



Press Release

TPI Polene 2Q22 Performance

Beating the odds

The economic activities in Thailand continue to normalize following the removal of mobility restrictions. However, growth and recovery potential is capped by inflationary pressures. By July, Thailand's inflation rate was 7.61% causing a serious dent on people's purchasing power. For manufacturers, cost pressures continue to build up indicated by PPI rising by 12.2%. Inflationary, cost pressures are key headwinds to a meaningful economic recovery.

In 2022, several input cost variables started deviating from their long term trends especially those that are related directly or indirectly to energy. All industrial companies have to come up with ad hoc measures to cushion downside on cashflow and earnings. Against these odds we have been successful in preserving our profitability and cashflow.

Performance ratios improved in 2Q22

TPIPL posted an excellent 21% YoY growth in sales to THB12.5 billion and 24% growth in revenues to THB13.6 billion, partly thanks to forex gains. Overall, the lower volume sales in some product categories were offset by price adjustments compensating for input costs that have been rising since late 2021. For the 1H22, our sales reached THB25 billion up 29% YoY.

Our gross profit and core operating margins, at 28.6% and 22% respectively, were still lower than 2Q21 due to cost escalation while price adjustments lagged. But we have been successful in achieving improvement compared to 1Q22 when margins were at 27.4% and 20.2%, respectively. Benefits from the cost efficiency and savings measures have started to contribute. In 2Q22 our gross profit reached THB3.6 billion, up 5% QoQ and the core operating profit was THB2.8 billion, up 11% QoQ. In 1H22 our EBITDA reached THB 7.5 billion, up 17.6% YoY.

Stellar profit growth achieved

In 2Q22 TPIPL posted a whopping 25% YoY, 31% QoQ growth in net profit including minority interest (MI) to THB2.7 billion. The net profit margin was a healthy 19.8%. For 1H22, net profit including MI reached THB4.7 billion, up 31% YoY. Excluding the minority interests, net profit reached 4.2 billion, up 43% YoY.

Finances secure

We fully subscribe to the motto **that cash is king**. We will remain on a negative carry for now and work on continuously improving our cash cycle. Ending 1H22, our net working capital cycle (NWC) was 23.45 weeks, improving for the average of 24.65 weeks during the past four quarters. Cash tied to WCA shortened to 29.4 weeks versus the average of 30.9 weeks in the past four quarters.

Our net interest bearing debt at the end of 1H22 stood at THB55 billion while our net interest bearing debt/EBITDA was at 3.68x based on annualized 1H22 operating EBITDA, an improvement from 4.02x in 1Q22. The net interest bearing debt to equity ending 1H22 is a comfortable 0.91x while our interest burden is at 4.94% of sales and interest cover at 6.11x, on a cashflow, basis is very manageable. Whilst we see construction activities going through a soft patch right now, we see cement outlook as stable to marginally positive and competition limited to three players as there are no imports. Our plastic pellet customers have been with us for a long time while our power sales are underwritten by long term PPAs. Thus, our net interest bearing debt/EBITDA of 3.68x is de-risked by an inherently strong cashflow generating ability.

Due to our ESG measures, we will continue rolling out our cost savings and efficiency measures in conjunction with our care about the environment and social responsibilities and this strategy could become a major earnings driver if the recovery momentum accelerates given the high operating leverage nature of our business.

For a more detailed discussion/analysis on our 2Q22 performance we invite you to visit our website www.tpipolene.co.th

TPIPL Corporate Relations Department