



**Head Office:**

No. 89 Cosmo Office Park, 6<sup>th</sup> Floor, Unit H,  
Popular Road, Banmai, Pakkret, Nonthaburi 11120 : THAILAND.

Registration No. / Tax ID.: 0107556000248

Tel. No. +66 (0) 2017 7461 - 3  
Fax. No +66 (0) 2017 7460  
Website: [www.goldenlime.co.th](http://www.goldenlime.co.th)  
Email: [glmis@goldenlime.co.th](mailto:glmis@goldenlime.co.th)  
[sales@goldenlime.co.th](mailto:sales@goldenlime.co.th)

NO. (SUTHA-SET) 015/2020/EN

14 August 2020

Subject: Management Discussion and Analysis of the Company and its subsidiary  
for period ended 30 June 2020

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 June 2020

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements the three-month and the six-month period ended 30 June 2020, 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





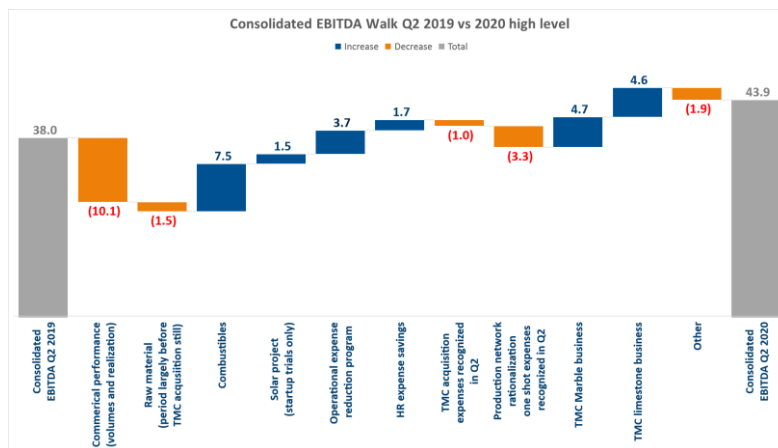
Golden Lime Public Company Limited

# MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 30 June 2020

# 1. Highlights

- ▶ Health and safety: There were **2 lost time injuries** in H1 2020
- ▶ Revenue: **236mTHB** in Q2 2020 compared to 231mTHB in Q2 2019 an increase of 2%; **531mTHB** in H1 2020 compared to 528mTHB in H1 2019 an increase of 1%
- ▶ EBITDA: **44mTHB** in Q2 2020 compared to 38mTHB in Q2 2019 an increase of 16%; **101mTHB** in H1 2020 compared to 98mTHB in H1 2019 an increase of 3%
- ▶ Net income: **21mTHB** in H1 2020 compared to 18mTHB in H1 2019 an increase of 15%
- ▶ Burnt lime sales: **177k Mt** in H1 2020 compared to 184k Mt H1 2019



Commenting Mr. Geza Perlaki, Golden Lime Managing Director said:

“The 2<sup>nd</sup> quarter of 2020 was for Golden Lime special in multiple ways. **First**, this three month period saw in the last decades unprecedented contraction in economic output worldwide, due to Covid-19, and while Thailand was largely spared from the worst impacts, the partial lockdown in April and May, and the lack of tourism as a driver of the economy, while not directly impacting our business, had a measurable effect on some of our customers primarily in the steel and construction segments. Combined with the ultra-weak sugar season that ended early in April, the burnt sales volumes were under significant pressure resulting an 8% lower sales volume vs last year same period. The impact on the financial performance was significantly mitigated (operational cost saving program launched still in Q1 after Covid-19) and longer term via a network rationalization project. **Second**, we finalized and launched (trial operation) the 2MW Solar plant, that has already started to generate the expected savings as well as further contributes to the green credentials of Golden Lime. **Third**, we closed the transaction to acquire a 99.79% majority stake in Thai Marble Corp., Ltd. (TMC), an ornamental stone and limestone business in Saraburi Province, that is of high strategic importance for Golden Lime: the limestone quarry operated by TMC has already been one of the raw material suppliers in the past, but



now via this vertical integration can become an integrated part of the production process, and gives the ability to Golden Lime to fully control the material management from raw material extraction via processing to delivery of the products to our customers, improving further the quality and supply security of our value offering to the market. Also, TMC will be a major contributor to the consolidated financial results of Golden Lime.

