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NO. (SUTHA-SET) 015/2018/EN

14 November 2018

Subject: Management Discussion and Analysis of the Company and subsidiary
for the period ended 30 September 2018

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 September 2018

As the Golden Lime Public Company Limited ("the Company") has submitted the Review report on the Consolidated Interim Financial Statements the three-month and the nine-month period ended 30 September 2018, 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.

Yours faithfully,

Mr. Geza Emil Perlaki
Managing Director





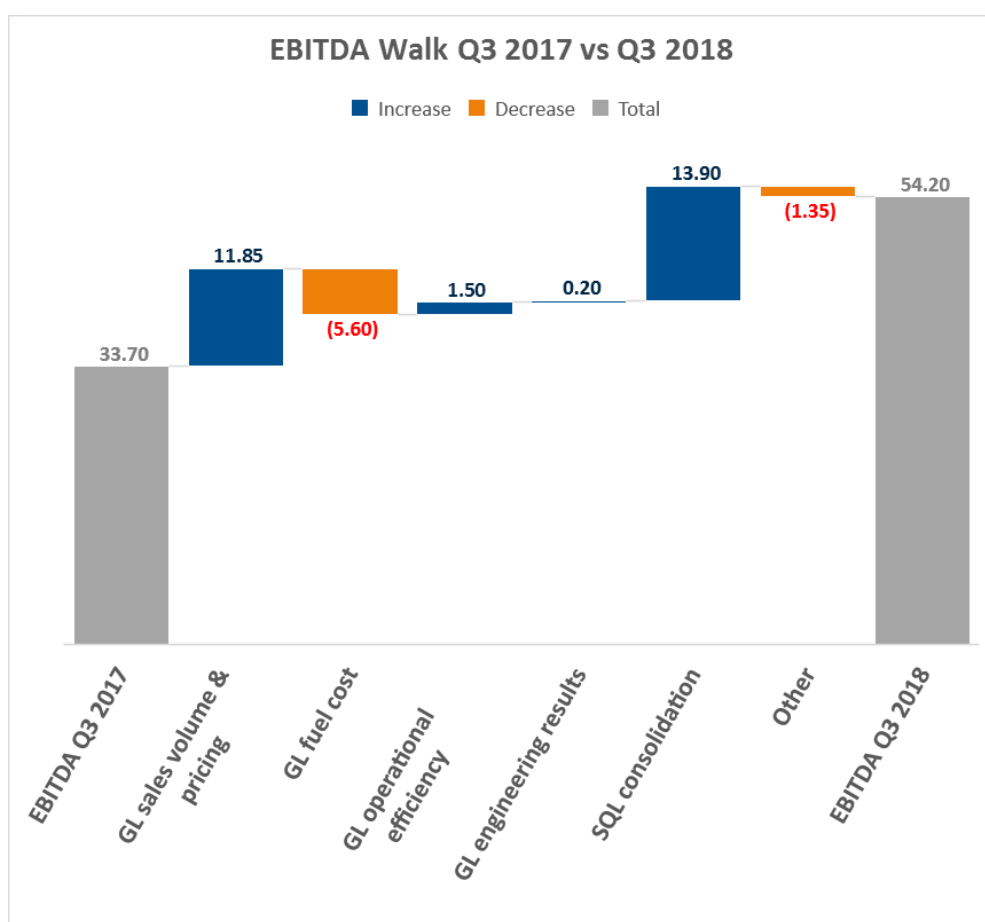
Golden Lime Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 30 September 2018

1. Highlights

- ▶ Health and safety: There were **no lost time injuries** in Q3 2018. We are committed to our ultimate objective of zero accidents
- ▶ Revenue: **303mTHB** in Q3 2018 compared to 203mTHB in Q3 2017; **852mTHB** YTD 2018 compared to 708mTHB in the same period in 2017
- ▶ EBITDA: **54mTHB** in Q3 2018 compared to 34mTHB in Q3 2017; **176mTHB** YTD 2018 compared to 135mTHB in the same period in 2017
- ▶ Net income: **14mTHB** in Q3 2018 compared to 10mTHB in Q3 2017; **59mTHB** YTD 2018 compared to 59mTHB in the same period in 2017
- ▶ Burnt lime sales: **112k Mt** in Q3 2018 compared to 69 Mt Q3 2017; **319k Mt** YTD 2018 compared to 242 Mt in the same period in 2017



Commenting Mr Geza Perlaki, Golden Lime Managing Director said:

