



## Press Release

### TPI Polene Power 1H 2023 Performance

#### Keeps getting better

Total revenues from operations\* (power, utilities & goods) in the 1H23 was THB5,870 million, up 10% YoY despite the full effect of the adder expiry in two power plants. Revenues from adder were down 36% YoY during the period. As for 2Q23 revenues were up 15% YoY on higher Ft and higher throughput. TG7 resumed operations following completion of its modification program. QoQ revenues declined only marginally, -0.3%, because the lower Ft was offset by the 9% rise in power production and 2% improvement in petrol sales. Gross margins in the 1H23 was 37% up from 33% in 1H22 on higher plant efficiency translating into EBITDA to sales margin of 43% compared to 42% in the same period of last year. The incremental gain in gross margins was partially watered down by the spike in SG&A largely due to higher logistics cost. That said, our SG&A to sales ratio remains well-controlled at 4.7% vs 4.2% in 1H22. Keeping a tight lid on our SG&A will allow us to realize higher profitability from improving plant efficiency and higher output. The normalized EBITDA in the 1H23 was THB2,535 million, up 12% YoY, while net profit reached THB1,981 million, up by 16% YoY.

#### Slightly higher operating rates

Our overall power throughput in the 1H23 was up 7% YoY to 1,029.5 million units. The main lift occurred in 2Q23, +9% QoQ, as TG7 resumed operations and higher output in our coal power plant. Higher output lowers per unit fixed cost and was partly responsible for the improved margins. Three of our smaller power plants went into minor downtime dropping output by 8% QoQ but this was more than offset by higher output at our bigger plants, +15% QoQ. In the 1H23 power sales under adder pricing dropped 36% YoY but this was offset by higher power sales under base tariff pricing formula. Power pricing is formulaic and so to drive profitability the management's focus is on consistently raising throughput and plant efficiency with highly responsive optimization and maximization exercises. TG7's operating rate is expected to continue improving while the three small power plants are programmed to operate normally for the rest of the year.

#### Higher EBITDA

Higher power throughput, better efficiency and tight lid on MSW-WTE conversion cost contributed to the 12% YoY growth in EBITDA in the 1H23. Another round of lower Ft adjustment for September-December pricing has the tendency to dampen power revenues but by consistently driving up output and efficiency we can continue to grow cash generation and deliver strong shareholders' return. At this point, we maintain our FY23 EBITDA target.

#### Solid finances

At the end of 1H23 fixed assets grew 4.6% to THB43,554 million from year end 2022 with accumulated capex of THB1,829 million. Our plant modification program continues and as at the end of June we have already incurred THB647 million advance payment for plant and equipment for our new renewable power capacity and MSW-WTE processing capability. We have de-risked our medium term funding needs with our THB6,260 million cash and financial assets. Our conservative financial stance put us on a negative carry but the 1Q23 credit rating upgrade of our parent company, TPI Polene, to "A-" will give us access to more competitive funding cost appropriate to our stand-alone credit rating of "a". At the end of 1H23, our net interest bearing debt (IBD) to EBITDA is a comfortable 3.2x, on annualized basis.

#### Growing carbon credits

At the end of 2022, we have 1.221 million units of T-VER registered by TGO (carbon merits) and 1.452 million units of I-REC (renewable energy credits). This is a growing cache of assets that can be monetized in the future. This will naturally build up as we expand capacity as well as embrace sustainability, BCG economy. In our capex plan we expect our power capacity to reach 538 MW in 2026 up from 440 MW currently and 100% fossil free.

*\*Net of intragroup sales*

### Further strides on ESG in 1H23

The Company places an importance on creating sustainable values in Environment, Social and Governance (ESG) dimensions as a driving force for business operations. ESG performance in the first six-month period of the year 2023 is summarized as follows:-

#### Environmental Management

1. The Company used a total of 1,342,273.67 tons of all types of waste as fuel in the Company's power plants and cement plants of TPI Polene Public Company Limited, which reduced greenhouse gas emissions (carbon reduction) by approximately 3,114,074.19 tons of emission of carbon dioxide equivalent or CO<sub>2</sub>e (emission factor is calculated based on the above wastes into landfill waste of 2.32 tons of greenhouse gases per 1 ton of landfill waste).
2. On May 24, 2022, the Company has registered with Thailand Greenhouse Gas Management Organization (Public Organization) or TGO for accreditation of reduced greenhouse gas emissions (carbon credits) from the period May 1, 2017 to December 31, 2020, increasing by 717,931 tons of CO<sub>2</sub>e. As a result, the Company has carbon credits remaining at 765,297 tons of CO<sub>2</sub>e.

On April 28, 2023, the Company registered an additional 462,797 tons of CO<sub>2</sub>e. As a result, the Company has carbon credits remaining at 1,228,094 tons of CO<sub>2</sub>e.

3. The Company was able to reduce greenhouse gas emissions in the power generation process by 102,667.51 tons emission of CO<sub>2</sub>e or decreased by 7.33%, from 1,401,578 tons of CO<sub>2</sub>e in the first six-month period of 2022 to 1,298,910.49 tons of CO<sub>2</sub>e in the first six-month period of 2023.
4. Energy consumption decreased by 2,152,788.07 gigajoules or decreased by 12.92%, from 16,659,703.80 gigajoules in the first six-month period of 2022 to 14,506,915.73 gigajoules the first six-month period of 2023.
5. The Company was able to reuse the effluents from the electricity generation process to re-filter of 192,527 cubic meters, representing 4.62% of the total water consumption of 4,171,403 cubic meters.
6. The Company utilized industrial waste from the production process to be used as renewable fuel, renewable materials and recycled for total of 7,079.61 tons, representing 100% total quantity of industrial wastes generated, to comply with the "Zero Waste" policy
7. On March 16, 2023, the Company together with community leaders and local people in the community of Tubkwang and Tha Khlo subdistricts, Kaeng Khoi district and Mittraphap and Muaklek subdistricts, Muaklek district, Saraburi province jointly planted forestry under "TPIPP Reforestation Project to Reduce Heat and Save the Earth" by planting 1,000 lagerstroemia trees, 1,000 teak trees and 1,000 neem trees in the area of 100 Rai within Saraburi plant.