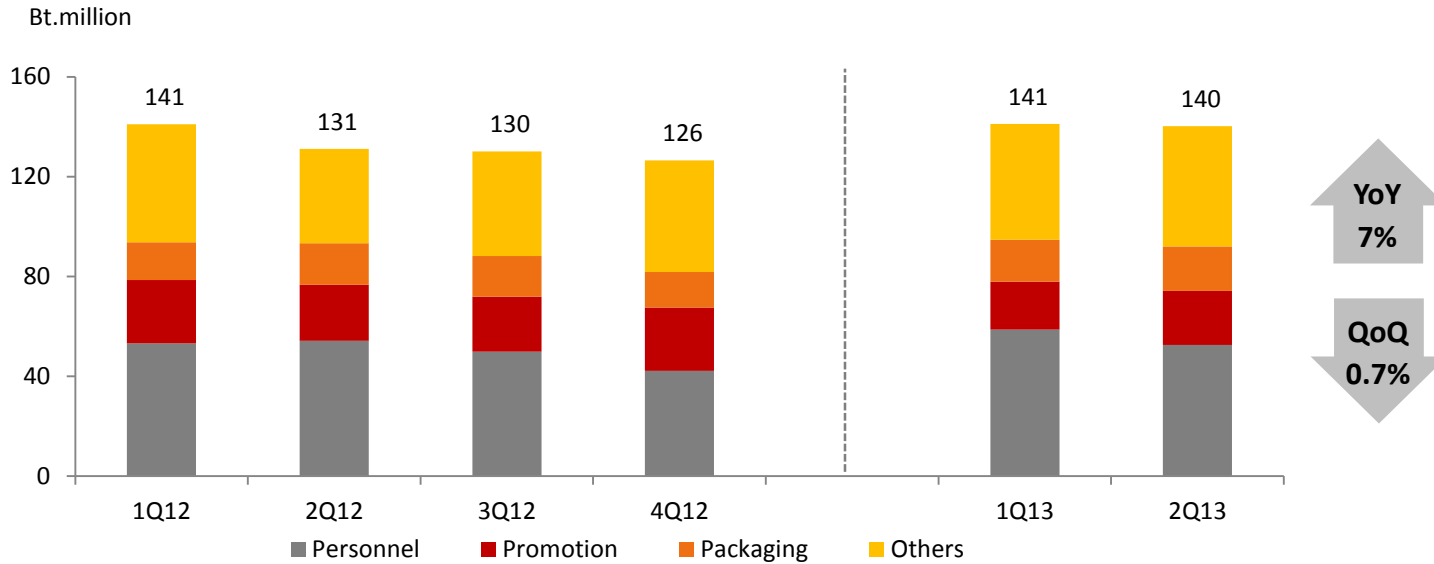
## 2Q13 Costs analysis

- 2Q13 cost of goods sold surged 16% YoY from increase in sales and additional depreciation of new production line
- Costs marginally dropped QoQ from decline in sales

