



Press Release

TPI Polene 2Q 2024 Performance

Improving at core despite persisting weak operating conditions

TPIPL's profit* in 2Q 2024 was THB862 million, down 9% Q/Q. The FX gain was THB99 million vs THB400 million in 1Q 2024. Excluding FX gain, profit rose 39% despite higher tax due to reversal of expired tax loss carry forward. For the 1H 2024, profit was THB1,812 million, down 25% Y/Y. Stripping of the FX element, profit was THB1,313 million, down 39% Y/Y.

The Q/Q improvement in profit excluding FX came mainly from contributions from the cost savings measures and efficiency gains that allowed gross profit margin to improve slightly as well as from keeping a tight lid on operating costs. As for H/H, sales revenues declined 22% and 40% of that was due to weak Specialty Polymers/Chemical division and the remaining can be attributed to the decline in ConsMat. The lower sales in Specialty Polymers/Chemical division weighed on profitability because it is higher margin business compared to ConsMat.

*referring to profit for the period including minorities

Adverse operating environment...

Domestic cement demand deteriorated further; down 8.6% Q/Q, 9% Y/Y according to BOT data. The release of the government budget in April 2024 failed to reverse the negative momentum. The lack of growth reflects a weak investment backdrop that translates to anemic economic growth, 2.3% Y/Y in 2Q24. Consumption is capped by high inflation (real) and high household leverage that in turn negates the need for capacity expansion (vicious cycle) – all these interplay is seen in the sluggish residential market. TPIPL continues its product innovation drive – raising the ratio of output of Green Cement and Building Products output. Though this has limited impact on the topline, it brings cost advantages and lift operating efficiency.

The underlying volume sales in the ConsMat division was down by c.2% Q/Q, less than the demand contraction in cement but high single digit dips were seen in concrete and mixed cement. Hydraulic cement outperformed (high single digit growth) and this is linked to our drive towards low carbon footprint. The **rate** of drop in Specialty Polymer sales slowed a bit but still a double digit contraction. Partly offsetting the weak divisions is the resilient topline of the Energy/Utilities division where sales rose 5.4% Q/Q coming from higher throughput.

...notwithstanding EBITDA remained resilient

Thanks to continuous investment in cost efficiency programs, plant modifications and green technologies, EBITDA generation has been relatively resilient, +2% Q/Q to THB2,554 million (for the 1H 2024 it was -2% to THB5,057 million). The EBITDA/sales margin in 2Q 2024 was 29%, +100bps Q/Q underpinned by higher EBITDA in the Energy/Utilities division. The Specialty Polymer/Chemical division saw EBITDA lift to 26% (17% in 1Q24) thanks to higher margin from Nitrates. As for the Energy/Utilities division, EBITDA was up to 60% (Group basis) and 44% (Standalone basis) thanks for higher throughput and plant efficiency. [Link to Press Release](#)

Maintain full year guidance, for now

The EBITDA generated in the first half of 2024 accounted for 45% of the full year guidance. While the short term economic outlook for Thailand remains uncertain, we hope that the operating outlook for ConsMat and Specialty Polymer/Chemical divisions will improve in the remainder of the year. As for the Energy/Utilities division, outlook is favorable; the EBITDA generation will be underpinned by higher throughput, Ft adjustment (higher) and contribution from solar power capacity.

Finances remain highly manageable

Although there was THB5,239 million erosion from the December 2023 balance, TPIPL's short term financial assets remains high at THB15 billion, equivalent to 43% of sales generating capacity based on annualized 1H 2024. This reflects our conservative view on the general financial conditions and the resolve to de-risk the funding of our capex plan. Capex deployed in 1H 2024 including advances of machinery was THB4,901 million, 77% of our full year guidance, an acceleration, as some projects are brought forward. With the faster deployment of capex, net interest bearing debt (net IBD) was THB68 billion, up THB3,880 million from December 2023, bringing the net IBD/EBITDA ratio was 6.76x (6.41x – end of 2023). **TPIPL's credit rating by TRIS is maintained at A- with a Stable Outlook.** [Link to the Press Release](#)

ESG Strides 1H 2024

The Company has implemented sustainable development in Environmental, Social and Governance (ESG) dimensions for business operations. ESG performance in the first six-month period of the year 2024 is summarized as follows:

Environmental Management

The Company used 140,658.93 tons of waste fuel to replace coal in cement production process, or accounting for 12.89% of the required heat.