“Sales wise we had a very good third quarter buoyed by a strong market and good operational performance where we were able to run all available assets at full capacity including in our recently acquired Saraburi Quicklime subsidiary, while we expect to maintain the momentum into the end of the year , there were exceptional circumstances in the competitive environment during the last two quarters that supported our performance , and we expect these to normalize in Q4. However, pricing trend continues to be positive and while we have one kiln in maintenance we will continue to see good asset utilization into year-end due to continued strength at our customers taking into account the normal seasonal effects”

2.Outlook

Marco environment experienced some notable headwinds particularly in the tourism sector the Thai economy continues to outperform with Q2 growth at 4.6% slightly below Q1 but remaining strong. Private consumption growth was robust in July and August, supported by higher consumer confidence and higher household incomes. In early October, Bank of Thailand announced tighter mortgage rules in order to cool the property market and avoid the escalation of risks. Domestically, private consumption should remain resilient owing to rising income levels and employment gains, and fixed investment is likely to pick up amid high capacity utilization and government infrastructure spending. Risks remain externally with the continued US-China trade relationship a risk.

After a record **sugar** season which exceeded expectations both in size and length the 2018/19 season is again expected to be strong although slightly lower than the record breaking 2017/18. The **steel** industry grew an impressive 10% so far in 2018 and while this type of growth is unlikely to be sustained the size of the market now means that even moderate growth into the end of the year and 2019 will provide much opportunity for suppliers including Golden Lime and Saraburi Quicklime. In the **construction** sector we continue to see the increased use of autoclaved aerated concrete blocks as Thailand follows a global trend. The **nonferrous mining** segment in our key export market Laos remains strong however as a new competitor comes on stream we expect challenges in terms of volumes. Lime export growth in Thailand has is strong at 33% year to date which is supportive of the domestic market where Golden Lime and Saraburi Quicklime combined are the largest player.

Average prices have continued on an upward trend through Q3 and we expect this to continue into the end of the year. We see increased recognition from the market of the value mix that Golden Lime and Saraburi Quicklime offers to its customers (high level of supply security based on total 9 kilns in operation, continuous improvement of quality, services in logistics and application of the products, flexibility to follow rapid changes in customer demand, new product development).



3. Financial highlights (based on Thai FRS)

Q3 2018 Financial Position Summary as of 30 September 2018 compared to Q3 2017:

	Q3 2018	Q3 2017	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	301.56	201.46	100.10	50%
Gain from exchange rate				
Other income	1.65	1.21	0.44	36%
Total revenues	303.21	202.67	100.54	50%
Cost of sales and services	226.71	149.07	77.64	52%
Gross profit	74.85	52.39	22.46	43%
Gross profit margin	25%	26%		
SG&A	54.22	41.26	12.96	31%
EBITDA	54.21	33.70	20.51	61%
EBITDA margin	18%	17%		
Depreciation and amortization	32.48	20.43	12.05	59%
EBIT	22.28	12.35	9.93	80%
Finance cost	-5.95	-0.92	5.03	548%
Income tax expenses	-2.67	-0.94	1.73	185%
Net income for period	13.66	10.49	3.17	30%
Earnings per share (THB)	0.05	0.03	0.02	59%

YTD 2018 Financial Position Summary as of 30 September 2018 compared to YTD 2017:

	FY 2018	FY 2017	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	846.41	703.06	143.35	20%
Gain from exchange rate			0.00	
Other income	5.19	4.95	0.24	5%
Total revenues	851.59	708.00	143.59	20%
Cost of sales and services	608.64	501.50	107.14	21%
Gross profit	237.77	201.55	36.21	18%
Gross profit margin	28%	28%		
SG&A	157.73	136.02	21.71	16%
EBITDA	176.19	135.11	41.08	30%
EBITDA margin	21%	19%		
Depreciation and amortization	90.97	64.63	26.34	41%
EBIT	85.22	70.48	14.74	21%
Finance cost	-13.44	-2.18	11.26	516%
Income tax expenses	-12.36	-9.63	2.73	28%
Net income for period	59.42	58.67	0.75	1%
Earnings per share (THB)	0.20	0.20	0.00	1%

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



3.1. Analysis of Q3 and YTD 2018 results

The key drivers of Q3 2018 performance on the positive side was the higher volumes (due to both market demand and the acquisition of Saraburi Quicklime) which was the main driver behind a nearly 50% increase in revenues compared to Q3 2017. Burnt lime sales volumes for the quarter were up 43kMt versus 2017 same period in Golden Lime consolidated. This revenue was generated from the nearly full utilization of the additional 50kMt of capacity (new Kiln 7 started in Hua Pha Way in Q1) and the full effect of Saraburi Quicklime. Similar to Q2 2018, the revenue was primarily from core business without significant contribution from engineering. A similar impact is seen year to date where core business is running well beyond the same period in 2017 while the impact from lack of engineering contribution is a drag. We do expect Golden Lime Engineering to contribute to top line growth as there are promising projects being negotiated although the likely impact is in 2019.

