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Opportunity Day Q1/2016 Performance Result



The Stock Exchange of Thailand
13th June 2016



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Disclaimer

This presentation was prepared to assist investment community to better understand the company's financial status and operation.

However, the information within this presentation has been derived from the existing factors in the present time. Therefore, the forward-looking information on this presentation may no occur in the future if the aforementioned factors or situations are changed. Investors are, nevertheless, required to use their own discretion regarding the use of information contained in this presentation for any purpose.

For further information, please contact Investor Relations Section of the International Engineering PCL. (IEC) at Tel. (662) 6190199 ext. 109 or Email:iecgroup1922@gmail.com





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Agenda



- *Overview*



- Strategic Roadmap Update



- Financial Performance



- Market Outlook & Conclusion



- Multimedia



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Overview



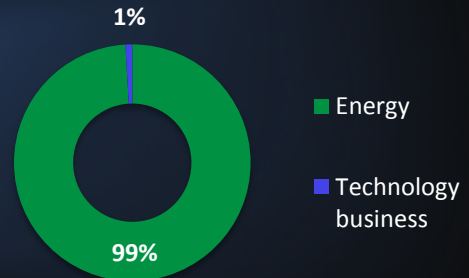
Revenue Focus (As of Q1,2016)

Energy 99 %

- MSW Power Plant
- Solar Power Plants
- Biomass Power Plant

Information 1%

- Hardware & Software





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Overview

IEC Power Plants *Information as of Apr 2016

Power plant	COD	Location	Owned by IEC	PPA (MW)	Installed capacity	Revenue/M (MB)*
Solar Power Plant						
Mae Ramat	Dec-13	Tak	100%	5.25	6.3	7.6
Mae Tha	Sep-13	Lumpoon	100%	1.92	2.6	3.1
Mae Malai	Jun-14	Chiang mai	100%	1.92	2.3	3.1
Total (PV Solar Plants)				9.09	11.2	13.8
Biomass Power Plant						
IEC Sakaeo 1	Apr-13	Sakaeo	75%	8	9.9	17.1
MSW Power Plant						
Gidec	Dec-14	Songkhla	50%	6.5	6.78	15.2
Total (IEC Power Plants)				23.59	27.88	46.1





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Overview

Hat Yai MSW Power Plant (GIDEC)

Project Description

Location: Hat Yai, Songkla

Shareholder: IECGE 50%, EGCO 50%

SCOD: December 2014

PPA: 6.5 MW (Currently uploaded to 5.4 MW. Fully uploaded to 6.5 MW in August 2016)

Contract with Municipality : 25 years

Adder: 3.5 Baht

Tipping Fee: 290 Baht/ton

Land: 10 rais (Rental)





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Overview

IEC Sakaeo 1 Power Plant

Project Description

Location: Muang, Sakaeo

Shareholder: IEC 75% whereas the rest 25% will be completely acquired within Jun 2016

SCOD: April 2013

PPA: 8 MW

Adder: THB 0.30 /Unit (FiT at THB 4.54/unit is expected to be officially announced by end of Jun 2016)

Feedstock: Wood Chip & Bark, RDF (tentatively commissioning in Jul 2016)





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Overview

New tariff for IEC SKI

	Adder	FiT
Average electricity sold/month (unit)	5,600,000	5,600,000
Tariff/unit (THB)	3.2	4.54*
Revenue (THB)	17,920,000	25,424,000

***Remark: FiT is yet to be officially announced within Jun 2016, comprising THB 4.24/unit plus THB 0.30/unit as a premium for the first 8 years.**



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Overview

Mae Ramat Solar Power Plant

Project Description

Location: Mae Ramat, Tak

Shareholder: IEC 100%

SCOD: December 2013

PPA: 5.25 MW

Adder: 6.5 Baht

Land: 150 rais (Rental)





