



บริษัท สุธากัลยภัณฑ์ จำกัด (มหาชน)

**GOLDEN LIME PUBLIC COMPANY LIMITED**

8/222 หมู่ 3 ถนนศรีสรมาน ซอย 2 ตำบลบ้านใหม่ อำเภอปากเกร็ด จังหวัดนนทบุรี 11120

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Registration no : 0107556000248

No. (SUTHA-SET) 030/2017/Eng

10 November 2017

Subject: Management Discussion and Analysis for period ended 30 September 2017

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis for period ended 30 September 2017

As the Golden Lime Public Company Limited (“the Company”) has submitted the interim financial statements of the Company and its subsidiary for the three-month period and nine-month period ended 30 September 2017, which have been reviewed by the company’s authorized auditor.

The company would like to clarify the operating results of the Company and its subsidiary, please kindly find the following attachment.

Please kindly be informed accordingly.

You’re faithfully,

Mr. Geza Emil Perlaki  
Managing Director



“ภูมิใจ รู้หน้าที่ รับผิดชอบ ไม่ทอดทิ้ง”



Golden Lime Public Company Limited

# MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 30 September 2017



# 1. Highlights

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- ▶ Health and safety: There were **zero lost time injuries** in Q3 2017
- ▶ Revenue: **202.67mTHB** in Q3 2017 compared to 183.67mTHB in Q3 2016 an increase of 10.3%; 2017 YTD revenue of 708.00mTHB compared to 619.47mTHB in the same period of 2016 an increase of 14.3%
- ▶ EBITDA: **32.77mTHB** in Q3 2017 compared to 47.66mTHB in Q3 2016 a decrease of 31.2%; 2017 YTD 135.11mTHB down from 149.60mTHB in the same period of 2016 a decrease of 9.7%
- ▶ Net income: **10.49mTHB** in Q3 2017 compared to 18.78mTHB in Q3 2016 a decrease of 44.1%; YTD net income of 58.67mTHB compared to 64.21mTHB in the same period of 2016 a decrease of 8.6%
- ▶ Burnt lime sales: **66.9k Mt** in Q3 2017 compared to 55.8k Mt Q3 2016; YTD volumes 210.7k Mt as compared to 199.3k Mt in the same period of 2016 an increase of 6%

Commenting Mr Geza Perlaki, Golden Lime Managing Director said:

“We have maintained a strong performance in the third quarter in terms of our sales and revenue growth despite the challenges of maintenance and higher fuel costs. We are confident that the operational improvements made will allow us to grow sustainably in the final quarter of 2017 and into 2018.”

## 2. Outlook

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With a pickup in global trade and strengthening domestic demand, growth in the ASEAN-5 (Indonesia, Malaysia, the Philippines, Thailand, and Singapore) economies is projected to remain robust at around 5% for the fourth quarter of 2017 and remain strong going into 2018. In Thailand specifically, projected growth has been revised up from 3.2 to 3.7% in 2017 and from 3.3 to 3.5% in 2018 on the back of strong private consumption and increased dynamism in exports of goods and services (source: IMF, October 2017). Steel output so far in 2017 is up 11% in Thailand and we expect this trend to continue. Also, sugar cane harvest is expected to be 10% stronger compared to last season, leading to higher demand in Q4 2017 and H1 2018.

The company expects higher prices in the fourth quarter given the robust demand and increased input costs. An increase in volumes due to the additional seventh kiln will positively impact revenue however higher fuel prices will negatively impact on the cost side.