On the costs SG&A has again shown further improvement and while higher year on year in absolute terms dropped 2% versus the same quarter last year as the synergies of integrating Saraburi Quicklime start to accelerate. Looking at YTD 2018 vs YTD 2017 SG&A as a percentage of revenue is 1% lower. On the COGS side apart from normal inflation fuel prices have significantly increased. We have optimized the fuel mix however to mitigate the impact, but this increase will last into the end of the year and 2019, while we expect fuel costs to ease not before Q2 2019. On the positive side optimization in plant layouts, internal logistics, electricity consumption patterns, has resulted in with further plans to increase these savings in 2019.

Q3 2018 EBITDA rose considerably versus Q3 2017 an increase of 60% as again the positive contribution from higher volumes shows its effect. The impact is reduced somewhat when we compare EBITDA on a YTD basis (since Saraburi Quicklime is only consolidated from March 19th onwards) but it is still up 30%, and this without contribution from Golden Lime Engineering in 2018 vs a strong contribution in the basis period of 2017. Comparing with last year only the core business performance, the EBITDA increase is more than 53%. Our investment in Human Resources will continue in 2019 as we further strengthen the organization, however overall SG&A will decline as Saraburi Quicklime synergies continue to contribute.

With the startup of Hua Pha Way in Q1 adding over 200mTHB to the Golden Lime fix assets the depreciation YTD and Q3 is significantly above last +12mTHB and + 26mTHB respectively.

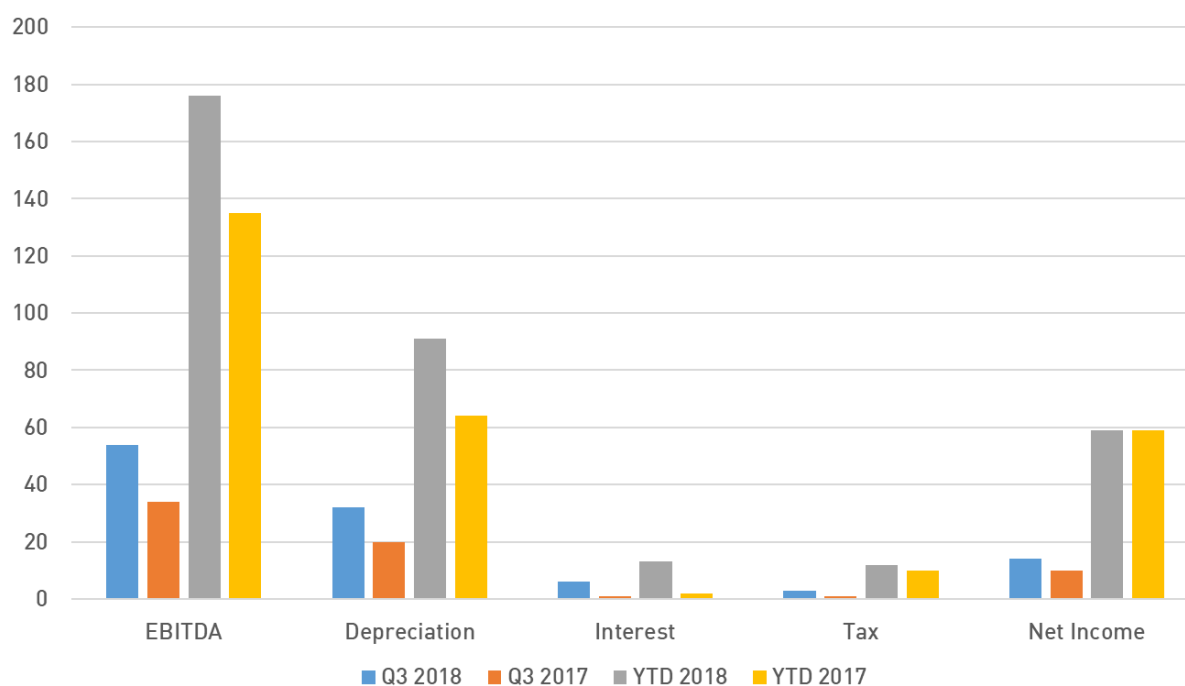
Finance cost has increased in Q3 2018 vs Q3 2017 +5mTHB as expected with the main increase coming from the interest on the new 330mTHB facility used for the Saraburi Quicklime acquisition.