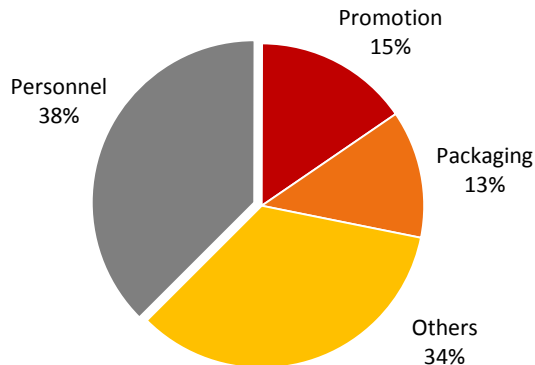
## 2Q13 Costs breakdown



# SG&A Expenses



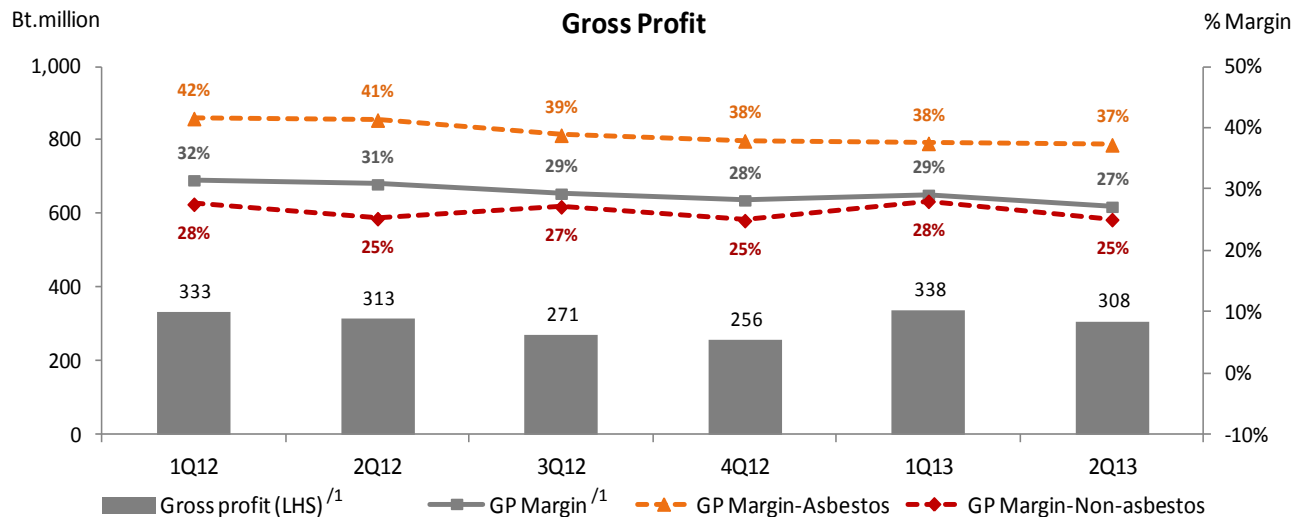
2Q13 SG&A breakdown



2Q13 SG&A analysis

- 2Q13 SG&A expenses increased 7% YoY mainly from product transportation expenses, R&D expense, and an increase in provision of doubtful account

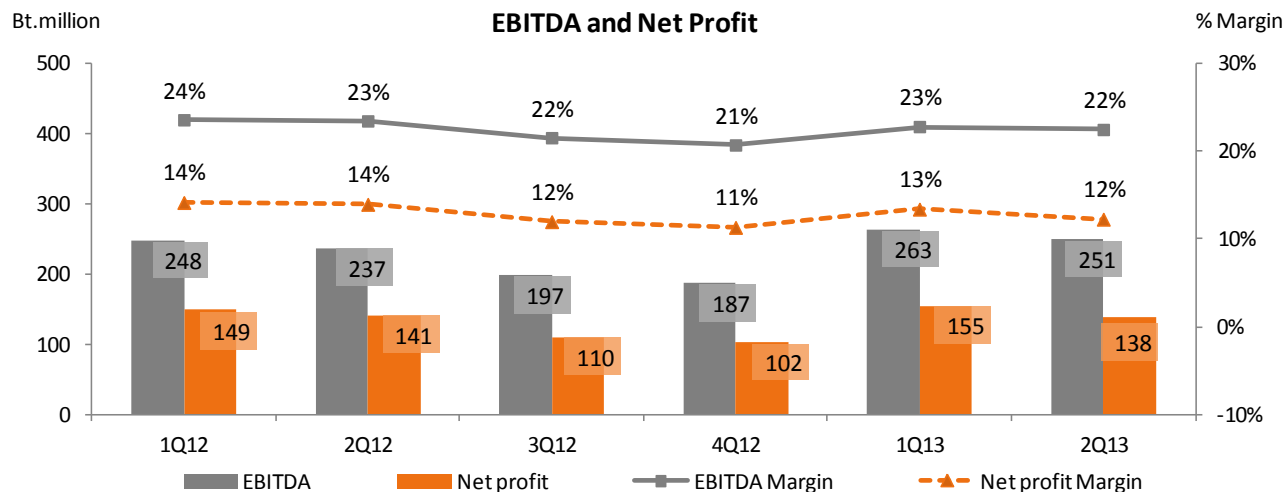
# Profit Margins



Gross Profit

YoY  
2%

QoQ  
9%



EBITDA

YoY  
6%

QoQ  
5%

Net Profit

YoY  
2%

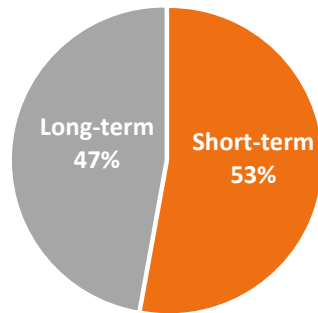
QoQ  
11%

Excludes non-recurring items.