### 3. Financial highlights (based on Thai FRS)

#### Q3 2017 Financial Position Summary as of 30 September 2017 compared to Q3 2016:

	Q3 2017	Q3 2016	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	201.46	181.21	20.26	11.2%
Other income	1.21	2.46	-1.25	-50.7%
<b>Total revenues</b>	<b>202.67</b>	<b>183.67</b>	<b>19.01</b>	<b>10.3%</b>
Cost of sales and services	149.07	122.57	26.50	21.6%
<b>Gross profit</b>	<b>52.39</b>	<b>58.64</b>	<b>-6.24</b>	<b>-10.6%</b>
<b>Gross profit margin</b>	<b>26%</b>	<b>32%</b>		
SG&A	41.26	39.14	2.12	5.4%
<b>EBIT</b>	<b>12.35</b>	<b>21.95</b>	<b>-8.36</b>	<b>-38.1%</b>
<b>EBITDA</b>	<b>32.77</b>	<b>47.66</b>	<b>-14.88</b>	<b>-31.2%</b>
<b>EBITDA margin</b>	<b>16%</b>	<b>26%</b>		
Finance cost	-0.92	-0.82	-0.10	12.2%
Income tax expenses	-0.94	-2.36	1.42	-60.2%
<b>Net income for period</b>	<b>10.49</b>	<b>18.78</b>	<b>-8.29</b>	<b>-44.1%</b>
<b>Earnings per share (THB)</b>	<b>0.03</b>	<b>0.06</b>	<b>-0.03</b>	<b>2.8%</b>

#### YTD 2017 Financial Position Summary compared to YTD 2016:

	Q1 to Q3 2017	Q1 to Q3 2016	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	703.06	609.99	93.07	15.3%
Other income	4.95	9.48	-4.54	-47.8%
<b>Total revenues</b>	<b>708.00</b>	<b>619.47</b>	<b>88.53</b>	<b>14.3%</b>
Cost of sales and services	501.50	416.34	85.17	20.5%
<b>Gross profit</b>	<b>201.55</b>	<b>193.65</b>	<b>7.90</b>	<b>4.1%</b>
<b>Gross profit margin</b>	<b>28%</b>	<b>31%</b>		
SG&A	136.02	127.09	8.93	7.0%
<b>EBIT</b>	<b>70.48</b>	<b>76.05</b>	<b>-1.03</b>	<b>-1.4%</b>
<b>EBITDA</b>	<b>135.11</b>	<b>149.60</b>	<b>-14.48</b>	<b>-9.7%</b>
<b>EBITDA margin</b>	<b>19%</b>	<b>24%</b>		
Finance cost	-2.18	-3.83	1.65	-43.1%
Income tax expenses	-9.63	-8.01	-1.62	20.3%
<b>Net income for period</b>	<b>58.67</b>	<b>64.21</b>	<b>-5.54</b>	<b>-8.6%</b>
<b>Earnings per share (THB)</b>	<b>0.20</b>	<b>0.21</b>	<b>-0.02</b>	<b>1.8%</b>

Note: Gross profit = Sales and service income - Cost of sales and services (does not include other income)







### 3.1. Analysis of Q3 2017 and YTD 2017 results

The key drivers of the Q3 2017 performance on the positive side were higher volumes which led to an 10.3% increase in total revenues compared to Q3 2016 and reinforces our goal for the year of increasing topline growth. Optimizing our electricity usage and eliminating waste positively impacted on the cost side.

However higher costs particularly raw material costs impacted the EBITDA result compared to the same period in 2016. Fuel prices have risen however, as prices were agreed before the latest spike, the company paid considerably lower than what is currently offered on the market. Given the rise in fuel prices was largely weather driven we expect prices to decrease in the medium term. Limestone cost was also higher compared to this time last year thus we maintain our commitment to a high quality raw material sourcing strategy. The impact of the lower US dollar and higher HR costs as we strengthen the organization and develop our people also impacted to the downside. Finally, higher maintenance costs from scheduled kiln overhauls further contributed to the cost increase. We are confident that the reinforcements made in operational excellence will benefit the company in 2018 and make us more competitive in the future. The financial cost has increased due to an increase in short-term financing in order to meet working capital requirements. Income tax was lower due to the decrease in the financial result.