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Overview

Mae Tha Solar Power Plant

Project Description

Location: Mae Tha, Lumpoon

Shareholder: IEC GREEN 100%

SCOD: September 2013

PPA : 1.92 MW

Adder: 6.5 Baht

Land: 43 rais





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Overview

Mae Malai Solar Power Plant

Project Description

Location: Mae Malai, Chiang Mai

Shareholder: IEC GREEN 100%

SCOD: June 2014

PPA : 1.92 MW

Adder: 8 Baht

Land: 52 rais





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Strategic Roadmap Update

Rayong Waste Plastic Recycle Plant

Project Description

Location: Nikompattana, Rayong

Shareholder: IEC 100%

Production: Recycled Plastic Pellet (PE)

Investment: THB 751 mln (As of Mar 16)

IRR: 18% p.a.

PB: 4.09 years

Land: 24 Rais

COD: 01 Jul 2016 at approximately 60-70 tons per day
(3 production lines) and realizing at a full
6-production line capacity by end of Jul 2016.





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Strategic Roadmap Update

Projects under Development

Hat Yai Waste Plastic Recycle Plant

Project Description

Location: Chaloong Industrial Estate, Hat Yai, Songkla

Shareholder: IEC 100%

Installed Capacity: 100 tons per day

Production: Plastic Pellet (PE)

Investment: THB 157 mln

Capital Expenditure: THB 75 mln (as of Mar 16)

IRR: 19.9% p.a.

PB: 3.54 years

Land: 20 rais

Project Progress: Under construction/ Opening Q4'16





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Strategic Roadmap Update

Integrated Gas Hub

- 8 licenses of sugar mills at feeding capacity of 300 tons/day
- Moving Ethanol plant to a new strategic area – THB 115.2 mln excluding facility
- Land acquisition at Angtong for 300 rais – THB 100 mln
- Partnership (75% investment): PTT / Bangchak
- Suphanburi Biogas Power Plants





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Strategic Roadmap Update

Suphanburi Biogas Power Plant

Power plant	COD	Location	Land (Rai)	Investment capital (MB)	Owned by IEC	Feed stock	PPA (MW)
Nong Ree*	Q2/17	Kanchanaburi	28	300	100%	Vinasse	3
Sa Yai Som	Jun 17	Suphanburi	41	360	100%	Vinasse	4.6
U-thong Cooperatives	Aug 17	Suphanburi	41	180	25%	Vinasse	2
Khun Pad Peng (Rental)	Nov 15	Suphanburi	41	90	100%	Vinasse	0.98
Total			151	930			10.58

*Already acquired in late May 16 and now is under construction.