Note: 1. Includes revenues from services and other income.

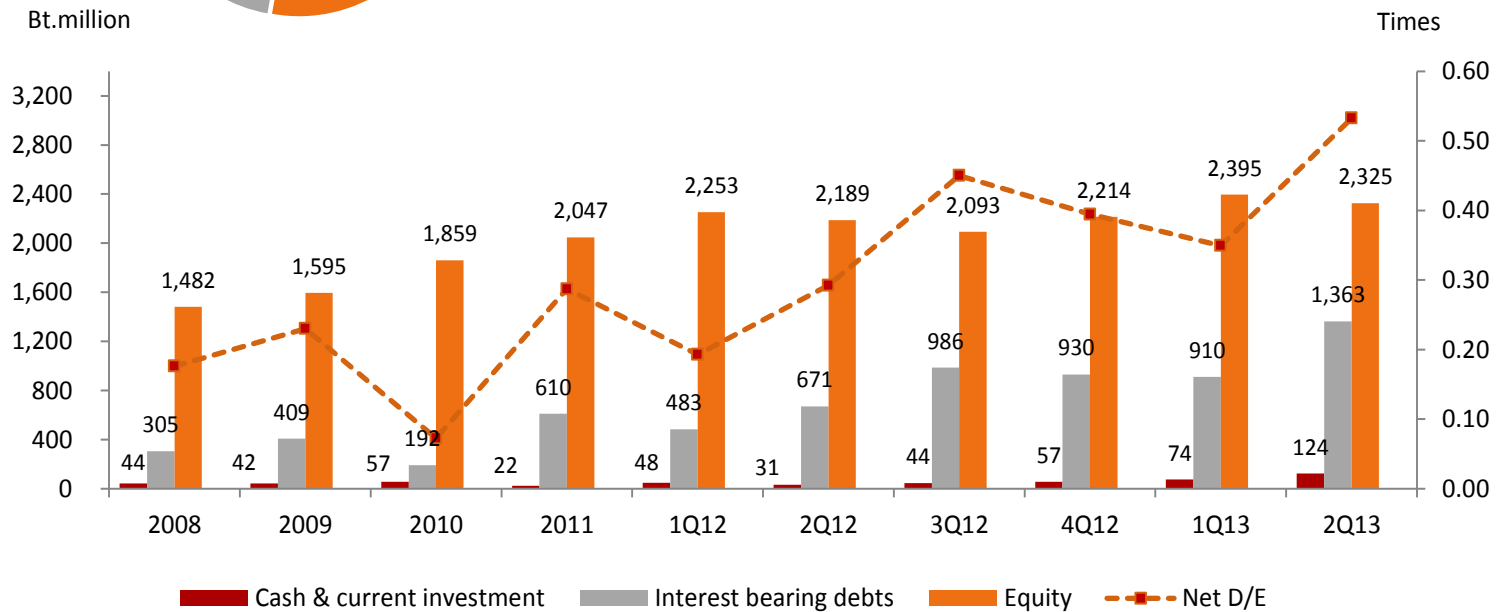
# Capital Structure

Interest-bearing debts Bt.1,363 million



## 2Q13 debt analysis

- As at end of 2Q13, net interest-bearing debt to equity stood at 0.53 times, up from the 0.35 times as at end of the previous quarter. This was due to higher debt to support business expansion.







