



Press Release

TPI Polene 9M 2023 Performance

Slower topline but EBITDA sequentially higher

TPIPL's sales performance in the nine months of 2023 was 10% lower YoY to THB33,528 million while the EBITDA generated was down 27% YoY to THB8,127m. The main factor for the lower performance this year was the 44% YoY decline in the sales of the Specialty Polymer/ Chemical division to THB6,488 million because of lower product prices and volume disruption early this year due to major maintenance shutdown. The achieved EBITDA was also lower primarily due to the lower spread in specialty polymer as well as the higher per unit fixed cost associated with the maintenance shutdown (secondary reason). For the 9M 2023 the reported net profit attributable to the parent was THB3,054 million, down 51% YoY.

As we have highlighted in the previous press releases, a year-on-year comparison is not a very useful basis to assess performance due to the extreme movements in operating variables in 2022 influenced by the impact of the war in Eastern Europe, upbeat expectations on global recovery and inflationary conditions. Operating conditions softened in 2023, a situation that affected all industries. Thus, we assess our performance on a sequential basis and on how we have been managing in the current slow year. Group sales in the third quarter 2023 dropped 5% QoQ to THB10,838 million. Both ConsMat and Energy/Utilities divisions had slower sales, down 7% and 6%, respectively. The softer sales in ConsMat were seasonal while the drop in Energy/Utilities sales was caused by the lower electricity tariff due to successive drops in the Ft the April and September adjustment periods. Also affecting power sales was the shutdown in TG7 in September on some technical adjustments still relating to the recent plant modification program (completed 2Q2023). Starting October TG7 is back in operations.

Whilst the topline conditions were tough, we have been able to deliver another 7% QoQ increase in EBITDA sustaining the sequential improvement momentum since we bottomed in 4Q22. Our overall EBITDA margin in 3Q23 was a solid 28% versus the 21% we saw 4Q22. Pulling up the group in this quarter is the ConsMat division whose EBITDA margin reached 17% - the highest in the past five quarters. This was achieved by a combination of factors: a) lower energy costs, b) efficiency gains and 3) launch of the high margin Green Cement & Building Products in June 2023. In the case of Specialty Polymer/Chemical division the effect of lower product price and lower spread was partly offset by slightly lower conversion cost and higher plant efficiency. So the EBITDA margin in this division was flat at 28%. Higher plant efficiency was also the reason why the Energy/Utilities division was able to maintain its EBITDA margin at 58% on group basis (on a standalone basis, the EBITDA margin of TPIPP was 44.2%).

Mindful of leverage and funding situation

In the 9M 2023, we have spent THB7.3 billion in acquisition of PPE - inclusive of THB1.0 billion advances for machinery and equipment. We maintain our capex budget of THB7.7 billion for ongoing plant improvements as well as new capacities in renewable power: solar, wind and MSW. At the end of September 2023 the Group's net IBD rose to THB63 billion from THB61 billion in 2Q23 mainly on higher net IBD at TPIPP. Despite slightly higher indebtedness, our funding cost remains flat at about 4% and the interest over, based on financial position at the end of September the net IBD/EBITDA is a comfortable 5.5x. Due to the highly uncertain financial conditions, we continue to hold high financial assets, THB13 billion, to ensure funding of our planned capex that, in turn, is tied to our medium term ESG and Sustainability targets.

Further strides on ESG: 9M 2023

ESG Performance

The Company has implemented sustainable development in Environmental, Social and Governance (ESG) dimensions for business operations. ESG performance in the first nine-month period of the year 2023 is summarized as follows:-

