



Press Release

TPI Polene Power 3Q22 Performance

2022 the year of changes is winding down

TPI Polene Power while largely immune to the economic cycles as its power sales are governed by PPAs will see a significant decline in its 2022 performance due the expiration of adder for 18MW in January and 55MW in August as well as the operational disruption from the roll-out of the medium-term plant improvement program to increase the use of MSW aiming to achieve 100% fossil-free starting 2026. The project for the 70MW hybrid (MSW/coal) power plant has been completed in 3Q22. Due to several changes this year that are causing wide divergence in operations a year-on-year comparison in its performance as not very relevant at this point.

3Q22 slid mainly on the expiry of adder

With the expiration of adder on 55MW in August plus the disruption from the plant improvements affecting volumes, TPIPP's power revenues on base tariff dropped 7.9% QoQ while power sales under adder dropped 34.2% QoQ. Combined power sales dropped 9.8% QoQ to THB2.17b. The Ft adjustment starting 1st September helped cushion the sales impact of the volume disruption in the 70MW hybrid power plant that was under the improvement program. For the 9M22, power sales reached THB7.7b, down 9.3% YoY while revenues reached THB7.9b, down 8% YoY, thanks to better sales performance in the petrol business.

With the pressure on power sales, the operating profit and EBITDA margins dropped to 29.9% and 35.4% to THB694m and 821m, respectively. Core profit reached THB574m, down 33.7% QoQ while reported net profit reached THB538m down more by 37.1% QoQ due to higher FX loss of THB35m compared to THB9m in 2Q22. For the 9M22, the operating profit and EBITDA margin on sales was 35.1% and 40.2% to THB2.7b and THB3.1b, respectively. Reported net profit for the period reached THB2.2b, down 29.6% YoY.

Sequential improvement in 4Q

We are indicating that the power revenues from adder in 3Q22 prorated by the operating days (55MW expired in 6 August) will be the new baseline for the adder-related revenues going forward. However, operational ratios are expected to improve starting 4Q22 underpinned by two major factors that will be contributing in full: 1) the Ft adjustment that begun in 1st September and 2) the COD of the 70MW-100% MSW fired power plant.

Finances solid

Despite softer topline and operating profitability in 3Q22 our net working capital position improved by about one month mainly due to slight reduction in current assets tied to receivables and inventories as well as better payables position.

At the end of September 2022, net interest bearing debt stood at THB14.1b and our net interest bearing debt/EBITDA was 3.4x on annualized 9M22 EBITDA. The EBITDA/interest cover was a solid 46.9x. Net interest bearing debt to equity is a comfortable 0.46x on equity of THB31b. Despite the expiry of adder on two plants TPIPP's cashflow generation remains strong relative to its financial obligations. Thanks to the long term PPA, cashflow remains visible even with the ongoing plant improvement programs.

Clocking more ESG merits

For 9M22, TPIPP used 2.1m tons of MSW, +40% YoY reducing GHG emissions by an equivalent of 4.88m tons CO₂ based on MSW dumped into the landfill that emits 3.49m tons of CO₂ equivalent per ton of landfill waste. Apart from CO₂, TPIPP also reduced water consumption by 11% YoY (or 840k m³) and was able to recycle 36% of that volume. On internal recycling adhering to zero-waste policy, we used 15k tons of recycled materials, 100% of our generated waste. To improve our ESG further we are investing in a 62MW solar farm and 5MW wind turbine to reduce greenhouse gas emission and consequentially improve earnings and shareholder returns. Our strong commitment to zero-waste and carbon reduction drives our investments going forward, sequentially advancing our long-term ESG agenda.

For these efforts, TPIPP is getting recognized by its inclusion into the SET-THSI list (Thailand Sustainability Investment) and recognition by the International Finance Magazine having the "Most Innovative Green Practices Towards ESG – Waste Management" ([link to the article](#)).

TPIPP Corporate Relations Department