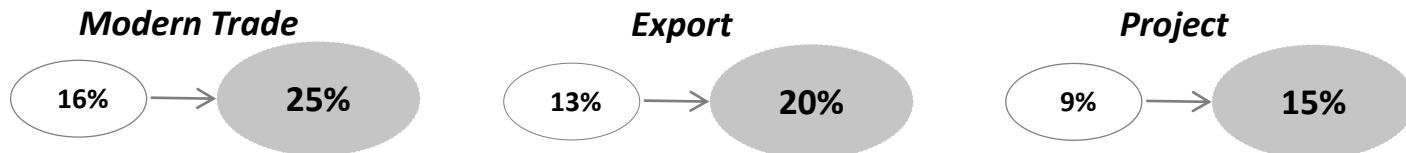
# Growing with Strategies

Growing the business with prudent financial policy



## Growth strategies 2013 - 2017

- Expand production capacity and product variety to high margin specialties
- Channel sales mix adjustment <sup>/1</sup>:



- Expand production base to provincial areas – Chiangmai and Khon Kean – for logistic efficiency and gains on market share
- Expand production base to neighboring countries – Myanmar and Cambodia – to accommodate growing demand and for logistic efficiency

Note: 1. Percentage based on total sales.

# AAC Project

## Construction of new production line

**Total investment**

**: Bt.595 million**

- Land: DRT's existing land plot (145 rais, 57 acres)
  - Current utilization: 40 rais, 16 acres
  - For future expansion: 105 rais, 41 acres
- Buildings and machinery: Bt.595 million

**Capacity**

**: 140,000 ton per year**

**Location**

**: Saraburi**

**Product**

**: Autoclaved aerated concrete (AAC)**

**Operating date**

**: June 2013 - Completed**



# AAC-CM Project

## Acquisition of new production line

**Total investment**

**: Bt.200 million**

- Land: 25 rais, 10 acres
- Buildings and machinery

**Capacity**

**: 50,000 ton per year**

**Location**

**: Chiangmai**

**Product**

**: Autoclaved aerated concrete (AAC)**

**Operating date**

**: June 2013 - Completed**



Source: Company estimate as of June 30, 2013.

# CT-KK Project

## Construction of distribution center (DC) and new production line

**Total investment**

**: Bt.150 million**

- Land: DRT's existing land plot (27 rais, 10.7 acres)
- Buildings (plant and DC) and machinery: Bt.150 million

