



## Press Release

### TPI Polene 1H 2023 Performance

#### Strong sequential recovery

Whilst TPIPL's performance in the first half of 2023 is lower than the same period last year, the 2Q23 outcome continued to post sequential improvement driven by better performances in the Construction Materials (ConsMat) and Specialty Chemicals divisions: overall sales rose by 1.1% QoQ (THB11.4 billion), EBITDA by 18.8% (THB2.8 billion) and reported net profit\* 81.4% (THB1.2 billion). The disproportionately larger quarter over quarter increases in profitability relative to sales growth attest to the high operating leverage nature of the business as well as a reflection of the cost benefits derived from ongoing efficiency improvements, new & better margin products and cost minimization exercise. The Group's EBITDA margin reached 24.4%, +345bps. For the 1H 2023 sales reached THB22.7 billion (-9% YoY), EBITDA, THB5.1 billion (-32% YoY) and reported net profit, THB1.8 billion (-57% YoY).

#### Still industry's best

TPIPL's operating performance was largely in line with those of its closest sector peer listed in the stock exchange of Thailand. However, in terms of EBITDA margin it beats its larger industry peers. In the ConsMat division for example, the 2Q23 margin was 11.7% better than the level achieved by other two large players. In terms of increments, TPIPL's EBITDA margins improved 650bps QoQ, comparing favorably to peers' +20-+40bps range. The launching of Green Cement & Building products in June ([TPIPL: Green Cement & Building Products](#)) helped but so did the lower coal price and cost efficiency gains. The depressed petrochemical industry that is played out in our Specialty Polymer division posted an EBITDA margin of 28.8% in 2Q23, comparing favorably to the reported numbers of the three large players SCG Chemicals, PTT Global Chemical and Eastern Polymer Group, ranging of 5-16%. The superior margin relative to peers is thanks to product positioning in HVA. Unlike many peers, TPIPL does not undertake bolt-on acquisitions, favoring instead on in-house, organic innovations in both processes and products. **TPI** has been rebranded to stand for **Technology, Products & Innovations**.

#### Maintain guidance

With the delay in the installation of a new government there is a risk of a much slower economic activity in the 2H of the year, and this will be an industry-wide risk. However, at this point, we remain cautiously optimistic on the operating outlook and see a small downside risk to our guidance of flattish sales and stable EBITDA. This view is premised by the improving economic sentiment in the developed markets and potential roll-out of stimulus programs in China. Our ongoing plant efficiency projects, including substitution of coal with WTE-MSW, new products as well as capacity expansion in the renewable power and waste processing will also support growth. Link to [TPIPP 1H 2023 Press Release](#)

#### Finances secure

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. In the 1H 2023 we have deployed THB4.2 billion (THB3.5 billion for PPE and THB0.7 billion advances for MPE). As at the end of June our net IBD rose slightly to THB61 billion from December's THB59.7 billion and our corresponding net funding cost (interest expense + interest expense) during the period was 2.18%, on a cashflow basis. Cash and cash equivalent plus other financial assets stood at THB13.8 billion, very high relative to our sales generating capacity as we maintain our conservative view on the overall financial conditions and de-risk the funding of our planned capex programs.

*\*reported net profit – is profit after minority interests*

## Further strides on ESG: 1H 2023

### **Environmental Management**

1. The Company used 207,049.02 tons of waste fuel to replace coal in cement production process, or accounting for 14.86% of total fuel.
2. In the first six- month period of the year 2023, the Company additionally invested in 10 units of 60-ton EV mining trucks to replace all diesel-powered limestone trucks from 31 units at the end of 2023 to 41 units in total. 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 638,593.41 gigajoules or decreased by 3.56% from 17,914,933.95 gigajoules in the first six month-period of the year 2022 to 17,276,340.54 gigajoules in the first six month-period of the year 2023.
4. The Company was able to reduce greenhouse gas emissions from cement plants by 714,487.86 tons emission of carbon dioxide equivalent, or 13.72%, from 5,209,253.86 tons emission of carbon dioxide equivalent in the first six-month period of 2022 to 4,494,766.00 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 592,324 cubic meters, representing 47.48% of the total water consumption of 1,247,446 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 six-month period of 2023, the Company utilized 2,831.23 tons of industrial waste from the production process to be used as renewable fuels, alternative materials and recycled, representing 99.46% total quantity of industrial wastes generated, which was higher than the target set by the Company.
7. At present, TPI Polene Group has produced products that reduce greenhouse gas emissions by designing 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 six-month period of 2023, totaling approximately Baht 26.08 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 six-month period of 2023, 464 additional employees and 56 seniors were employed.
3. The Company respects human rights and provides equal opportunities for employment without discrimination in favor or against any person, no child labor under the age of majority, no illegal labor, with no breach of customer information, treat business partners fairly and respect community rights. In the first six-month period of 2023, there were no complaints of human rights violations.
4. Disposal of 20,269 tons of hazardous industrial wastes, and 7,412 tons of non-hazardous industrial wastes 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:-
  - 3.1) “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.
  - 3.2) "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.

For more information, please visit our website **[www.tpipolene.co.th](http://www.tpipolene.co.th)**

**TPIPL Corporate Relations Department**