## 2.Outlook

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The global Covid-19 pandemic will affect the Thai GDP negatively by 6-8% this year as of BOT projections, while in FY 2021 with a bounce back expected +4-5% range. We expect the overall burnt and crude product market contraction in 2020 and expansion in 2021 to be in the same range.

This being said, we do not expect further major disruption of cross border logistics ( that was an issue in Q2), or further large scale lockdowns, so no further one shot impact similar to April-May is projected. The cost saving measures will continue to bear fruits, the network rationalization start to show financial benefits as from Q4 onwards, the combustible costs will continue to remain relatively affordable, and the Solar project continue to generate further savings – all in all with an inevitable lower sales volume, but also lower cost base, we expect the per unit EBITDA generation to remain intact in 2020, and as from 2021 onwards we expect to enter an expansion phase again.



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

#### Q2 2020 Income statement Summary as of 30 June 2020 compared to Q2 2019:

	Q2 2020	Q2 2019	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	232.44	229.27	3.17	1%
Other income	3.27	2.00	1.27	64%
Total revenues	235.71	231.27	4.44	2%
Cost of sales and services	172.62	168.62	4.00	2%
Gross profit	59.82	60.65	-0.83	-1%
Gross profit margin	25%	26%		
SG&A	50.47	54.97	-4.50	-8%
EBITDA	43.86	37.97	5.89	16%
EBITDA margin	19%	16%		
Depreciation and amortization	31.24	30.29	0.95	3%
EBIT	12.62	7.68	4.94	64%
Finance cost	-8.03	-6.96	1.07	15%
Income tax expenses	-2.79	-0.72	2.07	288%
Net income for period	1.80	0.01	1.79	17900%
Earnings per share (THB)	0.01	0.00	0.01	17900%

#### H1 2020 Income statement Summary as of 30 June 2020 compared to H1 2019:

	FY 2020	FY 2019	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	526.72	525.33	1.39	0%
Other income	4.08	2.70	1.38	51%
Total revenues	530.80	528.03	2.77	1%
Cost of sales and services	380.74	382.45	-1.71	0%
Gross profit	145.98	142.88	3.10	2%
Gross profit margin	28%	27%		
SG&A	108.47	107.06	1.41	1%
EBITDA	101.36	98.25	3.11	3%
EBITDA margin	19%	19%		
Depreciation and amortization	59.77	59.73	0.04	0%
EBIT	41.59	38.52	3.07	8%
Finance cost	-13.36	-12.83	0.53	4%
Income tax expenses	-7.15	-7.39	-0.24	-3%
Net income for period	21.07	18.31	2.76	15%
Earnings per share (THB)	0.07	0.06	0.01	15%



### 3.1. Analysis of 2020 Q2 in comparison with 2019 Q2 results

Revenue from sales and services total in the first half of 2020 was similar to the same period last year. However, revenue from burnt lime core business has increased even there was a weaker than expected sugar season, but this was mitigated by stronger sales of new higher value-added product also export markets as planned. In Q2 2020, the Company has combined 49 days revenue of Thai Marble Corp., Ltd. For the rest of 2020, the Company will see the full impact of the Thai Marble acquisition when the results are fully consolidated. In addition, we expected that our valued non-core business, Golden Lime Engineering which has been on going with the kiln project in Indonesia will recognized some revenue by end of this year.

On the costs side stone variable cost were largely in line with expectations, together with the acquired Thai Marble Corp., Ltd. quarry resource will be utilized and benefit overall consolidated results. Fuel cost has been reduced significantly and would show full positive impact for the rest of the year. Electricity costs is expected to be reduced as we have started to generate electricity from our owned solar farm. On the costs side SG&A in the first half of 2020 was in lined with the same period in 2019. However, this year expenses included one-shot impacts for investment projects that will materialize in the rest of the year. In general, fixed costs will reduce due to Covid-19 restrictions on travel and mitigation plans in place for fixed cost savings in all departments.