The Company reduced greenhouse gas emissions of the cement plants by 833,313 tCO₂e or decreased by 18.54% from 4,494,766 tCO₂e in the first six-month period of the year 2023 to 3,661,453 tCO₂e in the first six-month period of the year 2024.

The Company is committed to creating sustainable business growth and pays attention to the development of environmental innovation TPIPL with green innovation technology throughout the value chain as follows:

- Green Mining / Green Quarry: Replaced Drill Trucks and Loaders Dump Truck, excavators in mines that use internal combustion engines with all electric cars.
- Green Cement Process: Used waste as fuel to replace coal approximately 25% in cement production.
- Green Logistics: Converted diesel-fuel trucks into electric trucks to transport cement and ready-mixed concrete.
- Green Manufacturing: Produce environmentally friendly construction materials that help reduce global warming.
- Green Marketing/Management: Use electric trains for sales and marketing operations, including executive vehicles instead of combustion cars.
- Green Packing Line/Warehouse: Use 100% electric forklift.

All of the above help to ensure stability for the organization, the community, and the nation as a whole for sustainable growth.

The Company reused the effluents from production process to re-filter of 498,311 cubic meters, representing 45.22% of the total water consumption of 1,101,889 cubic meters.

The Company aims to benefit from utilizing industrial waste $\geq 95\%$ of total industrial waste generated. In the first six-month period of the year 2024, the Company utilized 2,458.58 tons of industrial waste from cement production process as renewable fuels, alternative materials and recycled, representing 99.81% total quantity of industrial wastes, which is higher than the target set by the Company.

Corporate Social Responsibility

TPI Polene Group has supported various projects and activities for public benefits totaling approximately Baht 15.72 million to communities, academic institutions, temples, hospitals and government authorities and contributed healthcare products and construction material products of TPI Polene Group, such as cement, other construction materials, organic fertilizers, drinking water and healthcare products to prevent pathogens.

The Company provides equal opportunities for employment without discrimination in favor or against any person, covering employees with disabilities and other disadvantaged groups. In the first six-month period of the year 2024, 470 new employees were employed, which comprises 361 general staffs, 67 seniors and 42 employees with disabilities.

The Company has implemented human rights for stakeholders throughout the value chain by respecting human rights of employees, suppliers, customers, and local communities. In the first six-month period of the year 2024, there were no complaints of human rights violations.

The Company has implemented occupational health and safety in the working environment with an objective to become an accident-free and a zero-accident organization. Performance in the first six-month period of the year 2024 is summarized as follows:-

- The number of Fatal Occupational Injuries of employees and contractors was zero.
- Occupational injuries rate (associated with high-impact jobs) of employees and contractors was zero.
- Occupational illnesses rate of employees and contractors was zero.

The Company disposed of hazardous industrial wastes and non-hazardous industrial wastes of 15,233.52 tons and 10,994.32 tons respectively.

In Compliance with Good Corporate Governance Policy

The Company continues to operate its business with an emphasis on sustainable development and growth while creating sustainable values in environmental and social importance under a good corporate governance policy, disclosing information and operating results transparently, managing risks in all aspects. The Company pays attention to the impacts that occur or are expected to arise from business operations. Therefore, the Company has the opportunity to generate increased revenue and profit from its business operations, driven by sustainable development that create growth potential and increase good quality of products and environmentally friendly output. As a result, investors and shareholders will receive sustainable returns from investment in the Company's business.