Environmental Management

1. The Company used 286,149.93 tons of waste fuel to replace coal in cement production process, or accounting for 13.88% of total fuel.
2. The Company invested in 41 units of 60-ton EV mining trucks and 4 units of EV wheel loader trucks to replace all diesel-powered limestone trucks and wheel loader trucks and converted additional 8 units of diesel-powered trucks to EV engines trucks. The investment will help reduce transportation costs while reducing greenhouse gas emissions and PM 2.5 emissions.
3. The Company was able to reduce energy consumption by 2,349,223.80 gigajoules, or decreased by 8.43%, from 27,869,910.78 gigajoules in the first nine month-period of the year 2022 to 25,520,686.98 gigajoules in the first nine month-period of the year 2023.
4. The Company was able to reduce greenhouse gas emissions from cement plants by 1,023,401.37 tons emission of carbon dioxide equivalent, or 13.77%, from 7,433,834.37 tons emission of carbon dioxide equivalent in the first nine-month period of 2022 to 6,410,433.00 tons emission of carbon dioxide equivalent in the first six month-period of the year 2023.
5. The Company was able to reuse the effluents from production process to re-filter of 1,033,715 cubic meters, representing 51.87% of the total water consumption of 1,992,734 cubic meters.
6. The Company has set a target, aiming to exploit the best benefit of industrial waste up to $\geq 95\%$ of the total quantity of industrial waste generated. In the first nine-month period of 2023, the Company utilized 4,146.97 tons of industrial waste from the production process to be used as renewable fuels, alternative materials and recycled, representing 99.52% total quantity of industrial wastes generated, which was higher than the target set by the Company.
7. TPI Polene Group has a policy to produce products that reduce greenhouse gas emissions. On June 1, 2023 onwards, the Company has designed green products, consisting of Green Clinker, Green Cement, Green Fiber Cement and Green CRT. Such products emphasize the use of alternative raw materials, renewable fuels and electricity from renewable energy

Corporate Social Responsibility

1. TPI Polene Group has supported various projects and activities for public benefits in the first nine-month period of 2023, totaling approximately Baht 58.72 million to communities, academic institutions, temples, hospitals and government authorities and contributed healthcare products and products of TPI Polene Group, such as cement, other construction materials, organic fertilizers, and drinking water and health products to prevent pathogens.
2. The Company provides equal opportunities for employment without discrimination in favor or against any person. In the first nine-month period of 2023, 620 additional employees, 24 additional employees with disabilities and 56 seniors were employed.
3. The Company has implemented human rights for stakeholders throughout the value chain with respect human rights of employees, suppliers, customers, and local communities. In the first nine-month period of 2023, there were no complaints of human rights violations.
4. The Company evaluated the level of job satisfaction and employee engagement towards the organization for the year 2023, which showed an average score of 84.17%, which is higher than the Company's target set at 75%.
5. For the first nine-month period of the year 2023, the Company disposed of hazardous industrial wastes and non-hazardous industrial wastes of 30,033.13 tons and 12,276.57 tons respectively.

In Compliance with Good Corporate Governance Policy

1. On June 23, 2023, Thai Pat Institute announced that the Company was ranked on the ESG100 securities list for the year 2023 for the consecutive two years (2022 and 2023), with outstanding performance covering the areas of Environmental, Social and Governance aspects (ESG) and is assessed as an attractive company to invest in the Property & Construction Sector.
2. The Company has received the prestigious 3G Environmental Responsibility Award 2023 from the Global Good Governance Awards 2023 (3G Awards), organized by Cambridge IFA International Financial Advisory (financial advisory firm) in the UK, with an aim to esteem organizations that have successfully adopted social responsibility issues to their ongoing business operations. This includes quality, consistency, stability and clarity of the corporate social responsibility plans and reports.
3. On July 14, 2023, the Company received two Honorary Awards from “The One Million Courage for Good Deeds towards the Homeland Project 2023” as follows:-
 - 1) “Good Deeds towards the Homeland 2023 Award in the category of agricultural innovation as the Company places importance on the agricultural sector, which is the main core of Thailand's economic system. Food Study and research of bio-organic agricultural products make food safety, organic and antibiotic-free.
 - (2) "Excellence" Award 2023 for Excellence in Management, Technology, Innovation, Research and Development due to its focus on product development Investment in technology advancement to increase operational efficiency. The Company's R&D Department has been established in collaboration with external research institutes and leading universities in the country to develop products, enhance efficiency of production processes, and create working personnel to make the products that meet the needs of customers and all related stakeholders in all sectors, by taking into account of being products that help reduce environmental problems and material impacts on the environment

Our Awards: 9M 2023

In addition to the citations that we received within Thailand we have also received awards from several international organizations particularly concerning to ESG, Sustainability and Innovation.

TPIPL: Best Sustainable Development 2023



Global Business Review Magazine

3G Excellence Awards - CSR Activities 2023



3G - Global Good Governance

Most Innovative Industrial Materials
Conglomerate 2023



TPIPP 3G Excellence Awards – Environmental Responsibility



3G - Global Good Governance

International Diamond Prize for Excellence in Quality



ESQR – European Standard for Quality Research



Brands & Business Magazine

For more information, please visit our website www.tpipolene.co.th

TPIPL Corporate Relations Department