Gross profit was in line with last year, slightly increased by 2% also EBITDA was slightly above the previous year 3%. Price has generally met expectations and every effort will be made to maintain the price despite competitive pressure which remains. The engineering business while still a slight drag in Q2 has secured a project in Indonesia and will be a positive contributor in 2020 as a whole.

Depreciation was closed to the same period last year as some assets were depreciated and 49-day Thai Marble figures were included.

Income tax expense in the first half of 2020 has decreased compared to the same period last year.

Net income in the first half of 2020 was up 15% compared to the same period last year

### 3.2. Assets, Liabilities & Shareholders' Equity

On May 13, 2020, the Company acquired 99.79% ordinary shares of Thai Marble Corp., Ltd. making the Company obtained current assets and non-currents asset from Thai Marble Corp., Ltd. as on acquisition date resulting in significantly higher assets together with the investment in solar farm project.



On the liabilities side the short-term and long-term borrowing facility from financial institutions increased as the company borrowed for the payment in purchasing ordinary shares of the Thai Marble Corp., Ltd.

Shareholder equity was not significantly different from 2019-year end.

**Financial Position Summary as of 30 June 2020 compared to 31 December 2019:**

Unit: Million Thai Baht (THB)	30th Jun 2020	31st Dec 2019	YoY change	YoY % change
Total current assets	737.90	439.78	298.12	68%
Total non-current assets	1,226.75	901.66	325.09	36%
Total assets	1,964.65	1,341.44	623.21	46%
Total current liabilities	1,126.72	632.37	494.35	78%
Total non-current liabilities	350.57	221.79	128.78	58%
Total liabilities	1,477.29	854.16	623.13	73%
Total shareholders equity	487.36	487.28	0.08	0%
Total liabilities plus shareholders equity	1,964.65	1,341.44	623.21	46%

### 3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q2 2020 increased from the start of the period to 184mTHB largely due to asset acquired from the investment in Thai Marble.

Net cash flows used in investing activities has increased from the investment in Thai Marble Corp., Ltd. and the investment in solar farm project which is fully financed and having a positive impact on EBITDA as electricity cost is reduced.

Net cash flows provided by financing activities has increased from short-term and long-term loans from financial institutions which used for payment in purchasing common stock of the Thai Marble Corp., Ltd. The Company has repaid the loan on schedule along with the second installment of the 38mTHB for the Saraburi Quicklime acquisition the 66mTHB bridge loan was also repaid.



### Cashflow Summary as of 30 June 2020 compared to 30 June 2019:

Unit: Million Thai Baht (THB)	FY 2020 YTD	FY 2019 YTD	YoY change	YoY % change
Cash and cash equivalents at beginning of period	83.39	38.85	44.54	115%
Net cash flows from operating activities	118.44	130.29	-11.85	-9%
Net cash flows from (used in) investing activities	-573.86	-22.48	551.38	2453%
Net cash flows from (used in) financing activities	555.68	-113.47	669.15	-590%
Net increase (decrease) in cash and cash equivalents	100.25	-5.67	105.92	-1868%
Cash and cash equivalents at end of period	183.64	33.18	150.46	453%

## 4. Financial Ratios

	Q2 2020	Q2 2019	FY 2020	FY 2019
Return on Equity (ROE)	1.48%	0.01%	8.65%	6.51%
Return on Assets (ROA)	0.44%	0.00%	2.55%	2.59%
Return on Fixed Assets (ROFA)	17.46%	16.31%	21.36%	21.00%
Debt/Equity Ratio	3.03	1.59	3.03	1.59
Net Debt/Equity Ratio	2.28	1.27	2.28	1.27
Leverage (Net Debt/EBITDA)	6.59	3.34	6.59	3.34

Note:

- 1) Net Debt = Interest bearing liabilities – cash and cash equivalents
- 2) Leverage Q2 and FY use annualized EBITDA for the previous 4 quarters
- 3) ROFA = (Net profit + Depreciation) Average (Q2 2020 and Q4 2019) of property, plant and equipment

**Mr. Geza Perlaki**

Authorized Director

**Mr. Krishnan Subramanian Aylur**

Authorized Director