The Company is fully responsible and creates value and benefits for relevant stakeholders in an all-round manner.

As a result, in the first six-month period of the year 2024, the Company received awards and certifications from recognized organizations in terms of promoting sustainable development as follows:-

On July 12, 2024, Thaipat Institute announced that the Company has been ranked in the 2024 ESG100 list for the third consecutive year (in 2022, 2023 and 2024) with outstanding environmental performance in Environmental, Social and Governance (ESG) criteria in the Property and Construction Sector.

On March 23, 2024, the Company was certified ISO14064-1 (Carbon Footprint Verification or CFV), which is a standard for principles and requirements at corporate level for measuring and reporting greenhouse gas emissions and reductions, including requirements for design, development, management, reporting and verification of corporate greenhouse gas emissions and reductions from BSI Group (Thailand) Co., Ltd. ("BSI: British Standards Institution"), British Standards Institution

The Company received "Certificate of Achievement" award from World's Leaders Magazine Proudly Features, India.

The Company received "Certificate of Excellence 2024 AWARDEE 30 Fabulous Companies of the Year" from the Silicon Review in USA.

The Company received "the Best ESG Practices for Sustainable Development in Thailand 2023" from The Global Economics magazine, a leading financial magazine, the United Kingdom.

Financial Performance Summary

| Profit and Loss Statement | | | | | Common Size | | Common Size | | | | |
|--|--------------|--------------|-------------|------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| | 2Q23 | 2Q24 | % Y/Y | % Q/Q | 2Q23 | 2Q24 | 1H23 | 1H24 | % H/H | 1H23 | 1H24 |
| THB million | | | | | | | | | | | |
| Revenue from sales of goods | 11,407 | 8,742 | -23% | -3% | 100 | 100 | 22,690 | 17,793 | -22% | 100 | 100 |
| COGS | (8,827) | (6,686) | -24% | -5% | (77.4) | (76.5) | (17,707) | (13,727) | -22% | (78.0) | (77.2) |
| Gross Profit | 2,580 | 2,056 | -20% | 2% | 22.6 | 23.5 | 4,982 | 4,065 | -18% | 22.0 | 22.8 |
| SG&A | (1,389) | (1,128) | -19% | -3% | (12.2) | (12.9) | (2,772) | (2,291) | -17% | (12.2) | (12.9) |
| Finance cost | (482) | (587) | 22% | -6% | (4.2) | (6.7) | (951) | (1,214) | 28% | (4.2) | (6.8) |
| Tax expense | (69) | (174) | 153% | 133% | (0.6) | (2.0) | (156) | (249) | 60% | (0.7) | (1.4) |
| Forex gains (loss) | 243 | 99 | -59% | -75% | 2.1 | 1.1 | 257 | 499 | 94% | 1.1 | 2.8 |
| Normal operating profit (ex tax, ex fx) | 1,275 | 937 | -27% | 50% | 11.2 | 10.7 | 2,305 | 1,563 | -32% | 10.2 | 8.8 |
| Profit for the period | 1,449 | 862 | -41% | -9% | 12.7 | 9.9 | 2,406 | 1,812 | -25% | 10.6 | 10.2 |
| Profit attributable to the owners | 1,171 | 606 | -48% | -18% | 10.3 | 6.9 | 1,817 | 1,348 | -26% | 8.0 | 7.6 |
| EBITDA | 2,781 | 2,554 | -8% | 2% | 24.4 | 29.2 | 5,142 | 5,057 | -2% | 22.7 | 28.4 |
| Profit for the period - excluding FX | 1,206 | 763 | -37% | | | | 2,149 | 1,313 | -39% | | |
| EBITDA margin | 24% | 29% | | | | | 23% | 28% | | | |

TPIPL's (Cement) GHG Reduction Strategies



Refer to: TPI Polene's Task Force on Climate-Related Financial Disclosure 2023

TPIPL Corporate Relations Department