



## Press Release

### TPI Polene Power 9M 2023 Performance

#### **Growth remains solid despite profitability momentum tempered somewhat by lower Ft**

Total revenues from operations\* (power, utilities & goods) in the 9M 2023 was up 8% YoY to THB8,308 million but the growth momentum was slower than the 10% YoY we saw in the 1H 2023 due to lower Ft that took effect in September. Revenues from adder were down 30% YoY reflecting the full effect of the adder that expired in August 2022. As for 3Q 2023, total revenues were up 5% YoY but down 16.8% QoQ again due to the effect of lower Ft and partly from technical disruption. Gross margin in the 9M 2023 was 38%, up from the 31% in 9M 2022 on higher plant efficiency and this translated into EBITDA to sales margin of 45% compared to 40% in the same period of last year. The incremental gain in gross margins was partially watered down by the increase in SG&A that rose 11% YoY largely due to higher logistics cost. That said our SG&A to sales ratio remains well-controlled at 4.7%, flat YoY. Keeping a tight lid on our SG&A will allow higher profitability to filter to the bottom line arising from our ongoing efforts to improve plant efficiency and run the power plants at higher throughput. The normalized EBITDA in the 9M 2023 was THB3,675 million, up 20% YoY, while net profit reached THB2,820 million, up by 25% YoY.

*\*Net of intragroup sales*

#### **Power throughput higher despite disruption**

Our overall power throughput in the 9M 2023 was up 8% YoY to 1,477 million units. In 2Q 2023 when TG7 came back online after its modification program we were hopeful that throughput will continue rising in 3Q. However, TG7 had technical issues in September so production has to be halted. This is partly the reason why volumes

In the 9M 2023 power sales under adder pricing dropped 30% YoY to THB2,034 million and this was offset by higher power sales under base tariff pricing formula, up 32%. Power sales under adder pricing now account for 26%. 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 is now back online and we aim for consistently improving operating rates. TG8 has begun its three-year plant modification program and so its throughput and revenue contribution will be lower than in the previous years.

#### **Higher EBITDA**

We are seeing some inflation in the SG&A, +11% YoY arising from logistics costs although this was more than offset by higher throughput and better efficiency. Thus, our 9M 2023 EBITDA posted a growth 30% YoY despite lower power tariff compared to last year caused by the adder expiry and lower Ft. Because Ft is now linked to the government's social policy, a part of power pricing formula has become subjective. This is an industry-wide issue. In TPIPP this source of cashflow risk and volatility will be offset by consistently driving up output and efficiency so the strong cash generation and shareholders' return can be maintained.

#### **Financial position remains strong**

At the end of 9M 2023 fixed assets grew 12% to THB45,409 million from the year end 2022 and the accumulated PPE capex was THB4,437 million inclusive of THB886 million advance for machinery and equipment. With financial assets of THB5,319 million, net IBD/EBITDA of 4.7x and IBD/E ratio of 1.19x as of September 2023, TPIPP's financial position remains strong.

#### **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). More T-VER accreditation has been acquired and by the end of September, TPIPP has 1.55 million tons of CO<sub>2e</sub> 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.

## Further strides on ESG in 9M 2023

### Environmental Management

1. The Company used a total of 2,014,967.62 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 4,674,724.88 tons of emission of carbon dioxide equivalent or CO<sub>2</sub>e (emission factor is calculated based on the above wastes left into landfill waste, will generate 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.

Subsequently, on April 28, 2023 and September 26, 2023, the Company has registered with TGO for accreditation of reduced greenhouse gas emissions (carbon credits) for an additional 462,797 tons of CO<sub>2</sub>e and 331,135 tons of CO<sub>2</sub>e, respectively. As a result, the Company has carbon credits remaining at 1,559,229 tons of CO<sub>2</sub>e.

3. The Company has invested for the purchase of 4 EV wheel loaders trucks for waste fuel scooping, which helps reduce transportation costs while reducing greenhouse gas emissions and PM 2.5 dust emissions.
4. The Company was able to reuse the effluents from the electricity generation process to re-filter of 287,621 cubic meters, representing 4.61% of the total water consumption of 6,244,239 cubic meters.
5. The Company utilized industrial waste from the production process to be used as renewable fuel, renewable materials and recycled for total of 10,827.72 tons, representing 100% total quantity of industrial wastes generated, to comply with the "Zero Waste" policy
6. 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.

### Corporate Social Responsibility

1. The Company has supported various projects and activities for public benefits in the first nine-month period of 2023, totaling approximately Baht 36.07 million to communities, educational institutions, temples, hospitals and government authorities and contributed healthcare products and products of TPI Polene Group, such as cement, other construction materials, organic fertilizers, drinking water and health products to prevent pathogens.
2. 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.
3. The Company evaluated the level of job satisfaction and employee engagement towards the organization for the year 2023, which showed an average score of 83.20%, which is higher than the Company's target set at 75%.
4. The Company provides equal opportunities for employment without discrimination in favor or against any person. In the first nine-month period of 2023, 39 additional employees, 3 additional employees with disabilities and 3 seniors were employed.
5. For the first nine-month period of the year 2023, the Company disposed of contaminated waste infected with COVID-19 of 1,638 tons and 8,741.64 tons of non-hazardous industrial wastes were disposed of as fuel in the production process.

### 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 fourth year (2018, 2021, 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 Resources 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 9, 2023, the Company has been awarded "The International Diamond Prize for Excellence in Quality 2023" from European Society for Quality Research (ESQR), Switzerland, to esteem organizations whose quality management practices and strategies serve as a guarantee of excellence in quality management, which reflects the strength of business operations that are equivalent to international standards and represents being a prototypical organization with good business operations under the framework of quality assessment according to international standards and create innovative cutting-edge technology. The event was held at Hotel Le Plaza Brussels, Brussels, Belgium.

4. On October 31, 2023, the Company has achieved "Excellent CG Scoring, a 5-star corporate governance assessment" in Corporate Governance Report of Thai Listed Companies (CGR) for the year 2023, operated by Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Office of Securities and Exchange Commission (SEC). This reflects the determined dedication of the companies' Board of Directors, top management and employees to the continuous development and enhancement of the good corporate governance practices of the companies.
5. The Company has received "2023 SET ESG Ratings : AA" Corporate Sustainability Assessment from the Stock Exchange of Thailand, reflecting the Company's business operations to continuously develop towards corporate sustainability with full responsibilities to stakeholders by taking into account of Environmental, Social and Governance criteria (ESG).

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

**TPIPP Corporate Relations Department**