**Capacity**

**: 40,000 ton per year**

**Location**

**: Khon Kaen**

**Product**

**: Concrete tile**

**Operating date**

**: Distribution center – February 2013**

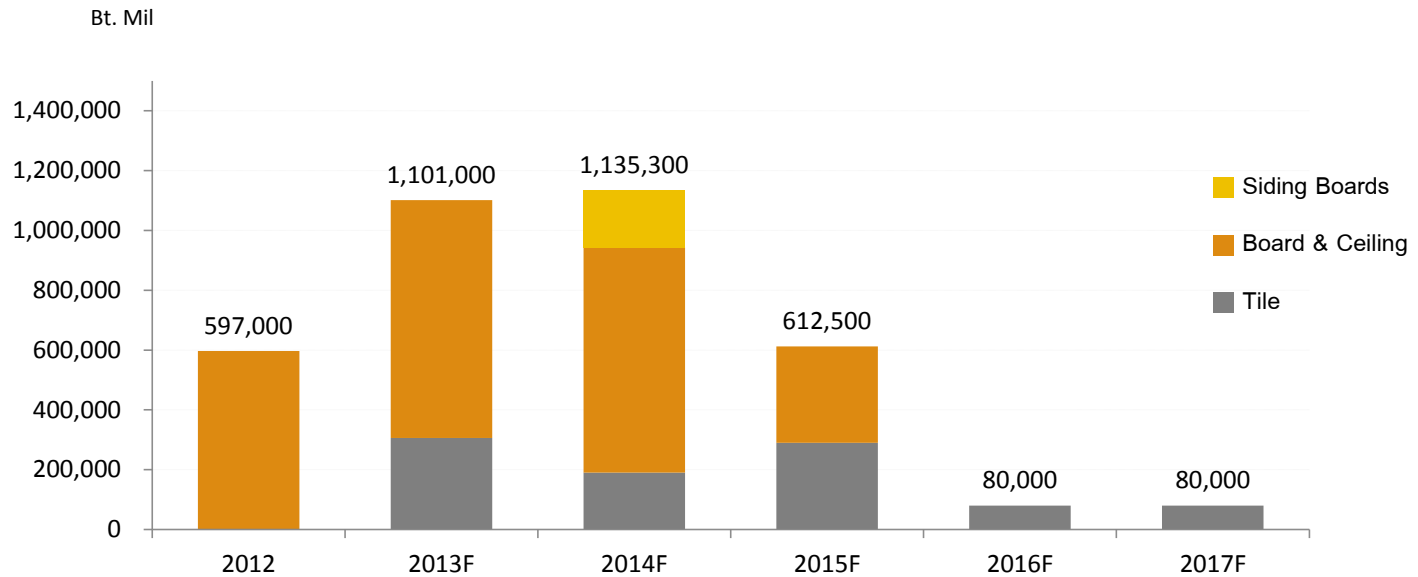
**: Production line – December 2013**



Source: Company estimate as of June 30, 2013.

# Capital Expenditure

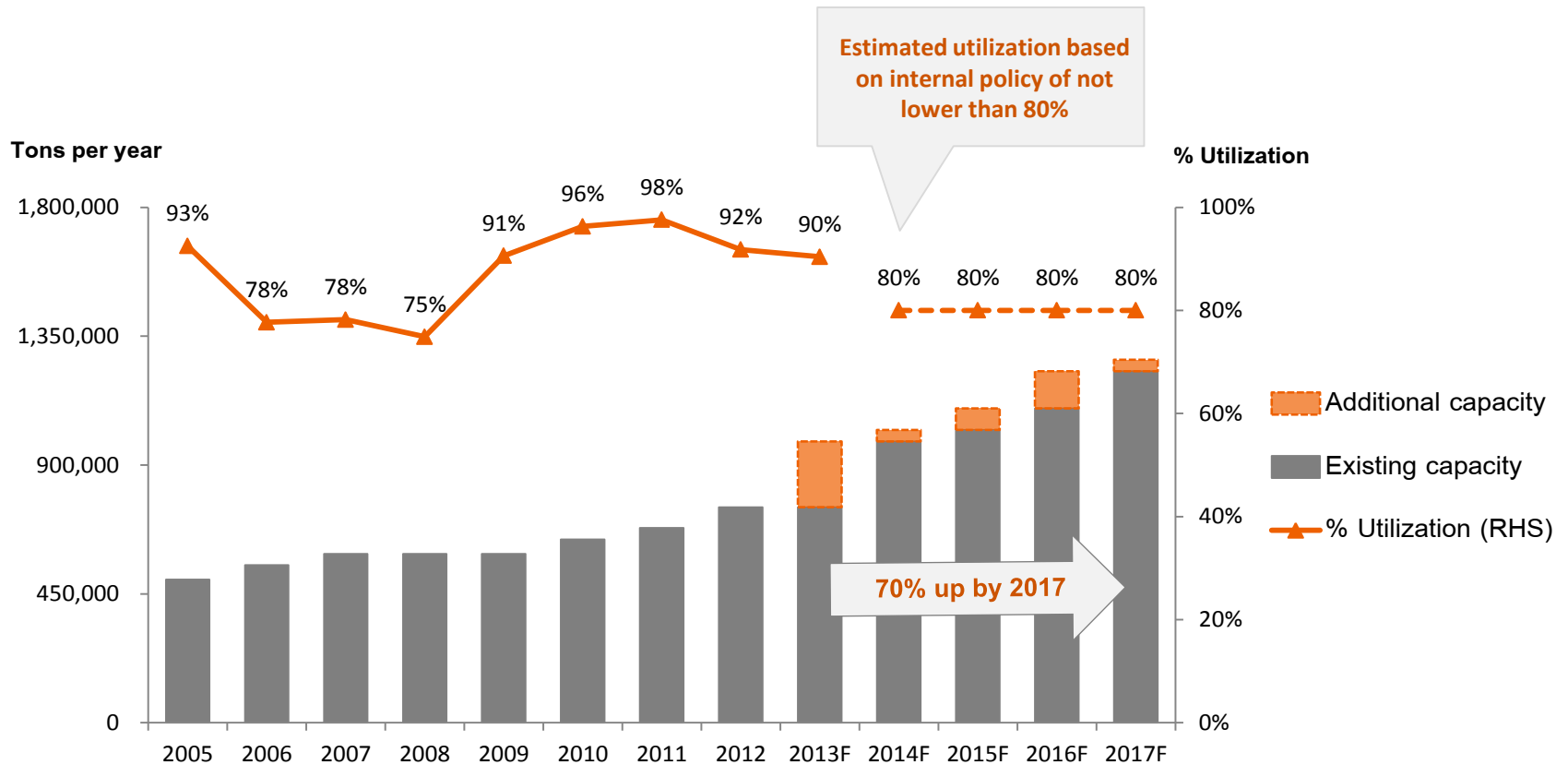
DRT's capital expenditure will be used for new production line and capacity expansion, mainly in boards & ceiling group of products and non-asbestos tile.