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Strategic Roadmap Update

Nong Ree Biogas Power Plant

Project Description

Location: **Bor Ploy, Kanchanaburi**

Shareholder: **IEC 100%**

SCOD: **Q2/17**

PPA: **3 MW (Granted)**

Adder: **THB 0.30 /kWh.**

Contract with supplier: **7 years**

Investment: **THB 300 mln**

IRR: **14% p.a.**

PB: **7 years**

Land: **28 rais**

Project Progress: **Under construction/ Ror Ngor 4 license (Granted)**

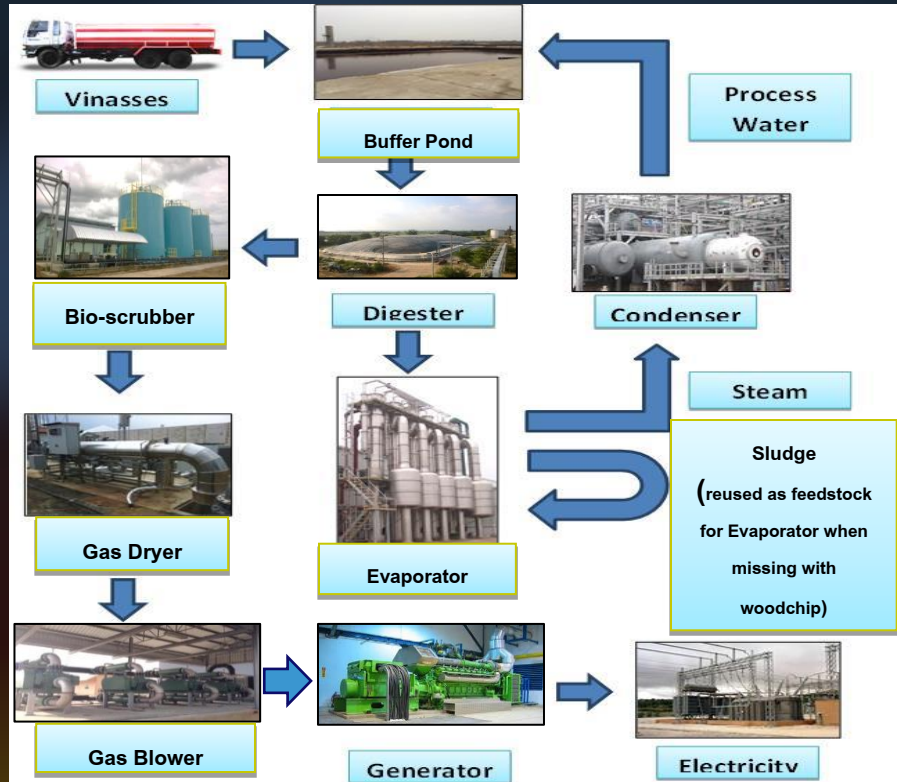




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Strategic Roadmap Update

Nong Ree Biogas Production Process





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Strategic Roadmap Update

Project Pipeline in 2016 - 2017

COD Milestone	Project	Investment (THB mln)
06/16	SKI (Additional 25% share acquisition)	100
06/16	SKI RDF system installation	23
06/16	IEC Green Front-end system installation for SKI	74
07/16	Imperial Shino for GIDEC	125
07/16	Refuse Derived Fuel Landfill (RDF)*: Ban Bueng	60
06/17	Nong Ree Biogas Power Plant	300
5/17	Integrated Gas Hub (CBG & Sugar Mill)	2000
7/17	Ban Bueng MSW Plant	200
9/17	Sa Yai Som Biogas Power Plant	200
12/17	SKII	340
Total		3,422

***Remark:** This RDF shall be also available for use by any recycled plastic pellet plants in Rayong, Sa Kaeo and vicinity, including our new recycled plastic pellet plant in Hat Yai, which will be commencing operated in Q4/16.



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Agenda



- Overview



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- *Financial Performance*





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Financial Highlight

Q1/16 Quarterly BRIEFING

Unit: THB Thousand

Growth				
	Q1/2016	Q1/2015	Amt.	%
Total Revenue	131,888	147,769	(15,881)	-11%
EBIT	(19,717)	15,347	(35,064)	-228%
Net profit	(30,811)*	4,438	(35,249)	-794%

*Two major loss makers are GIDEC & SKI during plant shut down for their efficiency improvement, resulting in total loss at THB 30.8 mln in Q1/2016.





