Press Release

TPI Polene 2022 Performance

2022 a record high
TPIPL achieved another record year with sales and reported net profit posting growth of 24% YoY and 13.4% YoY, to THB48 billion and THB7.8 billion, respectively. Net profits attributable to equity holders rose 23.6% YoY to THB7.0 billion. The strong profitability was achieved despite operating outlook turning weaker in the 2H of the year that saw our local peers incurring losses from their operations especially in 4Q. For TPIPL the reported net profit in 4Q22 was THB753 million, down 50% YoY while the net profit for the 2H22 was THB2.9 billion 2.4% YoY. Our relatively strong performance was underpinned by several factors that are reflective of the management's foresight and TPIPL's inherently strong innovative culture.

Industry's best thanks to competitive moats
Our FY22 sales growth of 24% YoY is the highest among the three diversified Construction Materials (ConsMat) producers in Thailand underpinned by the 36% YoY growth in ConsMat products and 34% YoY growth Specialty Polymers/Chemicals. On the latter, TPIPL has the distinction of being the only producer in Thailand, and among the handful in the world, that can produce high value EVA. The ConsMat and Specialty Polymers/Chemicals combined accounted for 83% of total sales thus more than offsetting the revenue contraction in the Energy/Utilities division whose operations were dragged down by the expiry adder in two power plants and disruptions in operations due to ongoing plant improvement programs.

The EBITDA margin that we have achieved in FY22, at 26% or THB13.4 billion, compares favorably to the 11-18% range achieved by our diversified ConsMat peers. The high margins attest to our strong cost competitive advantage as well as the price positioning of our products that are truly HVA. This facet is most evident in our Specialty Polymers/Chemical division whereby EBITDA margins averaged at 38% compared to the negative EBITDA margin of the largest integrated petrochemical producer and the 10-18% range of the other producers. We gained a significant mileage in our EBITDA margins in the 1H22 but even comparing with our peers the 4Q22 performance alone, which we think is the bottom for the year, our realized EBITDA margins of 9% in ConsMat and 28% in Specialty Polymers/Chemicals towers that of peers' range of 4-7% and 9-20%, respectively. Our relentless pursuit towards process and product innovations is the key factor that distinguishes us from peers and creates a strong competitive moat. In 2022 we rebranded **TPI** to stand for **Technology**, **Products** and **Innovations**.

Conservative guidance
We remain cautiously optimistic on the 2023 operating outlook and guiding with flattish sales and stable EBITDA margins. Our Specialty Polymer/Chemicals division is projected to see lower prices and spread vs 2022 but this will be offset by the improved performances in the ConsMat and Energy/Utilities divisions. In addition, some of our medium term cost efficiency and plant improvements program have been completed thus disruptions in the operations will be lesser compared to 2022 while the incremental cost benefits will allow us to achieve a stable EBITDA of THB13 billion. Based on recent price movements of EVA prices in China, we appear to be on the conservative side on our assumption of EVA product spread of USD1k/ton. If the EVA demand for solar panel (encapsulants) and EV applications (hotmelts) sees sustained recovery momentum we do not rule out the possibility of product spreads retracing the highs of 2021/2022 – this would be an upside potential to our baseline projections. For more details please refer to the Opportunity Day Presentation Materials of TPIPL and TPIPP at our websites: www.tpipolene.co.th and www.tpipolenepower.co.th

Finances secure
We are allocating THB7.7 billion for our continuing plant improvements as well as new capacities in renewable power: solar, wind and MSW. Despite high capex (versus THB6.8 billion in 2022) we can maintain our net IBD/EBITDA ratio at 4.5x and the EBITDA/Interest ratio at a comfortable level of 6.3x. Embedded in our 2023 operating strategy is keeping a high cash balance (22% cash/sales ratio) and inventory (c.130 days) as caution against adverse liquidity conditions and supply chain disruptions. Both positions are relatively easy to unwind should the perceived risks abate and/or disappears and this will have a positive implications on our overall financial position and capability to pursue growth and expansion to create long term shareholder value. In recognition to the significant improvement in our operating performance and financial profile, credit rating agency TRIS has upgraded the rating on TPIPL to A- from BBB+.

TPIPL Corporate Relations Department