CAPEX (Bt. million)	2012	2013F	2014F	2015F	2016F	2017F
Tiles	0	306,000	190,000	290,000	80,000	80,000
Boards and ceiling	597,000	795,000	752,500	322,500	0	0
Siding boards	0	0	192,800	0	0	0
<b>Total</b>	<b>597,000</b>	<b>1,101,000</b>	<b>1,135,300</b>	<b>612,500</b>	<b>80,000</b>	<b>80,000</b>

Source: Company estimate as of June 30, 2013.

# Capacity and Utilization

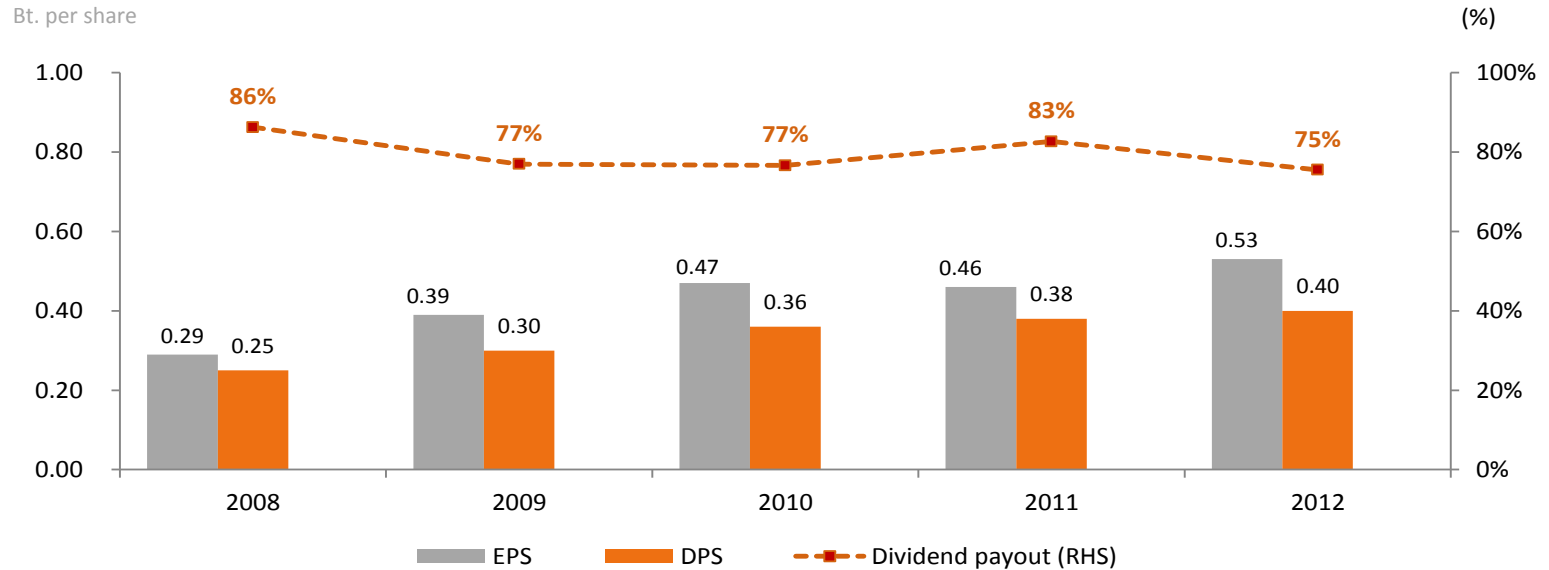


Capacity (Ton per year)	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F	2015F	2016F	2017F
Tiles	476,000	526,000	531,000	531,000	531,000	531,000	571,000	571,000	611,000	615,000	595,000	630,000	670,000
Boards and ceiling	0	0	0	0	0	50,000	50,000	122,000	312,000	312,000	407,000	502,000	502,000
Siding boards	24,000	24,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	96,000	96,000	96,000	96,000
<b>Total</b>	<b>500,000</b>	<b>550,000</b>	<b>590,000</b>	<b>590,000</b>	<b>590,000</b>	<b>640,000</b>	<b>680,000</b>	<b>752,000</b>	<b>982,000</b>	<b>1,023,000</b>	<b>1,098,000</b>	<b>1,228,000</b>	<b>1,268,000</b>

Source: Company estimate as of June 30, 2013.

# Share Information and Dividend

Dividend policy is not less than 50% of normal net profit



## Share information

Par value:	Bt.1.00	Stock price :	Bt.8.45 per share
Listed share:	1,039 million shares	P/E	17.36 Times
Market capitalization:	Bt.8,777 million	P/BV	3.77 Times
Foreign limit:	49.00%	Dividend yield	4.71 %

Source: Factset as of August 22, 2013.

# THANK YOU

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# Appendix

# Income Statements

P&L Highlight (in Bt.million)	2Q13	1Q13	% QoQ change	2Q12	% YoY change
<b>REVENUES</b>					
Revenues from sales and services	1,116.5	1,156.3	-3%	1,011.4	+10%
Other incomes	14.2	2.7	+426%	2.9	+390%