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Financial Highlight

On the Right Track





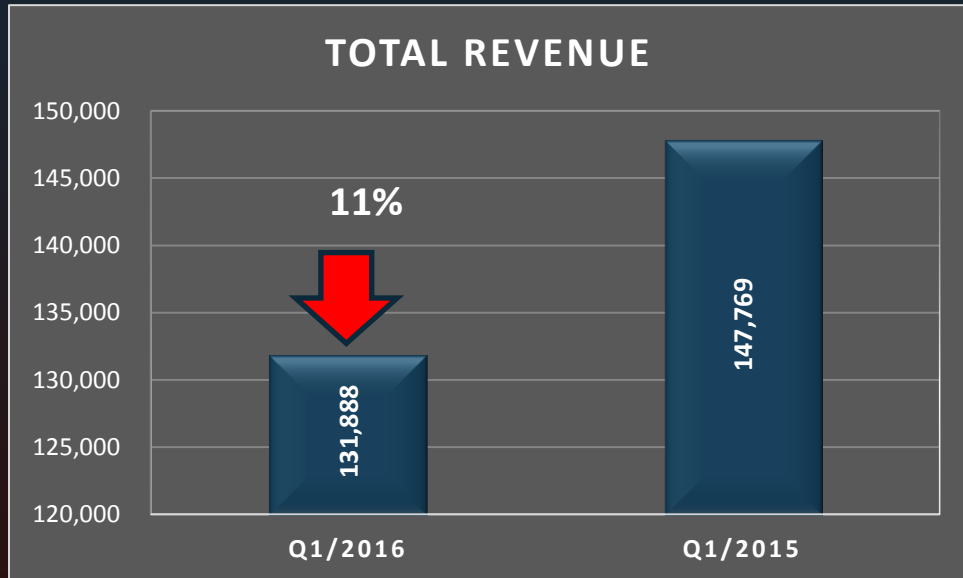
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Revenue in Q1/2016
dropped by 11% due
mainly to one-off
other income from
confiscating PP
deposit of THB 43
mln in Q1/2015



Financial Highlight

Way Forward to Sustainable Income Base



Revenue Breakdown: THB Thousand



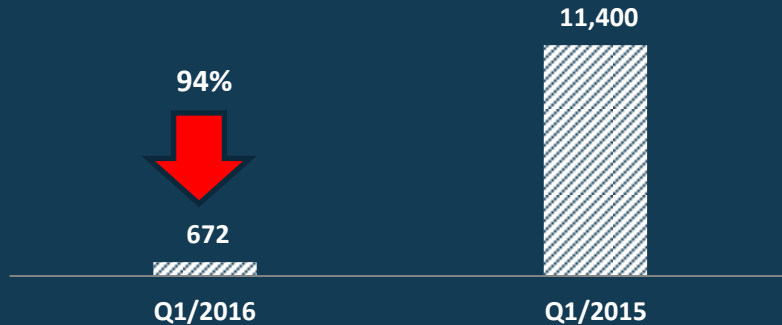
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Thanks to robust growth in energy sector, total operating revenue has been substantially going up by 26% QoQ in Q1/2016

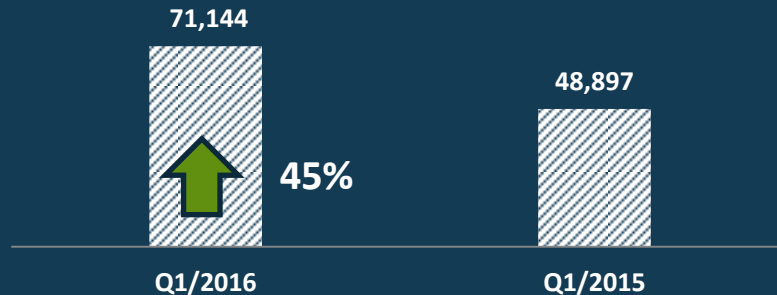


Financial Highlight

Technology business



Energy



Revenue Breakdown: THB Thousand



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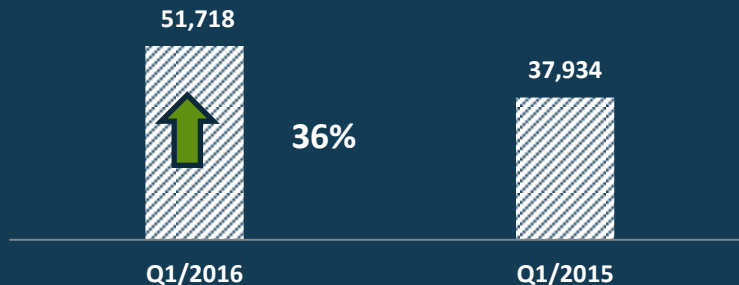
With full momentum of solar power plants, IEC enjoyed full ADDER revenues significantly by 36% QoQ in Q1/2016