Year to date results showed a similar trend as burnt volumes increased by 11k Mt compared to the nine months to September in 2016. Prices have so far seen a decline but recent demand and input cost pressure will push up prices into the end of 2017 and into 2018. Our investment in HR in order to improve our processes has contributed to a higher overall SG&A cost up 7.0% versus the same period in 2016. A decrease in trading activities and one time effects also contributed to the drop in EBITDA. However, on the positive side the contribution from engineering impacted the EBITDA to the upside.

While there was an increase in short-term financing facilities overall financing costs have reduced as the long-term loan is repaid. Income tax was higher due to an increase in engineering revenues that are not covered by the BOI tax incentive.



## 3.2. Assets, Liabilities & Shareholders' Equity

The main contributors to the increase in total assets are from an increase in inventory mainly fuel and also the impact of an increase in property, plant and equipment due to upgrades to the plant such as the kilns.

On the liabilities side an increase in the short-term borrowing facility in order to fund working capital contributed to the increase in current liabilities while the pay down of the term loan helped to decrease non-current liabilities.

Shareholder equity was impacted by retained earnings given the dividend payout and the lower net result.

### YTD Balance Sheet Summary as of 30 September 2017 compared to 30 September 2016:

Unit: Million Thai Baht (THB)	30 Sept 2017	30 Sept 2016	YoY change	YoY % change
Total current assets	408.40	366.99	41.42	11.3%
Total non-current assets	594.95	569.03	25.93	4.6%
Total assets	1003.36	936.01	67.34	7.2%
Total current liabilities	358.15	254.11	104.04	40.9%
Total non-current liabilities	79.94	107.14	-27.19	-25.4%
Total liabilities	438.09	361.24	76.85	21.3%
Total shareholders' equity	565.26	574.77	-9.51	-1.7%
Total liabilities plus shareholders' equity	1003.36	936.01	67.34	7.2%

## 3.3. Cash Flow Analysis

Cash and cash equivalents declined mainly due a large swing in receivables and prepayments as customers who paid in advance for machinery in 2016 are not present in 2017. The value of inventory also declined contributing to the swing in net cash flows from operating activities.

The change in net cash flows from investing activities is due to less spending on equipment in 2017 as compared to the same period in 2016.

The positive swing in net cash flows from financing activities was due to a reduction in the dividend and also a decrease in the amount paid on long-term loans as well as an increase in short-term borrowing.



### YTD 2017 Cash flow Summary as of 30 September 2017 compared to YTD 2016:

Unit: Million Thai Baht (THB)	Q3 YTD 2017	Q3 YTD 2016	YoY change	YoY % change
Cash and cash equivalents at beginning of period	96.78	46.31	50.48	109.0%
Net cash flows from operating activities	7.72	197.24	-189.53	-96.1%
Net cash flows used in investing activities	-65.42	-48.85	-16.58	33.9%
Net cash flows from (used in) financing activities	18.62	-110.21	128.83	-116.9%
Net increase (decrease) in cash and cash equivalents	-39.09	38.19	-77.28	-202.4%
Cash and cash equivalents at end of period	57.69	84.49	-26.80	-31.7%

## 4. Financial Ratios

	Q3 2017	Q3 2016	Q1 to Q3 2017	Q1 to Q3 2016
Return on Equity (ROE)	7.34%	12.52%	13.68%	14.26%
Return on Assets (ROA)	4.32%	7.71%	8.06%	8.79%
Return on Fixed Assets (ROFA)	53.31%	69.28%	29.17%	34.46%
Debt/Equity Ratio	0.78	0.63	0.78	0.63
Net Debt/Equity Ratio	0.43	0.27	0.43	0.27
Leverage (Net Debt/EBITDA)	7.35	3.20	1.78	1.02

Note: Net Debt = Interest bearing liabilities - cash and cash equivalents



**Mr. Geza Perlaki**

Authorized Director



**Mr. Timothé Arthur Maria Van Den Bossche**

Authorized Director