Income tax was higher in Q3 2018 vs Q3 2017 by +2m on higher pre-tax earnings compared to the same period in 2017.

As a combined effect of higher depreciation, financing costs, and taxation, the EBITDA increase did not translate fully into net result in the same proportion. Still, the net income was higher for the quarter by 30% versus 2017.



Golden Lime 2018 vs 2017 Q3 and YTD Financial Comparison (mTHB)



3.2. Assets, Liabilities & Shareholders' Equity

Similar to comments made in Q2 the main contributors to the increase in total assets are from an increase in property, plant and equipment due to Hua Pha Way Kiln 7 being activated and the additional assets from the Saraburi Quicklime acquisition.

On the liabilities side the short-term borrowing facility increased due to the use of a TR (Trust Receipt) of 134mTHB in order to pay for a fuel shipment during the quarter. Also, an increase in long-term liabilities due to the 330mTHB term loan used to acquire Saraburi Quicklime impacted total liabilities.

Shareholder equity increased in-line with the additional net result.

Balance Sheet Summary as of 30 September 2018 compared to 31 December 2017:

Unit: Million Thai Baht (THB)	30th Sep 2018	31st Dec 2017	YoY change	YoY % change
Total current assets	455.96	370.45	85.51	23%
Total non-current assets	937.72	612.03	325.69	53%
Total assets	1,393.68	982.48	411.20	42%
Total current liabilities	468.78	332.51	136.27	41%
Total non-current liabilities	339.10	69.46	269.64	388%
Total liabilities	807.87	401.97	405.90	101%
Total shareholders equity	585.81	580.51	5.30	1%
Total liabilities plus shareholders equity	1,393.68	982.48	411.20	42%



3.3. Cash Flow Analysis

Cash and cash equivalents in 3Q 2018 decreased to 33mTHB, down by 31mTHB from the 64mTHB at the end of Q2 2018. Major changes are increase financing cost due to the acquisition in Q1 and also higher tax due to higher net result.

Year on year operating cashflow has increased due to significantly higher sales in the quarter however this has resulted in higher tax of 4mTHB. Interest expense has also increased by 11mTHB largely due to the 330mTHB loan to acquire Saraburi Quicklime.

Net cash flows from investing activities was negative due to the acquisition of Saraburi Quicklime however if we remove this large item year on year is approximately in line with Capex slightly below last year (-2mTHB). Capex in Q4 will be limited to the finalization of Kiln 3 major repair and some prepayments for investments ordered for 2019.

Net cash from financing activities increased due to the long-term borrowing for the Saraburi Quicklime acquisition however new short-term financing was significantly reduced (-70mTHB) versus 2017. Dividend cash out is currently lower but this is due to a change in policy to quarterly dividends which will result in a delayed cash-out to Q4.

2018 Cash flow Summary as of 30 September 2018 compared to 30 September 2017:

Unit: Million Thai Baht (THB)	Q3 YTD 2018	Q3 YTD 2017	YoY change	YoY % change
Cash and cash equivalents at beginning of period	50.34	96.78	-46.44	-48%
Net cash flows from operating activities	83.42	7.72	75.70	981%
Net cash flows used in investing activities	-377.39	-65.42	311.97	477%
Net cash flows from (used in) financing activities	276.49	18.62	257.87	1385%
Net increase (decrease) in cash and cash equivalents	-17.48	-39.09	21.61	-55%
Cash and cash equivalents at end of period	32.86	57.69	-24.84	-43%



4. Financial Ratios

	Q3 2018	Q3 2017	FY 2018	FY 2017
Return on Equity (ROE)	9%	7%	14%	14%
Return on Assets (ROA)	5%	4%	7%	8%
Return on Fixed Assets (ROFA)	28%	22%	31%	30%
Debt/Equity Ratio	1.38	0.78	1.38	0.78
Net Debt/Equity Ratio	1.13	0.43	1.13	0.43
Leverage (Net Debt/EBITDA)	3.06	1.80	2.82	1.35

Note: 1) Net Debt = Interest bearing liabilities – cash and cash equivalent
2) Leverage Q3 and FY uses annualized EBITDA
3) ROFA = (Net profit + Depreciation)/ Average (Q3 2018 and Q2 2018) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