Other income dropped was due primarily to a THB 43 mln PP deposit confiscating in Q1/2016

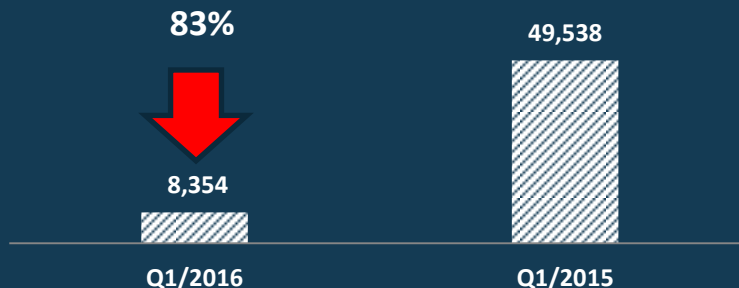


Financial Highlight

Adder



Other income



Revenue Breakdown: THB Thousand



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Financial Highlight



Better Life with Better Margin





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Financial Highlight

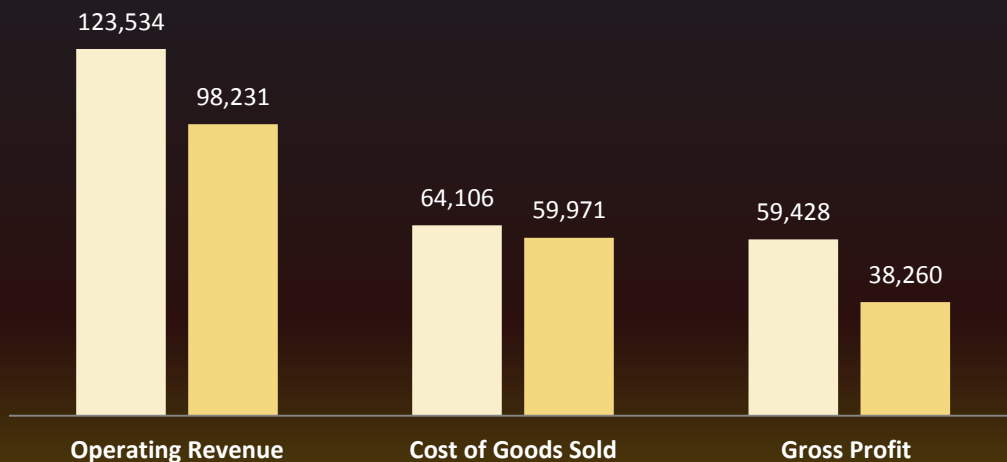
Company Margin

Unit: THB Thousand

	Q1/2016	Q1/2015
Gross Profit (%)	48%	39%

Gross profit margin has been on the rise by 9% QoQ in Q1/2016

■ Q1/2016 ■ Q1/2015





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Financial Highlight

Balance Sheet Strength

Unit: THB Thousand

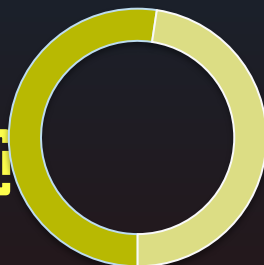
Total Assets increased 450million

- MSW Rayong: 223 million
- Front-End project: 80 million

Total Liabilities decreased: 16 million

- loan payment MTMT : 11 million
- Loan payment SKII: 5 million

Total Asset

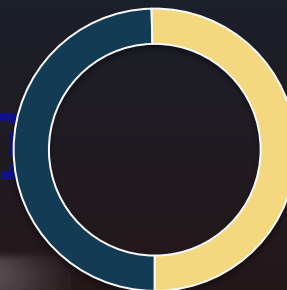


4,948,476

4,498,060

■ Q1/2016 ■ FY2015

Total Liabilities



1,102,548

1,118,648

□ Q1/2016 ■ FY2015

Total Equity



3,685,251

3,210,900

■ Q1/2016 ■ FY2015

Q1/2016

FY2015

Current Ratio

0.98

0.53

D/E

0.35

0.39



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Future D/E
ratio remains
relatively low
at 0.5x