<b>Total revenues</b>	<b>1,130.7</b>	<b>1,159.0</b>	<b>-2%</b>	<b>1,014.3</b>	<b>+11%</b>
<b>COSTS</b>					
Costs of sales and services	808.8	818.3	-1%	698.2	+16%
Other costs	-	-		-	
<b>Total costs</b>	<b>808.8</b>	<b>818.3</b>	<b>-1%</b>	<b>698.2</b>	<b>+16%</b>
Selling and administrative expenses	140.2	141.2	-1%	131.1	+7%
<b>Operating profit</b>	<b>181.7</b>	<b>199.5</b>	<b>-9%</b>	<b>185.0</b>	<b>-2%</b>
Finance costs	8.5	5.9	+44%	1.4	+507%
<b>Net profit</b>	<b>138.2</b>	<b>154.9</b>	<b>-11%</b>	<b>141.2</b>	<b>-2%</b>

# Balance Sheets

Balance Sheet (in Bt.million)	Jun 30, 2013	Dec 31, 2012	% change
<b>Assets</b>			
Cash & cash equivalents	123.9	56.5	+119.3%
Trade & account receivables	628.9	470.1	+33.8%
Inventories (if any)	640.8	632.4	+1.3%
Other current assets	51.5	33.9	+51.9%
Total current assets	1,445.1	1,193	+21.1%
Property, plant, and equipment	2,658.3	2,287.5	+16.2%
Non-current assets	156.1	188.3	-17.1%
<b>Total assets</b>	<b>4,259.5</b>	<b>3,668.8</b>	<b>+16.1%</b>
<b>Liabilities</b>			
Short-term loans	470.0	111.1	+323.0%
Current portion of long-term loans	250.0	170.4	+46.7%
Other current liabilities	494.7	426.2	+16.1%
Total current liabilities	1,214.7	707.7	+71.6%
Long-term loans	642.5	648.6	-0.9%
Other non-current liabilities	77.2	74.1	+4.2%
<b>Total liabilities</b>	<b>1,934.4</b>	<b>1,430.4</b>	<b>+35.2%</b>
<b>Equities</b>			
Retained earnings	967.2	881.7	+9.7%
<b>Total equities</b>	<b>2,325.1</b>	<b>2,238.4</b>	<b>+3.9%</b>

# CSR Activities

## Community developments and public services



## Technical trainings for public and “Phradabos Foundation” under the Royal Patronage



# Marketing Activities

Distributor activities: products seminars and plant visits



New commercial campaign and TV advertising

Trade fairs and product exhibitions

