



## Tipco Asphalt Public Company Limited

### Management Discussion and Analysis (MD&A)

#### Consolidated Financial performance for Q1 2024 ended 31<sup>st</sup> March 2024

Reference to the unaudited but reviewed financial statements ended 31<sup>st</sup> March 2024, the Company's net profit after tax for the 1<sup>st</sup> quarter 2024 stood at Baht 8 million as compared to the net profit after tax of Baht 1,128 million in the corresponding period of 2023. Details of the Company's performance are as follows:

- **Sales and services**, which stood at Baht 5,009 million, reflected a decrease of 40.83% from the same period of last year. This was primarily due to significant reduced sales volumes in the domestic Thailand market. The most significant factor was the long delay in the 2024 government budget disbursement which directly led to a decrease in asphalt demand in Thailand. The international business was impacted by the low asphalt selling prices in several countries in Southeast Asia comparing to the corresponding period last year.

**The cost of sales and services** stood at Baht 4,667 million or 93.18% (81.20% in the corresponding quarter in 2023) of sales and services before the reversal of allowance for diminution in inventory value and hedging loss. The decrease in gross profit was mainly due to a reduction in the selling price resulting from the low market price of asphalt products. The Company recorded a loss from price hedging contracts of Baht 60 million, offset by the reversal of a loss of Baht 33 million from the reduction in the cost of inventories to net realizable value due to the increase in global market prices for crude oil since the end of last year.



**Revenue from construction contracts** totalled Baht 671 million, indicating a slight decrease from the same period last year. Despite the 2024 government budget delay, our subsidiaries have demonstrated continuous progress during this period, particularly on the 3rd Runway construction project and the 2nd Midfield Satellite (SAT-2) ground improvement project at the Suvarnabhumi Airport.

**The cost of construction** stood at Baht 642 million or 95.67% (99.11% in the corresponding quarter in 2023) of revenue from all construction contracts. The increase in gross profit was attributed to the improvement in the overall profit margin of ongoing construction projects compared to last year's corresponding period.

- **Selling and administrative expenses** stood at Baht 43 million and Baht 257 million, representing 0.76% and 4.52% of total sales and services, respectively. Comparatively, these expenses in the same period of 2023 stood at Baht 37 million and Baht 283 million or 0.40% and 3.10% of total sales and services. The Company is committed to controlling overhead expenses.
- The Group's **cash flow generated from operations** stood at Baht 474 million compared to Baht 1,726 million in the corresponding period of 2023, mainly due to lower operating performance in this quarter.
- The Group's consolidated **debt-to-equity ratio** (D/E ratio) was 0.47, compared to 0.55 in the corresponding period of last year, due to lower trade payable and income tax payable.
- **The net profit** after tax of Baht 8 million for the first quarter of 2024 represented earnings per share of Baht 0.005 (par value of Baht 1 each), compared to Baht 0.715 per share in the corresponding quarter of 2023.