Financial Highlight

Funding Plan (2016-2017)

Unit: THB Thousand

Funding Requirement for Future Projects	3,422
Additional Equity Funding	(2,000)
Additional Debt Requirement	1,422
Total Existing Liabilities	1,102
Total (new) Liabilities	2,524
Current Equity	3,685
Expected Equity Funding	2,000
Total (new) Equity	5,685
Future D/E ratio	0.44





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- *Market Outlook & Conclusion*



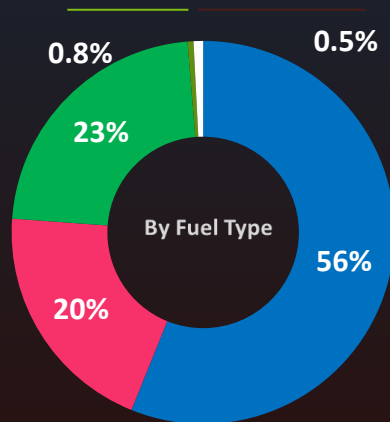
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Renewable energy is now gearing up to play a vital role for supporting Thailand's power industry

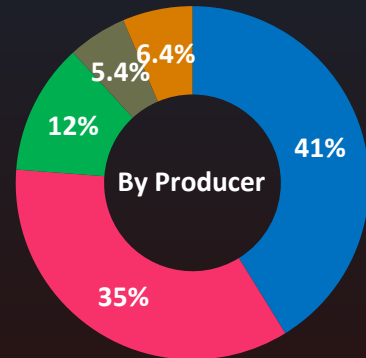


Market Outlook

Thailand's Power Industry (PDP 2015)



■ Cogeneration
■ Heat
■ Renewable
■ Gas Turbine
■ Thai-Malaysian line



■ EGAT ■ IPP ■ SPP ■ VSPP ■ Import

In 2015, Thailand's power generation is 57,429 MW



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Biogas, Biomass and Solid waste power plants are new key engine growth for IEC thanks to a well-thought value chain on the back of satisfactory margin and decent feedstock management

Market Outlook

Alternative Energy Development Plan: AEDP

Power categories	Solar	Wind	Water	Biogas	Energy crops	Biomass	Solid Waste	Massive water power	New form of Energy	Total Electricity (MW)
Current AEDP (MW) Year 2012-2021	3,800	1,800	324	600	3,000	4,800	400	N/A	3	14,727
Draft AEDP (MW) Year 2015-2036	6,000	3,002	376	600	680	5,570	500	2,906.4	0.3	21,676.7
Realized (MW)	1,299	224	142	311	-	2,542	66	-	0.3	4,584

Draft AEDP: 6,949
MW or 47% more

Source: EPPO and Chulalongkorn University as of 15/02/2015





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Market Outlook

Demand for Biogas and Recycled Plastic Pellet

Demand for both biogas and recycled plastic remain strong countrywide



Biogas (CBG)

Province	CH4 (Kg/Day)
Chiang Mai	24,844
Lampoon	35,896
Lampang	29,324
Nakhornsawan	67,341
Pichit	85,734
Ayutthaya	13,673
Ang Thong	124,220
Chon Buri	49,688
Total	430,810

Plastic Recycling and Pelleting Systems

Province	Accumulated waste (tons)	Waste (tons per day)
Samut Prakan	2,001,960	739,231
Nakonratchasima	826,451	760,825
Chachoengsao	305,066	655,033
Chon Buri	875,191	591,389
Chumphon	135,083	116,491
Pattalung	189,099	35,377
Pattani	197,591	11,964
Yala	268,553	46,645
Total	4,798,994	2,956,955



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Market Outlook

The Impact of Introducing FiT

Biomass, Biogas and MSW power plants will be making good money considering a better margin after introducing FiT, while solar power plants are becoming worsen at a lower margin.

