



Tipco Asphalt Public Company Limited

Management Discussion and Analysis (MD&A)

Consolidated Financial performance for Q2 2024 ended June 30, 2024

In reference to the unaudited but reviewed financial statements ending 30th June 2024, the Company's net profit after tax for the 2nd quarter of 2024 stood at Baht 99 million when compared to the net profit after tax of Baht 744 million in the corresponding period of 2023. Details of the Company's performance are as follows:

- **Sales and services** stood at Baht 5,016 million and reflected a decrease of 30.40% from the same period of last year. The reduction was caused by significant decrease in domestic Thailand sales volume stemmed from the 7 months (October 2023 to April 2024) delay in the 2024 government budget disbursement. Nonetheless, sales rebounded in June after the 2024 government budget was approved in April. Meanwhile, selling prices also dropped in the quarter, which aligned with the reduction in the regional asphalt index price.
- **Cost of sales and services** stood at Baht 4,523 million or 90.17% (84.51% in the corresponding quarter in 2023) of total sales and services before the reversal of allowance for diminution in inventory value and hedging loss. As noted above, the decrease in gross profit was mainly due to the reduction in sales volume and selling price.
- **Revenue from construction contracts** totalled Baht 467 million, representing a decrease of 45.07% from the same period last year. Majority of the construction revenue for this period came from the 3rd Runway and the 2nd Midfield Satellite (SAT-2) ground improvement project at the Suvarnabhumi Airport. The big drop in revenue was due to the near completion of the 3rd Runway construction project.



- **The cost of construction** stood at Baht 462 million or 98.72% (94.44% in the corresponding quarter in 2023) of revenue. The decrease in gross profit was due to additional cost associated with the period extension for some construction and maintenance projects.
- **Selling and administrative expenses** stood at Baht 44 million and Baht 236 million, representing 0.80% and 4.30% of total sales and services, respectively. Comparatively, these expenses in the same period of 2023 stood at Baht 46 million and Baht 277 million or 0.58% and 3.44% of total sales and services. The Company is committed to controlling overhead expenses.
- The Group's **cash flow generated from operations** for this quarter stood at Baht 542 million when compared to Baht 1,337 million in the corresponding period of last year, mainly due to lower operating profits.
- The Group's consolidated **debt-to-equity ratio (D/E ratio)** was 0.56, compared to 0.47 in the corresponding period of last year, due to higher short-term loans outstanding used for working capital financing.
- The **net profit after tax** of Baht 99 million for the 2nd quarter of 2024 represented earnings per share of Baht 0.06 (par value of Baht 1 each), when compared to Baht 0.47 per share in the corresponding quarter of 2023.