Type/ installed capacity	Previous incentive		FIT (Bt/ kWh)				FIT Premium (Bt/ kWh)	
	Adder	Period	Fixed	Variable @2017	Total FIT	Period	Biofuel use for 8 yrs	3 provinces* project life
Waste (Integrate disposal)								
Installed capacity < 1 MW	3.5	7	3.12	3.21	6.33	20	0.70	0.50
Installed capacity > 1-3 MW	3.5	7	3.61	3.21	6.82	20	0.70	0.50
Installed capacity > 3 MW	3.5	7	2.39	2.69	5.08	20	0.70	0.50
Waste (Sanitary landfill)	2.5	7	5.60	-	5.60	10	-	0.50
Biomass								
Installed capacity < 1 MW	0.5	7	3.13	2.21	5.34	20	0.50	0.50
Installed capacity > 1-3 MW	0.5	7	2.91	2.21	5.12	20	0.40	0.50
Installed capacity > 3 MW	0.3	7	2.30	1.85	4.15	20	0.30	0.50
Biogas (waste)	0.3	7	3.76	-	3.76	20	0.50	0.50
Biogas (energy crops)	0.3	7	2.79	2.55	5.34	20	0.50	0.50
Small Hydro								
Installed capacity < 200 kW	0.8	7	4.90	-	4.90	20	-	0.50
Wind	3.5	10	6.06	-	6.06	20	-	0.50
Solar								
Solar farm < 90 MW	6.5-8	10	n.a.	n.a.	5.66	25	-	0.50
Solar rooftop < 10 kw	n.a.	n.a.	n.a.	n.a.	6.90	25	-	0.50
Solar rooftop 10-250 kw	n.a.	n.a.	n.a.	n.a.	6.40	25	-	0.50
Solar rooftop 250-1000 kw	n.a.	n.a.	n.a.	n.a.	6.01	25	-	0.50

source : EPPO, MBKET, news, * Yala, Pattani, Narathiwad





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Now, the government is mindful on this unfair competition arising from debut of FiT and then is likely to officially announce FiT to be applied at THB 4.54/unit for Biomass power plants within Jun 2016



Market Outlook

The Impact of Introducing FiT

Adder	Feed-in Tariff (FiT)
Electricity Price Volatility <ul style="list-style-type: none">Electricity income is floating on the sum of electricity wholesale price+FiT+fixed Adder for 7 - 10 years	Electricity Price Volatility <ul style="list-style-type: none">Fixed FiT rate over 20 - 25 years
Grid Management Stability <ul style="list-style-type: none">The operator might stop their operation after ending of Adder period, considering lower IRR, in particular, Solar farm business.	Grid Management Stability <ul style="list-style-type: none">FiT ensures the operators to keep their operation running until the end of PPA contract.
Potential Electricity Price Adjustment <ul style="list-style-type: none">The government might review the Ft adjustment after the ending of Adder period in order to resolve the potential instability of Grid management, leading to the bigger burden of electricity price to the public.	Potential Electricity Price Adjustment <ul style="list-style-type: none">Thanks to the fixed FiT rate over the PPA period, the operators still enjoy running their operations till the end of PPA period.
Unfair Competition in Biomass Power Business <ul style="list-style-type: none">The debut of new FiT will definitely leave all present biomass power operators truly inferior to the new biomass power operators under the FiT scheme in term of ability to buy feed stock at the higher price.	



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- *Multimedia*



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- **IEC Plastic Recycling Rayong**
- **IEC Sakaeo 1 Power Plant**
- **GIDEC Power Plant**





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THANK YOU

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